

Role of Demographic Characteristics in Consumer Motivation for Online Shopping

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Abstract

The rationale of this research is to study the relation between the demographic variables of the Indian costumers and their motivation for online shopping and to identify popular category that consumer prefer for online shopping. Internet is rapidly evolving as a global phenomenon is altering the way customers go online to purchase products and avail services. In Online Shopping, consumer instead of going to a traditional brick-and-mortar store, directly buy goods or services from a seller in real-time, without an intermediary service, over the Internet. It is a form of e-commerce. The study has pan India scope. For the data analysis of the research, SPSS is primarily used. Due to time constraint, inappropriate responses by the respondants couldn't be verified.

Keywords

Online shopping, E-Commerce, M-Commerce, Demographic Variables, Motivation for online shopping

Introduction to Online Shopping and E Commerce in India

Internet is rapidly evolving as a global phenomenon is altering the way customers go online to purchase products and avail services. In Online Shopping, consumer instead of going to a traditional brick-and-mortar store, directly buy goods or services from a seller in real-time, without an intermediary service, over the Internet. It is a form of e-commerce.

Everything can be bought online, almost anything from groceries and greeting cards to cell phones and even ringtones for the cell phones. While most individuals still find it convenient to purchase their groceries from the neighborhood shop, many people are purchasing rail and air tickets over the Internet. Many services are purchased online by students and corporates such a broking service or job search service.

Customers also use the Internet to compare prices, product features and after sale service facilities they will obtain if they purchase the product from a specific store and not only to buy the product online.

Online Shopping in India

It began as a meager initiative in 1999-00 and since then it has shaped itself into a movement, especially in the last 5-7 years. Now days one can order anything from a donut to an 80 inch LED TV online. Many companies also use Internet to showcase their product range and services online in order to be visible to customers at global.

Internet has completely transformed the system of handling daily transactions; one of them being online shopping. The presence of internet has altered the way of shopping for Indians. Whether one is sitting at home, office or is travelling, one can easily shop online if one has internet connection. The myriad range of products includes apparel, books, electronics, baby care, jewellery etc. Ease of use, product comparison and convenience, at your doorstep delivery of products are the factors which are fascinating people to buy online.

Ecommerce in India is at a developing stage. We can see the trends that how online sales have evolved over the years. Increasing number of people are availing the services of internet retailers for their needs due to increased internet availability and ease of shopping. The important factor for the growth of ecommerce sector is the Indian population above the age 14. According to Statistics, in 2011 we had population of 14 and above around 14.5 million across the country, which rose to 19.2 million in 2012 and it is estimated that this number will shoot to 40 million by 2016 (according to Statista.com).

