

Profiling Internet Shoppers: A Study of Expected Adoption of Online Shopping in India

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Constructive uses of new technologies have always contributed positively towards improving human life standards and the economy of a country. For example, India's mobile telephone industry registered a growth of 51 percent in the last fiscal year facilitating good quality, affordable communication to Indian consumers. The widespread development of basic infrastructure brought about by the new technologies, coupled with the policies of liberalisation, privatisation and globalisation in the early 90s has hastened growth and led to the Indian consumer becoming more aware of and concerned about standards of life. This has been backed by competition in the market and increased income and purchasing power of the consumers. According to a study conducted by the National Council of Applied Economical Research (NCAER), the Indian middle class, defined as having a household income of Rs 2 lakh to Rs 10 lakh, is expected to grow up to 92 million by 2005-06 and 153 million by 2009-10 as compared to 57 million in 2001-02 – two and a half times more than what it was in 1995-96¹.

Among the various sectors contributing to the changing life standards of consumers in India, an important one is the retail sector. The Economic Times Intelligence Group (ETIG) estimated the size of the organised retail industry at Rs 16,000 crore in 2001-02 and estimates that the retailing industry will cross the Rs 37,000 crore sales mark by 2007² (Exhibit 1). The industry is growing at the rate of 18-20% per annum. However, while the opportunities in the retail arena today are vast, exploiting these opportunities is very challenging.

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A successful retail enterprise has to have a vast network of people and error-free processes in place. Customers have a direct impact on the evolution of various retail formats and are a key element in driving success or failure. The discrimination and expectations of customers have increased the dynamism of the retail sector and the retail environment is changing more rapidly than ever before³. It is characterised by intensifying competition from both domestic and foreign companies, a spate of mergers and acquisitions, and more sophisticated and demanding customers⁴. Consequently, retailers today must differentiate themselves by meeting the needs of their customers better than the competition. There is general agreement that a basic retailing strategy for creating competitive advantage is the delivery of high service quality⁵.

Internet applications have played an important role in the developments of the last decade. An important application of the Internet, that also unifies the market virtually, is online shopping. Specifically, online shopping has brought the retail space into the home⁶. However, India has a very low Internet penetration when compared to other countries in Asia (Exhibit 2). Despite the poor penetration of the Internet in India, the traditional Indian retailer has started migrating online for providing 'anywhere, anytime' shopping facilities and Internet sellers have started to globalise their business by attracting local and global consumers through competitive offers. The success of online ventures such as baazee.com, rediff.com and indiatimes.com indicates a positive future for the Internet and its related technologies.

Exhibit 1 The Great Indian Bazaar			
Size of Organised Retail Market			
	2001-02	2007	CAGR (%)
	(Rs Crores)		
Large Segments	8,850	23,109	21
Other Segments	6,050	12,169	15
Non-store Retailing	1,100	1,939	12
Total Organised Retail	16,000	37,216	18
The Four Large Segments			
<i>Food</i>			
Chain Stores	1,500	6,726	35
Single Large Stores & Others	300	746	20
	1,800	7,473	33
<i>Clothing</i>			
Manufacturer Retailers	1,350	2,715	15
Chain Stores	1,450	3,919	22
Single Large Stores	2,150	3,789	12
	4,950	10,423	16
<i>Consumer Durables</i>			
Manufacturer Retailers	650	1,307	15
Chain Stores	450	1,373	25
Single Large Stores	550	1,106	15
	1,650	3,787	18
<i>Books and Music</i>			
Chain Stores	250	928	30
Single Large Stores	200	498	20
	450	1,426	26

Source: ORG-Marg, ETIG estimates

With the development of the requisite infrastructure and increasing awareness of online shopping in India, developing a positive mindset towards it on the part of consumers becomes pivotal. The momentum and growth of the Indian retail industry would give a further boost to the online shopping industry. Behavioural research aimed at exploring consumers' shopping orientations, identifying actual and potential online shoppers, their behavioural facets, their expectations of and their experience with retail vis-à-vis online shopping is necessary to develop a positive attitude towards online shopping.

