

Consumer Behavior Analysis: Factors that Influence Online Buying Decisions

Luxmi Sharma

Abstract

Online shopping's rise in popularity in Nepal is due to its multiple advantages like 24/7 availability, ease of use, and extensive product options. However, this comes with certain risks including financial loss and security concerns. This study, drawing from contemporary literature and data from 385 respondents from varied backgrounds, aims to identify these risks and psychological factors that affect buying decisions. Key findings indicate a notable influence of financial risks, while delivery and trust issues have a moderate impact, suggesting that e-retailers should focus on addressing these aspects to bolster online sales.

Keywords: Apprehended uncertainties, Shipment vulnerability, Buyer tendencies, Internet acquisition, Confidence and protection

I. Introduction

In the modern marketing landscape, grasping the nuances of consumer purchasing habits is vital for any enterprise's endurance, given its direct correlation with consumer choices. Studies on consumer behavior center on the series of judgments people make when dedicating their resources, such as time, finances, and effort, to acquire goods. This document reviews various scholarly pieces that delve into the web-based purchasing tendencies across diverse sectors. The emergence of the internet has dramatically altered the customary shopping habits, liberating buyers from the confines of store operational hours and physical boundaries. This transformation enables individuals to engage in active buying operations at any time from any location, offering round-the-clock access to a broad array of products and pertinent data. The escalating preference for online shopping is attributed to its advantageous features like affordability, user-friendliness, time efficiency, and the availability of a plethora of goods and brands, coupled with swift delivery services. The constraints of time and locale, which once characterized conventional shopping, are obsolete in the realm of online purchases. The term 'online consumer purchasing behavior' delineates the methodology of procuring goods and services via the internet. This procedure mirrors several stages inherent in the conventional buying behavior. Generally, an online purchase encompasses five phases: recognizing the necessity for a specific item or service, seeking pertinent details on the web, appraising products based on various alternatives, executing a transaction, and the subsequent phase of post-acquisition

contentment. The main goal of this research is to pinpoint the critical online elements that sway consumer tendencies in online shopping, particularly within the bounds of Tilottama Municipality. More precisely, it seeks to investigate the extent to which psychological aspects, encompassing financial risk, product risk, non-delivery risk, website layout, trust, and security, exert a notable influence on the buying behaviors of consumers on online platforms.

II. Literature Review

In the contemporary market landscape, dissecting the nuances of online buying behavior is vital in forging successful business strategies. As the internet continues to alter conventional shopping paradigms, consumers enjoy the liberty to purchase goods and services at any time and from any place, unbounded by the limitations of time and physical location. These transformations, spurred by the burgeoning e-commerce sector, necessitate an in-depth analysis of consumer behaviors in the online space. The following gives a succinct empirical review of various studies that have addressed this topic over the years. Chawla, Khan, and Pandey (2016) embarked on a journey to understand the influencers at different stages of the online buying process, emphasizing the role demographics play in shaping purchasing intentions and the adoption process. However, they fell short in offering a detailed analysis on the trajectory first-time online purchasers are likely to follow, and whether their engagement with online platforms would increase or wane, particularly regarding products also available offline. A comprehensive review of literary works from 1999 onwards was undertaken by (Singhal and Shekhawat, 2015). This study offered a refreshed perspective on both online and offline consumer behavior, revealing that while consumers readily seek product information online, a significant portion prefer making the actual purchase offline. Shahzad (2015) steered his research towards understanding the online factors, such as financial risk and product performance risk that dictate consumer behavior during online shopping. The research delineated that factors like trust & security wield a more significant influence on consumer behavior compared to financial and delivery risks. Mittal (2013) turned the spotlight onto the ramifications of e-commerce on consumer behavior, underscoring that the trust consumers place in the internet and the perceived risks significantly dictate their purchasing decisions. The study leaned on questionnaire responses to gather quantitative data and build upon existing literature to map the evolution of online shopping. Sultan and Uddin (2011) scrutinized the attitudes harbored by consumers towards online shopping, noting that several factors including website design, convenience, and pricing, were pivotal in influencing consumer decisions. However, they also highlighted a reluctance among older individuals and those with higher educational qualifications to embrace online shopping, largely due to security concerns. Hadjiphanis and Christou (2006) explored e-commerce's role in shaping consumer behavior, with a focus on the consumer information search process and the perceived value, ultimately aiming to carve out strategies that could incentivize consumers to opt for online purchases. Constantinides (2004) dissected the primary components that craft an enriching online experience, focusing on

website functionality and the psychological factors that foster trust and credibility between the consumer and online vendors. Finally, Lee and Swaminathan (2000) engaged in a theoretical exploration based on a framework proposed by Bagozzi, finding that consumers motivated chiefly by convenience were inclined towards making online purchases. In conclusion, these scholarly pursuits offer invaluable insights into the complexities governing online buying behavior and the varying attitudes consumers harbor towards online shopping. They collectively underscore the pivotal roles played by website infrastructure, perceived trust, and potential risks in shaping online consumer engagements.

