

Evaluating the factors influencing customer purchase intention in online shopping

Dr. Ashutosh Kumar Singh

Astt Professor, Department of Business Economics, VBS Purvanchal University, Jaunpur, Uttar Pradesh, India

Abstract

The electronic commerce is gaining momentum and the retailing is going online. The internet has changed the way consumers buy goods and services throughout the world. Online shopping allows consumers to buy faster, more alternatives and can order products and services with comparative lowest price. Previous studies show that Competitive prices, anytime shopping, compare prices were influencers of internet purchase. The present study focuses don factors such as usability, credibility, security and pricing policies as the influencers of online purchase intention .The study shows that the credibility is the most significant factor which influences the purchase decision followed by the competitive pricing and usability of the website.

Keywords: online shopping, customer, electronic commerce

Introduction

Electronic Commerce is a relatively new and emerging business channel, which involves selling and buying goods and services using a technology channel over the Internet. The internet has changed the way consumers buy goods and services throughout the world. The continuous sales increment in the last few years have indicated that e-commerce has enormous market potential and is likely to increase exponentially in the coming years. The global economy slowdown have compelled manufacturers and entrepreneurs to go for online marketing as it is the cheapest way for advertising and reach out the vast customer base more effectively (Business Insider, 2015) ^[4]. Many companies have transformed or expanded their businesses from traditional physical stores to online stores. Online shopping allows consumers to buy faster, more alternatives and can order products and services with comparative lowest price (Cuneyt & Gautam, 2004) ^[8]. Online shopping provide more satisfaction to modern consumers seeking convenience and speed (Yu and Wu, 2007) ^[18]. Rapidly Increasing Internet penetration, enhanced security measures, convenience of shopping and number of retailers available are a few factors that are attracting more and more consumers to shop online (Joshi & Upadhyay, 2014) ^[13]. The popular online retailing companies in India are Myntra, Jabong, Flipkart, Alibaba.com, Snap deal, Amazon.com and e-Bay.

Literature review

Competitive prices, anytime shopping, compare prices were influencers of internet purchase according to Lester *et al.* (2005) ^[14]. Empirical research shows that convenient of the internet is one of factors that influence consumers' willingness to buy online (Wang *et al.* 2005) ^[17]. Research also shows that the information sources' nature may influence buyer behavior (Bigné-Alcañiz *et al.*, 2008) ^[3]. It is seen that during the purchasing stage, product assortment, sale services and information quality influence and help consumers decide what product they should select, or what seller they should buy from (Koo *et al.*, 2008) ^[13]. Gommans *et al.* (2001) ^[10] found that trust is another important thing

which affect consumer behavior in online purchase buying behavior. The most influential factors for online shopping From prior studies are convenience, and time saving (Bellman, Lohse, and Johnson, 1999; Bhatnagar, Misra, and Rao, 2000; Chang *et al.*, 2004) ^[1, 2, 5]. There is always risk associated in conducting any online transaction (Johnson and Krone, 2007) ^[12]. Devaraj, Fan, and Kohli (2002) ^[9] stated that lower transaction costs leads to higher customer satisfaction towards an online shopping website and results in repeat purchase intention. Online trust is one of the most critical issues that affect the success or failure of online retailers (Prasad and Aryasri, 2009) ^[15]. Consumers are not only interested in purchasing products online, but also look for online services. Some companies have online customer services available 24 x7. It enables customers to ask questions even aft business hours, get necessary support or assistance, which has provided convenience to consumers (Hermes, 2000) ^[11].

Research methodology

The study was conducted with the objective of finding the factors which influence online purchase intention. A sample size of 150 people was selected for the study. Out of the total filled in questionnaire only 135 questionnaires were found to be correct and were used for analysis. Convenience sampling procedure was adopted wherein the respondents were approached as per the choice of the researcher. Sampling frame consisted of University students, faculty and other staff of the University located in the Jaunpur and Varanasi district of eastern Uttar Pradesh. A 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) is used as a measurement scale.

Several studies have shown that the intention to shop online is affected by the website usability and quality in terms of user friendly interface. Website interface or usability impacts on customer intention to purchase online. (Cho & Fiorito, 2009) ^[7]. Hence the hypothesis below

1. There is a significant relation between website user interface and online shopping intention. Previous studies show that the Security of the website is also a major

contributing factor which influences the intention to purchase online. Hence the Hypothesis

- There is a significant relation between website security and online shopping intention. Credibility in online shopping is also significant as revealed in several previous studies. Credibility refers to the trustworthiness and reliability of whatever is claimed on the website.

Hence the hypothesis

- There is significant relation between credibility and online shopping intention. Competitive pricing is also one of the significant factors which may influence the customer online purchase intention.
- There is significant relation between competitive pricing and online purchase intention.

Data analysis and discussion

Respondents Profile

Table 1: Sex

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	70	51.9	51.9	51.9
	Female	65	48.1	48.1	100.0
	Total	135	100.0	100.0	

Table 2: Income

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	25000	17	12.6	12.6	12.6
	25001-50000	68	50.4	50.4	63.0
	>50001	50	37.0	37.0	100.0
	Total	135	100.0	100.0	

Table 3: occupation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Professional	28	20.7	20.7	20.7
	Teacher	69	51.1	51.1	71.9
	Business Men	38	28.1	28.1	100.0
	Total	135	100.0	100.0	

Reliability analysis

The reliability test used was Cronbach's alpha. Cronbach's alpha of seven items of usability was 0.91, Cronbach's alpha of four items of security variable was 0.87,credibility reliability was 0.97,price policy Cronbach's alpha was 0.85 and the reliability of purchase intention was 0.89. Cronbach's alpha showed high internal consistency, implying that the

measures are reliable.

