



Consumer's Perception towards Use of Mobile Applications for Online Shopping in the Kathmandu Valley

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Received: September 7, 2022

Revised: October 12, 2022

Accepted: December 5, 2022

Published: December 21, 2022

How to cite this paper:

Dhungana S., Devkota N., Paudel U.R., Parajuli S., Upretee S., & Dhakal K. (2022). Consumer's Perception towards Use of Mobile Applications for Online Shopping in the Kathmandu Valley. *Quest Journal of Management and Social Sciences*, 4(2), 187-199

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Abstract

Background: Mobile devices have created a new channel for retailers to provide more targeted offerings to their customers. Online purchasing is the method of gaining knowledge of and purchasing merchandise or offerings over the Internet.

Objective: This study aims to investigate online shopping users' perceptions by determining the factors that drive buyers towards shopping in the Kathmandu Valley.

Methods: By adopting a descriptive and causal research design, the researchers collected data using non-probability sampling from 403 respondents in Kathmandu Valley with the help of KOBO Toolbox. A structured checklist is the main research instrument used for data collection. We analyzed the obtained data by using SPSS and AMOS software inferentially. For the hypothesis testing, we analyzed data using SEM.

Results: SEM result indicates previous online shopping experience, and consumer lifestyle (CL) have a significant relationship with consumers' attitude (CA) and online purchasing intention (OPI).

Conclusions: Consumers' perception towards online shopping differs according to their attitude, experience and lifestyle. However, poor quality of products, hidden costs and timely delivery of the products and services are major challenges faced by customers during online shopping. To ensure the growth of online shopping in Kathmandu Valley, the government should pay attention to legislation linked to online shopping, selling quality items and providing secure online payment.

Keywords: Consumers perception, Online shopping, Mobile applications, Structural equation Modeling

Paper Type: Research Paper

JEL Classification: O14, C5, N75

Introduction

Online shopping is today's fashion trend. Arrival and easiness of Information, communication and Technology (ICT) has revolutionized the people's habit (Devkota & Phuyal, 2017) which encourage online shopping (Bhandari et al., 2021; Parajuli et al., 2021; Maharjan et al., 2022). Online shopping can be explained as examining, searching for, browsing for or searching products to get greater information with the viable intention of purchasing on the Internet Kim (2004). Similarly, Chiu et al. (2009) viewed online shopping as a trade of time, effort and cash for receiving products or services. When the web was introduction the early 1980s, it has unexpectedly grown due to its unique traits of flexibility, interactivity, and personalization. Ko et al. (2004) depict the Internet as an important means of communication, entertainment, education, and electronic trade. There is no doubt that the Internet is changing the way consumers keep and purchase items and services. The Internet is the most comprehensive direct advertising and marketing channel for the global marketplace. Liébaná-Cabanillas et al. (2021) indicate the Internet has transformed how businesses operate since it now allows stores to offer an infinite variety of products and services to all customers at all times.

Although developed countries have embraced e-commerce at a brisk pace, developing countries like Nepal are slowly on their way to shaping up the e-commerce trend. Online purchasing protects the Nepalese market at a brisk pace and is nicely facilitated by the start of new technologies, digital stores and interactive apps (Malla, 2018). The history of Nepalese e-commerce began in 1999 when Nepalese residents in the United States utilized it to mail things to their friends and families in Nepal. However, internet access was restricted and costly (Malla, 2018). The e-commerce industry is still in its infancy stage in Nepal. Mainstream e-commerce ventures have been imparting their services to a few cities, such as Pokhara and Kathmandu (Gautam, 2015). As of October 2017, 16.67 million human beings were connected to the Internet. In 2010, less than 30% of Nepalese people accessed the Internet (Neupane, 2018).

Most businesses use the Internet to cut advertising charges and to enhance competitiveness. However, before venturing into it, it is essential for shops to apprehend genuinely such online purchasing opportunities since no success can be guaranteed. However, setting up a portal website can be costly, time-consuming, lead to incorrect routes and a mere waste of many resources. Undoubtedly, digital commerce is shaking the root of commercial enterprise conventions in the cutting-edge century. The development of the World Wide Web created a new income channel for retailers, and heaps of companies have tried to take advantage of this new method for accomplishing clients (Browne et al., 2004). As an end result of this trend, almost every firm that has launched an online business or plans to do so is keen to recognize how to get in contact with extra online consumers as plenty as feasible (Wang et al., 2006). However, because online transactions must be completed over computer networks, an online client must be motivated and capable of operating a personal computer in the first place (Fernandes et al., 2014).

