Chapter V
CONCLUSIONS
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This study was focused on a multi-dimensional empirical investigation of online consumer behavior in India. The key areas included the demographic and socio economic profile of the Internet users, the sources and places of their access to the Internet, usage dynamics, preferred online activities, online spending patterns, website preferences for key online activities, response levels to online marketing stimuli, information search preferences, product category-wise purchase patterns, product category-wise evaluation of online retail channels as compared to offline retail channels, significance of price and product handling in making final purchase decisions, drivers and inhibitors of online shopping as perceived by online shoppers, evaluation of factors affecting web experience and subsequent satisfaction, factors that online shoppers consider to evaluate online retail stores, factors affecting online trust and credibility and much more.

The major conclusions which could be derived from the study were as follow:

THE DEMOGRAPHICS OF ONLINE POPULATION

Gender
The online population is dominated by males and they are also the most active gender online. However, it seemed that the gender has little impact on other demographic variables as both sexes showed similar patterns on them.
The Internet has been adopted mostly by the younger generation, with nearly 70% of the online population belonging to the age ranging between 18-30 years. This must be very heartening for the online marketers as this would mean a that they will have a larger online consumer base in coming years who would be quite familiar with the online retail channel and thus willing to spend more online, while the Internet, due to its inherent capabilities and attractions, will attract the younger lot.

Socio-Economic Classification and Average Monthly Household Income

The popular misperception that Internet usage is an 'elitist' thing gets completely shattered when one looks at the socio-economic (SEC) profile of the net users as compiled in the study. Almost 60% of the online Indians come from SEC B and C. Only about 30% of them can be categorized as SEC A. Further, bulk of the online population belong to 'middle income' families having monthly household income ranging between Rs.10,000 to Rs.50,000.

This fast emergence of the massive 'middle class' belonging to SEC B and C as Internet users could very well be due to the reduction in the cost of owning of PC's and internet subscriptions, and availability of faster broadband connections. The emergence of cybercafés across the country as a cheap alternative of Internet access has further fuelled the growth of internet usage. There is a general acceptance that with increase usage the comfort levels of the online population, with respect to favorable predisposition to conduct online transaction, will also increase. This is news to cheer for by online marketers as it is this socio-economic stratum which puts India as one of the favorite destination of marketers. The absolute number of which is about the size of total consumer base of the United States and over the total population of many countries.
Education and Occupation

The study found that the in general the online users are fairly educated with more than 80% either having finished their college education or are going through it. Further, it was found that the majority of online population belongs to professional category. This may be of importance for the online marketers to know as accessibility and convenience are two of the most accepted benefits of adoption of the Internet as a retail channel. With emergence of professional working class with multiple earning family members and having little of time for routine chores of shopping, these two factors can very well go in favor of online marketers.

Internet subscription

Broadband is already the ‘dominant’ channel of access to the Internet. Reflecting the growth in ‘depth’ of Internet usage, within a short span, broadband has already become the primary means of accessing the net all around. 53% of regular online Indians accessing the net from homes are already using a broadband connection. 63% of office-based usage is also on broadband.

This fast adoption of broadband services may be a breather for the online marketers as one of the biggest hurdles faced by them was slow internet speed and frequent dropped connections, which were major bottlenecks in providing interactive multimedia experience to their online shoppers and also raised security concerns, especially related to incomplete transactions with payments already made from their accounts. Now online marketers can deliver a better online experience at cheaper rates and less security concerns.

The need for ‘language’ content

This may very well be one of the factors that online marketers can adopt as tool for differentiating themselves from other content providers.
Only 60% of the regular online Indians have English as the preferred language of reading (and reading is the primary way they interact with the Internet medium). Further, 42% of the regular online Indians are already visiting language websites. So for instance, while 18% of the net users highlight Hindi as their preferred language of reading, 17% also indicate that they visit Hindi websites already.

It is thus quite obvious that a website which may cater to the need for content in different languages, raising the personalization to the next level going beyond just how the content will appear, has a huge potential to emerge as a favorite among the population.

