

## A STUDY ON FACTORS INFLUENCING PURCHASE DECISION FOR ONLINE SHOPPING AMONG CONSUMERS

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### **ABSTRACT**

*Online shopping is witnessing a considerable momentum during the recent years because of its exclusive advantages for both retailers and consumers, namely shopping at 24 hours, reducing dependency on physical visits to retail stores, cost and time saving, large coverage of segments and a large variety of products and services. Value for money, easy to use and website features are the factors that influence the purchase decision for online shopping among consumers. Significant difference prevails in factors influencing purchase decision of consumers for online shopping among socioeconomic profile of consumers. Value for money, easy to use and website features are highly and positively correlated with the satisfaction of consumers about online shopping. In order to improve purchase decision of consumers in online shopping settings, online retailers should modify their marketing and promotional strategies, providing priorities to consumer orientation through the value of products and services, simple and easy ways to use services and website attributes.*

**KEYWORDS:** *Consumers, Online Shopping, Purchase Decision*

### **INTRODUCTION**

The growth of the Internet has a huge effect on business and marketing milieu across the globe and it gives ample to opportunities to the retailer for expanding their business activities and reach large quantum of consumers across segments and geographical locations (Alkailani and Kumar, 2011). The Internet is rapidly growing and fashionable medium among consumers for searching information, options, and shopping, at the same time, retailers use the Internet to popularize and sell their products and services to consumers. The advancement of Internet technologies and application web with secure transactions is main causes to the consumers to shop through online. Online shopping is a format of e-commerce whereby consumers shop products and services directly from the retailers through the Internet without any marketing intermediaries (Mathew, 2015).

Online shopping is witnessing a considerable momentum during the recent years because of its exclusive advantages for both retailers and consumers, namely shopping at 24 hours, reducing dependency on physical visits to retail stores, cost and time saving, large coverage of segments and a large variety of products and Services (Cheema, et al., 2010). The technology-oriented view engross specifications of technical aspects of the online retail store that influence knowledge of consumers in using technologies (Chen, et. al., 2002). Conversely, the consumer-oriented views absorb an understanding of consumers on online shopping. In addition, knowing the factors that influence purchase decision of consumers in online shopping environment is highly important for retailers to implement strategies in order to meet

requirements of consumers of online shopping (Clemes, et. al., 2014). Hence, it is necessary to study the factors influencing purchase decisions for online shopping among consumers in Chennai city.

## METHODOLOGY

The present study is carried out in Chennai city. The consumers of online shopping are chosen using the convenience sampling method. The questionnaire method is used to gather data from 711 consumers of online shopping. The percentages are worked out to understand the socio-economic profile of consumers of online shopping. An exploratory factor analysis is used to find out the factors influencing purchase decisions for online shopping of consumers. The t-test and F-test are done to examine the difference between factors influencing purchase decisions for online shopping and socioeconomic profile of consumers. The correlation analysis is carried out to study the relation between factors influencing purchase decision of consumers for online shopping and satisfaction about online shopping.

## RESULTS

### SOCIO-ECONOMIC PROFILE OF CONSUMERS OF ONLINE SHOPPING

The socioeconomic profile of consumers of online shopping is shown in Table-1. The results disclose that 56.68 percent of consumers of online shopping are males, whereas, 43.32 percent of them are females and 46 per cent of consumers of online shopping have age group of 31 – 40 years, whereas 10.83 per cent of them have age group of above 50 years.

The results display that 42.90 per cent of consumers of online shopping are undergraduates, whereas, 8.72 percent of them have secondary education and 33.90 per cent of consumers of online shopping are private employees, whereas, 12.52 percent of them are retired.

The results entail that 30.38 per cent of consumers of online shopping belong to monthly income of Rs. 30,001 – Rs.40,000, whereas, 12.80 percent of them belong to a monthly income of less than Rs.20,000 and 69.90 per cent of consumers of online shopping are married, whereas, 30.10 percent of them are unmarried.

**Table 1: SocioEconomic Profile of Consumers of Online Shopping**

SocioEconomic Profile	Number of Consumers	Percentage
<b>Gender</b>		
Male	403	56.68
Female	308	43.32
<b>Age Group</b>		
Below 20 Years	109	15.33
21 – 30 Years	167	23.49
31 – 40 Years	245	34.46
41 – 50 Years	113	15.89
Above 50 Years	77	10.83
<b>Educational Qualification</b>		
Secondary	62	8.72
Higher Secondary	80	11.25
Under Graduation	305	42.90
Post Graduation	264	37.13
<b>Occupation</b>		
Business	110	15.47
Government Sector	174	24.47

<b>SocioEconomic Profile</b>	<b>Number of Consumers</b>	<b>Percentage</b>
Private Sector	241	33.90
Professional	97	13.64
Retired	89	12.52
<b>Monthly Income</b>		
Less than Rs.20,000	91	12.80
Rs.20,001 – Rs.30,000	172	24.19
Rs.30,001 – Rs.40,000	216	30.38
Rs.40,001 – Rs.50,000	133	18.71
More than Rs.50,000	99	13.92
<b>Marital Status</b>		
Married	497	69.90
Unmarried	214	30.10

## FACTORS INFLUENCING PURCHASE DECISION FOR ONLINE SHOPPING AMONG CONSUMERS

To find the factors influencing purchase decisions for online shopping among consumers, an exploratory factor analysis is used and the results are shown in Table-2. Kaiser-Meyer-Olkin (KMO test) measure of sampling adequacy is 0.772 and the Chi-Square Value of 0.0029 for Bartlett's test of Sphericity is significant at one per cent level representing factor analysis method is apt

Three factors are derived that contribute to 69.10 per cent of total variations on 15 items and each of three factors has 27.86 percent, 21.90 percent and 19.34 percent of the variation in the same way.