The apparent gain of online buying has increased the wide variety of web customers for this purpose. According to Jha (2014), this developing variety shows the developing experience of remedy using the Internet for shopping. Roughly ten per cent of the world's population (more than 627 million people) have shopped online at least once (Jha, 2014). The present-day state of affairs indicates a trend in online shopping. On the other hand, in the past, consumers normally used online services to purchase/reserve airline tickets, resort rooms, movie tickets and online books. However, currently, more people go online to buy apparel, cosmetics, accessories, footwear and other products. Lim et al. (2010) indicate books and airline tickets are the most frequent products and offerings bought over the web by Malaysian consumers.

From consumers' perspective, the Internet has provided extra accomplishment in gaining access to data, and they credit the pull for online content as an end result from the probability given to determine

when, where, what, and how a lot of business content material they desire to view. The net also allows customers to access an unlimited variety of merchandise and offerings from agencies worldwide, and it has decreased the time, and effort buyers spend on purchasing (Ko et al., 2004; Lim et al., 2010). This study investigates the aspects that influence consumers' trust in e-commerce. Apart from the determinants of trust, this study has also sought to determine the extra aspects impacting customers' buying behaviour. However, there have been no studies on this issue, and the researcher seeks to fill the vacuum. The fundamental theoretical gap connected to understanding what and why customers do and do not purchase using the Internet is investigated in relation to the theories of change and consumer behaviour, with special reference to the buying decision process. Further, easy bank access (Rai et al., 2019; Parajuli et al., 2020; Paudel et al., 2020; Shrestha et al., 2020), online advertisement attitude of the investors (Devkota et al., 2021a; Mishra et al., 2019), attitude of customers (Parajuli et al., 2021b), investors awareness (Devkota et al., 2021b) has enhance online shopping in Nepalese market. Apart from this, in the Nepalese market, the determinant of consumers' perception of mobile applications for online shopping is unanswered. Therefore, this study aims to determine consumers' perception of using mobile applications for online shopping in Kathmandu valley.

This paper contains the following sections. The literature review leads to a conceptual framework for hypotheses development followed by methodology, analysis, and results with the measurement model and structural model findings. Next, the study discusses the findings, implications in the discussion section, and implications accompanied by using limitations and future research in the feasible avenues for additional studies.

Review of Literature

Theoretical Review and Hypotheses Development

In this section, we reviewed different theories. The first theory, Maslow's Hierarchy of needs, is proven with extra than five levels. These models have been extended by using other people to interpret Maslow's work. Consumers' needs for an area of expertise are symbolic because they drive consumption selection about how s/he expresses his/her identity. Achievement, status, affiliation and belonging are symbolic because they reflect consumers' social function or position (Kakiza, 2015).

Similarly, actual behavioural manipulation refers to the extent to which an individual has the skills, resources, and other conditions needed to function in a given behaviour. Actual behavioural management is challenging to determine, so perceived behavioural control precisely is measured through mainly designed questionnaires and serves as a proxy measure of the influence. In the TPB, behavioural intention is controlled by a dynamic combination of attitude, subjective norm and perceived behaviour and manipulated variables (Gkargkavouzi et al., 2019). Subjective norms, mindset toward the process or capacity of trying, attitudes and expectations of success and attitudes and expectations of failure are the key antecedent variables to intention to try, itself the key precursor to trying. Past behaviour has been discovered to affect patron choice in a wide variety of research and is integrated as a key to an effect within the concept (Goodwin, 2000; Fishbein & Ajzen, 1975). Behaviour is said to be about equal to behavioural intention, which can be derived from the consumer's mindset toward buying the product and the subjective norms about the behaviour. Through the notion of 'subjective norm', the idea acknowledges the energy of different humans in influencing behaviour; explicitly, its debts for the thoughts of others towards the positive behaviour, and is moderated by using the extent to which the customer is influenced to comply to these views. In empirical exams and functions of the TRA, a high correlation of mindset toward behaviour and subjective norms to behavioural intentions have been found, however, some studies have proposed that the cited high relationship between behavioural intention and real behaviour is simplistic due to the fact of circumstantial boundaries (Fishbein & Ajzen, 1975). Likewise, the Technology Acceptance Model proposed with the aid of Davis in 1989

explains the determinants of technology acceptance of larger relevance to learning this and work that has proposed the addition of ethical responsibility as a finding out variable, self-identity and environmental behaviours (Goodwin, 2000).

