A Study on Consumer Perception towards Online Shopping In Tier-III Cities

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ABSTRACT:

Over the years the online shopping market got wider popularity in India. The online retailers at the same time keep on exploring new ways to attract more customers. The Indian Market is fragmented demographically and economically. There requires a new set of strategies to attract customers from each fragmented market. As market a market expansion strategy online retailers are focusing on Tier-2 and Tier-3 cities also. The major retailers like Amazon, Flipkart, Myntra, Ajio etc. differentiate themselves from each other on marketing mix to create a different positioning to customers. The study is conducted to understand the perception of consumers towards online shopping in Tier-3 cities. These areas have their shopping preferences varied from Metro and Tier-1 and Tier-2.The challenges and functioning is complex at both consumer and company end. The primary objective of a study is to know Customer Perception towards Online Shopping in Tier 3 cities in South Gujarat. Descriptive Research Design has been used in this research work. For the sampling used Non-Probability Sampling method to collect sample from South Gujarat. The sample size is 424 respondents. The data is collected through structured questionnaire. The data is analysed using Friedman Test to know preference for the E-commerce companies; Post Hoc Test-Wilcoxon Signed Test to test pairing of E-commerce companies for consumer's perceived perception, Mann Whitney Test applied to know variance in perception towards online shoping with demographic profile of consumer.

Keywords: Retail, Consumer Perception, Online Shopping, Market Research, Consumer behaviour, Sales Expansion

INTRODUCTION:

Over the years the online shopping market got wider popularity in India. The online retailers at the same time keep on exploring new ways to attract more customers. The Indian Market is fragmented demographically and economically. There requires a new set of strategies to attract customers from each fragmented market. As market a market expansion strategy online retailers are focusing on Tier-2 and Tier-3 cities also. The major retailers like Amazon, Flipkart, Myntra, Ajio etc. differentiate themselves from each other on marketing mix to create a different positioning to customers. The study is conducted to understand the perception of consumers towards online shopping in Tier-3 cities. These areas have their

shopping preferences varied from Metro and Tier-1 and Tier-2.The challenges and functioning is complex at both consumer and company end.

LITRATURE REVIEW:

(H.R. Ganesha, 2020) asserts that the majority of brick-and-mortar retailers in India believes that (a) price/product/brand assortment must differ between stores located in different types of cities; (b) consumers in tier-2 and tier-3 cities cannot afford expensive products/brands; and (c) it is simpler to sell expensive goods to customers in tier-1 cities. These presumptions and misconceptions have made it more difficult to maintain the retailer's initial and primary price positioning across several cities in India, which may cause consumers confusion. Brick-and-mortar merchants must comprehend the significance of overall store image, overall price image, target consumer group, and its effects on overall shop profitability and customer perceptions. In order to recommend the best price/product/brand assortment strategies for brick-and-mortar retailers in India across their stores present in tier-1, tier-2, and tier-3 cities, the study analysed twelve months' worth of actual sales data by twenty price bands across tier-1, tier-2, and tier-3 city stores of a selected retailer.

(Rahman, Islam, Esha, Sultana, & Chakravorty, 2018) studied to understand better how internet buyers behave. 160 respondents from Dhaka city filled out a self-made questionnaire for this study. According to the report, customers purchase online to save time and to find the widest selection of goods and services. Both men and women exhibited the same type of behaviour when it comes to like and disliking things; they wanted the option of home delivery but dislike not being able to touch and feel the product. They learned about online shopping from websites, particularly social networking sites, and buy clothes and accessories mostly using the cash-on-delivery method of payment. The majority of consumers are worried about the safety of the payment system, and their overall happiness with online purchasing is mixed.

(Dr. M. Dhanalakshmi, 2017) examined how customers in the Salem district perceive online purchasing. In this study, an effort has been made to understand how customers perceive internet shoppers, who have been playing an important part in these scenarios' day-to-day activities in their minds. In general, factors like advertising, reviews, public relations, social media, and personal experiences all have an impact on how consumers perceive products. The questionnaire was created using input from prior studies as well as the feedback of the pilot study. The study through structured questionnaire collected data from 150 respondents and random convenient sampling technique used to gather the data. The simple percentage analysis and ANOVA (analysis of variances) methods used for the data analysis. The study revealed that customers are interested for getting a product through internet websites such as EBay, Flipkart etc. The study recommended to the advertisers to focus on their television ads in the online shopping behaviour to consider each and every customer impact.

(Persefoni Polychronidoua, 2014) investigated the relation of e-consumers with the applications of e-commerce, their attitude when buying and their consuming satisfaction. The study investigated the e-consumers' perception towards e-shopping. The sample of 168 consumers from three cities of Greece was taken.The results indicate that respondents are not much aware on e-commerce even though most of them has visited at least once a relative e-commerce website.The major reason indicate by resondent for avoiding e-commerce is the fear of privacy of personal details online. The fifty percent respondents believed that the transactions are not secure and thsts why have unwillingness to give their personal information to online stores and the number of their credit card to such e-commerce platforms.The respondent fear theft of data to third party. Despite of fear of privacy the respondents believed that the prices of goods and services are cheaper than the traditional market network and greater variety of goods and services provided on e-commerce platform. The majority of the respondents preferred inetrnet over traditional market due to cheap price. E-consumers are satisfied with the products they have purchased and they prefered to buy in category of travel, theater and cinema tickets. The payment method preferred is credit cards as an accustomed to it.

