Impact of Demographic factors on online shopping behavior: An Empirical Study

Prof. Neha Sahu
Prof. Nidhi Jhawar
Assistant Professor IBMR, IPS Academy
Indore (M.P.)

ABSTRACT

Recent development in the field of consumer environment is inclination towards online shopping. Remarkable growth of E-business is highly dependent on recent development of online shopping. This is the future of shopping world. Many new ventures & exciting once are showcasing their products & services on-line for sell. It is a very common platform for shopping in rest of the world apart from India. Growth of online business is still not in line in spite of large Indian strategic consumer market. The potential growth of this market has prompted the idea to conduct the research on impact of demographic variables on consumer buying behavior with special reference to Indore district. Study focuses on various demographic factors like age, income, gender, marital status & family size. These factors greatly effect on purchase decision, satisfaction, frequency of purchase & overall time spent on online shopping. The outcomes of the study can be used by other researchers for further analysis in the similar areas.

Keywords: *On-line shopping, Demographic factor, Age, Gender, Family Size, Income, Marital Status.*

INTRODUCTION

Use of internet has brought a paradigm shift in every field like education, service & manufacturing. Now the things are going in unique direction. Consumers seek & use the available information for enhancing their knowledge when it comes towards shopping. Everything is available on internet & has become a very important activity of business these days. Key success of business is highly depends upon how well companies are interacting & using social networking sites or their own web pages as a model of doing business. Internet is giving platform not only to first hand goods but market for second hand goods is also getting a place on internet. Everything is available on internet but any company has to find out who their customers are, on which site they spent a lot of time, how to approach that particular portal where your target audience is available. Customer habits have gone through major changes that can be understood by the study of demographic variables. Before this modern era buying style, way to live life was different then today. Customers were not interested in frills or fancy items; they used to buy from the point of view of storage huge quantity. Todays customer is different kettle of fish. Increase in disposable income & its impact are enlarged spending rather than saving is the present scenario. Due to the growing business scenario there are number of opportunities where things & services are offered to target audience. Online shopping made it easy to reach more & more customers; it is advantageous for business houses as well as for customers as they also get more varieties. Online shopping reaches to diversified customers living in remote areas at minimum cost. Various costs like physical stores, inventory management overheads & administration expenses decreased significantly through online shopping.

Business practices are considering the "Customer is king today". So giving benefit to the society form the new trend of online shopping has to be materialized. Its gives lot many benefits to the customers for example they can shop from any place, lots of options are available, easy payment options & most important is easy exchange process from various portals.

Therefore, customer in remote areas where they do not get enough choices on any retails outlet or other shops, internet helps to overcome from this problem. Here on internet customer can visit to many sites & reach to the

final choice after evaluating the options. Products are available 24*7 & with the help of internet connectivity it's very easy to buy them online& also helps in saving customers time & energy. Desired things & more choice availability, less excess time & lots of available search engines are reasons for customer shift from brick & mortar concept to online shopping. However the online shopping is having one major drawback that product & services available online do not involve any "touch & feel factor". Due to the benefits like product cost, low buying efforts & easy access made it very much possible to create interest of customers to buy just after looking at the price of the product. But apart from all these sometimes it may possible that due to high delivery charges customer leaves the cart in between. Customer may fall in making the final purchase due to the security options arising from payment through credit & debit card. So privacy problem is one major issue of internet shopping.

LITERATURE REVIEW

Solomon, 1998 suggested that"Study of consumer behavior involves the process of selection, purchases& use of products & their experience while satisfying the needs". Internet has greatly influenced the purchase decisions of individuals, their intention towards online buying, level of satisfaction & the reasons why they take up or hesitate in buying the products online.

Schiffman, Scherman, & Long, 2003 inhis study researched that "individual behavior is influenced by group they belongs to, situation they come across. Behavior is results of various attitudes a customer or situations during online shopping.Internet buyers were knows as innovators & early adopters but they have reached to maturity stages. Customers are inclining towards online retail chain& the factors are higher education levels, income, risk tolerance level & social factors".

