

Factors Influencing Online Shopping Behavior of Consumers

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ABSTRACT

Online shopping or e-shopping is an emerging trend in many developing countries. The study examined the factors that influence the online shopping behavior of consumers. It took its substance from the Technology Acceptance Model (TAM) which had primarily focused on two main domains of perceived usefulness and the ease of use. Many researchers had used TAM in the past for the purpose of identifying and predicting different factors that motivate or demotivate a consumer in using any technology. Investigators had further extended TAM and many other variables have been incorporated in it till date. This inquiry undertook the challenge to explicate the underlying factors that stimulate consumers' actions to use internet as a shopping standard. Data was collected and analyzed from 132 internet users on four measures of usefulness, ease of use, financial risk and attitude. Among these four variables usefulness was found to be the noteworthy forecaster of attitude towards online shopping, however, ease of use and financial risk did not have strong influence on attitude as compared to usefulness and ease of use.

KEY WORDS: Online shopping, Technology acceptance model, consumers' buying intentions, perceived usefulness, financial risk.

INTRODUCTION

Consumers and firms are carrying out extensive and rapidly increasing volumes of businesses on internet these days. E-shopping is also a new avenue for retailers, with a tremendous acceleration of growth rate in the developed world. According to the researchers [16] one of the reasons for this growth is that many people use tablets, palmtops, PCs, laptops and cell phones to gain access to the internet and use it frequently for many purposes. Also a researcher, reviewed publications that were published from 1987 to 2000 in the journals of three categories and stated that marketing research has been the most popular topic of research among the researchers and eventually the importance of e-commerce, trade and internet marketing is definitely going to rise in future [23]. Another critical examination of different research works revealed that the process of embracing the online technology for shopping should be more stressed rather than researching on already explored factors that contribute towards the overall phenomenon [4].

Another research conducted in the area of e-government presented the results which said that online shopping will only be accepted as an emerging trend when the bond of trust will be emphasized by the marketers. This bond according to them will only be strengthened with the presence of relevant information, secure transactions and the inclusion of latest trends by the businessmen on internet [12]. These capitalists working on internet can also take advantage of the latest information technology techniques that could help them in understanding their buyers' desires and choices [37]. One thing worth mentioning is that usually liking towards e-shopping is positively related to the many aspects explored by researchers, except for the cost that consumers incur while they use internet for product or service variety [36]. Further, by emphasizing on the goal-directed activities of customers rather than the experiential ones, sellers can without doubts achieve better results [33].

Although the digital economy and retail business has yet to get some space in many countries, internet has been used for the distribution of used products and services to a very large extent [29]. Information Technology no doubt plays a superior role in bringing change and influencing the people and processes that are affected by that particular change [24]. According to a research, the different business models that are applied in developing countries are not compatible with the modern information technology requirements and thus do not give enough productive results [19].

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Still the internet has become an essential part of every one's life in the developing countries like India, Pakistan and Bangladesh. It is used specifically for learning and social interaction and generally for many other purposes [26]. According to them students are heavy internet users and have a positive attitude towards internet. The users' characteristics have also been confirmed by a researcher, [34] and the results of his study showed that those who are involved in e-shopping are mostly young, male and better educated as compared to those who are not. As far as the repurchase is concerned, those who have once tried e-shopping and are satisfied with the experience become assertive in purchasing again through internet [14].

Research Problem

In Pakistan, however, literate and educated people who use internet services daily for different resolutions seem to be reluctant to purchase products via internet. With more than 20.4 million internet users the trend of e-shopping has not been widely accepted by consumers [5]. With such immense growth and popularity of internet what are those major barriers that are blocking local consumers to shop and order online. This study has attempted to comprehend the consumers' approach towards online shopping and their decisions regarding it. The major concerns that motivate or demotivate the consumers to shop on internet and the extent these concerns influence the consumers' attitudes and identifying the causes behind the delay or haste in making the ordering decision.

Significance of the Study

The research is going to address an emerging trend of e-shopping in Pakistan and would be beneficial for the retailers in many ways. Once the factors that guide the online shopping behavior of consumers are analyzed marketers would be able to formulate the strategies in order to attract the consumers' attention accordingly. Marketers would be able to directly address the purchase and selling points in order to improve the current state of these points. According to a researcher with the help of internet companies can cross the physical borders and can virtually reach every state and area of the world; which eventually help them in accessing every kind of consumer for their products [11]. Another important contribution would be the comparison of the characteristics of traditional and virtual buyers. Marketers' selling and advertising activities would be engaged in the correct direction when they will be fully aware of their buyers' needs and preferences while using internet as a shopping standard [32].

