

FACTORS AFFECTING ONLINE SHOPPING BEHAVIOR OF INDIAN CONSUMERS

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DEDICATION

I dedicate this work of mine to my grandpa who is not with me anymore but
his blessings gave me the strength to move against all odds

ACKNOWLEDGEMENTS

I would take this opportunity to express my gratitude to my advisor Dr. Jiyeon Kim without her unending guidance, support and patience this thesis would not have been possible. She was always there with her valuable inputs and advice that gave me a clearer understanding of the subject matter and how to go about the thesis in the first place.

I would also thank my family: my parents, Bhola Nath and Shobha Sinha for having made all the sacrifices so that I could reach this stage; my sister Reecha, brother Shirshendra and brother-in-law Kundan Kumar for having there with all the possible supports so that I could stretch myself beyond the national boundaries to pursue the educational opportunities.

ABSTRACT

The number of people engaged in various online activities is increasing every day. While the number of online shoppers is increasing, it is not proportional to that of brick-and-mortar shoppers. Research has tried to explain the dismal performance of online shopping as compared to the physical shopping format. Reasons for the lower level of Internet sales have been cited as being perceived risk in carrying out an online transaction, socio-psychological factors (Like – influence of friends and relatives) and infrastructural limitations (Availability of Internet, computers, credit-cards, cyber laws etc.). Under the purview of aforementioned factors this study tried understanding the online shopping behavior of Indian consumers. Socio-psychological factors and infrastructure have been found influential factors while the perceived risk surprisingly is not significant as a whole but at gender level there was significant difference between the online behavior of male and female due to risk perception.

PREFACE

India is witnessing a lot of activity in its retail markets with the retail giants from around the world including feasibility studies related to joint ventures with Indian companies. Large domestic companies have become oriented towards organized retail business and ventures. More importantly Indian customers are embracing the varied retail opportunities (Desai 2006). Consumers have begun to enjoy the choice of shopping at a variety of retail formats including the traditional corner shops, the Internet and the big organized retail outlets in shopping mall catering to the desires of India's growing middle class, which after the recent economic reforms have increased disposable income (Srivastava 2008). The Indian consumer has developed a greater exposure to the Western lifestyle and adopted Western shopping patterns (Bailay 2003). These changes justify the investigation of Indian consumers' shopping behaviors and the implications.

The majority of Internet shopping literature is North American in origin and application. There remains a need to probe consumer behaviors in context of other countries. The Indian market for which no related research has been published; it may provide an introduction to understanding this retail culture. This study is an attempt to provide insights into psychological reasons which appear to demotivate consumers in India from Internet shopping. Since, India has some 80 million Internet users but the total

retail sales through Internet is zilch, it is very important for marketers to identify the reasons so that these can be improved to a level under which Internet users also use this medium for shopping.

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LIST OF ABBREVIATIONS

B2C	Business to Consumer
DSI	Domain Specific Innovativeness
GDP	Gross Domestic Product
GRDI	Global Retail Development Index
IAMAI	Internet and Mobile Association of India
ICRIER	Indian Council for Research on International Economic Relations
IT	Information and Technology
PBC	Planned Behavioral Control
PCA	Principal Component Analysis
Rs.	Indian Rupees
TAM	Technology Acceptance Model
TPB	Theory of Planned Behavior
TRA	Theory of Reasoned Action
USD	United States Dollar

CHAPTER I

INTRODUCTION

During 2009 Indian retail market size was the 5th largest market globally and was valued at US \$400 billion. According to a report by global consultancy Northbridge Capital, it is projected to grow to US \$700 billion by 2010. In 2008, the share of organized retail was 7.5 per cent or US \$300 million of the total retail market which is expected to be 20 per cent of the total retail market by 2010. Retail business is supposed to contribute 22 per cent to the Indian GDP by the end of 2010 (Indian Council for Research on International Economic Relations (ICRIER)).

Schept (2008) pointed out that the retail mall space in India has increased from 1 million Sq. ft. in 2001 to 40 million Sq. ft. in 2007. With the improving economic conditions because of liberal economic policy the per capita income has gone up (Hubacek et al. 2007) as much as 14.2% in 2006-07. According to May 2009 data, the per capita income of India was \$1,032.00 (Rs. 48,000) in a year or \$83.00 (Rs. 4,000) a month. This figure looks small as compared to USA but this is average figure and apart from that there is a young technologically savvy segment that earns more and is more open to the use of technology and ready to spend. The increase in household income level and the growth of 6.7% in the GDP have resulted in the increase of the per capita income.

This high rise in the per capita income has enabled consumers to spend more on products like mobile phone, Internet, health etc. (www.tradechakra.com). According to IAMAI (Internet and Mobile Association of India) a trade association representing online content and advertising, e-commerce and mobile content and advertising industry expected a growth of 30% for FY08 to 2.15 billion USD.

Between 2000 and 2008 India posted an Internet user growth of 1520% with currently 81 million active Internet users (<http://www.internetworldstats.com/stats3.htm>). Indian residents use the internet for e-mail and IM (98%); job search (51%); banking (32%); bill payment (18%); stock trading (15%); and matrimonial search (15%). (Feb, 2006 data) (www.internetworldstats.com).

In spite of having a considerable number of Internet users and growing organized retail market; the online retailing in India is less than one percent of the total retail industry. It has been speculated that non-availability of personal computers and credit-cards might be reason but with the number of users as 80 million this does not appear to be the convincing factor. Thus, it is important to understand factors affecting Indian consumers' online purchasing behavior in order to understand such a dismal performance of online shopping in India.

In the business to consumer (B2C) e-commerce cycle activity, consumers use Internet for searching for product options, features, prices or reviews, selecting products or services through Internet, placing the order, making payments, or any other means which is then followed by delivery of the required products through Internet, couriers or other means and last is sales service through Internet or other mean.

Over the past few decades, the Internet has developed into a vast global market place for the exchange of goods and services. In many developed countries, the Internet has been adopted as an important medium, offering a wide assortment of products with 24 hour availability and wide area coverage. In some other countries, such as India, however business-to-consumer (B2C) electronic commerce has been much below than anticipated proportion of total retail business due to its certain limitations (Sylke, Belanger, and Comunale 2002)

Internet shopping (also called online shopping) allows customers to perform a wide range of shopping activities with the help of the World Wide Web from home, office or cybercafé. Retailers are increasingly offering an online shopping platform. With the use of encrypted and secure gateways, retailers are trying to make the online experience risk free and pleasant. From the consumer's perspective, online shopping provides a convenient and effective approach to manage one's shopping needs: it is easily accessible 24 hours a day, seven days a week. The consumer has access to retailers worldwide as well as products and services not readily available to his/her area.

The question remains then, why is the adoption rate of shopping via the Internet low by Indian consumers? What are the limitations and factors that affect online purchase in the Indian context? Previous research have elucidated factors (i.e. psychological reasons such as perceived risks etc., shipping costs & time, Trust etc.) that may play an important role in determining Internet adoption for e-commerce (Bhatnagar et al. 2000; Jarvenpaa, Todd and Bradd 1997; Vijayasathy and Jones 2000). To answer above questions, it will be important to examine local cultural variables as well consumer psychographics (e.g., shopping habits, leisure habits).

Despite the enormous online shopping potential that India possesses, the country also faces significant B2C barriers. Compare to developed countries (e.g., United States of America), Indian telecommunications infrastructure is still building up. This results in retailer's unwillingness to invest resources in online retailing. Likewise, consumers throughout the country are not as prone to shop online as a more technologically advanced country, (Bellman, Lohse and Johnson 1999; Bhatnagar et al 2000; Mohd Suki 2006). Successful online retailing relies heavily on consumers' willingness to purchase through the use of credit cards. India's low credit card penetration and low income create additional barriers to consumers' adoption of online shopping. Finally, India's distribution system is unable to provide timely and reliable delivery of products. This limitation is further exacerbated when the return of products purchased online is taken into consideration (Bingi, Ali and Khamalah 2000; Hoffman et al. 1999; Teo 2002).

India is the 5th most lucrative destination for organized retail business (AT Kearney's annual Global Retail Development Index (GRDI). In 2008, this form of retailing has demonstrated significant growth in terms of the rate of Internet penetration. Despite this growth there has been almost no online shopping business that can be said as considerable or significant. In addition, little empirical research exists regarding Indian online retail market and variables that influence Indian online consumers' purchasing behaviors.

The purpose of this study is to identify variables that influence Indian consumers' online purchasing behaviors.

HYPOTHESES

Seven hypotheses were developed for the study. They include:

H1: The perceived risks associated with the Internet will have negative influence on attitude towards online shopping.

H1_a: The risk of losing money and financial details will have negative influence on attitude towards online shopping.

H1_b: The product risk will significantly deter the attitude of online shopping.

H1_c: The user friendly website and service to help transaction will have positive influence on attitude towards shopping online.

H1_d: The fear of non-delivery of order will have negative influence on attitude towards shopping online.

H2: Good after sales service, strict cyber laws and low or no shipping fees will have positive influence on attitude towards online shopping

H3: A good and convenient product return policy will have positive influence on attitude towards shopping online.

H4: An early adopter of technology and products will have a significant positive behavior towards online shopping.

H5: Family members, friends and peers' online shopping experiences and suggestions will significantly influence their online buying behavior.

H6: One's attitude towards online shopping significantly affects his online shopping behavior.

H7: The non-availability of facility to shop online will have significant effect on online shopping behavior.

CONCEPTUAL DEFINITIONS

Attitude: a mental state involving beliefs, feelings, values and dispositions that guide an individual to act in certain way. This act is either for or against something (Ajzen 1985). In terms of online shopping it refers to a consumer's state of mind in terms of buying products or services on the Internet (Yang et al. 2003).

Behavior: refers to an action/reaction of an organism in response to the changes in the environmental (social, economic, etc.) factors around him (Ajzen 1985). In terms of online shopping it refers to "the process of purchasing products or services via the Internet" (Li & Zhang, 2002).

Brick-and-mortar retailer: A conventional retailer selling in a physical shop.

Business 2 Consumer: An internet terminology of involvement between business (seller) and consumer.

Convenience risk: Convenience risk addresses the risk associated with the ease (or lack thereof) with ordering products and services through an online retailer.

Delivery Risk: The risk of delayed and non-delivery of product.

Demographics: Characteristics of human populations like, age, sex, ethnicity, education etc.

Diffusion of Innovation: It is the theory of how, why, and at what rate new ideas and technology spread through cultures or among people

Financial risk: Financial risk is a possibility with shopping online due to the fact that consumers disclose sensitive information (e.g., credit card information) to a vendor.

Habit: refers to an instinctive action generated as the same action has been performed in the past.

Intention: refers to an indication about the willingness of a person to perform a behavior. Intention is being governed by attitude, subjective norm and perceived behavioral control (Ajzen 1985).

Innovativeness: Innovativeness means “the desire to seek out the new and different” (Hirschman 1980). In the present context it refers to the individual’s willingness, urge and acceptance of new technology (i.e., Internet). This is domain specific innovativeness.

Non-delivery risk: Once a consumer purchases a product online, delivery is the final step of the process. The risk of delayed and non-delivery of product.

