CHAPTER-3

METHODOLOGY OF THE STUDY
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EC is securing more and more attention from organizations and customers, both local and international. The hype on EC is due to the highly successful operations of some well known internet companies such as e-Bay, Yahoo, Dell, Rediff, Naukri.com, Monster.com, and ICICI.com. Sales revenue for many of these companies are generated from their on-line operations. Hence EC is important for all these organizations. In this context, EC opened up various windows of opportunities for companies. EC provides benefits to the parties' viz., the company and its customers in terms of saving time, reducing cost of transaction, eliminating/reducing the number of middlemen involved in completing the transaction smoothly. With all these advantages discussed above, EC has taken a leading position in terms of revenue contribution to many companies both in India and elsewhere. As it is evident from the projections made by NASSCOM\(^1\) and IAMAI\(^2\), EC in terms of B 2 B and B 2 C, should be around Rs. 15,000 crore by 2010 in India. In view of the present status of EC, the researcher has decided to study the problems and prospects with regard to B 2 C EC in India. In this context the measures of e-readiness identified by the Organization for Economic Co-operation and Development (OECD) become relevant. Factors contributing to e-readiness include the potential usage and access (number of internet service providers, number of telecom companies / telephone lines, internet access and cost involved, security) and socio-economic factors.


\(^2\) http://www.iamai.org/ecommerce.htm
3.1 STATEMENT OF THE PROBLEM

Growth Projections with respect to E C made by NASSCOM in the year 2000, could not materialize with reference to B 2 C EC in India due to various factors like lack of infrastructure, economic, socio-political framework for the development of EC in comparison to many of the countries like USA, UK, etc. Lack of adoption of EC may be attributed due to the factors influencing the on-line consumer behavior, lack of trust, lack of payment options / systems, internet security aspects, infringement of privacy, low levels of computer literacy rate, poor internet access and cost involved for accessing the internet. These factors are considered as problems of EC in India for the present study.

In the last couple of years India’s on-line population has grown to 32 million, which in turn resulted for the growth of EC to the tune of Rs. 7, 080 crore by 2006-07. Similarly EC has enormous potentials in India, as the number of internet users and their profile is changing continuously. This is evident from the survey results of internet and Mobile Association of India (IAMAI, 2007) indicating the increase in number of users in financial transactions, reservation of air / rail tickets, searching for new jobs / career options, education, tourism, leisure activities. Literature review has given insight into the previous studies on EC in developing counties from Asia, Europe in particular countries like Taiwan, Poland, Hungary and the Czech Republic. There has been no attempt by any researcher to study the problems and prospects of EC in India in a comprehensive manner, hence this study.

3.2 OBJECTIVES OF THE STUDY

The following are the principal objectives of this study.

1. To study the different socio-economic aspects of Indian internet consumers;
2. To study the problems (both technical and non-technical) associated with the EC activities in India;

3. To study the factors that stimulate the growth of EC in India;

4. To identify the potential opportunity areas with respect to B2C segment for India; and

5. To offer suggestions for accelerating EC activities in India.

3.3 HYPOTHESES

In the course of the study, the following hypotheses have been formed and tested for their significance by using appropriate statistical techniques.

1. Occupation of the respondents and the factors of motivation to buy on-line are independent.

2. Monthly income of the respondents and the factors of motivation to buy on-line are independent.

3. Place of residence of the respondents and the factors of motivation to buy on-line are independent.

4. Monthly income of the respondents and the price range of the products to buy on-line are independent.

5. Educational qualification of the respondents and the sources of information for making on-line purchases are independent.

6. Educational qualification of the respondents and the influence of the flexibility of the site for making on-line purchases are independent.

7. Monthly income of the respondents and the options for internet access are independent.

8. Monthly income of the respondents and the length & frequency of internet access options for making on-line purchases are independent.
9. There is no agreement among the respondents with respect to preferred mode of payment.

10. There is no agreement among the respondents with respect to the reason for opting on-line purchase.

11. Gender of the respondent and the problem faced by them while using internet for buying the products through on-line are independent.

12. Gender of the respondent and the problem faced due to systems related aspects while buying the products through on-line is independent.

13. Monthly income of the respondents and the problem faced by them while using internet for buying the products through on-line are independent.