A popular approach to studying the phenomenon of online shopping has been the adoption of intention-based theories including the theory of Reasoned Action⁷, the theory of Planned Behaviour⁸, and the Technology Acceptance model⁹.

These theories model an individual's intent to engage in a behaviour as a function of his/her salient beliefs and attitudes towards the behaviour of interest. Studies that have applied and tested these theories¹⁰ can offer valuable guidelines to online retailers to help them focus on those aspects of online shopping that are important to customers (like ease of use) and make improvements in areas which are found to be lacking (like security). However, for purposes of market segmentation, it is essential to explore the external variables whose influence on intentions and behaviour has been theorised¹¹ to be fully mediated by beliefs and attitudes. These external variables could include demographic, personality, and psychographic characteristics that can help Internet marketers to segment their market for customised advertisement, promotion, service, and retention campaigns.

Exhibit 2 Internet Penetration in Asia					
ASIA	Population (2004 Est.)	Internet Users (Year 2000)	Internet Users Latest Data (2004)	Use Growth (2000- 2004)	%Population Using Internet (Penetration)
Armenia	2,935,400	30,000	200,000	566.7 %	6.8 %
Azerbaijan	8,265,700	12,000	300,000	2,400.0 %	3.6 %
Bangladesh	133,581,700	100,000	243,000	143.0 %	0.2 %
China	1,288,307,100	22,500,000	87,000,000	286.7 %	6.8 %
Hong Kong *	6,727,900	2,283,000	4,878,713	113.7 %	72.5 %
India	1,088,056,200	5,000,000	18,481,000	269.6 %	1.7 %
Indonesia	221,777,700	2,000,000	8,080,000	304.0 %	3.6 %
Japan	127,853,600	47,080,000	66,763,838	41.8 %	52.2 %
Kazakhstan	14,859,700	70,000	250,000	257.1 %	1.7 %
Korea, South	49,131,700	19,040,000	30,670,000	61.1 %	62.4 %
Malaysia	25,581,000	3,700,000	8,692,100	134.9 %	34.0 %
Maldives	289,500	6,000	15,000	150.0 %	5.2 %
Mongolia	2,558,700	30,000	142,800	376.0 %	5.6 %
Pakistan	157,056,000	133,900	1,500,000	1,020.2 %	1.0 %
Singapore	3,499,500	1,200,000	2,135,000	77.9 %	61.0 %
Taiwan	22,689,300	6,260,000	11,602,523	85.3 %	51.1 %
Tajikistan	6,540,200	2,000	4,100	105.0 %	0.1 %
Thailand	65,065,800	2,300,000	6,971,500	203.1 %	10.7 %
Vietnam	83,030,400	200,000	5,111,240	2,455.6 %	6.2 %
TOTAL for ASIA	3,607,499,800	114,303,000	257,898,314	125.6 %	7.1 %

Source: www.InternetWorldStats.com

Researchers have explored online shopping and its future prospects through demographic variables for demographic segmentation as well as shopping orientation for psychographic profiling of Internet shoppers.

Demographic indicators such as age, gender, income, and ethnicity have, especially during the Internet's nascent stage, been accurate indicators of who shops online.

Demographic indicators have been traditionally used in the study of consumer behaviour and market segmentation and have been shown to be reliable predictors of customer patronage behaviour in other retail formats¹². Therefore, the study of demographics-based shopping behaviour can also help online retailers identify and understand those consumers who prefer to shop online and the reasons for their preference. Further, demographics could be used to segment customers and formulate different strategies based on each segment's relative propensity to adopt and use online shopping.

Although there has been a dearth of online shopping related studies in the Indian context, theoretical exploration can be based on international studies carried out in other countries. Researchers have explored online shopping and its future prospects through demographic variables for demographic segmentation as well as shopping orientation for psychographic profiling of Internet shoppers. Demographic indicators such as age, gender, income, and ethnicity have, especially during the Internet's nascent stage, been accurate indicators of who shops online¹³. Due to low penetration of the Internet in India, we can consider that Internet shopping is in its nascent stage in India. This study explores the relationship between actual and intended online shopping experience and various demographic indicators.

