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A STUDY ON CONSUMER PERCEPTION TOWARDS ONLINE SHOPPING IN VIJAYAWADA

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ABSTRACT

Internet is one component which has recently become the key element of quick and rapid lifestyle. Be it for communication, connecting with people or for official purposes, 'internet' has become the central-hub for all. While interactions in the real world shopping are mainly based on face-to-face activities between consumers and service providers, interactions in electronic commerce take place mainly through the retailer's website. This study investigated the relationship between various characteristics of online shopping and customer purchase behavior. Results of this study shows about the behavior of customers towards online shopping and future of online shopping in Vijayawada.

Keywords: Internet, Electronic commerce, online retailer, online shopping, Customer Satisfaction.

INTRODUCTION

Internet is changing the way consumers shop and buys goods and services, and has rapidly evolved into a global phenomenon. Many companies have started using the Internet with the aim of cutting marketing costs, thereby reducing the price of their products and services in order to stay ahead in highly competitive markets. Companies also use the Internet to convey, communicate and disseminate information, to sell the product, to take feedback and also to conduct satisfaction surveys with customers.

Customers use the Internet not only to buy the product online, but also to compare prices, product features and after sale service facilities they will receive if they purchase the product from a particular store. Many experts are optimistic about the prospect of online business.

Online shopping is definitely a great way to shop with everything available on the websites. From clothes, gift items, food, home needs, medicines, and many more, this mode of shopping allows one to shop conveniently without hassle on spending hours in a supermarket or shopping areas. The Internet with its wide array of information nooks, allows the customer to go through various reviews of the product or service before actually heading for purchases.

1.0 Significance of the Study: In recent years, online shopping has become very popular. The growth of technology has made these a part and parcel of everyday lifestyle. The advent of plastic money or the debit

/credit card and the smooth access to the World Wide Web has brought the shops from around the world to the desktop. This is where the role of online shopping sites emerges. Students, who are well versed in the use of internet and active in social media, know about online markets and have tried at least some of them.

The study is very relevant because it can give a clear picture of the future of online markets in India and the emerging trends in this particular field. The various factors that influence online shopping habits and its merits and demerits are also dealt with. The study also tries to have a comparison of online shopping habits among different age group as well as income group.

1.1 Objective of the Study: The objective of this research study is to investigate online consumer behavior, which in turn provides online marketers with a constructional framework for fine-tuning their online businesses' strategies. The specific objectives of this research are:

- I. To know the consumers awareness and perception about the products and services provided on internet.
- II. To know how it provides products and services and satisfies their customers.
- III. To know how it reduces the uncertainty in purchase decision process.

Limitations of the Study

Utmost care has been taken with regard to the collection, classification and analysis of data. However, the study is subjected to the following limitations:

There were hardly any previous studies on the topic and it was a great challenge to deal with a fresh topic.

- I. Lack of environmental support for the study on the topic.
- II. Less sample size, as it is just survey with 100respondent
- III. Basically based on primary data, hence we cannot argue that the research is applicable in each condition, time &place.
- IV. Short time duration, with in such short span of time it is too much difficult to analyze the topic.
- V. Lack of customer support, while asking the consumer they were behaving rudely

Review of Literature

Michael Aldrich's invention of online shopping or e-shopping in 1979 allowed the consumers to buy goods or services directly from a seller by using a web browser over the Internet. Wang and Emuian (2004) defined online shopping as buying stuff through the internet. The Internet can be a powerful tool for the manufacturers for advertising and marketing goods and services and through this they can also attract new customers or market the business. Consumers, especially youth, are spending longer hours on the internet due to the increasing penetration of internet and activities such as social media networking. Through the online medium that helps them to target their specific group of consumers, companies are now spending huge amounts on advertising.

The new way of marketing and distribution of the goods and services is been provided by the growth of Internet usage. Internet has been helpful in saving time and it has become a convenience medium. The objective of this study is to find out the factors which influence the Internet consumers' perception towards e-shopping. The findings of the study show that Internet is one of the ways which is changing the consumers shopping and buying behavior. Mostly consumers are using the internet to buy the product and to compare prices and features of product therefore. The prospect of online marketing is increasing in India with the increasing internet literacy. Flipkart, Snap deal, Amazon.com, and eBay are few of the online retail corporations.

