

## UNDERSTANDING THE BARRIERS TO ONLINE SHOPPING AMONG INDIAN CONSUMERS

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### ABSTRACT

Internet shopping seems to be the new buzz word in the marketing scenario, breaking the barriers of geographical reach. While many companies are moving to this new platform to market their products, a need has arisen to know the effectiveness and the level of attractiveness this fast growing channel of marketing has in the minds of the Indian Consumer.

**KEYWORDS:** Internet Shopping, Internet Buying Behaviour, E-Commerce, Online Selling

### INTRODUCTION

Over the last few years the internet penetration in India has increased at a very rapid pace. The logistic infrastructure also has seen a tremendous improvement over the mail-order days of the Indian Postal Service. With the mushrooming of many private logistic services, the distribution and delivery channels may now be considered capable of meeting customer expectations of speed and timeliness of delivery. All this along with development of safe modes of payment for online transactions have resulted in large number of e-commerce sites being started to tap into this new market. E-commerce has been predicted to be a new driver of economic growth for developing countries <sup>1</sup>

With the rising acceptance of online shopping among the Indian consumers, online shopping can now be considered as a relevant alternative channel for retailing in India, thus making it an important part of the retail experience. To be able to fully tap the potential of online shopping; a need was felt to know more about the consumers i.e. the e-shoppers. This study attempts to study the buying behavior of the Indian e-shopper in order to identify the factors that affect the online purchase decision, the drivers and the barriers.

Many advantages and some disadvantages of shopping online as compared to shopping at a conventional store have become apparent. Rapid and extensive display of information and ease of comparison between the attributes of different brands are some of the advantages. On the other hand, lack of personal service, inability to inspect or handle the product, and concern about delivery and exchange processes including giving out credit card numbers over the Internet have been realized as perceived disadvantages.<sup>2</sup>

To be able to fully tap the potential of online shopping; it is important to know more about the consumers, their demographics, their purchase orientation and purchase intentions.

Also work on categorizing the goods sold online and linking them to the purchase orientations for the category of goods, would give a valuable insight to online marketers on the strategy to be adopted while marketing the goods to a given target online shopper segment and how to motivate the online shopper to move to the next level or segment.

There are a large number of studies that have examined the factors and reasons that entice people to adopt this modern shopping channel. Also the barriers to this format of shopping are widely studied. However, very few of these studies have used an in depth qualitative approach to capture the actual voice of the shopper related to his /her behavior

within different segments. To assist in filling up this void, this research study examines the factors that affect online shopping behavior in different categories of goods and the barriers holding the shopper back in certain categories even though he/she may be at ease to shop online in other categories. The research also tries to relate the shopping preference related to categories of goods bought online and the barriers to online shopping, to the different demographic factors.

## REVIEW OF LITERATURE

Consumer preferences for online and offline services differ for different products at different stages of the shopping experience<sup>2</sup>. These differences were accounted for by a model that weights the importance of different attributes for different products and assigns different values to these attributes depending on whether they are better served online or offline<sup>2</sup>.

The internet is regarded by many as the place to buy any item at the cheapest price. The rise of price comparison sites has added to the impression that the internet is about low prices<sup>3</sup>.

Trust has been empirically established as one of the key attributes in business to customer (B2C) e-commerce. The effect of measures to build and maintain trust in B2C Online Shopping is subject to customer-centric behavior factors, which cannot be controlled by the business firm<sup>4</sup>. Though the internet penetration has increased significantly, it is the trust paradigm that creates most of the hurdle to B2C Online Shopping in India<sup>5</sup>. The fear of online fraud is just one factor that keeps many consumers from even considering digital transactions<sup>6</sup>. 67 per cent of the existing online customers of Internet stores are unlikely to trust a transaction online through a new website. The web users will become buyers only when the marketers overcome the lack of trust barrier that paralyzes the would-be online shoppers<sup>7</sup>. Use of multifactor identification during online banking transactions, has increased the trust of people in online banking. People need not use credit cards/debit cards for shopping online. They can directly pay from their own accounts through secure channels with multifactor authentication. Also payment options like Cash on delivery have totally eliminated the need for giving any kind of sensitive information online during shopping.