Perceived Risks: refers to “the nature and amount of risk perceived by a consumer in contemplating a particular purchase decision” (Cox and Rich 1964).

Perceived Behavior Control: refers to the sense of uncertainty that influences behavior indirectly through its impacts on intention, or directly. It reflects perceptions of internal factors (Self-efficacy) and external factors on behavior. In other words it suggests that human behavioral decision-making is only partly, not fully, under the control of the people concerned, thus adding the determinant of uncertain time and uncertain opportunity, the so-called 'perceived behavioral control' factor. Such a variable can influence behavior indirectly through its impact on intentions as well as directly. For example, a consumer might refrain from buying online if the consumer perceives the

purchase process as complicated or if the consumer does not possess the resources necessary to perform the considered behavior. Such considerations are incorporated into the theory of planned behavior (Ajzen 1985, 1991).

Product risk: Product risk consists of the risk associated with making an unwise or inappropriate purchase decision.

Subjective Norm: It is an individual's perception of social norms, peer pressures, or relevant others' (e.g., friends and relatives) beliefs that he or she should or should not perform some behavior (Ajzen 1985).

TAM (Technology Acceptance Model): Technological Acceptance Model suggests that a prospective technology user's overall attitudes toward using a given technology-based system or procedure represents major determinants as to whether or not he/she will ultimately use the system (Davis 1993).

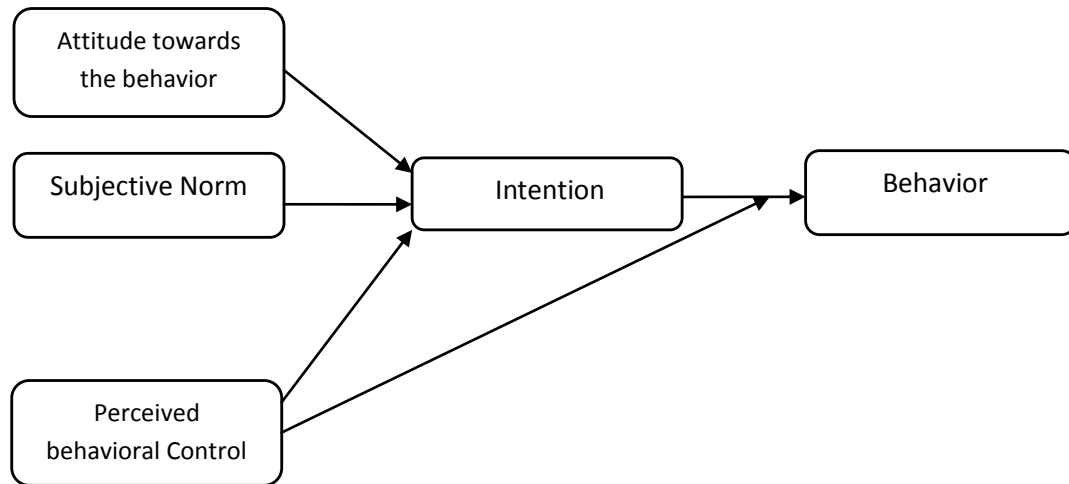
Trust: refers to the reliance on a service provider (Zaltman and Moorman 1988). The trust may be based on past experience or on what a consumers believes the experience will be like. A trusted party is presumed to provide reliable, authentic products or services fulfill policies, ethical codes, law and their previous promises.

CHAPTER II

LITERATURE REVIEW

Theory of Planned Behavior (TPB)

As an extension of theory of reasoned action, the Theory of Planned Behavior (TPB) explains the human decision making process (Azjen 1985, 1991; Azjen and Fishbein 1980). TPB assists the researcher in explaining behaviors over which individuals have incomplete voluntary control (See Figure 1). Variables included in the theory include a) attitude, b) behavior, c) subjective norm, d) perceived behavior control, and e) intention. *Attitude* toward a *behavior* and *subjective norm* about engaging in a behavior are supposed to control *intention*. *Attitude* depicts an individual's feelings, inclination or disinclination towards performing a behavior. *Subjective norms* reveal the individual's perceptions of the influence of significant others (e.g., family, friends, peers, etc.) TPB additionally includes *perceived behavior control* over engaging in behaviors as an influential form of *intention*. Perceived behavior control (PBC) relates to the sense of uncertainty that influences behavior directly or indirectly.



Theory of Planned Behavior (Figure-1)

As shown in the Figure 1, the Theory of Planned Behavior Model suggests that human behavioral decision- making is partially controlled by the consumer's actions. This part is defined as the 'perceived behavioral control' variable. The perceived behavioral control variable may influence behavior through its impact on intentions as well as directly. For example, a consumer might refrain from shopping online if he/she perceives the purchasing process is complicated or if does not possess a credit card. Such considerations are incorporated into the Theory of Planned Behavior (Ajzen 1985, 1991).

TAM (Technology Acceptance Model)

Adapted from the Theory of Reasoned Action (Ajzen 1980; Fishbein and Ajzen 1975), the Technological Acceptance Model suggests that a prospective technology user's overall attitudes toward using a given technology-based system or procedure represents major determinants as to whether or not he/she will ultimately use the system (Davis 1993). TAM has been utilized in numerous settings involving varying forms of

technological adoption (Venkatesh and Davis 2000). It has also been successfully applied to help understand and explain the adoption of information systems/technology in marketing contexts; including Internet-based, retail consumer behaviors (O'Cass and Fenech 2003). In marketing contexts, external variables examined include shopping motives (Eastlick and Feinberg 1999), consumer skill/expertise, demographics (Mattilia et al. 2003), personality characteristics, and computer anxiety (Harrison and Rainer 1992).

Diffusion of Innovation

The concept of innovation has received a great deal of attention within the diffusion of innovation framework particularly in relation to the information technology and marketing research (Agarwal and Prasad 1998; Midgley and Dowling 1978; Rogers, 1995). According to the Diffusion of Innovation a “personal innovativeness” construct is conceptualized as the degree and pace of adoption of innovation by an individual. The innovativeness concept represents an innate phenomenon and is widely used in psychology to identify innovative characteristics of individuals (Kirton 1976). Innovativeness is considered a generalized personality trait (also called “global innovativeness”) (Goldsmith and Hofacker 1991; Goldsmith et al. 1995).

The conceptualization of innovativeness has also been examined in marketing literature (e.g., Midgley and Dowling 1978; Flynn and Goldsmith 1993). Consumers who are innovative are representative as being highly abstract and possess a generalized personality trait (Im, Bayus, and Mason 2003). Examples as to the levels of abstraction inherent across the various literatures utilizing this perspective include “a willingness to

change” (Hurt et al. 1977) and the receptivity to new experiences and novel stimuli (Goldsmith 1984; Leavitt and Walton 1975). In general however, consumers are not necessarily receptive to change. The Internet is a fairly new and discontinuous innovation. That is, a form of innovation that requires individuals to learn new skills in order to use the technology. Research reveals that diffusion of innovation theory is applicable to the study of online shopping. Specifically, consumers who have personal preferences of shopping in a brick-and-mortar store or patronize one specific retailer will typically have difficulty in changing purchasing patterns (Kaufman-Scarborough and Lindquist, 2002). Consumers who prefer traditional retail channels or conversations with customer service personnel during the purchasing process will typically avoid the online shopping channel regardless of the benefits offered (e.g., convenience).

Perceived Risks

Online transaction involves a temporal separation of payment and product delivery. A consumer must provide financial information (e.g., credit card details) and personal information (e.g., name, address and phone number) for delivery in order to complete the purchasing process. Risks perceived or real, exist due to technology failure (e.g., breaches in the system) or human error (e.g., data entry mistakes). The most frequently cited risks associated with online shopping include financial risk (e.g., is my credit card information safe?), product risk (e.g., is the product the same quality as viewed on the screen?), convenience (e.g., Will I understand how to order and return the merchandise?), and non-delivery risk (e.g., What if the merchandise is not delivered?). The level of uncertainty surrounding the online purchasing process influences consumers’ perceptions regarding the perceived risks (Bhatnagar et al. 2000).

Financial Risk: - Financial risk is a possibility with shopping online due to the fact that consumers disclose sensitive information (e.g., credit card information) to a vendor. While the majority of online retailers are legitimate and have a secure website, there may be some illegal persons posing as online retailing for the purpose of credit card fraud (Bhatnagar et al. 2000). Security of the financial information and resources is the number one consumer of US online shoppers (Ranganathan and Ganapathy 2002). The perceived level of risk is often the deciding factor regarding which retail channel to patronize (i.e., brick-and-mortar vs. online retailer). Although research regarding Indian's perceptions of financial risk could not be found, it can be assumed that consumers in India and indeed worldwide have similar concerns regarding the perceived financial risk associated with online shopping.

Product risk: - Product risk consists of the risk associated with making an unwise or inappropriate purchase decision. The decision is typically made based on insufficient information that was provided on the company's website. Product risk may also be the risk of purchasing an expensive product because of the inability to compare prices, being unable to easily return a product, or not receiving delivery on a purchased product (Jarvenpaa, Todd and Bradd 1997; Vijayasathy and Jones 2000). Poor product performance is another type of product risk. As customers' expectations of product performance increase, the potential for product performance problem also increases (Jarvenpaa, Todd and Bradd 1997; Vijayasathy and Jones 2000, Bhatnagar et al. 2000).

Convenience Risk: - Convenience risk addresses the risk associated with the ease (or lack thereof) with ordering products and services through an online retailer. In a brick-and-mortar store, consumers can readily solve their purchasing problems by going into the

store as most retailers have a designated Return Department. The process is handled 'face-to-face.' The transaction is convenient in part because consumers are accustomed to the process. Online retailing poses a convenience risk. To ask questions, return a product, find a different size, or complain, consumers are unable to walk into the store. Instead, each online retailer has a different protocol. Some online retailers have a phone line, while others require the consumers to e-mail the question or comment. The consumers often perceive an increased level of convenience risk because they have a loss of connection with the retailer (Poal and Leunis 1999). After-sales service and timely responses to enquiries are of great importance to consumers (Spence et al. 1970; Festervand et al. 1986).

Non-delivery Risk: - Once a consumer purchases a product online, delivery is the final step of the process. The risk of delayed and non-delivery of product. Since there is a physical separation between customers and products in web interface, it creates order assembly and transportation costs that are not incurred in traditional retailing (Rosen & Howard 2000). These costs are so high that firms have no choice but to charge the shipping cost to the customers. Survey results have indicated that shipping fees are the main complaint of more than 50 percent of online shoppers and that more than 60 percent of shoppers have abandoned an order when shipping fees are added (Ernst and Young 1999). Lewis (2006) found that higher shipping fees are associated with reduced ordering rates, and policies that charge more shipping fees to larger orders lead to reduced order size.

Time taken in receipt of order is also an important element in online shopping.

