

A COMPARATIVE STUDY BETWEEN USA AND INDIA ON FACTORS AFFECTING ONLINE SHOPPING

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Abstract *Online shopping is the process whereby consumers directly buy goods or services from a seller in real-time, without an intermediary service, over the Internet. Retailers, real estate developers, and urban planners are interested in the geographic distribution of online buyers. Hence, this study was undertaken to compare the perception of customers of India and USA regarding online shopping. 250 respondents were approached from different cities of India and USA. The respondents were asked to give the online responses for the designed questionnaire in Google doc. The results of online survey were analyzed using t-test for the different factors contributing to online shopping. A significant difference was observed for the product constituent factor, while no significant difference was observed for all other factors related to consumer perception of India and USA related to online shopping. This research paper also focuses on the difference in the perception of consumers of India and USA towards online products and online payment mechanism.*

Keywords: *Online Shopping, Product, Accessibility, Security etc.*

INTRODUCTION

The global and convenient nature of Internet makes online shopping a perfect market place for users. E-shopping refers to the business-to-consumer (B2C) segment of e-commerce (Mokhtarian, 2004), i.e. product information search (online searching) and product transactions (online buying/ purchasing) via Internet, unless otherwise indicated. Recently, e-shopping has become a centerpiece of ICTs because of its unprecedented proliferation. E-stores both compete with and complement retail stores. Retailers, real estate developers, and urban planners are interested in the geographic distribution of online buyers and the impacts of online buying on land use development. This knowledge is critical because the proliferation of e-shopping may change the operation of retail businesses and land use patterns over time, and hence shopping behaviour in the long run (Anderson et al., 2003; Dixon and Marston, 2002; Gould, 1998; Marker and Goulias, 2000; Weltevreden et al., 2008).

e-Shopping has gained momentum throughout the world. According to the survey by E-marketer (2010), 40% of people use the online shopping medium daily in USA, and which is the highest percentage among the all the countries. When we compare with India, the percentage is 16% of the users who daily go for Internet shopping. Internet buying prevalence was highest in the United States, where 93% of

Internet users have bought online and it is growing rapidly in India, where 45% had shopped online.

RATIONALE

Due to the rapid rise and spread of the World Wide Web, researchers have focused on online shopping (Chiang and Dholakia, 2003; Childers, Carr, Peck, and Carson, 2001; Joines, Scherer, and Scheufele, 2003; Wolfenbarger and Gilly, 2001), but none of the studies has done a comparison between India and USA. From a consumer perspective, Farag (2006) addressed the impacts of geography on e-shopping and the interactions between shopping and traditional shopping. Hence, this study was undertaken to compare the consumer perception of Indian and USA consumers regarding different factors of online shopping.

LITERATURE REVIEW

According to Conlin and Enos (2000) accessibility to shop during off-hours, avoiding trip to the stores, saving time, being able to purchase from non-local merchants, competitive prices, avoiding salesman pressure and easier product-comparison were the main advantages contributing to online shopping. Xianfengmou found interconnections between privacy and security issues in online shopping. He said that anyone who tends to shop online will think twice before they

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buy anything as to consider the privacy and security issues related to it. Xia and Monroe (2004) stated that consumers will save in monetary, when there are price promotions on specific products. A study by XtraMSN (2002) found that the important factors that drive online shoppers to make purchase decisions include time saving, convenience, user friendly interface, price comparison availability, abundance of information and selections. Jayendra Sinha (2010) identified ten factors namely Financial Risk, Product Risk, Convenience Risk and Non-delivery Risk. Other factors identified were Infrastructural and Service factors, Return-Policy, Domain Specific Innovativeness, Subjective Norm, Attitude and Perceived Behavioural Control.