Among these theories, the theory of reasoned action is the most suitable for this research. Fishbein and Ajzen (1975) highlighted that a consumer's intention to engage in actual behaviour is a better predictor of actual behaviour than solely their attitude towards an object. Intention represents a person's aware diagram to exert effort to carry out conduct (Albarq & Alsughayir, 2013). However, attitudes affect a consumer's intention, which determines their behaviour. As a result, Fishbein and Ajzen (1975) established the Theory of Reasoned Action (TRA) model by integrating attitudes and intents in order to forecast behavioural intentions (the subjective probability that one would undertake certain activities) (Fishbein & Ajzen, 1975).

Hypotheses Development

Consumers Lifestyle

A customer with a well-positioned lifestyle will see more advantages and fewer hazards in internet buying. Similarly, time-conscious customers would see more advantages of shopping for things online than less time-conscious people (Swinyard & Smith, 2003). The advantages of internet buying are typically more costly for the consumer and involve less risk (e.g., receiving the wrong size). In recent years, there have been some profound changes in shopper lifestyles. A growing range of individuals' area unit time affected obligations to figure and family (Li et al., 2020). This is often a result of folks today living agitated and busy operating lifestyles. It's become terribly tough for many folks to travel searching outside their homes. With their busy operating lifestyles relevancy, customers today are heavily dependent on online searching and increasingly hooked up to that. This transformation has forced changes in customers' lifestyles and buying habits. In step with the analysis report "Searching for the worldwide consumer: a European study of fixing lifestyles and searching behaviour", customers today do not match neatness into selling segments, however rather "individuals" who jump between several segments throughout the week (Assael, 2005; Vijayasarathy, 2004).

H1: Consumers' lifestyle positively and significantly impacts online purchasing intention.

H2: Consumers' lifestyle has a positive and significant impact on consumers' attitude.

Online Shopping Experience (OSE)

It has become imperative for lecturers and practitioners to explore client expertise within the online context. Verhoef et al. (2009) argue that current conceptualizations of the construct remain disjointed as a result. The dominant position within the literature is that it is co-created. Recent definitions of online shopping regarding price have gone so far as to understand customers as participants in price creation and, by implication, expertise co-creation. The third and apparently broadest conceptualization of OSE highlights the multi-dimensional nature of the construct. Similarly, Gentile et al. (2007) planned six elements of client expertise as well as sensory, emotional, cognitive, pragmatic, lifestyle, and relative experiences. Likewise, Hsu & Tsou (2011) stressed the role of the client himself or herself and different customers in a personal customer's expertise. Users' previous online shopping experiences may be the reason they are motivated to do so again, therefore their knowledge of past experiences can help influence decision-making. This is effective because the new purchase decision is based on the idea that customers who have previously made an online purchase would behave similarly the next time, boosting their chance of making another purchase.

H3: Previous online shopping experience has a positive and significant impact on online purchasing intention.

H4: Previous online shopping experience has a positive and significant impact on consumer's attitude.

Consumer's attitude towards online shopping

Consumers' attitudes could be a directly influenced issue that affects the consumers' shopping disposition. There's a model of attitudes and looking intentions towards online shopping that was developed by Jarvenpaa et al. (2000). Since the mid-1970s, the study of shoppers' attitudes has been related to consumers' buying behaviour analysis. Likewise, Vellido et al. (2000) summarized several factors concerning consumers' perceptions of online shopping. The angle toward online shopping could be an important predictor of online purchases and buying behaviour. Attitude reflects the individual's favourable or unfavourable feeling towards acting on a behaviour. Throughout this stage of attitudinal development, online retailers will influence shoppers' propensity for buying behaviours. The analysis examines the result of the acquisition and dealings angle, which could be a multi-dimensional construct. Consumer attitude refers to a person's opinion about a good or bad product or service. A person with a high-quality mindset is more likely to buy a product, which gives them a chance to like or dislike it. A person's purchasing behaviour, attitude, and pleasure with a product can, ultimately, influence it. The emotional states, personality traits, and sociocultural surroundings can all affect consumer attitudes. However, customer perceptions of the product are fluid and subject to change.

H5: Consumer attitude has a positive and significant impact on online purchasing intention.

