Startups and Consumer Behavior: Purchasing Intentions Toward Products and Services of New Startups in Kathmandu Valley

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Abstract

Entrepreneurship is widely acknowledged as a fundamental driver of economic progress, with startups serving as platforms where entrepreneurs transform their innovative ideas into reality, delivering products and services to the world. Consequently, startups are viewed as carriers of innovation. This study investigates consumer purchase intentions toward products and services offered by startups. The Theory of Planned Behavior (TPB) is applied in this study to analyze customers' intentions regarding startup products and services. An explanatory research design was employed to examine cause-and-effect relationships among customers in the Kathmandu Valley. Using a convenience sampling technique, a total of 218 customers were interviewed through a structured questionnaire, with data collected using Kobo Toolbox. Structural Equation Modeling (SEM) was conducted to assess customers' purchasing intentions using SPSS and SPSS AMOS software. The SEM results indicate that attitude, subjective norms, and perceived behavioral control have significant causal relationships with customer intentions toward products and services offered by startups in the Kathmandu Valley. The findings reveal that consumers' surrounding environments, including family, peers, and influencers, significantly impact their purchasing intentions.

1. INTRODUCTION

New technologies have lessened the need for scale economies in various sectors (Jong et al., 2003; Meissner et al., 2017). Bloch (2020) discussed entrepreneurship is largely recognized as a key economic driver where both policymakers and economists recognize the importance of entrepreneurship in today's economy. Likewise, André (2005) discloses the fact that the rising significance of information in contemporary 'entrepreneurial' economies is linked to entrepreneurship's value for economic development.

Schmitz (1989) developed a model which predicts that when the share of entrepreneurs in the workforce rises, long-term economic growth will rise as well. Likewise, Nickell (1996) shows that more competition has a beneficial influence on the rate of total factor productivity growth, as measured by the number of competitors. Carree and Thurik (1999) indicate that in European nations, the proportion of small businesses in manufacturing industries has a beneficial impact on industrial production growth. Thurik and Wennekers (2004) claim that

in a sample of 16 European nations from 1988 to 1993, the excess development of small firms had a positive impact on the percentage change in gross national product. Likewise, Acs (2006) revealed that there are two types of entrepreneurship: need and opportunity where the lack of choices in the market necessitates entrepreneurship, and opportunity entrepreneurship is founded on the notion that an underdeveloped or unexplored market will arise. Moreover, opportunity entrepreneurship has a bigger influence on the economy than necessity entrepreneurship. Freeman (2007) discloses the fact that startups are fresh firms that spring up with new ideas and are the platforms that entrepreneurs build to realize their fresh and inventive ideas and sell their products and services globally (Cantamessa et al., 2018).

Shift of ideas from traditional techniques to new and innovative techniques in startups can be clearly seen with the development of sectors such as technology in Nepal (Gaudel, 2016). An increase in the involvement of the youths can also be seen with them out of the box ideas. Likewise, new development in the technologies are also causing a huge impact in the business operation in the current days in Nepal (Mainali, 2021). However, different factors and the stages needed to be considered brings difficulty in getting the actual understanding of the consumer buying behaviors (Singh, 2018). The behavior varies between person, product, and services from each other which occurs due to various factors (Al-Salamin & Al-Hassan, 2016; Paudel et al., 2018). Tirmizi et al. (2009) explains that the customers' purchase intention generally explains the intention of the consumer towards the product or the services offered to them in regards to purchasing them and the purchases heavily depend on the income of the consumers. In the regional level, Income level plays a decisive role in the consumer buying behavior along with demography and other economic factors. Possibility of shifts in the buying behavior and types of the consumers can be observed with changes in the standard of living (Ahmed et al., 2016). In Nepal, the consumer buying behavior seems to be affected mainly by income and price with the reputation, ambience and services offered (Tamang, 2020).

Technological, Product, and Manufacturing advances, as well as changes in Business legislation and greater worldwide rivalry, have put a lot of pressure on company management. As a result, new company failure rates, as well as the failure rates of young enterprises beyond the launch phase, are at an all-time high (Bruno et al., 1987). In a study conducted by André Van Stel (2005) it is revealed that the highest amount of entrepreneurial activity is seen in the United States, which reflects the country's thriving economy. While the United States has a high rate of new enterprises (high entrance rate), the country also has a high rate of new company exits, since many new businesses fail. In a study by Mainali (2021) Nepal has seen an increase of 300 new startups with the failure rate of 90% and the success rate ranging between 5-10% in a decade. One of the major cause of failure for the startups is also due to lack of a proper business plan (Cantamessa et al., 2018). Ý et al. (2017) explains that the focus of a new venture's business strategy should be on the problem, the product's solution, and the validation of that solution. The business plan also helps the startup companies to answer: Where are you now? Where you want to be? How are you going to get there? In order to reduce risk and maximize chances of success, the startups must search for a business model with different rules, roadmaps, skill sets, and tools (Blank & Dorf, 2013).

In different studies, it has been seen that consumer buying behavior highly impacts the success and failure of the businesses and it is clear that the established businesses have the upper hand over the startups (Alina & Souren, 2016; Singh, 2018). According to a previous study, the more thoroughly a customer incorporates a brand's identity into their identity, the more strongly they react to a brand change. (Hawkins, 2015). One of the research by Tirmizi et al., (2009) shows that the purchase of the goods and services is highly affected by the consumer purchase intention. It was found that the consumers purchase the products and

services in their time of necessity but they employ the phases of the consumer purchase intention and the decision of purchase depends on the fulfillment of these phases.