There are many factors which contribute to online shopping. These include website design and satisfaction (Cyr and Bonanni, 2005), email usage (Gefen and Straub, 2003), social norms (Venkatesh and Morris, 2000), trust (Awad and Ragowsky, 2008; Cyr and Bonanni, 2005), technology acceptance (Awad and Ragowsky, 2008), lack of physical product touch, privacy invasion, lack of knowledge of shopping channels, unwillingness to pay and wait for delivery, website reliability, lack of satisfaction with products, lack of ability to use online shopping, desire for recreational shopping experiences, absence of physical store exposure, Internet fraud and transaction security (Ellen, Bearden and Sharma, 1991; Pastore, 1999, 2000, 2001; Jeandrain, 2001; Lynch, Rent and Srinivasan, 2001; Fuscald, 2003).

OBJECTIVES

- To compare the difference in perception of consumers belonging to USA and India with respect to different factors of online shopping.
- To examine the difference in products purchased online and online payment mechanism by consumers of India and USA.

RESEARCH METHODOLOGY

The Study: The study is aimed to understand the perception of online customers from India and USA towards different factors.

The Sample: The data was collected from 250 respondents belonging to India and USA, of different demographics (Table 3).

Tools for Data Collection: A self-structured questionnaire was used to collect the relevant data from different individuals. The questionnaire included 26 questions for collecting the information describing the different characteristics of the online shopping. All items were measured by responses on a likert scale, ranging from 1= Strongly Disagree to 5= Strongly Agree.

Tools for Data Analysis: The Cronbach's alpha of a test is deemed acceptable when its reliability coefficients exceed the 0.8 level (Sengupta and Zviran, 1997). Our instrument had a reliability of 0.886. On the basis of earlier study, seven factors emerged contributing to online shopping namely Product Constituent (% of var =11.974), Financial Instrument (% of var =10.190), Risk Association (% of var = 9.480), Wide Accessibility (% of var = 9.369), User Friendly Interface (% of var = 6.729), Convenience (% of var = 6.595) and Physical Touch Absence (% of var = 6.241). The total percent of variance for dimensions was 57.604% and the Eigen values for each dimension was more than one. The details of these factors tabularized with their item loads, Eigen values and percent of variances are shown in Table 2. On the basis of these dimensions, following 7 hypotheses were framed. T-test was applied to test these hypotheses. Besides, Percentage Analysis was used for analyzing the difference in the perception of consumers of India and USA regarding online products and online payment mechanism.

HYPOTHESES

H₀₁: There is no significant difference between the perception of customers of India and USA regarding online shopping with respect to Product Constituent factor.

H₀₂: There is no significant difference between the perception of customers of India and USA regarding online shopping with respect to Financial Instrument factor.

H₀₃: There is no significant difference between the perception of customers of India and USA regarding online shopping with respect to Risk Association factor.

H₀₄: There is no significant difference between the perception of customers of India and USA regarding online shopping with respect to Wide Accessibility factor.

H₀₅: There is no significant difference between the perception of customers of India and USA regarding online shopping with respect to User Friendly Interface factor.

H₀₆: There is no significant difference between the perception of customers of India and USA regarding online shopping with respect to Convenience factor.

H₀₇: There is no significant difference between the perception of customers of India and USA regarding online shopping with respect to Physical Absence factor.

RESULTS AND DISCUSSION

As per Table 1, p value is less than 0.1 for H₀₁ while it is greater for H₀₂ to H₀₇. Hence, it can be inferred that all the hypotheses except H₀₁ are accepted at 10% level of significance. This means that a significant difference was

observed in the perception of customers of India and USA regarding product constituent factor for online shopping. This seems to be true since USA started online shopping much earlier than India the number of users of online shopping in India are much lesser than of USA. Hence, the quality, range of products necessarily seems to vary greatly in India and USA. Since, consumer is familiar with a product, its brand and holds some strong associations in memory, hence there is more probability of consumers belonging to different geographical area to have different perception regarding product constituent. However, no significant difference was observed in the perception of customers of India and USA regarding online shopping for the remaining factors namely Financial Instrument, Risk Association, Wide Accessibility, User Friendly Interface, Convenience, and Physical Absence. This also seems to be true since all other factors are implemented in the same manner and have the same meaning to online shopping users of India and USA. These factors are generally the same because of the same technological nature of Internet which remains the same throughout the world and the companies providing online products and services are aware of these general features of online shopping.