(Mr.S.ReddyMurali, 2014) Online services are expanding quickly in India as internet usage increases. Over the past ten years, the majority of commercial organisations have made investments in technical development, novel business models, and other areas to take advantage of opportunities in order to meet the demands of online users. Examining client attitudes toward this medium and determining the various factors that influence those attitudes are essential steps in getting customers to accept and use online purchasing. 250 respondents from Andhra Pradesh's Tier II cities who utilised the internet were surveyed for the research project. According to the results of multiple regression analysis, consumers' attitudes toward online shopping are significantly impacted by aspects like security, shipping costs, convenience, pleasant experience, trust, need, accessibility, service, product delivery, reliability, and quality. While the availability of products, information about those products, and offers and discounts do not significantly affect consumer attitudes.

(A Martins, 2001) consumer's perception towards e- commerce transaction and risk has an impact on the e-commerce business**.** The research is conducted to find consumers' willingness to e-commerce and their knowledge about the security measures used in online transactions. The study used inferential survey on Human Resource (HR) and Information Technology (IT) sample to know consumers' perceptions towards buying products and services and giving credit card information over the Internet were also compared. The results had shown that consumers generally do not trust the security of e-commerce. The study revealed that IT respondents have a better knowledge of security measures used during online transactions than HR respondents, but were still not significantly not more interested to do e-commerce buying. The result indicates that trust is the issue that has to be solved rather than making them aware about usage to avoid risk.

RESERCH METHODOLOGY:

The primary objective of a study is to know Customer Perception towards Online Shopping in Tier 3 cities in South Gujarat. Descriptive Research Design has been used in this research work. For the sampling used Non-Probability Sampling method to collect sample from South Gujarat. The sample size is 424 respondents. The data is collected through structured questionnaire. The data is analysed using Friedman Test to know preference for the E-commerce companies; Post Hoc Test-Wilcoxon Signed Test to test pairing of E-commerce companies for consumer's perceived perception, Mann Whitney Test applied to know variance in perception towards online shoping with demographic profile of consumer.

DATA ANALYSIS AND INTERPRETATION:

The descriptive statistics shows that 62 percent respondents are male and 38 percent are female. The majority of respondents are in the age group of 21-30 years. The 51 percent respondents are married. The majority of respondents lie in income group Rs. 20000 to 50000 monthy.The study has taken all respondent from rural areas. The respondent mostly buy from categories home appliances, Furniture, sports and outdoor. The most preferred mode for payment is cash on delivery and UPI.The main reason for online shopping is to get discount offers, Gift & Vouchers. The 53 percent respondents have not faced any issue in online shopping. The remaining 47 percent has faced issues in online marketing majorly due to unmatched specification of products as compared to time of an order, delay in delivery, received damaged product, wrong product delivered.

Friedman Test

The non-parametric Friedman test is conducted to know differences in preference for E-Commerce companies as shopping destination. The hypothesis framed as:

H0: There are no differences between the preferences for E-commerce companies

H1: There are differences between the preferences for E-commerce companies

Table 1.1 Friedman test Ranks

	Mean Rank
Flipkart	2.10
Amazon	2.05
Myntra	2.50
Snapdeal	4.09
Shopclues	5.41
Paytm mall	5.20
Indiamart	7.27

Jabong	7.39
others	8.98

Table 1.2 Test Statistics[a]

N	424
Chi-Square	2891.130
Df	8
Asymp. Sig.	.000

a. Friedman Test

The Significance level Friedman test from table 1.2 is .000 which is less than .05 so we accept alternative hypothesis that there is difference between the preferences for E-Commerce companies. The ranking scale has '1' being most preferred so lower mean rank indicates most preferable. The table 1.1 demonstrates that Amazon, Flipkart, Myntra, Snapdeal and Paytm mall respectively top five preferred online shopping destinations. The Chi-Square value 2891.130 from table 1.2 indicates that mean rank lie apart for E-commerce companies preference

Post Hoc Test-Wilcoxon Signed Test

H0: The median difference is zero between pair of E-Commerce Company

H2: The median difference is not zero between pair of E-Commerce Company

Table 2 Wilcoxon signed test-p value

	Amazon	Myntra	Snapdeal	Shopclues	Paytm mall	Indiamart	Jabong
Flipkart	.508	.001	.001	.001	.001	.001	.001
Amazon	-	.001	.001	.001	.001	.001	.001
Myntra	.001	-	.001	.001	.001	.001	.001
Snapdeal	.001	.001	-	.001	.001	.001	.001
Shopclues	.001	.001	.001	-	.182	.001	.001
Paytm mall	.001	.001	.001	.182	-	.001	.001
Indiamart	.001	.001	.001	.001	.001	-	.001
Jabong	.001	.001	.001	.001	.001	.001	-

The p value of Wilcoxon signed rank test can be found in the table 2. The critical value for this two-sided test with n> 50 is not looked upon table whereas it's found using normal distribution approximation. The above table shows p value for different pair of E-commerce companies. We reject Ho for p value less than α=.05.

