



Factors that Influence Rural Consumers in Tamilnadu towards Online Shopping

KEYWORDS

E-Shopping; Rural Consumers; Shopping Websites.

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ABSTRACT

Online shopping in India is an emerging trend for marketers to promote their merchandise in wide geographical area using internet and the trend looks likely to grow upwards over the coming decade. India is the 5th country in world ecommerce and 2nd country in Asia. India seems to have grasped the ability to shop merchandise through internet. However, In spite of significant potential benefits, many of these internet efforts have failed. Nevertheless industry watchers advocate there is still hope for e-commerce in both rural and urban areas. Because the behavior of consumers is intrinsic to the success or failure of an online shopping website, the purpose of this study was therefore to establish, by means of quantitative analysis, the online buying behavior of rural consumers in Tamil Nadu.

The study was conducted in Sep2015 on a convenience sample of respondents from various fields and age groups from rural areas of Tamil Nadu. The study reveals the influencing factors both the encouraging and discouraging, of rural consumers of Tamil Nadu towards buying online which will be helpful for the online companies to plan accordingly.

INTRODUCTION

The advent of the Internet, accompanied by the growth of related technologies, has created a significant impact on the lives of people around the globe. There is a very big trend shift in the conventional business practices. There are now businesses are coming on the internet or online to perform or sell their products. For marketers, one of the most significant impacts has been the emergence of virtual stores that sell products and services online. Consumers can now purchase goods and services virtually anywhere, 24 hours a day, 7 days a week, without geographical and temporal boundaries.

In the past two years the e-commerce industry has seen about \$700 million of investment, making it an investor favorite. However, the problems continue. India will need many more online sites, and the quality of service also needs to improve. "There are a total of only about 70 e-commerce companies now in India. Currently the industry is worth about \$10 billion, but in the next three to four years is expected to rise to \$30 to \$40 billion."

According to the survey conducted by Assoc ham, India's e-commerce market, which stood at \$2.5 billion in 2009, reached \$8.5 billion in 2012 and rose 88 per cent to touch \$16 billion in 2013. The survey estimates the country's e-commerce market to reach \$56 billion by 2023, driven by rising online retail.

Despite the increase in use and popularity of the Internet over the last few years, the question of why consumers prefer or hesitate to shop on the Internet still remains poorly understood.

STATEMENT OF THE PROBLEM

In response to the opportunity presented by the Internet, many companies adopted web sites as part of their marketing efforts, and online shopping has increased. However, in spite of significant potential benefits, many of these internet efforts have failed. The purpose of this study was therefore to determine the online buying behavior of rural consumers in Tamil Nadu with a view to help traders to harness e-business potential advantages. The scope of

this study was restricted to a quantitative analysis of selected internet users of rural parts of Tamil Nadu.

OBJECTIVE OF THE STUDY

- To examine demographic factors of internet users who purchase online in rural parts of Tamil Nadu
- To asses reasons which influence these consumers buy online
- To find out reasons which influence these consumers for not to buy online
- To analysis the perception of rural consumers in Tamil Nadu towards online purchasing

METHODOLOGY

Data are collected from both primary and secondary sources. Primary data are collected from the internet users in Kancheepuram district. Primary data's are collected through questionnaire and interview methods. A structured questionnaire was built in correlation with objective of research and hypotheses. About the secondary data, the concepts regarding consumer behavior and other literature regarding online shopping were taken from the different reference books, article and journals.

Sample Size and Design

The research aims to quantify the attitudes and perceptions of the customers towards online shopping. The data has been collected through the responses of customers and analyzed by using appropriate statistical tools.

In Tamilnadu the population here considered for the study was Kancheepuram district which is a rural area and its population can depict the behavior of rural consumers in Tamilnadu. The sampling unit selected was the individuals who use the internet and visit the shopping sites.

The total sample size decided for this study was 110 across Kancheepuram district. All clusters namely, students, service class, business class, professional and others were considered for the same. Researcher had made an attempt that the sample size was adequate, representative and estimator with sufficiently high precision. In this study, statistical tools like mean and percentages was employed to

measure the demographic changes and consumer attitude towards online shopping.