RESEARCH METHODOLOGY

Online Shopping in Vijayawada

The birth and growth of Internet has been the biggest event of the century. E-commerce in India has come a long way from a timid beginning in the 1999-2000 to a period where one can sell and find all sorts of stuff from a high end product to a meager peanut online. Most corporations are using Internet to represent their product range and services so that it is accessible to the global market and to reach out to a larger range of their audience. Computers and the Internet have completely changed the way one handles day-to-day transactions; online shopping is one of them. The Internet has brought about sweeping changes in the

purchasing habits of the people. In the comfort of one's home, office or cyber cafe or anywhere across the globe, one can log on and buy just about anything from apparel, books, music and diamond jewelry to digital cameras, mobile phones, MP3 players, video games, movie tickets, rail and air tickets. Ease, simplicity, convenience and security are the key factors turning the users to buy online. E-commerce revenues in the country are projected to reach Rs 2,300 crore in the year 2006- 07, growing at 95 per cent over 2004-05(Source: Internet and Mobile Association of India, IAMAI). This pertains to the business-to-consumer (B2C) segment. It may be too early to do a comparison with the e-commerce scenes in countries such as the US where billions of dollars are spent online but the business in India is growing exponentially every year, albeit from a smaller base, the total revenues have reached a respect full size.

Recent Developments

The number of users logging on to the Internet is growing by leaps and bounds. The number of Indians who are online is expected to touch to 100 million by 2007-08, from the present 38.5 million according to the research conducted by IAMAI. The numbers indicate a growing sense of comfort with the use of Internet for shopping. Accompanying this growth, there is an increasing maturity in the way people use the Internet. It's a classical curve. Online users typically start by using e-mail, gradually move on to browsing for news, information and entertainment, and finally graduate to shopping and conducting business online. Online sales have registered a huge jump and what was a concept five years ago is now beginning to hit the mainstream levels. Roughly 10 percent of the world's population more than 627 million people have shopped online at least once, in India it is just sprouted and beginning to perish. Internet is now going beyond the simple exchange of information to a shopping paradise. There has been an influx of online shopping sites in vijayawada with many companies hitching onto the Internet bandwagon. The revenues from online shopping are expected to more than double by 2006-07. According to IAMAI, the average number of transactions per month in India has gone up from 2 lakh in 2003-04 to 4.4 lakh in 2004-05 and has doubled to 7.95 lakh transactions per month in the year 2005-06. The online sales during the festival season had increased rapidly especially during Diwali and Ramzan.

Research Objective

To know and understand the consumer's perception and awareness about internet marketing/ shopping. This will help to know the attitude and perception of consumers towards online shopping and what are the factors which shape the consumer's perception towards online shopping. Also what are key concerns from the point of view of consumer while online shopping.

Determination of information needs and sources

The following was the information required:

1. What is consumer's attitude towards online shopping?
2. What are the key concern areas for consumers while online shopping?
3. Which factors shape the consumer's attitude towards online shopping?
4. How has been recent shift taking place in online shopping?

Research Framework

Eleven different factors were identified by studying the existing models of consumer attitudes (Refer Annexure 1, 2) that play an important role in online purchase, then a model was proposed leading to online shopping.

The data was collected only through Questionnaires. The sample size was 100. And random sampling was done among the internet users.

Proposed Model

After examining the 10 empirical studies, we identify a total of eleven interrelated factors for which the empirical evidences show significant relationships. These ten factors are perceived usefulness, perceived ease of use, perceived enjoyment, information on online shopping, security and privacy, quality of internet connection, attitude towards online shopping, intention to shop online, online shopping decision making, online purchasing, and consumer satisfaction. Shopping, security and privacy, quality of internet connection) are found to be ordinarily independent and five (attitude toward online shopping, intention to shop online, decision making, online purchasing, and consumer satisfaction) are ordinarily dependent variables.

Data Collection Method

Primary Data: It is original primary data, for specific purpose of research project. For this project, I have to use following common research instrument or tool-

Questionnaire: Questionnaire development is the critical part of primary data collection method. For this I will prepare a questionnaire in such a way that it will be able to collect all relevant information regarding the project. The questionnaire was designed using various scaling techniques. The questionnaire was used mainly to test the model proposed for consumer perception towards online shopping. Likert five point scales ranging from Strongly Agree to strongly disagree was used as a basis of Questions. The data collection was done over a period of 8weeks.

This was done by going directly to the respondents or through mails.

Secondary Data: It will be collected to add the value to the primary data. This may be used to collect necessary data and records by different websites, magazines, annual reports, journals, reference books, and newspapers, etc.

