

RURAL CONSUMER ATTITUDE TOWARDS ONLINE SHOPPING: AN EMPIRICAL STUDY OF RURAL AREA

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Abstract— This paper discusses the rural people behavior towards online shopping, it also discusses why they prefer online shopping and why not. In recent years, rural markets have acquired significance, as the overall growth of the economy has resulted into substantial increase in the purchasing power of the rural communities. Rural Markets are defined as those segments of overall market of any economy, which are distinct from the other types of markets like stock market, commodity markets or Labor economics. Online shopping or 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. Alternative names are: e-web-store, e-shop, e-store, Internet shop, web-shop, web-store, online store, online storefront and virtual store. The purpose of this study is to analyze the impact of consumer perceptions in regards to online shopping. A sample of 100 (63 males and 37 females) respondents were taken into consideration from rural areas.

Keywords— Commodity Market, Consumer Behaviour, Rural Communities, Online Shopping, Stock Market

INTRODUCTION

Rural areas are also known as 'countryside' or a 'village' in India. It has a very low density of population. In rural areas, agriculture is the chief source of livelihood along with fishing, cottage industries, pottery etc. The quest to discover the real rural India still continues in great earnest. Almost every economic agency today has a definition of rural India. Here are a few definitions: According to the Planning Commission, a town with a maximum population of 15,000 is considered rural in nature. In these areas, the panchayat takes all the decisions.

- An area with a population density of up to 400 per square kilometer,
- Villages with clear surveyed boundaries but no municipal board,
- A minimum of 75% of male working population involved in agriculture and allied activities.

RBI defines rural areas as those areas with a population of less than 49,000 (tier -3 to tier-6 cities). It is generally said that the rural areas house up to 70% of India's population. Rural India contributes a big chunk to India's GDP by way of agriculture, self-employment, services, construction etc. As per a strict measure used by the National Sample Survey in its 63rd round, called monthly per capita expenditure, rural expenditure accounts for 55% of total national monthly expenditure. The rural population currently accounts for one -third of the total Indian FMCG sales 742 million Indians constituting 138 million households reside in 6, 38,365 villages (Census, 2001). the size of rural market itself speaks of its potential. The current marketing environment and economic scenario have brought the corporate under contemporary roofs of modern India, which is challenging the current standards of segmenting, targeting and reaching the customers. Realistically, India as a nation has come a long way from the place where only urban population which constitutes 20 per cent of customer base for companies are responsible for 80 per cent of their profits. The companies are looking for new opportunities and avenues, as they are witnessing a decline in their growth rates in urban markets due to market saturation and they do have a huge, untouched and untapped rural Indian market. The driving force for this is rural youth who are educated, have access to technology and have openness to change. Also, rural markets have acquired significance, as the overall growth of economy has resulted into substantial increase in the purchasing power of the rural communities. A survey by India's premier economic research entity,

SALIENT FEATURES OF RURAL INDIA

Some common characteristics that do exist amongst most of the rural markets in India are as follows.

- A. Population: 83.3 per cent of the villages have a population of less than 2000 (Census of India 2001)

- B. Levels of Education: Although the percentage of literates has increased from 36 in 1981 to 59 in 2001, there is still approximately 60 per cent of the rural population who lies below the middle education bracket. (Kashyap & Raut, 2010)
- C. Occupational Pattern: Almost 76 per cent of the rural population depends on cultivation or wages for their living (NCAER, 2002).
- D. Characteristics: in terms of occupation, consumption and buying behaviour change prominently from urban to rural in locations with population more than 10000

Online shopping is a growing area of technology. Establishing a store on the Internet, allows for retailers to expand their market and reach out to consumers who may not otherwise visit the physical store. The convenience of online shopping is the main attraction for the consumers. Unique online payment systems offer easy and safe purchasing from other individuals. Electronic consumers exhibit different buying behaviours such as; cart abandonment. The benefits of shopping online also come with potential risks and dangers that consumers must be aware of. In the future, we can expect online stores to improve their technology tremendously, allowing for an easier and a more realistic shopping experience.

A company that wants to market their items online can establish an online store by developing a website. These stores usually consist of several department areas with the merchandize organized accordingly. The consumer may view the products' picture, item details, materials, sizing, etc. If the consumer chooses to add the item to his or her virtual shopping cart, they are usually given the option to continue shopping or proceed to checkout. Once the consumer proceeds to checkout, the credit card transaction is completed and the item is prepared and shipped from the retailer to the consumer.

Many physical retail stores have expanded their market by using the Internet. By having both a virtual store and a physical store, companies get the best of both worlds. Stores that are marketing their products in both areas can take advantage of the high demand for online shopping availability. The ability to shop for products online gives consumers the option to purchase goods off of the Internet with the convenience of not even leaving his or her home. Others; however, still enjoy and prefer to go into a physical store to make purchases. For some consumers, their method of purchase is not because of a preference but because of generation gap.