Review of Literature

There are numerous variables which affect consumer purchasing. These can be structural and sociological¹⁴ or can relate to culture, stage in family life cycle, sex-role orientation

and socio-economic class¹⁵. The National Statistics Omnibus Survey¹⁶ of UK reported that the trend is for Internet use to decline with age. The most dynamic group in relation to access are those aged 16-24. A related issue is the single user orientation of the home PC, with the technology seen to be designed for individual use¹⁷. Although the majority of data on Internet use concerns adults, children are seen as one of the fastest growing online niches with the prediction of 77 million child users globally by 2005¹⁸.

Studies support demographic variables to be strong predictors of online shopping. Donthu and Garcia¹⁹ found age and income to be significantly correlated to online shopping, while Korgaonkar and Wolin²⁰ found gender and age to be significantly correlated to online shopping. Another study²¹ reports that all four variables (age, gender, income and education) are significantly related to online shopping. In this study it was found that online shoppers are more often male and young. Males were also found to use the Internet for downloading and purchasing activities to a greater extent compared to females²². Zeffane and Cheek's study²³ of computer usage in an Australian telecommunications organisation found that age was negatively correlated with computer usage. Joines et al²⁴ found that younger people were significantly more likely to shop through the Internet and demographics are very likely to continue to play an important role in predicting shopping and informational searches for products and services. Teo²⁵ however, suggested that age was not significantly related to usage of the Internet in terms of purchasing. Status effects such as age, gender and occupation are reduced in computer-mediated communication.

While demographic variables have been reported as significant variables influencing Internet usage and buying, gender appears to be becoming increasingly less important in predicting Web usage²⁶. However, age, income, and education seem to still be important predictors, although these demographics continue to move toward the general population as well²⁷.

Both Internet usage and consumer innovativeness are positively related to the adoption of Internet shopping in the USA²⁸. Citrin et al²⁹ found that higher levels of prior Internet usage for purposes other than shopping result in increased levels of the use of the Internet for shopping. Joines et al³⁰ found that respondents who spend more time searching for information on products and services report greater economic motivation for Internet shopping.

Intention to behave (i.e. intention to buy) is widely regarded as the most immediate antecedent of behaviour (i.e. actual purchase)³¹. While the experience of Internet shopping is a measure of behaviour, it seems to have an influence on intention to buy.

Potential for Internet Shopping: A Study

As already outlined, there is a lack of research in the Indian context specifically exploring the applicability of the Internet for shopping. However, sellers have already moved online with their Internet shopping malls. In such a scenario, systematic research aimed at identifying and understanding potential and actual Internet shoppers is of utmost importance for the success of Internet shopping and for providing strategic guidelines to marketers and Internet sellers. This study aims at profiling and identifying specific segments with the propensity for the adoption of Internet shopping leading to its successful diffusion. Based on the above literature, the study mainly takes into consideration demographic characteristics, length of Internet use, Internet usage pattern and intention to shop online. Internet usage is said to have three dimensions: frequency of Internet usage, amount of daily Internet usage and diversity of Internet usage³². The study focuses on the first two dimensions by measuring length of Internet use and hours of Internet use. Hours of Internet use per week and number of years on the Internet were measured by open-ended questions. The study considered Internet buying intention and Internet buying experience, given the support provided by earlier research.

Research Objectives

Looking at the future prospects of Internet shopping in India, this study differentiates actual and potential Internet shoppers on the basis of their demographic characteristics and their experience with the Internet for general surfing and specifically for shopping. This has been done by testing the following hypotheses.

H1: There is significant association between length of Internet use (number of years on the Internet) and actual Internet shopping

H2: There is significant association between Internet usage (hours of Internet use per week) and actual Internet shopping

H3: There are significant associations between the intention to use the Internet for shopping, demographic variables and Internet shopping experience

Research aimed at identifying and understanding potential and actual Internet shoppers is of utmost importance for the success of Internet shopping and for providing strategic guidelines to marketers and Internet sellers. This study aims at profiling and identifying specific segments with the propensity to adopt Internet shopping leading to its successful diffusion.

