

E-shopping: An Extended Technology Innovation

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Abstract-Online shopping is a new way in the world of retailing and future of ecommerce world definitely. A report by Avendus Capital in "India goes Digital" Indian ecommerce market was estimated at 28,500 Crore in 2011. According to Forrester, ecommerce market in India will grow fastest within Asia-Pacific region at a CAGR of 57% between years 2012-2016. Both single branded and multi branded companies are selling their products and services online. This increasing growth has generated the idea to conduct this study. In this context, research paper explores three factors that influence consumer intentions to purchase products online: safety oriented, convenience oriented and price oriented. The study analyzes the perception of 150 online shoppers in Bangalore regarding convenience, safety and price and their intention and attitude towards online shopping. A structured close ended questionnaire was administered to online shoppers. The collected data were analyzed in two stages. In the first stage correlation was performed to analyze between online shopping features and consumer purchase intention. In the second stage factor analysis was carried out to find the critical factors responsible for making consumer purchase intentions towards online shopping. The findings of this research shows that 'safety' produces trust, 'convenience' originates user friendliness and 'price' provides economy, all three influenced directly the attitude towards purchase intentions of consumers to shop online. This paper provides useful insight for the researchers to understand the consumer's attitude towards online shopping intention.

Keywords- E retailing; attitude; safety; convenience; price

1. INTRODUCTION

Purchasing through internet is the most growing form of shopping and with growth in sales rate and it outpaces buying via conventional mediums (Levy & Weitz, 2001). According to Forrester research (2001) report, in 2000 there were \$48.3 billion internet sales consumers. And it represented annual growth rate of 45.9%. These figures show impressive growth rates in sales. Consumers use internet frequently and search online shopping websites for product information. According to Jupiter communication report, almost 72% consumers search internet for products once per month (Shop.org, 2001). This high level of online search activity should convert into actual purchase of products and services. Businesses lost \$6.1 billion worldwide in 2000 because of failure in purchase attempts (Blank, 2000). According to study by Boston Consulting Group in 2000 it was found that, the conversion rate of consumers who shop online out of who visit the online shopping websites, is quite low and ranges between 2.8% to 3.2% (Shop.org & Boston Consulting Group, 2000). Hence there exists a huge opportunity for consumers to shop online, if their needs are fully satisfied. Online shopping has become the most preferred alternative for consumers in this IT world, because traditional shopping is usually attributed with crowd, limited time, anxious, traffic jam, parking space shortage problems and etc. In India, online shopping is still considered as a new medium for shopping between

retailers and consumers and hence e-retailers are facing issues in retaining consumers. This study focuses on consumer purchase intentions towards online shopping and explores the factors responsible for making purchase decisions. This research study can help online marketers to reframe their e-retailing strategies. Consequently, this study expects to engage more number of consumers to shop online.

2. REVIEW OF LITERATURE

Review of previous studies develops an in-depth understanding of consumers' perception towards online shopping and their intentions towards shopping. Subsequently, demographic and experiential groups also responded comparably during surveys. First the inclination of using internet and its effect on consumer purchase behavior was perceived as male oriented activity. In past surveys males had shown greater preference towards technology (Wilder, Mackie, & Cooper, 1985). According to Bredin, Granitz, & Koernig, 2001, due to different society norms and lesser access to internet, women show lesser attitudes than men for online shopping technology. In later surveys there was no difference discovered between genders with respect to attitude towards use of technology (Settle, Dillon, & Alreck, 1999). Age is the more important discriminator regarding respondents' interest for technology (Settle, Dillon, & Alreck, 1999). Online shopping is very popular among youth, although it is expected that after some time