INDIAN INTERNET USERS

Total Users vs. Mobile Users vs. e-Commerce vs. Ads

Total Internet population to touch 180mm,30 million new Internet users in 2013

20% growth in the Internet population.38% are from Top 8 **Metro***, 12% from 5-10 **Small Metro***, and 29% from 2-5 **Non-Metro***

An Internet user in India on average is spending 13 hour per week, this number will likely reach 16 hours per week in 2013,50 million or under 6% mobile users access Internet via mobile handsets. In 2013 mobile Internet penetration, will go up from 6% to 10%2012 India E-Commerce reached \$550 million in gross revenue. E-Commerce to touch \$900 million in gross revenue by end of 2013.India Internet advertising generated \$300 million in revenue in 2012 and India Internet advertising can double in 2013 to reach \$600 million

India Internet Users: Rural Internet Users

Rural India has 31 million Internet users & accessed at least once in the past month 38 million Internet users who have accessed Internet at least once in their lifetime 3.6 million Mobile Internet users, up by 7.2 times from 0.5 million users in 2010 75% of the rural Internet users access the Internet for Entertainment purposes 56% of the users make use of the Internet for communication purposes

50% of the users access educational services and online job sites.

39% of the rural Internet users make use of social networking services 34% of the rural Internet users make use of e-commerce portals,

Penetration of **claimed internet users*** in rural India grown from 2.6% in 2010 to 4.6% in 2012 ***Claimed Internet User**: An individual who has used the Internet at any point in time in the past.

LITERATURE REVIEW

The classic consumer purchasing decision-making theory can be characterized as a continuum extending from routine problem-solving behaviours, through to limited problem-solving behaviours and then towards extensive problem-solving behaviours [Schiffman et al.,2001]. The traditional framework for analysis of the buyer decision process is a five-step model. Given the model, the consumer progresses firstly from a state of felt deprivation (problem recognition), to the search for information on problem solutions. The information gathered provides the basis for the evaluation of

alternatives. Finally, post-purchase behaviour is critical in the marketing perspective, as it eventually affects consumers' perception of satisfaction/dissatisfaction with the product/service. This classic five stage model comprises the essence of consumer behaviour under most contexts. Nevertheless, the management of marketing issues at each stage in the virtual environment has to be resolved by individual E-marketers. Peterson et al. [1997] commented that it is an early stage in Internet development in terms of building an appropriate dedicated model of consumer buying behaviour. Decision sequences will be influenced by the starting point of the consumer, the relevant market structures and the characteristics of the product in question. Consumers' attitude towards online shopping is a prominent factor affecting actual buying behaviour. Source: Jarvenpaa Journal of Electronic Commerce Research, VOL. 6, NO.2, 2005 Todd [1997] proposed a model of attitudes and shopping intention towards Internet shopping in general. The model included several indicators, belonging to four major categories; the value of the product, the shopping experience, the quality of service offered by the website and the risk perceptions of Internet retail shopping. In the research conducted by Vellidoet al. [2000], nine factors associated with users' perception of online shopping were extracted. Among those factors the risk perception of users was demonstrated to be the main discriminator between people buying online and people not buying online. Other discriminating factors were; control over, and convenience of, the shopping process, affordability of merchandise, customer service and ease of use of the shopping site. In another study, Jarvenpaa et al. [2000] tested a model of consumer attitude towards specific web base stores, in which perceptions of the store's reputation and size were assumed to affect consumer trust of the retailer. The level of trust was positively related to the attitude toward the store, and inversely related to the perception of the risks involved in buying from that store. Jarvenpaa et al. [2000] concluded that the attitude and the risk perception affected the consumer's intention to buy from the store. Consumer risk perceptions and concerns regarding online shopping are mainly related to aspects involving the privacy and security of personal information, the security of online transaction systems and the uncertainty of product quality.

NEED FOR THE STUDY

Rural Markets are defined as those segments of overall market of any economy, which are distinct from the other types of markets like stock market, commodity markets or Labour economics. The so-called urban markets are crowded and saturated and the share of agriculture in GDP is going down but India still lives in her villages. Such a potential market was being ignored by corporate sector and small and medium industries. Hence it is proposed

to study the potentiality and problems of rural market with a special reference to Indian Rural Market. With the advent of information technologies and emergence of online stores, the online shopping has not been the same as it was in the past. Now in order to strive in this cut-throat competition it is of vital importance for the organizations to understand the factors that matter for consumers when they shop online. As the competition in e-commerce is intensified, it becomes more important for online retailers to understand the antecedents of consumer acceptance of online shopping. Such knowledge is essential to customer relationship management, which has been recognized as an effective business strategy to achieve success in the electronic market. The current research study is an effort to understand the satisfaction and loyalty pattern for the rural consumers shopping online

OBJECTIVES OF THE STUDY

- To identify the rural consumers attitude towards e-Retailing in India. -To determine the challenges in the way of e-Retailing in rural India.
- To suggest positive recommendations for successful advent of e-Retailing in rural India

LIMITATIONS OF THE STUDY

Sample size is very small. Concentrated only on educated rural population with same age group.

RESEARCH METHODOLOGY

Both primary and secondary data has been used.