A number of studies have tried evaluating the online shopping tendencies based on gender. Although there was no significant difference between online shoppers and non-shoppers in terms of gender<sup>8</sup>, Men's perceptions of online shopping were approximately the same as<sup>9</sup> or even more favorable than<sup>10</sup> those of female consumers. Men were found to make more purchases<sup>11;12</sup> and spend more money online<sup>13</sup> than women. Shopping orientations of men and women differ—men are more convenience-oriented and less motivated by social interaction, while women are just the opposite<sup>14</sup>. Women do not find online shopping “as practical and convenient as their male counterparts”<sup>15</sup>. It has been found that women are apprehensive or resistant of using the internet as a channel for context-free online information seeking and communication<sup>13</sup>. Women are emotionally less satisfied with online shopping and make fewer online purchases than men<sup>15</sup>. This could be attributed to women being more skeptical about e-business than men<sup>16</sup>. Women demonstrate a stronger need for tactile input in product evaluation than men<sup>17</sup>. The absence of touch and feel element in online shopping might desist women from shopping online and hence fewer women would shop online. Online purchase of products requiring more tactile cues for their evaluation (like clothes, shoes etc.), would be affected negatively due to this characteristic.

To sum up, male consumers make more online purchases and spend more money online than females; they are equally or more likely to shop online in the future, and are equally or more favorable of online shopping. Women have a higher-level of web apprehensiveness and are more skeptical of e-business than men<sup>16</sup>.

Different studies indicate different relationships between age and the likelihood to purchase online. While some report positive relationship<sup>12</sup>, some negative<sup>18</sup>, whereas some show no relationship at all<sup>11;19</sup>. Thus there are mixed findings on the relationship between age and online shopping intention<sup>16</sup>.

As e-commerce achieves greater significance, the successful e-retailer would be those that recognize the need to segment and target carefully.

Keng's typology has clustered the online shoppers and surfers into 6 clusters:

- On-Off shoppers
- Comparison shoppers
- Traditional shoppers
- Dual Shopper
- E-laggard
- Information Surfer.<sup>20</sup>

A study has attempted to cluster the consumers into five distinct purchase orientations, namely:

- Active shoppers
- Price sensitives
- Discerning shoppers
- Brand loyals
- Convenience oriented

Here an attempt has been made to develop a means of segmenting online consumer shopping based on their purchase orientation; to investigate the effect of these consumer shopping orientations on purchase intentions, and finally, to place such segments in the context of gender and prior purchases.<sup>21</sup>

The advantages and disadvantages of shopping online will play out differently for different types of products, at least in the mind of the consumer. Also different consumers will view the same type of product in a different way with regards to its appeal for shopping online.

An attempt has been made to categorize products into High – Touch and Low- touch products. “High-touch” products are those that the consumer requires the ability to touch or experience before buying. In contrast, “low-touch” products are those that are standardized and do not require inspection to evaluate quality. Other products may fall at different points on the continuum.<sup>22</sup> Another study has made a similar distinction by categorizing goods into search goods and experience goods. “Search goods” are defined as those for which full information on dominant attributes can be known prior to purchase (e.g., books) and “experience goods” are those for which direct experience is necessary (e.g. perfume). They find that online shopping intention is higher for search goods than for experience goods.<sup>23</sup>

## **OBJECTIVE OF THE STUDY**

The literature review has given a good understanding on how the e shopper is categorized and the factors affecting online shopping. However the same shopper may show different attitudes towards different categories of goods. The level

of involvement in buying different categories of goods may also be different and hence the same person may show a more affinity for buying a certain product category, however may totally be against using online mode for certain categories. The study has also tried to capture whether the maturity of the internet user has any effect on the above behavior.

There are a large number of studies that have examined the factors and reasons that entice people to adopt this modern shopping channel. Also the barriers to this format of shopping are widely studied. However, very few of these studies have used an in depth qualitative approach to capture the actual voice of the shopper related to his /her behavior within different segments. To assist in filling up this void, this research study examines the factors that affect online shopping behavior in different categories of goods and the barriers holding the shopper back in certain categories even though he/she may be at ease to shop online in other categories. The research also tries to relate the shopping preference related to categories of goods bought online and the barriers to online shopping to demographic factors.

## **RESEARCH METHODOLOGY**

A thorough literature review was undertaken to get an understanding of the different factors affecting e-commerce behavior in an individual. Based on the literature survey it was identified that while a lot of studies had been on this topic, there were very few studies that had actually adopted a qualitative approach and a decision was taken to base the research on a qualitative approach.

The methodology followed was to engage in a free flowing discussion with the respondent on his/ her e-commerce behavior to capture the level of “e-maturity”, e-shopping preferences and the perceived barriers to online shopping for the respondent. The conversation was recorded using a voice recording device and then an exact transcript of the conversation was made. Certain data related to the demography was captured indirectly from the people known to the respondents, for fear it may put the respondents at unease and may bias the responses.

The transcripts were then analyzed and trends in the responses were captured in the research findings and further discussed in detail.

