

Factor That Influence Online Consumer Buying Behavior with Reference to Nepalgunj city

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Abstract

Phenomenon of online purchasing is increasingly gaining popularity among consumers. This is largely attributed to the benefits associated with it, such as time-saving, convenience, 24-hour availability, a wide variety of products, and the ability to compare brands and products. However, despite these benefits, consumers also perceive certain risks associated with online purchasing, including financial loss, product performance risk, delivery risk, trust and security, and website design. These perceived risks and psychological factors significantly influence consumers' behavior towards online purchasing. Therefore, this study seeks to identify the online factors that affect consumers' behavior towards online purchasing in the context of Nepalgunj. Specifically, the study aims to identify the perceived risk and psychological factors and understand the demographics of online consumers. The study reviewed recent literature on the topic and collected primary data through a well-structured questionnaire distributed online. Around 65 respondents were chosen from 30 students, 15 female from engaging in public service and 20 males were chosen from different occupation, as the distribution chain started from friend's circle. The findings of the study suggest that perceived risk factors, such as financial risk, significantly affect consumers' buying behavior towards online purchasing. Delivery risk and trust and security have an average impact on consumers' buying behavior. Therefore, online retailers and marketers should address these risk factors and psychological concerns to encourage more online purchasing.

Keywords: perceived risk, delivery risk, consumer behavior, online purchase, trust and security

In today's marketing environment, understanding consumer buying behavior is crucial for the survival of any business as it is directly linked to consumers. Consumer behavior research focuses on the decision-making process individuals undergo when allocating their available resources, including time, money, and effort, towards purchasing items. This paper examines a number of research articles analyzing online consumer buying behavior in various sectors. The advent of the Internet has revolutionized the traditional way people shop, freeing consumers from the constraints of opening hours and geographical limitations. As a result, consumers can actively purchase products or services anytime and anywhere, accessing a wide range of products and product information 24/7. Online shopping is increasingly popular due to its convenience, low cost, ease of use, time-saving benefits, and access to various products and brands, all with

fast delivery. The time and place limitations of traditional shopping are no longer a concern when purchasing online.

Online consumer buying behavior refers to the process of buying products and services through the internet. The process follows several steps similar to physical buying behavior. In a typical online buying process, there are five stages: identifying the need for a product or service, searching for information online, evaluating products against other options, making a transaction, and experiencing post-purchase satisfaction.

Objectives of the Research

The primary objective of this study is to identify the external online factors that influence consumer behavior towards online shopping in the context of Nepalgunj city. Specifically, it aims to examine whether psychological factors such as financial risk, product risk, non-delivery risk, website design, trust, and security have a significant impact on consumer online buying behavior.

Conceptual Framework

The conceptual model of the study explores the relationship between independent factors, including perceived risk, psychological factors, website design, and dependent factor, which is online buying behavior, based on the literature review presented.

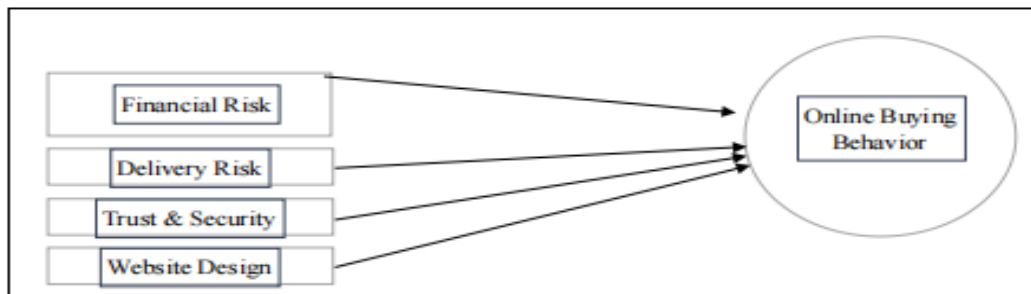


Figure 1 Conceptual Framework of the study

Review of Related Studies

These are all interesting studies on online buying behavior and consumer behavior in general. Here are some key takeaways from each study: Chawla, Khan, and Pandey (2016) identified factors influencing different stages of online buying and explored the influence of demographics on buying intentions and adoption stages. However, the study did not provide systematic interpretation about how first-time buyers would continue with buying online or whether they would intensify or pull more of existent products available offline. Singhal and Shekhawat (2015) conducted a review of research articles from 1999 to provide a contemporary view of online and offline consumer behavior. The study identified motivating and resisting factors that encourage or divert consumers from online shopping. Ultimately,

consumers were found to search online to learn about products but often shifted to offline retail channels when it came to purchasing.

