CONSUMER PERCEPTION TOWARDS ONLINE SHOPPING – AN EMPIRICAL STUDY IN ERODE DISTRICT

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Abstract

In recent years there has been a dramatic change in the way of shopping of consumers. They feel very convenient to shop online since it frees there from personally visiting the store. Now a day, there is growing awareness among the consumers about the various offerings through the E-Commerce. The studies have also shown that the customers are more frequent online shoppers. Penetration of internet and its wide reach has opened up a host of avenues for business to communicate with potential customers. This article attempts to identify the customer satisfaction on buying products through online shopping websites. This study has enabled us together the views of online customers in Erode city with respect to what they expect, what has made them or satisfied to the product or service.

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Introduction

Consumers play an important role in online shopping. The increasing use of internet by the younger generation in India provides an emerging prospect for online retailers. Online shopping is a form of electronic commerce whereby consumers directly buy the goods or services from the seller over the internet without an intermediary service. The current online shopping market in India is 46 million and is expected to triple in the next 5 years. There has been an increase in the number of online stores in the recent years. Online shopping websites such as Flip kart, Snap deal etc offer discount to attract customers.One of the growing areas of E-commerce is online buying. More and more consumers are turning to the world wide web for their shopping needs, which gives them access to either local or international products with just a click of the mouse. The consumers cannot take time off their busy life schedules to go out and shop.

Scope of the Study

The study aims to investigate the consumer satisfaction of buying products through online shopping in the Erode district. The sample data has been collected through the structured questionnaire from both male and female respondents. The study period covered the months of September, October, Novemberand December 2014.The statistical tools such as percentage analysis, chi-square test andweighted average score ranking methodhave been used for the study.

Objectives of the Study

In this study,the researcher has made an attempt to analyze the consumer's satisfaction towards online shopping:

1. To identify the customer satisfaction and to measure their level of satisfaction regarding online shopping.
2. To analyze the problems faced while shopping on the internet.
3. To offer suggestions for consumer perception towards online shopping.

Limitations of the Study

1. The researcher has studied and interviewed 65 respondents only.
2. The coverage of study is limited to only Erode city.
3. Reliability of data depends on the information provided by the respondents.

Review of Literature

Kleiner et al opined that applications of modern technology help service excellence by improving operating processed and helping to gather and collate more information both about and for the customers so that the bank can provide customers with better and more appropriate products and services.

Priyanka Sinha and Saumya Singh (2014) to analyze the impact of sub dimensions of perceived risk on attitude towards online shopping and to find the influence of age and income on online risk perception. The research findings revealed that product performance risk, financial risk, and delivery risk had a significant negative impact on attitude towards online shopping. The author concludes that young consumers are easy targets for online marketers. Standardized and trendy products will be in demand on the Internet, also, respondents belonging to the higher income group are big buyers of online products as product risk is less evident in their case, but they have apprehensions of financial risk. Internet users should take proper steps regarding security of credit card information in order to mitigate this risk.

Zia UlHaq,the result of the study shows that the perception of online shoppers is independent of their age and gender but not independent of their qualification & gender and income & gender. The analytical results of our study further indicate relationships between consumers' perceptions of the factors that influence their intention to buy through online. More specifically, consumers' perceptions of the customer service, commitment and web security of online purchasing exhibit significant relationships with their online buying intention.

RuchiNayyar (2011), the results have displayed significant relationships between research variables. Perceived ease of use has a negative influence on perceived risk. Perceived ease of use is positively associated to perceived usefulness. The outcome of this research suggests that perceived ease of use and perceived usefulness are antecedents of intention to purchase online. However, results do not indicate a strong relationship between PEU-BI and PU-BI. This clearly shows that Indians are somewhat reluctant to transacting online. Indians look at shopping as an entertainment activity and consider visiting malls and brick and mortar outlets as an escape from their day-to-day routine.

Statistical Tools Used for Data Analysis

1. Simple percentage Analysis has been done for the profile of the respondents.
2. Chi-square test has been applied to establish the relationship between the levels of satisfaction with independent factors.
3. Weighted Average Score ranking technique is used to determine the factors influencing the consumers to purchase online products.

Result and Analysis

Percentage Analysis

The profile of therespondents were analyzed on the basis of their age, gender, education, annual Income, frequently access to the internet, awareness of buying products, time gap, mode of payments, amount spent on shopping in the past 6 months and the main barriers on buying productsthrough online shopping websites.

- Majority of 38% of the respondents are of the age group between 25-30 years

- Out of 65 of the respondents, 61% of the respondents are female.

- About 46% of the respondents are master degree holders.

- Out of 65 respondents, 35% of the respondent's monthly family income is Rs.15000-Rs.25000.

- Majority of 54% of the respondent'sawareness of buying a product is preferred by friend and family.

- The time gap between purchase decision and actual purchase is once in six months for the majority of 45% of the respondents.

- Out of 65 respondents, 66% of them make paymentsthrough bank transfer.

- Majority of 53% of the respondents feel the main barrier which keeps there away from shopping online is safety of payment.