Bellman et al. (1999) mention that demographics are not that important in determining the customer purchase potential for online shopping. Individuals risk taking capacity defines their inclination for online shopping. E-shoppers are the high risk bearing customers. Consumers, who are more conscious for privacy & security, tend to buy less from online.

Sultan and Henrichs (2000) in his study concluded that the consumer's are willingly shifting for internet shopping and their interest is highly related with demographic variable & innovativeness. Vijay, Sai. T. &Balaji, M. S. (May 2009), revealed that consumers from entire world are shifting from crowded shopping areas to one click shopping platform. But in Indian apart form time saving & convenience; security is the major concern need to work for attracting more traffic at online platform.

Kotler, (2003) explains that consumer buying decision is a set of activity an individual performs. The activity starts with identification of problem then information search, evaluation of alternatives, purchase decision & post purchase behavior. But due to the availability of more & more options for satisfying the need, it is very important for the online as well as retail store to come with more creative approaches to attract & retain the customer.

Goldsmith and Flynn (2004) state that apart from online shopping customer especially females are inclining towards home catalog shopping which is another way of traditional shopping. The variety of products & offers on those products attracts the females. The major segments in which we find this approach are housekeeping products, body care products & utensils. Again the drawback is the products cannot be touch & feel before purchase like in shopping at retail outlet.

Kim and Park (2005) using U.S. samples suggests that their positive attitudes as well as willingness to search for pre-purchase information leads to a strong likelihood that they will buy online. Online shoppers are required to have computer skills in order to use the Internet for shopping. Hence, those who are not comfortable with using the computer, will likely do their shopping at the traditional store, modern shop, or discount store (Monsuwe , 2004) because it will be faster shopping there than in the Internet shop.

Michal Pilik, (2012) stated that individual's online behavior is affected by many factors for example economic, demographic & technical. Customer chooses portals for online shopping from the reference groups who have experienced the benefits of online shopping. They take the feedback and involve into online buying. Cash on delivery is one major factor for Indian customer inclining towards online shopping. Complicate shoppers take full knowledge about the authenticity of website, terms of delivery, payment mode before they spend money online & arising of discomfort may force them to shift from one portal to another or to leave the product quickly.

Online Shopping Customer Experience Study, (2012) expresses that customer satisfaction is the major parameter to be look after. Satisfaction level can be increased by providing more secure payment options, free shipping, delivery at remote areas & easy return policy. Free shipping is that motivation factor that attracts customer for the repeat purchase & sometimes customers are willing to pay a reasonable amount for getting the speedy delivery. Timely & safe delivery of the products encourages to customer for publicity of the online retailer.

RESEARCH OBJECTIVES

To study the impact of demographic variables on on-line shopping behavior of consumers.

Research Hypothesis

Hypotheses are formulated to identify the impact of demographic variables on online shopping attitude of consumer.

H_1: There is no significant difference between gender groups on attitude towards online shopping behavior.

H_2: There is no significant difference between age groups on attitude towards online shopping behavior.

H_3: There is no significant difference between salary groups on attitude towards online shopping behavior.

H_4: There is no significant difference between job designation groups on attitude towards online shopping behavior.

H_5: There is no significant difference between marital status groups on attitude towards online shopping behavior.

RESEARCH METHODOLOGY

The study is based on both qualitative & quantitative data to fulfill the stated objectives. Study is done through reviewing the existing literature that helped in identifying the important variables. Descriptive study is done through structured questionnaire & study of data which is already available. Primary data for this study is collected through structured questionnaire whereas the sources for secondary data were journals, news paper& internet.