Demographics

Previous research has revealed that online buying behavior is affected by demographics, channel knowledge, perceived channel utility and shopping orientations (e.g., Li, Cheng, and Russell 1999; Weiss 2001). Results indicate that compared with brick-and-mortar shoppers, online consumers tend to be older (Bellman et al. 1999; Donthu and Garcia 1999; Weiss 2001), better educated (Bellman et al. 1999; Li et al. 1999; Swinwyrd and Smith 2003), have higher income (Bellman et al. 1999; Li et al. 1999; Donthu and Garcia 1999; Swinwyrd and Smith 2003), and more technologically savvy (Li et al. 1999; Swinwyrd and Smith 2003). Men are more likely to purchase products and/or services from the Internet than women (Garbarino & Strahilevitz 2004; Korgaonkar and Wolin 1999; Slyke et al. 2002). Reasons for shopping online have been cited for time efficiency, avoidance of crowds, and 24 hour shopping availability (Karayanni 2003).

CHAPTER III

CONCEPTUAL MODEL AND HYPOTHESES

The proposed model for the thesis was developed to examine the online shopping behaviors of Indian consumers (See Figure 2). This model examines (1) the relationship between perceived risks, return policy, service, infrastructural variables and attitudes towards online shopping and (2) the influence of an individual's domain specific innovativeness (DSI), attitude, subjective norm and planned behavior (PBC) toward online shopping.

CONCEPTUAL MODEL

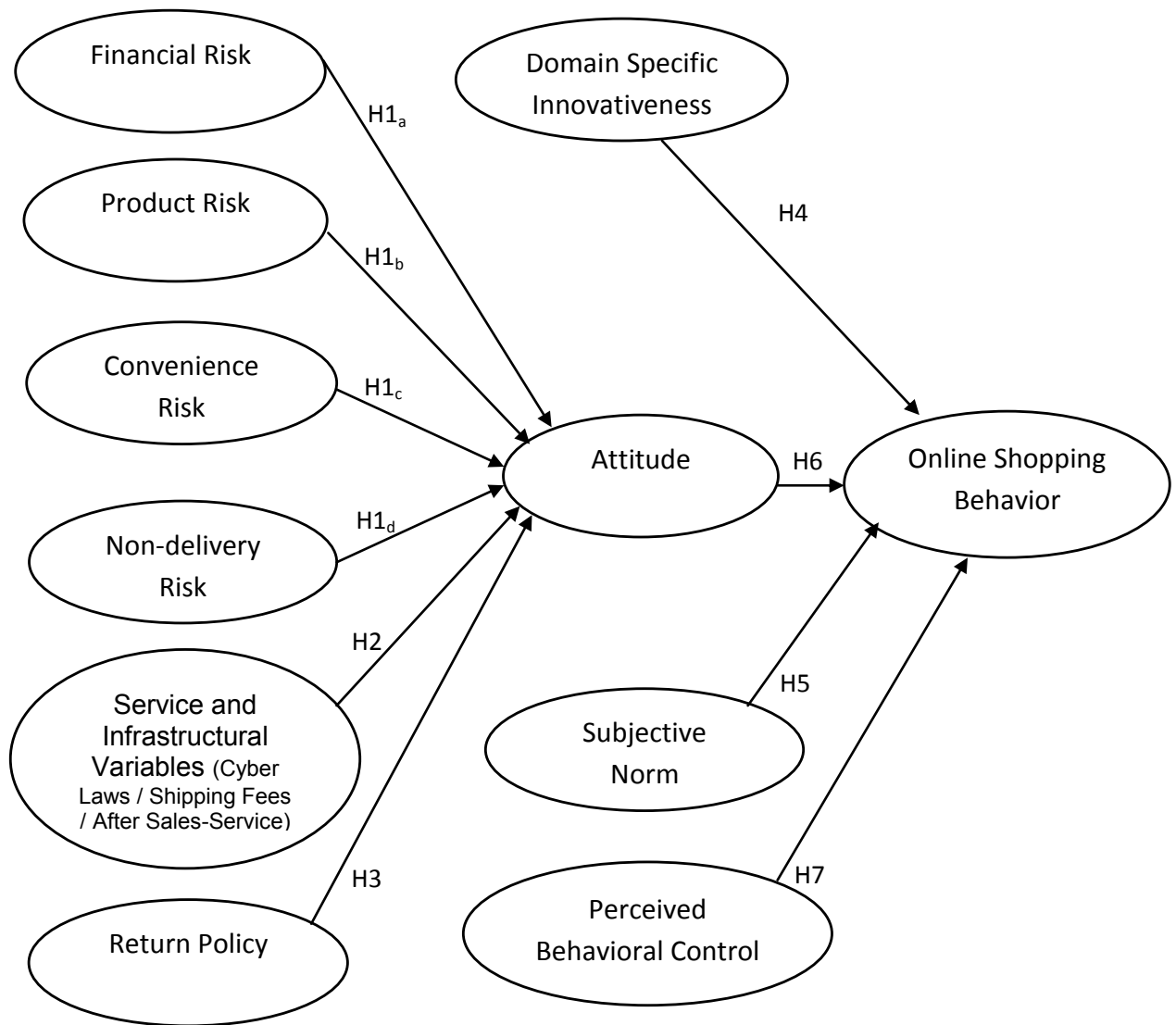


Figure-2: Proposed model of factors influencing online shopping behavior

Perceived Risks:

Perceived risk refers to “the nature and amount of risk perceived by a consumer in contemplating a particular purchase decision” (Cox and Rich 1964).

Before purchasing a product, a consumer typically considers the various risks associated with the purchase. The different types of risks are referred to as perceived or anticipated risks. Research suggests that consumers generally prefer to use electronic commerce for purchasing products that do not require physical inspection (Peterson et al. 1997; Klein, 1998). Nelson (1970) classifies such products as either search or experience products. In the case of search products, information search by the consumer may be enough to reduce the risks associated with purchasing products. For experience products, consumers may require additional information, tactile responses, or personal experience with the product prior to purchasing. The higher the perceived experience risk, the consumer may choose to patronize a brick-and-mortar retailer for the purchase of the product. Whereas, the lower the perceived risk, the higher the propensity for online shopping (Tan 1999).

Financial Risk: - Since the inception of online shopping, *financial risk* has been the forefront of consumers’ concerns. Financial risk is defined as the risk involved in conducting financial transaction through the internet. Financial risk has been identified as the primary reason consumers choose not to shop online (Miyazaki & Fernandez 2001; Teo 2002). Examples of risk may include the loss of credit card information, theft of credit card information, or overcharge (Bhatnagar, Misra, and Rao 2000; Forsythe and Shi 2003). This finding lead to the development of Hypothesis 1a,

Hypothesis 1a (**H1_a**) is stated as the risk of losing money and financial details will have negative influence on attitude towards online shopping.

Product Risk: The risk of not receiving the product that was ordered or perceived in the product description is referred to as *product risk*. Purchasing products online may involve perceived risk for a variety of reasons. The quality of the retailer's product description and the visual representation (i.e., drawing or photo) of the product will significantly influence the consumer's ability to understand the product dimensions. It will also depend if the retailer shows the products with an enhanced view (i.e., zoom and from multiple sides). Another contributing variable to product risk is the consumer's computer capabilities. Consumers that view the product photo on an old computer will typically have a poor image of the product. It will be difficult to clearly see the product. Consumers who do not have the technology to maximize the online shopping experience may perceive reduced product risk by shopping at a brick-and-mortar retailer (Bhatnagar et al. 2000; Kartsounis, Magnenat-Thalmann & Rodrian 2001). The issues surrounding product risk associated with online shopping resulted in the development of Hypothesis 1b (**H1_b**) stated as the product risk will significantly deter the attitude of online shopping.

Shopping via the Internet causes some consumers discomfort. This level of discontent is called *convenience risk*. Discomfort in online shopping is associated with the steps required to complete personal details to processes the check-out forms.

The design, ease of use, aesthetics of the online retailer's website influence consumers' perceptions of the level of convenience risk (Jarvenpa & Tractinsky 2001). Methods for reducing convenience risk include providing an extensive customer service

center. A call center, return policy, and a variety of payment options all assist consumers in feeling more at ease (Lee 2002).

Hypothesis 1c (**H1_c**) is stated as a user friendly website and service to help transaction will have positive influence on attitude towards shopping online.

Online retailing is relatively new to India. The infrastructure required for a reliable delivery system has not yet been established. This has created a perception among consumers of *non-delivery risk*. This perceived risk prevents consumer from buying online (Koyuncu and Bhattacharya 2004). Hypothesis 1d was developed based on India's insufficient infrastructure.

Hypothesis 1d (**H1_d**) is stated as the fear of non-delivery of order will have negative influence on attitude towards shopping online.

Service and Infrastructural variables

There are several other relevant variables that guide success associated with online shopping. Examples include return policy, after sales service and customer support. Among other additional challenges for B2C e-commerce efforts in developing countries like India, the lack of telecommunications infrastructure in all the corners of the country, lack of qualified staff to develop and support e-commerce sites, lack of skills among consumers needed in order to use the Internet, lack of timely and reliable systems for the delivery of physical goods, low bank account and credit card penetration, low income, and low computer and Internet penetration (Bingi et al. 2000; Hoffman 1999). Many studies have indicated credit card security, buying without touching or feeling the item (tactile input), being unable or facing difficulty to return the item, shipping charges and

privacy (security) of personal information as still being the main concerns of online shoppers (Bellman, et al 1999; Bhatnagar, et al 2000; Mohd Suki 2006).

Hypothesis 2 (**H2**) is stated as good after sales service, Strict cyber laws and low or no shipping fees will have positive influence on attitude towards online shopping.

The ease of return policy is often a concern to online shoppers (Teo 2002). The ramifications of how to exchange products, the length of time allowed to return a product, and the cost associated with the shipping of merchandise back to the online retailer are often concerns associated with an online return policy (Shim, Shin, Yong, and Nottingham, 2002). Hypothesis 3 was developed based on the perceived return policy risks.

Hypothesis 3 (**H3**) is stated as the good and convenient product return policy will have positive influence on attitude towards shopping online.

Domain Specific Innovativeness

Domain Specific Innovativeness (DSI) is “the degree to which an individual is relatively earlier in adopting an innovation than other members of his system,” (Rogers and Shoemaker 1971, p. 27). For the most part, people appreciate continuity in their daily lives, including in their shopping routine. While the Internet and online shopping offers consumers a wide breadth and depth of merchandise offerings, it also requires them to go outside their normal shopping routine. Online shoppers are required acquire new technology skills in order to seek, evaluate and acquire products. This is particularly true for consumers in India, who are not necessarily technologically savvy. Consumers who

prefer brick-and-mortar shopping over other retail channels do not perceive the online shopping as a convenience (Kaufman-Scarborough and Lindquist 2002).

Research has revealed that online shopping innovativeness is a function of attitude towards the online environment and individual personal characteristics (Midgley & Dowling 1978; Eastlick 1993; Sylke, Belanger, and Comunale, 2004; Lassar et al. 2005). Innovative consumers are more inclined to try new activities (Robinson, Marshall and Stamps 2004; Rogers 1995). Adoption of online shopping is depiction of individual's innovative characteristic (Eastlick 1993). Adopting a new technology is a function of one's attitude towards it (Moore and Benbasat 1991). It is expected that person's domain specific innovativeness has a propensity to shop online.

Hypothesis 4 (**H4**) is stated as an early adopter of technology and products will have a significant positive behavior towards online shopping.