LITERATURE REVIEW

Certain factors have been identified by different researches that influence the behavior of consumers while shopping online. Different studies had identified the main motives that shape the online purchase decision and found that consumers' needs to examine a product, the requirement of a credit card and safety issues are the major contributing factors [34]. The importance of safety and security perceptions for the websites that offer retail services has also been addressed by a researcher. They specified that only when both of these dimensions along with other factors also will be looked in by the virtual sellers, they would be able to attract consumers successfully [28].

As per the research [10], the development of loyalty has been a very important target of organizations which is difficult and different to achieve in the virtual media as compared to traditional ones and thus the strategies to sell products online would also be different from selling through other medium. Another study conducted by a researcher [6], presented that the main drivers behind purchase intent are the user friendly features of the website, the presence and communication of the mission to build trust between the buyer and seller and lastly the graphics and the colorful artistic presentations of the contents being covered by the website. The level of involvement for a particular product or service and the level of know how about the usage of technology also foster changes in the ordering behavior of consumers [18].

Researchers have discovered the relevance and relation among the factors of sociability, traditional shopping orientation, fun out of shopping and the preference for online shopping. They found that there is strong relation between online shopping and out shopping, but a weak relation when it comes to the sociability level of an individual and online shopping fondness; plus men prefer to shop online more than women [25].

Researchers had when reviewed the literature stated that the major dependent variables of online shopping are not just affected by the original two independent variables, but they are also get influenced by other independent factors. Among those other factors some are consumers' personal characteristics, previous shopping experience whether online or not and faith a consumer puts in any buying process [38].

Theoretical Frame Work

The theoretical framework for this study has been modified from the Technology Acceptance Model (TAM) [7] which originally represented a structure for observing the adoption of any technology. The TAM has taken its

foundation theories from the “theory of reasoned action” [1] and the “theory of planned behavior” [2]. The TAM has been widely used and modified by different researchers to describe and predict the reception level of any technology [3]. Researchers like Lee and Chang, [20] have altered it to check consumers’ liking and disliking towards online co design process. But still there are concerns regarding the generalizability of this model in different situations [17].

The technology acceptance model says that consumers’ decisions to accept or reject a new technology are based on their own analysis of its expected outcomes. Davis in 1989 suggested that the intention to accept or use a new technology is a combination of his/her observations regarding the usefulness and the level of ease a person thinks he will feel in the usage of that technology. Presented below is the Technology Acceptance Model given by Davis in 1989 and has been used and modified for the research purposes in this study [7].

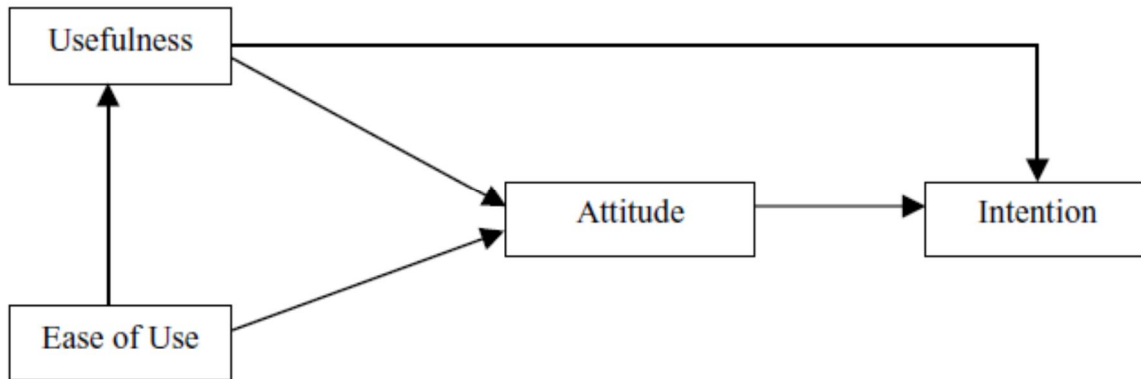


Fig.1. Technology Acceptance Model (adapted from Davis, 1989)

The above model does provide fundamental elements that are useful in checking the acceptance level of any technology in general, but does not explain many other different issues that sway the overall pre and post purchase behavior of consumers.

Research Variables

Usefulness

In this research paper usefulness has been taken in the context of consumers’ convenience preferences. The phenomena of usefulness over here can be defined as some effort that is fruitful in terms of consequence, i.e. after the usage of any new technology (e-shopping) there is going to be a substantial improvement in the results (net return on e-shopping). This variable is crucial as it usually contributes most in shaping the attitude of consumers towards online shopping and eventually their readiness to shop online [38]. Also according to a researcher [27], the convenience or usefulness is actually the worth of the technology individuals assess to form an opinion before actually using it.

