

# Factor That Drives Consumer to Shop Online

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## Abstract

The growing infiltration of internet and the prolific growth of smart phone use among Indian consumer has made a significant transformation in the manner of how consumer in present time does its business. Indian consumer is extremely specific about what product or service they have to buy and from where to buy given the choice of online and offline. However, limited are the studies that gives a comprehensive result of what factor that drives a consumer to shop online. Therefore, to fill this void this study will only focus consumer intention to purchase online through online.

**Keywords:** Online shopping, consumer intention, merchandise attribute, convenience, situational factor.

## Introduction

The development of internet in present time has been rightly seen as an extraordinary event. Internet plays a critical role for businesses in providing a platform for development of their trading, distribution and product selling using e-commerce system. The growth of trade via internet has truly changed the retail outlook around the global economy. As a consequence, an increase of online shopping trend due to its convenience nature has caused many retailers to persuade towards to the existence of online to compete with their competitor around the globe. Online shopping refers to buying and selling of goods and service through internet. According to 2018 report by India Brand Equity Foundation (IBEF) India is witnessing a strong growth in e-commerce industry and is expected to beat US as second largest e-commerce market in the world by 2034. Despite this online retail penetration in total retail market was estimated to only 2.5% as reported in 2016 and is only expected to grow to 5% by 2020. This raises an important discourse of understanding what factor influence consumer intention to purchase online in India? What Factor takes priority over other?

Makwana et al., (2007) in their study argues that consumer intention to shop online is a result of several driven factors namely 'social', 'personal' and 'psychological factor' and that convincing consumer to shop online in today's time when they have multiple channels to shop from has become the biggest challenge for online retailers to overcome. Although there are good number of studies that discusses and identifies factors that drives consumer's intention to purchase online (Yulihhasri et al., 2011; Suwunnipnth 2014; Levin et al., 2005; Shim et al., 2001; Mosuwe et., 2004). However, the studies are fragmented over different product category, different channels of shopping and different situational factor dimensions thus fails to give a comprehensive result particularly in the case of pure e-commerce. Therefore, to fill this void this study will only focus consumer intention to purchase online through pure e-commerce website. Pure e-commerce is defined by Turban et al., 2002 as a case where all the three elements product, agent and process are all digitized e.g. Amazon.in. Companies dealing within pure e-commerce have a great potential advantage as compare to other forms of product/ service distribution retailers, this is because since automating the whole process will cause a result in a major cost reduction. This study extends Liu et al.,

2008 model and adapts only stage 1 of consumer purchasing process i.e. ‘informational search and alternative evaluation’ factors but replaces ‘information quality’ and ‘website design’ with convenience but keep price and merchandise as single factor namely merchandise attribute. At this stage consumer are less worried about brand and product and are more conscious towards exploring and evaluating site performance and different alternatives that might help at developing consumer intention to next stage i.e. purchase.

This study is structured as follow. We first discuss the literature review based on which objectives and hypothesis will be presented. We then describe the methodology and discuss the empirical result. Finally, we conclude by finding and implication of the study.

### **Definitions of factors.**

Convenience: “refers to the extent to which a customer feels that the web site is simple, intuitive, and user friendly” (Srinivasan et al. 2002, p. 44).

Merchandise: is defined as “factors associated with selling offerings online separate from site design and shopping convenience” (Szymanski & Richard 2000, p. 312).

Price: is defined as “consumer’s perceptual representation or subjective perception of the objective price of the product” (Chiang & Dholakia 2003, p. 179).

Situational factor: is defined as “diverse external factors occurring at a specific point in space and time, regardless of the characteristics of the consumer and the attributes of the online retailer” (Kim 2003, p. 8)

Intention: is defined as “motivational components of a behaviour, that is, the degree of conscious effort that a person will exert in order to perform a behavior” (Soyeon et al., 2001, p. 400).

### **Literature Review.**

Makwana et al., (2007). The study identifies several factors that drives consumer to shop online. However, result from 300 Indian respondents encapsulated that the convenience of saving time and competitive pricing of website were found to be the most significant attribute. It is followed with other important attributes such as safe delivery, regular offers, the availability to order any time and wider choice of product alternative.

Sultan and Nasiruddin (2008) convenience of saving time, availability to order 24\*7, no geographical restriction, competitive price and more discount were found to be critical in driving consumer intention to purchase online.