Subjective Norm

In order to be successful retailers must understand consumers' purchasing behaviors. This is particularly true for online retailers. A comprehensive understanding must be made of the website's design and support in order to match its consumers' information gathering and purchasing behaviors. The visual stimuli and communication through text and sound can positively or negatively affect consumers' online desires and actions (Vijayasarathy and Jones 2000).

The Theory of Reasoned Action (TRA) (Ajzen and Fishbein 1980) has successfully been used to explain human behavior. The theory proposes that human behavior is preceded by intentions, which are formed based on consumer's attitude

toward the behavior and on perceived subjective norms. *Attitude* reflects the individual's favorable or unfavorable feeling towards performing a behavior. *Subjective norms* capture the consumer's perceptions of the influence of significant others (e.g., family, peers, authority figures, and media). It is related to intention because people often act based on their perception of what others think they should be doing. Subjective norms tend to be more influential during early stages of innovation implementation when users have limited direct experience from which to develop attitudes (Taylor and Todd 1995). It is during this stage of attitudinal development that online retailers can influence shoppers' propensity for purchasing behaviors (Yu and Wu 2007). Hypothesis 5 was developed based on Theory of Reasoned Action. That is, Hypothesis 5 (**H5**) states that Family members, friends and peers' online experience and suggestions will positively influence online buying behavior.

Attitude

Since the mid-1970s, the study of consumers' attitudes has been associated with consumer purchasing behavior research. According to the model of attitude change and behavior (e.g., Fishbein and Ajzen 1975), consumer attitudes are affected by intention. When this intention is applied to online shopping behavior, the research can examine the outcome of the purchase transaction. Attitude is a multi-dimensional construct. One such dimension is the acceptance of the Internet as a shopping channel (Jahng, Jain, and Ramamurthy 2001). Previous research has revealed attitude towards online shopping a significant predictor of making online purchases (Yang et al. 2007) and purchasing behavior (George 2004; Yang et al. 2007). Hypothesis 6 (**H6**) is stated as one's attitude towards online shopping significantly affects his online shopping behavior.

Perceived Behavioral Control

Ajzen and Madden (1986) extended the TRA into the Theory of Planned Behavior (TPB) by adding a new construct "perceived behavioral control" as a determinant of both intention and behavior. Perceived behavioral control refers to consumers' perceptions of their ability to perform a given behavior. TPB allows the prediction of behaviors over which people do not have complete volitional control. Perceived behavioral control reflects perceptions of internal constraints (self-efficacy) as well as external constraints on behavior, like availability of resources. It has been found that the Planned Behavioral Control (PBC) directly affects online shopping behavior (George 2004) and has a strong relationship with actual Internet purchasing (Khalifa & Limayem 2003). Applying TRA to online shopping, Hypothesis 7 (**H7**) was developed as the non-availability of facility to shop online will have negative effect on online shopping behavior.

CHAPTER IV

METHODOLOGY

As revealed by the review of literature, research on online retailing and online shopping is based primarily from a North American and European foci. The lack of research on the Indian market lends justification for the study. However, it also requires the researcher to adapt the North American and European research to the culture of India.

The survey was developed to determine the variables that influence shopper's behavior when purchasing products and services through the Internet, focusing on their domain specific innovativeness (adoption of new technology, here online shopping), perceived risks, perceived behavior controls, demographics and other factors. Questions were adopted from previous research. Item scales ranged from strongly disagree (1) to strongly disagree (7).

Confidentiality of responses was assured through a letter and respondents were invited to forward any queries via e-mail/phone to the details provided. (Appendix –III).

Table-1**List of questions and adoption details**

Characteristic	Source
Perceived Benefits:	
I shop online as I can shop in privacy of home	Forsythe et al. (2006), Karayanni (2003)
I shop online as I do not have to leave home for shopping	Swinyard & Smith (2003)
I shop online as I can shop whenever I want	Forsythe et al. (2006)
I shop online as I can then save myself from chaos of traffic	Swinyard & Smith (2003) (modified)
I shop online as I can save myself from market crowd	Swinyard & Smith (2003) (modified) & Karayanni (2003)
I shop online as I can get detailed product information online	Forsythe et al. (2006)
I shop online as I get broader selection of products online	Forsythe et al. (2006)
Online shopping gives facility of easy price comparison (Hence, price advantage)	Researcher's own
I shop online as I get user/expert reviews on the product	Researcher's own
I shop online as there is no embarrassment if I do not buy	Forsythe et al. (2006)
I shop online as I can take as much time as I want to decide	Forsythe et al. (2006)
I use online shopping for buying products which are otherwise not easily available in the nearby market or are unique (new)	Researcher's Own
Perceived Risks:	
I feel that my credit-card details may be compromised and misused if I shop online	Swinyard & Smith (2003) + Forsythe et al. (2006)
I might get overcharged if I shop online as the retailer has my credit-card info	Forsythe et al. (2006)
I feel that my personal information given for transaction to the retailer may be compromised to 3rd party	Forsythe et al. (2006) (modified)
I might not get what I ordered through online shopping	Forsythe et al. (2006)
I might receive a malfunctioning (faulty) merchandise	Forsythe et al. (2006) (modified)
It is hard to judge the quality of merchandise over internet	Forsythe et al. (2006) (modified)
Finding right product online is difficult	Swinyard & Smith (2003)
If I shop online I cannot wait till the product arrives	Swinyard & Smith (2003)
I cannot get to examine the product when I shop online	Forsythe et al. (2006)

Characteristic	Source
I feel that it will be difficult settling disputes when I shop online	Researcher's own
It is not easy to cancel orders when shop online	Researcher's own
I will have problem in returning product bought online (Will have to send the product back through some shipper and wait to see if the retailer accepts it without any hassle)	Swinyard & Smith (2003)
I might not receive the product ordered online	Forsythe et al. (2006)
I do not shop online because of non-availability of reliable & well-equipped shipper	Researcher's own
Trust:	
I trust any online company	Researcher's own
I can trust only established brands sold online	Liang & Huang (1998)
I can trust and buy only from established retailers selling online	Liang & Huang (1998) (Modified)
Online stores are often not the authorized dealers of the products they sell	Researcher's Own
Habits:	
I like the help and friendliness I get at the physical store	Swinyard & Smith (2003)
Shopping is an outdoor relaxing element in life which otherwise with online shopping will be lost	Researcher's Own
I do not make purchase unless I negotiate price	Researcher's Own
I want to see or examine things in person before I buy	Forsythe et al. (2006)
Return Policy:	
I do not purchase online if there is no free return service available	Lewis (2006) Modified
I purchase online only when I can return the product without any frills or strings attached	Lewis (2006) Modified
Cyber Laws:	
I would shop online without any fear if there are strict cyber-laws in place to nab and punish frauds and hackers	Researcher's Own
Shipping Charge:	
I do not like being charged for shipping when I shop online	Lewis (2006)
After Sales Service:	
Getting good after sales service is time taking and difficult for online purchases	Researcher's Own
Attitude:	
Using internet for online shopping is easy	George (2004) (modified)
Shopping online is fun and I enjoy it	George (2004) (modified)
I am not good at finding things on internet when I shop online	Researcher's own

Characteristic	Source
I like to shop with my family members or friends	Swinyard & Smith (2003), George (2004)
When I make a purchase my friend's opinion is important to me	George (2004) (modified)
I will have no problem in shopping online if I get to know that my friends and relatives are doing it without any problems	Researcher's own
Sharing my experience through online product reviews will make me noticeable	Researcher's own
I do not shop online because Internet speed (Web page download time) is very slow	Forsythe et al. (2006) (modified)
I do not shop online as I do not have a computer at home	George (2004) (modified)
I do not shop online as I do not have a computer with internet connection	George (2004) (modified)
I do not shop online as I do not have a credit-card	George (2004) (modified)
I am confident of shopping online even if no one is there to show me how to do it	George (2004)
I feel confident of using Internet for shopping after seeing someone else using it	George (2004)
I am usually the first in my group to try out new technologies	Lassar et al. (2005)
My friends approach me for consultation if they have to try something new	Lassar et al. (2005)

Pilot Study

The survey was written in English and pretested using a small group of student sample (n=15) at Banaras Hindu University (BHU) in Varanasi. English is taught as a mandatory subject in majority of schools throughout India. As such, the subjects had an excellent understanding of the language. The purpose of the pre-test was to verify the survey's content for clarity and understanding. Students were asked to indicate all areas that were either unclear, difficult to read, or confusing. The survey was revised based on the feedback from the pretest.

Data Collection Procedure

Two methods of data collection were used: online and manual distribution of a paper survey. The online survey allowed the researcher to capture the Indian consumers who were proficient technology users. As identified in the review of literature, a large portion of the Indian population does not use the Internet nor do they shop online. In order to obtain a better understanding of their online shopping fears (i.e., perceived risks), it was deemed critical to survey this group. Using a paper survey was deemed the most appropriate method of reaching this group. Confidentiality of responses was assured and potential respondents were invited to forward any queries via e-mail to the researcher.

The sample selected for this study consisted of persons in the Delhi region and students at Banaras Hindu University.

A total of 987 surveys were administered; 287 paper surveys and 700 e-mail surveys. Fifty-one paper surveys and 92 electronic surveys were returned for a total of 143 surveys. From this, 127 usable surveys were obtained. The 13% response rate is acceptable given the nature of the social science research (Touliatos and Compton 1988) and the sample population of India.

ANALYSES

The data were analyzed using SPSS 16.0. Frequencies were conducted to identify the sample's demographics. Demographics included gender, age, and education, and income, number of persons in the household and marital status.

Principal Component Analysis (PCA) using varimax rotation with Kaiser Normalization was conducted on the online shopping behavior measures. This analysis was conducted as a reduction technique. There were total 50 items measuring 15 variables apart from the items asking about Internet usage, pattern and demographic details (32 items). Principal component analysis has been used to factor observed interrelated variables together. Based on the PCA results, habit, trust and others have been deleted as the items were cross-loading on multiple components. Thus latent variables were viable for final analysis. Components were extracted and labeled which had eigenvalues above 1.00 and whose absolute values after rotation was greater than 0.30 (Table-4). Reliability and validity tests were then conducted. Ten factors were generated. They include: 1) Financial Risk, 2) Product Risk, 3) Convenience Risk, 4) Non-delivery Risk, 5) Infrastructural and Service factors, 6) Return-Policy, 7) Domain Specific Innovativeness, 8) Subjective Norm, 9) Attitude, 10) Perceived Behavioral Control.

The result of reliability tests indicated all the construct measures to be reliable with Cronbach's alpha more than 0.80 except financial risk (0.748), non-delivery risk (0.684) and domain specific innovativeness (0.778). The items of these components and additionally product risk and PBC (Perceived Behavioral Control) were loaded separately but when measures together performed better in reliability analysis. Construct correlations were below 0.8 indicating acceptable discriminate validity based on the rule of thumb suggested by Kline (1998).

Regression analysis was conducted multiple times to test Hypothesis 1: The perceived risks associated with the Internet will have negative influence on attitude towards online shopping. Regression analysis was conducted four times, once for each of the four sub-hypotheses (i.e., H1_a-H1_d). The dependent variable consisted of attitude towards online shopping in each case. The independent variables were financial risk, product risk, convenience risk and non-delivery risk. A significance level of $p < 0.05$ was used as the guideline for identifying statistically significant results.

