



## **CUSTOMERS' PREFERENCE TOWARDS ONLINE SHOPPING WITH SPECIAL REFERENCE TO THE CITY OF KOCHI**

**Dr. Amaravathi, M. and Mr. Anand Shankar Raja, M.**

<sup>1</sup>Department of Management Sciences, PSG College of Arts and Science, Coimbatore, India

<sup>2</sup>Department of Commerce, Faculty of science and Humanities, SRM University, India

**\*Corresponding Author**

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### **Abstract**

Not too many years ago a lot of humans shopped in their bounded stores complete with parking and acclimate problems, continued lines and fluctuant arcade carts. The success of online shopping precinct is the bulletin development and the bulletin ability where the bulletin is actuating. By understanding the attitude and approach of the online shoppers, retailers can accomplish added able advice and can allure added all-around customers with an ambit of offers. Even if online arcade was available, humans acquainted with afflictive application of their acclaim cards are giving their claimed advice to cyber-shops. That has all changed. The internet is alone travelling to become accepted as time goes by and purchasers in common get added adequately due to the aegis and on-time supply of their purchases. This is the one breadth of affairs that continues to accept an absolute angle far into the future. One of the fastest growing areas of e-commerce is online purchasing. The internet provides a belvedere area where sellers and buyers can appear in acquaintance for auction and acquirement of appurtenances and services. In this research article we aim to see the change that has been advancing in the area of e-shopping and the customers' preference towards e-shopping with an accurate and reliable questionnaire. A factor analysis is used to club the various listed factors into apt headings and a path analysis model is used where it throws light on the R square value which predicts the power of the path between variables. Bootstrap analysis predicts the t value where the value of 1.96 and above indicates that the path independent variables to the dependent variable reached a significant level and its route to the solid line. The path analysis is done using smartPLS and inference is drawn.

Keywords: Online Shopping, Range of Selection, Latest Offers Saves Time and Energy, Technology Trends and Motivation.

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## **INTRODUCTION**

e-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. An online shop evokes the physical analogy of buying products or services at a bricks and mortar retailer or shopping centre. The process is called business-to-consumer (B2C) online shopping. Electronic commerce also known as e-commerce is a type of industry where buying and selling of product or service is conducted over electronic systems such as the internet and computer networks. Electronic commerce works through technologies such as mobile commerce, electronic funds transfer, supply chain management, internet marketing, online transaction processing, inventory management and automated data collection systems. Modern day electronic commerce typically uses the World Wide Web at least one point in the transaction cycle although a wider range of technologies such as email, social media, telephones etc. are used as well.

## **Review of Literature**

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 behaviour in the context of the Internet. In the present study we focus on attribute-level analyses of consumer preferences and because we believe that different product attributes play different roles in search and purchase behaviours, search behaviour is examined separately from final purchase for different products. The explosive growth and popularity of social media like Facebook and MySpace, coupled with applications offered with mobile smart phones, contributes to the increasing popularity and purchases of virtual goods, which has been a boom for e-commerce sites and mobile commerce (Thompson, 2010).

Ramírez Nicolas (2010) states that the Internet has changed many facets of our daily lives: the way we relate and communicate with one another, how we interact with a bank, read newspapers or watch television. Even the way we buy and sell. These changes have occurred due to the constant flow of companies offering new business models and innovative formulae. Discount coupons have always been a powerful marketing tool.

Sharma and Mittal (2009) in their study "Prospects of e-commerce in India", mention that India is showing tremendous growth in e-commerce. Undoubtedly, with the population of millions of people, online shopping shows unlimited potential in India. Today e-commerce is a common word in Indian society and it has become an integral part of our daily life. There are websites providing a number of goods and services. Then there are those, which provide a specific product along with its allied services- multi-product e-commerce. These Indian e-commerce portals provide goods and services in a variety of categories.

### Objectives of the Study

- To determine the various factors which motivate the consumers to prefer online shopping
- To determine whether the demographic constructs play an important role in influencing a person to involve in online shopping

### RESEARCH METHODOLOGY

The primary data are collected through questionnaire survey. The data were collected from the respondents using a simple random sampling method for this research. The respondents were asked to give their opinions relating to their preference towards online shopping. The filled up questionnaires were thoroughly checked and ensured for accuracy, consistency and completeness of data.

