

**Customers Acceptance on E-Marketing an Empirical Study**

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**Abstract**

Financial liberalization and technology revolution have allowed the developments of new and more efficient delivery and processing channels as well as more innovative products and services in the industry. Another strategic challenge faced by industries today is the growing and changing needs and expectations of consumers in tandem with increased education levels and growing wealth. Consumers are becoming increasingly discerning and have become more involved in their financial decisions. This paper investigates the factors which are affecting the acceptance of e-marketing services among the customers and also indicates level of concern regarding security and privacy issues in Indian context. Primary data was collected from 200 respondents through a structured questionnaire. Descriptive statistics was used to explain demographic profile of respondents and Factor and Regression analyses were used to know the factors affecting e-marketing services among customers in India. The finding depicts many factors like security and privacy and awareness level increased the acceptance of e-marketing services among Indian customers.

**Keywords: Security, Privacy, Awareness, Customers, E-marketing**

**Introduction**

Small Business Enterprises (SBEs) do play a major and important role in today's world economy, and they are recognised as one of the main contributors to economic, development and employment growth. According to Mulhern (1995) 99% of all European companies are Small and Medium Sized (SME) and from 1985-1995 it provided 66% of the employment in Europe. On the other hand, the revolution in information technology (IT) and communications changed the way people conduct business today. In recent years, increasing numbers of businesses have been using the Internet and other electronic media in conducting their marketing efforts, giving the chance for Electronic Marketing (as a new marketing phenomenon and philosophy) to grow in a very dramatic and dynamic way.

From the author point of view, implementing E-Marketing by small business enterprise can change both the shape and nature of its business all over the world. Because the increase usage of the Internet and other Electronic Marketing tools (i.e.: E-mail, Intranets, Extranets and Mobile phones) in electronic transactions might create not only a lot of opportunists for small business enterprises but also can eliminate a lot of its threats. From this prospective, it is noticed that the Internet, other electronic media tools and Electronic Marketing tools are playing a vital and essential role in conducting marketing activities within business enterprises regardless of its type or size.

**Literature Review**

Several studies have discussed e-marketing and the key factors that influence consumer attitudes towards it. Kim, Williams and Lee (2003) identified the attitude towards e-marketing as an individual characteristic that may play a role in developing perceptions of a specific website. Yoon (2007) examined attitudes toward the web in terms of cultural differences and consumer's web behavior In particular, based on data collected from Koreans and Americans through an experimental study between Nike.com and Niketown.com websites. Results indicate that cultural dimensions and two different consumer's web behavior influence attitudes toward the web when engaging in e-marketing.

Chen and Chang (2006) found that the critical role of trust as an enabler, especially in a relationship in which the consumer did not have direct control over the actions of a seller and in which marketers seek long-term relations with their consumers. These issues had

been widely recognized in both academia and industry. Based on previous studies in multiple disciplines, this study developed a model representing the determinants of consumer trust in an online travel site and reports the results of an empirical investigation for this model. Theoretically, the study advanced the understanding of consumer trust in e-marketing by proposing a model and providing evidence for the major elements contributing to the formation of this construct. From a managerial perspective, the study provided practitioners with practical insights on how to design e-marketing strategies that can initiate, develop, and maintain consumer trust. Morimoto and Chang (2006) sought to understand consumer attitudes towards two major direct marketing techniques: unsolicited commercial email and postal direct mail.

The results indicated that recipients perceived unsolicited e-mails as more intrusive and irritating than postal direct mail. Elliott and Speck (2005) evaluated the effects of six web site factors and two individual difference variables on attitude toward a retail web site. Results indicated that five web site factors (ease of use, product information, entertainment, trust, and currency) affect consumer attitude toward a retail web site. Shergill and Chen (2005) focused on factors, which online New Zealand buyers keep in mind while e-marketing. The study found that website design, website reliability/fulfillment, website consumer service and website security/ privacy are the four dominant factors which influence consumer perceptions of e-marketing. Parissa and Maria (2005) based their study on the fact that marketing offers great opportunities for businesses. Marketing activities supported by mobile devices allow companies to directly communicate with their consumers without time or location barriers. The results indicated that advertising value and advertising message content have the largest impact on attitude toward advertising via mobile devices.

Adam, Mulye, Deans and Palihawadana (2005) discussed the findings of a study designed to increase the generalization ability, validity and reliability of earlier studies concerning the relationships between attitude toward the advertising and aspects of the advertising hierarchy of effects model in the e-marketing context. The findings suggested that the traditional advertising hierarchy of effects model is relevant in the e-marketing environment, and that investment in e-marketing communication can be evaluated using this stable and reliable method. Yang and Lester (2004) in a survey of 11 positive features and 10 discouraging features of e-marketing was carried out on 180 students and identified certain behavioral patterns for online shoppers versus non-shoppers. It was found that online shoppers have consistently stronger positive feelings about e-marketing than do non-shoppers. Lee, Eustacem, Fellows, Bytheway and Irving (2005) aimed to examine if and how attitude toward the Web Site affects consumer brand choice. The study found that attitude toward the web site is a good predictor of consumer brand choice.

