

International Journal of Current Research and Modern Education

Impact Factor 6.725, Special Issue, January - 2017

International Conference on Smart Approaches in Computer Science Research Arena

On 5th January 2017 Organized By

Department of Computer Science, Sri Sarada College for Women (Autonomous), Salem, Tamilnadu

PREFERENCE FOR ONLINE PURCHASES AFTER DEMONETISATION**Dr. S. Dhakshayani* & Dr. T. Ramya****

* Head & Associate Professor, Department of Commerce, Sri Sarada College for Women (Autonomous), Salem, Tamilnadu

** Lecturer, Department of Commerce, Sri Sarada College for Women (Autonomous), Salem, Tamilnadu

Cite This Article: Dr. S. Dhakshayani & Dr. T. Ramya, "Preference for Online Purchases after Demonetisation", International Journal of Current Research and Modern Education, Special Issue, January, Page Number 10-14, 2017.

Abstract:

Online shopping has been a trend in the marketing of goods as consumers prefer to make their purchases at their convenience and comfort. Marketers also prefer to sell their products online as they are relieved with the cost of stores, marketing people and attractive displays. With the demonetization effect online transactions have been increasing and thus online purchases may have an upward trend. Thus the study aims to identify the attitude of the consumers towards online purchases and the effect of demonetization on online purchases.

Introduction:

Online shopping is a form of electronic commerce which allows consumers to directly buy goods or services from a seller over the Internet using a web browser. Consumers can find a product which they prefer to buy by visiting the website of the retailer directly or by searching using a shopping search engine, which displays the same product's availability and pricing at different e-retailers. Desktop computers, laptops, tablet computers and smart phones are used by consumers for shopping online. An online store enables customers to find their products and services and view the photos or images of the products. It also provides information about the product specifications, features and prices. Online stores typically enable shoppers to use "search" features to find specific models, brands or items. Online customers must have access to the Internet and a valid method of payment in order to complete a transaction, such as a credit card, a debit card or a service such as PayPal. In case of physical products, there is delivery of products (e.g., paperback books or clothes), as the e-retailer ships the products to the customer. But for digital products, such as digital audio files of songs or software, the e-tailer sends the file to the customer over the Internet. The largest of these online retailing corporations are Flipkart, Amazon.com, and eBay.

Customer Preference for Online Shopping:

Online shopping has facilitated consumers to get even goods from global markets at their door steps. They obtain information about the products from anywhere around the world and it can be accessed anytime. Therefore organizations have changed their selling and buying strategy. Consumer preferences has also changed in terms of choices, quality, services, selling and buying as most of the electronic device apps are connected to the internet. Consumers, with this ease and convenience of shopping are showing very enthusiastic behavior towards online shopping. Online marketing extends benefits like time saving, provides easy payment facility, options to choose the best product which have changed the attitude and interest of consumers towards online shopping.

Product Preference in Online and Offline Purchases:

Earlier studies have focused on why the preference for online shopping differs across products. Several studies have shown that "high touch" products that consumers feel they need to touch, smell or try on are those that require an offline presence at least at the final purchase stage (Chiang and Dholskia 2003; Lynch, Kent and Srinivasan 2001). Levin et al. (2003) showed that the special importance of being able to personally handle and inspect the product before purchasing underlies the preference for traditional brick-and-mortar shopping methods for products like clothing, sporting goods and health and grooming products. At the other extreme, "low touch" products like airline tickets and computer software are products that generally favor online services because of the special importance placed on shopping quickly. In between this spectrum are products like books and CDs that have some important attributes like large selection are better delivered online while other important attributes like personal service are better delivered "virtually" offline or by providing surrogate experiences through feedback provided by others. Using a classification scheme similar to the high touch-low touch distinction, Girard, Silverblatt, and Korgaonkar (2002) adopted the Ford, Smith and Swasy (1988) typology of search, experience and credence products to examine the influence of product class on preference for shopping on the Internet. Girard et al. found that preference for shopping online was particularly strong for search products like books and PCs where most of the key attributes can be determined online. By contrast, Alba et al. (1997) point to the greater reliability of experiential information coming from in-store visits. However, Klein (1998) argues that the multimedia capabilities of the Web can turn experience goods into search goods by substituting in store visits with virtual encounters. Related to the conclusions of Klein (1998) and Girard et al. (2002), Peterson and Merino (2003) describe the Internet as replacing many of the traditional search methods such as word-of-mouth and hands-on-experience. Consequently, consumers may focus less on brand information and more on the attributes of their product-searching goal. These authors call for focus on moderators of consumer information search behavior in the context of the Internet.