Suwunniponth (2014). Outcome of 350 Thailand respondents indicated the quality of website positively influence antecedents of Technological Acceptance Model (TAM) and perceived ease of use influence perceived usefulness. Trust and consumer attitude toward online shopping was found to be as a consequence of TAM antecedents. Lastly consumer attitude was found to be positively influencing consumer intention to shop online. The study signifies consumer intention to purchase online is not only a consequence of website quality and TAM antecedents but trust system also plays a critical role in consumer intention development.

Levin et al. (2005). Two set of data were collected 199 responses from US university students and one nationwide 214 responses. Outcome of the study indicated consumer preference of online shopping is more for “low touch” i.e. airline ticket product than “high touch” i.e. clothes. Further “shop quickly” and “best price” are rated superior with online than offline. while “fast delivery” and “no hassle exchange” are better with offline. large selection of product choice and quick shopping was found to be more

predominant in online than offline, while product that requires personal touch and personal service are more predominant offline. However the study doesn't presents a comprehensive result as it only incorporates two product category.

Shim et al. (2001). A conceptual model of pre-purchase intention was presented and empirically tested in context to online shopping for search products. A survey of 2000 household from 15 US metropolitan area was conducted, outcome of the study indicated that consumer intention to search for search goods positively leads to intention to purchase. Further it was also found that intention to search play a mediating role between intention to purchase and other factors. Nevertheless, the study only focuses one category of product leaving the ambiguity of its validity on other forms of product categories.

Mosuwe et al. (2004). Current study presents a conceptual framework based on review of literature. Finding of the review demonstrates that consumer intention to purchase online and attitude towards internet is not only a consequences of Technological Acceptance Model (TAM) but is also forced or affected by several exogenous factors namely, trust in website, previous experience, situational factor, consumer traits and product category as it was found that consumer intention to purchase is higher for search goods than experience goods and purchase of any sensitive product that which required a certain level of privacy and anonymity are more preferred to be purchased online (e.g. any medicine). Nonetheless, there is no empirical validity to the conceptual framework and it only incorporates two forms of products.

Yulihastri et al. (2011). The study aims to examine factors influencing consumer intention to purchase online. A theoretical framework combining the antecedents of TAM, TRA and TPB is presented. Result of the 226 convenience sample from Malaysian University students indicated that compatibility & usefulness are critical factor contributing to consumer attitude towards online and attitude towards internet and normative belief were found to be significant towards consumer intention to purchase. Further self-efficacy is found to be positively related to consumer intention to shop. Additionally it was also found that antecedents of TAM namely compatibility, ease of use, usefulness & security are strongly relevant to consumer attitude towards online except of privacy and that intention is positively associated to intention to purchase.

Szymanski & Hise (2000). In their study presents a conceptual model of e-satisfaction and incorporates four antecedents. Outcome from 1007 US survey specified that the easy to use and organized website with the convenience of time saving and easy browsing is the most prominent predictor of e-satisfaction followed by security. Merchandising attribute of providing superior product and product variety was found to be insignificant, however product information regarding quality and quantity was found to influence e-satisfaction to a statistically significant degree which is argued to be less significant practically.

Liu et al. (2008). A model of consumer overall satisfaction is presented based on three stages of consumer purchase that includes a) information search and alternatives evaluation b) purchase c) post-purchase. Finding from 1001 Chinese survey indicated that post purchase delivery is the most significant predictor of overall satisfaction, followed by all the factor of first, second and last stage except to site response time to page loading and consumer action was found insignificant. Ease to navigate website with quality information and variety of product offering at a competitive or lower price are suggested to be major factor influencing consumer decision to purchase online and their overall online satisfaction. The study however does not make any distinction between product category is thus argued that shopper preference of website attribute importance may differ by product category.

Chen and Chang (2003). Based on the in-depth interview three determinant of online shopping experience is being identified namely 'interactivity', 'transaction', and 'fulfilment'. Finding from the 306 US responses ranked price as an important reason of why they shop online followed closely by convenience. While transaction is found to be having the greatest impact on consumer overall satisfaction followed by interactivity. Thus suggesting consumer preference of online is a collective effort of several interactive features of website and transactional convenience that causes ultimately to satisfaction.

Gehrt & Yan (2004). Outcome of 181 US convenience sample responses indicated situational factor positively influence retailer attributes except for the price, suggesting offering lower price and ease of price comparisons causes no effect on consumer situational factors, retailer personality feature atmosphere and merchandise information plays a critical role at consumer time availability of situational factors, suggesting consumer with short of time finds product variety and ease to access as well 24\*7 availabilities critical feature of retailer attributes. Between gift and personal shopping online format is mostly found preferred for gift. For experienced goods traditional store is more preferred and for search goods online is preferred. Consumer with short of time was found to be preferring more traditional store than online or catalogue, suggesting time availability to be not significantly related to consumer preference of online. this is because consumer is measuring time between purchase transaction and receipt of goods rather than whether shopping can take place anytime or only during business hours. The study however only takes two product category and limited number of situational factor as well the study incorporates three format of shopping channel.