Understanding how different factors affect the consumers' buying behavior towards the products and services offered by startups for them to gain better placements in the world of business is vital. Therefore, several questions need to tackle such as: What are the consumer buying intention towards the products and services offered by the startup companies? What are the challenges new startups face in gaining trust of consumers in Kathmandu? What is the managerial solution to identify the customer purchasing intention? The major objective of the study is to identify the customer's purchasing intention towards products and services of new startups in Kathmandu valley by identifying the challenges customers face while purchasing the products and services offered by new startups Kathmandu and to find the managerial solution to identify the customer purchasing intention.

This study is divided into five major sections: Section 2 deals with a literature review followed by research methods in Section 3. Section 4 illustrates and evaluates the data received. Last but not the least, Section 5 offers results of this investigation.

2. RESEARCH METHODS

For understanding the Customer's purchasing intention towards products and services of new startups in Kathmandu valley, different theories can be considered in regards to the psychological field as Theory of Motivation (McLeod, 2018), Psychoanalytic Theory (Majumder, 2020), Theory of Self Congruity (Klipfel et al., 2014), Social comparison theory (Sharda & Bhat, 2018), and Theory of planned behavior (Ajzen, Icek, 1985). Firstly, the theory of motivation helps to understand the demand or the intention towards the products and services depends on which need category the customers fall into (McLeod, 2018). Likewise, the Psychoanalytic theory helps understand that the personality of the individuals along with their perceptions, demands, thoughts differ in relation to the id, ego and superego of the individual (Majumder, 2020). Similarly, the theory of self-congruity explains that the individual's self-concept has a direct relationship with the brand personality which means the consumers look for and prefer the products and services that matches the self-concept or the perception or the beliefs of the consumers (Klipfel et al., 2014). Moreover, the social comparison theory explains that consumers tend to compare themselves to the people who they find similar to themselves. Therefore, in relation to the startups and the products and services offered, the consumers tend to prefer and purchase the products and services to which they can connect and link more (Lim & Yang, 2015).

As this study is based on Theory of Planned Behavior, various different studies under TPB have been undertaken into consideration as it helps us understand how the attitude toward the behavior, subjective norms and perceived behavioral control of the consumers affect the buying intention towards the products and services offered by the startups (Ajzen, Icek, 1985; Ajzen, 1991). The models taken into consideration are Intentional use Model (Halder et al., 2016), Communication Outcome Model (Buhmann & Brønn, 2018), Self-care for Hypertension Model (Pourmand et al., 2020), Environmental Science Model (Si et al., 2019) and Social Enterprise Model (Lee et al., 2021). Figure 1 shows the conceptual framework proposed by Ajzen, (1985), which focus on Theory of Planned behavior as TPB focuses on three key constructs: *attitude,* which assesses how customers perceive and evaluate startup offerings; *subjective norms,* which consider the influence of family, peers, and social networks, crucial for startups relying on word-of-mouth or influencer marketing as well as promotional marketing (Devkota et al., 2023) and *perceived behavioral control,* which examines customers' confidence in their ability to purchase, including affordability and

accessibility. Hereby, figure 1 shows the conceptual framework of this study which contains one dependent variable and three independent variables, respectively.

Figure 1: Conceptual framework
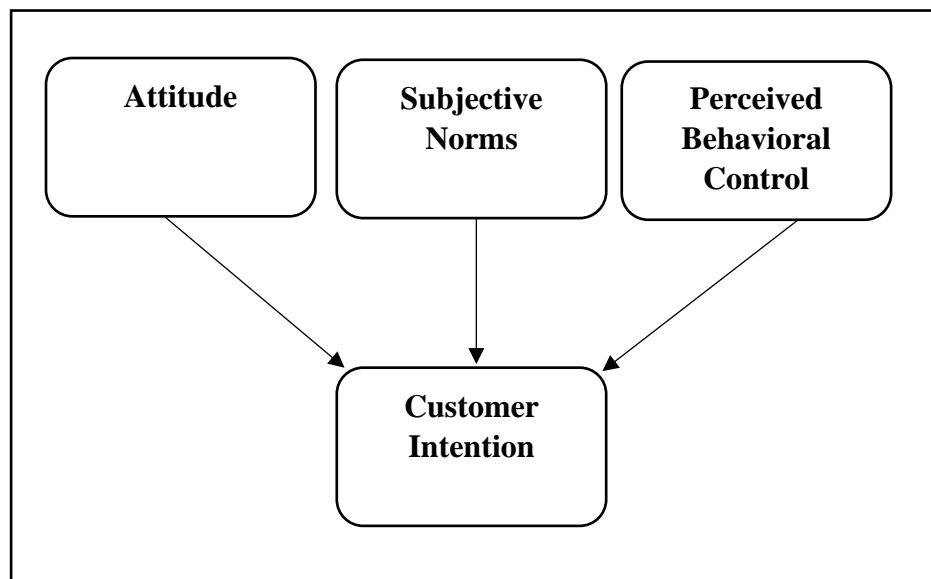
Source: Adopted from Halder et al. (2016)

Attitude and Customer Intention

Jennings & Seaman (1990) discloses the fact that having a good attitude would lead to a stronger desire to carry out a task. When measuring attitudes, questions on relative benefit, compatibility, brand perception, and perceived risk can be used to gauge attitudes. To begin, products and services of the startups will be evaluated to see if they give a comparable benefit over other products. When a product or service provides more advantages to customers than it costs, it is seen as having a positive attitude. A favorable attitude will increase the likelihood of acquiring the product or the service (Amaro & Duarte, 2015).