Consumers Preferring Online and Offline Purchase:

In sampling a nationwide panel of consumers who had online capabilities at home, Swinyard and Smith (2003) compared those who did and did not make purchases online during the preceding holiday shopping season. They found that online shoppers were: younger, wealthier, better educated, more computer literate and more likely to spend time on the computer, more likely to find online shopping to be easy and entertaining and less fearful about financial loss resulting from online transactions. Bellman,

International Journal of Current Research and Modern Education

Impact Factor 6.725, Special Issue, January - 2017

International Conference on Smart Approaches in Computer Science Research Arena

On 5th January 2017 Organized By

Department of Computer Science, Sri Sarada College for Women (Autonomous), Salem, Tamilnadu

Lohse, and Johnson (1999) also found Internet shoppers to be younger, more educated and wealthier and to have a more “wired lifestyle,” but also to be more time-constrained than non-Internet shoppers. Childers et al. (2001), like Klein (1998), found perceived substitutability of the electronic environment for personally experiencing products to be an important predictor of online shopping attitudes.

Payment for Online Purchases:

Consumers can choose their convenient mode of payment such as a credit card, debit card, a payment service like PayPal or some other option. Each system of payment has their own pros and cons and the best choice of the system depends on consumers convenience. However for most of the online purchases made by Indian consumers, COD has been one of the popular payment option. This is due to the sheer convenience it offers to consumers who prefer to receive their orders first and pay later. It is also preferred because there are times the orders are delayed or cancelled over unavailability, for which refund is not possible in cash.

Demonetisation and its Effect on Online Purchases:

The driving force of Indian online purchases was the cash on delivery option. As per the reports, 60% – 70% of sales were made using COD options. People could conveniently place their orders and make cash payments by inspecting the goods delivered to them. The demonetization effect from November 8, 2016 as announced by the Prime Minister has curbed the money circulation and as such affect the payment systems of the economy. With cash being sucked out of system all sales are bound to be affected. Due to this shortage of currency notes, the COD option will continue taking hit. Till this time there will be a surge in other payment options like credit cards, debit cards, net banking, mobile wallets etc. However, the consumers preference for COD option has been affected and they have a forceful option of using online payments and thus their behavior tends to change.

Objectives of the Study:

The study aims at the following objectives

- ✓ To study the profile of the respondents.
- ✓ To study the preference of the consumers towards online purchases
- ✓ To identify the effect of demonetization on online purchases

Methodology:

Primary and secondary data were used in the study. Primary data was collected from the respondents using a questionnaire. The questionnaire was framed with the aim of accomplishing the objectives of the study. Secondary data was collected from Journals, newspaper articles and websites.

Results and Implications:

The Profile of the respondents have a direct influence on their attitude, preferences and purchase behavior. Hence the respondents are categorized on the basis of the group to which they belong with regard to age, Gender, Educational Qualification, Occupation and Monthly Income. The Profile of the respondents are presented in the table below

Table 1: Profile of the Respondents

		No. of Respondents	Percent
Age	Below 20 years	6	12
	20 to 30 years	22	44
	31 to 40 years	5	10
	Above 40 years	17	34
	Total	50	100
Gender	Male	21	42
	Female	29	58
	Total	50	100
Education	Upto H.sc	8	16
	Under Graduate	15	30
	Post graduate	17	34
	Diploma	5	10
	Others	5	10
	Total	50	100
Occupation	Business	10	20
	Govt. Employee	9	18
	Non Govt. Employee	11	22
	Others	20	40
	Total	50	100
Monthly Income	Below 20000	18	36
	20000 to 40000	19	38
	40000 to 60000	5	10
	Above 60000	8	16
	Total	50	100

It is inferred from the above table that 38 percent of respondents are in the age group of above 40 years followed by 32 percent respondents in the age group of 20 to 30 years. 58 percent respondents are female and 42 percent respondents are male. Out of 50, 42 percent respondents have done their post graduation and 30 percent respondents are graduates while 22 percent of respondents are non govt. employees, 20 percent belong to business class. 40 percent of the respondents belong to others category which includes students, house wives and retired persons. In the income category, 38 percent respondents each have a monthly income of below Rs.20,000 and Rs.20000 to 40000. 14 percent respondents have a monthly income of above Rs. 60,000 and 10 percent respondents have monthly income of Rs.40,000 to 60,000.

Attitude about Online Purchases: The consumers' attitude towards online purchases is identified using seven variables on a five point scale with respect to the features of online purchases.

