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**IMPACT OF PSYCHO-GRAPHICS ON E COMMERCE - AN EMPIRICAL STUDY ON
INDIAN CONSUMER**

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ABSTRACT

Internet has created a revolution globally and is becoming inevitable to corporate and society in general. Across the world, governments and corporate are increasingly working towards the better utilization of the internet for transparency in business and better governance along with better commerce. Like all the communication methods Internet which was initially perceived as a communication media is now metamorphosing into a powerful tool of commerce across the world. The late 20 and early 21st century witnessed the of the dot.com bubble forming and bursting. The internet motivated many brick & mortar companies to use the Internet to sell products and services online and found negative outcomes as the companies failed to understand the internet buying behavior and could not figure out the categories of services the Internet users intend to buy. In offline marketing, Psychographics plays a vital role in understanding buying behavior of consumers belong to different segments which would enable companies to develop products and services according to their specific requirements. Internet is a medium which does not offer this luxury to companies to know the profile of Internet users as it is an indirect medium. The companies would do well if they could find the Psychographic profile of Internet users which would help them devise strategies accordingly. Hence, a research has been conducted an extensively on primary and secondary data research in the state of Uttarakhand , India in order to identify the willingness of young internet users who are the largest internet user group among all age groups to buy different services over Internet. The paper aims at providing a specific focus to identify the impact of Psychographic in influencing Young Indian Internet users in consuming different services online. The outcomes would help the corporate world to understand the importance of psychographics on online purchase which could be adopted and deployed for better use for global commerce.

Key words: Internet, e-commerce, Indian consumer.

INTRODUCTION

The worlds bank reports that 7.84 % of Indians are using internet compared to 0.55% in the year 2000 (World bank report, Public data , Mar 2012) on the other hand the global Internet ad revenues rose 23.2 percent—to a record \$14.9 billion—in the first half of 2011, according to figures released by the Interactive Advertising Bureau (IAB) and PricewaterhouseCoopers . The rate of growth has more than doubled year-over-year, as last year’s first-half ad revenues of \$12.1 billion had represented an 11.3 percent increase over 2009. while The UCLA report identified that one of the most advertised products of 1990 and 2010 over Internet were online brokerage services , insurance, and electronic gadgets and three-fourths of population that bought and sold services had some form of Internet access.

The study revealed that the Individuals with Internet access did more trade per year than individuals who had Internet access (2.3 times). None the less the revenue from internet advertising has grown exponentially and the services are gaining momentum over internet. This could be supported by the yet another study conducted by IAB in 2009 showed that the Internet users feel at ease to avail services online as it does not need the tangible purchase execution required for product purchase and also revealed that 20% of the respondents avail travel services online. The paper attempts to identify the influence of Psychographics in consuming different services online in India. This is supported by the study conducted by Mckinsey revealed that the consumers those who consumed services online were young, well-educated and richer than average and different psychographic variables viz. personality, values, attitudes, interests, or lifestyles also called

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IAO variables played a vital role in consuming Pay-TV services. It also indicated that the income and gender had least impact on consuming the services (The McKinsey Quarterly; 2006, 2009). This is evident that the role of psychographics in influencing online consumption of services.

In India, some of the online retailers offer different variant of products (snapdeal.com, flipcart.com) and some of them stick to certain products (landmarkonthenet.com) such as books, adopted the model of Amazon.com and futurebazaar.com. Many entered into service arena by offering different services such as online share trading, banking, travel and hotel booking, holiday packages etc (Sharekhan.com, ICICIDirect.com, goibibo.com, Makemytrip.com). Yet these online products/service providers could not reach the mass segment. The reasons might be the lack of proper connectivity, payment mode and failure to identify and understand the psychographics of the target group. In offline marketing, the services are generated and tailor-made initially considering the psychographic segmentation. But, the online retailers in India do not have that luxury or must have missed considering psychographics.