H1: There is a significant relationship between consumers' attitudes and their intention to purchase the products and services offered by the startups.

Subjective Norms and Customer Intention

Subjective norms pertain to whether or not the behavior is acceptable to the surrounding peers and persons (Ajzen, 1991). If the local community is currently purchasing products and services that are created by the new ventures or startups, then relevant normative attitudes would be important in this study. Likewise, individuals' decisions to acquire the products and services of startups are influenced by their family and friends' attitudes on supporting or opposing the newly established businesses. The study examines the attitude of the friends and family towards the startups and the belief that like in their products and services. Moreover, Ferich et al. (2018) revealed that subjective norms encompass the deconstructed variables of interpersonal (e.g., word of mouth by friends, coworkers, and superiors) and external influence (e.g. mass media reports and expert opinions).

H2: There is a significant and positive relationship between subjective norm and customers' intention to purchase products and services offered by startups

Perceived behavioral control and Customer Intention

Perceived behavioral control refers to a person's perception of his or her ability to carry out the desired activity. Barber (1996) revealed these self-efficacy beliefs can influence activity

selection, effort, preparation, thoughts, and emotions for the activities, as well as the attitude toward the behavior. If one has complete control over the activity, perceived behavioral control may immediately translate to real behavior (Ajzen, 1991). Ru et al. (2018) in the scope of this research, it refers if the consumers have the ability to make the decision to purchase the products and services if they can afford to do so and if it meets their desire. As a result, a significant level of impact of the perceived behavioral control can be seen.

H3: There is a strong and positive relationship between the perceived behavioral control and the intention of consumer to purchase the products and services offered by the startups.

Table 1 shows the different variables and construct that has been used in this study.

Table 1: Variable table

Construct	Variable	Definition	Explanation
Attitude	ATT2	Liking	The consumers like the idea of using the products and services offered by the startups
	ATT3	Feeling	The consumers feel good using the products and services offered by the startups
	ATT5	Risk	The Risk associated with the use of products and services offered by the startups
Subjective Norms	SNO1	Influencers	The influencers who influence in purchasing or using the products and services offered by the startups
	SNO3	Friends	Friends who influence in purchasing or using the products and services offered by the startups
	SNO4	Family	Family who influence in purchasing or using the products and services offered by the startups
Perceived Behavioral Control	PBC1	Accessibility in Retail Stores	The products and services offered by the startups are easily accessible
	PBC2	Accessibility through Online platforms	The products and services offered by the startups are accessible through platforms
	PBC5	Reasonably priced	The prices of the products and services offered by the startups are priced reasonably
Intention	INT3	Plan	The consumer plans on purchasing the products and services offered by the startups
	INT4	Steps	Steps the consumer would take in purchasing the products and services offered by the startups
	INT5	Willingness	Willingness of the consumers to purchase the product and services offered by the startups

Note: ATT1, ATT4, SNO2, PBC3, PBC4, PBC6, INT1 and INT2 are discarded during data analysis because their factor loading is < 0.50 which does not meet the threshold criteria to carry out the data analysis.
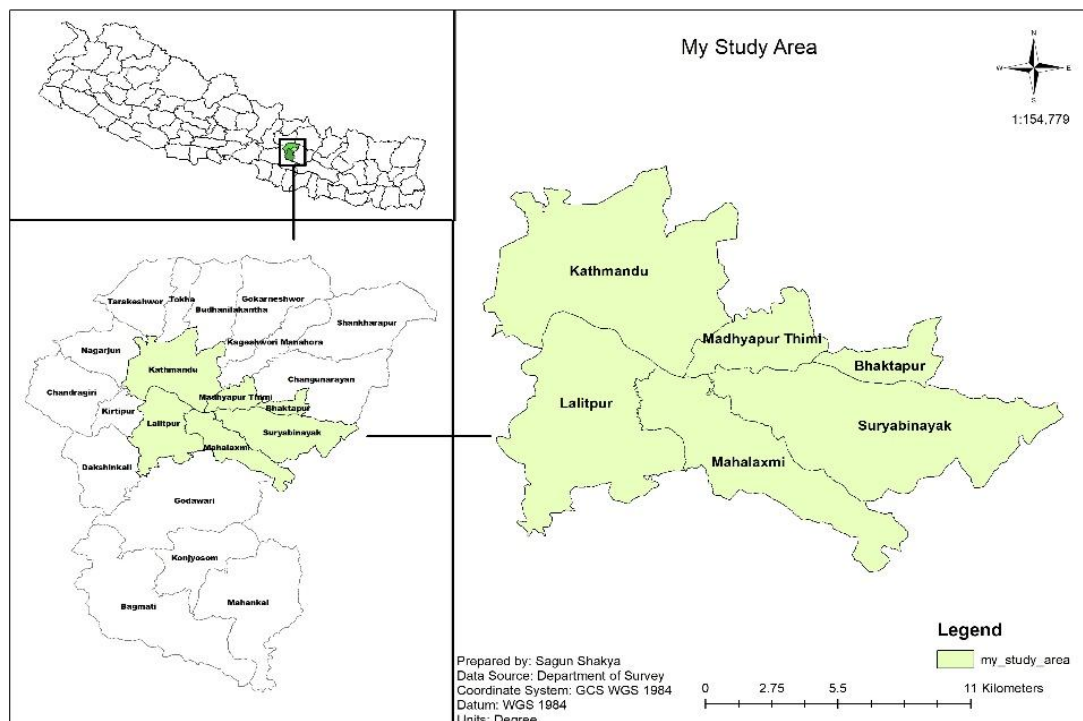
Study Area and Population

