

AN EMPIRICAL STUDY ON IMPACT OF DEMOGRAPHIC FACTORS ON PURCHASE FREQUENCY OF ONLINE SHOPPERS'- WITH RESPECT TO DELHI NCR

KRITY GULATI MEHTA*, BINEET SINHA AND
VIJIT CHATURVEDI*****

Abstract

On-line shopping is the new wave of era. It is the initial phase of new biz world. Many business houses are using it as a platform to share information, buying and selling the products, providing customer services as desired on the other end etc. This platform is not only influencing the Indian players but it seemed as one of the lucrative opportunity to global players as well. The uprising trend and inclination of both buyers and sellers has elicited to conduct a study on online shopping in India. The present research is a descriptive & exploratory study with a sample size of 500 respondents. The efforts have been made to understand the relationship and influence of demographic factors of online shoppers' on buying frequency from e-tailors. The data was collected through Questionnaires. The results of study reveal that on-line shopping in India is significantly affected by various Demographic factors like age, gender, and income. The findings & results can be referred by researchers for further studies.

INTRODUCTION

This competitive era of industry is marked with a high degree of driving energy. As technological advancement and number of savvy customers are increasing, the notion of competitive advantage is eluding day by day (Bagga & Chouhan, 2013). Organizations are having almost similar technologies and a strong urge to generate differentiation and brand positioning. This has created a compulsion to attract more customers and increase market share by becoming more innovative. This phase enforce organizations to mark their presence everywhere and leave no stone unturned on the part of latest technology and innovations. The one such technology is "Online shopping" also termed as "virtual shopping".

* Research Scholar, MVN University, Palwal.

** Associate Professor and Head, MVN University, Palwal.

*** Associate professor, Amity Business School, Amity University, Noida.

Increased workload, challenging timelines and survival in corporate world became the ignition to this virtual world. As occupancy of professional front is continuously increasing, it is becoming difficult to spare time for shopping whether it is daily routine product like groceries of some lifestyle product. This is becoming a major reason for increasing inclination of consumers towards online shopping or virtual world of products (Mehta, Bansal & Bagga, 2017). And on other hand companies are using it as a major tool for being more competitive, more vibrant and leader in segment. Internet is changing the way consumers shop and buys goods and services, and has rapidly evolved into a global phenomenon. The companies have started using the Internet with the aim of competing in market by reducing cost and increasing the % of market share. The Internet is also used by organizations as a platform to spread the awareness and information also a medium to sell the product, to take feedback from customers etc.

Customers are using the Internet not only to buy the product online, but also to compare prices, product features and after sale service facilities they will receive if they purchase the product from a particular store. Since the era of virtual world started the researchers are studying and analyzing the different aspects of this gigantic and infinite phenomenon. Bagga & Bhatt (2013) conducted an Exploratory Factor Analysis and identified seven major intrinsic and extrinsic factors which govern the consumer's buying behaviour. These seven factors were: Need for Recreation, Convenience, Website Attributes, Online Advertising, Social Communication, Information Search and Security and privacy concerns. The importance of these seven factors differ across different demographic variables such as age, income group of consumers and gender. In this paper, we intend to portray the impact of demographics on online buying decisions and behaviors of shoppers especially within and around Delhi/ NCR region.

People shop online for many reasons. Chen (2001) states three main reasons for doing so. The first reason is convenience. People are working longer hours in today's high paced work environment. They do not have much time to deal with other tasks. Buying products and services online can save a lot of time because it can decrease travelling time to and from retail shops, and people are no longer restricted by opening and closing times. The second reason is the abundant information on offer. There is a broad range of information on the Internet; and people can get detailed product information before buying. The final reason is lower prices. Buying products online is often cheaper than buying in traditional stores, especially for books, CDs, computers, and airfares. Further, people can easily buy products at lower prices by comparing the prices between online stores and traditional stores (see Table 2.1).

The Internet has been used as a medium to sell products and services for many years. However, in the early stages only young businesspeople on high salaries tended to purchase online. Today because of improving technology, there has been a change in Internet purchasing. People can use the Internet to purchase goods more easily than ever before. Table 2.2 shows the percentage of Internet users who buy online and the average amount in US dollars they spend.