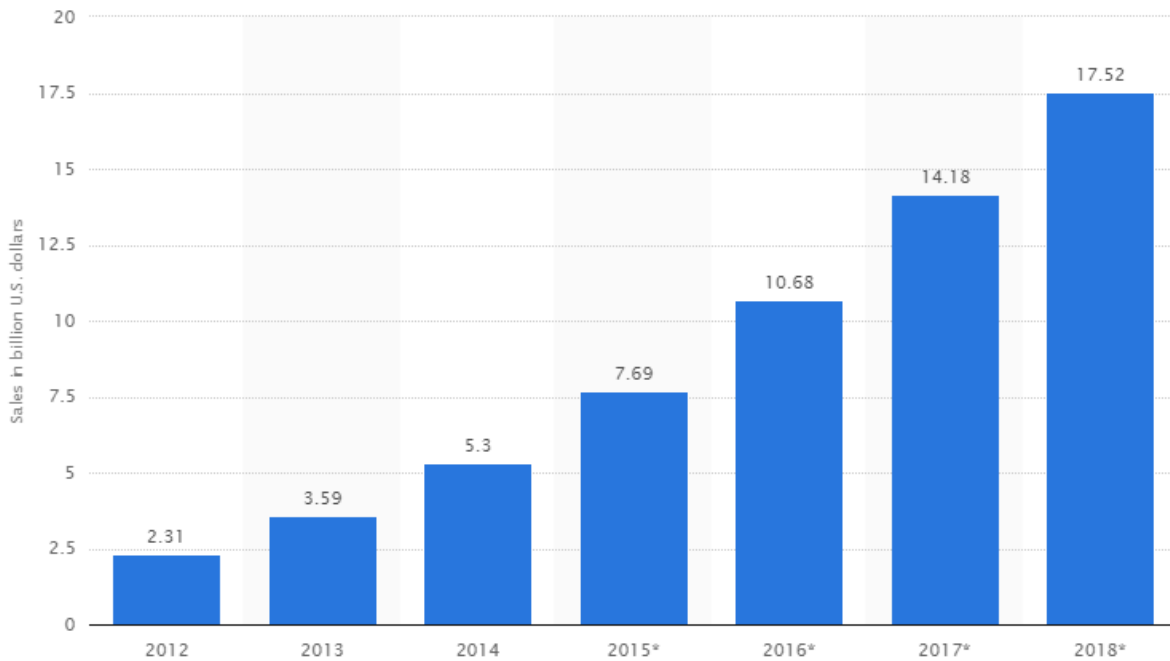


Figure 1.1 (www.statista.com)

We define B2C e-commerce as an e-commerce where transactions occur between business (company) and a consumer. The statistics states that in 2012, the B2C e-commerce sales per digital buyer on an average were \$632, a jump of \$35 as it increased from \$597 in 2011. This is expected to further increase to reach \$ 724 in 2016.

In 2009, online shopping generated \$6.3 billion and by 2013, this figure expanded to \$16 billion. However, it was less than the estimated figure of \$56 billion, which was forecasted earlier.

The three big players dominate the e-Commerce industry growth in India: Flipkart, Amazon India and Snapdeal. 2014 saw sales worth 4 billion U.S. dollars of which Flipkart takes credit for roughly 2 Billion U.S. dollars.

The e-commerce industry will be creating 50 thousands new jobs in a span of 5 years thus bringing more career opportunities and employment in India.

Key Drivers of E-Commerce growth in India

The e-commerce in India is growing at fast pace. The following are the few reasons contributing to the growth of e-commerce in India. (According to www.dazeinfo.com)

- Increase in the number of smartphone users has led to 5% of the transactions being done through mobile phones and tablets.
- Access to internet is increasing and the rates for internet surfing is decreasing. Although a large chunk of population in India does not has access to Internet, yet India is ranked number two after China in the world according to the number of Internet users. Ecommerce sector in India is only getting bigger and bigger due to more people getting access to Internet.
- Middle Class is growing rapidly in India. They have growing aspirations especially social status, recognition and shopping.
- The use of plastic money- both debit and credit cards have increased.
- Tier II and III cities are giving e-commerce players a wider and faster growing customer base.

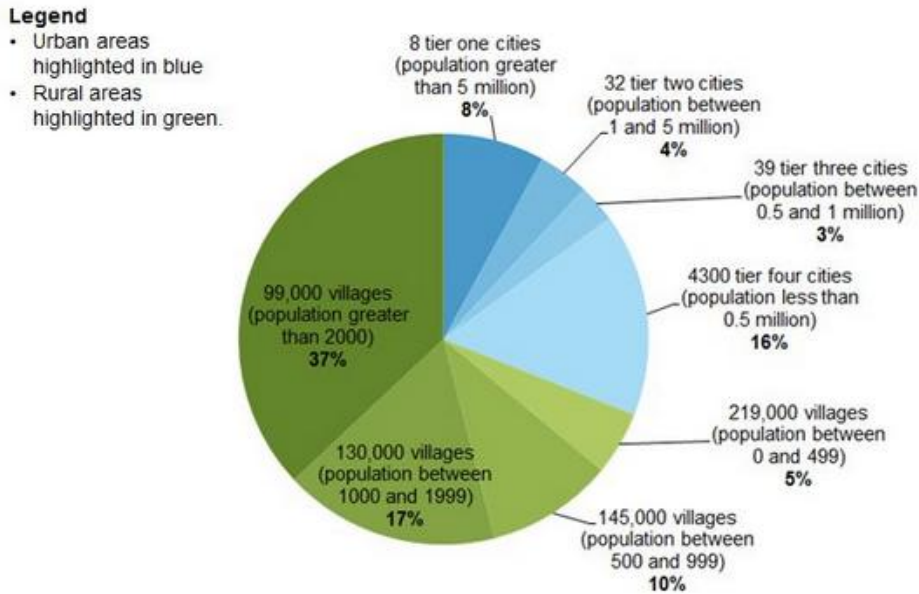


Figure 1.2 where do Indian People live?(www.dazeinfo.com)