DATA ANALYSIS AND INTERPRETATION

Sample Design

Sample Unit: For studying consumer perception on online shopping, samples were selected from Vijayawada

Sample Media: The respondents in the samples are reached through personal interviews.

Sampling Methods: Sampling methods fall under two broad categories-

Non-probability sampling methods.

Probability sampling methods.

Sample size-100

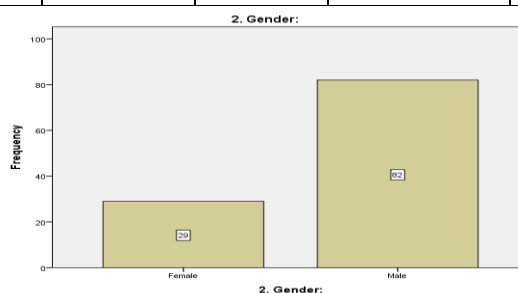
Research place- Vijayawada

Sample Design

I have prepared this project as descriptive type, as the objective of the study.

Table 1:GENDER

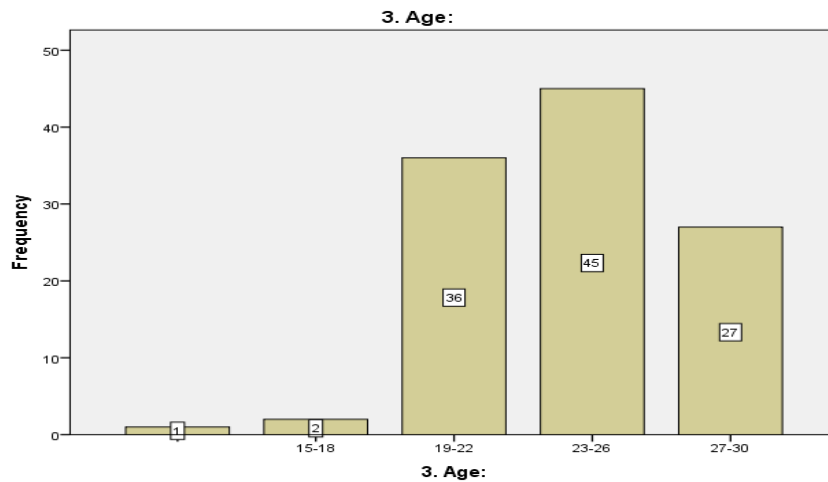
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	29	26.1	26.1	26.1
	Male	82	73.9	73.9	100.0
	Total	111	100.0	100.0	



Analysis:- out of 111respondents 29% are female & 82% are male

Table 2:Age

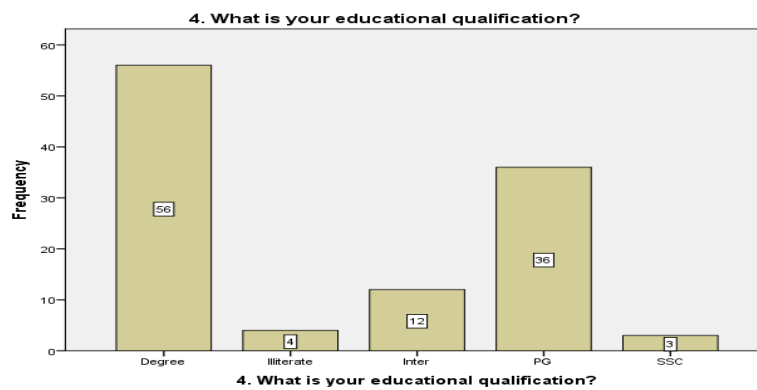
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		1	.9	.9	.9
	15-18	2	1.8	1.8	2.7
	19-22	36	32.4	32.4	35.1
	23-26	45	40.5	40.5	75.7
	27-30	27	24.3	24.3	100.0
	Total	111	100.0	100.0	



Analysis:- the respondents consists of 2% are from 15-18 age group 36% students are from 19-22 age group and 45% students are from 23-26 age group and 27% students are form 27-30 age group.

Table 3: What is your educational qualification?

