

# CONSUMER PERCEPTION TOWARDS ONLINE SHOPPING IN HYDERABAD

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## Abstract

*The main purpose of this article is to examine perception of different types of online buyers towards online shopping website variables. The population of this study consists of online shoppers in Hyderabad. Respondents were selected from different genders, age groups and occupations having internet shopping experience. The four types of online buyers in study are trial, occasional, frequent and regular online buyers. These buyers have evaluated four factors such as website design, customer service, security and reliability. A pre-structured questionnaire was used with five point likert rating scale to measure perception of four types of online buyers towards these factors. Snowball sampling was used to collect data from sampled respondents. Statistical techniques such as mean, standard deviation and anova-test are used in this study.*

**Keywords :** internet, online Indian buyers, perception, shopping frequency, website variables.

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## **1. Introduction**

Internet is a new information technology device that has brought a drastic change in the life of people. It has become a part of modern life across the world. It has offered so many benefits such abundant information, convenience, time saving, cost benefits, international brands etc. The growth of internet usage has lead to e-commerce. Organizations need to devise strategies with the focus on changes in modern life. Hence there is need to focus on examining website factors and types of online buyers based on their frequency of purchase.

## **2. Literature review**

James j.h. liou (2011) examined the relationship between perceived risk, perceived value, convenience and attitudes toward in-flight shopping and behavioral intentions. A sample of international air travelers in taiwan was used. The results suggest that both perceived value and convenience have significantly positive effects on attitude, but the path between perceived risk and attitude is not significant. Findings of study also show that attitude has significant effects on customer intention.

Pookulangara et al (2011) in their exploratory study examined channel-switching behavior in bricks-and-mortar stores, catalogs, and the internet. They have used a sample of 547 respondents for data analysis. Factor analysis and regression test were used for data analysis. They found that attitude towards channel-switching was significantly influenced by hedonic and utilitarian beliefs in stores and catalogs. Another finding showed that attitude towards channel-switching was only influenced by utilitarian beliefs in internet channel.

Hassanein and head (2007) investigated the impact of socially rich text and picture design elements of various levels on the perception of online social presence and its subsequent effect on antecedents of attitudes towards websites. They had shown higher levels of perceived social presence to positively impact the perceived usefulness, trust and enjoyment of shopping websites, leading to more favorable consumer attitudes.

Hernandez et al (2010) in their study aimed at analyzing moderating effect of e-purchasing experience. They analyze the perceptions of potential e-customers and

experienced e-customers. They found that consumer behavior change with purchase experience.

Kim et al (2007) in their study examined the influence of level of iit i.e. Image interactivity technology (iit), such as close-up pictures or zoom-in functions, mix-and-match functions, and 3d virtual models to enhance consumers' online shopping experience on consumer perception of online retail environment, shopping enjoyment, shopping involvement, a desire to stay, and patronage intention. They found significant structural relationships between these research variables.

Soopramanien and robertson (2007) in their empirical study showed how socio-demographic variables, attitudes and beliefs towards internet shopping affect both the adoption decision and usage of the online shopping channel. They found behavioral difference between three forms of behavior such as online purchase, browsing and in-store purchase.

Castaneda et al (2007) in their empirical study examined how davis's technology acceptance model (tam) helped managers predict a user's intention to revisit a website

and how this changed over time as a user gained experience of the internet and the website. They found that less experienced users, *perceived ease of use* was found to be a more important factor in deciding to revisit the website, whereas *perceived usefulness* had more effect on more experienced users.

Dong-mo koo (2006) investigated hierarchical effects of personal values, evaluation of online store attributes and loyalty. A sample of 353 experienced online shoppers was used in south korea for data collection. The study found that esteem life had a positive effect on attribute evaluations, mature life and happiness had negative effect on loyalty.

Cho and geistfeld (2004), in their study examine how cultural values affect consumer decision-making with respect to e-commerce (on-line shopping) adoption in the united states and korea. The findings suggest that cultural values are antecedents to perceived risk, perceived self-efficacy, and subjective norm. Furthermore, the findings indicate that while the overall behavioral mechanism underlying choice is similar for the two countries, there are differences in the relative importance of the

factors determining consumers' intention to adopt e-commerce.

Hung-pin shih (2004) developed an extended model of consumer acceptance of e-shopping and tested it with multiple regression tests. The study found that individual attitude towards e-shopping are strongly and positively correlated with user acceptance. It also found that perceived use and perceived ease of use significantly determine individual attitude.

Vijayasathya (2004) used a sample of 281 consumers to test a model of consumer intention to use on-line shopping. The study found compatibility, usefulness, ease of use, and security to be significant predictors of attitude towards on-line shopping, but privacy was not. Another finding showed that intention to use on-line shopping was strongly influenced by attitude toward on-line shopping, normative beliefs, and self-efficacy.

