

## **Factors influencing Consumer Attitude towards online shopping in tier-II cities of A.P**

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### **Abstract**

Online services in India are growing rapidly with the improvement of internet usage. In order to meet the requirement of online users, over the last 10 years, most of the business organizations have invested on technological advancement, innovative strategies and others to seize the opportunities. To make customers accept and use online as a shopping medium, it is imperative to examine the customer attitude towards this medium and also assess different factors which impact the customer attitude. Hence the study has been under taken.

For the research work, data is collected from 250 respondents who are internet users in tier II cities of Andhra Pradesh. As a result of multiple regression analysis the research found that the factors like security, shipping charges, convenience, pleasant experience, trust, need, accessibility, service, product delivery, reliability and quality are having significant effect on consumer attitude to shop online. Whereas, factors like product range and information and offers/coupons are not having significant effect on consumer attitude.

**Key words: Consumer attitude, online shopping, empirical study**

### **Introduction**

The Indian traditional consumer's "Can't touch, won't buy" mentality, however, is gradually changing with the increasing internet penetration and online shopping portals. Associated chambers of commerce and industry of India's survey (ASSOCHAM, 2013) revealed that for the year 2013, the retail shopping in India has increased by 65 percent, whereas the online shopping has registered an impressive growth rate of 85 percent and touched USD 16 Billion. It is forecasted that e-commerce transactions will reach USD 56 billion by 2023 which will be 6.5 percent of total retail business. Only 12 per cent of Indians are shopping online in comparison to 50 per cent in China and 64 per cent in the US (IANS, 2014). PriceWaterhouse Cooper (PWC, 2013) by examining 1006 respondents found that 34 percent of the respondents do online shopping on monthly basis. Product categories like household appliances, clothing, footwear, electronic goods, books, DVDs are the top in online shopping.

With the increasing penetration of quality internet service, increasing number of smartphone users and decrease in internet tariff in smaller towns, there is a huge opportunity for online shopping in tier-II and tier-III cities in India.

Consumer's attitude towards online shopping refers to the psychological state of an individual in accepting internet as a channel to fulfill their shopping needs. Understanding of consumer attitude is fundamental to the success of any marketing strategy. Marketers leverage their understanding of attitudes to predict the behavior of

consumers and thereby create a marketing mix that motivates the consumer to try, buy and stay with brand.

In this connection online shopping providers bound to study and understand the consumer attitude towards the relatively new medium of purchase – online shopping – in tier-II cities to encourage the consumers to adopt to this new way of shopping. The present study is an attempt to discover the underlying factors that shape the attitude of consumers towards online shopping with special reference to tier-II cities of Andhra Pradesh

## **Review of Literature**

Bhattacharya et. al., (2004), in their study on impact of quickness, price, payment risk and delivery issues on online shopping, found that individuals tend to purchase less through the internet because the online payment for internet shopping involves risk and online shopping involves longer delivery time. But consumers prefer to buy more on internet since e-shopping provides better price.

Dina Ribbinket. al., (2004), in their research entitled “comfort your online customer: quality, trust and loyalty on the internet”, explained the concept called goal oriented and experiential factors and outcomes of online shopping. Under goal oriented shopping, web based purchasing firstly, provides convenience and accessibility because it facilitates time saving, effort saving, comfortable environment and personalization, secondly, online shopping provides wide variety of product collection than offline.

Rohn and Swaminathan(2004) claimed that convenience in terms of ease of searching for information, time saving, elimination of travelling, door delivery of goods or services over the online shopping are the dimensions that support consumer attitude. Bhatnagar and Ghose(2004) discussed in their research “A latent class segmentation analysis of e-shoppers” that security, time saving, product characteristics, selection are the major factors which influences the consumer to buy online.

Thomson S.H Teo(2002), in his study of 1133 consumers found that time saving, financial losses, quality of the product, security of transactions, cost of internet access and information source/availability are the concerns that determine consumer’s attitude towards online shopping. WenHai Chi et. al. (2005), explained the role of trust in customer online shopping behavior by surveying 1258 respondents hypothesized that trust is the antecedent of attitude with significance. This implies that online shopping service depends not only on operational characteristics of websites, its usefulness and ease of use, even on consumer trust towards websites.

