

Consumer's Buying Preference For Electronic Products In India; Online Vs Retail

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Abstract:

This article brings out the factors which have been more related and stimulated to buy the products through online as well as retail. This study also examines in understanding the different choices to purchase the product in online and retail segment and similarly tries to find out any specific choices to buy lower price and higher price electronic products through the online or retail. Because now days, consumers want more ease, innovative and variety in their buying scenario for the products and services.

This research article has explored the consumer's buying preference in India for lower & higher price electronic product. Consumer's buying preference in India for the electronic products are mostly the same for lower and higher price electronic products in retail outlet. This study will focus in identifying the factors which influences the buyer to purchase electronic products through online mode or retail mode. The researcher will use empirical investigation by collecting the data from the respondents and the findings of the research will be analyzed in detail in the following sections. The research findings shows that Indian consumers prefer and interested to buy the lower price electronic products through online where as they prefer to buy the higher price electronic products from retail shops. Now days buying scenario has been changed & developed by the 3rd generation consumers. Similarly both industries have been grown fast by the educated and modern consumers. They are becoming to believe the technology acceptance model will be the best to decision to have the best service & desired value.

Keywords:

- a) *Online: Computer or device connected to a network*
- b) *TAM: Technology Acceptance Model*
- c) *Electronic Products: Electronic Products is an electronic component and technology*
- d) *Digital Marketing: Promotion of products or brands via one or more forms of electronic media.*

Introduction:

Today, Consumer's Interest & Shopping trend is turning to Online Shopping with a giant speed of changes from the Traditional ways. It has seen 128% growth in the year 2012, as compared to 40% growth in 2011. (Nicolas, 2011) According to a study conducted by Google India and the report compiled by combining data from Google Trends and online research conducted by TNS Australia with a sample size of 800 respondents

on behalf of Google India in November 2012, it has showed that day to day, minute to minute, the online shopping revenue is increased by the online shoppers & online stores. Online shopping provides the facility of convenience, information and reviews, price and selection, user interface. (Sharma, 2014).

This study attempts to identify the factors that are influencing the retail and online shopping for lower price electronic products and higher price electronic product in two tier city of

Tiruchirappalli in India. It brings also the extent of online shopping culture, preference of people while shopping and influencing the factors to purchase lower and higher price electronic products.

This research will carry out the Consumers Preference of buying electronic products through Online & Retail. The following are the objectives of the study

- To identify the factors which has been Stimulated to buy electronic products through online or retail
- To find out the Indian consumer's preference to buy the electronic products through online or retail
- To find out the high sales of lower price & higher price electronic products in which platform.

Sometimes online shopping provides negative outcomes like displeasure, dissatisfaction of the products, services, or both, delivery problems like damage products or late delivery, wrong dispatch, reimbursement, and replacement. These kinds of situations, behavioral outcomes and experiences will explain through this research work. (Goyal, 2008)

Literature Review:

Diffusion of Innovation Theory, this theory has applied commonly for the studies related to information technologies and suggests that many factors contribute to an individual's adoption of and intention to use an innovation (Prescott & Conger, 1995). The authors have stated that the results are mainly based on the responses from the prospective users and not from the experts. (Lancaster & Taylor, 1986; Rogers, 1995).

Some of the most well-known and the observed characteristics thought to influence adoption, as proposed by Rogers (1995), include i) relative advantage, ii) compatibility, iii) complexity, iv) trialability, and v) observability.

In Meta-analysis of research on the relationship between perceptions of innovation characteristics and adoption-implementation,

Tornatzky and Klein (1982) conclude that relative advantage, compatibility, complexity are the most relevant to adoption-diffusion research, thus we use them in this study. Additional factors proposed to influence adoption and use of innovations include image, result demonstrability, visibility, and voluntariness (Moore & Benbasat, 1991). The authors have stated that the result stated that there is a demonstrability and visibility of 2 different components. This part of the research was mainly not considered in the analysis carried out by Tornatzky and Klein's (1982).

Ramirez Nicolas [2010] stated that "The Internet has changed habits in our daily lives, the online mode of offering discounts and coupons possess a greater power in inducing the customers to purchase more through online mode. Discount coupons & buy one and get more than one will create the powerful marketing tool to capture the potential consumers.