An exhaustive questionnaire was structured to gather as much primary information as possible and hence, the most common form of research, descriptive research was used. A preliminary study in the form of informal interviews with 100 persons was conducted. Secondary data is one which is already collected by some other researcher on the same or some other field has been used. Convenience sampling method is used.

FINDINGS & INTERPRETATIONS

Table No.1: Demographic Profile of Respondents

Details	Frequency (N)	Percentage (%)
Gender		
Male	50	50%
Female	50	50%
Age		
Between 20-30	100	100 %

Table No.2: Attributes of Brand Preference in Rural Market

Factors	Rank
Quality	1
Price	2
Easy availability	3
Family liking	4
Advertisement	5
Variety	6
Credit	7

From the above table, it is inferred that the respondents give 1 rank to Quality, 2nd to Price, 3rd to Easy Availability, 4th to Family Liking, 5th to Advertisement, 6th to Variety & 7th rank to Credit.

43 RESPONDENTS PREFER ONLINE TRADING REASONS

- It is very easy.
- You will choose your favorite items from variety of online shopping sites comparing price and quality.
- No need to go physical shops. You will have more time for your family.
- Just need a computer and a payment sending option (like-net banking, credit card, ATM card).
- Almost all kinds of items can be brought through online shopping system.
- You can buy foreign goods from your bedroom.
- You will get your goods at your home.
- It is very secure.

25 DID NOT PREFER REASONS

- To rural area delivery of goods is no possible
- Risky and misleading
- No guaranty of quality
- Cannot exchange
- You can never verify your purchased goods using your own hands. Here you have to depend on picture, videos and descriptions. But the chance of defects is low.
- Sometime you will pay much higher price for a particular item.
- If you using ATM card, debit card, credit card, then there will be a question about your bank account security.
- Here is no guarantee that you will receive your goods at time. Shipping will be delayed.
- You have to pay a lot of extra if you buy form foreign shopping site.

32 respondents say that we are not familiar with online trading we are illiterate about it to use online trading we should be educated in banking transactions and computer usage also, we don't have computer or mobile with us.

RECOMMENDATIONS FOR EFFECTIVE RURAL MARKETING PRACTICES

- The Government has to develop infrastructure facilities like roadways, railways etc., in rural areas so as to reach large Indian rural market.
- The rural communication facilities like telecommunication systems, internet facilities, broadcasting systems etc., have to be improved so that there will not be any communication gap among players of the rural market segments.
- Effective Supply Chain Management practices can bring down the various costs associated with rural markets like distribution cost, cost of communication, customer cost, cost of sale.
- Educating rural consumers is the key to successful rural marketing. Rural consumers need to be educated in all aspects like usage of the products, gathering product information, consumer rights, laws and regulations, getting the right product at right place at right cost in right time.
- The efficient marketing is predominantly influenced by efficient distribution system it means products such

ultimate consumer in the quickest time possible at minimum cost.

- The state marketing board or federation or market committees also the producers, traders and sellers have necessarily to be consulted as they have the principle interest towards its use.
- Suitable structure of support prices for various farm commodities adjusted from time-to-time. Adequate arrangement of agricultural produce on support price, if the price falls below the level.

Companies need to promise through understandable language to the rural consumers and it is needed to fastening the distribution services to rural areas which are far away from towns or cities. Companies should think and compete with labelled products which are local made and develop the interest in rural consumers' by highlighting the manufacturing date and expire date. Companies' supervision is highly required wherever outdated products are selling, companies should seize them. Moreover, companies should develop the brand trust in rural consumers'. For this they need to be in touch with rural consumers in either way of promoting their good to rural consumers.

CONCLUSION

There were almost twice as many "lower income households" in rural areas as in urban areas. There were 2.3 million "highest income" households in urban areas as against 1.6 million in rural areas. NCAER projections indicated that the number of "middle income and above" households was expected to grow to 111 million in rural India by 2007, compared to 59 million in urban India. Gone were the days when a rural consumer had to go to a nearby town or city to buy a branded product. The growing power of the rural consumer was forcing big companies to flock to rural markets. At the same time, they also threw up major challenges for marketers. In rural markets, customs and beliefs play important role in success or failure of any product. Therefore, every marketer has to concentrate on rural markets apart from the matured urban markets. The role of government is very vital in solving the problems of rural markets. Development of infrastructure and effective implementation of laws, rules and regulations will protect of interest of rural consumers. The companies need to reduce the risks related to consumer incompetence by tactics such as making purchase websites easier to navigate, and introducing Internet kiosks, computers and other aids in stores. The goal is not to convert all shoppers to online purchasing, but to show them it's an option.

In addition to above, efforts need to be taken to educate the online buyers on the steps that need to be undertaken while making an online purchase. Moreover, the feedback of an online buyer should be captured to identify flaws in service delivery. This can be done through online communities and blogs that serve as advertising and marketing tools and a source of feedback for enterprises. We found that it is a challenge for E-marketers to convert low frequency online buyers into regular buyers through successful website design and by addressing concerns about reliable performance. Thus, the online retailing raises more issues than the benefits it currently offers. The quality of products offered online and procedures for service delivery are yet to be standardized. Till the same is done, the buyer is at a higher risk of frauds.

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