

Consumer Awareness on E-Tailing – A Study With Reference To Rural Students Studying In City Colleges

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Abstract

Rural market in India is no more a “Black Hole” for retailers, as the rural consumers are rapidly changing their buying patterns with technological interface. Today, the digital marketers and retailers (who are called as e-tailers) cannot ignore the rural markets anymore. The rapid saturation of urban markets across the country and emergence of urban markets, also called as Small Town Markets or Rural + Urban market with technology accessibility has paved way for transition of traditional way of retailing into electronically-enabled retailing or e-tailing. This spectacular change in the rural consumerism is an unexpected bonus to the modern retailers. The educated rural yuppie (males between the age group of 15-34) moving out of their home town to nearby metropolis and cities for higher studies and jobs, cause a surge in the demand for consumer goods and durables, including electronic gadgets in rural markets. The evolution of rural youth from dependency to opinion leadership is conspicuous in the recent past, particularly in snatching the buying decision from bread-winners and elders of the family, which was traditionally in practice for several decades. The delivery vehicles of e-tailers which are commonly found, almost every day in front of the college hostels in Chennai witnesses the transition to modern retailing and the changing culture of buying pattern amongst students from rural background. Hence, this article is significantly relevant in understanding the consumer awareness on e-tailing with reference to rural students studying in city colleges.

Keywords: Rural Market, urban, e-tailers, yuppie

Introduction

Rural market in India is no more a “Black Hole” for retailers, as the rural consumers are rapidly changing their buying patterns with technological interface. Today, the digital marketers and retailers (who are called as e-tailers) cannot ignore the rural markets anymore. The rapid saturation of urban markets across the country and emergence of urban markets, also called as Small Town Markets or Rural + Urban market with technology accessibility has paved way for transition of traditional way of retailing into electronically-enabled retailing or e-tailing. This spectacular change in the rural consumerism is an unexpected bonus to the modern retailers. Needless to say, beyond the constant factors such as improved literacy rates, standard of living and communication networking, the “Opinion-leadership” of rural students studying in city colleges cannot be ignored in bringing e-tailing to rural consumerism.

The educated rural yuppie (males between the age group of 15-34) moving out of their home town to nearby metropolis and cities for higher studies and jobs, cause a surge in the demand for consumer goods and durables, including electronic gadgets in rural markets. The evolution of rural youth from dependency to opinion leadership is conspicuous in the recent past, particularly in snatching the buying decision from bread-winners and elders of the family, which was traditionally in practice for several decades.

Undoubtedly, the exposure of cosmopolitan life style amongst rural students has spark-plugged the rationale of e-tailing, in addition to all desperate attempts made by the e-tailers to penetrate the non-urban markets. The delivery vehicles of e-tailers which are commonly found, almost every day in front of the college hostels in Chennai witnesses the transition to modern retailing and the changing culture of buying pattern amongst students

from rural background. Hence, this article is significantly relevant in understanding the consumer awareness on e-tailing with reference to rural students studying in city colleges.

Objectives

The comprehensive objectives of the study include the following:

1. To study the consumer awareness on e-tailing with reference to rural students studying in city colleges.
2. To understand the attributes that influence the on-line buying behavior of rural consumers
3. To examine the inter-relationship between family income, internet usage and gender.

Methodology

The paper titled “Consumer Awareness on e-tailing – A study with reference to rural students studying in City Colleges” is based on both primary and secondary data collected from various sources. For achieving the objective of the study, primary data was collected through a structured questionnaire with both open ended & close ended questions and the secondary data was collected from News Papers, Journals, Research Papers and websites. In this study the authors have used judgment sampling technique to collect data from the city college students belonging to from rural areas, who make on-line purchases. The sample size was confined to 81 respondents and the study was limited to Chennai city colleges. Percentage and chi-square tests were used to analyze the primary data collected and suitable hypothesis were made to qualitatively evaluate the consumer responses on e-tailing.

Limitation of the Study

1. Due to time and cost factors, the sample size was confined to 81.
2. The study was confined to rural students studying in city colleges within Chennai limits.
3. Selected statistical tools have been used in this study due to limited collection of data.

E-Tailing – An Overview

Michael Aldrich invented online shopping which is also known as e-Tailing, e-Retailing, internet retailing etc. in 1979 in UK and is gaining grounds in every country of the world. In India e-tailing was founded by Ashish Jhalani and is growing at a rapid speed in urban India. The urban India prefers e-tailing than traditional shopping pattern because it is cost efficient, time saving, and easy shopping to them. Consumers need not to go to crowded markets, stand in queues and waste hours to search desirable products. On e-tailing portals consumer can buy every item from grocery items to residential buildings. According to a recent TechnoPak report, with the growing internet users, this will comprise 180 million broadband users by 2020.