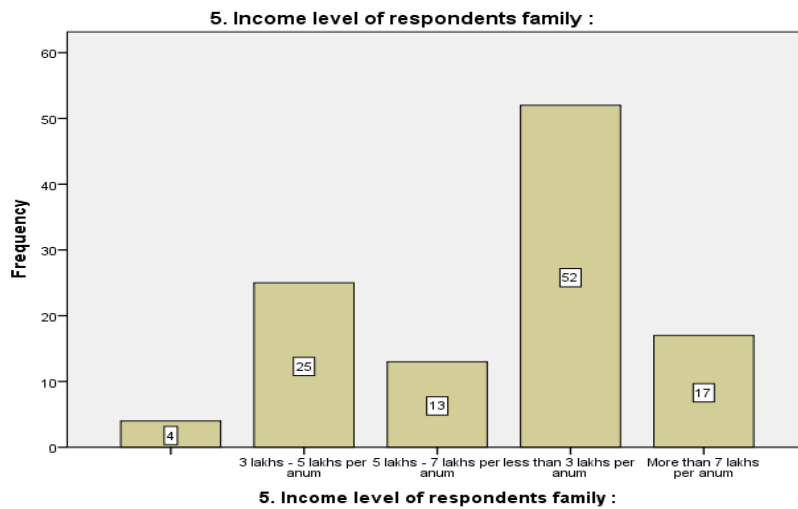
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Degree	56	50.5	50.5	50.5
	Illiterate	4	3.6	3.6	54.1
	Inter	12	10.8	10.8	64.9
	PG	36	32.4	32.4	97.3
	SSC	3	2.7	2.7	100.0
	Total	111	100.0	100.0	



Analysis:- out of 111 respondents 56% are completed Degree and 12% are completed inter and 36% are completed pg and 3% are completed ssc and 4% are illiterate.

Table 4: Income level of respondents family :

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		4	3.6	3.6	3.6
	3 lakhs - 5 lakhs per anum	25	22.5	22.5	26.1
	5 lakhs - 7 lakhs per anum	13	11.7	11.7	37.8
	less than 3 lakhs per anum	52	46.8	46.8	84.7
	More than 7 lakhs per anum	17	15.3	15.3	100.0
	Total	111	100.0	100.0	



Analysis:- out of 111respondents 4% are <100000 income 25% in 3-5 lakhs income 52% are <3lakhs income 17% are >7 lakhs.

Table 5: Have you ever had online shopping? :

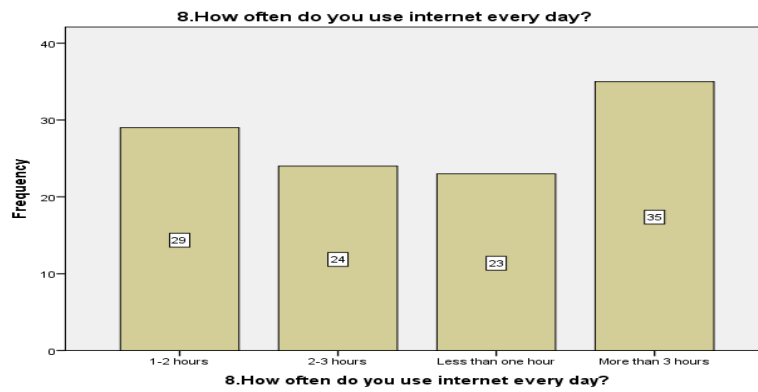
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid		3	2.7	2.7	2.7
	No	4	3.6	3.6	6.3
	Yes	104	93.7	93.7	100.0
	Total	111	100.0	100.0	



Analysis:- out of 111respondents 4% are no and 104% are yes

Table 6: How often do you use internet every day?

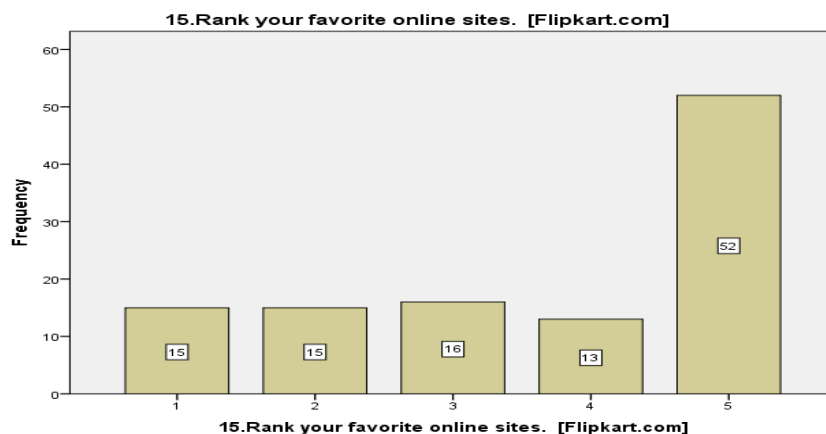
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-2 hours	29	26.1	26.1	26.1
	2-3 hours	24	21.6	21.6	47.7
	Less than one hour	23	20.7	20.7	68.5
	More than 3 hours	35	31.5	31.5	100.0
	Total	111	100.0	100.0	



Analysis:- out of 111respondents 1-2 hours are 29% and 2-3 hours are 24% and 23% are < 1hour 35% are >3 hours.