Lee et al, (2003) had used two independent variables such as workspace awareness, user-awareness and three mediating variables including pleasure, arousal and dominance to study effect of situation awareness on user attitude. They

found situation awareness information produced high pleasure, arousal and awareness. They also found user awareness information provided greater pleasure, arousal and dominance.

### **3. Objectives**

The research has following objectives.

1. To identify perception of online shoppers towards website factors.
2. To identify whether perception of different types of online buyers i.e. Trial buyers, occasional buyers, frequent buyers and regular buyers varies towards different website variables in online shopping in b2c e-commerce in hyderabad.

### **4. Hypotheses**

Hypotheses 1: there is a significant difference in perception of online buyers towards website factors.

Hypotheses 2: there is a significant difference in perception of website features among four types of online buyers while shopping online.

## **5. Research methodology**

### **5.1 scope of the study**

The study involves different types of online shoppers based on frequency in business to consumer (b to c) market segment. The respondents involved in this research study were selected from the hyderabad with the condition of having had experience in online shopping.

### **5.2 population and sample size**

The population of this study includes online shoppers in hyderabad who have purchased different products from online shopping sites. It involves a sample size of 93 experienced online shoppers.

### **5.3 data collection**

The current study understands perceptions of different online shoppers towards website factors. Primary data was collected with a self administered questionnaire from online shoppers in hyderabad. Secondary data was collected from articles in e-journals related to online shopping. Snow ball sampling technique was used to identify people having internet shopping experience.

### **5.4 survey instrument**

A structured questionnaire was developed with five point rating scale with ranging from strongly agree to strongly disagree on website variables such as website design, customer service, security reliability towards online shopping. It was developed with discussion of experts and online shoppers and review of literature.

### **5.5 statistical tools**

Data analysis was done using statistical package for social science (spss) version 17.0 for the data gathered through structured questionnaire. Mean, standard deviation, and one way anova were used as statistical tools.

## **6. Data analysis and results**

### **6.1 sample profile:**

Online buyers' demographics are the basis of the online marketing strategy. As they will influence business strategy decisions. Hence demographic features of online buyers in Hyderabad are exhibited in table 1 below.

Table 1: sample profile

Demographic variables	Categories	Count	Percentage
Gender	Male	64	69 %
	Female	29	31 %
Age	20-29 years	62	67 %
	30-39 years	14	15 %
	40 -49 years	17	18 %
Marital status	Single	58	62 %
	Married	35	38 %
Education	Under graduate	3	3 %
	Graduate	40	43 %
	Post graduate	50	54 %
Occupation	Student	13	14 %
	Faculty	8	9 %
	Corporate executive	45	48 %
	Professionals	27	29 %
Income per month	Less than 10,000	22	24 %
	10,001-20,000	22	24 %
	21,001-30,000	18	20 %
	31,001-40,000	4	4 %
	41,001-50,000	6	6 %
	Above 50000	5	5 %
	Missing values	16	17 %

Source: primary data

## 6.2 online buyers' perception towards website factors:

In this section first research objective is discussed. In order to identify perception of

online buyers towards four website factors mean, standard deviation was performed. Website variables in these factors are rated

on likert scale ranging from strongly agree-5 to strongly disagree-1. The results are presented below.

**Table 2:** online buyer's perception towards four website factors

<b>Factors</b>	<b>Website variables</b>	<b>Mean</b>	<b>Std. Deviation</b>
Website design	Selection of goods	4.12	.942
	Price competitiveness of goods	3.76	.877
	Saves time to gather information	3.62	.833
	In depth information	3.41	.947
	Fast information download	3.41	1.033
	Accuracy of content	3.46	.962
	Convenience	3.57	.982
	Stylish products	3.33	1.046
	<b>Overall mean of website design</b>	<b>3.59</b>	<b>0.95</b>
Customer service	Order tracking through site	3.57	.925
	Fast customer service	3.65	.951
	Email, call center helpful	3.53	.928
	<b>Overall mean of customer service</b>	<b>3.58</b>	<b>0.935</b>
Security	Third-party seal of approval	3.35	.928
	Security policy for credit card	3.35	.842
	Privacy protection on site	3.65	.880
	<b>Overall mean of security</b>	<b>3.45</b>	<b>0.88</b>
Reliability	Acceptance of return goods	2.92	1.055
	Safe package delivery	3.55	.787

	Reliability of delivery	3.69	.884
	<b>Overall mean of reliability</b>	<b>3.387</b>	<b>0.909</b>
	<b>Overall mean of four factors</b>	<b>3.50</b>	<b>0.92</b>

Source: primary data

Firstly, the website design factor had got highest mean score i.e. 5.89 as stated in table 2. Goods selection (4.12), price competitiveness (3.76), time saving (3.62) and convenience (3.57) all had high mean scores within this mean factor. In-depth information, fast information download had low mean score, which implied that online shoppers were less satisfied with this area of service. Level of stylishness (3.33), had a poor rating in this factor.