The study area selected for the study is Kathmandu valley (figure 2). The Kathmandu Valley is located in Nepal's center region and spans around 30 x 35 kilometers. The Valley's largely flat floor is at an average elevation of 1300 meters, while the Valley's sides are quite steeply sloping, reaching elevations of over 2000 meters. The Valley's floor is made up of two levels. Tars are main landforms, which include large river floodplains and elevated historic

lake and river terraces (Haack & Rafter, 2006). The valley is divided into three districts: Kathmandu, Lalitpur, and Bhaktapur, all of which are found in Nepal's province number 3 (Shrestha et al., 2020; Maharjan et al., 2022). Kathmandu as a capital city and one of the few places with a significant population density and a hub for many important commercial sectors, Kathmandu is one of the most populous cities in the country (Devkota et al., 2022a).

The study population or the target population for the study would be all the consumers or the population residing in the Kathmandu valley. As the study focuses on if the consumers tend to purchase and use or overlook the products and services offered by the startups, it would consist of the whole population who tend to act as a consumer. Kathmandu's current metro area population is 1,521,000, up 3.33 percent from 2021 (Macrotrend, 2022). It would be best to consider the population falling under the age group of 15-64 as they are considered the working group population and they would have the spending power to be choose the organizations they wish to purchase from (OECD, 2022).

Figure 2: Study area

Prepared by: Sagun Shakya
Data Source: Department of Survey
Coordinate System: GCS WGS 1984
Datum: WGS 1984
Units: Degree

Sampling Technique and sample size determination

The study is based on non-probability sampling with convenience sampling because the exact number of populations is not accurate. The exact number of populations who are intended to purchase the startup products are not recorded.

This sampling method is preferred because anyone could make a purchase from the startups and could be regarded as a potential consumer. Likewise, the formula was used to derive the sample size is N= z^2 pq/l^2 (Neilson, 2011). Where, standard tabulated value for 5% level of significance (z) is 1.96, p is prevalence of consumer who purchase products and services through startups 50 % is 0.5, allowable error to be tolerated (e) is 6 %. The total population for the study is 267 where non-response error 5%. Thus, sample size taken for study was 280.

Research Instruments, Data Collection and Data Analysis

The research is based on the primary data and was collected from the selected sample using structured questionnaire where the questionnaire has been developed through pre-testing with 15 people and the feedbacks received have been incorporated into the final questionnaire which was prepared on the basis of the issues in regards to the topics and data from the relevant respondents has been used to derive the results. Questionnaire was entered into the KOBO toolbox; a trial survey of a few sample questions was conducted to ensure that the instrument was consistent and accurate. For the data analysis, this study uses SPSS, AMOS, KOBO Toolbox and MS-Excel.

3. RESULT AND DISCUSSION

Socio-Demographic Characteristics

Out of total 218 respondents, both male and female are equally distributed (50%) aged between 21-30 possessing bachelor's degree (44.03%) which indicates that male and female respondents are educated as well as young and are equally have the purchase intentions towards the products and services offered by the startup companies. Moreover, we can also say that the study is not gender bias. Similarly, in the similar study by Lee et al. (2021) discloses 66.9% are females, Devkota et al.(2022b) revealed that majority of the respondents were from Masters' background. Likewise, the researcher has found that majority of respondents are full time job holder (64.22%) and few of them are part time job holder (12.4%) whereas some of respondents do not have any type of job (23.4%) and are married (52.75%) (see table 2).

Table 2: Socio-demographic characteristics

| Variable	In Number	In Percentage (%)
Sex		
Male	108	49.5
Female	110	50.5
Age		
Below 20	15	6.87
21-30	120	55.04
31-40	47	21.55
41-50	26	11.92
50 above	10	2.18
Education Level		
Primary	1	0.04
Secondary	16	7.33
Higher Secondary	24	11.01
Bachelor's Level	96	44.03
Master's	79	36.23
Above Masters	2	0.91
Marital Status		
Married	115	52.75
Unmarried	103	47.25
Work		
Yes (Full Time)	140	64.22
Yes (Part Time)	27	12.38
No	51	23.39

Customer's purchasing intention towards products and services of new startups in Kathmandu valley

This section deals with the understanding of the customer's purchase intention regarding the products and services of startups of the respondents. Four variables have been mentioned below i.e. Attitude, Subjective Norms, Perceived Behavioral Control and Intention. The variables have been measured using 5-point Likert Scale i.e. Strongly Agree, Agree, Neutral, Disagree, and Strongly Disagree.