The data thus collected were categorized and processed manually and further it was cross-checked through computers. The validity, reliability was analyzed using Cronbach's alpha which was .811 and showed that the framed set of questions were positive for the study to proceed further. The data in this study were analyzed using the statistical package for social sciences (SPSS 21.0) and the path analysis using PLS.

### VARIABLES USED

**Dependent Variable:** Technology

**Independent Variable:** Online purchase motivation

**Mediating Variable:** Demographic constructs

### Analysis and Interpretation

#### Demographic Characteristics

The demographic characteristics of the sample using the variables of gender, age, occupation and income are shown in Table 1.0.

**Table 1.0: Demographic Characteristics**

Demographic Variables		Frequency	Percent %
GENDE R	A. Male	60	75.0%
	B. Female	20	25.0%
	TOTAL	80	100%
AGE	A. 15-30	Nil	0.00%
	B. 31-46	65	81.3%
	C. 47 -62	14	17.5%
	D. 63 and above	1	1.3%
	TOTAL	80	100%
OCCUP ATION	A. Professional	25	31.3%
	B. Business	0	0.00
	C. Government servant	NIL	0.00%
	D. Student	46	57.5%
	E. Home maker	1	1.3%
	F. Free lancers	8	10.1%
	G. Others please specify	0	0.00
Total	80	100%	
INCOM E	A. 10000-18000	37	46.25
	B. 18001-26000	26	32.5
	C 26001 & above	17	21.25
Total	80	100%	

### Hypothesis Development for the study

The philosophical root of hypothesis is based on the existing theory. Thus existing theory becomes the pathway to form new hypothesis. Formulation of hypothesis is not just to explain the relationship between two or more variables but to add power to the study being an important component for research work.

**H<sub>0</sub>1:** A positive relationship exists between technology and motivation to use online shopping. The mediating variable Income does not influence the relationship between the dependent variable and independent variable

**H<sub>0</sub>2:** A positive relationship exists between technology and motivation to use online shopping. The mediating variable Age does not influence the relationship between the dependent variable and independent variable

**H<sub>0</sub>3:** A positive relationship exists between technology and motivation to use online shopping. The mediating variable gender does not influence the relationship between the dependent variable and independent variable

**H<sub>0</sub>4:** A positive relationship exists between technology and motivation to use online shopping. The mediating variable Occupation does not influence the relationship between the dependent variable and independent variable

**Reliability Test**

Since this research has utilized proper Likert-type scale it is important to test the internal consistency and the reliability of the questionnaire and thus we employed a Cronbach’s alpha test. A total of 15 scale constructs were tested for reliability and the following table clearly shows that the set of constructs used in this study is perfect and highly reliable.

**Table 2.0. Reliability Statistics**

Reliability Statistics	
Cronbach's Alpha	N of Items
.811	17

**Table 3.0. Sample adequacy test and sphericity test**

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.722
Bartlett's Test of Sphericity	Approx. Chi-Square	297.665
	Df	45
	Sig.	.000

Table 3.0 shows the sample adequacy test by KMO (Kaiser-Meyer-Olkin) and Bartlett’s test. KMO compares the size of the observed correlation coefficient where the size of the partial correlation n coefficient for the sum of analysed variables is 85.4% and is considered to be reliable and thus the research can be proceeded with factor analysis. On the other hand the Bartlett’s test of sphericity (Ho 1 All correlation coefficients are close to zero) is rejected as the level of significance is (P < 0.0005). The approximate chi-square value is (297.665) and all the coefficients are not close to zero and thus the second acceptance is strong to proceed with a factor analysis as it satisfies both the test to conduct a complete factor analysis.

**Factor Analysis**

The first and the foremost initial process in factor analysis is to determine the linear components within the data set i.e., the Eigen values by calculating the Eigen values for R-matrix. SPSS extracts factors which has values more than 1 which is acceptable. Principal component analysis which is an important technique to determine the strong patterns in the data set and an important instrument for data reduction is followed. The initial value is 1 by definition and extraction values are more than .5 is usually accepted. In this research the extraction values are high i.e., more than .5 which indicates the proportion of each variable’s variance. We now proceed with the total variance table.

**Interpretation for Factor Analysis**

Finally the rotated component analysis is used to show the factor loadings for each scale construct. The factors have been rotated so that each factor has significant loadings (more than 0.40) ideally with not more than one variable. The method for rotation used here is the Varimax procedure. This is an orthogonal method of rotation that minimizes the number of variables with high loadings on a factor, thereby enhancing the interpretability of the factors. On the basis of Table 6.0, six components were identified for the 17 variables.