14. Monthly income of the respondents and the problem faced due to systems related aspects while buying the products through on-line is independent.

15. Educational qualifications of the respondents and the problem faced by them while using internet for buying the products through on-line are independent.

16. Educational qualifications of the respondents and the problem faced due to systems related aspects while buying the products through on-line are independent.

17. Place of residence of the respondents and the problem faced by them while using internet for buying the products through on-line are independent.

18. Place of residence of the respondents and the problem faced due to systems related aspects while buying the products through on-line are independent.
Occupation of the respondents and the problem faced by them while using internet for buying the products through on-line are independent.

Occupation of the respondents and the problem faced due to systems related aspects while buying the products through on-line are independent.

3.4 RESEARCH METHODOLOGY

Research design is the logical and systematic planning and directing a piece of research. It is nothing but a scheme of work to be undertaken by a researcher at different stages. The study is based on survey method of research. The aspects that are highlighted in this context are sampling design, data sources, scope and period of study & limitations.

Sampling design

The researcher has intended to cover the maximum number of respondents for collecting their responses for the study. The researcher has first registered as an academic user with Questionpro.com, an on-line research enabling site. Then the questionnaire was posted on questionpro.com site. Afterwards an e-mail was sent to the respondents, requesting them to cooperate with the researcher by filling the questionnaire. Five hundred thirty four (534) respondents were kind enough to participate in the survey. But while editing the data, it is noted that 34 respondents did not fill the questionnaire in complete form, and therefore such questionnaires were ignored. Thus the sample size comes to 500 and the sampling technique was convenience sampling. A glance at the location of the respondents reveals that the respondents represent the cities such as Hyderabad, Bangalore, Chennai, Pune, Mumbai, Nagpur, Kolkata, Visakapatnam, Delhi, Vellore, Warangal, Indore, Vijayawada, Salem, etc.
Data sources

Both primary and secondary sources are tapped for the data required for the study.

Primary data was collected from the actual B 2 C EC customers. The researcher has developed and administered the questionnaire for this purpose.

The researcher has collected the additional data that is, the secondary data from the following sources

- Internet and Databases (e.g. EBSCO and ABI / INFORM)

Questionnaire

The researcher has designed a questionnaire for collecting the data required for the study from the respondents. The questionnaire has been designed on the basis of literature survey, personal experiences and observations of the researcher, keeping in view the objectives of the study. The questions were framed with a focus on the Problems and Prospects of EC in India. The questionnaire has both open-ended and closed-ended questions.

Scope & Period of Study

The study is confined to B 2 C e-commerce in India. The study was conducted during the months of May-June, 2008.

Data analysis

Data collected through the questionnaire was coded, edited and analysed in order to draw inferences about the study. Both the conventional and non-
conventional statistical techniques were used for the purpose. The following are the main statistical techniques used to analyse the data:

- Chi-square test
- Kendall's Coefficient of Concordance
- Factor analysis

3.5 LIMITATIONS

Every research will have some limitations; it is true for this study too. The researcher wishes to confirm the following limitations for the study.

1. As the mode of data collection was on-line there was no direct interaction between the researcher and respondents. The direct personal interaction with the respondents would have enabled the researcher to elicit supplementary information or clarification on some of the points mentioned by them in questionnaire.

2. Estimates of various aspects of EC (internet penetration / bandwidth) are taken from the secondary sources, so the validity of the data is always a limitation.

3.6 CHAPTERISATION

Thesis has been constituted into six chapters.

Chapter I - Introduction

This chapter presents an overview of the conceptual framework of the topic.

Chapter II - Review of Literature

This chapter presents a review of the earlier studies made on the theme by various research organizations and other researchers.
Chapter III - Methodology of the Study

This chapter describes the research methodology adopted for the present study. It presents the information with respect to data sources, sampling design, tools of data analysis, etc.

Chapter IV - E-Commerce in India

This chapter presents a brief account of E-Commerce in India.

Chapter V - An Analytical View of E-Commerce in India

This chapter analyses the Problems and Prospects E-Commerce in India.

Chapter VI - Summary and Conclusions

This chapter presents the summary and conclusions of the study. The researcher’s suggestions are also incorporated in this chapter.