Further the tier-II and tier-III cities that are contributing significantly to the growth of e-tailing in the country, contrary to the general perception of metropolises having pushed this, said one of the popular e-tailers e-Bay India. Against the 10 metro cities where e-tail has seen traction, there are as many as 3,133 tier-II and III cities, and 1,233 rural hubs, that are getting onto the online retail bandwagon as per the recent census report for 2014. E-commerce in India has seen a significant upsurge in the number of people shopping online, with its penetration into 4,556 hubs. The top 10 rural hubs for e-commerce include Guntur and Tada in Andhra Pradesh, Karthikappally in Kerala, Ghattia in Madhya Pradesh and Chorayasi in Gujarat, Budgam in Jammu & Kashmir and Cachar in Assam. Delhi topped the list as the “number one e-commerce hub”, with “maximum number of mobile phones and accessories sold”. It was followed by Maharashtra, Tamil Nadu, Rajasthan and Karnataka. Bengaluru gained a position due to higher sales on electronic items like laptops, tablets and cameras.

Female buyers fuelled use of e-commerce and the lifestyle segment remained one of the hottest categories for buyers. Customers have been shopping more for products in the

lifestyle category, with women shoppers in the country being prominent contributors to this category. The lifestyle category has increased its share in the pie to 45 per cent, trailing the electronics category by just two per cent now as compared to seven per cent in the previous census. Mobile phones had been fuelling e-commerce in India as the devices' increased use is allowing internet access to people in rural and semi-rural areas.

E-tailing can grow more than hundred-fold in the next 9 years, to reach \$76 billion by 2021. Indian internet users have played a significant role in growing the business markets. The Internet is being used as an instrument for tapping new markets; maintain consumer relationships, improving cost efficiency, and delivering customized products and services. On the other hand side we cannot deny a bitter fact that there is a negligible growth of e-tailing in rural India. Where the urban shoppers are enjoying every benefit of e-tailing, the rural India majority of consumers don't even know the term "e-Retailing". Technically, the Government at state and central level is not aware about the benefits of growth of e-tailing and its positive impact on the Indian economy. Smooth development is possible only when the rural areas would gain priority for development projects, as 68% of Indian population lives in rural areas.

Review of Literature

Nagesh (2007) describes that Indian retailing would see a massive change in the next five years and such a driving consumption boom can never be seen in the history of any country. From a drought situation, our economy will see a flood of modern retailing and then Indian retail will be on the steady ground of sustainable growth year after year and thereafter.

Mohanty & Panda (2008) opines about retailing as a sector of India which occupies important place in the socio-economic growth strategy of the country. India is witnessing retailing boom being propelled by increasing urbanization, rising purchasing power parity (PPP) of ever growing India's middle class, changing demographic profiles heavily tilted young population, technological revolution, intense globalization drive etc.

Akash (2009) states that Retail business in India, as anywhere else in the world, plays a crucial role in an economy. Retail in India has the potential to add value over Rs 2,00,000 crore (\$45billion) business in the coming years generating employment for some 2.5 million people in various retail operations and over 10 million additional workforce in retail support activities including contract production and processing, supply chain and logistics, retail real estate development and management.

Sahu (2010) describes that a rise in consumer confidence, improvement in profitability and aggressive expansion plans, signal better tidings for listed players in the organized retail space. Moreover, analysts believe listed retailers could attract foreign investments by spinning off their subsidiaries into separate companies which can provide a greater opportunity for the improvement of this sector.

Rajesh Kesari et. al (2012) studied the significance of retailing in rural India and explained the internal and external factors that influences the rural retailing. Further, the study reveals the comparative advantage of rural retailing with its urban counterpart and also projects various models of rural retailing avenues.

Namita Bhandari and Preeti Kaushal (2013) in their study on online consumer behavior using factor analysis found the reasons for using online shopping. Their study gives a deep insight on the shopping behavior of e-tailing consumers and suggests the e-tailers to understand the changing scenario of cyber business.

Manoov and Prabhu (2013) evaluated the impact of internet in rural India and its usages in e-tailing and virtual business and their study reveal that e-commerce reduces the marketing inputs and costs substantially, and ultimately improves the business with more sales turn over in addition to future opportunities.

Basker D (2013) in his exploratory study on electronic retailing in India made a fair attempt to study the factors that promoted e-tailing and also the barriers that curb its growth in rural markets. In addition, his attempt to relate internet usage and e-tailing gives new portals for electronic based B2C transactions.