Online activities

Emails and ‘blogging’ have emerged as the biggest Internet phenomenon of the day. After emailing, checking ‘blogs’ comes out as the second most popular online activity that net users undertake. 85% of the online users have admitted that they check ‘blogs’ or have visited them. This sudden spread and popularity of the ‘blogging’ as an online phenomenon may be closely linked to the popularity of the activity of ‘searching’ on the internet. Today, invariably when one searches for anything online using a search engine, a good proportion of the results captured are linked to blogs. So, a whole lot of checking of the blogs is by ‘default’ and not really active checking. Yet, the sheer interactivity and informality of blogs, and the window it provides for expressing individual opinions seems to have captured the net users' attention and interest.

This may of particular interest to the online marketers, as in various studies relating to consumer behavior has found that one of the major determinants of formulation of an attitude or making a final purchase decision regarding a product is what are the general perceptions, regarding the subject, of the members of the social group to which the consumer
belongs. Blogs provide such an opportunity to the marketers to communicate their messages informally and use positive ‘word-of-mouth’ and publicity to expand their online reach.

On the whole, the top 10 most undertaken specific online activities fall in the realms of communication, or entertainment and career related info search.

**Most popular online brands**

Yahoo! is the most top of mind online brand among the online Indians. 35% of them recall it as the first website that comes to their mind. Google follows next with a 21% top of mind recall. Rediff, Indiatimes and Hotmail complete the top 5 list. Yahoo also emerges as the most preferred website visited by online Indians for 3 of the 13 popular online activities, namely, Emailing, Online Games and Cinema content. It is also noteworthy that Yahoo.com has made to the top 10 websites in all the website categories studied.

**Products and services purchased online**

Online ticketing is ‘fuelling’ the rapid growth of online shopping. Train tickets are the single largest selling item on the net. 33% of the online buyers have bought one in the last 3 months. 22% of online buyers have also bought an air ticket in the last 3 months. Electronic gadgets, books, apparel and apparel accessories are the other popular selling items on the internet.

Overall, almost 28% of the regular internet users buy online. Two out of three online buyers (or 66%) shop from home. These home buyers account for about 56% of the total online spends made by individuals from anywhere. On an average, they spend Rs.1,205 a month in online purchases. In comparison, the ones who buy from office spend Rs.2,425 a month on an average.
Comparison of Online Retail channels vs. offline retail channels

Our survey data showed that different products have different needs for adding an online or offline presence. However, continued consumer exposure to online shopping may reduce concern for online purchasing and change the current picture. Continuous surveying of the perceived advantages and disadvantages of online shopping features should be a priority for marketers. Nevertheless, the current research findings suggested that even a “high-touch” product category like Apparel and accessories may benefit from an online presence and a “low-touch” product like Computer Software can benefit from the presence of an offline service, especially if it is perceived to be of high quality.

There are, of course, other strategies beyond brand alliances that can capitalize on the perceived advantages while overcoming the perceived disadvantages of online or offline shopping. One example involves the in-store integration of online and offline services. Using various technological platforms, retailers are providing access to online functions for both customers and employees alike. For example, an apparel marketer can allow customers to compile the outfits that they have tried on and create their own profiles which they can then e-mail to their friends to solicit their opinions. This paper has readily described the various advantages of having online functions within an offline environment, including extending the customer’s search capabilities, increasing access to product information, and the ability to carry a far greater selection of products.

In summary, our major conclusion in this regard is that some features of the shopping experience are seen to be better online and some are seen to be better offline. For example, large selections and quick access to information are perceived to be desirable features of online shopping while the ability to see-touch-handle the product and personal service are
perceived to be desirable features of offline shopping. Importantly, however, these features take on different significance for different products. The model of consumer preferences for online and offline shopping sources used in the study focuses on attribute-level evaluations. To the extent that a consumer perceives the most important features of a product to be delivered online, that consumer will turn to online searches and/or purchases. Conversely, a consumer will visit a physical retailer when the most important features of a product are perceived to be best served by traditional bricks-and-mortar stores. However, such perceptions may change, if, for example, online services could guarantee hassle-free exchanges.