For the pair of Flipkart and Amazon we do not reject H_0 because p value=0.58 is greater than 0.05. Therefore, we do not have statistically significant evidence at α=0.05, to show that the median difference in perception towards Flipkart and Amazon is not zero. Thus customers considered same perception towards these E-commerce companies. If we compare Flipkart and amazon provides same range of products in variety and price.

For the pair of Shopclues and Paytm Mall we do not reject H_0 because p value=0.182 is greater than 0.05. Therefore, we do not have statistically significant evidence at α=0.05, to show that the median difference in perception towards Shopclues and Paytm Mall is not zero. Thus customers considered same perception towards Shopclues and Paytm Mall. Both the E-commerce companies provide huge discounted and low cost products with variety.

For the pair of E-commerce companies Myntra,Jabong, Snapdeal, Indiamart we reject H_0 because p value is less than 0.05. Therefore, we have statistically significant evidence at α=0.05, to show that the median difference in perception is not zero. Thus Myntra, Jabong, Snapdeal, Indiamart has created their own space in customer's mind through successful positioning.

Mann Whitney Test

Ho: There is a no variance in perception towards online shoping with demographic profile.

H3: There is a variance in perception towards online shoping with demographic profile.

Table 3 Mann Whitney p-values

Statements	Gender	Age	Marital Status	Education Qualification	Family monthly income
Price is low in online shopping	.883	.001*	.001*	.001*	.014*
Discount option is more in online shopping	.503	.001*	.001*	.001*	.005*
Payment is secure in online shopping	.431	.001*	.001*	.001*	.001*
24 - hours operation attracts me to shops online as it is Convenience	.001*	.001*	.001*	.001*	.001*
Quality of goods in online shopping	.011*	.001*	.476	.001*	.058
Good offer in online shopping	.971	.001*	.001*	.001*	.043*
Availability of wide range product	.001*	.001*	.001*	.001*	.001*
Time saving in online shopping	.208	.001*	.057	.001*	.005*
24*7 Support & customer car service in online shopping	.001*	.001*	.001*	.001*	.001*

*significant with alpha =0.05

The p –values less than .05 indicated that null hypothesis would be rejected and alternative will be accepted.

For the statement 'price is low in online marketing' p values are less than .05 for all demogrpahic except Gender.So there is a variance in perception towards online shoping with demographic profile except gender.

For the statement 'Discount option is more in online shopping' values are less than .05 for all demogrpahic except Gender.So there is a variance in perception towards online shoping with demographic profile except gender.

For the statement 'Payment is secure in online shopping' p values are less than .05 for all demogrpahic except Gender.So there is a variance in perception towards online shoping with demographic profile except gender.

For the statement '24 - hours operation attracts me to shops online as it is Convenience' p values are less than .05 for all demogrpahic .So there is a variance in perception towards online shoping with demographic profile..

For the statement 'Quality of goods in online shopping' p values are less than .05 for all demogrpahic except family monthy income.So there is a variance in perception towards online shoping with demographic profile except family monthly income.

For the statement 'Good offer in online shopping' p values are less than .05 for all demogrpahic except Gender .So there is a variance in perception towards online shoping with demographic profile except Gender.

For the statement 'Availability of wide range product' p values are less than .05 for all demogrpahic.So there is a variance in perception towards online shoping with demographic profile.

For the statement 'Time saving in online shopping' p values are less than .05 for all demogrpahic except Gender.So there is a variance in perception towards online shoping with demographic profile except gender.

For the statement '24*7 Support & customer car service in online shopping' p values are less than .05 for all demogrpahic.So there is a variance in perception towards online shoping with demographic profile.

CONCLUSIONS & RECOMMENDATIONS:

The study found that Amazon, Flipkart, Myntra, Snapdeal and Paytm mall are respectively top five preferred online shopping destinations. The Flipkart and Amazon provide same range of products in variety and price. The Shopclues and Paytm Mall provide huge discounted and low cost products with variety. Myntra, Jabong, Snapdeal; Indiamart has created their own space in customer's mind through successful positioning. There is a variance in perception

towards online shoping with demographic profile.The study recommend Flipkart and Amazon to create a distinct positioning with respect to each other to dealing with competition.The perception towards online shopping is varying with demographic profile of customers.Hence wether city is Tier-1, Tier-2 and Tier-3 will affect the consumer behaviour towards online shopping.The companies need to be dynamic to deal with such demographic changes across the country.

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