The attitude contains the explanatory variables such as liking, feeling and risk. The study revealed that liking is the level of liking the idea of using the products and services offered by the startups and found that majority customers agree on liking the idea of using the products and services and do support the startup companies. Feeling explains the feelings of the consumers while using the products and services offered by the startups and the result indicates that 47.7% respondents agree that using the products and services offered by the startups feel good or satisfactory. Whereas, risk explains the risk associated with the use of products and services offered by the startups for the consumers and result indicates that majority of respondents agree that certain risks are associated as quality, price, delivery time, etc (44.3%). In similar research by Sinha & Kim (2012) on factors affecting the Indian consumers' online buying behavior, Attitude was considered by asking if the online shopping was easy and fun.

Similarly, Subjective Norms includes the explanatory variables such as influencers, friends and family. The result indicates that majority of the respondents 49.5% agree on influencers having influence along with 54.1% of respondents each agreeing on friends and families influencing the intentions. Moreover, in a study conducted by Shih & Fang (2004) in consumers' perception towards the internet banking in Taiwan, Subjective Norm was considered as a constraint with variables such as people important to the consumers, families and what they think of it (Shih & Fang, 2004).

Figure 3: Overall discussion of variables
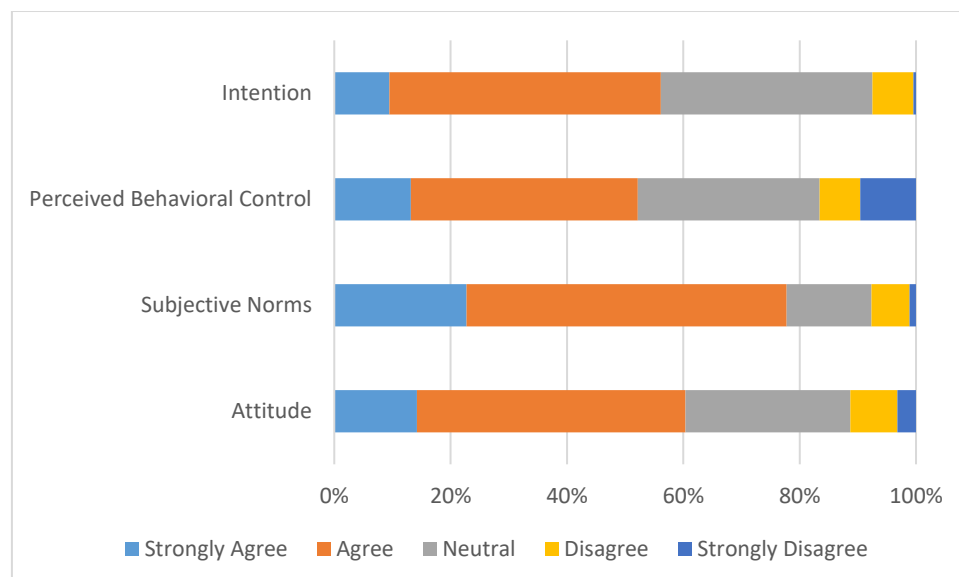
Similarly, accessibility in retail stores, Accessibility through online platforms and reasonably priced are the explanatory variables of the perceived behavioral control. Perceived behavioral control refers to how easy or difficult a person perceives completing a given activity will be (Armitage & Conner, 2010). The results of the study expose that majority of respondents finds to agree that the products and services offered by the startup companies are easily

accessible through the retail stores and online platforms while only few respondents had a neutral response on the products and services offered by the startups being reasonably priced which is shown in the figure 3. In a study of the understanding the behavior to self-care in patients with hypertension conducted by Pourmand et al. (2020), Perceived behavior control was considered as a vital component. The results of the study showed how the people with higher behavioral control had more control over their behavior towards self-care.

Likewise, Intention has been sub categorized into Plan, Steps and Willingness, where it is one of the most important predictor of actual behavior is behavioral intention. Buhmann & Brønn (2018) described behavioral intention is a consequence of one's ideas or attitudes about the chances of achieving a desired result by engaging in a certain activity. The results revealed that 46.7% of respondents plan on purchasing the products and services offered by the startups whereas majority of respondents (51.3%) agree that they are willing to purchase the product and services offered by the startups. In a similar study concerning the factors that drives the purchase intention of the customers towards the solar water heater, it was revealed that the purchase intention has been studied with relationship to income, price, product knowledge, aesthetics, financial support and product cost (Kumar et al., 2020).

Challenges for consumers in making the purchase of products and services offered by the startup companies

When the respondents were asked if the consumers faced challenges, 78.44% respondents responded that they faced challenges in the purchase. Among the presented factors, the study reveals that the majority of the respondents find Quality (79.41%) as a challenge followed by Price (67.65%), Trust (61.18%), Availability of options (45.88%), Brand image (42.94%), Accessibility (41.18%), Uniqueness (30.59%) and Delivery time (30.59%).