Chiang and Dholakia (2003). Present study identifies three factor that drives consumer intention to shop online at informational acquisition stage. A survey of 147 US responses using ANOVA to test the hypothetical relationship indicated that consumer perceives online shopping to be more convenient than visiting to a traditional store, further consumer intention to shop online is higher for search goods than experience goods. Both the price and two-way interactivity between product type and convenience was found to be insignificant. The study however deals with only two product category and also price of the product were set low causing no much saving. It's argued that the dominancy of price in online shopping might depends on category of product or that in more realistic setting where there is less price differences, price may not play a significant role in consumer decision to purchase online.

Schaupp and Belanger (2005). The study uses parsimonious conjoint analysis to examine the tradeoff consumer make while making online purchase decision. A sample comprising 188 UG students from US indicated use of privacy statement, searching capability of website followed by conformation screen as prominent within technological factor, while within shopping factor convenience attribute feature such ease of shopping followed by price comparison & detail product information and customer faith in merchant system of trust feature followed by providing tracking facility and among the product factor merchandising feature of extensive product assortment and variety, total cost of product feature attribute of product value followed by customization feature of product customization attribute was found prominent while making online purchase decisions. However, in term of relative importance among Nine attributes privacy was found to be the most important followed by merchandising, while security was found the less significant towards customer satisfaction in online shopping

Li (2017). The study incorporates four classification of product category namely search, experience, credence and service with total 12 products. Outcome of 1148 internet survey responses from Chinese, Japanese and American indicated product class significantly influence consumer intention to purchase online. however, purchase intention online is higher for search goods, followed by service, experience and

is lowest towards to credence goods. Though the study classifies four category of product and identify service class as separate. However, product in each category are insufficiently listed causing existence of product bias.

Srinivasan et al., (2002). The study examines antecedents of consumer e-loyalty in online, thus identifies eight factors. Result of 1211 US responses indicated customer loyalty towards to an online website is driven by all the seven factor namely, customization, contact interactivity, care, community, cultivation, choice and character. However, the convenience of ease of navigation, less time consumption and user friendliness was found to be insignificant in driving consumer loyalty. The study however doesn't classify product category.

Nicholson et al., (2002). The study aims to understand factors responsible for consumer selection of available channel from an environmental psychology perspective. From a study of 48 focus group who buy one brand (UK fashion retailer) from three ways. Result of the study shows prominent role of situational variable in consumer selection of channel. It is argued that consumer uses different method in different situation to select a particular channel to purchase. Thus it's important for retailers to acknowledge that consumer situational variables have far exceed the limited number of available shopping channels. However, this is a case study based approach and involves only one fashion retailer and only one gender.

Kim (2003). In his research examines the impact of e-service quality on trust and satisfaction and the moderating role of situational factor between satisfaction and trust with e-loyalty. Outcome from 182 US respondents indicated service quality attribute web design as the most critical in influencing consumer level of satisfaction. Thus suggest a well design website causes to reduce consumer search cost, time and effort in acquiring required information. While situational factor was found to be having no moderating role, it is argued that situational factors that are incorporated in this study might be more critical for consumer at the early stage than at later.

### **Objectives:**

- To investigate the influence of convenience, merchandise attribute on consumer intention to purchase online in India.
- To examine the mediating role of situational factors between intention to purchase and informational search and alternative factors.

### **Hypothesis:**

- Convenience positively influence consumer intention to purchase online in India.
- Merchandise attribute positively influence consumer intention to purpose online in India
- Situational factor mediates the relationship between informational search and alternative evaluation factors with intention to purchase.

### **Research Methodology**

The study was conducted based on both the qualitative and quantitative method of research, by applying both survey questionnaire and in-depth interview. A convenience sample of 200 respondents were collected from online shopping user across Delhi-NCR. In term of qualitative method, an in-depth interview with expert in e-commerce field and content analysis was used. scales were found to be to be reliable as Cronbach's Alpha value for the construct were found to be above the recommended limit of



0.7 (Pallant, J.F. 2007). Analysis of the data were done using SPSS 21, further linear regression was used to check the hypothetical relationship among the factors.