Conceptual Framework

In this research, the theoretical framework delineates the correlation between various independent elements such as perceived risk, psychological elements, and website design, and their cumulative influence on the dependent variable - the online buying behavior. This connection has been cultivated grounded on the insights gathered from the meticulous analysis of existing literature.

Independent Variable

Dependent Variable

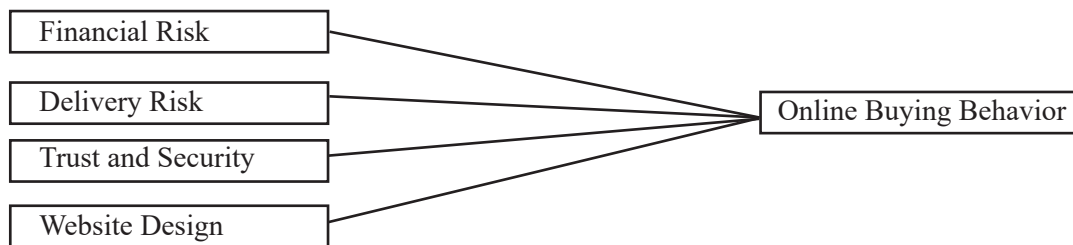


Figure 1: Conceptual Framework

III. Research Methodology

In this investigation, this study has implemented a deductive approach characterized by a quantitative research design, proceeding logically from general assertions to a definitive conclusion. The primary data collection was facilitated through a thoughtfully constructed questionnaire, a method deemed fitting and effective owing to its utilization in past similar studies. The central objective of this study was to scrutinize the external elements online that dictate the consumer behavior towards online shopping in the vicinity of Tilottama Municipality. In an attempt to assess the ramifications of these elements on online purchasing patterns of consumers, around 385 questionnaires were circulated via an online medium (Google Form) to a diverse group comprising of 80 students, 185 women in service roles, and 120 men from varied professions, initiating the outreach within a familiar community circle. The creation of the questionnaire was steered with the intent to explore the dynamics that influence consumer behavior throughout the online purchasing process. It was crafted to accumulate insights from participants about their engagements with online shopping,

their predispositions towards it, and the external dynamics influencing their buying resolutions. A significant emphasis was placed on formulating questions that were straightforward, succinct, and comprehensible to the participants, facilitating the acquisition of precise and dependable data. Essentially, the questionnaire sought to delineate the online dynamics that alter consumer buying tendencies in the backdrop of Tilottama Municipality. In the assessment phase of the study, a 1-5 point Likert scale served as the cornerstone for data analysis. This scale presented a spectrum of five responses, oscillating from “Strongly Disagree” to “Strongly Agree”, encompassing a neutral stance at its median. This method, frequently employed in survey questionnaires, proved advantageous for the quantitative research domain, facilitating effortless data scrutiny and statistical computations. The numerical attribution to responses on the Likert scale empowered the researchers to quantify and evaluate the attitudes and perspectives of participants in relation to the assorted online dynamics examined in this study. Fundamentally, the adoption of the Likert scale in this study emerged as a proficient mechanism to analyze empirical data pertaining to online dynamics and their consequential effects on consumer behavior during online acquisitions.

IV. Results and Discussion

Beginning with financial risk, a recognized type of perceived risk, the initial three questions focused on potential financial issues encountered during online transactions. One such question highlighted the apprehensions surrounding the resolution of conflicts during online shopping instances, particularly during product exchanges. As delineated in Figure 2, the data reveals that a small fraction, 6.2%, vehemently oppose the statement, and an additional 13.8% also disagree, signifying a portion of the sample face no hindrances in resolving disputes with e-retailers. Conversely, a notable majority, amounting to 52.3%, concur with the sentiment, and another 6.2% express a strong agreement, indicating a prevalent concern about potential difficulties in dispute resolution during online shopping. A remaining 21.5% of individuals showcased indecisiveness. Referencing data from Table 2, the cumulative mean score for this aspect stands at 3.38, denoting a significant section of the participants anticipate challenges in settling disputes in the digital shopping realm.