Hence an extensive study in the state of Uttarakhand in Northern part of India, has been conducted in order to identify the impact of Psychographics in influencing the consumption of services online. The author defined the scope of research as he categorized the services into three major categories viz. High involvement, medium involvement and low involvement. Involvement would be defined by four major factors viz. Price, Purchase intervals, Perceived risk and Personal emotional involvement (Ramesh Kumar S & Karan Bajaj, 2002).

High Involvement Services: Normally, a consumer spends a considerable time and effort while intending to buy high investment service viz. Jewelry, Loan for House, Car, International holiday package, Investment of Funds etc. Hence higher investment leads to high involvement.

Medium Involvement Services: Generally, a consumer would not exercise diligent care while he intends to select a domestic holiday package, booking a hotel room as it involved medium investment. Normally, all these purchase come under impulse purchase and the consumer would not use the articles for a long time and he/she may switch to substitute brand or service as the investment is medium.

Low Involvement Services: Services which are bought frequently and with a minimum of thought and effort because they are not of vital concern nor have any great impact on the consumer's lifestyle.

The above definition of the different categories of services are done based on the involvement, investment and time spend by consumers to choose a particular service to consume online. Since, the service does not require tangibility in purchase, consumers find at ease to consume online. However, understanding the role of psychographics in influencing the consumption of different categories of services online would enable the online service providers to map the profile of online consumers and offer the services tailor made to the target group. Numerous studies have been conducted across the world on the impact of psychographics in online consumer buying behavior.

Literature Review

Psychographic profiling of online consumers become difficult for the companies and in the initial days of internet, several studies were conducted to profile the internet consumer and found out that innovators who normally belong to high income category could be initial consumers of Internet (Flynn and Goldsmith, 1993; Goldsmith et al., 1998). The further research revealed the absence of systematic relationships between psychographics and the Internet-related consumption behaviors (Aldridge et al., 1997). There were several studies revealed the near exact profile of Internet users tend to be young, male, well educated, and tend to have above-average income (GUV, 1998). Further research probed the consumer behavior trends and its connectivity with psychographics on online purchase (Eastlick and Lotz, 1999). The studies were conducted on online consumption pattern revealed that the young buyers made heavy purchase of clothing and electronic gadgets online and also revealed their innovativeness; knowledge over internet prompted them to do so. (Hogg et al., 2008; Silverman, 2011).

Several studies were conducted to understand the role of gender, education, income and family on online purchase. The study conducted by UCLA revealed the gender ratio on online (57.1% and 45.1% of male and female Internet users bought online) and also revealed that the education, income and experience played a vital in influencing Internet users to make online purchase (UCLA, 2006). The Forrester's study emphasized the significance of studying online consumer behavior which used psychographic information along with attitudinal and life style data to create a composite segmentation scheme that divides that markets into ten segments reflecting income level (high Vs. low), three motives for going online (career, family and entertainment) and the two technology attitude groups of optimists and pessimists (Modahl, 2000). The study was conducted

to understand the conversion behavior and expressed that the inclusion of psychographics in the conversion model was ignored, but stressed the inclusion of psychographics would expose the influence of the former on baseline propensity to buy (Moe and Fader, 2002). The extensive study conducted by UCLA revealed the significance of age on online purchase as the Internet users belong to age group 16-18 made first quickest online purchase (14.9 months) and also expressed the Internet users belong to age group 56-65 took average 23.2 months to make first online purchase, closely followed by 19-24 age group who took 22.3 months to make first online purchase (UCLA, 2006).

The studies were conducted to identify the significance of psychographics on mapping online buyers and found that the psychographics of online buyers become similar to the rest of the population. Moreover, simple psychographics may reveal little about the attitudes and motives of innovative consumers (Goldsmith, 2009). The latest study revealed the psychographics have no bearing on consumers buying online. It is contradicting the previous studies that stressed the relation with psychographics and Internet purchase (Goldsmith, 2009). The extensive study was conducted to unearth the role of psychographics which identified four major domains as possible determinants of Internet purchase for the study. They are attitudes (i.e., Internet involvement, attitude toward Internet advertisements), Internet experiences (i.e. web use, product information requests), Psychographics as they have proven to be important in explaining buyer behavior in conventional purchasing. It also revealed that the household income, age, gender (males are more likely to buy than females) and education status would have an effect on the likelihood of Internet purchasing. The study emphasized the gender and income are the primary influential psychographic factors, where males more likely to buy online than females and also revealed interested to witness that the age and education are found to be weak influencers (Hyokjin et al., 2002).