Joon moon (2004) provided an exploratory model to understand the factors that influence consumers to adopt the internet instead of traditional channels for information search and product purchase. Tseng, Johnson, Mckenzie, Oster, Hill and Brandon (2004) investigated consumer attitudes toward mobile advertising and the relationship between attitude and behavior. The results of a survey indicated that consumers generally have negative attitudes toward mobile advertising unless they have specifically consented to it, and there is a direct relationship between consumer attitudes and consumer behavior.

Jayawardhena (2004) applied a value-attitude behavior model to investigate the roles of personal values in e-marketing consumer behavior. Individual attitudes toward e-marketing were a direct predictor of e-marketing behavior and mediated the relationship between personal values and behavior. Smith (2004) reported that e-marketing phenomena are governed by a number of factors such as consumer acceptance, behavior, purchasing characteristics, patterns and power. Furthermore, there are several factors that affect what we buy, when we buy and why we buy.

Georgiades, Dupreez, Downald and Simintiras (2000) used a sample of 316 Internet users to analyze attitudes toward buying online. The findings indicated that gender and

occupation had an influence only on attitudes concerning perceptions of the competitiveness of the Internet and its impersonal nature. Bhatnagar, Misra and Raom (2000) measured how demographics, vender/service/ product characteristics, and website quality influence the consumers' attitude towards e-marketing and consequently their e-marketing behavior. They reported that the convenience the internet affords and the risk perceived by the consumers are related to the two dependent variables (attitudes and behavior) positively and negatively, respectively. Bellman and Lohs (2000) examined the relationship among demographics, personal characteristics, and attitudes towards e-marketing. These authors find that people who have a more wired life-style, and who are more time constrained tend to buy online more frequently. Alsmadi (2002) investigated possible factors that influence consumer attitudes towards e-marketing behavior in Irbid, the second largest city in Jordan. The study showed that most Jordanian consumers are likely to have enough knowledge and skills in using the computer and dealing with the Internet, and have reasonable access to Internet services, with a positive impression about the current presentation and promotion of companies' web sites on the internet. However, the issue of security of online transactions seems to be a major factor that restricts the willingness to make a better use of e-marketing. Analysis of variance showed no significant differences in consumer attitudes due to demographic variables, with the exception of income.

### **Research Hypothesis**

It is indeed essential to emphasize the fact that the Indian culture is different from the countries where previous research was conducted. The researchers predicted that the familiarity and economic benefits of using the Internet has a significant impact on the acceptance of online marketing. It is followed by "responsiveness of service delivery (speed and timeliness)", "ease of use", "credibility", and "product variety". Akinci et al. (2004) find that the selection of an e-marketing service provider is effected by security, reliability and privacy. Security, which involves protecting users from the risk of fraud and financial loss, has been another important issue in safe use of the internet when conducting financial transactions in Saudi Arabia (Sohail and Shaikh, 2007). Much work has not been done in India with regard to e-marketing issues. The present study intends to know the factors affecting the acceptance of e-marketing by the customers and also indicates level of concern regarding security and privacy issues in Indian context. Customers are not used to accessing the Internet frequently, and if they do not trust the Internet as a secure environment to conduct financial transactions, then it is nearly impossible for them to accept e-marketing. Therefore, the following hypotheses were adopted:

- Security and trust has significant impact on adoption of e-marketing among customers.
- Innovativeness has significant impact on adoption of e-marketing among customers.
- Familiarity has significant impact on adoption of e-marketing among customers.
- Awareness has significant impact on adoption of e-marketing among customers.

### **Methodology**

Data were collected from 200 customers. Purposive sampling method was used in the selection of the sample respondents. The survey instrument used in the study was a structured questionnaire. The questionnaire was made up the dimension which measures the acceptance of e-marketing among Indian customers. The variables were measured using multiple items. All of the scale items represented in the survey instrument utilized a five point categorical rating scale. The anchors used included: a) 1= strongly disagree, b) 2= disagree, c) 3= neither agree nor disagree, d) 4= agree, e) 5= strongly agree. Factor analysis was performed to assess the validity of the constructs and regression analysis was employed to analyze the data. Statistical Package for Social Sciences (SPSS) version16 was used has the analysis tool.

**Research Findings**

Table 1 presents the demographic characteristics of the 200 respondents. About 67 percent of the respondents are males and 33 percent respondents are females. This table also shows that all respondents are adults with 39 percent of the respondents in the age group of 20-30 years, 30 percent between 30-40 years, 20 percent between 40-50, 10 percent above 50 years and one percent being less than 20 years. The highest category using online marketing services are in the age group of 20-30 years. Majority of the users of e-marketing services were graduates (45 percent) and were earning a monthly salary of Rs. 10,000-30,000.