H1. The relationship between consumers’ opinions about the usefulness of e-shopping and their attitude towards it is positive.

Ease of Use

In this research paper the ease of use refers to a situation where the handlers of technology think that they will not have to work hard or make special efforts to learn about the usage of technology and hence the ease of use here is the perception that the whole process of making an online purchase is user friendly and does not require specialized struggles. The research been conducted by a researcher stated that online shoppers enjoy the system that is user friendly and prefers a simple channel over a complicated one [22].

H2. The relationship between consumers’ opinions about the ease of use in e-shopping and their attitude towards it is positive.

Financial Risk

Two researchers were the first one to point out the effect of financial risk on the adoption process of any technology [27]. In the same context financial risk over here is comprised of the element of ambiguity that is associated with any innovation and the possible negative outcomes that innovation could bring along upon its usage. The negative outcomes are mostly measured in terms of the amount of money a person has or will spend on purchasing a product from internet.

H3. The relationship between consumers' opinions about the financial risk involved in e-shopping and their attitude towards it is positive.

Attitude towards Online Shopping

Attitude in this research paper is the liking and disliking a person shares for the sensation of e-shopping. This attitude is responsible for determining the future behavior of a consumer in making or not making a final purchase decision. As a study on beliefs, attitude and intentions has proved that the attitude is the most influential factor in the purchase decision by a consumer [8].

Research Model

All the factors that influence consumer buying behavior in virtual world were gathered after reviewing different research papers, some of which have been mentioned above. In depth analysis of all the factors has been done and then the relevant ones have been used for this research.

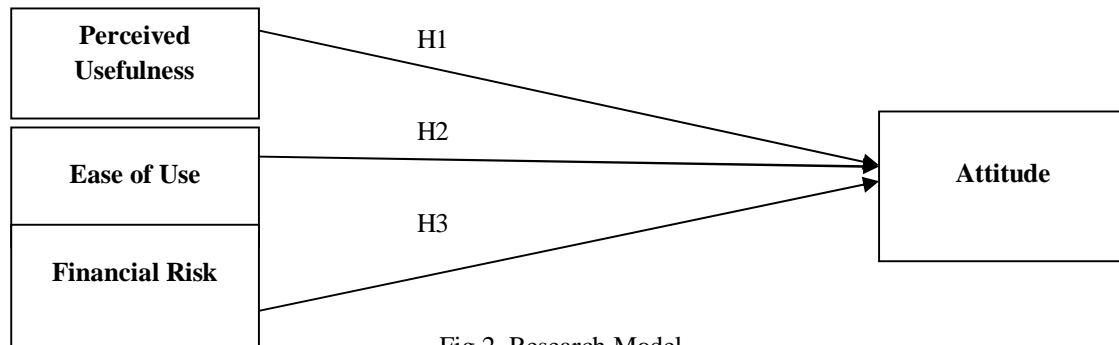


Fig.2. Research Model

RESEARCH METHODOLOGY

Data Collection

Data was collected through a survey to check the consumers' perceptions about e-shopping. Participants were internet users with an average monthly income of more than PRs. 25,000. Number of respondents approached were 150, out of which 130 responses were collected, as non-respondents did not have sufficient knowledge and experience of e-shopping or had left half of the questionnaires unfilled. Convenient non-probability sampling was performed to reach the participants.

A two page questionnaire was developed and used as a research instrument to measure the constructs by using 5 point multi item scale in which ranged from 1 being strongly disagree to 5 being strongly agree. A pilot study was conducted in order to pre-test the questionnaire wording, relevance, pattern, length and the time respondents are taking to finish the questionnaire. Keeping in view the criticism that came from the participants of the pilot study, few amendments in the layout of the questionnaire were made. Few questions were also dropped but the responses were included in the study as the rest of the questions' contents were not found problematic.

Respondents Profile

Of all the respondents, there were 70 (53%) females and 62 (47%) males; 75 (56.8%) are 21-30 years old, 55(41.7) are 31-40 years old and 2(1.5%) are more than 41 years old, 47 (35.6%) non-employed and 85 (64.4%) employed; 49 (37.1%) with a bachelor's degree, 78 (59.1%) Masters and 5 (3.8%) PhDs; and 29(22%) individuals have less than Rs. 25,000 monthly income, 22 (16.7%) have Rs. 26,000-50,000, 44(33.3%) have Rs. 51,000-75,000 and 37(28%) have more than Rs. 76,000 monthly income. As far as the usage pattern is concerned majority of respondents use internet 1-4 hours daily, sometimes use internet for information search before purchase and rarely use internet for shopping purposes.

