

12-11-2016

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Recommended Citation

Banerjee, Shankhadeep and Seetharaman, Priya, "Regional Disparity in E-Tailing Adoption: An Empirical Analysis from Districts of India" (2016). *DIGIT 2016 Proceedings*. 5.

<http://aisel.aisnet.org/digit2016/5>

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Regional Disparity in E-Tailing Adoption: An Empirical Analysis from Districts of India

Completed Research Paper

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Abstract

The retail boom in developing countries across the world has been fuelled by the rising dominance of e-tailing, an increasingly preferred domain for many start-up businesses. New e-tailers typically start their operations in metropolitan cities, and then expand to other developing areas. An important decision that businesses make during expansion is the choice of region – which area to target next? It is commonly observed that different regions in a country, especially large, vary in their tendencies to adopt e-tailing services. Using empirical analysis, this paper attempts to understand the region-specific characteristics which can account for these variations. Combining the classical Diffusion of Innovations Theory and the Ability-Motivation-Opportunity framework of consumer behavior, we hypothesize the relationships between various regional-level people related attributes and e-tailing adoption behavior. To gauge e-tailing levels of different regions, we use primary data from India Post on packages delivered in April-May 2016 across Indian districts, for a specific e-tailing company operating in India. OLS regression is used to statistically determine the intensity of the relationship between various socio-economic indicators and the level of e-tailing in respective districts. Results demonstrate a significant influence of regional-level technological access, learning readiness, personal transport availability, and economic status, but no impact of financial services access on e-tailing adoption. The model can be further developed to classify regions based on e-tailing consumption potential which can immensely help new e-tailers with their expansion strategies.

Keywords: E-Commerce, E-Tailing, Diffusion of Innovation, Ability-Motivation-Opportunity, India