This can be inferred from the Chart 1(a) and 1(b) that 40% of Indian online consumers use credit cards for the online payment mechanism while 76% of online consumers of USA use credit cards. Debit cards are used by 25% of Indian online shoppers and by 13% of USA online shoppers. Cash on Delivery is also preferred by Indian which is not really opted by USA online shoppers. This seems to be true, because of the difference in the trust of online. Since last many years Indians are now becoming online shoppers.

The results in Chart 2(a) and 2(b) shows that Indian online shoppers are mainly interested in clothes and shoes while USA online shoppers are engaged mainly in drug and health aids. Indian shoppers seldom buy furniture via online means but approximately 30% of USA online shoppers do buy furniture online. Flowers/cakes are also comparatively brought more by USA online shoppers. However, beauty products are purchased by both USA and Indian online shoppers. USA online shoppers are also more actively involved in purchasing ticket and games via online means. This seems to be true since US citizens are more computer friendly than Indian citizens. However, research summarized by E-marketer (2002) showed that the Internet applied a bigger influence than for offline media for electronics compared to that clothing, beauty or home improvement as would be expected. A C Nielsen (2009) reported that, across the globe, the most popular items purchased on the Internet are books (34%), followed by videos/DVDs/games (22%), airline tickets/reservations (21%) and clothing/accessories/shoes (20%).

CONCLUSION AND SUGGESTIONS

Significant effect related to product constituent feature was observed in perception of customer of India and USA related to online shopping. Further, no significant effect was observed in the perception of India and USA consumers for other factors of online shopping. In order to attract more users to online shopping, it will require more than simply making the system easier to use. More works should look at the issue of adding more significant features and developing more reliable and trust worth online shopping. Customers are likely to adopt online shopping, when they have sufficient information and interactive system, which allow them to build a good perception on online shopping. Companies should set-up a reliable and effective feedback system so that consumer can contact them at anytime. Besides, efforts should be made to educate the consumers about the usefulness and operation of this service. Well developed website with valuable functions is the need of the hour to promote online shopping usage. Customers should also be made more aware of cyber laws and more secure modes of payments need to be introduced by online companies. Cost of product and services for online shopping should be also kept in mind to accelerate online shopping. This study will provide valuable information to companies tending to understand the global online shopping behaviour of consumer.

IMPLICATIONS OF THE STUDY

This comprehensive survey regarding the perception of customers regarding online shopping, will be of great use for those companies, which have still not fully adopted online services. They can concentrate on relevant factors for increasing the usage as per the requirements of the customers. This study will be more useful for the planners, policy makers, online industry and those who are interested in e-commerce studies.

LIMITATIONS OF THE STUDY

Although this research is primarily based on the primary data from the users of online shopping, the findings cannot be generalized, as the research is based on non-probability sampling. Samples of only India and USA were taken which may not adequately represent the global market.

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APPENDIX

Table 1: Difference in the Perception of Consumers of India and USA Regarding Online Shopping

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Product Constituent	EVA	.459	.499	-1.868	248	.063	-1.15408	.61786	-2.37100	.06283
	EVNA			-1.873	246.923	.062	-1.15408	.61624	-2.36785	.05968
Financial Instrument	EVA	.359	.550	.435	248	.664	.21379	.49177	-.75479	1.18237
	EVNA			.434	242.611	.665	.21379	.49278	-.75689	1.18447
Risk Association	EVA	.408	.524	.863	248	.389	.31253	.36214	-.40074	1.02580
	EVNA			.861	242.083	.390	.31253	.36304	-.40258	1.02765
Wide Accessibility	EVA	1.350	.246	1.488	248	.138	.43785	.29429	-.14177	1.01747
	EVNA			1.480	237.560	.140	.43785	.29591	-.14508	1.02079
User Friendly Interface	EVA	2.224	.137	.177	248	.860	.03223	.18190	-.32604	.39050
	EVNA			.178	247.977	.859	.03223	.18066	-.32360	.38806
Convenience	EVA	4.667	.032	.818	248	.414	.27067	.33089	-.38104	.92239
	EVNA			.826	247.013	.410	.27067	.32766	-.37470	.91604
Physical Touch Absence	EVA	.416	.519	-.234	248	.815	-.02594	.11090	-.24436	.19248
	EVNA			-.234	245.373	.815	-.02594	.11084	-.24426	.19238