other buyer characteristics will also affect the consumer's buying process. Effect of age, gender, marital status and years spent on internet was included in study of Bhatnagar, Misra, and Rao (2000) on risk, convenience and internet shopping behavior. According to their study marital status had no effect on purchase intentions of consumers and found mixed results for other characteristics. A study by Ratchford, Talukdar, & Lee, 2001 concluded that online shoppers are younger and they are more educated as well as earn higher income than conventional buyers. 75% of internet shoppers say that they use internet for shopping but yet they have not made any online purchase (Udo & Marquis, 2001-2002). The most effective and influential factors are towards the perception for price, quality of product and variety of product (Arnold, Handelman, & Tiger, 1996; Baker, Levy & Grewal, 1992; Cronin, 1996). Perception towards price plays an important role in online shopping because different pricing strategies are applied to the products as well as for their services. In dynamic pricing strategy (weekly change or monthly change), prices change over time and it is easy to execute on internet across the consumers (Kannan & Kopalle, 2001). Quality of product is defined as the distinguished characteristics or features of product or service that can make it different from the competitor's product or services (Cronin, 1996). According to Teck (2002), usefulness refers to the utility of the online shopping on World Wide Web. It measures the degree of benefits and advantages of online shopping perceived by individuals. Ramayah, Aafaqi and Jantan (2003) explained that there is a significant impact of usefulness and ease of use perceived by consumers on their acceptance and usage of online shopping and usefulness was found as partial mediator. According to Chau and Hwa (2001), compatibility is one of the essential characteristic for any innovative adoption and it has a significant impact of compatibility on acceptance by users of technology. The report concludes that there is a strong relationship between compatibility and the relative benefits. Karyanni (2003) found that compatibility was a successful distinguisher between online shoppers and traditional shoppers. Anil (2000) found that activities of online shopping include several ways that process personal data. Protection of privacy is important and these personal should be used with care and legitimate purpose and must not be disclosed to wrong persons. Ramayah, Dahlan, Teck and Aafaqi (2003) explained that security and privacy issues are the major hurdles in way of online shopping. These studies bring to a close the importance of improvement in technology for security and privacy in usage of growing online shopping. Consumers are unwilling to shop online due to high privacy as well as security reasons (Udo, 2001; Grandinetti, 1996). Udos (2001) observed a close relationship between security and privacy. Privacy is related with how a company deals with the consumer data and security is about accidental comprises of the consumer data to some other third party (e.g. Identify

thief and Hacker). Several obstacles were argued by Salim (2000) regarding the security criteria that hackers may exist inside the company and from. Issues of consumers' privacy like protecting the personal data, product purchased etc., were examined. Yu and Abdulai (2000) initiate that the government may play an important role in protecting privacy and security of consumers and it will contribute in growth of online shopping. In spite of slow down of regular internet usages, online shoppers are growing in a faster way (Forrester Research, December 2001). From the previous studies, it was found that large percentage of users hasn't made any purchase despite calling themselves as internet shoppers. Studies have shown that the internet shoppers have higher income and more education. Various studies have shown that differentiation of price, product quality and variety play important factors in purchasing decisions. Prices change dynamically online and purchase service is also an important factor. Some studies showed that perceived utility and ease are important factors. Privacy and security factor out as major concerns by consumers and technical advances would help. Government should play important role in consumer protection and security and add to growth of internet shopping. In this context, it is important for to analyse the shopping behaviour of online consumers and their purchase intention towards it.

3. RESEARCH GAP

Analysis of the literature review relating to online shopping and internet has highlighted research gaps and additional research is required to fill this gap. It is inferred from the reviews that most of the research studies related to online shopping have focused only on utilization, usage and adoption of the online shopping. These studies did not study factors influencing consumer's purchase intentions towards online shopping. Jiang et al. (2000) investigated the factors responsible and encourage or discourage consumers when they shop online. The information about the influential factors which form consumers purchase intentions towards online shopping found from this study will enhance and explore the ability in understanding the complexity of online shopping business.

4. OBJECTIVES

The main objective of the study is to analyze the consumer purchase intentions towards online shopping and explores the factors responsible for making purchase decisions. The specific objectives are

1. To analyze the demographic characters of respondents with respect to frequency of usage.
2. To investigate the shopping features of the customers and their purchase intentions.
3. To find the major factors responsible for the consumers purchase intention.

5. RESEARCH HYPOTHESES

H1: Demography (gender, Age, Education, Occupation &

Income) of respondents has a significant impact on usage of online shopping.

H2: Features of online shopping have significant impact on consumer's purchase intentions.