Secondly, online shoppers rated the website reliability/fulfillment factor as second highest mean score. This implied that online shoppers were satisfied with the customer service attributes of e-retailers. In this factor all of the variables were higher than the overall factors' mean score of 3.50. They rated customer service as fast with high mean of 3.65. Order tracking and email response both had same mean, with email rating slightly lower. This implies that online buyers' were happy with customer service provided by e-retailers.

Thirdly, online buyers rated the website security factor at 3.45, which was lower than the overall perceived average score of 3.50 (table 2). Privacy variable within this factor has the mean score of 3.65. Third party seal and security policy both had the same mean i.e. 3.45. It shows that online buyers are still concerned with security and third party assurance.

Fourthly, compared with the perceived overall perception of a website with a mean score of 3.50, online buyers rated the website reliability factor at a considerably lower mean score. The overall mean score for this factor was 3.387 (table 2). In this factor, safety of package and reliability within this factor had higher mean score at 3.55 and 3.69. The acceptance of returned goods had got poor mean score i.e. 2.93 (table 2). This implies that online buyers' were still concerned about acceptance of returned goods. Hence, they must be reassured that the returned will be accepted with genuine reasons.



### 6.3 perceptions towards website variables in four types of online Buyers :

In this section second research objective is discussed. In order to compare perceptions of four types of online buyers towards

website variables, a series of anova tests, and the comparison of the mean values of the variables, were performed. In this article mean ratings were obtained for all variables with five point scale ranging from strong agreement to strong disagreement. Variable were ranked based on mean ratings.

Table 3 ANOVA on website variables and types of online buyers

Website variables	Trial Online buyers		Occasional Online buyers		Frequent Online buyers		Regular Online buyers		F-test	Sig.
	Mean	Rank	Mean	Rank	Mean	Rank	Mean	Rank		
Selection of goods	3.72	7	4.39	1	4.10	1	4.89	1	5.670	.001
Price competitiveness of goods	3.78	4.5	3.86	2	3.45	6	4.11	4.5	1.453	.233
Saves time to gather information	3.69	8	3.43	12.5	3.55	3	4.11	4.5	1.718	.169
In depth information	3.42	15.5	3.39	14.5	3.20	10.5	3.89	8.5	1.103	.352
Acceptance of return goods	2.78	4.5	2.93	18	2.90	17	3.56	14	1.322	.272
Security policy for credit card	3.44	14	3.46	10.5	2.90	17	3.67	12.5	2.803	.044
Privacy protection on site	3.75	6	3.71	3.5	3.45	6	3.44	16.5	.705	.552
Safe package delivery	3.81	3	3.50	8	3.20	10.5	3.44	16.5	2.833	.043
Reliability of delivery	3.89	1	3.46	10.5	3.45	6	4.11	4.5	2.503	.064
Timely delivery of products	3.56	12.5	3.50	8	3.15	12	3.44	16.5	.924	.433
Fast information download	3.56	12.5	3.26	17	2.95	15	4.22	2	3.902	.011
Accuracy of content	3.61	10.5	3.43	12.5	3.25	9	3.44	16.5	.617	.606
Convenience	3.86	2	3.50	8	2.90	17	4.11	4.5	5.934	.001

Stylish products	3.22	18	3.39	14.5	3.10	13.5	4.11	4.5	2.243	<b>.089</b>
Order tracking through site	3.67	9	3.68	5	3.10	13.5	3.89	8.5	2.445	<b>.069</b>
Fast customer service	3.61	10.5	3.71	3.5	3.55	3	3.78	10.5	.185	<b>.907</b>
Email, call center helpful	3.42	15.5	3.61	6	3.55	3	3.67	12.5	.304	<b>.822</b>
Third-party seal of approval	3.33	17	3.29	16	3.30	8	3.78	10.5	.697	.556
Average score of different online buyers	<b>3.56</b>		<b>3.53</b>		<b>3.28</b>		<b>3.87</b>			

Source: primary data

Trial online buyers were taken as those who had purchased products online once in the last year. In case of trial online buyers twelve variables such as reliable delivery, convenience, price, acceptance of returned goods, privacy, selection, time saving, timely delivery, fast information download and accuracy were above the perceived overall mean score of 3.50 (table 2). The next group of six variables had mean score of 3.44 to 2.78. These include security, timely delivery, email, third party assurance, in-depth information and stylish products. Most of variables are above average level of mean scores. This shows online buying experience is good for trial buyers.