Table 7: Rank your favorite online sites. [Flipkart.com]

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	15	13.5	13.5	13.5
	2	15	13.5	13.5	27.0
	3	16	14.4	14.4	41.4
	4	13	11.7	11.7	53.2
	5	52	46.8	46.8	100.0
	Total	111	100.0	100.0	



Analysis: - high rating towards neutral scale by 52% majority of consumers.

Table 7: Rank your favorite online sites. [Amazon.com]

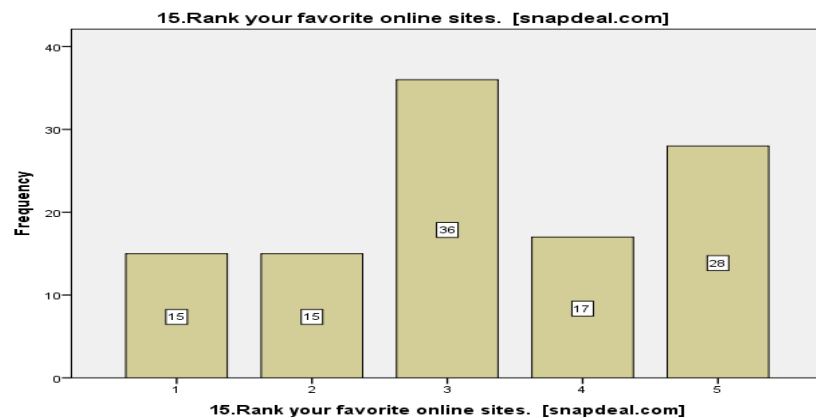
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	16	14.4	14.4	14.4
	2	10	9.0	9.0	23.4
	3	26	23.4	23.4	46.8
	4	20	18.0	18.0	64.9
	5	39	35.1	35.1	100.0
	Total	111	100.0	100.0	



Analysis: - high rating towards neutral scale by 39% majority of consumers.

Table 8: Rank your favorite online sites. [snapdeal.com]

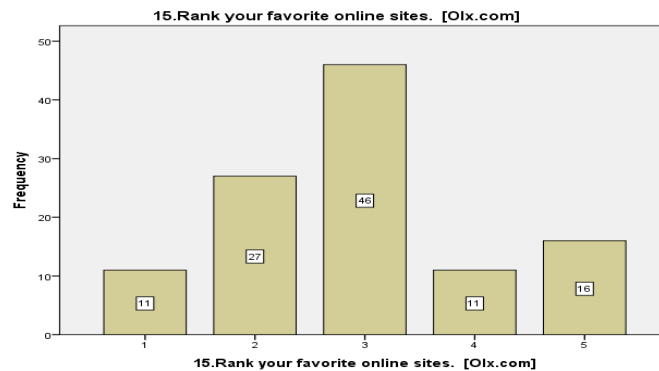
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	15	13.5	13.5	13.5
	2	15	13.5	13.5	27.0
	3	36	32.4	32.4	59.5
	4	17	15.3	15.3	74.8
	5	28	25.2	25.2	100.0
	Total	111	100.0	100.0	



Analysis:- high rating towards neutral scale by 36% majority of consumers.

Table 9: Rank your favorite online sites. [Olx.com]

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	11	9.9	9.9	9.9
	2	27	24.3	24.3	34.2
	3	46	41.4	41.4	75.7
	4	11	9.9	9.9	85.6
	5	16	14.4	14.4	100.0
	Total	111	100.0	100.0	



Analysis: - high rating towards neutral scale by 46% majority of consumers.

INFERENTIAL DATA ANALYSIS

Inferential data deals with generalizations which is also called as testing hypothesis for the present study, the testing hypothesis being stated in chapter1 are tested here

H_i:- there is an associated between gender and consumers perception towards consumer perception towards e-shopping

H₂:-there is an association between age group and importance to online shopping

H₃:-the average time spent on online shopping is two hours

TESTING FOR RESEARCH HYPOTHESES

H₁ :- there is association between gender and consumer perception

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	29	26.1	26.1	26.1
	Male	82	73.9	73.9	100.0
	Total	111	100.0	100.0	

1) Which of these purchases would you make in the internet? [CDs/Book]

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	20.958 ^a	4	.000
Likelihood Ratio	20.257	4	.000
N of Valid Cases	111		

a. 1 cells (10.0%) have expected count less than 5. The minimum expected count is 2.87.