6. RESEARCH METHODOLOGY

6.1 Data collection

Survey questionnaires were developed to gather information and were distributed to conveniently selected consumers who were experiencing online shopping. The statements and questions were closed ended and choice was limited to fixed response on specific points on Likert type and nominal scales. The questionnaires were distributed to the 150 respondents. It consists of students, house wives, govt. job employees, private job employees and others with different genders, age groups, education levels and income groups.

6.2 Statistical tools

Reliability test was performed first to check the reliability of variables included in the study. Cross tabulation was done to analyze the demographic characteristics of respondents. Correlation analysis was done to find relationship between online shopping features and consumers purchase intentions. Further factor analysis was carried out to find out the major factors influencing consumers' purchase intentions towards online shopping.

7. ANALYSIS AND DISCUSSIONS

7.1 Reliability test

Reliability test was conducted using Cronbach's alpha. Srivasan (1985) found that a reliability coefficient higher than 0.5 is acceptable. From table 1 in Appendix, it is evident that reliability analysis shows the value of 0.921 which is acceptable.

7.2 Analysis of Consumers' Demography

Table 2 in Appendix represents the demographic characteristics and usage of online shopping among the respondents. Here majority of the respondents 90 (60%) are male who are using online shopping. Most of the 58 respondents are using online shopping from past 1 to 5 years and among them most of the respondents are male. Gender has significant impact on usage of online shopping. Online shoppers are mainly youngsters and lies between age group 21-25. Majority of respondents are using online shopping from past one to five years and they are between age group 15- 20 and 21-25. Consequently, Age also has significant impact on use of online shopping. Most of the respondents 77 are educated and they have completed their graduation. This table clearly represents students (68) of different age groups use the online shopping most and most of the students (35) are using online shopping from past 1 to 5 years. Although income level of most of the respondents 22 is below 10000, who are using online shopping. The possible reason for low income of this group is they are students and not working. Here we accept hypothesis 1

and results prove that demography of respondents significantly impacts usage of online shopping.

7.3 Correlation between online shopping features and consumer purchase intentions

Table 3 in Appendix represent correlation analysis for consumers purchase intentions. A positive significant correlation exists between Price and Brand Consciousness of consumers. This relationship between Price and Trust represents consumers purchase intention towards online shopping. Offered price builds trust among online shoppers and it is the basis for choosing a brand. Brand consciousness and fast shipping shows a significant positive correlation which explains that consumers choose brand that can offer them fast shipping facility. Positive correlation between fast shipping and trust shows that fast shipping develops trust among online shoppers and plays major role in consumers purchase intentions for online shopping. From the correlation table it is clear that friend referral is another reason behind brand consciousness of consumers. Price, Brand consciousness, Trust, Fast Shipping and Friend Referral are the major drivers behind consumers purchase intentions towards online shopping.

7.4 Factor analysis

Factor analysis has been performed to find out the major factors responsible for making consumer purchase intentions towards online shopping. These factors represent the contribution in formation of consumer purchase intentions for making purchase online.

7.4.1 KMO and Bartlett's test analysis

Table 4 in Appendix represents the result of KMO and Bartlett's test. In table 4 value of Kaiser-Meyer-Olkin measure of sample adequacy is 0.907 which is greater than 0.5. This shows that this sample is very much suitable for performing factor analysis for reduction of variables into factors.

7.4.2 Total variance of factors

Table 5 in Appendix explains the extraction of 5 factors from 24 variables and it is based on Eigen values of components. Higher percentage of variance shows the higher impact of the factor. 5 factors show highest variance in total of 72.463% and these factors have Eigen values greater than 1. For further analysis 5 factors have been extracted.

7.4.3 Extracted Factors behind consumers purchase intentions

Table 6 in Appendix represents 5 factors that have been extracted and responsible for consumer's purchase intentions towards online shopping. With this factor analysis this study reveals the effect of online shopping features on consumers' purchase intentions towards online shopping. The main factors responsible for forming consumers' purchase intentions towards online shopping have been captures as per the details. Factor 1 Price, Security & Usefulness generates total 50.410% variance in total and it is the most influencing factor behind the