Table 2: Table Showing Percentage of Variance for Different Factors

No	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.064	27.170	27.170	7.064	27.170	27.170	3.113	11.974	11.974
2	2.212	8.507	35.678	2.212	8.507	35.678	2.649	10.190	22.164
3	1.577	6.065	41.743	1.577	6.065	41.743	2.465	9.480	31.644
4	1.474	5.670	47.413	1.474	5.670	47.413	2.436	9.369	41.013
5	1.203	4.629	52.041	1.203	4.629	52.041	1.750	6.729	47.743
6	1.126	4.330	56.371	1.126	4.330	56.371	1.715	6.595	54.338
7	1.094	4.208	60.579	1.094	4.208	60.579	1.623	6.241	60.579
8	.977	3.757	64.335						
9	.835	3.212	67.548						
10	.776	2.985	70.533						
11	.745	2.865	73.397						
12	.701	2.697	76.094						
13	.685	2.636	78.730						
14	.661	2.544	81.274						

15	.578	2.224	83.498						
16	.547	2.104	85.603						
17	.523	2.011	87.614						
18	.468	1.801	89.415						
19	.442	1.700	91.116						
20	.413	1.589	92.705						
21	.387	1.488	94.193						
22	.361	1.390	95.582						
23	.336	1.293	96.876						
24	.298	1.144	98.020						
25	.263	1.012	99.032						
26	.252	.968	100.000						

Extraction Method: Principal Component Analysis.

Table 3: Tables Showing Description of Various Demographic Variables

	India	USA	Total
15-30	73	45	118
31-45	34	51	85
46-60	25	22	47
Total	132	118	250

Income Groups	India	USA	Total
Low level	39	19	48
Middle level	20	65	85
High level	73	34	107
Total	132	118	250

Gender	India	USA	Total
Male	74	60	134
Female	59	57	116
Total	133	117	250

Chart 1 (a) and 1(b): Comparison of India and U.S.A for Preferred Mode of Payment

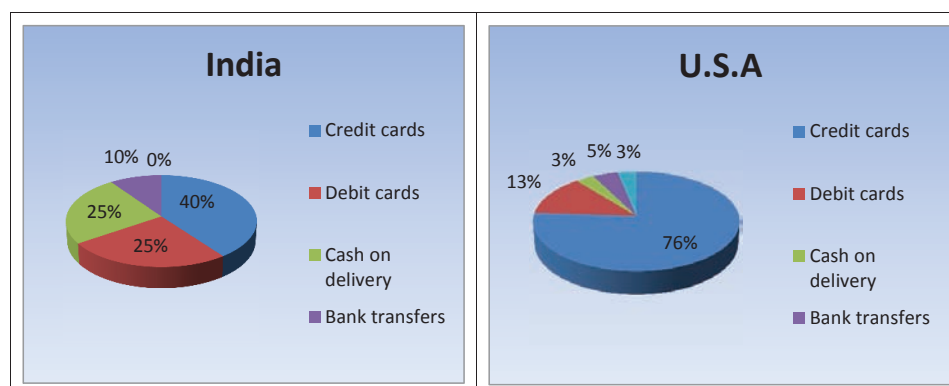


Chart 2 (a) and 2 (b) : Comparison Between Different Products Brought Online in India and U.S.A