In a similar study conducted by Giardino et al. (2015), in the market dimension for the startup companies, it has been discussed that delivering consumer value is an important challenge for the newly established companies. Customer value is defined as the difference between what consumers gain (benefits, quality, worth, usefulness) and what they pay (price, expenses, sacrifices) when they buy and use a product, resulting in an attitude toward, or emotional relationship with the product.

Managerial Solutions

Among the respondents, half of the respondents (55%) believed that the challenges were manageable. Similarly, majority of the respondents believed that the quality offered on the products and services by the startup companies (81.6%) must be focused on, also believed that there should be a supportive government and better policies (58.3%), Price charged by the startup companies on the offered products and services (47.5%), Awareness of the product and services being offered (35.0%), Better and more options on the product and services (28.3%), Focus towards marketing (21.6%) and Others (20.8%) are some of the managerial solution that were discussed during the study.

Similarly, the respondents who responded the challenges could not be faced suggested, majority responded the startups usually have a difficult time in dealing or competing with the existing businesses (50%). Others responded that being the startup company does not impact the interest of respondents (25%) and no significant challenges were visible (25%). Among the respondents, 4 respondents believed the challenges could not be solved, few factors were mentioned as Difficulty to compete with existing firms, being a startup does not impact the interest of the respondent and No Significant challenges can be seen.

Figure 4: Response on managerial solutions
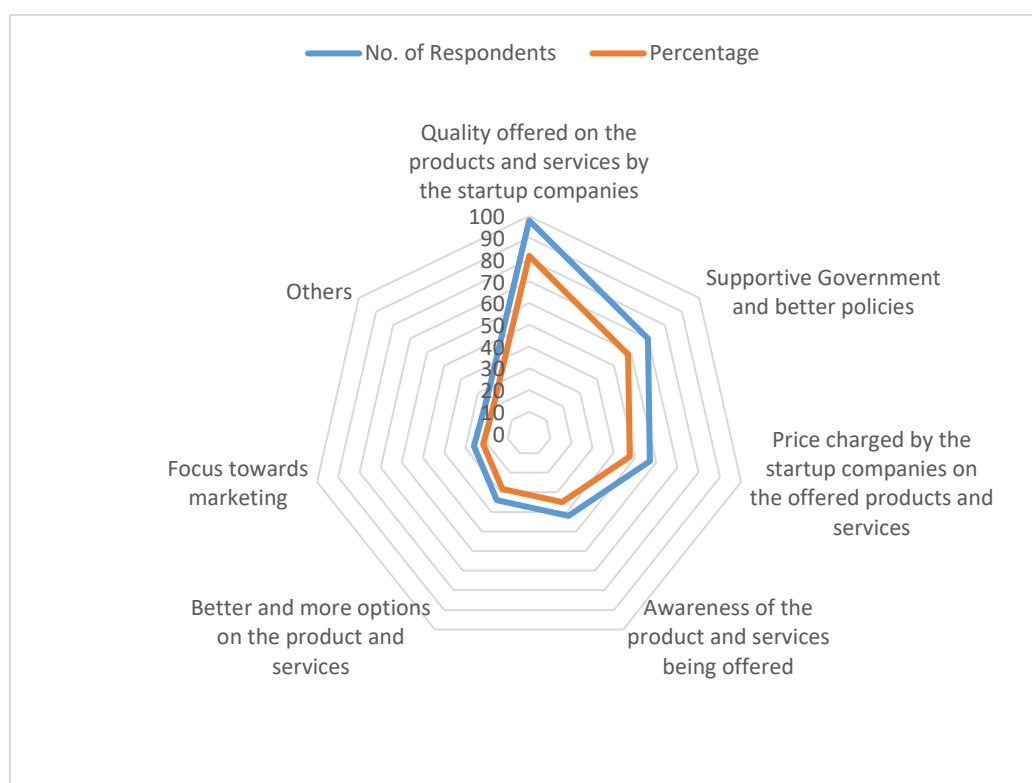
Inferential Analysis

Descriptive Analysis and Exploratory Factor Analysis

The study consists of 218 valid data points, indicating that there are no missing observations. According to the results of the descriptive statistics, the mean value is between 3.44 and 3.92. The standard deviation ranges from 0.73 to 0.98, suggesting that the majority of standard deviation values are modest, signaling that most replies are not significantly different from the mean data. Moreover, the skewness of the study of each variable is more than -1 and less than +1, indicating that it has a negative skewness, i.e. the left side of the distribution has a larger tail. Similarly, the kurtosis values range from -1 to +1, indicating that the distribution is neither too peeked nor too flat. Kurtosis distributions fall under the normality assumption and lacks of outliers.

Data was extracted using SPSS (version 24) and exploratory factor analysis with Principal Components Analysis (PCA) and Varimax rotation once the data was confirmed to be study-worthy. Throughout the factor analysis, KMO and Bartlett's Test were used to examine the adequacy and applicability of the sample data. The Kaiser-Meyer-Olkin sample adequacy measure, which has a value of 0.862, is the first metric. Any value larger than 0.5 is generally acceptable, although a value greater than 0.8 is meritorious. In Bartlett's test of sphericity, we look at the p-value, or significance level; here, we obtain 0.000, which we would normally record as less than 0.05, showing that there is a sufficient relationship. We need a statistically significant value for Bartlett's Test of Sphericity in this case, hence the value should be less than 0.05.