Methodology

Sample: The population was defined as active Internet surfers³³. The sample consisted of 166 Internet surfers in a combination of cyber café intercept-type situation and online survey. The sample comprised 32% female respondents, 61% in the age group of 18-24 years and 31% between 25-34 years. Eighty-one percent of the respondents were single, 43% had at least a Bachelor's degree and 38% had a postgraduate degree or more. The mean number of times of Internet shopping in the last 12 months was two, with 50 times being the highest. The mean amount (in rupees) of Internet shopping in the last 12 months was Rs 3086, with Rs 75000 being the highest. As no similar study in the Indian context was found which provided guidelines to distinguish long-term users from short-term users and heavy users from light users, guidelines were taken from the discussion in Strauss et al³⁴. The Internet in India was established almost ten years ago but its availability has spread only during the last five years. Therefore, short-term users in this study are classified as those who have been using the Internet for less than two years and light users are those using the Internet for less than 19 hours per week. Thirteen percent of the respondents were short-term users of the Internet and eighty-seven percent of the respondents were long-term users. Sixty-four per cent of the respondents were light-users of the Internet, while thirty-six percent of the respondents were heavy users. Thirty-five percent had already experienced Internet shopping. In eighty-two percent of the cases, the annual household income was greater than Rs. 300,000.

Data Collection: Data for this study was collected as part of a larger survey of consumer perception about Internet

shopping, from two groups of respondents. The first group consisted of Internet surfers in conveniently selected cyber-cafes. The second group consisted of Internet surfers who were contacted through online e-mail survey. A conveniently compiled database of e-mail ids across various states of India was used for this purpose. A two-page questionnaire adapted from Vijayasarathy³⁵ was used as the research instrument. To check the content validity of the instrument, it was first pre-tested in an interactive manner among a convenience sample of colleague researchers and students and the questionnaire was modified based on their feedback. One hundred and sixty six valid responses were obtained, 85 of them from the email respondents, giving a response rate of more than 10%, a typical rate for consumer surveys³⁶.

Data Analysis and Results

For testing the first hypothesis, the Chi-square statistic (χ^2) was used to test the statistical significance of the observed association between length of Internet use with actual Internet shopping, and Internet usage with actual Internet shopping in a cross-tabulation. Suggestions based on the association findings would be helpful to practitioners and academicians. The questionnaire was so designed to make counts of data available and chi-square statistics can be estimated on counts of data. Apart from this, additional insights can be drawn based on cross-tabulated data and cross-tabulation analysis and results can be interpreted and understood by managers. The clarity of interpretation provides a strong link between research results and managerial action. Given the simplicity of cross-tabulation and its suitability to the research questions it has been used as the method of analysis for answering the first two research questions.

For testing the third hypothesis, discriminant analysis and t-test were used to check whether there was significant difference between respondents showing high intention to use the Internet frequently for shopping and those showing low intention, in their demographic variables and variables related to Internet shopping experience. For all three hypotheses, any significance of less than 95% was considered to be insignificant.

Association of Length of Internet Use with Actual Internet Shopping: As shown in Exhibit 3, among 22 short-term Internet users, only four (18%) had experienced Internet shopping. While among 144 long-term Internet users, 54 (38%) had experienced Internet shopping. The Chi-square Statistic (χ^2) used to test the statistical significance of the observed association between length of Internet use and

Exhibit 3 Association of Length of Internet Use with Actual Internet Shopping				
		Internet Use Length		Total
		Short-term User (Less than 2 Years)	Long-term User	
Internet Shopping Experience	Yes	4	54	58
	No	18	90	108
Total		22	144	166
Chi-square – Value: 3.13, df: 1, Sig: 0.077				

Internet shopping was found to be significant at 0.077 significance level ($\chi^2=3.13$, $df=1$). This implies that long-term experience with Internet surfing is significantly associated with Internet shopping. (H1 is supported.)