**Table 4.0. Factor Analysis**

Communalities		
	Initial	Extraction
Reduces shopping time(q1)	1.000	.858
Anywhere and anytime shopping(q2)	1.000	.751
useful for house wife’s(q3)	1.000	.656
Online payment an extra option(q4)	1.000	.711
Free home delivery(q5)	1.000	.716
can track the goods/service easily(q6)	1.000	.778
Useful for disabled people(q7)	1.000	.751
Wide array of goods in website display(q8)	1.000	.689
Customer enquiry possible 24/7(q9)	1.000	.640
Instant shopping is possible(q10)	1.000	.659
A range of online stores(q11)	1.000	.538
Can easily compare the goods(q12)	1.000	.737
Can shop during leisure time(q13)	1.000	.712
No need to spend separate time for shopping(q14)	1.000	.696
Offers and seasonal discount(q15)	1.000	.730
Wire money possible(q16)	1.000	.685
Good relationship management with customers(q17)	1.000	.712

Extraction Method: Principal Component Analysis.

Based on the item loadings, these factors were respectively labelled as follows:

- “Increases customer satisfaction and loyalty” - 1<sup>st</sup> component.
- “Flexible shopping method” - 2<sup>nd</sup> component.
- “Wide range of goods” - 3<sup>rd</sup> component
- “Anywhere and anytime shopping experience” - 4<sup>th</sup> component
- “Good service and easy payment option” - 5<sup>th</sup> component
- “Client-Marketer relationship drive” - 6<sup>th</sup> component

**Path Analysis and Boot Strap Summary**

In bootstrapping, subsamples are created with observations randomly drawn from the original set of data (with replacement). In SmartPLS, bootstrapping is used to generate the t statistic from which statistical significance can be judged. The two main bootstrapping parameters are case and sample size. Increasing the sample only seems to ensure that the t statistic is stable. Increasing the case size seems to greatly increase the t statistics. Boot strap analysis indicating Path coefficient and Boot strap results, Original sample mean, Standard error-statistics and P value followed by a path analysis which explains the power of the path variables.

**DISCUSSION**

These hypotheses were tested using PLS PM procedure in visual PLS software. The above boot-strap analyses and the path analysis exhibit this study’s architecture road map through structural equation modelling analysis to take Partial Least Square (PLS) analysis. When the path coefficient is positive, it indicates a positive influence and coefficients being negative represent a negative relationship. Here, with regard to En route the path of the data path for the value of t, t value of 1.96 and above indicates that the path independent variables to the dependent variable reached a significant level and its route to the solid line indicates t value less than significant standard that route at dotted line. The mediating variables gender and occupation influence the relationship between technology and motivation to prefer online shopping.

Table 5.0. Total Variance

Component	Total Variance Explained								
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.431	20.185	20.185	3.431	20.185	20.185	2.732	16.071	16.071
2	2.326	13.680	33.865	2.326	13.680	33.865	2.606	15.330	31.400
3	2.200	12.940	46.805	2.200	12.940	46.805	2.175	12.794	44.194
4	1.603	9.430	56.235	1.603	9.430	56.235	1.590	9.356	53.550
5	1.305	7.675	63.910	1.305	7.675	63.910	1.548	9.109	62.659
6	1.155	6.793	70.703	1.155	6.793	70.703	1.367	8.044	70.703
7	.832	4.892	75.595						
8	.775	4.561	80.156						
9	.651	3.827	83.982						
10	.587	3.452	87.434						
11	.556	3.271	90.705						
12	.458	2.693	93.398						
13	.307	1.807	95.205						
14	.263	1.547	96.752						
15	.226	1.329	98.081						
16	.181	1.064	99.145						
17	.145	.855	100.000						

Extraction Method: Principal Component Analysis.