Occasional online buyers were those respondents who had bought products or services online two to four times in the last

year. According to the ratings provided by online occasional buyers (table 4) nine variables had mean score higher than the perceived overall mean score of 3.50. These variables were selection, low price, privacy, order tracking, email, fast customer service, convenience, timely delivery and safe package. The other group of variables had mean rating lesser than overall sample mean score of 3.50 (table 3). They are time saving, in-depth information, returned goods acceptance, security, reliability, information download, accuracy, stylish products, and third party seal. It can be found that the number of variables with low ratings reduced along with an increase in online buying frequency. The overall category mean score of 3.53 meant that online occasional buyers were only just satisfied with the quality of the websites they visited,

in comparison to the overall sample mean score of 3.5 (table 3).

In this study frequent online buyers were those who had bought products or services five to ten times online in the last year. According to the ratings provided by frequent online buyers (table 4) selection of goods was rated above 4.0. Moreover, three variables were rated higher than the perceived overall mean score of 3.50 (table 3). These three variables were; time saving, fast customer service and email. The other group of variables had mean rating lesser than overall sample mean score of 3.50 (table 3). They are low price, in-depth information, third party seal, privacy, safe package, reliable delivery, timely delivery, accuracy, stylish products and order tracking. Four out of the eighteen variables had poor mean scores (from 2.90 to 2.95). They were acceptance of returned goods, security policy, information download and convenience. The overall category mean score of 3.28 which showed that online frequent buyers had poor satisfaction level towards quality of the websites they visited, in comparison to the overall sample mean score of 3.5 (table 3).

Regular online buyers were taken as those who had bought products or services more than ten times online in the last year. Regular online buyers rated all elements with high mean scores. Fourteen variables were having higher mean score than the perceived overall mean score of 3.50. Seven variables were rated above 4.0. Selection of goods had the highest mean of 4.89. Seven out of the eighteen variables had lower means, however, than the category mean (3.87). These were; in-depth information, acceptance of returned goods, security policy, order tracking, fast customer service, email and third party seal. Regular online buyers' perception of the website variables was very high.

It can be concluded that regular web buyers were much more satisfied with all website variables than all other online buyer categories. Trial online buyers were not as satisfied as regular online buyers, but had better perception than occasional and frequent online buyers. It shows that more number of purchase through online shopping helps in building trust of online buyers.

A series of anova tests were performed to test the difference in perception of the website variables in terms of the four types

of online buyers. As table 4 showed, only selection of goods ( $p=.001$ ), security policy for credit card ( $p=.044$ ), safe package delivery( $p=.043$ ), fast information download( $p=.011$ ), convenience( $p=.001$ ), showed significant differences across the four types of online consumers at a 95% confidence level. The other website variables; i.e., competitive price ( $p= .233$ ), time saving ( $p= .169$ ), in depth information ( $p= .352$ ), acceptance of return products ( $p= .352$ ), privacy ( $p= .552$ ), reliable delivery ( $p= .064$ ), timely delivery ( $p= .433$ ), accuracy ( $p= .606$ ), stylish products ( $p= .089$ ), order tracking ( $p= .069$ ), fast customer service ( $p= .907$ ), email ( $p= .822$ ); showed no significant differences across the four types of online consumers. This indicated that the four types of online shoppers perceived only few variables differently.

## **7. Interpretation for hypothesis**

### **7.1 Hypothesis 1**

In table 2, mean and standard deviations were performed for four website factors and their variables. In this research online buyers have very different perceptions of all four factors. It was found that the website

design factor is the most satisfactory factor, followed by customer service for online buyers, while website reliability has got lowest mean score. From this we can conclude that there is significant different in perceptions of online buyers towards four website factors. Hence hypotheses 1 is accepted.

### **7.2 Hypothesis 2**

In table 3 mean, ranking and one-way anova test were performed to four types of online buyers. In case of website variables there are no significant differences among four types of online buyers. As majority of variables have got significance score higher than 0.05. Hence, hypothesis 2 is rejected.

## **8. Discussions**

The study explored perception of online buyers towards website factors and also perceptual differences in four types of online buyers in Hyderabad. The study categorized website variables in to four factors namely website design, customer service, security, reliability which influence consumer perceptions of their online purchasing experiences. Online buyers had different perceptions of these four factors. Website

design had the highest rating score, followed by website customer service. Website security ranked third, and the lowest was website reliability. Each of the four types of online buyers has a different perception of specific website elements and website factors. Regular online buyers were much more satisfied with website variables than the other online buyers.

## **9. Limitations**

There are some limitations in the present study. First, the present study is limited to online shoppers sample from Hyderabad. Another limitation is respondent's selection, which is based on convenience. Finally, results are subjected to common limitation of accuracy of response.

## **10. Future directions of the study**

The findings of study provide some directions to future. First of all one of the important area for future research is to compare online buyers difference concerning frequency of purchase with respect to traditional and web based shopping channels. Second, future research could investigate differences of shopping values based on different consumer market

segments based on other variables such as age, education, income.

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