Literature Review

The available literature on consumer online purchasing behavior has significantly focused on identifying the variables which affect the inclination of consumers towards buying from internet. There are general models in the field of consumer behavior research depicting the consumer buying behavior decision methods. These models provide valuable insights to the marketers as they helps in explaining and predicting the consumer purchase behavior.

The theory of classic consumer buying decision-making can be characterized as a range extending from normal problem-solving behaviors, through to fractional problem-solving behaviors and then to extensive problem-solving behaviors (Schiff man et al., 2001).

The study of the buyer decision process- a traditional framework is a five step model. According to this model, the first step undergone by a consumer is recognizing current needs or problem recognition. The next step is to gather information for the problem solutions. The data which is gathered is used as the basis for the evaluation of alternatives. And later on post-purchase behavior is observed, which is important for marketing since it affects the consumer's opinion of satisfaction/dissatisfaction with the product/service.

Although the classic five stage model consist of the crux of consumer behavior under maximum cases yet, the management of marketing concerns at individual stage in the virtual environment has to be determined by isolated E-marketers. Peterson et al. (1997) observed that in constructing a suitable dedicated model of consumer buying behavior in its nascent stage of internet development. Three factors will affect the decision arrangements- initial point of consumers, the appropriate market framework and the features of the item in question. The prominent factor affecting actual buying behavior is the customer's perception and attitude towards e-tailing. (Source: Jarvenpaa Journal of Electronic Commerce Research, VOL. 6, and NO.2, 2005)

Todd (1997) projected shopping intention towards online shopping and a model of attitudes in general. Although the model comprises of many indicators but there are four major categories; the worth of the product, the shopping experience, the class of service offered by the website and the risk perceptions of Internet retail shopping. In the research done by Vellido et al. (2000), he concluded that there are nine factors connecting with users' perception of online spending. The key discriminator among the nine factors between the consumers purchasing online and those not doing so is the risk perception of consumers.

Ease in shopping process, discounted goods, varying customer service were other factors. In another study conducted by Jarvenpaa et al. (2000), a model of consumer behavior was tested towards precise online stores, according to which perceptions about the reputation of store and scope were expected to impact the faith of consumer. It was found that the extent of faith was definitely linked to the behavior

towards the store and was inversely proportionate to the risks in purchasing from that retailer. It was concluded that the consumer's intent to purchase from the store was affected by attitude and risk involved.

The main consumer risk perceptions regarding online shopping are associated to the aspects involving the confidentiality and security of individual information, the security of online transaction systems and the uncertainty of product quality. Trust and risk are interlaced (McAllister, 1995). Trust signifies the diminishing consumer's perception of risk linked with the opportunistic behavior by seller (Ganesan, 1994). Since trust is the most important factor in case of risk and uncertainty, hence it is described as the reasons for consumer not buying from online stores.

A model combining traditional marketing philosophy on consumer inclination to buy and the trust was developed by Mayer et al. (1995). According to this model, an important precursor of trust is trust inclination; which is a personality trait controlled by buyers. Since, much information on seller is not available to buyer in advance, therefore buyer with high tendency to trust will likely to be a potential customer of that seller than the buyer with lower trust tendency.

Research Objectives and Proposed Conceptual Framework

Objectives

The study has following objectives:

- a) To study the relation between the demographic variables of the Indian consumers and their motivation for online shopping.
- b) To identify popular category that consumer prefer for online shopping.

Hypotheses

The following alternate hypotheses are formulated for testing with to Indian Consumers.