Table 6.0. Rotated Component Matrix

Rotated Component Matrix <sup>a</sup>	Component					
	1	2	3	4	5	6
Offers and seasonal discount	.841	-.141	.024	.006	-.036	.020
No need to spend separate time for shopping	.792	.017	.146	-.120	.177	.040
Good relationship management with customers	.724	.365	.136	-.112	.152	.035
Can shop during leisure time	.599	.556	-.174	-.075	-.063	-.068
Useful for disabled people	.201	.837	.032	.088	-.014	-.015
Anywhere and anytime shopping	-.203	.818	.091	-.114	.131	.050
Customer enquiry possible 24/7	.045	.692	-.018	.107	-.355	-.146
Can easily compare the goods useful for house wife's	-.043	-.034	.846	.092	.072	-.071
Online payment an extra option	.154	.514	.624	-.065	.153	.079
A range of online stores	.079	-.091	.540	-.302	.374	-.038
Wide array of goods in website display	-.149	.005	-.145	.802	.001	-.056
Instant shopping is possible	.000	.003	.189	.776	-.096	.107
Wire money possible	.047	-.010	.054	-.160	.806	.062
Free home delivery	.473	-.044	-.136	.286	.622	-.059
Reduces shopping time	-.156	-.111	.125	-.093	.153	.879
can track the goods/service easily	.341	.060	-.228	.239	-.156	.725

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

Path co-efficient and Boot strap results model 1	Original sample	Sample mean	Standard error	t-statistics	P value
Income-Online purchase motivation	0.021	0.214	0.084	2.500	0.013
Technology advancement-Income	-0.348	0.351	0.064	5.464	0.000
Technology advancement-Online purchase motivation	0.419	0.423	0.094	4.465	0.000

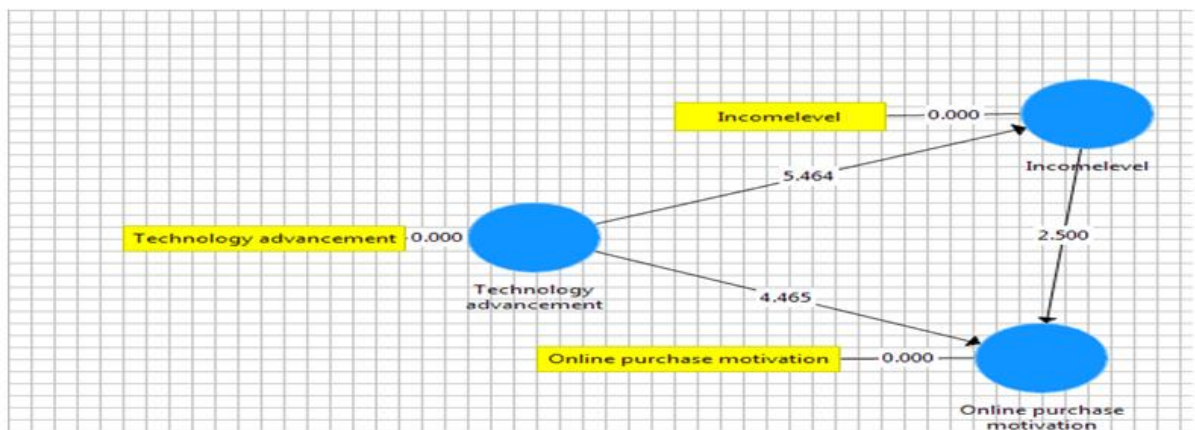


Fig. 1.0: Path diagram showing the mediating variable (Income) affecting the relationship between the Independent variable and dependent variable

Path co-efficient and Boot strap results model 1	Original sample	Sample mean	Standard error	t-statistics	P value
Age-Online purchase motivation	-0.081	0.075	0.090	0.893	0.372
Technology advancement-Age	0.018	0.020	0.118	0.156	0.876
Technology advancement-Online purchase motivation	0.347	0.344	0.094	3.694	0.000