H₀:-there is no significant different between shopping modes prefer through monthly income

H₁:-there is a significant different between shopping modes prefer through monthly income

Interpretation: As the chi-square value of online shopping is 0.00 which is less than or equal to 0.05 we accept H₁ and reject H₀: there is significant different between income of online shopping

2) How important are each of the following factors in refraining you from shopping on the internet.

[Waiting to receive the product] * 5. Income level of respondents' family:

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	39.648 ^a	16	.001
Likelihood Ratio	43.055	16	.000
N of Valid Cases	111		

a. 18 cells (72.0%) have expected count less than 5. The minimum expected count is .36.

Ho:-there is no significant different between shopping modes prefer through monthly income

H1:-there is a significant different between shopping modes prefer through monthly income

Interpretation:-

As the chi-square value of online shopping is 0.00 which is less than or equal to 0.05 we accept H1 and reject H0: there is significant different between income on online shopping from amazon.in

1) **What is your opinion about price of the online product when compare to other outlets * MONTHLYINCOME**

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	67.297 ^a	35	.001
Likelihood Ratio	43.143	35	.162
N of Valid Cases	110		

a. 42 cells (87.5%) have expected count less than 5. The minimum expected count is .03.

Ho:-there is no significant different between shopping modes prefer through monthly income

H1:-there is a significant different between shopping modes prefer through monthly income

Interpretation:-

As the chi-square value of online shopping is 0.01 which is less than or equal to 0.05 we accept H1 and reject H0: there is significant different between income opinion about of the online product when compare to the other outlets

Findings

The findings show that Internet usage has increased over the years and it is leading to an increase in online shopping and also shows the consumers attitude and perception towards online shopping. Communication still forms the major activity among the large number of online shoppers as 32% of regular online shopper use Internet for communication as compared to shopping (10%). Online shopping is affected by demographics as it has been seen that more males are shopping online as compared women online shoppers and there is a positive relation between education and income levels with respect to the increased online shopping behavior.

Suggestions

Online shopping in India is poised for greater acceleration as PC and Internet penetration grows. It is becoming one of the top Internet activities and there is a huge growth in this business as more manufacturers and providers are integrating the Internet into their sales model. But there are many things that need to occur in online shopping to generate higher revenues and the key to it lies in the hands of the marketers. To make online shopping a boom following methods can be followed.

1. India has a strong research and development (R&D) capability so companies should innovate rapidly to take care of the security issues. Technology like text to speech softwares should be innovated to take care of the security concern.
2. The consumers should be made aware that one of the safety aspect of using credit cards online is that in case of disputed credit card payments for online transactions the onus is on the merchants to prove that the transaction actually took place, as online users don't physically sign a credit slip. As a result online users are protected from fraudulent use of credit cards.
3. There is a growth in the cellular phone market in India, more merchants should make use of this device allowing the customers to access the Internet and use it as mode of payment thereby obviating the need for PCs and credit cards.
4. It is not only important to pay strong attention to the security issue and create new, innovative safeguards that protect consumers but the merchants should promote these safeguards to the marketplace and make the prospective consumers aware that the communications, personal data, credit card accounts, and transaction information
5. Can be protected.

6. Consumers today demand a better, more efficient and less cumbersome way to compare and buy products online. Innovative service should be provided to consumers so that they can compare products, which are available online using their mobile phones.
7. In India still the penetration of Internet has not happened the way it should have been which hampers online shopping. Ecommerce revolution can be brought about by providing more broadband connections at affordable prices.

Conclusion

This research shows that online shopping is having very bright future in India. Perception towards online shopping is getting better in India. With the use of internet, consumers can shop anywhere, anything and anytime with easy and safe payment options. Consumers can do comparison shopping between products, as well as, online stores. This study is mainly focus on the factors from the Internet and examines those factors that affect the consumer's online shopping behaviors. The research focus on the Internet shopping (include the nature of Internet shopping, E-commerce website, and online security, privacy, trust and trustworthiness) and online consumer behaviors (include background, shopping motivation and decision making process). For the evaluation stage, customers more think a lot of the reputation from the E-commerce website, and the payment security for the purchase stage. At the post-purchase stage, the factor of after services which is the most concerned about.

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