Regression analysis was conducted to test Hypothesis 2: H2: Good after sales service, strict cyber laws and low or no shipping fees will have positive influence on attitude towards online shopping. The dependent variable consisted of attitude towards online shopping. The independent variables were after sales service, shipping fees and cyber laws. A significance level of $p < 0.05$ was used as the guideline for identifying statistically significant results.

Hypothesis 3 was stated as a good and convenient product return policy will have positive influence on attitude towards shopping online. Regression analysis was

conducted to test the hypothesis. The dependent variable consisted of attitude towards online shopping. The independent variable was return policy. A significance level of $p < 0.05$ was used as the guideline for identifying statistically significant results.

Regression analysis was also used to test Hypothesis 4. The fourth hypothesis is stated as an early adopter of technology and products will have a significant positive behavior towards online shopping. The dependent variable consisted of online shopping behavior. The independent variable was domain specific innovativeness. A significance level of $p < 0.05$ was used as the guideline for identifying statistically significant results.

Family members, friends and peers' online shopping experiences and suggestions will positively influence their online buying behavior is the fifth hypothesis. Regression analysis was conducted to test the hypothesis. The dependent variable consisted of online shopping behavior. The independent variables were subjective norms. A significance level of $p < 0.05$ was used as the guideline for identifying statistically significant results.

Hypothesis 6 consists of one's attitude towards online shopping significantly affects his online shopping behavior. Regression analysis was conducted to measure the hypothesis. The dependent variable consisted of online shopping behavior. The independent variable was attitude towards online shopping. A significance level of $p < 0.05$ was used as the guideline for identifying statistically significant results.

The seventh and final hypothesis of the study was the non-availability of facility to shop online will have negative effect on online shopping behavior. Regression analysis was conducted to measure the hypothesis. The dependent variable consisted of online shopping behavior. The independent variable was perceived behavior control. A

significance level of $p < 0.05$ was used as the guideline for identifying statistically significant results.

CHAPTER V

FINDINGS & RESULTS

The total no. of responses obtained were 143 out of which 127 were valid and usable. Of these 127 responses 82 (65%) were male and 45 (35%) were female. Approximately 96% respondents were in the age range 21-39 years and averagely qualified with a post-graduate degree or above (around 84%) and 52 (40.9%) had an income more than Rs. 600,000 / year; about 73% people belonged to a household with 3 or more than 3 people. 44 (34.6%) lived in self-owned and 34 (26.8%) in rented accommodation. 74 (58.3%) were single or never married and 52 (40.9%) were married. 15% never bought online and among this group 40% percent were educated below a post graduate degree.

Internet usage and experience: Majority of sample uses Internet either at home (N=74; 58.3%) or at work/school (N=82; 64.6%) with just as few as 21.3% (N=27) of all still visit cyber-cafes. Majority of respondents said that mostly use Internet either for e-mail communication (N=85; 67%) or for work (N=27; 21%). Of all the respondents most had fair experience with the use of Internet; 72 (56.7%) were using it for more than 5 years while 34 (26.8%) were using it for more than 3 years but less than 5 years.

Online Shopping experience and usage: Only 10 (7.9%) persons out of 127 were using Internet for shopping for more than 5 years, otherwise people using Internet for following

years was like, 3-5 years – 17 (13.4%), 2-3 Years – 18 (14.2%) and 1-2 years 31 (24.4%) people etc. 22 (17.3%) people never used Internet for shopping. Almost 80% people said that they bought online only 3-5 times till date.

64 (50.4%) people said that their online expenditure for last 6 months was more than Rs. 1500 and 61 (48%) people preferred buying tickets for cinema/shows, 38 (29.9%) books and 29 (22.8%) used Internet for banking or financial services etc.

Availability of Internet infrastructure: Of all the people surveyed 107 (84.3%) people have computer at home and 103 (81.1%) responded that they have even Internet connection and 62 (48.8%) have broadband service.

Availability of payment methods: 101 (79.5%) have credit card and 80 (63%) even pay through credit-cards only with a meager percent usage of other payment methods, for example – 36 (28.3%) use debit-cards.

Internet usage Skills: Respondents were asked to grade their Internet using skills and 71 (55.9%) gauged themselves to be skilled and 51 (40.2%) as knowledgeable.

RESULTS

H1_a = Risk of losing money and financial details is the reason of significant negative attitude towards online shopping.

Hypothesis H1_a was not supported as the regression results did not show significant influence of financial risk on Indian consumers' attitude towards online shopping, $F(1, 125) = 3.386$, $p = 0.068$ (Table 3).

H1_b = Product risk will significantly deter the attitude of online shopping.

Regression results did not show significant influence of product risk on Indian consumers' attitude towards online shopping, the dependent variable being attitude towards online shopping and the independent variable as product risk. $F(1, 125) = 2.946$, $p = 0.089$ (Table 3) and hence the Hypothesis $H1_b$ was not supported.

H1_c = A user friendly website and service to help transaction will have significant positive influence on attitude for online shopping.

Hypothesis $H1_c$ was not supported as the regression results did not show significant influence of product risk on Indian consumers' attitude towards online shopping, $F(1, 125) = 1.117$, $p = 0.293$ (Table 3). The dependent variable consisted of attitude towards online shopping and the independent variable was convenience risk.

H1_d = Fear of non-delivery of order will negatively impact attitude of shopping online.

With the regression results showing significant influence of non-delivery risk on Indian consumers' attitude towards online shopping, $F(1, 125) = 5.136$, $p = 0.025$ (Table 3) hypothesis $H1_d$ was supported by the results. The dependent variable consisted of attitude towards online shopping and the independent variable was convenience risk.

H2 = Good after sales service, Strict cyber laws and low or no shipping fees will have significant positive effect on attitude towards online shopping.

Hypothesis $H2$ was not supported as the regression results with after sales service, cyber laws and shipping fees as independent variable and attitude toward online shopping as dependent variable does not show significant influence of these service and infrastructural factors on Indian consumers' attitude towards online shopping, $F(1, 125) = 0.378$, $p = 0.540$ (Table-3).

H3 = A good and convenient product return policy will significantly cause people to go for online shopping.

Regression results on return policy shows significant influence on attitude towards online shopping behavior, $F(1, 125) = 4.804$, $p = 0.030$ (Table 3), dependent variable being attitude towards online shopping and the independent variable as return policy.

H4 = An early adopter of technology and products will have a significant positive behavior towards online shopping.

Regression results showed significant influence of domain specific innovativeness (DSI) on online shopping behavior, $F(1, 125) = 0.239$, $p = 0.626$ (Table 3). The dependent variable consisted of online shopping behavior and the independent variable was domain specific innovativeness.

H5 = Family members, friends and peers' online experience and suggestions will significantly influence online buying behavior.

With the dependent variable online shopping behavior and the independent variable as subjective norm the regression results showed significant influence of subjective norm on online shopping behavior, $F(1, 125) = 6.67$, $p = 0.011$ (Table 3).

H6 = One's attitude and belief about online shopping significantly affects his online shopping behavior.

Regression results did not show significant influence of attitude on online shopping behavior, $F(1, 125) = 1.931$, $p = 0.167$ (Table 3). The dependent variable consisted of online shopping behavior and the independent variable was attitude towards online shopping.

H7 = Non-availability of facility to shop online will have significant effect on online shopping behavior.

Regression results showed significant influence of perceived behavioral control on online shopping behavior, $F(1, 125) = 18.30$, $p = 0.001$ (Table 3). The dependent variable in this case was online shopping behavior and the independent variable was domain specific innovativeness.

Table –2

Summarized Results of Hypothesis Testing

Hypothesis		Remarks
H1_a =	Risk of losing money and financial details will have negative influence on attitude towards online shopping.	Not Supported
H1_b =	Product risk will significantly deter the attitude of online shopping.	Not Supported
H1_c =	A user friendly website and service to help transaction will have positive influence on attitude towards shopping online.	Not Supported
H1_d =	Fear of non-delivery of order will have negative influence on attitude towards shopping online.	Supported
H2 =	Good after sales service, Strict cyber laws and low or no shipping fees will have positive influence on attitude towards online shopping.	Not Supported
H3 =	A good and convenient product return policy will have positive influence on attitude towards shopping online.	Supported
H4 =	An early adopter of technology and products will have a significant positive behavior towards online shopping.	Not Supported
H5 =	Family members, friends and peers' online experience and suggestions will significantly influence online buying behavior.	Supported
H6 =	One's attitude towards online shopping significantly affects his online shopping behavior.	Not Supported
H7 =	Non-availability of facility to shop online will have significant effect on online shopping behavior.	Supported

Table –3
Regression Analysis (Bivariate Linear)

Independent → Dependent Variable	Beta	F	p-Value
Product Risk → Attitude (H1_a)	0.152	2.946	0.089
Financial Risk → Attitude (H1_b)	0.162	3.386	0.068
Convenience Risk → Attitude (H1_c)	0.094	1.117	0.293
Non-delivery Risk → Attitude (H1_d)	0.199	5.136	0.025
Miscellaneous Factors (Service and Infrastructural factors) → Attitude (H2)	0.055	0.378	0.540
Return Policy → Attitude (H3)	0.192	4.804	0.030
Innovativeness → Online Shopping Behavior (H4)	0.044	0.239	0.626
Attitude → Online Shopping Behavior (H5)	0.123	1.931	0.167
Subjective Norm → Online Shopping Behavior (H6)	0.225	6.669	0.011
Perceived Behavioral Control → Online Shopping Behavior (H7)	0.357	18.295	0.001

Regression analysis was conducted multiple times to look at the gender-wise results for the same set of dependent and independent variables as conducted for the whole subject group. The regression result showed all the risk factors and domain specific innovativeness to be significant for males while for females only convenience risk and attitude towards online shopping was significant.