RESULTS AND DISCUSSION

First of all, an analysis on the reliability of the measures was conducted by examining the values of Cronbach's Coefficient Alpha obtained for every separate variable. Table 9 lists the research variables along with the means and standard deviations of each predictor and outcome variable. As revealed, all variables have alpha values of 0.60 or better which lies with in an acceptable range[26].

Table1. Means, Standard Deviations and Alpha of Variables

	Alpha	Mean	Std. Deviation
Perceived Usefulness	.696	3.4830	.65396
Ease of Use	.602	3.5227	.76633
Financial Risk	.826	2.9293	.85509
Attitude	.782	3.2121	.82402

For the sake of detecting the overall relationship of the variables in the model, value of R was calculated which was found to be .639 when attitude was the dependent and Financial risk, usefulness and ease of use were taken as independent variables. Value of R shows that in the set of model summary relationship among the variables strong. The value of R Square shows that 40.8% of attitude towards online shopping is influenced by consumers' beliefs about financial risk, usefulness and ease of use.

Table2. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.639 ^a	.408	.389	.64390	.408	21.885	4	127	.000

a. Predictors: (Constant) Financial Risk, Perceived Usefulness and Ease of Use.

Different researches have utilized Regression and Correlation for the purpose of statistical analysis. Descriptive statistics has also been used for mean and frequencies in approximately the same kind of research models [30].

After applying Regression the values of Beta Coefficients were obtained. All the values were positive which shows a positive relationship between the independent and dependent variables. At the significance level of 0.05, Beta values suggest that if there is a 1 unit change in financial risk, attitude is going to be positively changed by .148 units. Usefulness is going to increase the attitude level by .535 units and ease of use will bring in .119 positive unit changes in attitude.

Table3. Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	.085	.342		.249	.804
	Financial Risk	.148	.074	.153	2.006	.047
	Perceived Usefulness	.535	.120	.425	4.458	.000
	Ease of Use	.119	.101	.111	1.179	.001

a. Dependent Variable: Attitude

Pearson Correlation has also been used and the values were explained to check the strength of relationship among different variables and to check the presence of multi-colinearity. Pearson has been used by different researchers for the sake of studying the relationship between two variables and its components [29].

Table4. Correlations

Variables	Financial Risk	Perceived Usefulness	Ease of Use	Attitude
Financial Risk	1			
Perceived Usefulness	.299**	1		
Ease of Use	.300**	.654**	1	
Attitude	.469**	.786**	.542**	1

**Correlation is significant at the 0.01 level (2-tailed)

*Correlation is significant at the 0.05 level (2-tailed)

The first variable that was used in model was consumers' perceptions about usefulness and its impact on attitude. The value obtained is .786 which shows a strong association between usefulness and attitude. The second variable that was also derived from TAM was ease of use and the correlation shows a direct relationship between ease of use and attitude at a medium level of .542. The added variable in this research, i.e. financial risk has values of .469, which depicts that although the relationship between the variable and attitude is positive, but the link of

association is very weak. This means that there is weak positive association between consumers' beliefs about financial risk and attitude of consumers about online shopping.

FINDINGS AND CONCLUSION

This research paper has attempted to study in depth the behavior of consumers regarding the technology of internet as a shopping medium. The paper has taken TAM as a foundation model for checking the acceptance level of e-shopping trend. The results shows support that in addition to usefulness and ease of use there are other factors that could influence a consumer's buying behavior while shopping online. Although the impact of these variables are not greater as compared to the original main elements of TAM, but nevertheless, the factors like financial risk cannot be ignored while formulating strategies in entering in to the world of e-commerce. The main factor that plays the most crucial role in shaping the consumers' attitude regarding online shopping is usefulness. The bond between these two factors is very strong and marketers should go for strategies that focus on the overall utility of the system/process of online shopping. The other point is the scope to which consumers believe that a technology is free of hassle and not burdensome. If people think that the usage of internet as shopping medium is free of physical and mental efforts, then it is going to influence the overall attitude of the customers towards the online shopping phenomenon. Financial risk on the other hand does not lead to a very positive impact on the attitudes of consumers, which actually suggest that the involvement of financial loss and the perceptions about the safety of using internet as shopping medium do not leave a very positive impact on public's attitude towards it.

Further researches can be carried out in the field of e-shopping by exploring other features that could direct the consumers' actions to opt for a virtual channel instead of the traditional one. The consumers' whole purchase process and their post purchase behavior after carrying out a virtual transaction could also be examined and analyzed for better strategies and policies.

Limitations

The sample of this study was selected on the basis of non-probability convenience sampling method, as the relevant data from the virtual shoppers was difficult to collect manually. The results would have been more reliable, had the survey conducted was through online medium. In addition the results cannot be generalized for the whole population as the data was collected from the two cities only.

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