**Respondents Demographics.**

Summary of respondent’s demographic profile of the 200 complete returned questionnaire revealed that the majority of the them were female (63 percent) was between 20-29 years (80 percent), most of them were found to be under graduate, with the majority using Amazon.in as their favorite online shopping site. The behavioral data of online purchase of respondents indicated that majority of them are familiar with online shopping and does online shopping once or twice every six months (45 percent) followed by once every month 37 percent.

**Data Analysis**

Table 1. R Square

R Square	Model 1	Model 2
	.339	.333

R<sup>2</sup> signifies the value of coefficient of determination. It explains the change in dependent variable due to independent variable. R<sup>2</sup> for this model is 0.339 which dictates 33. 9 percent change in intention to purchase due to convenience, merchandise attribute and situational factor.

R<sup>2</sup> signifies the value of coefficient of determination. It explains the change in dependent variable due to independent variable. R<sup>2</sup> for this model is 0.333 which dictates 33. 3 percent change in intention to purchase due to convenience, merchandise attribute and situational factor.

Table 2. ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	67.550	3	22.517		
Residual	131.657	199	.662	34.034	.000 <sup>b</sup>
Total	199.207	202			

- Dependent Variable: INP (Intention to Purchase)
- Predictors: (Constant) SF, CO, MT

Table 2 depicts the regression which is found significant.

Model 1. Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	sig	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.071	.452		2.369	.019		
CO	.406	.092	.311	4.434	.000	.677	1.478
MT	.363	.087	.301	4.151	.000	.632	1.582
SF	.076	.056	.088	1.368	.173	.810	1.235

- Dependent Variable: INP

In Model 1, convenience, merchandise attribute and situational factors are the independent variable while intention to purchase is dependent variable. Table 1 encapsulates the regression of model 1. Convenience and merchandise attribute was found to be significant at 5% significance level, whereas situational factor was found to be insignificant. Effect of convenience (beta=0.311) was found to be the most critical factor

towards intention to purchase followed by merchandise attribute. VIF value for all the independent variables is within the specified limit of 10 (Haidary & Farooqi, 2019). VIF value for convenience (1.478), merchandise attribute (1.582) and situational factor (1.235).

Table 3. ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Regression	66.311	2	33.156		
Residual	132.895	200	.664	49.897	.000 <sup>b</sup>
Total	199.207	202			

- Dependent Variables: INP
- Predictors: (Constant) MT, CO.

Model 2. Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	1.147	.450		2.551	.011	.	
CO	.424	.091	.324	4.668	.000	.691	1.448
MT	.398	.084	.330	4.744	.000	.691	1.448

- Dependent Variable: INP

In Model 2 Convenience, Merchandise Attribute are the independent variables while intention to purchase is depended variables. Table 2 summarizes the result of regression. Both the independent variables were found significant. VIF value of convenience, merchandise attribute is 1.448 and 1.448. which is within the recommended value. There is no effect of situational factor on intention to purchase which suggests no mediating role of situational factor between the relationship of intention to purchase with convenience and merchandise attribute.

**Finding and Implications.**

Result of the first hypothesis indicated convenience of online shopping sites strongly influence consumer intention to purchase, this is in line with several other studies which also found it significant (Szymanski & Hise 2000; Kim 2003; Chiang & Dholakia 2003; Chen & Chang 2003; Schaupp & Belanger 2005; Suwunniponth 2014). Thus suggests online shopping sites that offers consumer ease of shopping experience with easy product & price comparison with quality information drives consumer intention to shop online.

Result of the second hypothesis indicated merchandise attribute as a positive predictor of consumer intention to purchase online, this is similar to several past studies which also found it as significant towards consumer intention to shop online (Schaupp & Belanger 2005; Srinivasan et al., 2002). This suggest that online shopping sites that provides a wider range of product variety at competitive price highly influences consumer intention to shop online.

Result of the final hypothesis indicated situational factor to have no influence on consumer intention to purchase neither directly nor does it play any mediating role between informational search and alternative evaluation factors and intention to purchase, thus indicated that consumer intention to purchase is not driven by any of the situational factor. This contradicts to the argument by Kim (2003) who also found

situational factor as insignificant at consumer loyalty level thus argues that situational factor is might more influential at initial level.

### Limitation and future study.

The first limitation of the study is the sample size thus future studies are advised to add larger sample size. The study though gives a comprehensive result in term of factors influencing consumer intention to purchase by incorporating several factor and different product categories, however it is argued that consumer choice of shopping channel might does also differ accordingly to the type of product, thus it is suggested that future research should incorporate product accordingly to its type and analyze consumer intention to purchase online.

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