Chapter III
RESEARCH METHODOLOGY
The ultimate goal of studying consumer behavior is to have an understanding of the consumers marketers wish to serve. The Internet, in recent times, has emerged as an alternate channel not only for communicating marketing messages but to actually conduct commercial transactions. The use of the Internet as a marketing channel depends both on the growth in general Internet penetration and usage and on how the Internet then influences the adoption and diffusion of other products and services. The inherent capabilities of the Internet have the potential – in principle – to transform many aspects of marketing: segmentation and targeting, bundling, pricing, customer service and customer relationship management, marketing communication, promotion, channels and value chains, brand communities, global marketing, and the importance of brands. Probably it is because of these multidimensional capabilities that the Internet has become one of the most discussed topics in business and academia.

The speed of development of electronic marketing has been fast by any standards, and especially compared with the slow process of academic research and publication. There are a group of academicians who believes that the Internet has thrown up an entirely new paradigm of conducting business, yet there are others of the school of thought that the Internet does not change the fundamental principles of marketing. Nor has its impact to-date – e.g. on consumer behavior, advertising, pricing, channels, intermediaries, strategy and globalization – been anything like as dramatic as predicted. Nevertheless, it has already had some effect on all of these areas. For instance, it is emerging as a flexible, fast-growing commercial
medium and as a significant direct channel in many markets while supplementing many traditional ‘brick-and-mortar’ strategies of established businesses.

Notwithstanding, whether the Internet has been used as a direct channel or as a supplement to the traditional business, it is important to understand the way their audience and consumers perceive the Internet as a commercial channel. Many firms have believed that as people grew more computer-literate, they would start using the Internet the way they use refrigerators or television sets, but that may be far from reality. Though the Internet has potential to provide multiple benefits as a commercial medium, yet there exist many infrastructural obstacles, attitudinal constraints and the perceptual benefits and limitations of internet shopping which have impeded the natural growth of online shopping in India. It is thus prudent for ever business aspiring to integrate the Internet into their marketing strategies to have an understanding of these factors related to their consumer.

The research followed a combination of exploratory and descriptive research design in order to identify and provide a detail perspective on factors affecting online consumer behavior. The research is based on knowledge related to factors affecting online consumer behavior developed after a detailed analysis of available information in previously published and unpublished sources. The knowledge was then used to design the questionnaire for the purpose of collecting primary data to analyze current status among Indian online population.

This research focused on study of the demographic profile of online population in India, their spending patterns and how they perceive different dimension of various factors associated with online consumer behavior, primarily relating to how they evaluate the Internet as a commercial
medium, their motivations and concerns while shopping online, their web experience and satisfaction, the characteristics affecting perceptions regarding an online store, and the factors affecting trust and credibility in online environment.

OBJECTIVES OF THE STUDY

The broad objectives of the study were as under:

1. To identify the demographic, behavioral, usage and psychographic characteristics of online Indian population.
2. To determine Internet purchase patterns of the selected product categories exhibited by the online population.
3. To identify drivers and inhibitors perceived by the online population while making their online purchase decisions.
4. To understand various facets of the Internet as a commercial channel along with associated factors affecting evaluation of online retail stores, online shopping experience, online service quality and satisfaction.
5. The study attempted to understand the factors affecting trust and credibility factors that affect.

SAMPLING TECHNIQUE

As the research was primarily directed to study the behavior of online Indian population, it was decided to focus only on those Indian adult citizens who use the Internet. The study included 18 year or older Indian nationals, if the answered affirmatively to the question – “Have you used the Internet for last 3 months at least once a week at home, office, or anywhere else?” As it was not feasible to gain access to the details of all Internet users in the country, non-probabilistic approach to sampling – convenient and judgmental sampling was thought to be most suitable. The list of email-ids was created using the social networking sites. As very low response rate was generally observed in many of previous researches which
employed email to collect data, in order to increase the respondent base, every respondent contacted was requested to forward it to others, thus using the "snowballing technique." The respondents were mailed a set of three e-books as a token of appreciation for their efforts for participation in the study.