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. Is there a potential for complications when resolving issues with online purchases, such as during product exchanges?	74	70	75	77	89	3.40
2. Are the delivery charges quite steep?	70	73	78	90	74	3.20
3. Is it easier to compare the prices of different products when shopping online?	88	75	79	70	73	4.01
Product Risk						
4. Is there a risk of not getting the exact item I ordered when buying products online?	69	74	77	91	74	3.70
5. Is it likely to encounter malfunctioning products while shopping online?	69	75	76	92	73	3.60
6. It seems challenging to assess the quality of products when shopping online.	72	76	77	93	67	4.40
Delivery Risk						
7. There is a possibility of not receiving the product ordered online.	73	77	75	100	60	3.10
8. I refrain from online shopping due to the scarcity of dependable and properly equipped shippers.	75	75	80	90	65	3.30
Trust & Security						
9. Shopping online gives a feeling of safety and security.	73	78	76	98	62	3.00
10. It seems plausible that the details of a credit/debit card might be compromised and misused when engaging in online shopping.	75	73	82	87	68	3.23
11. There remains a risk that personal details entrusted to a website may find their way into the hands of third parties.	73	75	89	80	68	3.60

12. Online shopping remains a risky venture, largely due to lax cyber regulations that fail to properly penalize frauds and hackers.	73	80	74	96	64	4
Website Design						
13. I am inclined to buy from online stores that offer a visually pleasing and well-structured layout.	75	5	89	150	70	3.74
14. I restrict my online shopping to stores with a user-friendly navigation setup.	68	84	77	87	69	3.82
15. I limit my online shopping to sites where the content is easily comprehensible, and the information is relevant.	70	86	78	86	69	4.00
16. I choose to make purchases from online stores exclusively when their ordering and transaction process is smooth and free of errors.	73	83	82	82	65	4.20

As illustrated in Table 2 below, it's evident that aspects like Website Design and Product Risk have a prominent effect on the buying behaviors of online customers. Further insights from Table 3 reveal the relative impact of each factor, ranking them by their average scores. The Website Design takes the lead with the highest comparative average score of 3.94, demonstrating a strong agreement among respondents that a site's aesthetic appeal and user-friendly navigation substantially influence their purchasing decisions. It emphasizes that online shopping platforms need to ensure not only an intuitive user interface but also a seamless and error-free transaction process to attract buyers.

Following closely is the Product Risk aspect, securing the second position with a comparative average of 3.90, indicating that consumers' buying tendencies are also significantly swayed by potential risks associated with product quality and the reliability of online deliveries. It denotes a prevalent fear among consumers regarding the receipt of defective products or potential non-delivery issues when purchasing online. The subsequent rankings are occupied by financial risk and trust & security factors respectively, pointing towards their notable yet lesser influence in comparison to the aforementioned factors. Notably, Delivery Risk is positioned at the fifth rank, implying a lesser degree of concurrence among respondents concerning the statements pertaining to this factor.

Table 2

Comparative Analysis of Online Factors

Variables	Financial Risk	Product Risk	Delivery Risk	Trust & security	Website Design
Variable 1	3.40	3.70	3.10	3.00	3.74
Variable 2	3.20	3.60	3.30	3.23	3.82
Variable 3	4.00	4.40	0.00	3.60	4.00
Variable 4	0.00	0.00	0.00	4.00	4.20
ComparativeAverage	3.53	3.90	3.20	3.46	3.94
Rank	3	2	5	4	1

Delivery Fees

The survey responses reveal mixed opinions about the perception of delivery fees associated with online purchases. Specifically, a combined total of 42.57% of participants (23.37% agree and 19.20% strongly agree) feel that the delivery charges are steep, while a contrary 18.96% deem the fees to be reasonable. Interestingly, a significant portion, 20.25%, of the respondents remain ambivalent on this matter, which is reflected in the mean score of 3.20 for this particular aspect. Moving to the facility of price comparison in online shopping, a substantial majority (65%) concur that digital platforms enable an easier process of comparing product prices, assisting them in making cost-effective choices. This viewpoint is strongly held by 23% of the survey participants. However, a small fraction of respondents either disagree (4%) or are uncertain (8%) about the ease of price comparison online. This trend of agreement is supported by a high average score of 4.01, showcasing a general consensus towards the benefits of online price comparison.