A total of 12 variables were extracted under 4 latent variables using communalities over the 0.5 scale. The Communalities range on a scale of .695 to .916 which are all high, implying that the extracted components properly characterize the extracted variables. As a consequence, factor analysis can be used to incorporate all of these variables. Cronbach's

Alpha is measured in this study for assessing internal consistency. The All the Cronbach's Alpha values of the variable are higher than .764 indicating stronger internal consistency.

Common Method Bias and Component Analysis

Hermann single factor is used to identify whether the data contains the issues of common method bias. SPSS produced a total of 12 components and found that the variation described by a single component is 32.159 percent, which is less than 50%. Thus, the researcher conclude that data set has no problems with Common Method Bias.

Similarly, the rotational factor loadings are provided, which demonstrate how the variables are weighted for each factor as well as the correlation between the variables and the factor. Factor loadings, or the coefficient of correlation between statements and a factor, were more than 0.50 for all of the questions. The 1st variable which are ATT2, ATT3 and ATT5 fall under cluster 1, 4th variable INT3, INT4 and INT5 fall under cluster 2. Similarly, 3rd variable consisting of PBC1, PBC2, and PBC5 fall under the cluster 3. And 2nd variable consisting of SNO1, SNO3, and SNO4 fall under the fourth cluster.

Confirmatory Factor Analysis (CFA) and Measurement Model

As a follow-up step, Confirmatory Factor Analysis (CFA) was performed to analyze and verify the multiple variables and scales revealed during EFA. CFA is used to assess the research's goodness of fit, and metrics values are CMN/DF (1.391), RMR (0.027), RMSEA (0.042), GFI (0.952), TLI (0.986), and CFI (0.990) which lies within the threshold values. Thus, as the best fit, they are utilized to evaluate the study for goodness of fit and findings.

To establish the unidimensionality, reliability, and validity of the measurements in this study, the researcher employed the measuring model described below. Convergent and discriminant validity were used to examine the construct validity of each measure. The data was verified using James Gaskin's statwiki validity matrix, which is presented in the table 3, and the measurement model was projected using AMOS software.

Table 3: Reliability and validity

Construct	Indicators	Factor Loading	Cronbach Alpha	CR	AVE	MSV
Attitude	ATT2	0.935				
	ATT3	0.934	0.777	0.866	0.684	0.517
	ATT5	0.894				
Subjective Norms	SNO1	0.817				
	SNO3	0.886	0.836	0.801	0.585	0.456
	SNO4	0.868				
Perceived Behavioral Control	PBC1	0.922				
	PBC2	0.926	0.860	0.839	0.635	0.391
	PBC5	0.858				
Intention	INT3	0.943				
	INT4	0.926	0.764	0.766	0.523	0.517
	INT5	0.861				

The validity values for all variables, including Attitude, Subjective Norm, Perceived Behavioral Control and Intention are summarized in table. As shown in table, convergence validity and discriminant validity were utilized to determine the data's reliability and validity. To ensure convergence validity, the data fulfilled the requirements of CR>0.70 (PBC-0.866, ATT-0.801, SNO- 0.839 and INT-0.766) and AVE>0.50 (PBC-0.684, ATT-0.585, SNO-0.635 and INT-0.523).

To establish discriminant validity, the data must also fulfill the requirements of AVE >MSE and square root of AVE > correlation. When comparing these requirements to the table 2, it is clear that the data meets all of the convergent and discriminant validity standards. As a consequence, we may conclude that there are no problems with validity and that all indicators accurately identify the construct to which they belong.

Table 4: Latent construct correlation

|	PBC	ATT	SNO	INT
PBC	**0.827**			
ATT	0.437	**0.765**		
SNO	0.507	0.504	**0.797**	
INT	0.719	0.675	0.625	**0.723**

Test of Hypothesis

In the table4, H1, H2 and H3 are accepted due to the significant relationship. SEM is used to examine regression analysis, variable analysis, and the assessment of the normality pattern which is shown in the figure 5. When latent variables are compared to observable variables, five factors are explored. The fitness requirements of the model indicate that the research is in good fit.

Table 5: Hypothesis Testing

Hypothesis	Estimate	S.E.	C.R.	P	Significant/Insignificant
H1: Attitude- Intention	.285	.059	4.842	***	Significant
H2: Subjective Norm- Intention	.194	.075	2.596	.009	Significant
H3: Perceived Behavior Control- Intention	.361	.063	5.700	***	Significant

The result is 1.360 on the X2/df (CMIN/DF) scale. According to the data, the p-value indicating a significant relationship between latent variables and observable variables is less than 0.05. All of the hypotheses in this study have a p-value of less than 0.05, suggesting that they are strongly supported. As a consequence, all independent variables included in this study have a significant impact on all contingent factor hypotheses, which eliminates all hypotheses.

