

To buy or not to buy online: Analyzing the characteristics of online shoppers and online non-shoppers in Sri Lanka

Evidence from the Western province of Sri Lanka

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Abstract— The Sri Lankan internet users are significantly different in demographic backgrounds, internet usage patterns and behavioral patterns so as the online shoppers and online non-shoppers. Therefore the objective of this study is to compare the characteristics of online shoppers and online non-shoppers of Sri Lanka. Frequency analysis, cross tabulation and chi-square test was used as the statistical tools. It was revealed that Sri Lankan online shoppers and online non-shoppers are significantly differing from occupation, district of living and disposable income. Further this study found out that online shoppers daily use the internet than online non-shoppers. Also this study revealed that online shoppers shop online because of security and better prices. The online non-shoppers don't shop online because they don't trust internet retailers and want to see products physically before buying. Hence this study suggests online vendors to consider the differences of online shoppers and online non-shoppers when taking decisions.

Keywords- *online, shoppers, non-shoppers, Sri Lanka, characteristics*

I. INTRODUCTION

Information and communication technology has now led to a world of new concepts and methods which in turn convert the life of people in many ways. One of such significant transformations has taken place in the business world known as electronic commerce where people tend to shop in virtual marketplaces. Electronic commerce is "all electronically mediated transactions between an organization and any third party it deals with" (David Chaffey)

Sri Lanka was lucky enough to obtain the internet technology in the early 1990s and at present, the country can access to the newest and modern information. According to the Department of Census and Statistics of Sri Lanka, the internet usage between age group 15-69 in 2009 is 13.1%. In 2009, the internet penetration rate of Sri Lanka is 5.5% and it is low compared to India 7%, Maldives 18.1%, Pakistan 10.6%. (www.internetworldstat.com) According to The Economist's Intelligent Unit's 2009 report, Sri Lanka ranked as 63rd position in the world out of 70 countries in terms of e-readiness with the overall score of 3.85 of 10 which elucidates a notable low position.

Even though the internet access rate is low in Sri Lanka, many merchants offer their products through online websites. But Sri Lanka still lacks with monetary records of such selling over the internet.

However Sri Lanka has a very good potential of expanding online shopping if awareness is increased among consumers and business this as another method of business.

II. LITERATURE REVIEW

Reference [1] found that online shoppers are more educated and higher income earners than online non-shoppers. The US online shoppers are younger, wealthier and more educated than online non-shoppers [2]. Also US online shoppers and online non-shoppers significantly differ from age [3]. Similarly Singapore adopters and non adopters of online shopping significantly differ from gender, age, education, occupation and income [4]. Further Singaporean adopters of online shopping spend more time on internet than non adopters. [4]. Reference [5] revealed that Singaporean internet shoppers and non-shoppers significantly differ from monthly household income and he also concluded that online non-shoppers in Singapore don't shop in internet because their preference of examining the product. Further this study [5] found out the major reason of online shoppers buying through online because of items they purchased are not available in Singapore. Critical success factors of Japanese internet shopping are gender, educational level, innovativeness and net orientation [6]. Greek university students shopped online because they can access to lower prices and buying procedure is easy while online non-shoppers don't shop online because of security issues and need of physically examining products [7].

Though studies done on online shopping in overseas can be frequently seen, but it is exceptional in Sri Lanka. Hence the objective of this study is to analyze the demographic factors and internet usage patterns of online shoppers and online non-shoppers of Sri Lanka

III. METHODOLOGY

According to the Department of Census and Statistics of Sri Lanka (2009) stated that the highest computer awareness (50.7%), computer literacy (27.7%) internet usage (19.2%) and email usage (18.5%) reported in Western province. Therefore the Western province of Sri Lanka is selected to

draw a sample. The random number table is used to draw a 150 users of internet and the sample includes the internet users of Colombo, Gampaha and Kalutara, the three districts which belongs to the Western province.

A questionnaire was used to collect data. Frequency analysis, cross tabulation and chi-square test is used to analyze the data.

IV. DATA ANALYSIS

According to table 1, the sample consists of 71 online shoppers and 79 online non-shoppers.

The sample contains 36% of 20-25 age group online users and 56 % male online users. Managerial level employees represent 26.7% of the sample while educational category represents 16%. Thirty eight percent of online users educated up to A/L while 58% of the sample living in urban areas. Majority of the sample i.e 44.7% are from Colombo district. 59.3% of the online users are single and 54.7% of online users earn a income below Rs.15000.

The main objectives of this study are to find out the relationship of demographic factors and computer and internet using habit of online shoppers and non online shoppers. Accordingly chi-square test was performed between online and online non-shoppers shopping experience with age, gender, occupation, educational level, living area, district of living, marital status and monthly disposable income and results are shown in table 1.

As per the table 1, it shows that the two groups of online shoppers and online non-shoppers are significantly different by occupation ($p=0.026$), district of living($p=0.009$),monthly disposable income($p=0.003$).