Methodology

Data Collection and the sample

This study was conducted in the Kathmandu Valley of Nepal. The target population was people who once bought any goods online. The majority of online activity is centred in Kathmandu and a half-dozen other towns, with very little web penetration in rural regions, but this is steadily increasing as more and more people are using mobile phones to access the Internet. Over 95 per cent of Nepalese who have access to the Internet do so via their mobile phones, with access to it being available to over 60 per cent of the population. Non-probability sampling was used for the survey. Under non-probability sampling, purposive sampling comprises customers' selection and involves handpicking subjects based on specific characteristics. The sampling unit in the study was the online goods-purchasing customers. A total of 403 respondents were surveyed from the Kathmandu Valley. This study uses a 5-point Likert scale to collect data. The obtained data were analyzed by using SPSS and AMOS.

The Measures

This study used the measurement scales previously confirmed in the existing literature. Four components were adopted from Fong (2013). The consumers' lifestyle construct with three variables was taken from Swinyard and Smith (2003); the online shopping experience was adopted from Chiu et al. (2009). Likewise, the consumers' attitude constructs with three variables were taken from Hassanein and Head (2007) and Lee (2007). Finally, the online purchasing intention construct with two variables was taken from Fortes and Rita (2016), Lee et al. (2004), and Park et al. (2014) (see annexure 1).

Analysis and results

Statistical analysis

The researcher used Structural Equation Modeling (SEM) to analyze the necessary data. We used SEM with the help of SPSS and SPSS AMOS software to test the hypothesized model suggested by Gibbs et al. (2015) for analysis. The analysis includes exploratory factor analysis, confirmatory factor analysis, and measurement model. In exploratory factor analysis, we used KMO and Bartlett's sphericity test and the rotated component matrix to analyze the obtained data. Similarly, CMIN/DF, RMR, RMSEA, GFI, IFI, TLI and CFI are measured under confirmatory factor analysis to obtain goodness of fit.

Exploratory Factor Analysis (EFA)

We used SPSS to analyze exploratory factor analysis to evaluate the construct validity (Stapleton, 1997). Likewise, we extracted the factors through component analysis. All the twelve variables of the component were found to be greater than 0.5, which indicates that the data is suitable for further analysis (Table 1).

After the final extraction of the factors, this study analyzed KMO and Bartlett Test. Findings indicate that KMO is 0.727, which is greater than 0.5, and BTS is 0.00, which is less than 0.001, indicating no data reliability and validity (see table 2). Furthermore, the independent and dependent variables were entered in Rotation Sums of Squared Loadings that show that four latent constructs having Eigenvalues over “1” reported 71.726 per cent of total variance extracted after varimax rotation for the final study.

Table 1 Communalities.

	Initial	Extraction		Initial	Extraction
POS 2	1.000	.635	CA 1	1.000	.598
POS 3	1.000	.716	CA 2	1.000	.752
POS 4	1.000	.771	CA 3	1.000	.683
CL 3	1.000	.667	CA 4	1.000	.557
CL 4	1.000	.868	OPI 4	1.000	.802
CL5	1.000	.720	OPI 5	1.000	.837

Extraction Method: Principal Component Analysis.

Source: Authors' calculations

Table 2 Rotated component matrix.

Variables	Component			
	1	2	3	4
CA1	0.700			
CA2	0.866			
CA3	0.811			
CA4	0.615			
POS2		0.775		
POS3		0.822		
POS4		0.857		
CL3			0.744	
CL4			0.916	
CL5			0.829	
OPI4				0.859
OPI5				0.904
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.				0.727
Bartlett's Test of Sphericity		Approx. Chi-Square		1209.894
		Df		66
		Sig.		0.000

^aRotation converged in 4 iterations.

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

Source: Authors' calculations.

The measurement model

To validate all the constructs under this research, we used confirmatory factor analysis to test for the goodness of fit. The study used measures like CMIN/DF, RMR, RMSEA, GFI, IFI, TLI and CFI to examine the goodness of fit (Sun, 2005). Chakraborty and Chechi (2019) and Talal and Charles (2010) explained that the value of CMIN/DF must be less than 3 to satisfy the model fit. Similarly, the value of RMR must be less than 0.08, and GFI must be more than 0.90. Likewise, the value of CFI, TLI and IFI must be greater than 0.90, and, lastly, the value of RMSEA must be less than 0.08 to be deemed suitable for good model fit (Hair Jr et al., 2017; Maharjan et al., 2022). The result showed the criteria were satisfied, indicating the outstanding goodness of fit indices across the variables (CMIN/DF = 2.894, RMR = 0.045, GFI = 0.918, RMSEA = 0.085, TLI = 0.903, IFI = 0.903 and CFI = 0.929).