Table 2: Attitude about Online Purchases

Variables	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	Mean
Purchasing goods online can be done easily at the click of the mouse	5	6	5	25	9	50	3.54
	10	12	10	50	18	100	
Online purchases can be done anytime anywhere	6	5	5	16	18	50	3.70
	12	10	10	32	36	100	
Online purchases reduce cost	5	8	12	16	9	50	3.32
	10	16	24	32	18	100	
Online purchases save time	5	5	6	16	18	50	3.74
	10	10	12	32	36	100	
Product choice is wider in online purchases	5	5	10	19	11	50	3.52
	10	10	20	38	22	100	
Difficulty in handling of goods is reduced in online purchases	5	8	10	19	8	50	3.34
	10	16	20	38	16	100	
Cash on delivery of goods is the preferred payment mode for online purchases	5	5	7	14	19	50	3.68
	10	10	14	28	38	100	

Source: Primary Data

It could be identified from the table that 50 percent of the respondents have agreed and 18 percent have strongly agreed that Purchasing goods can be done easily at the click of the mouse indicating that it is easy to make online purchases. 32 percent of the respondents have agreed and 36 percent have strongly agreed that online purchases can be done 'anytime anywhere'. It represents that consumers feel that online purchases are convenient for them. 32 percent of the respondents and 36 percent of the respondents have agreed and strongly agreed that online purchases reduce cost. 32 percent of the respondents have agreed and 36 percent have strongly agreed that online purchases save time. 38 percent and 22 percent of the respondents have agreed and strongly agreed that product choice is wider in online purchases. 38 percent and 16 percent of the respondents have agreed and strongly agreed that difficulty in handling goods is reduced in online purchases. It indicates that majority of the respondents feel that online purchases are comfortable. 38 percent of the respondents have strongly agreed and 28 percent of the respondents have agreed that cash on delivery is the preferred payment mode for online purchases. Since the majority of the respondents have agreed to the statements indicating the features of online shopping it is implied that the consumers have a 'positive attitude' towards online shopping. It could also be identified that for the statements 'online purchases saves time' and 'online purchases can be done anytime anywhere' the mean value is higher representing that the acceptance level for these benefits of online shopping are more.

Association between Demographic Variables and Attitude towards Online Purchases: The association between the demographic variables and the preference is studied using Chi square test.

H_0 – There is no significant association between the demographic variables and the attitude towards online purchases.

Table 3: Demographic Variables and Attitude towards Online Purchases

Demographic Variable	Value	Df	Asymp. Sig. (2-sided)	Significance
Age	48.793	42	0.219	Not Significant
Gender	14.373	14	0.422	Not Significant
Educational Qualification	35.722	42	0.742	Not Significant
Occupation	45.963	42	0.311	Not Significant
Monthly Income	49.452	42	0.200	Not Significant

Source: Computed

Since the p value for all the demographic variables are greater than 0.05 it can be concluded that the null hypothesis is accepted indicating that the variables are independent. It reveals that the association between the preferences and various categories of respondents with regard to age, gender, educational qualification, occupation and monthly income is not significant.

Demonetisation Effect on Online Purchases: The demonetization policy of the government has a greater impact on the online transactions of the economy. So it may influence the online purchases made by the consumers. So the effect of the demonetization of money and its influence on the consumer attitude towards online purchases has been found with regard to four identified variables.

Table 4: Demonetisation Effect on Online Purchases

Variables	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	Mean
Demonetisation has reduced the cash on delivery payment system	6	4	13	21	6	50	3.34
	12	8	26	42	12	100	
Inadequacy of cash due to demonetisation has increased online payments	3	5	12	22	8	50	3.54
	6	10	24	44	16	100	
Demonetisation has increased online purchases	6	7	10	22	5	50	3.26
	12	14	20	44	10	100	
Demonetisation has increased the risk in terms of making online payments before actual delivery of goods	4	5	16	13	12	50	3.50
	8	10	32	13	24	100	

Source: Computed

It is identified from the table that 42 percent of the respondents have stated that they agree that Demonetisation has reduced the cash on delivery system. Inadequacy of cash due to demonetization has increased online payments is agreed by 44 percent of the respondents and 16 percent of the respondents have strongly agreed to it. 44 percent of the respondents have agreed that demonetization has increased online purchases and 10 percent has strongly agreed. However 20 percent of the respondents have a neutral opinion about this variable. The respondents have a opinion that demonetization has increased the risk in terms of making online payments before actual delivery of goods as strongly agreed by 24 percent of the respondents and agreed by 13 percent of the respondents. The surveys conducted after the demonetization effect has revealed that the online payments have increased vibrantly and thus there would be an increase in the preference for online shopping among consumers.