Table 2.1
Reasons Shoppers Cite for Buying Online

Save time by not going to store	70%
Can shop when stores are closed	69%
Avoid the holiday crowds	68%
Might be able to find better prices	59%
Can find products online more easily	52%
Find products not available in stores	50%
Easier to compare prices	47%
Have gifts sent directly to recipient	36%
Can avoid wrapping gifts	13%
Can earn loyalty points	13%
Purchase from wish list	10%

Source: Jupiter Research/IPSOS

Source: http://www.clickz.com/stats/markets/retailing/article.php/6061_3105491

Table 2.2
Number of online purchases and Average amount spent online

	2012	2013	2014
Internet users who buy online	45.1%	50.9%	39.7%
Number of online purchases	N/A	10.81	28.32
Average amount spent online	\$113.43	\$70.21	\$100.70

Source: The 2015 UCLA Internet Report

Source: India Today, 2015

RESEARCH OBJECTIVES& HYPOTHESIS

Research objectives

1. To identify the major motivating factors of online buying.
2. To study the impact of Demographic factors on on-line purchase frequency of shoppers' in Delhi-NCR

Hypothesis

H1: Demographic Factors of Shoppers' have no significant Impact on the online purchase frequency.

H1.1: Shoppers' Age has no significant impact on online purchase frequency

H1.2: Shoppers' Gender has no significant impact on online purchase frequency

H1.3: Shoppers' income has no significant impact on online purchase frequency

RESEARCH METHODOLOGY

For achieving the above objective, an exploratory study and descriptive study was conducted. Exploratory Study helped in going through the secondary data and researches available and also assisted in assessing the important variable and factors impacting online buying. Further in descriptive research a survey was conducted with the help of structured questionnaire. The responses were collected through reliable and validated scales SITEQUAL (Yoo & Donthu, 2001) and Etail Q (Wolfenbarger & Gilly, 2003).

Sample Size

The sample size of questionnaire was of 550 respondents out of which 500 respondents provided the complete details and are analyzed for concrete results. All the respondents were from Delhi & National Capital Region.

Sampling Technique

For conducting the research, Judgmental sampling was used that comprises of the respondents who have experienced internet in any form. Further efforts were made to limitise the sample with capping of senior secondary as qualification and as mentioned earlier they belongs to Delhi NCR only. As the research forged ahead many referrals of respondents added that resulted into Snowball Sampling as well.

DATA ANALYSIS & INTERPRETATIONS

5.1. Demographics of Respondents

1. The study comprises 59% of male respondents and 41% of female respondents.
2. The 5% of respondents are of less than 15 years of age, whereas 12.5 % are from 15-30 years age group. However Maximum respondents i.e. 60% are from 30-45 years of age group, followed by above 45 years with 22.5 %.
3. Maximum respondents i.e. 45% are having monthly income of 15,000-30,000. Whereas 22.5% respondents are earning less than 15,000 per month. Only 20% of respondents are from income group of 30,000-50,000 and remaining 12.5% respondents are earning more than 50,000 per month

5.2. Major Motivating Factors of Online Buyers

The study supports the belief that major reason behind online shopping is convenience with a share of 30%. It further provides the information that people prefer this platform to save time and avoid unnecessary hassles of traffic, parking etc. Then with the 21% of contribution, price is also a major lead as e-tailors provides mesmerizing offers and discounts especially on festive. Internet also motivates people for comparing product's features and prices and in taking decisions about

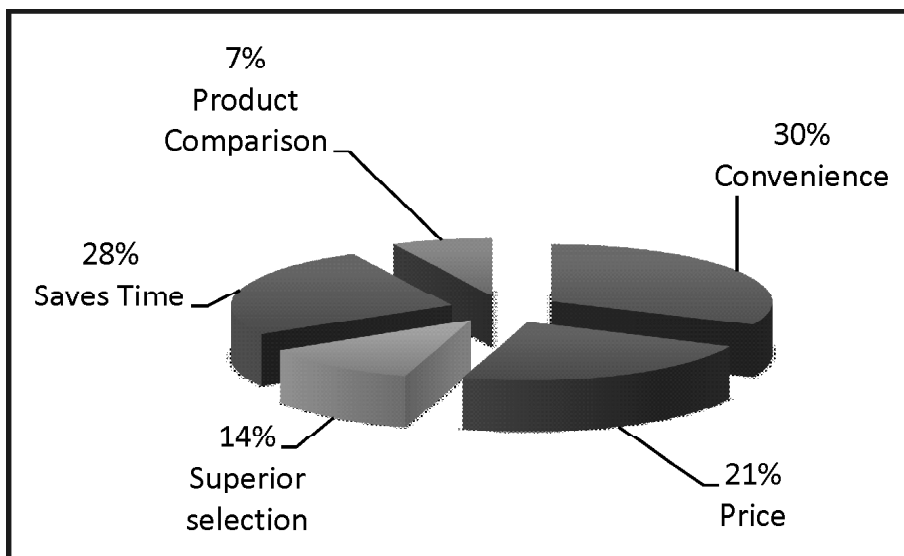


Figure 1: Online Shopping & Motivating Factors

what to buy or which brand should be preferred. Thus, many relevant conclusions have been derived from the study about the motivating factors which fetches consumer to this virtual world of websites.