Venkatesh [2000] quoted that decision making of the consumers now attempted to minimize the effort in their routine behaviors, as is also the case with consumers' preference regarding the "ease of use" the preference that Internet shopping will be free of effort. If the technology is more user friendly it would result in greater acceptance among the users, it is true when it is concentrated on the end users on a large manner. Consumers now have the access to sophisticated technology through internet, this makes them to procure things through online rather than the conventional mode of purchasing.

According to Hoyer [1984] has stated that some of consumers are price cautious and also has experienced to product-related issues. It may reflect their future purchases and also word of mouth will be making the necessary changes in the positive and negative actions of purchase behavior.

Grewal et al. [1998] stated that special discounts and price promotions increases consumer's preference to buying interest of the product. These kinds of discounts and promotions are considered as a financial sacrifice to attain certain level of stages.

Information Sources:

The following range of information sources will be consulted:

- Printed & Online journals
- Online database & E- resources
- Business Magazines and Management Publications
- Books in the context of Marketing & Etc.

Methodology:

Many products are available in the Retail Market & Online stores which could be categorized as lower price and higher price category. It has a great challenge to analyze all the available electronic products in the sales points.

Due to the time constraint, electronic products has been short listed for lower & higher price electronic products for the research, and only one higher price electronic product and one lower price electronic product to be identified for the research analysis. A pen drive has been selected as lower price electronic product and a laptop has been selected as higher price electronic product to deduce the research article.

Research Design

Qualitative and Quantitative methods has been involved in this research to reveal the consumer's preference regarding higher price and lower price electronic products through online and retail shops. This two research methods has been followed to gather the information of consumer's preference. The qualitative approach adopted to get the information from 3 delivery personnel of Amazon & 3 delivery staff from E-cart services to understand the responsible driving forces of consumer's preference for the online and retail shopping. The quantitative method has been implemented to analyze the data which has collected from the respondents of the age group of 18-35 years and are involved in using online & retail shopping. The area of study was conducted in Thuvakudi in Trichy, Tamil Nadu. **The population with the chosen area of the study is estimated at around 1,200. With the**

confidence level of 85% and a margin error of 10%, we have settled with nearly 47 respondents for the survey.

<https://www.surveymonkey.com/mp/sample-size-calculator/>

Spending time to purchase the products:

- 60% of the respondents said that they have spent only 2-10 minutes to purchase a pen drive.
- 64% of the respondents have spent more than 5 days to select a laptop to purchase.

Searching before purchase the products:

- 68% of them said that they don't search before purchase a pen drive.
- 98% of respondents said that they have searched before purchasing a laptop.

The above result shows that the assumption of categorizing products which has been lower price & higher price and a pen drive as a lower price electronic product and laptop as a higher price electronic product has been decided as a correct categorization.

The following are the 7 essential factors which focus more on the preferences of the consumers in deciding the product based on the prices.

- Spending time for the purchase for a particular product
- Returning process & opportunity
- Quick delivery for the products
- Various choices and availability of the product
- Ease of purchase
- Offers and discounts for the products
- Reliability of the purchase for the product

Limitations

The respondents experience has been in a same and single region, it may differ to other regions. The sample size has been small and a result may be assumption to the actual situation and the number of products that has been analyzed also very limited.

Data analysis

From the factor we took the attributes which were consistent and not vanishing for all four set of data (low involvement- online & retail, high involvement - online & retail). The five consistent parameters are,

- Returning process & opportunity
- Quick delivery for the products
- Ease of Purchase
- Offers and discounts for the products
- Various choices and availability of the product

Formulation of hypothesis:

- A) Consumer's preference to buy lower price electronic product in online vs. retail.
- B) Consumer's preference to buy higher price electronic product in online vs. retail
- C) Consumer's preference to buy online lower vs. higher price
- D) Consumer's preference to buy retail lower vs. higher price

A) Consumer's preference to buy lower price electronic product

H₀:

There is no significant difference between consumer's preference to buy lower price electronic product is same in both online and retail buying.

H₁:

There is a significant difference between consumer's preference to buy lower price electronic product is different for online and retail buying.

B) Consumer's preference to buy higher price electronic product

H₀:

There is no significant difference between consumer's preference to

buy higher price electronic product is same in both online and retail buying.