Association of Internet Usage with Actual Internet Shopping: As shown in Exhibit 4, among 106 light Internet users, only 29 (27%) users had experienced Internet shopping. While among 60 heavy Internet users, 29 (48%) users had experienced Internet shopping. The Chi-square Statistic (χ^2) used to test the statistical significance of the observed association between Internet usage and Internet shopping was found to be significant at 0.006 significance level ($\chi^2=7.415$, $df=1$). This implies that Internet usage is significantly associated with Internet shopping trial. (H2 is supported.)

Comparison of High Intention of Internet Shopping with Low Intention of Internet Shopping: The future success of Internet shopping in India depends on a positive mindset of actual and potential Internet shoppers. Based on their intention to use the Internet in the future for shopping, the respondents were divided into two groups – those who showed high intention to use the Internet for shopping and those who showed low intention to use the Internet for shopping. Discriminant analysis was carried out to compare these two groups on their demographic characteristics (i.e. education, income, gender, marital status and age) and their

Exhibit 4 Association of Internet Usage with Actual Internet Shopping				
		Internet Usage		Total
		Light Users (Less than 16 hours per week)	Heavy User	
Internet Shopping Trial	Yes	29	29	58
	No	77	31	108
Total		106	60	166
Chi-square – Value: 7.415, df: 1, Sig: 0.006				

Internet shopping experience (i.e. trial with Internet shopping, number of times of Internet shopping during last 12 months and amount spent on Internet shopping during last 12 months) (Exhibit 5). Some intuitive feel for the result may be obtained by examining the group means. It appears that the two groups are more widely separated in terms of Internet shopping related characteristics than their demographic characteristics. Demographic characteristics have also shown considerable differences in their mean values³⁷. We can obtain some idea of the relative importance of the variables by examining the absolute values of the standardised discriminant function coefficients. Internet shopping trial is the most important predictor in discriminating between the groups, followed by marital status, number of times of Internet shopping, education, income, amount spent on Internet shopping and gender in descending order of importance.

Further, t-test was used to check the significance of difference in the values of each of the above variables between the two groups. The results show that significant differences were found between High Intention and Low Intention groups for Internet shopping experience variables (Internet shopping trial $p=0.004$, No of times Internet shopping $p=0.008$ and Internet shopping amount $p=0.026$). On the contrary demographic variables did not show significant differences between the two groups. (H3 is only partly supported.)

Discussion and Implications

Internet Shopping – Perceived Advantages and Drawbacks: In the last few years, the belief that building Internet retail sites will automatically trigger customer

patronage has been questioned and considered more a myth³⁸. According to the respondents of this study, the digital channel offers some unique advantages over other media. These include interactive communication, rapid comparison shopping, lower transaction costs, innovative arrangements for the sampling and consumption of digital products, and the elimination of time and spatial barriers. However, this new medium of commerce has its own drawbacks such as reduced opportunities for sensory shopping, social shopping and face-to-face interactions with sales personnel, and the postponement of the consumption or enjoyment of tangible goods. The inherent limitations of the Internet have been compounded by poorly designed online storefronts, limited product selection, poor customer service, tedious checkout procedures, botched orders, tardy deliveries, security lapses, and privacy invasions. Further, even though the popularity of broadband Internet connections is on the rise, the majority of Indian households use slower dial-up connections, which could detract from a satisfying online shopping experience. Given these problems, which are not atypical of innovations, it is becoming increasingly clear that online shopping may not hold the same attraction for all consumers, and its diffusion may follow the same bell-shaped curve as that of other innovations³⁹ rather than the radical adoption rates that were optimistically forecast in the late 1990s. Consumer demand for the Internet is a key factor that may ultimately drive widespread adoption of the Internet by retailers. Whether the consumer has access to the Internet and how consumers use or perceive Internet shopping will affect its ultimate success⁴⁰.