To accomplish the second objective of finding the relationship of internet and computer using habit of the two groups chi-square test was done and results were shown in the table 2.

As per the table 2, the internet usage ($p=0.000$), preference of searching information ($p=0.004$) and computer usability ($p=0.026$) are significantly differing between online shoppers and online non-shoppers. The most interesting fact is 47.9% of online shoppers search information about products from offline and 72.2% of non-shoppers also seek information from offline. Both online shoppers and online non-shoppers state that their computer usability as 'intermediate'.

The online shoppers were asked to rate the advantages they obtain through online shopping and table 3 shows the results which were obtain by five point Likert scale.(1 for strongly agree and 5 for strongly disagree)

According to the table 3, the security of online purchasing and getting better prices than traditional shopping have the highest mean values.

Also online non-shoppers were asked to rank why they don't shop online and results are shown in table 4.

Majority of online non-shoppers (11.8%) that they don't shop online because they don't trust internet retailers and

TABLE 1: DEMOGRAPHIC PROFILE AND CHI-SQUARE TEST OF ONLINE AND ONLINE NON-SHOPPERS

Demographic factor	Online shopping experience		Total	Chi-square
	Online shoppers	Online non-shoppers		
Age				
Below 19	4(5.6%)	6(7.6%)	10(6.7%)	df=5 Chi-sq=3.913 p=0.562
20-25 years	28(39.4%)	26(32.9%)	54(36.0%)	
26-30 years	16(22.5%)	25(31.6%)	41(27.3%)	
31-35 years	9(12.7%)	13(16.5%)	22(14.7%)	
36-40 years	7(79.9%)	5(56.3%)	12(8.0%)	
Above 40 years	7(9.9%)	4(5.1%)	11(7.3%)	
Gender				
male	42(59.2%)	42(53.2%)	84(56.0%)	df=1 Chi-sq=0.545 p=0.461
Female	29(40.8%)	37(46.8%)	66(44.0%)	
Occupation				
Educational	5(7.0%)	19(24.1%)	24(16.0%)	df=6 Chi-sq=14.390 p=0.026*
Managerial	23(32.4%)	17(21.5%)	40(26.7%)	
Sales personnel	6(8.5%)	10(12.7%)	16(10.7%)	
Self-employed	8(11.3%)	9(11.4%)	17(11.3%)	
Computer related	12(16.9%)	6(7.6%)	18(12.0%)	
Student	13(18.3%)	9(11.4%)	22(14.7%)	
other	4(5.6%)	9(11.4%)	13(8.7%)	
Educational level				
Up to O/L	0 (0%)	5(6.3%)	5(3.3%)	df=5 Chi-sq=6.264 p=0.281
Up to A/L	26(36.6%)	31(39.2%)	57(38.0%)	
Undergraduate	10(14.1%)	11(13.9%)	21(14.0%)	

Demographic factor	Online shopping experience		Total	Chi-square
	Online shoppers	Online non-shoppers		
Graduate	13(18.3%)	15(19.0%)	28(18.7%)	
Postgraduate	12(16.9%)	11(13.9%)	23(15.3%)	
Professional course	10(14.1%)	6(7.6%)	16(10.7%)	
Living area				
Urban	43(60.6%)	44(55.7%)	87(58.0%)	df=1 Chi-sq=0.364 p=0.546
Rural	28(39.4%)	35(44.3%)	63(42.0%)	
District of living				df=2 Chi-sq=9.461 p=0.009*
Colombo	39(54.9%)	28(35.4%)	67(44.7%)	
Gampaha	25(35.2%)	29(36.7%)	54(36.0%)	
Kalutara	7(9.9%)	22(27.8%)	29(19.3%)	
Marital status				df=2 Chi-sq=1.488 p=0.475
Single	40(56.3%)	49(62.0%)	89(59.3%)	
married	30(42.3%)	30(38.0%)	60(40.0%)	
divorce	1(1.4%)	0(0.0%)	1(7%)	
Monthly disposable income				df=3 Chi-sq=14.063 p=0.003*
nil	14(19.7%)	10(12.7%)	24(16.0%)	
Below LKR 15000	3(4.2%)	13(16.5%)	16(10.7%)	
Between 15001-50000	34(47.9%)	48(60.8%)	82(54.7%)	
More than 50001	20(28.2%)	8(10.1%)	28(18.7%)	

Source: Author

10.34% state that they want to see things in person before they buy. (Table 4)

V. DISCUSSION AND CONCLUSION

This study examines the demographic factors, internet using habit and computer usability of online shoppers and online non-shoppers of Sri Lanka and it was revealed that occupation, district of living and monthly disposable income of online and online non-shoppers significantly different