Figure 5: Path analysis
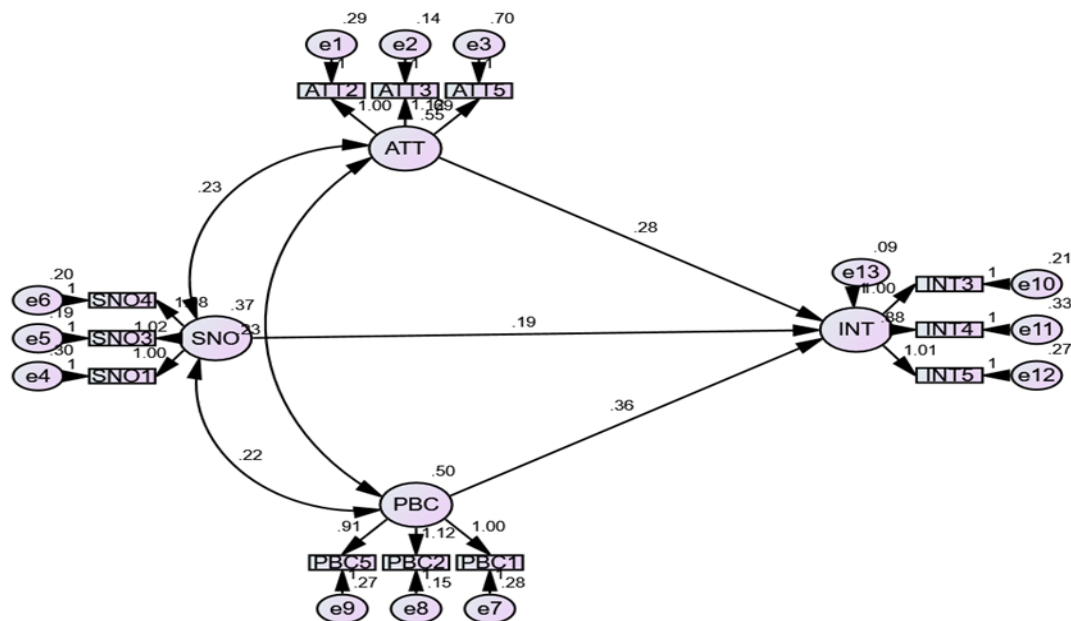
4. DISCUSSION

Startups are all about the unknown. Entrepreneurs must attempt fresh approaches in order to identify the route to developing a successful business. An entrepreneur tests a number of unproven hypotheses (guesses) regarding a startup's business model, such as who the consumers are, what the product features should be, and how the firm can develop into a tremendously successful enterprise (Blank & Dorf, 2013). In the population of established organizations, where the forms, networks, and relationships of the organization are stable, these organizations will be less likely to take use of new resources that become available as technological advancements, societal changes, the discovery or use of natural resources, and so on (Romanelli, 1991). The startup companies must understand the importance of psychological aspects of the consumers to understand the product market fit to properly utilize the resources and achieve success. Likewise, this study evaluates customers' purchase intention using 3 variables: Attitude, Subjective Norms, and Perceived Behavioral Control.

The first hypothesis shows a significant relationship between consumers' attitudes and their intention to purchase the products and services offered by the startups. It refers to attitude of the consumer towards the offered products and services having a strong influence in their purchase intentions. A research by Ahmad (2018) indicates customers consume brands to express their own personalities, and companies use this knowledge in aspirational branding approaches to generate preference for their products by convincing customers that using their brand will make them happier, more socially acceptable, and idealized by others. The second hypothesis states a significant and positive relationship between subjective norm and customers' intention to purchase products and services offered by startups. It means the surrounding environment of the consumers as the family, peers, and influencers impacts the purchasing intention of the consumer. The power of influence grows as the number of sources rises (Shcherbakova, 2019). This means higher the influencers and their influence, higher the impact on the intention.

The third hypothesis shows a strong and positive relationship between the perceived behavioral control and the intention of consumer to purchase the products and services

offered by the startups. It means how the consumer will perceive the products and services offered by the startups impact on the purchase intent of the consumer. According to a research by Armitage and Conner (2010), PBC (perceived behavioral control) is believed to have an significant impact on intention. The findings showed higher the levels of perceived behavioral control, stronger would be the intentions of consumers. In a nutshell, the consumers' purchase intention towards the products and services offered by the startup companies can be analyzed to some extend with the analysis of the factors such as attitude, subjective norms, and perceived behavioral control of the consumers. The analysis of such variables is vital for the startup companies for understanding the consumers and what their intentions are towards the company's offerings.

5. CONCLUSION

This research provides valuable insights into consumer purchase intentions toward products and services offered by startups in Nepal, a developing economy where innovation is vital for growth. The study explores how attitudes, subjective norms, and perceived behavioral control influence consumer decisions in the startup context. Descriptive analysis reveals that younger individuals (ages 21-30), those with higher education (bachelor's or master's degree), full-time employees, and married individuals are more likely to purchase from startups, suggesting that education, income, and family status play significant roles in shaping purchase intent.

The study also identifies challenges faced by consumers during the buying process, including concerns about product quality, pricing, awareness, and alternatives. Respondents recommended improvements such as better product quality, more competitive pricing, government support, and increased marketing efforts. For Nepalese startups, these findings suggest that understanding customer preferences and addressing factors like product quality, price, and marketing are essential for boosting purchase intent. Startups must focus on building awareness, offering competitive pricing, and ensuring high-quality products. Additionally, understanding the evolving demands of consumers and incorporating internal transformations, such as improving customer service and innovation, will increase the chances of startup success. By aligning strategies with customer needs, startups can gain a competitive advantage and build long-term customer relationships.

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