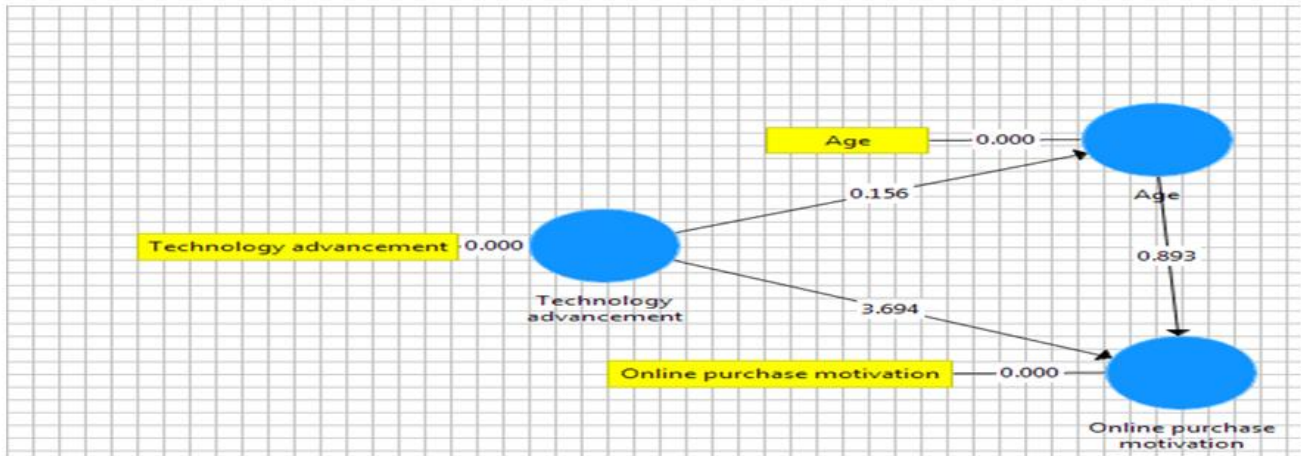


Fig. 2.0. Path diagram showing the mediating variable (Age) affecting the relationship between the Independent variable and dependent variable

Path co-efficient and Boot strap results model 1	Original sample	Sample mean	Standard error	t-statistics	P value
Gender-Online purchase motivation	-0.085	-0.078	0.120	0.710	0.478
Technology advancement-Gender	-0.025	-0.033	0.109	0.233	0.816
Technology advancement-Online purchase motivation	0.344	0.348	0.092	3.740	0.000

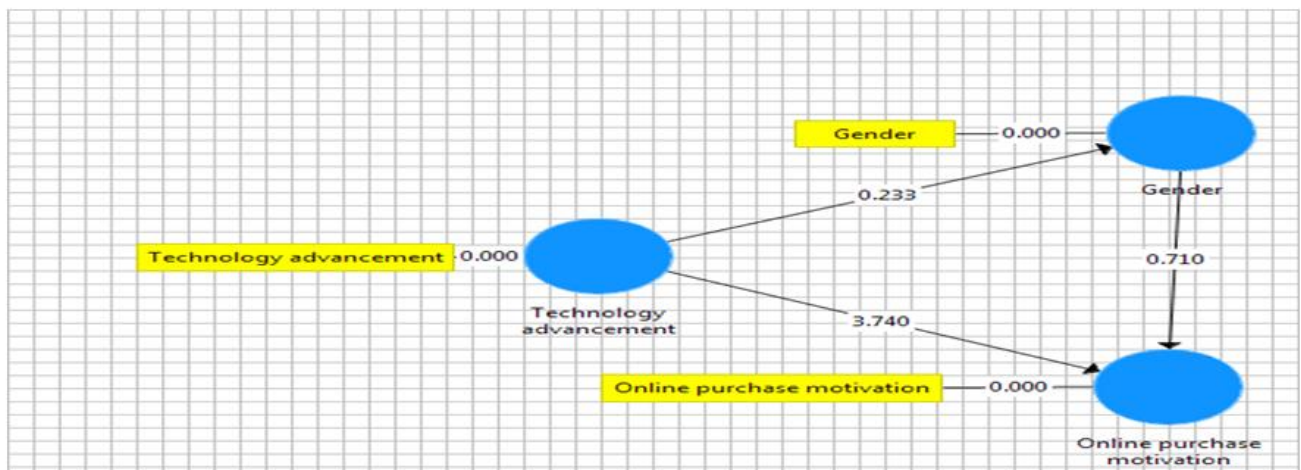


Fig. 3.0: Path diagram showing the mediating variable (Gender) affecting the relationship between the Independent variable and dependent variable

Path co-efficient and Boot strap results model 1	Original sample	Sample mean	Standard error	t-statistics	P value
Occupation-Online purchase motivation	-0.316	-0.326	0.082	3.974	0.000
Technology advancement-Occupation	0.270	0.256	0.106	2.541	0.011
Technology advancement-Online purchase motivation	0.434	0.435	0.090	4.743	0.000

Thus, the overall fit of the model is evaluated by examining square multiple correlation or R<sup>2</sup> or the coefficient of determination which determines the predictive power of

structural model. Causal model and observed variables and latent variables used to do hypothesis testing for the above using a strong bootstrap analysis, where, after the test, we