Table-4**Regression result based on gender**

Independent Variable (IV) → Dependent Variable (DV)	Beta (Female)	Female (p-value)	Beta (Male)	Male (p-value)
Product Risk → Attitude	-0.289	0.054	0.307	0.005
Financial Risk → Attitude	-0.186	0.221	0.333	0.002
Convenience Risk → Attitude	-0.462	0.001	0.265	0.016
Non-delivery Risk → Attitude	0.221	0.144	0.218	0.049
Miscellaneous Factors (Service and Infrastructural Risks) → Attitude	0.228	0.131	-0.018	0.873
Return Policy → Attitude	0.155	0.309	0.200	0.072
Innovativeness → Online Shopping Behavior	-0.306	0.100	0.450	0.004
Attitude → Online Shopping Behavior	0.652	0.001	0.188	0.253
Subjective Norm → Online Shopping Behavior	-0.157	0.407	-0.012	0.944
Perceived Behavioral Control → Online Shopping Behavior	-0.167	0.377	-0.424	0.007

DISCUSSION

H1_a, H1_b, H1_c regression results for financial, product and convenience risk had no significant influence on Indian consumers' attitude towards online shopping, $p = 0.068$, $p = 0.089$ & $p = 0.293$ respectively (Table 3). This is in contrast to the findings of the extant studies (e.g. Forsythe & Shi 2003; Biswas & Biswas 2004) where financial, product and convenience risk are an important significant risk factor for not shopping

online, and the possible reason of insignificance in Indian context appears to be the indifference and unwillingness of shoppers towards online medium. As found out in a study by Swinyard & Smith (2003) that there is group of Internet users (Called non-shoppers of online) and the reason again seems to be preference of Indian consumers for brick and mortar shops to get the feel of the product before buying it rather than relying completely on the provided information. The regression results of **H1_d** show significant influence of non-delivery risk on Indian consumers' attitude towards online shopping, $F(1, 125) = 5.136, p = 0.025$ (Table 3). It depicts that the non-delivery risk is a significant factor for affecting attitude and hence behavior towards shopping online. People do not tend to shop online because they are not sure whether the ordered merchandise will be delivered or not and the lack of seriousness and efforts towards building trust by the retailers makes it a significant reason. (www.channelpush.com). **H2** regression results does not show significant influence of service and infrastructural factors on Indian consumers' attitude towards online shopping, $F(1, 125) = 0.378, p = 0.540$ (Table-3). The reason is the fact that the infrastructure and willingness to support online business is missing and so does the experience and expectations of shoppers. Individual are happy with existing framework and unwilling to change (Hurt et al. 1977). The regression results of **H3** on return policy shows significant influence on attitude towards online shopping behavior, $F(1, 125) = 4.804, p = 0.030$ (Table 3). This finding is similar to that of Lee (2002) that says that returning hassles lead to dissatisfaction in consumers and that is why they avoid shopping online. **H4** was found insignificant factor influencing online shopping behavior, $F(1, 125) = 0.239, p = 0.626$ (Table 3) shows that the DSI does not have a significant influence on online shopping behavior of Indian consumer. Mean for

the items are more than 4 means respondents were innovative towards technology in their group as they are being contacted by their friends for recommendation on any product but they still hold themselves back from shopping online which is contrary to various researches like Hae et al. (2007) which says that innovative consumers are more likely to shop online. The reason could be influence of other factors like habit of shopping in brick and mortar shop and non-availability of price negotiation platform as about 46.5% agreed that they do buy unless they negotiate price and as per Westfall and Boyd (1960) neither the Indian buyer nor the seller is comfortable unless they negotiate price. **H5** showed significant influence of subjective norm on online shopping behavior, $F(1, 125) = 6.67$, $p = 0.011$ (Table 3). This means the opinion of friends and peers will more likely influence Indian consumers' online buying behavior. Also the mean response for subjective norm items is more than 4 means respondents were positively inclined towards making an online purchase if they get friends opinion on merchandise or when they see then shopping online. This finding is in sync with some studies Järveläinen (2007) & (Khalifa and Limayem 2003) where friends, relatives and media (Subjective Norm) has been an important factor influencing the online shopping behavior but not with others like Wang et.al (2007) where it subjective norm has not been significant. The possible reason of this is Indian collective society. People like go market places together and value opinion of others. They also opine good about sharing online experience. It appears from the regression results of **H6** that attitude does not have a significant influence on online shopping behavior, $F(1, 125) = 1.931$, $p = 0.167$ (Table 3). This is contrary to finding of Wang et al. (2007) that found attitude to be a significant factor affecting online shopping intention of Taiwanese consumers This means that although Indian consumers find online

shopping easy, enjoy using Internet (Mean 4.92) but that does not give them comfort of going ahead and shop online. The possible reason could be inexperience in online shopping and lack of efforts from companies to create positive image towards this shopping medium and other factors. With **H7** regression results perceived behavioral control showed significant influence on online shopping behavior, $F(1, 125) = 18.30, p = 0.001$ (Table 3) shows that the perceived behavioral control has a significant influence on online shopping behavior. Although 107 (84.3%) respondents have computer at home and 103 (81.1%) responded that they have even Internet connection and 62 (48.8%) have broadband service yet they believe that non-availability of Internet infrastructure significantly impact online shopping behavior. Wang et al. (2007) and other studies (e.g. Khalifa and Limayem 2003) found PBC to be a significant factor affecting online shopping behavior.

When the gender difference towards online shopping behavior was looked at, it was found that the male are more concerned towards perceived risk factors $H1_a: p = 0.002$, $H1_b: p = 0.005$, $H1_c: p = 0.016$ and $H1_d: p = 0.049$ while female were only concerned about the convenience risk $H1_c: p = 0.001$.

CHAPTER VI

SUMMARY, IMPLICATIONS & LIMITATIONS

SUMMARY

The study found that the percentage of people who bought online more number of times were in the age group 40-49 yrs. instead of normal held belief that it will be younger people who will be more proficient in Internet use and hence likely to buy. People in India are using Internet for last few years (on an average more than 3 years) for different purposes like, banking, buying travel tickets etc. but not for anything for which they do not need to queue up. The reasons as quoted by Channel Push's (www.channelpush.com) article – State of Online Retailing in India are, slow building up of Internet infrastructure, lack of interactive and informative websites and unwillingness on the part of retailers. Societal factors (Subjective norm (SN)) and ability to shop online (perceived behavioral control (PBC)) appeared to be significant factors for online shopping behavior, which is depiction of India's collectivist and uncertainty avoidance prevalent in the society (Hofstede 1980). On the other side the regression results gave interesting pattern in between gender (See table-4):

Perceived risk is significant for male but not for female, except convenience risk ($p = 0.001$). For female attitude has been significant factor for online shopping behavior while among male innovativeness and perceived behavioral control were significant which meant females have frame their opinion then they will go ahead without considering risks if the process is easy and user friendly while male will gauge various risks before shopping online. Although it has been pointed out by Järveläinen (2007) that customizing the system as per the requirement of for different demographic groups is not advisable, but the system should be easy to use keeping in mind the for inexperienced customers and allowing experienced users some customization options could be attractive. The availability of resources to use online (Like computer, Internet etc.) is important.

IMPLICATIONS

There are a few implications from these findings on online shopping that merit attention. Such as, retail companies should start taking measures to eliminate risk factor and build trust in this form of retail. The retail managers should sway consumers through different platforms like social networking sites, ads, promotions, online only discounts etc. to let people cross the threshold and start buying because Indian consumers are still comfortable with brick and mortar format as they appreciate friendly approach of salesman and social element of shopping, which has been found as important element in shopping (Tauber 1972) In addition, they need to make web their website user friendly and less intriguing. It should encourage online consumers to spend time exploring the site and comparing prices online, provide detail product information and member discounts.

The results also suggest that after-sales operations like, dispute settling and delivery, should be carried out promptly and quickly so that consumer would build faith in the system. During the process of purchasing, online agents can help customers and simplify the purchasing procedure to give a feeling of friendliness of salesman—or demonstrate how to purchase with clear text, images or examples. Because of perceived lack of secured transaction, retailers should introduce a mechanism that would improve safety and privacy to motivate people to buy online. It will also be important to mention that price bargaining factor needs to be incorporated to keep people in sync with their buying habits and giving a feel of having bought a good deal. This could perhaps be done by keeping fixed and variable component in pricing and letting people chose from variable component.

The knowledge of the reasons will better equip the retailers to handle online business and spur new area of retail in India thus Internet shopping would help retailers present a potentially low cost alternative to brick and mortar option.

LIMITATIONS

This study has few limitations. First, this survey limits us to a pool of Internet users. Hence, the results may not be generalizable to non-Internet users. Second, the samples of Internet users for this study were mostly those who are more knowledgeable about the Internet and are thus experienced Internet users. Thus, the sample of respondents may be skewed toward more experienced Internet users. This may also restrict the generalizability of the findings. Due to limitation of time a convenient sampling was done a random sampling would give a better idea of Indian consumer as a whole. Also, the

sample size is small to be called a true depicter of population as the study was limited to two cities only. Inclusion of cultural and value dimensions can provide a different perspective towards Indian consumers.

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APPENDIX-I

STATISTICAL RESULTS

Table-Ia: Result of Subjective Norm Mean Scores

Subjective Norm Variables	N	Mean	S.D.
My friends opinion is important for me when I make a purchase	127	4.94	1.405
I will have no problem in shopping online if I get to know that my friends or relatives are doing it	127	4.78	1.385
Sharing my experience through online product reviews will make me noticeable	127	4.55	1.440
My friends opinion is important for me when I make a purchase	127	4.94	1.405

Table-Ib: Result of Attitude Mean scores

Attitude Variables	N	Mean	S.D.
Using Internet for online shopping is easy	127	4.91	1.594
Shopping online is fun and I enjoy it	127	4.42	1.621

Table-Ic: Result of Perceived Behavioral Control Mean scores

Perceived Behavioral Control Variables	N	Mean	S.D.
I do not shop online because of slow Internet speed	127	4.87	1.535
I do not shop online as I do not have a computer at home	127	4.06	1.788
I do not shop online as I do not have a computer with Internet connection	127	3.92	1.958
I do not shop online as I do not have a credit-card	127	3.97	1.996

Table-Id: Result of Domain Specific Innovativeness Mean scores

Domain Specific Innovativeness Variables	N	Mean	S.D.
I am usually the first in my group to try out new technologies	127	4.41	1.585
My friends approach me for consultation if they to try something new	127	4.63	1.350

Table-Ie: Result of Financial Risk Mean scores

Financial Risk Variables	N	Mean	S.D.
I Feel that my credit-card info will be compromised	127	5.32	1.259
I might get overcharged as the online retailer has my credit-card info	127	5.13	1.405
I feel that my personal info given may be compromised to a 3rd party	127	5.58	1.109
I do not shop online as I do not have a credit-card	127	3.97	1.996

Table-If: Result of Product Risk Mean scores

Product Risk Variables	N	Mean	S.D.
I might not get what I ordered	127	5.02	1.548
I might receive a malfunctioning merchandise	127	5.23	1.438
It is hard to judge the quality of merchandise online	127	5.42	1.519

Table Ig: Result of Convenience Risk Mean scores

Convenience Risk Variables	N	Mean	S.D.
Finding right product online is difficult	127	4.98	1.485
I Cannot wait till the product arrives	127	5.13	1.466
I Cannot get to examine the product	127	5.51	1.344
I feel it is difficult settling disputes when I shop online	127	5.74	1.376
It is problem returning products bought online	127	5.72	1.245
Not easy to cancel orders online	127	5.57	1.138

Table Ih: Result of Non-delivery Risk Mean scores

Non-delivery Risk Variables	N	Mean	S.D.
I might not receive the products ordered online	127	4.95	1.637
Do not shop online due to non-availability of reliable/well equipped shipper	127	5.10	1.490

Table Ii: Result of Service and Infrastructural Risk Mean scores

Service & Infrastructural Risk Variables	N	Mean	S.D.
I would shop online if there are strict cyber-laws in place to nab and punish frauds	127	5.67	1.628
I do not like to be charged for shipping	127	5.53	1.356
Getting good after sales service is time taking and difficult for online purchases	127	5.54	1.180

Table Ij: Result of Return Policy Mean scores

Return Policy Variables	N	Mean	S.D.
I do not purchase online if there is no free return shipping available	127	4.84	1.394
I purchase online only when I can return the product without any frills	127	5.36	1.173
I do not purchase online if there is no money back guarantee	127	5.26	1.470