Length of Internet Usage and Internet Shopping: The results of this study suggest strong association between

Exhibit 5 Comparison of High Intention of Internet Shopping with Low Intention of Internet Shopping through Discriminant Analysis								
Intention To Do Internet Shopping	Group Means							
	Internet Shopping Trial	No of Times Internet Shopping	Internet Shopping Amount	Education	Income	Gender	Marital status	Age
High	1.52	4.17	5904	4.30	4.83	1.75	1.21	2.42
Low	1.76	0.84	1349	3.99	4.37	1.63	1.29	2.38
Standardised Canonical Discriminant Function Coefficient	-0.52	0.33	0.14	0.26	0.25	0.11	-0.37	0.04
Chi-square – Value: 16.1, df: 8, Sig: 0.04								

Long-term Internet users are also the ones who have actually experienced Internet shopping. Thus, if more people can be motivated to surf the net consistently and surf more per sitting, it would result in more instances of actual Internet shopping. Given the low penetration of the Internet in India, serious efforts should be made to improve Internet infrastructure.

Internet use length in terms of the number of years of Internet use and actual Internet shopping (Chi-square value: 3.13, df: 1, sig: 0.077) (H1). Long-term Internet users are also the ones who have actually experienced Internet shopping. Thus, if more of people can be motivated to surf the net consistently, it would result in more instances of actual Internet shopping. Given the low penetration of the Internet in India (1.7%), serious efforts should be made to improve Internet infrastructure. This would enhance availability of the facilities even in presently poorly connected areas and that in turn would result in better awareness of the Internet and its applications for the betterment of life standards. This would also motivate big sellers to adopt Internet shopping. While Internet retailing could be interpreted to be at the innovation stage of the retail life cycle⁴¹, the rate of retailer penetration of the Internet as a new format may, in turn, affect the rate of adoption by consumers. Ultimately it would generate momentum in the Internet shopping industry in a three fold manner: motivating the government to support development efforts towards Internet infrastructure, motivating sellers to go online and finally, motivating shoppers to buy through the Internet through better awareness, knowledge and cheap availability of high speed infrastructure.

High Usage of Internet and Internet Shopping: The results of the analysis also reveal strong association between high usage of Internet surfing and actual Internet shopping experience (Chi-square value: 7.415, df: 1, sig: 0.006) (H2). This means Internet surfers with high usage of Internet in terms of number of hours surfed in a week, are also actual Internet shoppers. This finding raises a strong implication in continuation with the previous implication. Once the infrastructure, awareness, knowledge and motivation are

present, the actual success of Internet shopping would strongly depend on the actual usage of the Internet among shoppers. Therefore Internet sellers should try to motivate surfers to surf more per sitting. This can be done through competitive pricing for long-hours surfing, bundling surfing with entertainment and recreation, developing real time eye-catching websites, promoting home based, high-speed, affordable Internet schemes, training people in the use of computers and the Internet and by providing further knowledge about the benefits of the Internet to actual and potential surfers and Internet shoppers.

Intention of Internet Shopping: Overall, the two groups – Internet surfers who showed high intention of Internet shopping and those who showed low intention of Internet shopping, were found significantly different (Chi-square value: 16.1, df: 8, sig: 0.04) (H3). The high intention group had previous experience of Internet shopping, had done significantly more time Internet shopping in the past year and had spent considerably higher amounts on Internet shopping than those who showed low intention of future Internet shopping. These differences were also significant ($p < 0.05$). In terms of their demographic characteristics high intention surfers had higher education, higher income and were unmarried, but the differences were not significant ($p = 0.05$). This indicates that while demographic characteristics would definitely play a role in the future success of Internet shopping their importance will be secondary while actual Internet shopping experience would be pivotal in further acceptance of it. Therefore shoppers should be motivated to experience actual online shopping. If the first experience of Internet shopping creates a positive image in the minds of shoppers, it would result in a repeat of Internet shopping among these initial shoppers who would act as innovators and opinion leaders for the diffusion of Internet shopping.

Therefore Internet sellers should target those Internet surfers who are long term and heavy users of the Internet, as also those who have experienced Internet shopping and have spent large amounts on it. As revealed by the study, rather than segmenting on the basis of demographic characteristics, actual experience based segmentation would be more appropriate and would have a higher probability of success in the case of Internet shopping in India.