- H_{a1}: Gender influences motivation for online shopping.
H_{a2}: Monthly income influences motivation for online shopping.
H_{a3}: Age influences motivation for online shopping.
H_{a4}: Occupation influences motivation for online shopping.
H_{a5}: Education level influences motivation for online shopping.

The corresponding null hypotheses are:

- H₀₁: Gender does not influence motivation for online shopping.
H₀₂: Monthly income does not influence motivation for online shopping.
H₀₃: Age does not influence motivation for online shopping.
H₀₄: Occupation does not influence motivation for online shopping.
H₀₅: Educational level does not influence motivation for online shopping.

Research Methodology

Data Collection Techniques

Primary Research

- a) Study is based on primary data collected through structure questionnaire.
- b) Number of questionnaire floated was 200.
- c) Out of which 164 questionnaires were filled and 147 were of usable data.
- d) Sampling size: 147
- e) Sampling units: Existing customers availing online services.
- f) Scope of Study: PAN India

Secondary Research

- a) Determine the ongoing trends in online shopping industry and understanding the consumer behavior.
- b) Study relevant reports, case studies on consumer behavior for online shopping.
- c) Prepare a gap analysis between the perceived trends and actual trends.

Sources of Data

Primary Research

The data was collected from consumers by posting questionnaire on relevant social media platform.

Secondary Research

The data was collected from a Search Engine and relevant Newsfeed

Techniques for analysis

- a) Collected primary data was analyzed with the help of pie charts, bar graphs etc. along with statistical techniques using SPSS as per the requirements of the study
- b) For Gap analysis, parallel study between perceived trends and actual trends.

Data Analysis and Findings

Table 1. Analysis of respondent’s demographic profile

| | |
|-----------------------------|--------|
| Total Questionnaire floated | 200 |
| Total Responses | 164 |
| Valid Responses | 147 |
| Valid Response Rate | 89.63% |

Table 2. Demographic Data

| Variables | | Percentage |
|------------------------|---------------------------|------------|
| Gender | Male | 36.7 |
| | Female | 63.3 |
| Age | Below 18 years | 8.2 |
| | 18 – 30 | 81.6 |
| | 31 – 40 | 4.1 |
| | 41 – 50 | 4.1 |
| | Above 50 years | 2.0 |
| Education | Non Matriculate | - |
| | Matriculate | - |
| | Higher secondary | 10.2 |
| | Graduate | 28.6 |
| | Post Graduate | 61.2 |
| Occupation | Student | 57.1 |
| | Business/Self employed | 6.1 |
| | Service in Private Sector | 32.7 |
| | Service in Public Sector | - |
| | Homemaker | 4.1 |
| Average Monthly Income | Less than 5000 | 44.9 |
| | 5001 – 10000 | 4.1 |
| | 10001 – 25000 | 10.2 |
| | 25001 - 50000 | 28.6 |
| | Above 50000 | 12.2 |

Analysis of Objective 1: To study the relation between the demographic variables of the Indian costumers and the motivation for online shopping.

To study this objective, there are five independent variables (Gender, Age, Monthly Income, education background and occupation) and one dependent variable (motivation for online shopping). There are various parameters for motivation for online shopping and therefore we applied Exploratory factor Analysis, to analyze this objective.

The results of the factor analysis is shown in Table 1

Table 1

Component Matrix^a

| | Component | | |
|---|-------------|-------------|-------------|
| | 1 | 2 | 3 |
| Wide variety in product line | .349 | .709 | -.077 |
| Wide variety in product range imported/assorted goods | .451 | .687 | -.243 |
| Easy Product comparison | .359 | .435 | .239 |
| Ease of purchase | .551 | .354 | .259 |
| Delivery on specified/required time | .187 | .724 | .386 |
| Direct delivery of gift items | .130 | .776 | .275 |
| Price discounts | .519 | -.348 | .678 |
| No delivery cost maximum times | .505 | -.365 | .602 |
| Elimination of competitive sales personnel | .619 | -.341 | .330 |
| Availability of various platforms | .635 | -.125 | -.159 |
| availability_24X7 | .756 | -.070 | -.446 |
| Trust | .742 | .001 | -.541 |
| Time saving | .805 | -.134 | -.276 |
| Ease in use of plastic money | .751 | -.085 | .071 |
| Security in transactions | .769 | -.244 | -.095 |
| User friendly websites | .769 | -.102 | .027 |

Extraction Method: Principal Component Analysis.