purchase intentions of consumers. This factor includes no shipping charges, redeemable coupons, freebies, frequent visitor points, cheaper prices, good customer service, fast delivery, acceptance of major credit cards, and easily usable information by vendor, reliable sellers and security of credit cards. This factor has the highest contribution in framing consumer purchase intentions towards online shopping. Factor 2 Ease of Use contributes 6.785% in total and represents ease of use. This shows that easy navigation on websites, ease of payment options and available adequate sales information plays important role towards purchase intentions of consumers. Factor 3 Convenience contributes 5.250% in total and tells on the basis of offered convenience consumers intend to purchase online. By this factor it is clear that availability of number of merchandizes as well as information about products & services at one place and with that time saving due to no traffic attracts consumers to shop online. Factors 4 & 5 Privacy & Safety and Benefits have contribution of 5.191% and 4.827% respectively and show offered privacy & security as well as benefits that help consumers to intend towards online shopping and making of actual purchases.

8. CONCLUSION

Results from the data analysis considered hypotheses and fulfilled the key research objectives. Consumers' demographic profile plays a significant role in online shopping. Most of the youngsters who use internet frequently go for online shopping. Price is the basis for choosing a brand and also it produces trust among online shoppers. Online shoppers go for a brand which can offer them best price as well as fast shipping. Online shoppers also consider friend referral while choosing a particular brand. Positive association between Price, Brand conscious and fast shipping forms strong consumers purchase intentions for online shopping. Among all the factors, price and reliability has been found as the most influential factor in framing consumer purchase intentions towards online shopping. This study will help consumers in developing positive perception towards online shopping. Online marketers can take reference from the study to develop further strategies.

9. IMPLICATIONS

E-retailing has become one of the most used medium to support the development in e-commerce and reduces transaction costs (Yu & Abdulai, 2000). Pechtl (2003) defined that online shopping consists of a service innovation in the field of retailing and helps consumers in ordering products from their home and delivers to their given private address. The biggest advantage of internet is coverage of suppliers from larger geography. Consequently, with internet search engines, consumers can detect retailers and manufactures that they cannot visit physically due to larger geographical distance. The major barrier in the way of online shopping is perception

of consumers towards security related to payment. Many online shoppers still do not prefer to give their credit card numbers to service providers on internet. Positive correlation between trust and fast shipping in online shopping shows that consumers prefer fast delivery in online shopping and that helps in building trust towards online shopping. Due to innovations in technology of processing and payments security of online transactions has improved. Online retailers still are suffering from security issues of customers' credit cards and their accidental exposures. Perception towards online shopping is very powerful and it influences the consumers' purchase intentions towards online shopping. Price and reliability plays major role in forming consumers' purchase intentions and shop online. Perception only cannot be confined to online shopping. Additional skills are required to find the product as well services desired by consumers.

10. LIMITATIONS & FURTHER SCOPE FOR RESEARCH

This study is limited to some factors. There are other factors and relevant variables which are not included in the study. This study has scope for further research including other relevant constructs. This study does not include environmental effect like government's role, financial policies and views of internet service providers. The sample size is 150 and limited to Bangalore only. So this study did not examine purchase intentions of other consumers.

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APPENDIX

Table 1: Reliability Analysis of survey

Cronbach's Alpha	N of Items
.921	32

Table: 2 Descriptive analysis- Demographic characteristics and Usage of online shopping

	Online shopping Duration			Total
	less than 1 year	1 to 5 years	more than 5	

				years	
Gender	Male	23	35	32	90
	Female	25	23	12	60
Total		48	58	44	150
Age	15-20	0	20	10	30
	21-25	17	20	15	52
	26-30	20	8	10	38
	31-35	8	6	1	15
	36-40	1	1	6	8
	above 40	2	3	2	7
Total		48	58	44	150
Education	SSLC	2	8	5	15
	HSC	4	18	12	34
	UG	35	25	17	77
	Masters	7	7	10	24
Total		48	58	44	150
Occupation	Student	10	35	23	68
	Govt. Employee	10	4	2	16
	Pvt. Job	11	13	10	34
	Business	4	4	5	13
	House Wife	11	2	3	16
	Others	2	0	1	3
Total		48	58	44	150
Income	Below 10000	7	22	12	41
	10001-20000	13	12	14	39
	20001-30000	8	12	6	26
	30001-40000	9	7	9	25
	Above 40000	11	5	3	19
Total		48	58	44	150