Shahzad (2015) focused on online factors such as financial risk, product performance risk, delivery risk, trust & security, and website design. The study found that product performance risk and trust & security had a significant impact on consumer online shopping behavior, while financial risk and delivery risk did not have a significant impact. Mittal (2013) examined the impact of e-commerce on consumer behavior and found that internet consumer trust and perceived risk had strong impacts on purchasing decisions. The study used questionnaires to gather quantitative data and build on relevant literature to explain the development of internet shopping.

Sultan and Uddin (2011) studied consumer attitudes towards online shopping and found that website design/features, convenience, time-saving, pricing, discount, feedback from previous customers, and quality of product were important factors. However, elderly people were less keen to shop online, higher education made online shopping less attractive, and security concerns were important while shopping online.

Hadjiphanis and Christou (2006) investigated the role of e-commerce on consumer behavior and focused on the consumer information search process and consumer value. The ultimate aim of the study was to establish how retailers could motivate consumers to buy online. Constantinides (2004) identified the main constituents of the online experience or Web experience as being the functionality of the website, psychological elements intended to communicate trust and credibility of the online vendor and website, and content elements including the aesthetic aspects of the online presentation and the marketing mix. The study revealed similarities and differences between online and traditional customers.

Swaminathan (2000) examined a model of electronic exchange based on a theoretical framework proposed by Bagozzi. The study found that consumers who were primarily motivated by convenience were more likely to make purchases online.

Overall, these studies provide valuable insights into the factors that influence online buying behavior and consumer attitudes towards online shopping. They also highlight the importance of website design, trust, and perceived risk in online consumer behaviors.

Research methodology

Research design

This study is based on deductive approach (quantitative research design) which follows a process of reasoning from one or more statements to reach a logically certain conclusion.

Data collection

This study gathered data from primary sources using a carefully designed questionnaire. The researchers opted for questionnaire surveys as this approach has been

used in previous similar studies and was deemed a convenient and effective method for the current research.

Population and Sampling

The primary goal of the research was to investigate the external online factors that influence consumer behavior towards online shopping in Nepalgunj city. The study aimed to examine the impact of these factors on consumers' online buying behavior. The researchers chose to use a sample size, distributing approximately 65 questionnaires through an online platform (Google Form). The sample population consisted of 30 students, 15 service holder women and 25 male from different fields as the distribution chain began within a social circle.

Questionnaire Design

The design of the questionnaire in this study was intended to investigate the online factors that influence consumer buying behavior during online purchasing. The questionnaire was developed to gather information from the respondents regarding their experiences with online shopping, their attitudes towards online shopping, and the external factors that affected their purchasing decisions. Careful attention was given to ensure that the questions were clear, concise, and easily understandable to the respondents, in order to obtain accurate and reliable data. Overall, the questionnaire was designed to provide insights into the online factors that have an impact on consumer buying behavior during online purchasing in the context of Nepalgunj city.

Data analysis

For the analysis of online factors in this study, a 1-5 point Likert scale was used as the data analysis tool. The Likert scale consists of five response options ranging from "Strongly Disagree" to "Strongly Agree," with a neutral option in the middle. This scale is commonly used for questionnaires and is particularly useful in quantitative research as it allows for easy data analysis and statistical testing. By assigning numerical values to the responses, the Likert scale enables researchers to quantify and measure the attitudes and opinions of the respondents towards the various online factors that were investigated in the study. Overall, the use of the Likert scale in this study was an effective means of evaluating empirical data related to online factors and their impact on consumer behavior during online purchasing.