After analyzing Table 1, 3 factors have been extracted which are shown in Table 3

Table 3

| | |
|--|---|
| Factor 1 (Customer Friendly Interface; F1) Web | Ease of purchase Trust Time saving User friendly websites Security in transaction Ease in use of plastic money Availability of various platforms Elimination of competitive sales personnel Availability 24X7 |
| Factor 2 (Product Versatility and Delivery;F2) | Wide variety in product line Wide variety in product range(imported/assorted goods) Easy Product comparison Delivery on specified/required time Direct delivery of gift items |
| Factor 3 (Cost Effectiveness factors;F3) | Price discounts No delivery costs maximum time |

Further analysis is done by using the above 3 factors.

Analysis of “To study the relation between the gender of the Indian costumers and their motivation for online shopping”

H₁A: Gender influences motivation for online shopping.

The corresponding null hypotheses are:

H₀A: Gender does not influence motivation for online shopping.

To analyze this hypothesis independent sample t test is employed and the descriptive of Gender and results of t test are shown in Table 4 and 5 respectively.

Table 4

Group Statistics

| Gender | N | Mean | Std. Deviation | Std. Error Mean |
|-----------|----|--------|----------------|-----------------|
| F1 Male | 54 | 2.9444 | 1.10791 | .15077 |
| F1 Female | 90 | 2.5556 | .63861 | .06732 |
| F2 Male | 54 | 1.7000 | .78548 | .10689 |
| F2 Female | 91 | 1.7187 | .51552 | .05404 |
| F3 Male | 54 | 3.4722 | 1.17126 | .15939 |
| F3 Female | 93 | 2.5000 | 1.17723 | .12207 |

Table 5
Independent Samples Test

| | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | | |
|-----------------------------|---|------|------------------------------|---------|-----------------|-----------------|-----------------------|---|---------|
| | F | Sig. | t | df | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference | |
| | | | | | | | | Lower | Upper |
| F1 Equal variances assumed | 16.369 | .000 | 2.674 | 142 | .008 | .38889 | .14542 | .10141 | .67636 |
| Equal variances not assumed | | | 2.355 | 74.475 | .021 | .38889 | .16511 | .05993 | .71785 |
| F2 Equal variances assumed | 11.311 | .001 | -.173 | 143 | .863 | -.01868 | .10809 | -.23234 | .19497 |
| Equal variances not assumed | | | -.156 | 80.461 | .876 | -.01868 | .11977 | -.25702 | .21966 |
| F3 Equal variances assumed | .323 | .571 | 4.836 | 145 | .000 | .97222 | .20104 | .57488 | 1.36956 |
| Equal variances not assumed | | | 4.843 | 111.343 | .000 | .97222 | .20076 | .57441 | 1.37004 |

Interpretation: Analysis of Table 5 shows that there is significant difference in factors F1 and F3 with respect to the gender of Indian customers who prefer online shopping. Results of table 4 show that males are more sensitive to customer friendly web interface factors (F1) and cost effective factors (F3) while doing online shopping as compared to females.

Analysis of “To study the relation between the monthly income of the Indian costumers and their motivation for online shopping”

H₂A: Monthly income influences motivation for online shopping.

The corresponding null hypotheses are:

H₀B: Monthly income does not influence motivation for online shopping.

To analyze the hypothesis ANOVA is employed. Results on One way ANOVA is shown in Table 6.