Delivery Risk

The query regarding potential delivery problems in online shopping, specifically the fear of not receiving the ordered item, garnered varied responses, as depicted in Figure 2.20. A considerable portion of participants, amounting to 45% (35% agree and 10% strongly agree), expressed anxiety over the possibility of not receiving their purchases. Contrarily, 35% of those surveyed (30% disagree and 5% strongly disagree) demonstrated confidence in the delivery process, indicating they have no concerns regarding non-receipt of items. Meanwhile, a noteworthy 20% remain undecided on this matter. This distribution of opinions results in a mean value of 3.10 for this parameter, highlighting the existing uncertainty in delivery reliability of online purchases.

Website Design Factor

The propensity for consumers to patronize aesthetically pleasing and well-arranged online stores is evaluated in this statement, the results of which are visualized in Figure 10. This data illustrates

a notable preference, with 62% of respondents agreeing and an additional 15% strongly agreeing, indicating a significant inclination towards shopping from visually attractive online platforms. In contrast, a minor segment of 5% opposes this notion, while a sizable 18% remain ambivalent. The collective responses culminate in an average score of 3.74, signifying a prominent and affirmative consensus towards this preference. Thus, it can be deduced that online purchasers have a marked preference for engaging with online retail platforms that exhibit both visual appeal and well-structured layouts, as evidenced by the robust positive response encapsulated by the score of 3.74.

V. Conclusion

The ease of access, perpetual availability, and vast array of products have propelled an increasing number of individuals towards online shopping. This research article delves into the external virtual factors that sway individuals' purchasing tendencies online, spotlighting four principal facets: financial risk, delivery risk, trust & security, and the structure of the website. Here we delineate the insights acquired pertaining to the quartet of elements steering the purchasing choices of online consumers: At the forefront, the website's aesthetic and functionality significantly dictate online shopping behaviors, securing the highest score of 3.94 in the weighted average mean calculations. It's imperative for online retailers to craft user-friendly interfaces that convey essential details succinctly. Following closely is the product performance risk, with a notable comparative weighted mean of 3.90, signaling that consumers are acutely aware of potential dissatisfaction arising from subpar products, which could spawn a negative perception of e-shopping. Subsequently, financial risk emerged as a considerable concern with a mean value of 3.53, underlining consumers' apprehension about the feasibility of addressing grievances online and the perceived ease of price comparisons during virtual shopping. Moreover, the trust and security aspect holds a pivotal role in shaping online buying behaviors, registering a comparative mean score of 3.46. It advocates for the necessity of fostering a secure and trustworthy online shopping environment, safeguarding users' confidential data effectively. Lastly, the delivery risk factor, with a mean of 3.20, exerts a moderate influence on consumer decisions, with a majority accentuating the importance of timely product deliveries.

References

- Chawla, M., Khan, M.N., & Pandey, A. (2016). Online Buying Behavior: A Brief Review and Update. *Journal of Management & Research*, 9(4), 974-997.
- Constantinides, E. (2004). Influencing the online consumer's behavior: The Web experience. *Internet Research*, 14(2), 111-126
- Hadjiphanis, L., & Christou, L. (2006). The Role of E-commerce on Consumer Behavior. *Journal of Business Administration Online*, 5(1), 1-8.
- Lee, C.M. and Swaminathan, B. (2000) Price Momentum and Trading Volume. *Journal of Finance*, 55(2), 2017-2069. <https://doi.org/10.1111/0022-1082.00280>
- Li, N., & Zhang, P. (2002). Consumer online shopping attitude and behavior: An assessment of research. Information system proceedings of English Americas Conference.
- Mittal, I. (2013). Consumer Purchase Decisions and Socio-Personal Aspects. *Business Researcher*, 1(2), 84-92.
- Shahzad, U. (2015) The Need for Renewable Energy Sources. *International Journal of Information Technology and Electrical Engineering*, 4(1), 16-19.
- Singhal, S., & Shekhawat, S. (2015). An Empirical Study of Customer Satisfaction in Online Shopping Experience of Tourism Products in India. *International Journal of Scientific Engineering and Research*, 3(6), 61 – 64.
- Sultan, M. U., & Uddin, M. (2011). Consumers' Attitude towards Online Shopping: Factors influencing Gotland consumers to shop online. *Mediterranean Journal of Social Sciences*, 6(1), 456-462.