Relationship between Demographic Variables and Demonetisation Effect on Online Purchases: The One way ANOVA test was used to identify the significant difference in the opinion of the consumers with regard to demonetization effect on online purchases.

Ho - There is no significant difference between the demographic variables and the demonetization effect on online purchases.

Table 5: Age and Demonetisation Effect on Online Purchases

	Sum of Squares	df	Mean Square	F	P
Between Groups	1.638523	3	0.546174	2.248692	0.095
Within Groups	11.17273	46	0.242885		
Total	12.81125	49			

Source: Computed

Since the p value is more than 0.05 the null hypothesis is accepted. (F value(3,46) = 2.248692). It reveals that there is no difference in the opinion about the effect of demonetization on online purchases with regard to different age groups of respondents.

Table 6: Educational Qualification and Demonetisation Effect on Online Purchases

	Sum of Squares	df	Mean Square	F	P
Between Groups	0.491682	3	0.163894	0.611963	0.611
Within Groups	12.31957	46	0.267817		
Total	12.81125	49			

Source: Computed

Since the p value is more than 0.05 the null hypothesis is accepted. (F value(3,46) = 0.611963). It reveals that there is no difference in the opinion about the effect of demonetization on online purchases with regard to respondents with different educational qualification.

Table 7: Monthly Income and Demonetisation Effect on Online Purchases

	Sum of Squares	df	Mean Square	F	P
Between Groups	1.025724	3	0.341908	1.334498	0.275
Within Groups	11.78553	46	0.256207		
Total	12.81125	49			

Source: Computed

Since the p value is more than 0.05 the null hypothesis is accepted. (F value (3,46) = 1.334498). It reveals that there is no difference in the opinion about the effect of demonetization on online purchases with regard to respondents belonging to different monthly income category.

Suggestions:

- ✓ It is identified from the study that consumers have a positive attitude towards online purchases and online marketers can make grab the opportunity by providing more comfortability, ease of delivery and speed in delivery of goods.
- ✓ Consumers usually prefer cash on delivery system in the online purchases and they may not prefer to make payments before the actual delivery of goods. So all online shopping websites should avail this facility to consumers to all their product varieties.

International Journal of Current Research and Modern Education**Impact Factor 6.725, Special Issue, January - 2017****International Conference on Smart Approaches in Computer Science Research Arena****On 5th January 2017 Organized By****Department of Computer Science, Sri Sarada College for Women (Autonomous), Salem, Tamilnadu**

- ✓ The demonetization effect has increased the digital payment systems among consumers and so online marketers can attract these consumers by their marketing strategies.
- ✓ Consumers usually make price comparisons and so marketers can mention the market price of the product and thus insist that the product sold are available at lower price than the physical markets.
- ✓ Consumers have the fear of safety, security and quality of products and so marketers can ensure these aspects in their products and communicate the same to the consumers.

Conclusion:

The study implied that the preference for the consumers towards online purchase is higher due to the features of time saving, less cost, convenience and wider product choice. The results indicated that there is no association between the demographic variables identified and the preference of consumers towards online shopping. Many customers have accepted that demonetization has increased the online payments and consumers interest towards online purchases will increase. It was also identified that the difference in the opinion about the effect of demonetization among the different group of consumers is also same. Although demonetization has resulted in a slowdown of online purchases as indicated by reports and surveys, it could be expected to grow in the near future with increased online payment system and consumer acceptance towards the digital payments.

References:

1. <http://economictimes.indiatimes.com/small-biz/startups/demonetisation-impact-ecommerce-players-like-flipkart-zomato-brace-for-a-drop-in-sales/articleshow/55340871.cms>
2. <http://www.bgr.in/news/demonetization-effect-flipkart-amazon-snapdeal-witness-50-spike-in-undelivered-cod-orders/>
3. <http://retail.franchiseindia.com/article/whats-hot/investments/Effects-of-Demonetisation-on-Online-Shopping.a5542/>
4. <http://indianonlineseller.com/2016/12/the-impact-of-demonetisation-on-the-average-indian-online-seller/>
5. <http://www.businessnewsdaily.com/7756-online-shopping-preferences.html>
6. http://www.icmab.org.bd/images/stories/journal/2015/Mar-Apr/1-Consumer_Preference.pdf