The questionnaire is divided into two sections. Section A is related to the information of demographic profiles of the respondents. The questions of this section are developed on definite basis. The respondents are asked to complete their gender, age, income, job profile and marital status.Section B is related to finding out the experience of respondents towards online shopping. They were requested to provide information like from where do they normally access the internet for online shopping, how frequently do they visit for online shopping, number of sites they visit for comparison before final purchase, their experience during online shopping &frequency of products they buy from internet.

Convenience & snowball sampling were used. Initial sampling was done on the basis of convenience for example friends, relatives & colleagues. Then the contacts of initial samples were used for the further data collection. The sample size for questionnaire was 100 respondents of Indore city. Respondents were from

different background like professionals, business class, students & house hold females. Collected data was analyzed with the help ANOVA for testing the hypothesis.

Following points were taken care while drawing the samples:

● People who access the internet.

● Respondent is at least graduate.

● People who have come across for online shopping

● People who use credit or debit card for online payments.

VARIABLES OF THE STUDY

Independent Variables: Demographic Variables (Gender, Age, Income, Job Profile, Marital)

Dependent Variables: Attitude towards online shopping.

RESULTS & DISCUSSIONS

1.   Demographic profile of the respondents:

Table 1 explains the demographic profile of the respondents. The results indicated that out of the 75 respondents, 33.5% are the male respondents whereas the female respondents are 66.5%.Sligtly more than half of the respondents belong to the age group 21 to 30 years 53.33%. 29.33% respondents are between 31 to 40 age group. 17.34 % of the respondents are from the age group 40 years & above.

Income group between Rs. 10000 to 25000 are in majority. Rs. 25000 to 50000 income group is having 20 % & Rs.50000 & above are of 10.67 %. Out of 75 respondents students % is highest i.e. 49.34. Professionals are second in row with 30.67% &self employed& others are having 10.67 % & 9.33 % respectively.

Table 1

Gender of Respondent		
Male	25	33.5%
Female	50	66.5%
Total	75	100%
Age of Respondent		
21 to 30	40	53.33%
31 to 40	22	29.33%
41 & Above	13	17.34%
Total	75	100%
Income of Respondent		
10000 to 25000	52	69.33%
25000 to 50000	15	20%
50000 & above	8	10.67%
Total	75	100%
Occupation of the Respondent		
Students	37	49.34%
Professionals	23	30.67%
Self-Employed	8	10.67%
Others	7	9.33%
Total	75	100%

2.   Impact of Gender on attitude towards online shopping behavior

This section shows the result of H1. The hypotheses state that there is no significant difference between gender differences on attitude towards online shopping behavior. F-ANOVA is used to test the hypothesis.

Table 2 shows the results of the hypothesis 1. Result of the descriptive study shows that male respondents have higher rate of online shopping with a mean score: 3.0435 in comparison to female respondents having mean score: 1.5643. The result shows that male respondents incline more towards online shopping then female.

Result of inferential study shows that online shopping behavior between the genders significantly differs. Male respondent's attitude is more positive for online shopping. Many studies show the female attitude is more skeptical & they take time to adopt the changes in comparison to male. Therefore, hypothesis 1 is rejected.

Table 2

Descriptive Analysis			
Gender	**No.of Respondent**	**Online Shopping Mean**	**Std.Deviation**
Male	25	3.0435	1.28835
Female	50	1.5643	.81542
Total	**75**	**2.0526**	**1.21375**

Analysis of Variance				
Dependent Variable (online shopping behavior)	**d.f.**	**Mean Square**	**F**	**Sig.**
Between Groups	1	101.3	101.972	0.000
Within Groups	74	.992		
Total	**75**			

3.   Impact of Age group on attitude towards online shopping behavior

This section shows the result of H2. The hypotheses state that there are no significant differences between different age group on attitude towards online shopping behavior. F-ANOVA is used to test the hypothesis.

Table 3 shows the results of the hypothesis 2. Result of the descriptive study shows that are age group between 31 to 40 has the higher rate of online shopping with a mean score: 2.8096, then age group above 41 with a mean score: 1.8322. Respondents between age group 20 to 29 having the least mean score: 1.6455 indicates that this group is least incline for online shopping in compare to other age group.