UCLA along with IAB conducted an extensive survey over a period of time which revealed the relationship of demographics and psychographics on online purchase in India. Though reportorial data, it provided the significant cue required for the online marketers to understand the vitality of psychographics. The study identified the relationship between the browsing behavior and age which revealed that below 35 years registered the highest online use (92-97% of the users belong to age group between 18 -24 identified as frequent users of the

Internet). It also revealed the considerable amount of increase in number of old age users use the Internet. The study revealed the increasing gender ratio on online (males (77%) and females (74%) are almost equal in terms of using the Internet and revealed the increase of terms of female users use the Internet over years). It is found that the percentage (43%) of adult buyers who bought online has increasing slightly as compared to the previous year (39.7%). The study also probed the online buying behavior and found the continuous increase in online purchase frequency per annum by adult buyers and identified the decreasing trend on online spending (\$95 compared to \$100 previous year) on online purchase by adult users. The study also revealed the internet attracted the more users who belong to lowest income group (UCLA; 2007, 2009).

The various studies revealed the importance of psychographics in online purchase. But, it is elusive to the reach of the interested companies try to find psychographics of online users. There are few professional online research agencies viz. doubleclick.com; Mediametrix, etc. mainly focus on tracking online consumer behavior and also psychographics of online consumers in USA. But, In India, the tracking of Internet consumer buying behavior and demographic profile has been evolving as the usage over internet is in nascent stage. Nonetheless, the studies in this area would continue. Hence, a research has been conducted to understand the impact of psychographics on online consumption of services.

Main Issue of the research

To understand the impact of psychographics on e commerce on Indian Internet users to avail different categories of services (High, Medium and Low) for online purchases.

Research Methodology

The study was conducted in major cities of Uttarakhand which is known as education hub houses the population of 10116752 (official figure from census of India) There are a group who possess high technological quotient, computer and Internet knowledge. The study mainly focused on collecting primary and secondary data from the selected samples (N=570) from Uttarakhand. The probability and non-probability sampling techniques viz. quota sampling (Internet Users), Cluster sampling (Uttarakhand), Stratified Random sampling (selected respondents represent different psychographics of the population), Judgment sampling were used to provide fairly accurate outcomes for the study. Structured questionnaire comprised of 3 divisions which were dedicated for different categories of services. The 5

point Likert Scale was used to gauge the willingness of the Internet users to avail services over Internet. The questions in each division had been divided in to three major areas viz. Information, Evaluation and Purchase. The chi-square analysis has been used to identify the significant impact of psychographics on consumption of different services. Four major psychographic variables had been selected opinions, values, attitudes and lifestyle.

Objective of the Research

The primary purpose of the research is to identify the impact of psychographics in influencing Indian Internet users in availing different services online.

Analysis and Discussions

The two stage analytical approach was used to analyze the data. In the first stage, two- way table was used to identify mean, Standard deviation and the second stage, chi-square analysis was used in order to know the significant relationship between psychographics and consuming different categories of services online. The different variables of psychographics viz. cognitive ability, values, attitudes, and lifestyle of the respondents had been analyzed vis- A -vis to identify the willingness of the respondents in consuming different categories of services online. In the first component, values has been selected to find out the significance in consuming different categories of services (High, Medium and Low). It is identified the a persons value has significant impact on consuming high (X^2 value is 16.694 at 1% significance level), medium (X^2 value is 11.647 at 5% significance level) and low (X^2 value is 13.638 at 1% significance level) involvement services over internet. It clearly shows the role of Psychographics in e-commerce (Hogg et al., 2008; Silverman, 2011).