RESULT AND DISCUSSION

The responses of the respondents were analyzed based on various demographic segments like their age, gender, income, education and occupation to find their attitude and perception towards online shopping.

Table 1 Demographic Characteristic of Respondents

	Details	No. of	Percentage
		Respondents	(Rounded off)
Gender	Male	82	74.5
	Female	28	25.5
Total		110	100
Age	20-35	69	63
	36-50	32	29
	>50	9	8
Total		110	100
Education	Below SSLC	12	11
	Below Degree	35	32
	Degree and above	63	57
TOTAL		110	100
Occupation	Employee	41	37
	Business	32	29
	NRI	12	11
	Others (Student, Agriculture, Profession etc)	25	11
TOTAL		100	100

Table 1 shows that out of the total 110 respondents in the rural parts who use internet and visit various shopping sites, when considering the gender, 74.5 percent are men compared to 25.5 percent women. So it is very clear that rural men consumers are know about online shopping.

The age wise study reveals that 63 percent are comes under the 20-35 age categories, which shows that the new generation consumers are more interested in online shopping while compared to the older generation who still like to buy from the traditional kirana stores.

The education wise study about the respondent's reveals that 11 percent are below SSLC, 32 percent are below Degree qualified and 57 percent are having a Degree and above. So it shows that the educational qualification of the respondents have a significant influence on online shopping behavior. Those who have higher education are more interested in online shopping compared to the low educated people.

Finally the Occupation wise study shows that out of total 110 respondents 37 percent are comes under the employee class, 29 percent are Business class, 11 percent are NRI's and 23 percent are comes under the class 'Others', which include student, profession, agriculture etc.

Table 2 and Table 3 shows the result of statistical analysis of the survey on the encouraging and discouraging factors for shop online by the rural consumers. Rank is computed on the basis of weighted mean score of the variables.

Table 2 Encouraging factors for shop online

Variables	Weighted mean score	Rank
Saves Time	18.96	3
Low Price	24.21	1
Greater selection of products	22.60	2
Products rare/unavailable in rural market can be bought	15.32	4
Convenient store hours	12.21	5
Variety of stores	9.21	6
Novel experience of shopping	8.46	7

From the Table 2, it is clear that the low price offered by the online sites, which got the Rank 1, is the most important influencing factor for the rural consumers to shop online. Wide range of products offered by the online sites and saving of time when purchase online are also an important factor in online shopping which have second and third rank respectively.

The advantage of Rare /unavailable products in the rural market can be bought from the online sites is considered by a considerable number of consumers. Variety of stores available in the online shopping sector and novel experience of shopping are not the important influencing factors in online shopping.

Table 3 Discouraging factors for shop online

Variable	Weighted mean score	Rank
Delivery system	21.78	2
Product cannot be examined	22.35	1
Web page is not user friendly	12.14	5
Lack of high speed internet connection	7.03	6
Lack of customer support representatives	6.60	7
Product may be of inferior quality	17.53	4
Lack confidence in the security	18.60	3

From the table 3, it is clear that product cannot be examined physically is the most important discouraging factors for shop online. The delivery system of the online shopping companies and lack of confidence in the security about the personal and account details of consumers is also discouraging them , which stands in second and third rank respectively. The fear about the quality of product delivered is also pulling back the consumers from online shopping.

From the table 3, it is also clear that the lack of high speed internet connectivity in the rural areas or lack of customer support representative in online sites is not a big discouraging factor in online shopping.

CONCLUSION

The study reveals that the low price offered by the online companies, compared to the retail market price is the most positively influencing factor towards online shopping. Purchase through Online helps to save time. A considering number of respondents are influenced with this advantage. While considering the discouraging factors, it is found that rural consumers like to examine the products physically before making any purchase. The details given in the sites are not enough for them to make the decision to buy.

Generally rural consumers are indifferent in purchase decisions. So by conducting deep study and analysis, marketers can adopt appropriate marketing strategies to attract new consumers and retain existing consumers. Consumers' tastes and behavior are changing within no time, so continuous study about the consumer behavior is very important and helpful for companies to adopt suitable marketing strategies to attract them towards the business is not up to the expectation of the rural consumers. The product is not delivering to most of the rural areas.

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