Furthering this study, more research is needed for product managers to determine which features of the shopping experience are seen as being delivered better by online or offline sources for their particular product and at what stage of the shopping experience these features come into play. Creating strategic alliances that capitalize on the complementary nature of online and offline services is one way to put such research to good use. This research suggests that product managers can strategically align online and offline brands to complement the features of either type of brand by itself. It is expected that the future will see the establishment of more online-offline brand alliances.

In addition, these research results may aid the retailer deciding whether to become a multi-channel retailer by adding the Internet as an additional channel. A better understanding of the behavior that occurs within multi-channel environments is a key element in making that decision (Schoenbachler and Gordon, 2002). The need for adding an online presence differs based on product class due to the advantages and disadvantages that the consumer perceives.
### Importance of price and handling of product before purchasing

It was expected that price significance and inspecting products would negatively impact on attitudes. That is, those who considered price as important and wanted to inspect products would have unfavorable attitudes toward Web retailing.

Price is a no big deal for online consumers. This may be due to the fact that Internet users are better off and better educated. As a result they seem to be less concerned about price.

Nevertheless, it should still be recognized that price is important. The potential customers may not be chasing lower prices but more expensive goods will put them off. Pricing decisions need to be taken carefully and it makes sense to learn from other non-store businesses where the ability to impose high margins protects those businesses from the risks associated with distance selling.

The results also indicated that inspecting products was significant for non-adopters of Web retailing, but price significance did not affect attitudes of adopter and non-adopters. Accordingly, consumers' desires to handle merchandise become a critical issue in non-store retailing adoption via the Web for many product types.

Direct marketers have long known that the inability to handle the product -to try it on, to feel the weight, to assess the size- produces a barrier to distance selling. Traditional means of reducing or eliminating this barrier remain relevant to Web retailing. A good returns policy, a strong guarantee and, where appropriate, insurance are all valuable tools for the online retailer. In many product categories (clothing for example) distance
selling is impossible without a significant degree of protection for the buyer and their ability to return or exchange where the product does not quite come up to what that buyer expected.
Drivers and inhibitors of online shopping

The results of the study provided support for the assumption that consumer e-commerce adoption/rejection decisions are determined by rational behavior in terms of channel net value – seen as the perceived balance of power between the overall benefits that are likely to accrue by using the Internet, and the overall barriers encountered to using it or to deriving the sought benefits: Online shopping adopters, the consumers who have embraced online shopping, perceive the total benefits of e-commerce as exceeding the total impediments to embracing/using e-commerce, whereas non-adopters consider the impediments to ecommerce as drastically surpassing the benefits offered by the commercial Internet.

Venkatesh and Brown (2001) argue that improving our understanding of the factors that are influential in adoption, non-adoption, and use of household PCs provides at least a prelude to understanding the factors influencing the household adoption of the Internet and participation in e-commerce. As far as Internet adoption decisions are concerned, our results were quite in line with the authors' findings and postulations: (i) non-adoption decisions are based on perceived critical barriers to a much higher extent than on a lack of appreciation of the benefits associated with electronic channels; (ii) limited Internet/computer experience and cost of entry and use turned out to be the most critical impediment to Internet adoption.

The findings thus suggest that the barriers that are critical in consumer e-commerce adoption are, in part, different from the ones (download delays, search problems, security issues) hypothesized by Venkatesh and Brown (2001).

An exploratory factor analysis with subsequent t-tests based on the factor scores provided highly interpretable insights with reference to the
common underlying dimensions of the benefits and barriers perceived as important and unimportant. Internet adopters turn into online shoppers primarily due to the *shopping efficiency* offered by the medium in comparison to traditional channels. The main adoption inhibitors as perceived by non-adopters of online shopping were *shopping limitations* and *financial risks*, a finding which, again, points at rationality in consumer behavior, as both these factors are indeed related to transaction-based e-commerce.