5.3. Online Purchase Frequency on the basis of Gender

The researcher has used Chi-Square test to analyze the purchase frequency of male & females. The results are given in the following tables.

Table 4
Cross-tabulations of Gender and past online purchase frequency

			<i>Gender</i>		<i>Total</i>
			<i>Male</i>	<i>Female</i>	
Past online Purchase	Never	Count	15	37.5	52.5
		Expected count	31	21.5	52.5
Frequency for last year	1-5 times	Count	100	90	190
		Expected count	112	78	190
	5-10 times	Count	107.5	40	147.5
		Expected count	87	60.5	147.5
	10-15 times	Count	47.5	22.5	70
		Expected count	41.25	28.75	70
	More than 15 times	Count	25	15	40
		Expected count	23.5	16.5	40
Total		Count	295	205	500
		Expected count	295	205	500

Table 5
Chi- Square Tests

	<i>Value</i>	<i>df</i>	<i>Asymp.sig.</i> <i>(2-sided)</i>
Pearson Chi-Square	15.001 ^a	4	0.005
Likelihood Ratio	15.17	4	0.004
Linear-by-linear association	7.8755	1	0.005
N of valid cases	500		

On the basis of above results it can be concluded that gender significantly affect the online purchase frequency. It can further be observed that males are more frequent buyers on the platform of e-buying.

5.4. Online Purchase Frequency and Age

With the help of Correlation analysis, the relationship between age and online purchase frequency of the respondents can be analyzed. The following table shows the results.

Table 6
Cross-tabulations of past online purchase frequency and Age

		<i>Age</i>				
		<i>Less than</i> <i>15 years</i>	<i>15-30</i> <i>years</i>	<i>30-45</i> <i>years</i>	<i>Above 45</i> <i>years</i>	<i>Total</i>
Past online purchase frequency for last year	Never	25	35	2.5	0	62.5
	1-5 times	0	27.5	112.5	47.5	187.5
	5-10 times	0	0	92.5	47.5	140
	10-15 times	0	0	55	15	70
	More than 15 times	0	0	40	0	40
	Total		25	62.5	302.5	110

Table 7
Correlations

		<i>Past online purchase</i> <i>frequency for last year</i>	<i>Age</i>
Past online purchase frequency for last year	Pearson Correlation	1	.401**
	Sig. (2-tailed)		0
	N	500	500
Age	Pearson Correlation	.401**	1
	Sig. (2-tailed)	0	
	N	500	500

** . Correlation is significant at the 0.01 level (2-tailed).

On the basis of above results it can be concluded that there is a significant correlation in online purchase frequency and age of respondents. It can be further concluded that age is positively related to online purchase frequency.

5.5. Average Monthly Income and Online Purchase Frequency

To identify that whether there is any relationship between online purchase frequency and average monthly income, the correlation analysis has been used. The results are shown in the following table.

Table 8
Cross-tabulations of past online purchase frequency and Average Monthly income

		<i>Past online purchase frequency for last year</i>					
		<i>Never</i>	<i>1-5 times</i>	<i>5-10 times</i>	<i>10-15 times</i>	<i>More than 15 times</i>	<i>Total</i>
Average monthly income	Less than 15k	62.5	50	2.5	0	0	115
	15-30k	0	77.5	77.5	55	15	225
	30-50k	0	50	12.5	12.5	25	100
	Above 50k	0	10	47.5	2.5	0	60
Total		62.5	187.5	140	70	40	500

Table 9
Correlations

		<i>Past online purchase frequency for last year</i>	<i>Average monthly income</i>
Past online purchase frequency for last year	Pearson Correlation	1	.401**
	Sig. (2-tailed)		0
	N	500	500
Average monthly income	Pearson Correlation	.401**	1
	Sig. (2-tailed)	0	
	N	500	500

** . Correlation is significant at the 0.01 level (2-tailed).

On the basis of above results it can be concluded that there is a significant correlation among online purchase frequency and income of respondents. It can be further observed that income is positively related to online purchase frequency.

CONCLUSION

The shoppers’ responses indicated a significant impact of the gender on online buying. The studies also revealed that males are more engaged in online buying and surfing. Other demographic factors which are studied showed positive relation and impact on online purchase frequency. The results also revealed that maximum people prefers to shop online for convenience and time saving. The overall results show a positive inclination of respondents about online shopping. It further indicates

that there is a wide scope of online biz in National Capital Region. The organizations can use this study for formulating strategies and plans.

MANAGERIAL IMPLICATIONS

As mentioned earlier, the study is based on Delhi and National Capital Region. The organizations can plan and make strategies for specified region on the basis of above conclusions. The e-tailors can focus more on the age groups of less than 30 years of age as they are willing to buy online but are hesitant. They should also make strategies focusing on male segment as study revealed that males segment of Delhi and national capital region are more into online buying.

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