Ahmed Mir, Isar (2014) studies the anticipation of e-retailing in rural India and rural consumer attitude towards e-retailing and found opportunities, available in the untapped market with high potentials for e-retailing. The researcher is of the opinion that, the survival of future retailers depends on their efforts in making use of the educated rural consumers as opinion leaders using digital marketing techniques, and also highlighted the role of Government in bringing this revolution to reach out the rural India.

Analysis and Interpretation of Data

Hypothesis - 1 Gender based usage of internet in rural areas.

H₀: Gender biases don't influence the usage of internet in rural areas.

H₁: Gender biases influence the usage of internet in rural areas.

Gender * Use of Internet (hrs.) Cross tabulation								
			Use of Internet (hrs.)					Total
			< 5	5 - 10	10 - 15	15 - 20	>20	
Gender	Male	Count	9	20	9	10	11	59
		Expected Count	7.3	16.0	9.5	11.7	14.6	59.0
	Female	Count	1	2	4	6	9	22
		Expected Count	2.7	6.0	3.5	4.3	5.4	22.0
Total		Count	10	22	13	16	20	81
		Expected Count	10.0	22.0	13.0	16.0	20.0	81.0

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.287	4	.054
Likelihood Ratio	10.096	4	.039
Linear-by-Linear Association	8.419	1	.004
N of Valid Cases	81		

d.f. = (r-1) * (c-1) = (2-1) * (5-1) = 1*4 = 4

Chi-square table value at 5% level of significance is 9.488

Since calculated value is less than the table value, H₀ is accepted. Therefore the gender biases don't influence the usage of internet in rural areas.

Hypothesis - 2: Frequency of online shopping in relation to rural family income.

H₀: Family income is not an obstacle for online shopping in rural areas.

H₁: Family income is an obstacle for online shopping in rural areas.

Income * Number of on-line shopping Cross tabulation									
			Number of on-line shopping					Total	
			< 5	5 - 10	10 - 15	15 - 20	>20		
Income	Upto 1 lac	Count	5	4	0	2	0	11	
		Expected Count	5.3	2.9	1.4	.8	.7	11.0	
	1 to 2 lacs	Count	8	9	4	0	2	23	
		Expected Count	11.1	6.0	2.8	1.7	1.4	23.0	
	2 to 3 lacs	Count	14	5	5	1	2	27	
		Expected Count	13.0	7.0	3.3	2.0	1.7	27.0	
	3 to 4 lacs	Count	7	1	0	1	0	9	
		Expected Count	4.3	2.3	1.1	.7	.6	9.0	
	4 lacs & above	Count	5	2	1	2	1	11	
		Expected Count	5.3	2.9	1.4	.8	.7	11.0	
	Total		Count	39	21	10	6	5	81
			Expected Count	39.0	21.0	10.0	6.0	5.0	81.0

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	17.581	16	.349
Likelihood Ratio	21.739	16	.152
Linear-by-Linear Association	.002	1	.960
N of Valid Cases	81		

d.f. = (r-1) * (c-1) = (5-1) * (5-1) = 4*4 = 16

Chi-square table value at 5% level of significance is 26.296

Since calculated value is less than the table value, H₀ is accepted. Therefore family income is not an obstacle for online shopping in rural areas.

Hypothesis -3: Convenience of online shopping over traditional shopping to rural consumer in relation to saving time of shopping.

H₀: Online shopping is not convenient over traditional shopping to rural consumers though it saves time.

H₁: Online shopping is convenient over traditional shopping to rural consumers as it saves time.

Internet shopping saves time * Internet shopping convenience Cross tabulation						
			Internet shopping convenience			Total
			Strongly Agree	Agree	Neither nor	
Internet shopping saves time	Strongly Agree	Count	28	19	2	49
		Expected Count	24.2	21.8	3.0	49.0
	Agree	Count	11	13	2	26
		Expected Count	12.8	11.6	1.6	26.0
	Neither nor	Count	1	4	1	6
		Expected Count	3.0	2.7	.4	6.0
Total		Count	40	36	5	81
		Expected Count	40.0	36.0	5.0	81.0

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.878	4	.300
Likelihood Ratio	4.932	4	.294
Linear-by-Linear Association	4.582	1	.032
N of Valid Cases	81		

$$d.f. = (r-1) * (c-1) = (3-1) * (3-1) = 2*2 = 4$$

Chi-square table value at 5% level of significance is 9.488

Since calculated value is less than the table value, H_0 is accepted. Therefore online shopping is not convenient over traditional shopping to rural consumers though it saves time.