Table: II - Factor Loadings from PCA and Cronbach's Alpha (Reliability Analysis)

Latent Variable	Constructs	Factor Loadings	Cronbach's Alpha
Convenience Risk (C1)	1. I feel that it will be difficult settling disputes when I shop online.	0.866	0.898
	2. It is not easy to cancel orders when shop online.	0.731	
	3. I will have problem in returning product bought online.	0.868	
	4. I cannot get to examine the product when I shop online.	0.787	
	5. Finding right product online is difficult.	0.913	
	6. I cannot wait till the product arrives.	0.62	
Perceived Behavior Control (C2)	1. I do not shop online as I do not have a computer at home	0.874	0.871
	2. I do not shop online as I do not have a computer with Internet	0.925	
	3. I do not shop online as I do not have a credit-card	0.844	
	4. I do not shop online because the Internet speed is very slow (webpage download time is low)	0.623	
Subjective Norm (C3)	1. My Friend's opinion is important to me when I make a purchase	0.789	0.810
	2. I will have no problem in shopping online if I get to know that my friends and relatives are doing it without any problems	0.746	
	3. Sharing my experience through online product reviews will make	0.697	
Domain Specific Innovativeness (C4)	1. I am usually the first in my group to try out new technologies	0.670	0.778
	2. My friends approach me for consultation if they have to try something new	0.509	
	3. I am confident of shopping online even if no one is there to show me how to do it	0.861	
	4. I feel confident of using Internet for shopping after seeing someone else using it	0.699	
Return Policy (C5)	1. I do not purchase online if there is no free return shipment service available	0.703	0.840
	2. I purchase online only when I can return the product without any frills or strings attached	0.647	
	3. I do not purchase online if there is no money back guarantee	0.915	
Attitude (C7)	1. Using Internet for online shopping is easy	0.930	0.860
	2. Shopping online is fun and I enjoy it	0.800	
Product Risk (C9)	1. I might not get what I ordered through online shopping	0.704	0.881
	2. I might receive a malfunctioning merchandise	0.583	
	3. It is hard to judge the quality of merchandise online	0.725	
Financial Risk (C10)	1. I feel that my credit-card details may be compromised and misused if I shop online	0.872	0.748
	2. I might get overcharged if I shop online as the retailer has my credit-card info	0.817	
	3. I feel that my personal info given for the transaction to the retailer may be compromised to a 3 rd Party	0.799	
Non-delivery Risk (C11)	1. I do not shop online because of non-availability of reliable & well-equipped shipper	0.910	0.684
	2. I might not receive the product ordered online	0.521	
Miscellaneous Factors	1. I would shop online without any fear if there are strict cyber-laws in place to nab and punish frauds and hackers	0.643	0.805
	2. I do not like being charged for shipping when I shop online	0.722	
	3. Getting good after sales service is time taking and difficult for online purchases	0.660	

Table:- III - Gender Characteristics

Characteristics	N	Male (N)	Male (%)	Female (N)	Female (%)
Use Internet mostly for	127				
Use Internet mostly at HOME	74	51	62	23	51
Use Internet mostly at WORK/SCHOOL	82	47	57	35	78
Use Internet mostly at INTERNET CAFE	27	19	23	8	18
For how long have you been actively using Internet (more than 3 yrs.)	127	71	87	35	78
For how long have you been using Internet for shopping (more than 3 yrs.)	127	36	44	9	20
How many times have you bought things on Internet (more than 3 times)	127	64	78	17	38
What do you prefer buying from Internet-APPARELS	4	4	5	0	0
What do you prefer buying from Internet- ELECTRONIC GOODS	37	31	38	6	13
What do you prefer buying from Internet-BOOKS	38	29	35	9	20
What do you prefer buying from Internet-CINEMA Tkts./Online Movies/Shows	61	31	38	30	67
What do you prefer buying from Internet- FINANCIAL/BANKING	29	25	30	4	9
What do you prefer buying from Internet-STUFF AVAILABLE ONLY ONLINE	21	21	26	0	0
What do you prefer buying from Internet-ANYTHING	20	12	15	8	18
What do you prefer buying from Internet-DO NOT BUY ONLINE	12	10	12	2	4
What do you prefer buying from Internet-UNIQUE ITEMS/ARTIFACTS	5	5	6	0	0
In the past 6 months what would be your estimate of online expenditure (More than 1500 INR)	127	58	71	24	53
Do you currently own a computer (YES)	127	72	88	35	78
Do you have an Internet connection at home (YES)	127	68	83	35	78
What kind of Internet connection you have (DSL)	127	50	61	12	27
Do you have a credit- Card (YES)	127	63	77	38	84
How do you pay for your online shopping-CREDIT CARD	80	49	60	31	69
How do you pay for your online shopping-DEBIT CARD	36	24	29	12	27
How do you pay for your online shopping-CASH CARD	4	4	5	0	0
How do you pay for your online shopping-CASH ON DELIVERY	19	10	12	9	20
How do you pay for your online shopping-WIRE TRANSFER	8	8	10	0	0
How do you pay for your online shopping-NEVER BOUGHT	17	11	13	6	13

Characteristics	N	Male (N)	Male (%)	Female (N)	Female (%)
How do you pay for your online shopping-OTHERS	2	2	2	0	0
I will grade my Internet using skills as (Skilled)	126	52	63	19	42
Age (21 to 39)	127	69	84	45	100
Gender	127	1	1	2	4
Number of people living in your household (4 and More than 4)	127	52	63	28	62
What is your maximum educational Qualification? (PG & Above)	127	70	85	37	82
Marital Status (Single)	127	43	52	31	69
What kind of accommodation you have? (Own)	126	31	38	12	27
Total household income (More than 600,000 / annum)	127	38	46	12	27

Table-: IV - Correlation between the latent variables:

Correlations											
		PBC (C2)	SN (C3)	DSI (C4)	Return Policy (C5)	Attitude (C7)	Trust (C8)	Product Risk (C9)	Financial Risk (C10)	Non Delivery Risk (C11)	Convenience Risk (C1) & (C6)
Perceived Behavior Control Averaged C2	Pearson Correlation	1	.487**	.261**	-.027	.046	.155	-.216*	.214*	.194*	-.096
	Sig. (2- tailed)		.000	.003	.765	.609	.081	.015	.016	.029	.282
	N	127	127	127	127	127	127	127	127	127	127
Subjective Norm Averaged C3	Pearson Correlation	.487**	1	.333**	.082	.451**	.290**	-.031	.055	.000	.087
	Sig. (2- tailed)	.000		.000	.358	.000	.001	.732	.541	.993	.329
	N	127	127	127	127	127	127	127	127	127	127
Domain Specific Innovativeness Averaged C4	Pearson Correlation	.261**	.333**	1	.270**	.325**	.066	.367**	.021	.427**	.535**
	Sig. (2- tailed)	.003	.000		.002	.000	.464	.000	.817	.000	.000
	N	127	127	127	127	127	127	127	127	127	127
Return Policy Averaged C5	Pearson Correlation	-.027	.082	.270**	1	.176*	.090	.458**	.196*	.368**	.499**
	Sig. (2- tailed)	.765	.358	.002		.048	.313	.000	.027	.000	.000
	N	127	127	127	127	127	127	127	127	127	127
Attitude Averaged C7	Pearson Correlation	.046	.451**	.325**	.176*	1	.243**	.184*	.095	.199*	.107
	Sig. (2- tailed)	.609	.000	.000	.048		.006	.039	.289	.025	.229

	N	127	127	127	127	127	127	127	127	127	127
Trust Averaged C8	Pearson	.155	.290**	.066	.090	.243**	1	-.124	-.137	-.166	-.020
	Correlation										
	Sig. (2-tailed)	.081	.001	.464	.313	.006		.166	.123	.062	.820
	N	127	127	127	127	127	127	127	127	127	127
Product Risk Averaged C9	Pearson	-.216*	-.031	.367**	.458**	.184*	-.124	1	.349**	.425**	.703**
	Correlation										
	Sig. (2-tailed)	.015	.732	.000	.000	.039	.166		.000	.000	.000
	N	127	127	127	127	127	127	127	127	127	127
Financial Risk Averaged C10	Pearson	.214*	.055	.021	.196*	.095	-.137	.349**	1	.345**	.292**
	Correlation										
	Sig. (2-tailed)	.016	.541	.817	.027	.289	.123	.000		.000	.001
	N	127	127	127	127	127	127	127	127	127	127
Non Delivery Risk C11	Pearson	.194*	.000	.427**	.368**	.199*	-.166	.425**	.345**	1	.361**
	Correlation										
	Sig. (2-tailed)	.029	.993	.000	.000	.025	.062	.000	.000		.000
	N	127	127	127	127	127	127	127	127	127	127
Convenience Risk C1 & C6 Only ConRisk	Pearson	-.096	.087	.535**	.499**	.107	-.020	.703**	.292**	.361**	1
	Correlation										
	Sig. (2-tailed)	.282	.329	.000	.000	.229	.820	.000	.001	.000	
	N	127	127	127	127	127	127	127	127	127	127
**. Correlation is significant at the 0.01 level (2-tailed).											
*. Correlation is significant at the 0.05 level (2-tailed).											

APPENDIX II

eIRB EXEMPTION LETTER



OFFICE OF RESEARCH COMPLIANCE

October 1, 2009

Ms. Jayendra Sinha
Hospitality, Retail & Sport Management
Department of Retailing
Columbia, SC 29208

Re: Pro00004266

Study entitled: *Exploring the Factors that Delve into the Slow or Non-Acceptance of Online Shopping in India*

FYI: University of South Carolina Assurance number: FWA 00000404 / IRB Registration number: 00000240

Dear Ms. Sinha:

In accordance with 45 CFR 46.101(b)(2), the referenced study is exempt from Research Subject Regulation. No further action or Institutional Review Board (IRB) oversight is required, as long as the project remains the same. However, you must inform this office of any changes in procedures involving human subjects. Changes to the current research protocol could result in a reclassification of the study and further review by the IRB.

Because this project was determined to be exempt from further IRB oversight, consent document(s), if applicable, are not stamped with an expiration date.

Research related records should be retained for a minimum of three years after termination of the study.

If you have questions concerning the IRB process, please contact Arlene McWhorter at ardenem@owm.sc.edu or (803) 777-7095.

Sincerely,

Thomas A. Coggins (am)
Thomas A. Coggins
Director
/am

APPENDIX III

Letter of intent and confidentiality

Hi,

My name is Jayendra Sinha. I am a graduate student in the Retailing Department at the University of South Carolina, Columbia. I am conducting a research study as part of the requirements of my degree in Retailing Management and Retailing Operations, and I would like to invite you to participate in the same by completing a brief survey that asks questions regarding your online shopping experiences and perception about online shopping, in addition to general background information.

Although you probably won't benefit directly from participating in this study, but I hope that this would help in better understanding and evolution of organized online retailing in Indian sub-continent.

Participation is anonymous, which means that no one (not even the research team) will know what your answers are. So, please do not write your name or other identifying information on any of the study materials.