H₁:

There is a significant difference between Consumer's preference to buy higher price electronic product is different for online and retail buying.

C) Consumer's preference for online buying

H₀:

There is no significant difference between consumer's preference to buy lower price electronic product and higher price electronic product is same for online buying.

H₁:

There is a significant difference between Consumer's preference to buy lower price electronic product and higher price electronic product is different for online buying.

D) Consumer's preference for retail buying

H₀:

There is no significant difference between Consumer's preference to buy lower price electronic product and higher price electronic product is same for retail buying.

H₁:

There is a significant difference between Consumer's preference to buy lower price electronic product and higher price electronic product is different for retail buying.

A) Consumer's preference to buy lower price electronic product:

One sample T-Test conducted to test the hypothesis to check the Consumer's preference to buy lower price electronic product.

Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
								95% Confidence Interval of the Difference	
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Score Equal variances assumed	8.368	.004	5.853	284	.000	.62755	.10723	.41649	.83861
Equal variances not assumed			5.853	268.243	.000	.62755	.10723	.41644	.83867

It is identified from the above independent sample T-Test, the p-value (0.004) is less than the significant value P of 0.05. Hence null hypothesis is rejected and indicates that there is a significant difference in consumer's preference to buy lower price electronic product.

Therefore it is concluded that there is a significant difference between Consumer's preferences to buy lower price electronic product is different for online and retail buying.

B) Consumer's preference to buy higher price electronic product:

One sample T-Test conducted to test the hypothesis

Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
								95% Confidence Interval of the Difference	
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Score Equal variances assumed	11.731	.001	5.555	284	.000	.60245	.10844	.38899	.81590
Equal variances not assumed			5.555	261.468	.000	.60245	.10844	.38891	.81598

It is identified from the above independent sample T-Test, the p-value (0.001) is less than the significant value P of 0.05. Thus we cannot accept the null hypothesis and accept the alternate hypothesis.

Therefore it is concluded that there is a significant difference between Consumer's preference to buy higher price electronic product is different for online and retail buying.

C) Consumer's preference for online buying:

One sample T-Test conducted to test the hypothesis to check the Consumer's preference for online buying.

Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
								95% Confidence Interval of the Difference	
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Score Equal variances assumed	.012	.911	-2.065	284	.040	-.19049	.09225	-.37206	-.00892
Equal variances not assumed			-2.065	283.841	.040	-.19049	.09225	-.37206	-.00891

It is identified from the above independent sample T-Test, the p-value (0.911) is more than the significant value P of 0.05. Thus we accept the null hypothesis. Therefore it is concluded that there is no significant difference between Consumer's preference to buy lower price electronic product and higher price electronic product is different for online buying.

D) Consumer's preference for retail buying:

One sample T-Test conducted to test the hypothesis to check the Consumer's preference for retail buying.

Independent Samples Test

	Levene's Test for Equality of Variances		t-test for Equality of Means						
								95% Confidence Interval of the Difference	
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Score Equal variances assumed	.151	.698	-1.775	284	.077	-.21559	.12144	-.45464	.02345
Equal variances not assumed			-1.775	283.719	.077	-.21559	.12144	-.45464	.02345

It is identified from the above independent sample T-Test, the p-value (0.698) is more than the significant value P of 0.05. Thus we accept the null hypothesis. Therefore it is concluded that there is no significant difference between Consumer's preference to buy lower price electronic product and higher price electronic product is same for retail buying.

Findings of the study

From the overall analysis it is noted that there is a significant difference in consumers preference to buy lower price electronic product. There is also significant difference between Consumer's preference to buy higher price electronic product is different for online and retail buying gives an

idea where consumers prefer to buy their low and high price electronic products.

Conclusion

From the analysis it is noted that there is a significant difference between Consumer's preference to buy lower price electronic product is different for online and retail buying. Therefore, it is stated that the customers prefer to buy the lower price electronic product through online buying. In today's business scenario, people prefer not to wait in long queue for procuring goods, mainly in departmental stores, malls etc. Therefore, they now tend to use online mode for purchasing goods. This trend may tend to continue since more customers prefer this mode and it will lead to a sea change in which business transactions will happen in the B2C market. With this trend catching much attention, future researches can be carried out based on the similar aspects.

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