Table 6

ANOVA

| | | Sum of Squares | df | Mean Square | F | Sig. |
|----|----------------|----------------|-----|-------------|-------|------|
| F1 | Between Groups | 5.472 | 4 | 1.368 | 1.883 | .117 |
| | Within Groups | 100.984 | 139 | .727 | | |
| | Total | 106.456 | 143 | | | |
| F2 | Between Groups | .887 | 4 | .222 | .557 | .694 |
| | Within Groups | 55.743 | 140 | .398 | | |
| | Total | 56.630 | 144 | | | |
| F3 | Between Groups | 7.871 | 4 | 1.968 | 1.244 | .295 |
| | Within Groups | 224.629 | 142 | 1.582 | | |
| | Total | 232.500 | 146 | | | |

Interpretation: As no p value is <0.05, this shows that null hypothesis is accepted and there is no significance difference in motivation for online shopping of the Indian consumer with respect to their monthly income

Analysis of “To study the relation between the age of the Indian costumers and their motivation for online shopping”

H₃A: Age influences motivation for online shopping.

The corresponding null hypotheses are:

H₀C: Age does not influence motivation for online shopping.

To analyze the hypothesis ANOVA is employed. Results on One way ANOVA is shown in Table 7

Table 7

ANOVA

| | | Sum of Squares | Df | Mean Square | F | Sig. |
|----|----------------|----------------|-----|-------------|--------|-------------|
| F1 | Between Groups | 17.898 | 4 | 4.474 | 7.023 | .000 |
| | Within Groups | 88.558 | 139 | .637 | | |
| | Total | 106.456 | 143 | | | |
| F2 | Between Groups | 5.249 | 4 | 1.312 | 3.576 | .008 |
| | Within Groups | 51.381 | 140 | .367 | | |
| | Total | 56.630 | 144 | | | |
| F3 | Between Groups | 70.856 | 4 | 17.714 | 15.561 | .000 |
| | Within Groups | 161.644 | 142 | 1.138 | | |
| | Total | 232.500 | 146 | | | |

Interpretation: As all p values are <0.05, this shows that null hypothesis is rejected and there is significance difference in motivation for online shopping of the Indian consumer with respect to their age. To analyze it further post hoc tukey test is employed and is concluded that there is significant difference in age groups 18-30, 31-40 and below 18 years respondents with respect to motivation for online shopping as 18-30 and 31-40 years respondents shop online more because of customer friendly web interface factors and below 18 years respondents prefer to go to market and do shopping. If we urge about F2 and F3 factors, all age groups above 18 years prefer online shopping due to product versatility and delivery related factors and cost effectiveness.

Analysis of “To study the relation between the occupation of the Indian costumers and their motivation for online shopping”

H₄A: Occupation influences motivation for online shopping.

The corresponding null hypotheses are:

H₀D: Occupation does not influence motivation for online shopping.

To analyze the hypothesis ANOVA is employed. Results on One way ANOVA is shown in Table 8

Table 8

ANOVA

| | | Sum of Squares | Df | Mean Square | F | Sig. |
|----|----------------|----------------|-----|-------------|-------|-------------|
| F1 | Between Groups | 6.314 | 3 | 2.105 | 2.943 | .035 |
| | Within Groups | 100.142 | 140 | .715 | | |
| | Total | 106.456 | 143 | | | |
| F2 | Between Groups | .449 | 3 | .150 | .375 | .771 |
| | Within Groups | 56.181 | 141 | .398 | | |
| | Total | 56.630 | 144 | | | |
| F3 | Between Groups | 19.964 | 3 | 6.655 | 4.478 | .005 |
| | Within Groups | 212.536 | 143 | 1.486 | | |
| | Total | 232.500 | 146 | | | |

Interpretation: As all p values are <0.05, for factors F1 and F3, this shows that null hypothesis is rejected and there is significance difference in motivation for online shopping of the Indian consumer with respect to their occupation. To analyze it further post hoc tukey test is employed and is concluded that there is significant difference in respondents who are in business and respondents who do service in private sector as respondents who do service in private sector are more keen to do online shopping due to customer friendly web interface factors. But in F3, there is significant difference in respondents who are students and respondents who do service in private sector as students are keener to do online shopping due to Cost effectiveness factors

Analysis of “To study the relation between the education level of the Indian costumers and their motivation for online shopping”

H₅A: Education level influences motivation for online shopping.