A total of 936 responses were received. Of this, 37 responses were either incomplete or the demographic details were not provided by the respondents, hence rejected. Another 35 responses could not be included for the final analysis because the respondents expressed extreme opinions either 'strongly agreeing' or 'strongly disagreeing' on the scales for various factors and hence appeared to have filled in the questionnaire casually. Thus, a total of 864 usable responses were obtained. The detailed characteristics of the sample are described at the beginning of the Chapter III.

**SAMPLING AREA**

The only restriction for the geographic scope of the study was limited within the national boundaries of India. For the purpose of the study seven geographic regions were identified as North (comprising of Delhi, NCR and adjoining areas), South (comprising of Chennai, Bangalore and nearby areas), East (comprising of Kalkotta, Gauhati and adjoining areas), West (Jaipur, Ahemdabad and adjoining areas), Central (Lucknow, Kanpur and adjoining area), South-east (Bangalore and adjoining area) and South-west (Mumbai, Pune, Nasik and adjoining area).

Following is the region-wise distribution of responses received:

<table>
<thead>
<tr>
<th>Region</th>
<th>Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>North India</td>
<td>181</td>
</tr>
<tr>
<td>East India</td>
<td>69</td>
</tr>
<tr>
<td>Central India</td>
<td>44</td>
</tr>
<tr>
<td>South India</td>
<td>147</td>
</tr>
<tr>
<td>West India</td>
<td>60</td>
</tr>
<tr>
<td>South-east India</td>
<td>164</td>
</tr>
<tr>
<td>South-west India</td>
<td>199</td>
</tr>
</tbody>
</table>
PERIOD OF DATA COLLECTION

The sampled respondents were distributed a self-administered email-based questionnaire starting from April 2007. The responses were received over the period spanning April 2007 and January 2008. The distribution of the questionnaire was done with the assistance from the researcher's colleagues to friends, co-workers, willing sampled respondents (snowballing technique was used to expand respondent base), etc., with the instruction that they seek a set of respondents who were demographically diverse. A cover letter explained that the study, was attempting to explain the factors underlying Internet usage and online consumer behavior. The letter noted that the responses were anonymous and voluntary, and shall be used solely for academic purposes.

RESEARCH METHOD

The study was conducted using a formal questionnaire to collect data from individual respondents using Internet services irrespective of whether they have ever shopped online or not. The questionnaire was distributed through emails. The choice of email being obvious as a vehicle to distribute the questionnaire as the sample for the study was to be drawn from among the Internet users only.

RESEARCH TOOL

A questionnaire was developed for the purpose of collecting data for the study. The questionnaire was divided into 10 sections, each meant for a specific set of data required for the purpose of the study. The sections in which the questionnaire was divided were as follow:

Section 1  Demographic details of the respondents
Section 2  Online activities details of the respondents
Section 3  Website preferences details
Different modules were included for variables in the questionnaire—both designed specifically for this research effort and others borrowed from literature modified or otherwise.

**ORGANIZATION OF THE REPORT**

The report has been divided into five chapters as detailed below:

**Chapter 1** highlights the need for undertaking such a study along with brief description of the meaning, scope and current online trends globally and in India.

**Chapter 2** presents the review of literature where in the past studies have been reviewed and efforts have been made to bring out the gaps, if any, under the circumstances.

**Chapter 3** deals with the objectives, research methodology and briefly describes the research instruments developed, sample items selected, research design and method of conducting the study.

**Chapter 4** presents the detailed findings and data analysis results from the data collected through respondents along with their perception regarding various determinants of online shopping.
Chapter 5 presents the conclusion and recommendations of the study.

In the last Appendices have been attached specifying the references/bibliography, questionnaires, etc. used in the study.

Scope of the study

In today's era of rapidly growing technology, there are emerging many alternate channels of non-store based retail and shopping. These channels, as they also use electronic networks as a vehicle to conduct transactions, together with the Internet are now-a-days termed as online channels and thus any marketing activity carried out using these channels are termed as online marketing. Though parallels can be drawn between these various alternate 'online' channels, yet it is still not established that the consumers will behave in similar fashion over these alternate channels.

Due to a very small number of population using these alternate channels and as these channels, like mobile networks, are still in embryonic stages of development as a commercial option, it was difficult to have a country-wide study incorporating them. Thus for the purpose of the study, the term 'online marketing' is used as a synonymous with 'Internet marketing' in the study.