When observing the perceived magnitude of the proposed benefits of e-commerce, it is worth noting that the two motivators that have attracted the greatest attention among scholars and in the popular press, namely *competitive prices* and the *availability of personalized offering* were, in fact, not perceived as important by respondents in any subsample. Instead, the *accessibility and convenience* benefit was seen as the most important benefits in nearly all consumer groups. Notable is the remarkably high mean value (4.48) on this variable among the adopters of transaction-based e-commerce, which indicates that this is the primary motivator for embracing online shopping.

As noted by Swaminathan *et al.* (1999), an understanding of reasons for purchasing on the World Wide Web is particularly relevant in the context of predictions made regarding electronic shopping in the future. This study contributes to and extends our understanding of the Internet as a medium for commercial use in the B2C arena, identifying the rationales for adopting or rejecting the Internet and e-commerce by consumers. From a managerial viewpoint, the findings provide support for investment decisions, and for decisions relating to the development of Internet services that address and take the concerns and wants of consumers into consideration.
Although the findings rest upon a rather extensive empirical investigation, the study should in no way be seen as to offer conclusive findings, as it focuses on an area subject to constant changes due to technological advances and changing consumer behavior. As regards the external validity of our findings, it needs to be pointed out that the results are valid only for the internet users in India, which according to study findings is characterized by a high adoption rate in terms of Internet usage, but a rather low overall volume of transaction-based e-commerce. More empirical studies need to be carried out in cross-cultural settings to widen the knowledge of the reasons for consumer acceptance and rejection of online commerce.

**Web experience and satisfaction among online Indians**

In line with many online marketing researches concerning the factors which cause consumer satisfaction in online purchasing experiences, this paper found that website security/privacy, website design, website reliability/fulfillment and website customer service are the four dominant factors which influence consumer perceptions of their online purchasing experiences. Indian online buyers had different perceptions of these four factors. Website reliability/fulfillment had the highest rating score, followed by website customer service. Website design ranked third, and the lowest was website security/privacy. Each of the four types of online Indian buyers has a different perception of specific website elements and website factors. Regular online buyers were much more satisfied with website variables and website factors than the other online buyers. On the other hand, trial online buyers had the poorest perception of online shopping.

This research indicates that the least satisfying aspect to buying online is still website security/privacy, which rated the lowest factor mean of 3.13. This result is consistent with the findings from the annual report of
Taylor Nelson Sofres [2002]. The report highlighted security issues as the main reason for people choosing not to purchase online, yet the industry has done little to address these concerns over recent years. Consumers' concerns about online financial security and privacy are closely associated with their perception of how good the technologies for secure payment mechanisms are [Hoffman et al., 1999], and with the reputation of the vendor [GVU, 1998]. Hence, it is important for online retailers to adopt advanced encryption technology, and post assurances of their online security on their website, in order to inform online consumers of their security measures.

Many Indian online purchasers are less satisfied with the website design. This factor scored the second lowest mean of 3.35 in this survey. The ambience associated with the website, and how it functions, plays an important role in whether online consumers are satisfied or dissatisfied with their online shopping experiences. Moreover, website efficiency and usability can facilitate the buying process and establish consumer confidence in the site. On the other hand, online Indian buyers are more satisfied with website reliability/fulfillment and customer service. In order to consolidate this strength, online retailers should choose more well-known products or brands to market online. Branded products and services are usually perceived by consumers as possessing better qualities. At present, advanced technologies such as 3-D technology can provide some functions (such as online interactive fitting rooms), to help consumers make better-informed choices. In the web market, efficient customer services should include a well-staffed, responsive service organization, a simple return process and ease of order tracking. Moreover, offering guarantees and warranties is an effective way of improving online customer service.
The research findings indicated that each of the four website factors identified has a crucial influence on all online buyers’ perceptions of online purchasing. One of the findings also indicated that different types of online purchasers (i.e., trial, occasional, frequent and regular online buyers) have different evaluations of website design and website reliability/fulfilment. They have a similar evaluation of website security/privacy and website customer service. This implies that the security/privacy issue; with the lowest score; is an important issue occupying the mind of most online buyers. Moreover, the significant discrepancy in how online purchasers perceived website design and website reliability will account for the difference in online purchase frequencies. It is a challenge for online marketers to convert low frequency online consumers into regular consumers through successful website design and by addressing concerns about reliable performance.