The corresponding null hypotheses are:

H₀E: Educational level does not influence motivation for online shopping.

To analyze the hypothesis ANOVA is employed. Results on One way ANOVA is shown in Table 9

Table 9

ANOVA

| | | Sum of Squares | Df | Mean Square | F | Sig. |
|----|----------------|----------------|-----|-------------|--------|------|
| F1 | Between Groups | 5.695 | 2 | 2.848 | 3.985 | .021 |
| | Within Groups | 100.761 | 141 | .715 | | |
| | Total | 106.456 | 143 | | | |
| F2 | Between Groups | 1.811 | 2 | .906 | 2.346 | .099 |
| | Within Groups | 54.819 | 142 | .386 | | |
| | Total | 56.630 | 144 | | | |
| F3 | Between Groups | 48.289 | 2 | 24.145 | 18.874 | .000 |
| | Within Groups | 184.211 | 144 | 1.279 | | |
| | Total | 232.500 | 146 | | | |

Interpretation: As all p values are <0.05, for factors F1 and F3, this shows that null hypothesis is rejected and there is significance difference in motivation for online shopping of the Indian consumer with respect to their education level. To analyze it further post hoc tukey test is employed and is concluded that there is significant difference in respondents who are graduate and post graduate as graduates are more keen to do online shopping due to customer friendly web interface factors. But in F3, there is significant difference in respondents who are in higher secondary, graduate and post graduate as higher secondary and graduates are more sensitive to price and do online shopping due to cost effective factors.

Analysis of Objective 2: To identify popular category that consumer prefer for online shopping.

To analyze this objective descriptive statistics is used and results are shown in Table 10

Table 10

| | Mean | Std. Deviation |
|---------------------------------|-------------|----------------|
| Books | 1.82 | .899 |
| Movies Music and video games | 2.49 | 1.094 |
| Food Groceries | 1.71 | .951 |
| Automobile accessories | 1.59 | 1.012 |
| Hotel rooms Car rental | 2.35 | 1.157 |
| Toys and baby products | 2.10 | .912 |
| Apparels and accessories | 2.80 | 1.013 |
| Health and fitness Products | 2.51 | .996 |
| Electronic gadgets | 2.80 | 1.216 |
| Event tickets and Movie tickets | 2.84 | 1.380 |
| Sports goods | 2.49 | .953 |
| Railway Airline Tickets | 2.76 | 1.174 |
| Jewellery and watches | 2.04 | 1.091 |
| Computers and Accessories | 2.31 | 1.186 |
| Home appliances and Furnishings | 2.57 | 1.250 |
| Valid N (listwise) | | |

Interpretation: Popular categories for online shopping are Events tickets and Movie tickets, Electronic Gadgets and Apparels and Accessories as they are having the highest mean whereas the least popular categories are Food Groceries and automobile accessories, as they are having the lowest mean.

Conclusion

E-commerce in India has tremendous potential due to a largely untapped market, its high rate of growth, increasing internet penetration and large demand for smartphones. Moreover these ventures are backed by strong financial giants who seem to believe in India.

Some of the players like snapdeal, flipkart and amazon have already established themselves in the horizontal space. However e-tailers face a lot of challenges with logistics and technology being the biggest of them.

With no proper regulations in place till now they are enjoying largely an unchallenged and under regulated business environment. They are coming up with a lot of strategies to expand their presence, domain and customer base.

Vertical categories, m-commerce, private labels and logistics offer them a large space to expand in the future and seek growth.

In nutshell, right now India is a good market to do business in e-tailing category but growth opportunities are more for players planning to launch in vertical categories like furniture, baby care etc. technology in terms of devices and internet access is spreading at a rate never before seen in India. Moreover with little or no competition present in tier 2 and 3 cities coupled with the fact that there are a lot of payments options, e-tailers are growing exponentially.

Lastly it will be up to government – state and central to deliver 2 vital elements to these firms: simplified tax and business regime and proper logistics infrastructure.

Limitations of the study

- a) Time constraint.
- b) Customers may not respond in appropriate way.
- c) Complete research reports were unavailable.

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