Result of inferential study shows that online shopping behavior between the age groups significantly differs. Age group between 31 to 40 is more incline for online shopping. Therefore, hypothesis 2 is rejected.

Table 3

Descriptive Analysis			
Gender	No.of Respondent	Online Shopping Mean	Std.Deviation
21 to 30	40	1.6455	.73680
31 to 40	22	2.8096	1.45969
41 & Above	13	1.8322	1.18333
Total	75	2.0571	2.0571
Analysis of Variance				
Dependent Variable (online shopping behavior)	d.f.	Mean Square	F	Sig.
Between Groups	1	32.454	27.713	0.000
Within Groups	74	1.171		
Total	75			

4. Impact of Income group on attitude towards online shopping behavior

This section shows the result of H3. The hypotheses state that there is no significant difference between different income group on attitude towards online shopping behavior. F-ANOVA is used to test the hypothesis.

Table 4 shows the results of the hypothesis 3. Result of the descriptive study shows that mean score of income group Rs. 50000 & above is the highest 3.6250, followed by the respondents belongs to the income group between 25000 to 50000 with a mean score 2.8500. Lowest mean score is of income group between 10000 to 25000 i.e. 1.5822. Result shows that income group 50000 & above spent more on online shopping compare to those who earns below 50000.

Result of inferential study shows that online shopping behavior between the different income groups significantly differs. Income group 50000 & above spent more on online shopping. Therefore, hypothesis 3 is rejected.

Table 4

Descriptive Analysis			
Income Group	No.of Respondent	Online Shopping Mean	Std.Deviation
10000 to 25000	52	1.5822	0.73115
25000 to 50000	15	2.8500	1.45972
50000 & above	8	3.6250	1.13492
Total	75	2.0571	1.21260
Analysis of Variance				
Dependent Variable (online shopping behavior)	d.f.	Mean Square	F	Sig.
Between Groups	1	58.538	63.695	0.000
Within Groups	74	0.919		
Total	75			

5.   Impact of Occupation on attitude towards online shopping behavior

This section shows the result of H4. The hypotheses state that there is no significant difference between occupations on attitude towards online shopping behavior. F-ANOVA is used to test the hypothesis.

Table 5 shows the results of the hypothesis 4.   Result of the descriptive study shows that mean score of the professionals is the highest 2.8000, followed by the respondents who are self employed a mean score 2.4211. students& others includes housewife's having the least mean score i.e. 2.1096 & 1.8889 respectively. Result shows professionals are more incline for online shopping.

Result of inferential study shows that online shopping behavior between the occupations does not differ significantly. Therefore, hypothesis 4 is accepted.

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Table 5

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Descriptive Analysis				
Occupation	**No.of Respondent**	**Online Shopping Mean**	**Std.Deviation**	
Students	37	2.1096	1.13016	
Professionals	23	2.8000	1.73333	
Self-Employed	8	2.4211	1.60955	
Others	7	1.8889	1.22927	
Total	**75**	**2.0571**		
Analysis of Variance				
Dependent Variable (online shopping behavior)	**d.f.**	**Mean Square**	**F**	**Sig.**
Between Groups	1	3.764	2.620	.052
Within Groups	74	1.437		
Total	**75**			

6.   Product categories for online shopping

Literature reviews & other sources have given the insight on the major products which are dealt in online shopping. The categories of products generally customers prefer to buy online are as follows:

●   Airline/train reservations

●   Banking & other financial services

●   Books/Magazines/membership of library, news dailies

●   Software/Hardware/DVD/CD

●   Dresses/Apparels/ Footwear/Jewellery /Accessories

●   Electronics/Mobile phones

Product Category

- Airline/train Reservation
- Banking and Financial services
- Electronics
- Books/Magzines
- Software/Hardware
- Dresses/Apparels/footware/Accessories
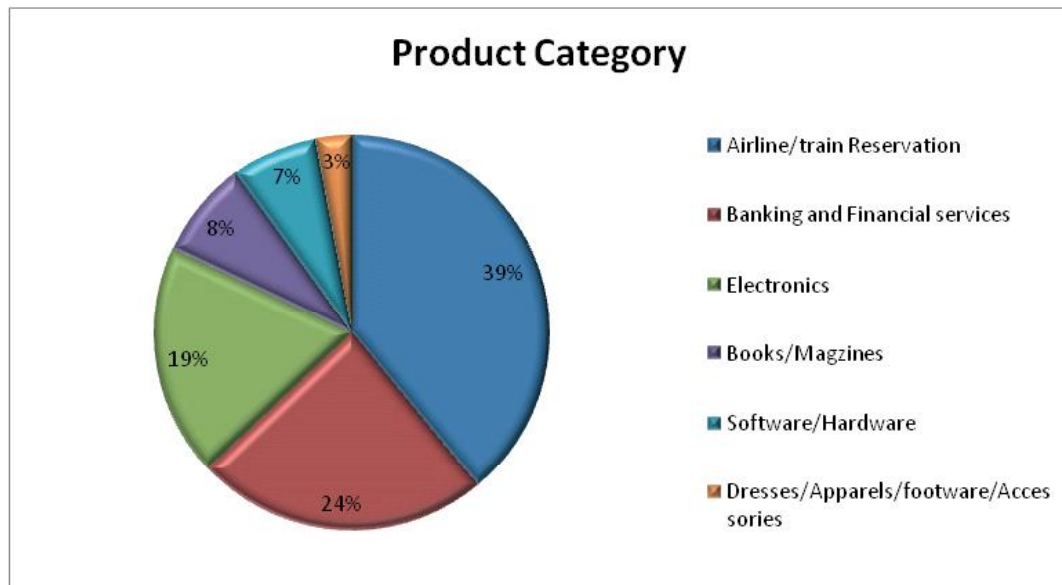
Analysis shows that major online buying are of utility services more than fashion products like apparel & accessories where size, comfort, touch & feel play an important role while making a purchase decision.

DISCUSSION AND CONCLUSION

This study examines the impact of demographic variables on attitude towards online buying. Four variables related to demographic profile were chosen: gender, age, income & occupation. Results shows that gender, age & income of respondent significantly impact on attitude towards online buying but impact of occupation do not impact on attitude towards online buying of individual.

Online shopping not only includes the fashion & accessories but online use of public utility services have increased tremendously. The result shows that gender plays an important role in influencing attitude towards buying online. Male respondents are more into online transaction then female shoppers. Study supports the belief that male shoppers are doing more online transaction due to high commitment towards their occupation this is the most convenient way for them. On the other hand females are more incline for products that can be feel, touch & try even in some products. The studies also show that age is also a parameter significantly impacting on attitude for online buying. Age bracket between 31 to 40 years are more incline for online shopping reasons might be there awareness, income level & social group they belongs to. Those who belongs to below age group 30 just have started working therefore; they might not spent more on shopping due to their other financial commitment. Age group between 20 to 30 are more computer literate that's the reason they like to shop more from different portal but due to lake of financial resources they do not buy much from online. The study also includes the occupation as an important demographic variable. Major contribution in online shopping is of Professionals &self employed as they are financially sounds next comes in the row are students & others. One possible reason for those who buy more from online this their easy access in credit card facility which motivates them to shop online.

This study will give an overview for those who are framing strategies for online shopping portals. Online websites should pay more attentions to security aspects & work out more for those who are buying less from online shopping. There are few limitations of this study because it had included only four demographic factors impacting on attitude towards online buying. Not only the demographic factors but other factors like available sites, computer literacy, security, easy return policy & internet access can be considered as important factors that may incline individual for online buying.

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