TABLE 2: CHI-SQUARE TEST OF INTERNET USING HABIT AND COMPUTER USABILITY OF ONLINE AND ONLINE NON-SHOPPERS

factor	Online shopping experience		Chi-square
	Online shoppers	Online non-shoppers	
Duration of using internet			df=4 Chi-sq=7.718 P=0.102
less than 6 months	4.2%	6.3%	
6 months-1 year	11.3%	12.7%	
1-3 year	33.8%	45.6%	
3-5 years	19.7%	22.8%	
more than 5 years	31.0%	12.7%	
Internet usage			df=3 Chi-sq=20.007 P=0.000*
everyday	54.9%	21.5%	
3-4 times a week	36.6%	54.4%	
1 time a week	8.5%	20.3%	
other	0%	3.8%	
preference of searching information on products			df=2 Chi-sq=11.040 P=0.004*
offline	47.9%	72.2%	
internet	33.8%	22.8%	
both	18.3%	5.1%	
computer usability			df=2 Chi-sq=7.276 P=0.026*
beginner	14.1%	29.1%	
intermediate	62.0%	59.5%	
expert	23.9%	11.4%	

Source: Author

among two groups. Also the online shoppers perceived that online shopping is secure and can get better prices while online non-shoppers state that lack of trust on internet sellers and physically seeing of products as the main factors that they don't shop online. The findings of this study align with Swinyard et al (2003), T.S.H. Teo (2006), L.L. Sim (2002) where they found that income of online shoppers and online non-shoppers significantly different. Further this study and a Singapore study done by T.S.H Teo (2006) revealed that occupation of these two groups are significantly different. The findings of this study also aligned with L.L. Sim (2002) that online non-shoppers don't shop online because they want to see the product physically before buying.

The Sri Lankan online users are still limited to shop online since the availability of internet facility to general public is

TABLE 3: MEAN & STD . DEVIATION OF ADVANTAGES PERCEIVED BY ONLINE SHOPPERS

Advantages	Mean	Std.deviation
online shopping is easy to do	1.9014	.72022
online shopping saves time	1.8732	.71573
online shopping is secure	2.3521	.82978
online shopping get better prices than traditional shopping	2.3380	1.04120
enough items to select in online shopping	2.0563	.89263

Source: Author

still deficient. Many rural areas still not provide with modern telecommunication facilities and also people do not aware on those facilities. Mainly, the general public does not know that there is a method of purchasing goods via online, and also they are fear to buy online as it is new to them. Also businesses are reluctant to sell through online since they also not aware about it and because of the fear. Therefore the authorities relating to telecommunication of Sri Lanka has an immense task to popularize the internet technology and e-commerce all over the Sri Lanka. The other main responsibility of the government is to provide the infrastructure facilities for the private sector participants such as network providers to expand the 3G technology, which facilitate to obtain internet facility.

However the government of Sri Lanka has been taken steps to increase the awareness and usage of internet facility among the general public by establishing ‘nanasela’ (wisdom outlets) in island wide. In these places the general public can access to the internet. Sri Lanka now has several private sector internet providers who serve good quality internet facility covering most parts of the island. Also there is a good potential in North and East parts of island for e-commerce business, since the ongoing conflicts are now has ended. Therefore now the businesses have more opportunity to go online and sell the products. But in meantime the internet service providers should also look into the matter of providing internet facilities at a reasonable price, where general public can afford. Otherwise e-commerce would not a realistic situation in a developing country like Sri Lanka. Also existing online retailers should more concern about the quality of the service they are providing such as secure payments methods, information rich websites, easy down loadable contents, up-to-date delivery etc.

TABLE 4: FREQUENCY AND PERCENTAGE OF ONLINE NON-SHOPPERS’ AVERSION FACTORS OF ONLINE SHOPPING

Factors	n	%
Don’t know how to shop or find things on the Internet	25	7.18
Internet shopping is a hassle	26	7.47
I want to see things in person	36	10.34

Factors	n	%
before I buy.		
It’s hard to judge the quality of merchandise on the Internet	27	7.76
I don’t want to give out my credit-card number to a computer	23	6.6
I worry about my credit-card number being stolen on the Internet	24	6.9
I like the energy and fun of shopping at local retail stores	25	7.18
Local stores have better prices and promotions than Internet Stores	27	7.76
I don’t like having to wait for products to arrive in the mail	21	6.0
Buying things on the Internet scares me	15	4.31
I just don’t trust Internet retailers	41	11.8
I find the Internet ordering process is hard to understand and Use	26	7.47
I don’t think Internet stores carry things I want	16	6.13
none of my friends shop on the Internet.	16	6.13

Source: Author

attractive and information rich website, easily downloadable web content, faster and trustworthy service.

VI. LIMITATIONS AND SUGGESTIONS FOR FUTURE RESEARCHES

Due to the time and cost constraints this study was examined only 150 online shoppers.

But it is suggested to increase the sample size as to obtain more accurate results. Also online shoppers and online non-shoppers’ perceived risk factors should also be considered in the future researches. In addition, researches should be done on internet merchants attitudes, behavior etc.

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