Hypothesis testing

Multiple regression analysis was used to identify the relationship between the independent and dependent variables.

Table 4: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.851 ^a	.725	.716	.35103	1.704

a. Predictors: (Constant), PRICEM, USABM, CREDM, SECM

b. Dependent Variable: PURCHASEINTM

Table 5: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	42.220	4	10.555	85.659	.000 ^b
	Residual	16.019	130	.123		
	Total	58.239	134			

a. Dependent Variable: PURCHASEINTM

b. Predictors: (Constant), PRICEM, USABM, CREDM, SECM

Table 6: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.903	.176		5.142	.000
	USABM	.189	.065	.207	2.907	.004
	SECM	.150	.106	.179	1.409	.161
	CREDM	.262	.073	.327	3.591	.000
	PRICEM	.203	.077	.230	2.631	.010

a. Dependent Variable: PURCHASEINTM

The results of the multiple regression shows that the R square is 0.725, which demonstrate that the independent variables explains 72 % of the variation in the dependant variable. The ANOVA table shows that the linear relationship between the variables Usability, Security, Credibility and Pricing Policy with Purchase intention is significant with an F value of 85.6 at the 0.05 level of significance.

H1: There is a significant relation between website user interface and online shopping intention. Table 6 shows that the significance level of usability with the customer purchase intention is 0.004 which is significant. Hence the Hypothesis H1 is accepted.

H2: There is a significant relation between website security and online shopping intention. Table 6 shows that the significance level of website security with the customer purchase intention is 0.161 which is not significant at 0.05 level of significance. Hence the H2 stands rejected. This implies that the website security does not influence the purchase intention. This may be due to the fact that the customer feels that website security is an intrinsic part of online commerce and hence is not the deciding factor.

H3: There is significant relation between credibility and online shopping intention. Again it is evident from the table 6 that the correlation between the credibility and the purchase intention is significant at 0.05 level of significance. Thus H3 is accepted.

H4: There is significant relation between competitive pricing and online purchase intention.

The significance value of 0.01 in the table 6 reflects that the correlation between the competitive pricing and the purchase intention is significant at 0.05 level of significance. This shows that the competitive pricing influences the purchase intention.

The study shows that the credibility of the online shopping website is the most important factor which influences the purchase decision of the customer. The second important factor is competitive pricing and the third is usability of the website. The security of the website is the least significant factor according to the study.

References

- Bellman S, Lohse G, Johnson E. Predictors of Online buying Behavior, Communications of the ACM, 1999; 42(12):32-38.
- Bhatnagar A, Misra S, Rao H. On Risk, Convenience, and Internet Shopping Behavior, Communications of the ACM, 2000; 43(11):98-105.
- Bigné-Alcañiz E, Ruiz-Mafé C, Aldás-Manzano J, Sanz-Blas S. Influence of online shopping information dependency and innovativeness on internet shopping adoption. Online Information Review, 2008; 32(5):648-667.
- Business Insider. Why The Weakening Ringgit Is Not All Gloom and Doom. Retrieved June 21, 2015, from Business Insider, 2015.
- Chang MK, Cheung W, Lai V. Literature derived reference models for the adoption of online shopping, Information & Management, 2004, 1-17.
- Chang W, Chang H. A dynamic system of e-service failure, recovery and trust. In PACIS 2011 proceedings, Brisbane, Australia, 2011, 1-13.
- Cho H, Fiorito SS. Acceptance of online customization for apparel shopping. International Journal of Retail & Distribution Management. 2009; 37(5):389-407.
- Cuneyt K, Gautam B. The impacts of quickness, price, payment risk, and delivery issues on on-line shopping. Journal of Socio-Economics. 2004; 33:241-251.
- Devaraj S, Fan M, Kohli R. Antecedents of B2C channel satisfaction and preference: validating e-commerce metrics. Information Systems Research, 2002; 13(3):316-333.
- Gommans M, Krishnan KS, Scheffold KB. From brand loyalty to e-loyalty: a conceptual framework. J. Econ. Soc. 2001; 3:43-58.
- Hermes N. Fiscal decentralisation in developing countries, Review of medium_being_reviewed title_of_work_reviewed_in_italics. De Economist, 2000; 148(5):690-692.
- Johnson H, Krone T. Internet purchasing: perceptions and experiences of Australian households, trends and issues in crime and criminal justice. No.330, Canberra: Australian Institute of Criminology, 2007.
- Joshi P, Upadhyay H. E-Retailing in India: Despite issues, customers satisfied with Koo, D.M., Kim, J.J. and Lee, S.H., (2008), Personal values as underlying motives of shopping online. Asia Pacific Journal of Marketing and Logistics. 2014; 20(2):156-173.
- Lester, Deborah H Forman, Andrew M, Lyod D. Internet Shopping and Buying Behavior in College Students, Services Marketing Quarterly, 2005; 27(2):123-138.
- Prasad C, Aryasri A. Determinants of shopper behavior in e-tailing: An empirical analysis, Paradigm, 2009; 13(1):73-83.
- Top retailers. Consumer Voice, 35.
- Wang CL, Ye LR, Zhang Y, Nguyen DD. Subscription to fee-based online services: What makes consumer pay for online content. Journal of Electronic Commerce Research. 2005; 6(4):301-311.
- Yu T, Wu G. Determinants of internet shopping behavior: An application of reasoned behavior theory. International Journal of Management. 2007; 24(4):744-762, 823.