Table: 3 Analysis between online shopping features and consumer purchase intentions

		Price	Brand Conscious	Trust	Fast Shipping	Convenience & Time saving	Friend Referral
Price	Pearson Correlation	1	.366**	.305**	1.000**	-0.074	0.118
	Sig. (2-tailed)		0	0	0	0.369	0.15
	N	150	150	150	150	150	150
Brand Conscious	Pearson Correlation	.366**	1	-0.034	.366**	0.037	.171*
	Sig. (2-tailed)	0		0.68	0	0.656	0.036
	N	150	150	150	150	150	150
Trust	Pearson Correlation	.305**	-0.034	1	.305**	-0.123	0.124
	Sig. (2-tailed)	0	0.68		0	0.133	0.131
	N	150	150	150	150	150	150

Fast Shipping	Pearson Correlation	1.000**	.366**	.305**	1	-0.074	0.118
	Sig. (2-tailed)	0	0	0		0.369	0.15
	N	150	150	150	150	150	150
Convenience & Time Saving	Pearson Correlation	-0.074	0.037	-0.123	-0.074	1	-0.028
	Sig. (2-tailed)	0.369	0.656	0.133	0.369		0.737
	N	150	150	150	150	150	150
Friend Referral	Pearson Correlation	0.118	.171*	0.124	0.118	-0.028	1
	Sig. (2-tailed)	0.15	0.036	0.131	0.15	0.737	
	N	150	150	150	150	150	150

Table 4: KMO and Bartlett's test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.907
Bartlett's Test of Sphericity	Approx. Chi-Square	2882.609
	Df	276
	Sig.	0.000

Table 5: Total variance explained

Component	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	12.255	51.061	51.061	12.255	51.061	51.061	12.098	50.410	50.410
2	1.701	7.087	58.148	1.701	7.087	58.148	1.628	6.785	57.194
3	1.287	5.363	63.511	1.287	5.363	63.511	1.260	5.250	62.444
4	1.146	4.775	68.286	1.146	4.775	68.286	1.246	5.191	67.635
5	1.002	4.177	72.463	1.002	4.177	72.463	1.159	4.827	72.463
6	.903	3.761	76.223						
7	.708	2.948	79.172						
8	.609	2.539	81.710						
9	.569	2.371	84.081						
10	.514	2.142	86.223						
11	.426	1.776	87.999						
12	.395	1.644	89.643						
13	.383	1.594	91.238						
14	.350	1.457	92.695						
15	.268	1.116	93.811						
16	.243	1.012	94.824						
17	.215	.894	95.718						
18	.204	.851	96.569						
19	.198	.825	97.393						
20	.172	.715	98.108						
21	.151	.628	98.737						

22	.115	.477	99.214						
23	.100	.418	99.632						
24	.088	.368	100.000						

Table 6: Extracted Factor Components

S.N.	Component	TVE (%)	Variables	RCMV
1	Price, Security & Usefulness	50.410	Q 12. No or low shipping and handling charges	.734
			Q 13. Coupon redeemable online	.689
			Q 14. Give-aways (Freebies just for visiting the sites)	.784
			Q 15. Frequent visitor points	.752
			Q 16. Cheaper prices than retail stores	.718
			Q 25. Good customer service	.733
			Q 29. Fast delivery time	.788
			Q 210. Access to a major credit card	.772
			Q 211. Ability to inspect and update information collected by the vendor	.761
			Q 34. Information on reliability of the seller	.688
2	Ease of use	6.785	Q 35. Credit card security	.759
			Q 22. Adequate sales information	.482
			Q 23. Ease of navigation	.397
3	Convenience	5.250	Q 24. Ease of payment option	.412
			Q 26. Saving time (no queues, no traffic)	.562
			Q 27. Variety of merchandise	.650
4	Privacy & Safety	5.191	Q 28. Product/company information	.253
			Q 11. Reasonable Price	.371
			Q 31. Reduced risks (personal safety)	.285
			Q 32. Privacy assurance (confidentiality of information collected)	.670
5	Benefits	4.827	Q 33. Money-back guarantees	.563
			Q 17. Online club membership benefits	.519
			Q 18. Toll-free complaint hotlines	.710
			Q 21. Access to a variety of brands	.373