- Majority of 46% of the respondents have spent Rs.6000-8000 per order on online shopping in the past 6 months.

Table 1

Factors		No of Respondents	Percentage of Respondents (%)
Age	15-20 Years	5	7.692308
	20-25 Years	20	30.76923
	25-30 Years	25	38.46154
	Above 30 Years	15	23.07692
Gender	Male	25	38.46154
	Female	40	61.53846
Education	High School	8	12.30769
	Bachelors	12	18.46154
	Masters	30	46.15385
	PhD	15	23.07692
Annual Income	5,001-10,000	5	7.692308
	10,001-15,000	12	18.46154

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	15,001-25,000	23	35.38462
	25,001-35,000	15	23.07692
	Above 35,000	10	15.38462
Awareness of buying product	Preferred by friend/family	35	53.84615
	Saw an online advertisement	15	23.07692
	Saw an offline advertisement	8	12.30769
	I was just waiting for launch of this product since long	7	10.76923
Time gap	Frequently or at least once a month	15	23.07692
	Once in six month	30	44.615385
	Once a year	20	33.076923
Mode of payments	Credit card	5	7.692308
	Bank Transfer	43	66.15385
	PayPal	15	23.07692
	Debit card	2	3.076923
Main barriers	Safety of payment	35	53.84615
	Value added tax / customs duty	5	7.692308
	Low trust level of online store / Brand	15	23.07692
	Refund Policy	4	6.153846
	Delivery too slow	2	3.076923
	High Shipping Cost	2	3.076923
	Warranty and claims	2	3.076923
Amount spent on shopping in past 6 months.	Below 4000	20	30.76923
	4,000-6,000	12	18.46154
	6,000-8,000	30	46.15385
	Above 8,000	3	4.615385

Weighted Average Score Ranking Method

The weighted average score ranking analysis is the technique used to find the ranking of the factors.The ranks given to each factor will be assigned weights and the total score is computed with the formula:

$$\bar{X}w = \frac{\sum wx}{\sum w}$$

Where, $(\bar{X}w)$ = Weighted average score

$\sum wx$ = Total score

$\sum w$ = Total weights

The respondents opinion regarding the problems faced while shopping on the internet is analyzed by applying weighted average score ranking technique.

Table 2

Factors	Score	Average	Ranks
Not being able to touch the Products.	213	14.2	II
Lack of Trust.	214	14.27	I
Selection of goods available on the internet is very broad.	208	13.87	III
Risk of Identify theft.	203	13.53	IV
Difficulty in returning the products	138	9.2	V

The above Table reveals that out of the various problems faced by the respondents while shopping on the internetthe lack of trust is given the first rank with the weighted average score of 14.27 and the second rank is given to not being able to touch the products with the weighted score of 14.2. It is followed by selection of goods available on the internet is very broad with the weighted average score of 13.87 and that secures third rank. The other factors such as risk of identity theft are ranked with the weighted average score value of 13.53 and difficulty in returning the products with the weighted average score value of 9.2.

Hence the lack of trust as a main problem secured first rank with score value of 14.27 as compared with other problems.

Total Satisfaction Level of the Respondents

According to thesatisfaction level,the sample respondents are classified in to three categories.

- High

- Medium

- Low

Satisfaction Level	No of Respondents	Percentage of Respondents
High	33	51
Medium	24	37
Low	8	12

Chi-Square Test Result

The χ^2(Pronounced as chi-square) is one of the simplest and most widely used non-parametric tests in statistical work.The symbol $\chi^2$is the Greek letter Chi,$\chi^2$and the test is one of the most popular statistical inference procedures used today.It is applicable to a very large number of problems in practice χ^2 test can be summed up as a test of independence, test of goodness of fit and a test of homogeneity.

The formula used is,

$$\chi^2 = \frac{\sum (O-E)^2}{E}$$

Where, O = Observed frequency and

E = Expected frequency

The Chi-square test has been used to find out the relationship between the demographic factors and satisfaction level of the sample respondents.

Factors	Level of Significant	Degrees of Freedom	Table Value	Calculated Value	Rejected/Accepted
Age	5%	16	26.296	5.6	Accepted
Annual Income	5%	20	31.410	32.09	Rejected
Education	5%	12	21.026	12.19558	Accepted
Occupation	5%	16	26.296	23.0319	Accepted

Results of Chi-Square Test

- Age, education, occupation and number of the respondents do not influence the level of satisfaction.
- Annual Income of the respondents influences the level of satisfaction.

Conclusion

This research shows that online shopping is having very bright future in India. The most preferred product of online buying is travelling tickets and clothing remains the least referred choice of online shoppers. The results can also be used by various organizations to identify their target customer segments.

Online shopping can be made more interactive through technology developments. The study concludes that the majority of the internet users feel lack of trust as the main problem during the shopping period. So online companies should also focus to avoid the consumer problems and also expand existing market base. It is concluded that the study is also immensely helpful to the online marketers to identify their target customer segments. The same time the consumer can shop anywhere, anything andanytime with easy and safe payment options.

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