**Table 2: Factors Influencing Purchase Decision for Online Shopping among Consumers**

<b>Factor</b>	<b>Items</b>	<b>Rotated Factor Loadings</b>	<b>Eigen Value</b>	<b>% of Variation</b>	<b>Cranach's Alpha</b>	<b>Factor Name</b>
<b>I</b>	Price	0.72	3.92	27.86	0.88	<b>Value for Money</b>
	Quality	0.77				
	Variety	0.75				
	Return policy	0.71				
	Promotion	0.79				
	Discounts	0.78				
<b>II</b>	Suitability	0.70	1.84	21.90	0.92	<b>Easy to Use</b>
	User friendly	0.65				
	User's review	0.62				
	Delivery speed	0.74				
	Safety	0.73				
<b>III</b>	Website design	0.75	1.05	19.34	0.87	<b>Website Features</b>
	Website Information	0.69				
	Speed of search engine	0.71				
	Attractiveness of website	0.78				
	Cumulative % of Variation	-	-	69.10	-	-
	Overall	-	-	-	0.89	-

### Method of Extraction: Principal Component Analysis

*Method of Rotation: Varimax*

*Rotation converged in 6 iterations*

Factor-I consists of price, quality, variety, return policy, promotion and discounts

Thus, this factor is named as **Value for Money**.

Factor-II includes suitability, user friendly, user's review, delivery speed and safety. Hence, this factor is named as **Easy to Use**.

Factor-III is comprised of website design, website information, and speed of search engine and attractiveness of a website. Therefore, this factor is named as **Website Features**.

Cronbach's Alpha is 0.89 indicating every measure of scale is at an acceptable level of internal consistency. Cronbach's Alpha value is differing from 0.92 for easy to use to 0.87 for website features. The value for money, easy to use and website features are the factors influencing purchase decision of consumers for online shopping.

### FACTORS INFLUENCING PURCHASE DECISION FOR ONLINE SHOPPING AND SOCIO-ECONOMIC PROFILE OF CONSUMERS

To examine the difference between factors influencing purchase decision for online shopping and socio-economic profile of consumers, the t-test and Analysis of Variance test were done and the results are shown in Table-3.

**Table 3: Difference between Factors Influencing Purchase Decision for Online Shopping and Socio-Economic Profile of Consumers**

Particulars	t-Value/ F-Value	Sig
Factors Influencing Purchase Decision for Online Shopping and Gender	10.277** (t-value)	.000
Factors Influencing Purchase Decision for Online Shopping and Age Group	7.560**	.000
Factors Influencing Purchase Decision for Online Shopping and Educational Qualification	6.703**	.000
Factors Influencing Purchase Decision for Online Shopping and Occupation	6.303**	.000
Factors Influencing Purchase Decision for Online Shopping and Monthly Income	8.537**	.000
Factors Influencing Purchase Decision for Online Shopping and Marital Status	11.028** (t-value)	.000

\*\* Significant at one per cent level

The F-values and t-values are showing significant difference is existing between factors influencing purchase decisions for online shopping and socioeconomic profile of consumers at one per cent level.

### RELATION BETWEEN FACTORS INFLUENCING PURCHASE DECISION OF CONSUMERS FOR ONLINE SHOPPING AND SATISFACTION ABOUT ONLINE SHOPPING

The relation between factors influencing purchase decision of consumers for online shopping and satisfaction about online shopping was studying by doing correlation analysis and the results are shown in Table-4.

**Table 4: Relation between Factors Influencing Purchase Decision of Consumers for Online Shopping and Satisfaction about Online Shopping**

Particulars	Value for Money	Easy to Use	Website Features	Satisfaction
Value for Money	1.00			
Easy to Use	0.61**	<b>1.00</b>		
Website Features	0.64**	0.60**	1.00	
Satisfaction	0.69**	0.67**	0.62**	<b>1.00</b>

\*\* Significance at one per cent level

The correlation coefficient between value for money and satisfaction of consumers about online shopping is 0.69 that is positive and highly related at one percent level of significance.

The easy to use and satisfaction of consumers about online shopping has positive and high correlation with each other with the value of 0.67 that is significant at one percent level.

The correlation coefficient between website features and satisfaction of consumers about online shopping is 0.62 that is positive and highly associated at one percent level of significance.

## CONCLUSIONS

From the above analysis, it is concluded that value for money, easy to use and website features are the factors that influence the purchase decision for online shopping among consumers. The significant difference is existing between the socio-economic profile of consumers and factors influencing purchase decision of consumers for online shopping. The value for money, easy to use and website features are highly and positively correlated with the satisfaction of consumers about online shopping. In order to improve purchase decision of consumers in online shopping settings, online retailers should modify their marketing and promotional strategies, providing priorities to consumer orientation through the value of products and services, simple and easy ways to use services and website attributes.

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