Limitations of the study

- The study area is limited to Nepalgunj only.
- Since the questionnaire link through an online form initiated from friends circle.

Result and Discussion

Financial Risk

Starting with the financial risk, one of the perceived risk factors, questions from 1 to 3 were asked concerning financial risk over the internet purchasing. "I feel that there will be

difficulty in settling disputes when I shop online (e.g. while exchanging products)” as you look at the Figure 2, the results indicate that 6.2% respondents strongly disagree and 13.8% disagree with this statement. This means that those respondents do not have any problem settling the disputes over exchanging products with online merchandiser. 52.3% agree with this statement, 6.2% strongly agree with this statement. This means that those respondents feel that there will be difficulty in settling disputes while shopping online. 21.5% of the respondents were uncertain. As mentioned in Table 2. The average score for this variable is 3.38. Higher average score indicates that high numbers of respondents feel difficulty in settling disputes while shopping online.

Table 1*Analysis of Online Factors*

Statements	Strongly disagree (1)	Disagree (2)	Uncertain (3)	Agree (4)	Strongly Agree (5)	Weighted Average mean
Financial risk						
1. I feel that there will be difficulty in settling disputes when I shop online (e.g. while exchanging products)	4	9	14	34	4	3.38
2. Delivery fees are high	0	15	29	17	4	3.15
3. Prices of various products can be compared more easily while shopping online	0	2	6	44	13	4.05
Product Risk						
4. I might not get what I ordered through online shopping	2	8	13	30	12	3.65
5. I might receive malfunctioning products	2	4	18	33	8	3.63

6. It is hard to judge the quality of the products over the internet	0	1	2	33	29	4.38
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Delivery Risk

7. I might not receive the product ordered online	3	20	13	24	3	3.06
8. I do not shop online because of non-availability of reliable and well equipped shipper	1	14	22	22	6	3.28

Trust & Security

9. I feel safe and secure while shopping online	2	20	24	18	1	2.94
10. I feel that my credit/debit card details may be compromised and misused if I shop online	3	12	22	24	4	3.22
11. I feel that my personal information given to a website may be compromised to a third party	0	8	16	34	6	3.59
12. Shopping online is risky due to lack of strict cyber laws in place to punish frauds and hackers	2	2	5	41	15	4

Website Design

13. I buy from online stores if they are visually appealing and have a well-organized appearance	0	4	11	42	8	3.83
14. I buy from online stores only if the navigation flow is user friendly	0	4	7	49	5	3.85
15. I buy from online stores only if the site content is easy for me to understand and the information provided is relevant	1	0	6	47	10	4
16. I buy from online stores only if they have an easy and error free ordering and transaction procedure	0	0	4	44	16	4.19

From the below Table 2, we can see that Website design and Product Risk factors have higher influence on online consumer's buying behavior. The following Table 3 helps us to find the comparative average of each factor. 1st rank is given to Website design as it has the highest comparative average 3.97; among other factors influencing online consumer's buying behavior. This means that most of the respondents strongly agreed with the statements under the factor Website Design. Consumers buy from online stores if they are visually appealing and the navigation flow is user friendly with the site content being easy enough to understand and if the online stores have an easy and error free ordering and transaction procedure. Similarly 2nd rank is given to Product risk factor with its comparative average being 3.89. This means that online consumer's buying behavior is also highly influenced by the Product risk. Consumers have a fear of getting malfunctioning products and even not getting the products at all if they order it online. Quality of the products over the internet. Likewise 3rd rank is given to financial risk and 4th rank is given to Trust and Security. Delivery Risk is given the 5th rank as high agreement of the respondents in regards to the statements under the Delivery risk is not found.