In the second component, attitude has been selected to identify the significant impact and found the negative relationship for consuming all services online. It is contradicting the previous studies (Hyokjin et al., 2002) in which attitude is one among of the vital variable influence the internet purchase. It could be interpreted that respondents with positive attitude got fully involved in Internet purchase.

Cognitive Abilities and education is the third component which has been selected to find out the impact of this on consuming different categories of services online. This shows mixed results as the occupation shown the negative relationship in consuming high involvement services, whereas, it has positive relationship in consuming medium (X^2 value is 21.147 at 1% significance level) and low (X^2 value is 12.663 at 5% significance level) services over internet. The studies conducted on the role of

psychographics on online purchase were silent about the role of Cognitive Abilities and education in influencing online purchase. It could be interpreted the occupation might not play a vital role in the parts of the world from which the previous studies had been conducted. But, the scenario is different in India as the Cognitive Abilities and education plays a vital role in deciding the buying power and social status. It clearly shows the evolving nature of buyers in consuming different categories of services as they reached the level of consuming medium involvement services online. Non availability of time might motivate them to use services online as they might not find time to avail services offline. Hence, the internet plays a vital role of the enabler. Lifestyle is the final component which has been selected for the study.

It is observed that the Lifestyle has negative relationship for consuming high and medium involvement services and shown positive relationship on consuming low (X^2 value is 16.694 at 1% significance level) services online. It shows the evolving scenario in India as consumers are slowly adapting to internet usage and availing services.

Suggestions To The Corporate World

The study was primarily conducted to understanding the impact of psychographics in influencing the consumption of services over internet. It is difficult to identify the Psycho and demographic profile of internet buyer as it lacks personal relationship. But, the psychographics play a vital role in figuring out the psyche of buyers in offline marketing. Imbibing the same for online would be helpful to the corporate to profile potential internet buyers. It would help them to devise strategies and customize the offerings. The differential price technique could be adopted. The same technique could be applied on fixing different tariff on hotel rooms and travel packages. It is learnt that service bags the higher rating among the internet users with reference to online utilization. Hence, it is very useful for the corporate world to identify the impact of psychographics. The study revealed the occupation shows more significance to consuming different categories of services. It could be a significant cue to the corporate to tailor made online services suitable to different occupation groups.

Banks could decide on different interest rates as per age, occupation and income. Banks could set up online loan application and eligibility test in which these demographic variables would be collected and assist the potential consumers accordingly. It is already proved that the Indian Railways subsidiary IRCTC started offering e-tickets over Internet which

received overwhelming response. Also, banking, travel and tourism industry are the heavy spenders on online initiatives which received welcome response from the society. Hence, the corporate ought to take cue from the study and to focus on integrating the psychographics in the business strategies would definitely make difference in offering services online.

An empirical study has been done to identify the significance of psychographics in influencing the consumption of different categories of services over internet. The study revealed cognitive ability and vales have significant impact on consuming different categories of services online. The study has shown the significance of psychographics influence on online consumption of services in the growing Indian market. There are enormous opportunities present for online marketers to tap the potential of rapidly increasingly online market space in India. The understanding and mapping of online consumers through psychographics could enable their focus better. The corporate world may take cue from the study for devising better strategies to face their face less consumes online

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Annexure

Variable	X value	Table value	D.F	Significance
Values				
High Involvement Services	16.694	13.277	4	Significant at 1% level
Medium Involvement Services	11.647	9.488	4	Significant at 5% level
Low Involvement Services	13.632	13.277	4	Significant at 1% level
Attitudes				
High Involvement Services	2.547	5.991	2	Not Significant
Medium Involvement Services	2.757	5.991	2	Not Significant
Low Involvement Services	3.079	5.991	2	Not Significant
Occupation				
High Involvement Services	9.456	12.592	6	Not Significant
Medium Involvement Services	21.147	16.812	6	Significant at 1% level
Low Involvement Services	12.663	12.592	6	Significant at 5% level
Cognitive Ability and Education				
High Involvement Services	9.456	12.592	6	Not Significant
Medium Involvement Services	4.210	12.592	6	Not Significant
Low Involvement Services	13.645	12.592	6	Significant at 5% level