A total of 39 respondents were interviewed for purpose of this study. Since the survey involved an in-depth interview requiring at least a few minutes from each respondent and since the research was non-funded, a sample had to be drawn only from people known to the surveyor or his acquaintances. Thus a convenience sampling method was adopted. The sample included both male and female respondents and was drawn from 3 age groups – 1) Young Educated (18-24 yrs), 2) Educated and working (25-40) & 3) Older (40+) and 2 income brackets – 1) Lower Income group (income < or = 5 lakh) and 2) Higher Income group (income >5 lakh). Since the essential screening criterion for selecting the sample required that the respondent must be an internet user with an access to payment options for online transactions, respondents of age group less than 18 years were not considered. Also for unemployed respondents, family income was considered for classification based on income group.

About 79.4% of the respondents were males, 56.4% of the respondents were from the age group of 25 to 40 and 61.5% of the respondents were from the higher income bracket.

## **FINDINGS AND DISCUSSIONS**

- In the sample survey taken about 28.2% were non-shoppers whereas the remaining were either regular shoppers or occasional or one time shoppers. The reason for not shopping online varied. Many respondents were not comfortable using credit cards online or did not possess credit cards or debit cards. However this no longer is a major barrier, owing to new payment options like cash on delivery and internet banking. As the awareness of

these options being available spreads, acceptance of online shopping will increase. Some of the interviewees who were non-shoppers even admitted that they would not mind trying, option like cash on delivery. Besides this absence of touch and feel of the product before buying was another important factor which prevented them from buying online.

- The fraction of respondents that did not shop online were nearly the same among the 3 age groups considered. This shows that the age is not a very significant barrier.
- A larger proportion of the male respondents were already shoppers as compared to the female respondents. Within the sample, about 74% of the male respondent had already shopped online with nearly 50% of them being regular shoppers. Among the female respondents, half the responds had already shopped online while half were non-shoppers. This finding is in line with the earlier research studies which have attributed different factors as responsible for this trend, including shopping orientation<sup>14;15</sup>, information technology acceptance and resistance<sup>13;15</sup> and product involvement<sup>10</sup>.
- For goods like electronics and other equipment, the major barriers to online shopping are worries regarding installation and maintenance. Also as far as warranty is concerned, the people are not sure whether it will be valid or not, as the dealer who sells the goods online is usually located in a different city and state. Also in this case it is not sure who will be accountable for any issues regarding transit damage, installation, after sales service and demo; i.e. who to contact the shopping site, dealer or the manufacturer. Also the return policy is not very clear and it is a feeling that refund will take a very long time.
- Touch and feel is an important factor. Some respondents felt that they could not judge product from the picture and reviews and hands on experience is a must. The touch and feel factor increases with the price of the product.
- For categories like clothes and shoes, the apprehensions regarding the size and fit were some of the major barriers preventing people from buying. Also for some buyers like Dimple, it is very important to touch and feel the fabric before buying.
- For electronic goods, the factors of complexity, service and price are important drivers for them being suitable for online selling. While most people are do not mind buying simple and inexpensive electronic gadgets like pen drives, very few consider the online channel when it comes to consumer durables owing to concerns on installation, after sales service and installation. The more complex the product, the more the need to physically see the product and get a feel of using it, before actually buying it. Also the fact of having the seller in your same locality adds to the comfort that in case of any problems you can anytime go to him. For goods that are plug & play, like TV, computer accessories, the readiness to adopt online mode is more.
- Convenience and time saving, a wide choice and availability of hard to find products, possibilities for comparison shopping and the perception that the buyer is getting a good deal are some of the major drivers for online shopping as per the sample interviewed. For travel ticket bookings, the online mode is the preferred mode of buying. Also for things that are relatively inexpensive and standard offerings like books and pendrives, people find the online mode convenient. Online shopping provides an easy mode of buying products that are not available in stores locally. Online shopping media is also viewed as an important tool to safeguard the interests of the shopper as the shopper is free to compare and choose from many different sellers and so a number of options

are available to the shopper both in terms of variety and price. The increased competition also ensures that the buyer gets a better deal in terms of price, discounts, offers, freebies or service.

To sum up, while most respondents feel that online shopping is a good medium for buying, very few respondents consider it at par with physical buying and wouldn't mind buying any category of goods online. Among the people interviewed, it was found in majority of the cases even though the interviewee was open to buy certain categories of goods online, at the same time he/ she had reservations about buying in some other categories.

The reasons cited could broadly be classified into

- Touch and feel related factors
- Value or Price related and Financial Considerations
- Service related factors

### **Touch and Feel Related Factors**

The need to touch and feel the product may be attributed to various reasons. In case of tactile products, it is more or less impossible to make sure on the internet, without doubt, that they possess desired features (e.g. design, material, color, fit), giving rise to a *quality evaluation barrier*.<sup>20</sup> Another factor responsible for this need could be the apprehensiveness about whether the online shopper will know to use the product without a demo. This need is likely to be more among the first time users of the product and also among shoppers belonging to higher age group.