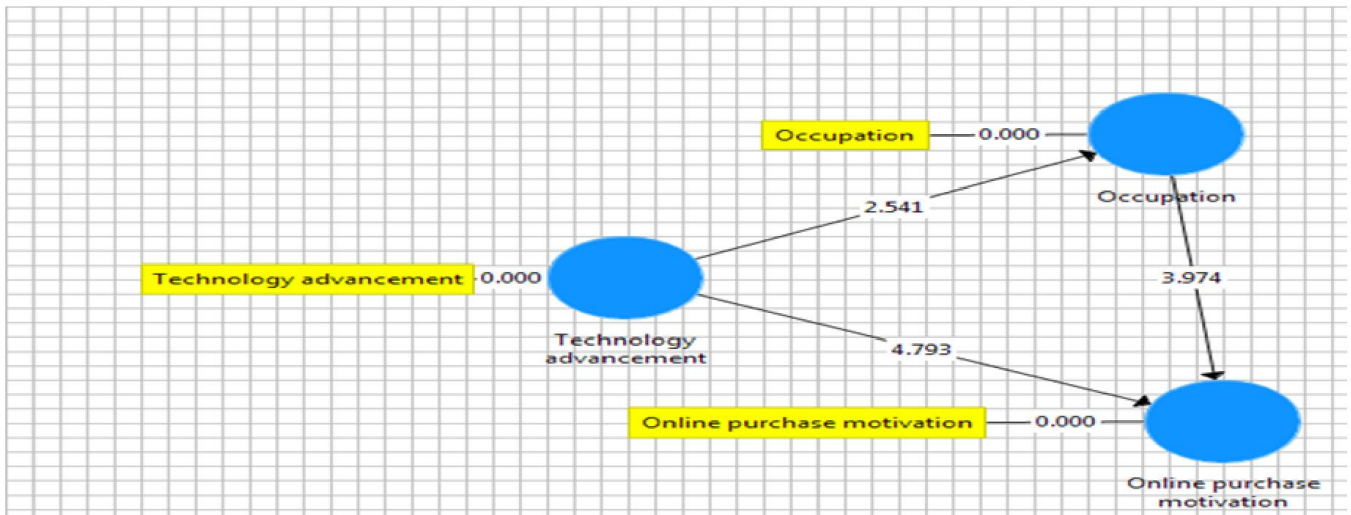


Fig. 4.0. Path diagram showing the mediating variable (Occupation) affecting the relationship between the Independent variable and dependent variable

Table 7.0. Acceptance / Rejection of Hypothesis - Based on the Boot Strap Analysis Using PLS

HYPOTHESIS	Accepted/Rejected
Ho1 Income (mediating variable)	Rejected
Ho2 Gender (mediating variable)	Accepted
Ho3 Age (mediating variable)	Accepted
Ho4 Occupation (mediating variable)	Rejected

determined whether the path has a significant or an insignificant impact and we have clearly stated the acceptance and the rejection criteria for the above hypotheses.

**Conclusion**

Due to the numerous advantages and benefits, more and more people prefer online shopping over conventional shopping these days. It is important to understand the psyche of the online shopper and the situation in which they are. Some spend a lot of their leisure time for shopping, whereas some don't. From shopping in their pyjamas, there is convenience for an array of consumers, especially for the elderly and disabled consumer.

Also because of wider choice, not subject to upwelling or impulse buying, better prices, no expectation for a good environment and such factors, more customers prefer online shopping. For those who are busy round the clock, who never find time to step into the malls to pick up their needy goods, at the end of the day they end up with online shopping because they do not have to walk, drive, carry things and talk to sales persons when shopping online.

In most shopping websites, the customers can instantly get a selection of the most popular, newest or the highest rated products with reviews from other customers. Thus, considering the various factors, online shopping has really saved a lot of time for many in this competitive world.

Above all, demographic constructs of the customers have strong influence on online shopping. Though the use of technology and various shopping applications in the latest

gadgets are available, many customers prefer online shopping based on various criteria related to their personal space and based on their demographic constructs because the background of the customers are important to get influenced by online shopping.

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#### Latest technology motivates me to prefer online shopping

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	72	90.0	90.0	90.0
	no	8	10.0	10.0	100.0
Total		80	100.0	100.0	

#### APPENDIX

Computer calculated results using SPSS for the dependent  
variable and independent variable used in the study:

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