We will be happy to answer any questions you have about the study. You may contact me at (001- 8032378513 or SINHA@mailbox.sc.edu) if you have study/survey related questions or problems. If you have any questions about your rights as a research participant, you may contact the Office of Research Compliance at the University of South Carolina at 803-777-7095.

Thank you for your consideration.

With kind regards,

Jayendra Sinha

Cell # (001)-803-237-8513

e-mail: SINHA@mailbox.sc.edu

QUESTIONNAIRE

Section-1: In this section you will be asked about *attributes of online shopping*. Please indicate the number that best indicates the degree to which you agree or disagree with each of the following statements. 1 means "Strongly Disagree" and 7 being "Strongly Agree".

- | | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1. I shop online as I can shop in privacy of home | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2. I shop online as I do not have to leave home for shopping | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3. I shop online as I can shop whenever I want | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4. I shop online as I can then save myself from chaos of traffic | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 5. I shop online as I can save myself from market crowd | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 6. I shop online as I can get detailed product information online | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 7. I shop online as I get broader selection of products online | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8. Online shopping gives facility of easy price comparison (Hence, price advantage) | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 9. I shop online as I get user/expert reviews on the product | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 10. I shop online as there is no embarrassment if I do not buy | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 11. I shop online as I can take as much time as I want to decide | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 12. I use online shopping for buying products which are otherwise not easily available in the nearby market or are unique (new) | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Below are additional statements on attributes of online shopping. Please indicate the number that best indicates the degree to which you agree or disagree with each of the following statements. 1 means "Strongly Disagree" and 7 being "Strongly Agree".

1. Online shopping makes my shopping easy
1 2 3 4 5 6 7
2. Online shopping gives me better control on my expenses
1 2 3 4 5 6 7
3. I find online shopping compatible with my life-style
1 2 3 4 5 6 7
4. Using Internet for shopping requires a lot of mental effort
1 2 3 4 5 6 7
5. Online shopping procedure is cumbersome and frustrating
1 2 3 4 5 6 7

Section-2:

In this section you will be asked about *Trust, perceived risks, shopping habits and shipping* of online shopping. Please indicate the number best indicates the degree to which you agree or disagree with each of the following statements. 1 means "Strongly Disagree" and 7 being "Strongly Agree".

Perceived Risks:

1. I feel that my credit-card details may be compromised and misused if I shop online
1 2 3 4 5 6 7
2. I might get overcharged if I shop online as the retailer has my credit-card info
1 2 3 4 5 6 7
3. I feel that my personal information given for transaction to the retailer may be compromised to 3rd party
1 2 3 4 5 6 7

Product Risk:

4. I might not get what I ordered through online shopping
1 2 3 4 5 6 7
5. I might receive a malfunctioning merchandise
1 2 3 4 5 6 7
6. It is hard to judge the quality of merchandise over Internet
1 2 3 4 5 6 7

Convenience Risk:

- | | | | | | | | |
|--|---|---|---|---|---|---|---|
| 7. Finding right product online is difficult | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 8. If I shop online I cannot wait till the product arrives | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 9. I cannot get to examine the product when I shop online | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 10. I feel that it will be difficult settling disputes when I shop online | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 11. It is not easy to cancel orders when shop online | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 12. I will have problem in returning product bought online (Will have to send the product back through some shipper and wait to see if the retailer accepts it without any hassle) | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Non-delivery Risk:

- | | | | | | | | |
|--|---|---|---|---|---|---|---|
| 13. I might not receive the product ordered online | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 14. I do not shop online because of non-availability of reliable & well-equipped shipper | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Trust:

- | | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1. I trust any online company | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2. I can trust only established brands sold online | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3. I can trust and buy only from established retailers selling online | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4. Online stores are often not the authorized dealers of the products they sell | 1 | 2 | 3 | 4 | 5 | 6 | 7 |

Habits:

- | | | | | | | | |
|--|---|---|---|---|---|---|---|
| 1. I like the help and friendliness I get at the physical store | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 2. Shopping is an outdoor relaxing element in life which otherwise with online shopping will be lost | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 3. I do not make purchase unless I negotiate price | | | | | | | |

- | | | | | | | | |
|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 4. I want to see or examine things in person before I buy | | | | | | | |

1	2	3	4	5	6	7
---	---	---	---	---	---	---

Return Policy:

1. I do not purchase online if there is no free return shipment service available

1	2	3	4	5	6	7
---	---	---	---	---	---	---

2. I purchase online only when I can return the product without any frills or strings attached

1	2	3	4	5	6	7
---	---	---	---	---	---	---

3. I do not purchase online if there is no money back guarantee

1	2	3	4	5	6	7
---	---	---	---	---	---	---

Cyber laws:

4. I would shop online without any fear if there are strict cyber-laws in place to nab and punish frauds and hackers

1	2	3	4	5	6	7
---	---	---	---	---	---	---

Shipping charge:

5. I do not like being charged for shipping when I shop online

1	2	3	4	5	6	7
---	---	---	---	---	---	---

After Sales Service:

6. Getting good after sales service is time taking and difficult for online purchases

1	2	3	4	5	6	7
---	---	---	---	---	---	---

Section-3:

The following questions try to assess some ***factors that are likely to influence your online shopping intention***. Please indicate the number best indicates the degree to which you agree or disagree with each of the following statements. 1 means "Strongly Disagree" and 7 being "Strongly Agree".

1. Using Internet for online shopping is easy

1	2	3	4	5	6	7
---	---	---	---	---	---	---

2. Shopping online is fun and I enjoy it

1	2	3	4	5	6	7
---	---	---	---	---	---	---

3. I am not good at finding things on Internet when I shop online

1	2	3	4	5	6	7
---	---	---	---	---	---	---

4. I like to shop with my family members or friends
1 2 3 4 5 6 7
5. When I make a purchase my friend's opinion is important to me
1 2 3 4 5 6 7
6. I will have no problem in shopping online if I get to know that my friends and relatives are doing it without any problems
1 2 3 4 5 6 7
7. Sharing my experience through online product reviews will make me noticeable
1 2 3 4 5 6 7
8. I do not shop online because Internet speed (Web page download time) is very slow
1 2 3 4 5 6 7
9. I do not shop online as I do not have a computer at home
1 2 3 4 5 6 7
10. I do not shop online as I do not have a computer with Internet connection
1 2 3 4 5 6 7
11. I do not shop online as I do not have a credit-card
1 2 3 4 5 6 7
12. I am confident of shopping online even if no one is there to show me how to do it
1 2 3 4 5 6 7
13. I feel confident of using Internet for shopping after seeing someone else using it
1 2 3 4 5 6 7

Section-4:

Please indicate that how important do you feel below statements are true from your perspective for online shopping. Please indicate the number best indicates the degree to which you agree or disagree with each of the following statements. 1 means "Strongly Disagree" and 7 being "Strongly Agree".

1. I am usually the first in my group to try out new technologies
1 2 3 4 5 6
2. My friends approach me for consultation if they have to try something new
1 2 3 4 5 6 7

Section-5:

Part-1: The following section will just ask you about your *online behavior*. Please mark one of the 14 below options in terms of times spent or frequency of use. (Example: If you spend maximum out of total time spent on Internet in *information search* then mark it).

1. I use the Internet mostly for:

- ☐ Browsing _____ ☐ Information search _____ ☐ E-mails _____ ☐ Chatting _____
☐ Work _____ ☐ Social networking _____ ☐ Blogging _____ ☐ Entertainment _____
☐ Buying _____ ☐ Banking _____ ☐ Product Search _____ ☐ Do not use
☐ Others (Pls. specify) _____.

Part-2: The following section will just ask you about some more questions on *your online behavior*. (Please select the one you find most appropriate in your case).

2. I use Internet mostly at:

- ☐ Home ☐ Work/School ☐ Internet Café ☐ Do not use
☐ Others (Pls. specify) _____.

3. For how long you have been actively using the Internet:

- ☐ Less than 3 Months ☐ 3 - 6 Months ☐ 6 - 12 Months ☐ 1 - 2 Years
☐ 2 - 3 Years ☐ 3 - 5 Years ☐ More than 5 Years ☐ Do not use at all

4. If you have been, then for how long you have been using Internet for shopping:

- ☐ Less than 3 Months ☐ 3 - 6 Months ☐ 6 - 12 Months ☐ 1 - 2 Years
☐ 2 - 3 Years ☐ 3 - 5 Years ☐ More than 5 Years ☐ Do not use at all

5. If you have, then how many times have you bought things on Internet (during the past six months)?

- ☐ Never ☐ 1-2 times ☐ 3-5 times ☐ 6-10 times ☐ 11-20 times ☐ 21 times or more
☐ Not sure

6. What do you prefer buying from Internet?

- ☐ Apparels ☐ Electronic goods ☐ Books ☐ Cinema Tickets / Online Movies /Shows
☐ Financial Services or Banking ☐ Stuff available only online
☐ Anything ☐ Do not buy online ☐ Unique daily use items (e.g.: Torch with blinker light, car seat belt cutter and hammer (all in one) or an artifact)

7. In the past 6 months what would be your estimate of online expenditure (in INR)?

- ☐ 0 ☐ 1-100 ☐ 101-250 ☐ 251-500 ☐ 501-1000 ☐ 1001-1500 ☐ 1501 +

9. Do you currently own your own computer? ☐ Yes ☐ No

10. Do you have an Internet connection at home? ☐ Yes ☐ No

11. What kind of Internet connection do you have?

☐ Dial-up ☐ DSL ☐ Through some cable network ☐ Do not have

12. Do you have a credit-card?

☐ Yes ☐ No

13. How do you pay for online shopping?

☐ Credit Card ☐ Debit Card ☐ Cash Card ☐ Cheques ☐ Cash on delivery ☐ Wire-transfer
☐ Never bought online ☐ Others (Pls. Specify_____)

14. I will grade my Internet using skills as:

☐ Skilled ☐ Knowledgeable ☐ Less Knowledgeable ☐ Want
to learn Internet search and browsing techniques.

Section-6:

Please tick the option that you find most suitable:

1. What is your age? ☐ Under 21 ☐ 21 – 29 ☐ 30 – 39 ☐ 40 – 49 ☐ 50(+)

2. What is your gender? ☐ Male ☐ Female

3. Number of people living in your household (including yourself): _____.

4. In what industry do you work (e.g. medicine, academia, student, etc.)? _____.

5. Marital Status: ☐ Single or Never Married ☐ Married ☐ Widowed
☐ Divorced/Separated

6. What kind of accommodation do you have?

☐ Self-Owned ☐ Rented ☐ Live with Family/Parents ☐ Others (Pls. specify)

7. What is your total annual household income (adding the income of everybody)?

☐ Rs. 0 – Rs. 99,999 ☐ Rs. 100,000 – Rs. 149,999 ☐ Rs. 150,000 – Rs. 199,999
☐ Rs. 200,000 – Rs. 249,999 ☐ Rs. 250,000 – Rs. 299,999 ☐ Rs. 300,000- Rs. 399,999
☐ Rs. 400,000 – Rs. 499,999 ☐ Rs. 500,000 – Rs. 599,999 ☐ Rs. 600,000 or more

Thank you for completing this survey!