**Table-1 Distribution of Respondents on the Basis of Demographic Factors**

Sl. No.	Demographic Variables	Categories	No. of Respondents	Percentage
1	Gender	Male	134	67%
		Female	66	33%
2	Age (in years)	Less than 20	2	1%
		20-30	78	39%
		30-40	60	30%
		40-50	40	20%
		Above 50	20	10%
3	Qualification	Up to 12th	47	23.5%
		Graduates	90	45%
		Post graduates	38	19%
		Professionals	25	12.5%
4	Income Rs. (per month)	Below 10,000	41	20.5%
		10,000-30,000	73	36.5%
		30,000-60,000	66	33%
		Above 60,000	20	10%

Source: Field Survey, 2014

Internal consistency tests were conducted using Cronbach alpha tests (Cronbach, 1946) for the four multi-item measures and are presented in table 2.

**Table -2 Reliability Statistics**

Measures	No. of Items	Reliability for this Sample
Security and Trust	7	0.836
Awareness	5	0.856
Familiarity	4	0.789
Innovation	4	0.749

Source: Estimation based on Field Survey

The alpha values for all factors vary from 0.75 to 0.86 which are considered acceptable for this type of study (Nunnally, 1978). This reveals that the variables load properly on these four factors. To determine the underlying structure, the correlation matrix was initially examined to determine how appropriate it was for factor analysis. The Kaiser-Meyer-Okin (KMO) value was 0.764, which was higher than the recommended minimum of 0.6 (Kaiser, 1974) indicating that the sample size was adequate for applying factor analysis. In addition, the value of the test statistic for sphericity (Bartlett, 1954) on the basis of a Chi-square transformation of the determinant of the correlation matrix was large (1.632E3).

**Table-3 Factor Analysis for Acceptance Factors of e marketing**

Measurement Items	Security & Trust	Awareness	Familiarity	Innovativeness
Safety	.820			
Reliability	.790			
Liquidity	.716			
Internet Usage	.782			
Transparency	.815			
Security & less risk to use	.841			
Privacy is maintained	.792			
Knowledge		.748		
e- ticket		.603		
Innovative services				
One stop solution		.758		.758
Accessibility				.832
Easy to use				
Quick transaction				
Time saving			.826	
Convenient			.765	
No need to carry cash			.815	
Informative		.782		
User friendly		.751		
Wide area network				
Eigen Values	4.484	3.913	1.770	1.297
Percentage of Variance	39.983	8.43	6.177	5.49
Cumulative Variance	39.983	48.413	54.590	60.08

Bartlett's test of sphericity was significant, supporting the factorability of the correlation matrix and the associated significance level was extremely small (0.000). For factor extraction, principal component method was used, under the restriction that the

eigen value of each generated factor was more than one. A factor analysis was conducted to develop constructs that will help to evaluate factors that will influence customer’s usage of e-marketing. Four factors were generated, which explained 60.08 percent of the variance. The extracted factors were then rotated using variance maximizing method (Varimax). These rotated factors with their variable constituents and factor loadings are given in table 3. These factors are labeled security and trust, innovativeness, familiarity and awareness.

**Extraction Method: Principal Component Analysis, Rotation Method: Varimax with Kaiser Normalization, Rotation converged in 14 iterations**

The regression analysis was conducted to reveal how different factors identified through factor analysis affect the use of online marketing. The respondents’ intention to intensify the acceptance of e-marketing services was regressed on the four independent variables, namely security and trust, innovativeness, familiarity and awareness. The results are reported in table 4.

**Table-4 Regression Analysis on E-marketing Acceptance Factors**

Diffusion Factors	Regression Co-efficient	t values	Significance Level
(Constant)	2.175	65.923	.000
Security and Trust	.078	2.346	.020
Awareness	.646	19.539	.000
Familiarity	.007	.222	.825
Innovativeness	-.035	-1.051	.294
R <sup>2</sup>	.665		
F ratio	96.946*		

**\* Significant at 1 percent level**

The regression equation was significant at 1percent level with the F value of 96.946 and the independent variables account for 67 percent of the variance in degree of the acceptance of e-marketing by the customers. Security and trust ( $\beta=0.078$ ) and awareness ( $\beta=0.646$ ) were significantly positively related to the acceptance of e-marketing services, while familiarity and awareness did not emerge as significant factors in explaining the acceptance of e-marketing by the respondents. Koufaris and Hampton-Sosa (2004) also demonstrated that perceived security control of the site strongly influenced acceptance of online marketing by customers. If the customers are less concerned about unauthorized use of or illegal access to their personal and financial data by third parties, they will have greater influence on the willingness to use online marketing, which in turn will lead to higher acceptance to it. White and Nteli (2004) find that “security” is the most important attribute for UK internet customers. Akinci et al. (2004) find that the selection of internet marketing is effected by security, reliability and privacy. Security, which involves protecting users from the risk of fraud and financial loss, has been another important issue in safe use of the internet when conducting financial transactions in Saudi Arabia (Sohail and Shaikh, 2007).

**Conclusion**

In a country like India, there is need for providing better and customized services to the customers. Every Industry must be concerned about the attitudes of customers with regard to acceptance of online marketing. As Internet marketing continues to grow, future studies should consider the role of research relative to generalizability, precision of measure, and realism of context. Based on the study many influencing factors are there in acceptance of the e-marketing by customers, if properly engaged by marketers, it will fetch definitive results.

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