Evaluation of online store characteristics

Combining results of the study several managerial implications and critical success factors for business effectiveness over the Internet are drawn:

Online retailers should offer personalized shopping environments according to their customers' specific needs and wishes. This need is clearly documented by the observation that future online shoppers evaluate the dimension "sense of being in a store" as very important, while online shoppers do not. Technology enabled, it is apparent that the application and provision of a one-to-one instead of a one-to-many shopping experience constitutes a critical success factor. To that end, consumer surveys are strongly encouraged in order to capture consumer requirements and incorporate them into the design phase of the virtual store.
Another critical success factor for virtual retailing is the provision of alternative payment methods. The fact that both current and future online shoppers rate the "cash on delivery" as the most desired payment method (probably for security reasons or due to the fact that they do not possess a credit card), implies that they probably use this as a store selection and choice criterion. Therefore, the provision of this alternative payment method is strongly recommended for online retailers. Similarly, all those identified criteria that customers use to select an online store on the Web, should be systematically and closely monitored by online retailers through consumer surveys.

Product information, price comparison among alternative products and quick access to the store's Website constitute three very crucial elements that every online store's management should consider and offer to its customers, as all these attributes were evaluated as very important from both current and future online shoppers.

The prices of the online retail store must not be higher than those of the physical stores, as both current and future online shoppers stated that they would not buy from a virtual store in case prices were higher, regardless of the free delivery service offered to them.

Trust and credibility online

The results of this exploratory study demonstrate that although e-commerce is expanding explosively, consumers remain very concerned about three of the most fundamental foundations of online trust relationships. Further, the results suggest only marginal and statistically insignificant adoption differences. Though earlier studies appeared to discern some adoption-based differences in attitudes towards and use of both computers and online shopping, the results of the present study suggest that these differences may be marginal, or possibly diminishing. This may be explained
by developments in consumer behavior - online shopper innovators were generally younger, educated, technologically competent, followed by interested to adopt who typically were lesser well educated with lesser technological "know-how", seeking the benefits of online shopping without particular interest in the technology. Thus, as increasing numbers of non adopters of online shopping are now online, it may be that we are beginning to witness a convergence of attitudes and behaviors.

While more extensive studies need to be conducted to understand fully factors affecting consumer behavior, overall the findings supported earlier evidence of high levels of concern about each of the issues studied which, in aggregate, suggest that consumers do not feel they can rely on the integrity of the online retailer and, thus, put little trust in online stores. Surprisingly, despite increasing familiarity, the percentage of respondents who were "concerned" or "very concerned" was higher than recorded in previous studies, suggesting that overall levels of concern may actually be rising (due possibly to some high-profile breaches of security), or may be the result of many earlier studies emanating from the USA and European countries, where online retailing is more familiar. Whatever the reason, as trust is an antecedent to commitment (Morgan et al., 1994), this suggests that online retailers may be jeopardizing consumer relations by failing, in Milne and Boza's (1999) terms to "reduce concern" (through trust symbols, confidentiality clauses, privacy statements, etc.) or to "increase trust" sufficiently through performing reliably and with integrity. It is worth reiterating that the absence of physical cues increases the perception of risk, reinforcing Hart et al.'s (2000) observation that a new set of image dimensions are required.

Finally, it can be concluded that the Indian online consumer behave much like their western counterparts as the studies conducted in western
economies show a similar pattern as exhibited by the Indian online consumers. This may be due to the trans-national and trans-cultural nature of the Internet fuelled by the rapid alignment of Indian economic and market trends with the western marketing trends. Still the demographic, usage, behavioral and psychographic findings of the study should be considered only as indicative of general trends only as the subject area of study is bound to witness high level of changes due to fast evolution of the channel of retail – the Internet as well as due to shift to the next stage of evolution of market, from the infancy stage in which the Indian online market is still in.