Devanathan Malmarugan(2008) surveyed 500 respondents from the city of Chennai, a metropolitan city in India, identified ease of use, aesthetic design, processing speed, security are dimensions which will have significant impact on online consumer attitude.

## **Methodology**

From the review of literature, the following fourteen variables are identified as antecedents for the consumer attitude in online buying environments; Ease of access, Convenience, Information, Need, Pleasant Experience, Product Delivery, Product Range, Product Reliability, Quality, Security, Service, Shipping Charge, Trust, Offers/coupons.

To test their relevance for the consumers of tier-II cities in Andhra Pradesh, a survey is conducted using a structured questionnaire. The questionnaire is self-administered to 250

internet users from tier II cities (with population size ranging from 6 lakhs to 12 lakhs) of Andhra Pradesh. Response for each variable is assessed through recording the agreement of respondent for a set of statements on a 5 point scale.

### **Data Analysis**

In this research to assess the significance of the relationships between the factors and the attitude of consumer multiple regression analysis is employed. The results of multiple regression are presented in Table 1 and 2. It is evident from the results that variables Product delivery, Pleasant experience, Trust, Security, Need, Accessibility, Reliability, Shipping charges, Service, Convenience, and Quality have significant influence on the customer's attitude towards online shopping. The results are reliable as Cronbach's alpha is 0.937. Other variables namely Product range, Information availability are found to have insignificant influence whereas the variable Offers/coupons is excluded from the analysis. All the thirteen variables included in the regression could explain 63.7% of variance in the customer's attitude.

Conveniences, ease of access, trust and security have greater impact on shaping the customer attitude than other variables as evident from the greater coefficients in the regression equation. The two variables product range and previous experience of online shopping have negative coefficients indicating that customers do not enjoy online shopping as much as they enjoy offline shopping and also not all the products required by tier-II customers are not available online.

### **Discussion and conclusion**

Given the fact that consumer attitude is an important attribute which will have an impact on the adoption of online shopping as a medium of purchase by the customers, this study concludes that the marketers need to understand the factors that influence the attitude formation. It is found that customers prefer to shop online due to convenience and ease of access. So, the online shopping portals must be so designed that they offer ease of navigation and convenient payment and delivery options.

Trust and security are the other two important concerns that need to be addressed to make the customer more confident of this medium of purchase. Websites should ensure that the online financial transactions are safe and secure. The Cash on Delivery (CoD) method of payment could be the best solution for all the issues concerned about security of online payment systems. The websites should tie up with courier services to provide CoD service in tier-II cities. Along with CoD, the online shopping portals should create trust among the customers through prompt and correct delivery of goods.

As with the online shopping experience, the tier-II city customer not happy may be because of the slow and unreliable internet connection and power problems. Hence, the online shopping sites should come up with **lighter versions** of their sites to enable faster loading even with slow internet connections. Moreover, the online shopping malls should change the product assortment keeping in view the specific requirements of the tier-II city customers.

With increasing penetration of internet and technology-savvy population there are huge opportunities for online shopping in tier-II cities provided the portals understand the concerns of the consumers and resolve them through innovative strategies.

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Table 1:Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.810 <sup>a</sup>	.656	.637	.46260	.656	34.679	13	236	.000	1.950

**Reliability Statistics**

Cronbach's Alpha	N of Items
.954	15

Source: SPSS Output

**Table 2:ANOVA**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	96.473	13	7.421	34.679	.000 <sup>a</sup>
1 Residual	50.503	236	.214		
Total	146.976	249			

Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.403	.373		3.763	.000
Product Delivery	1.036	.713	1.072	1.453	.007
Pleasant Experience	-1.722	.688	-.971	-2.501	.013
Trust	1.099	.681	.795	1.613	.018
Security	1.062	.629	1.401	1.688	.033
Need	.365	.135	.373	2.696	.008
Access	1.701	.575	1.651	2.959	.003
Product Range	-.054	.145	-.067	-.371	.711
Product Reliability	.011	.083	.011	.129	.022
Shipping Charge	.298	.207	.335	1.437	.015
Service	.356	.152	.351	2.344	.020
Convenience	1.838	.465	2.268	3.951	.000
Information	.058	.115	.057	.499	.618
Quality	.292	.067	.384	4.368	.000

a. Dependent Variable: Attitude

Source: SPSS Output