### **Value or Price Related and Financial Considerations**

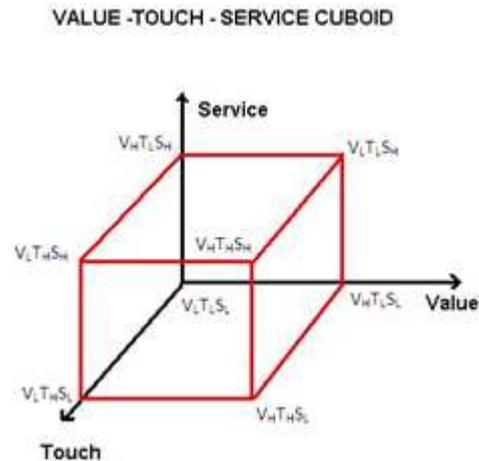
The value of the product is a major factor in deciding whether the product will be bought online or not. The *fear of fraud and risk of loss*<sup>20</sup> are the major barriers to online shopping. The fear of fraud relates to the apprehensions about the *transaction security* (such as the credit card number being picked up by third-party hackers) or the *Lack of trust in virtual sellers*.

The perceived financial risk may be either the risk of the product not being up to the mark or expectation; default by the selling party; or the risk of making a wrong choice and having to live with a product you do not like. In the later case, if the product is expensive a second purchase or the possibility of disposing it off for a new one may be restricted. The threshold limits for different buyer are different and may be linked to one's disposable income and risk taking ability or character.

### **Service Related Factors**

The buyer's apprehensions related to the delivery, installation, warranty, demo, regular maintenance and after sales service are classified under this factor. The lack of clarity regarding who will be responsible for providing the above is a major barrier for online shopping.

The products that are relatively simple or standard in nature find more acceptance for shopping online. Conversely, if the product is more complex which requires a demo before using or it requires installation or regular service or maintenance, the acceptability will be less. Also in case of bulky products, if the location of the buyer is not covered by door delivery, it may act as a barrier to buying online as the buyer is faced with an additional burden of transporting it from the courier's office to his home.



The products weighing low on all 3 factors will be the favorites for buying online while the products weighing high on all 3 factors would find least appeal for online buying. For a product having a high in any 1 or more factors, the buying decision will be based on what incentive is being offered to the buyer or the perceived benefit in the mind of the buyer to overcome the highs in these factors. Items having a standard configuration or if the attributes of the product can be completely described in all respects without the need to experience or touch, it will be more appealing to the online shopper. Brand reduces the need for touch and feel. Thus it may be seen as an incentive to buy a product with a higher “Touch” level. Similarly options like “no question asked” return policy, ability to have multiple sizes or items delivered to you for trial and pay for one, have reduced the touch barrier even in the more tactile area like apparel and shoes.

New payment options like cash on delivery and internet banking have considerably reduced the apprehensions about the *transaction security*. Also options wherein the buyer can decline payment deposited with the shopping from being transferred to the seller unless products delivered are confirmed to be in good condition, ensure that the online consumers’ rights get protected. The promotion and offers by the site also gives the buyer a feeling that he/ she is getting a better deal by shopping online. All these reduce the perceived risk of loss in the minds of the shopper in buying even items that are high on the Value scale. The reputation of the online shopping site, brand of the item, availability of local service centers and a local contact for installation and delivery are some of the enablers cited by the interviewees which reduce the service quotient.

## **DIRECTIONS FOR FUTURE RESEARCH**

The transcripts of the qualitative data collected using depth interviews could be further analyzed using Grounded Theory with a software like Atlas TI and a more in depth analysis of the same data could be done.

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## ANNEXURE

### Sample Transcript of an Interview with Mayur Hede

Mayur Hede, Working for reliance Infrastructure, **Age:** 37 years. Salary >8 lakh

**Q:** Do you shop online?

**Mayur:** Yes.

**Q:** What have you bought online till now?

**Mayur:** I have bought mobile phones, tools, tool sets, lamps, mats, sewing machine.

**Q:** How long have you been shopping online?

**Mayur:** 3 years now.

**Q:** How long have you been using internet?

**Mayur:** Maybe 6 to 7 years.

**Q:** Have you ever bought any clothes online?

**Mayur:** No.

**Q:** What about electronics?

**Mayur:** Electronics I have bought mobile.

**Q:** What is your opinion on buying high value electronics over the internet?

**Mayur:** It depends from which site you buy. Sites like flipkart sell only genuine electronic products. When I say genuine I mean that the products carry a valid Indian warrantee. In such case if the product is available at a price which is lower than that in a shop nearby, I wouldn't mind going for it.

**Q:** What mode of payment do you use for online shopping?

**Mayur:** Either credit card or net banking.