Table 2

Comparative Analysis of Online Factors

Variables	Financial Risk	Product Risk	Delivery Risk	Trust security &	Website Design
Variable 1	3.38	3.65	3.06	2.94	3.83
Variable 2	3.15	3.63	3.28	3.22	3.85
Variable 3	4.05	4.38	0.00	3.59	4.02
Variable 4	0.00	0.00	0.00	4.00	4.19
Comparative Average	3.53	3.89	3.17	3.44	3.97
Rank	3	2	5	4	1

Source: Questionnaire Survey

Delivery Fees

The answer to this question indicates that 26.2% of respondents and 6.2% of respondents strongly agree that delivery fees are high. According to these responses, the shipping fees are excessive. According to 23.1% of respondents, the shipping fees are not excessive. 44.6% of people were unsure of this assertion. The majority of respondents are unsure about this statement, as indicated by the average score of 3.15 for this variable. "Online purchasing makes it easier to compare prices of different products." The answer to this question explained how buyers can compare the costs of numerous items and select the one that will save them the most money. 20% of all respondents strongly agree with this statement, making the overall agreement rate 68%. They believe that purchasing online makes it easier to compare the costs of various things. 9.2% of the respondents were unsure, and 3.1% disagreed with this assertion. The majority of respondents agree with this statement, according to the average score of this variable, which are 4.05.

Delivery Risk

“I might not receive the product ordered online” This question deals with the delivery issue of the online buying product, fear of not receiving the product. Mixed responses have been received in this statement. As you can see in the following Figure 2.20, 38% of the respondents agree and 4.8% strongly agree with this statement. They have a fear of not receiving the online product. 31.7% disagree and 4.8% strongly disagree with the statement. It means that the respondents do not have any delivery issues. 20.6% of the total respondents were uncertain and the average score for this variable is 3.06.

Website Design factor

If an online business is visually pleasing and appears to be well-organized, I will buy from it. The findings of this claim are illustrated in the accompanying Figure 10, which demonstrates “I buy from online stores if they are visually appealing and have a well-organized appearance” The results of this statement are clarified in the following Figure 10, showing that 64.6% of the total respondents agree and 12.3% strongly agree with the statement. It means that majority of respondents agreed to buy from visually appealing online stores. 6.2% of the respondents disagree with the statement whereas the remaining 16.9% were uncertain. The average score for this variable is 3.83, which shows a very strong and positive agreement with the statement therefore it can be concluded that the online consumers like to buy through well-organized and visually appealing website stores that 64.6% of all respondents agree with it and 12.3% strongly agree. The majority of respondents, then, were in favor of making purchases from online shops with eye-catching design. While 16.9% of the respondents were unsure, 6.2% of respondents disagree with the assertion. It may be inferred that online shoppers like to make purchases from well-organized and aesthetically pleasing website stores because the average score for this variable is 3.83, which demonstrates a very strong and positive agreement with the statement.

Conclusion

A growing number of people are making purchases online thanks to its simplicity, accessibility to goods and services around-the-clock, and wide selection of goods. The external online elements that affect consumers' online purchase behavior have been explored in this study article, with a focus on the influence of four such aspects: financial risk, delivery risk, trust & security, and website design. Here are the findings of the four distinct aspects impacting online shoppers' purchasing decisions:

The look and feel of a website has a big impact on how people shop online. With a weighted average mean of 3.97, website design has the highest rating of all the online variables. The online shops should design their websites to be simple to navigate and use, and they should give customers the right information. The second-highest comparative weighted average mean of 3.89 for the other influential factor indicates that the online respondents to this study took into account product performance risk when making online purchases. If they received a product with poor performance, this resulted in a negative attitude toward online shopping.

The comparative weighted average mean for the financial risk factor is 3.53, which indicates that respondents who responded online believe it will be challenging to resolve complaints online and that it will be simpler to compare costs when making online purchases.

Another element is trust and security, which has a weighted average mean that, is 3.44 in comparison. That suggests that a key factor influencing online customer behavior is trust and security. Therefore, online retailers are advised to ensure trust and security of online consumers, including the protection of personal information of online consumers. The fourth and last factor is delivery risk; it has a comparative weighted average mean of 3.17,

which shows an average influence over consumer buying behavior and most of the respondents agreed on getting their goods delivered on time.

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