Findings

1. The study shows the male respondents numbered 59 (72.8%) and female respondents are just 22 (27.2%) of the sample size.
2. Out of 81 respondents, 18.5% belong to 'UG I year', 19.8% belong to 'UG II year', 21% belong to 'UG III year' and 28% belong to 'PG I Year' and the balance 12.3% belong to 'PG Final Year'.
3. The respondents include 49 from Tamil Nadu, 12 from Kerala, 7 from Pondicherry, 4 from Karnataka, 2 from Telungana, and 7 from other states.
4. The family size of the respondents is ordered as '4-5 members' with 37%, '3-4 members' with 28.4%, '5-6 members' with 13.6%, 'Above 6 members' with 11.1% and 'Upto 3 members' with 9.9%.
5. As far as the family income is concerned, it is interesting to note that '2-3 lac p.a.' constitute exactly 1/3rd of the population followed by '1-2 lac p.a.' category with 28.4%, 4 lac and above p.a.' with 13.6%, 'Upto 1 lac p.a.' with 13.6% and '3-4 lac p.a.' with 11.1%
6. Both Govt. services and self-employed constituted nearly 50% of the Parental Occupation pushing Farm and Non-farm to 1/3rd of the respondents and private sector is just 16%.

7. The study reveals the use of internet in hrs./week with 10 respondents under 'less than 5 hrs', 22 respondents 'between 5-10 hrs', 13 respondents 'between 10-15 hrs', 16 respondents 'between 15-20 hrs', and 20 respondents with 'above 20 hrs/per week'.
8. With regard to number of on-line shopping during last one year reveals, 48.1% of the respondents with 'Less than 5 times', discerningly followed by 25.9% with '5-10 times', 12.3% with '10-15 times', 7.4% with '15-20 times' and 6.2% 'above 20 times'.
9. Out of 81 frequencies, Flipkart ranked top with 31, followed by Amazon with 20, Snapdeal with 18, Ebay with 5, Mynthra with 4 and others with 3 on customers' choice of e-tailer.
10. Nearly 60% of the respondents preferred e-tailing due to the fact that it saves time with a opinion of strongly agree and 32.1% of the respondents felt agree, making the neither agree nor disagree group to rest with 7.4%.
11. Similarly, the frequencies shows 49.4% with strongly agree, 44.4% with agree and 6.2% with neither agree nor disagree on internet shopping convenience.
12. 48.1% of the respondents are highly satisfied with the variety of goods available with e-tailers, followed by satisfied group with 34.6%, Neither Nor group with 13.6% and dissatisfied ones with just 3.7%.
13. Internet shopping is found highly secured by 21 respondents, secured by 34 respondents, 'neither nor' by 15 respondents, unsecured by 9 respondents and highly unsecured by 2.
14. Nearly 2/3rd of the respondents are of the idea that e-tailers are cheaper than their traditional counterparts and close to 1/3rd too felt it is worth going on-line shopping and minor group of respondents are not too sure of their idea.
15. As far as order confirmation is concerned 53.1% of the frequency falls under strongly agree, followed by 31.6% with Agree and just 12.3% with dissatisfaction.
16. Close to 50% of the respondents felt online shopping is very safe and more than 1/3rd felt it is safe and just 16% concerned about the financial risk involved in it.
17. Refund procedures of the e-tailers are excellent to the extent of 35.8%, Very good to the extent of 34.6% and O.K with 21%, Poor with 6.2% and Very Poor with 2.5%.
18. Exactly 1/3rd of the respondents felt that they are extremely satisfied with shopping followed by 39.5% with satisfied and 25.9% with good and just only a few felt the bitter e-tail shopping.

Conclusion

Since the globalization of our economy, retailing in India has been rapidly nurtured by the multinational corporations. The transition of retailing in India from Candle-lite to Satellite is conspicuous in the last two decades. At this juncture, one cannot deny the rapid growth of digital technology in making this process a cake-walk to the consumers and retailers as well. With the advent of internet technology and ongoing changes in consumer behavior, last decade has witnessed significant growth in e-Retailing and information technology in India. By just clicking a mouse or touching the mobile screen, shoppers can buy any product online, from daily needs to credit cards. E-Retailing simplified the process of buying and selling with benefits like secure payments, timely delivery, genuine brands, time saving shopping etc. Over the last eight quarters India has witnessed huge investment in e-Retailing sector and e-Retailing ecosystem has progressed, it has opened huge business opportunities for the investors who are ready to invest in e-tailing sector and to work through some of the logistics and payments challenges in India. Rural consumers cannot be ignored by the e-tailers any more, as they are emerging as flood-gates for future business opportunities, particularly the students migrated from Tier II and Tier III cities and towns, and villages to metropolitan cities for higher education. The survival, growth and market share of e-tailers would be decided by this segment in the years to come for several products and services.

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