Limitations and Suggestions for Future Research

The population for the study was defined as active Internet surfers and not all shoppers, thus impairing generalisability

of the results across all buyer segments. The sample consisted of 166 Internet surfers in a combination of cyber café intercept-type situation and online survey. The cyber-café for the survey were selected according to convenience. Studies have shown that the layout of the store front has a major impact on perceived service quality⁴². Therefore if more cyber-cafes had been sampled, taking into consideration the relation between their infrastructure and perceived surfing experience, the results could have different results. The small sample size of 166 is also error-prone. One of the main objectives of the study was to evaluate the impact of demographic characteristics, which would require a sample that was balanced in its demographic characteristics. In this study 92% of the respondents were in the age group of 18-34. Therefore the results would be more applicable to the younger generation than across age groups. Also, 81% of the respondents were single and 87% of the respondents were long-term users. This could have biased the results of the study. It would be advisable to carry out the research under a rigorously derived, larger and relatively balanced sample. Apart from demographic and experience related characteristics there are many other variables related to infrastructure, security, legislation, buyers' psychology and shopping orientation which would also play a pivotal role in diffusion of Internet shopping in India. Therefore future research could build on the present by broadening the variables to be considered under Indian conditions. At the same time similar studies with relatively larger samples, rigorously derived across all the states of India, would complement this study.

Conclusion

The success of Internet auctioneers eBay and Baazee, and the survival of the online retailing giant, Amazon.com, has demonstrated that the online medium is a viable channel for both traditional and innovative business exchanges between retailers and their customers. Further, the e-commerce retail sales figures suggest that there is a steady growth in e-commerce activity. Other factors such as the continuous growth in the number of Internet users and broadband subscribers, and the rapid pace of technological improvements and innovations also hold the promise of greater acceptance of the digital medium by consumers⁴³. However, internationally the rash of bankruptcies among Internet retailers and dramatic declines in stock values of Internet-related businesses in the past few years have brought the sobering realisation that along with the opportunities, online retailers also face many challenges including the task

It would be advisable to carry out the research under a rigorously derived, larger and relatively balanced sample. Apart from demographic and experience related characteristics, many variables related to infrastructure, security, legislation, buyers' psychology and shopping orientation would also play a pivotal role in diffusion of Internet shopping in India.

of identifying, attracting, and retaining customers. Various segmentation approaches have been used in prior research to identify patronage intentions towards different retail formats including non-store alternatives such as catalogue and television shopping. The present study makes a similar attempt, by employing the Internet shopping experience to the study of online shopping.

The results suggest strong association between length of Internet surfing and actual Internet shopping. Also, a strong association was revealed between Internet usage and actual Internet shopping. Specifically, long-term Internet surfers, with heavy usage were found to have the strongest affinity for Internet shopping. In addition to this, prior experience of Internet shopping had a multiplying impact on future intention to shop through the Internet. Contrary to expectations, there were no significant associations between the shopping segments and demographic variables. Therefore, there is a need to profile the online shopper using more sophisticated psychographic measures such as shopping orientations, rather than relying solely on demographics.

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- 33 In the first phase of such an exploratory research which deals with a new evolving phenomenon (in India) only active Internet surfers were considered eligible to respond. One argument in favour of such a consideration is that Internet surfing has a very low penetration in India and Internet shopping has even lower penetration. In such a scenario if non-surfers were also considered eligible, then there would be a problem of inflated intention-action incongruence as mentioned by Ajzen et al (Ajzen, I, T C Brown, F Carvahal, 2004, 'Explaining the Discrepancy between Intentions and Actions: The Case of Hypothetical Bias in Contingent Valuation', *Personality and Social Psychology Bulletin*, Vol 30, pp 1108-1121) due to high hypothetical bias and lack of trial of the phenomenon. Secondly, despite the core constructs being the same in shopping and Internet shopping, there are many additional technical aspects in the case of Internet shopping, which must be considered while evaluating whether the respondent understands what Internet shopping is. Thirdly, because of the novel nature of Internet shopping in India, even by studying existing Internet surfers one definitely gets very relevant managerial implications.
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