Reliability and validity of the constructs

The coefficient in Cronbach was calculated for each variable, which indicates the reliability of the measure of a construct. The alpha value ranges from 0.770 to 0.852, which must be more than 0.70 (Hair et al., 1973). The validity of data is estimated through convergent validity and discriminant validity. Convergent validity is measured with the help of factor loading, composite reliability and average variance extracted. The factor loadings are greater than 0.60. Similarly, composite reliability ranges from 0.775 to 0.855 and lastly, the average variance extracted ranges from 0.535 to 0.665. The given values meet the accepted criteria recommended by (Hair et al., 1973) and hence confirmed convergent validity as mentioned in Table 3.

Table 3 Standardized factor loadings, composite reliability, average, variance extracted and Cronbach's Alpha.

Item	Variable	Factor Loading	CR	AVE	Cronbach Alpha
CL3	CL	0.659	0.855	0.6	0.807
CL4		0.87			
CL5		0.669			
CA1	CA	0.709	0.838	0.643	0.77
CA2		0.709			
CA3		0.753			
POS2	POS	0.877	0.775	0.535	0.852
POS3		0.938			
POS4		0.671			
POS5		0.631			
OPI4	OPI	0.816	0.794	0.665	0.771
OPI5		0.775			

Source: Authors' calculations.

Table 4 demonstrates the discriminant validity of the construct. Here, the square root of AVE was found to be greater than the squared correlation between the four constructs. This confirms discriminant validity as per (Hair et al., 1973). Hence all the constructs confirm the reliability, convergent validity and discriminant validity.

Table 4 Discriminate validity results of the measurement model.

Variables	POS	CL	CA	OPI
Online Shopping Experience (POS)	0.775			
Consumers Lifestyle (CL)	-0.115	0.802		
Consumers Attitude (CA)	0.429	0.184	0.732	
Online Purchasing Intention (OPI)	-0.134	0.321	0.107	0.816

Note: Diagonal values show the square root of AVE for each construct.

Source: Authors' calculations.

The structural model

After the completion of the measurement model, the structural model calculates the goodness of fit statistics (CMIN/DF= 2.894, RMR= 0.045, GFI= 0.918, RMSEA= 0.085, TLI= 0.903, IFI= 0.903 and CFI= 0.929). The data was found to fit as per (Hair et al., 1973). Further, the hypothesized model was estimated by path diagram with the help of standardized regression weights (β) and p-values so as to evaluate (predict) the result of freelance variables (predictor variables) on variable quantity in such a model refer to Table 5.

Table 5 Standardized Regression weights and p-values.

Hypothesis	Path	Estimate	p value	Result
H1	POS ---> CA	0.285	***	Supported
H2	CL ---> CA	0.223	***	Supported
H3	CL ---> OPI	0.542	***	Supported
H4	POS ---> OPI	-0.172	0.029	Supported
H5	CA ---> OPI	0.102	0.348	Not Supported

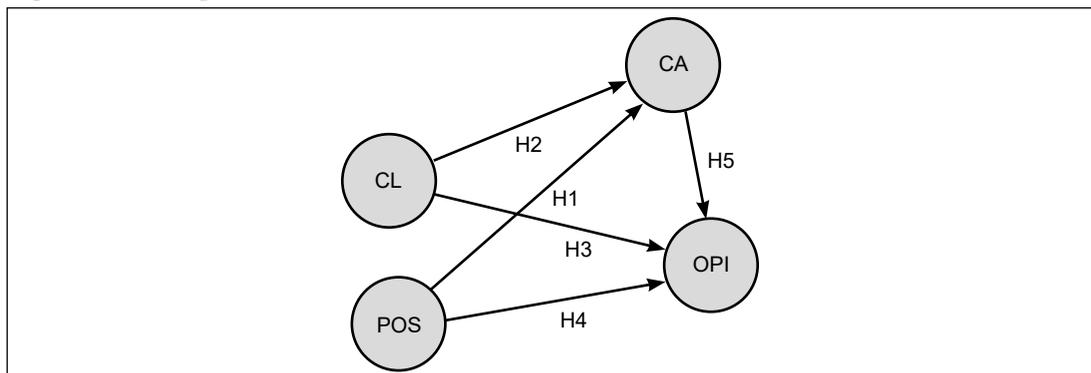
Notes: *Significant at the 0.05 level; ** Significant at the 0.01 level.

Source: Authors' calculation

Results

The study was based on the hypothesis set by the researcher to find out the impact of consumer's lifestyle (CL), previous online shopping (POS) and consumer attitude (CA) on online purchasing intention where CA plays the role of mediating variable as shown in Figure 1.

Figure 1 The Proposed Research Model.



Source: Authors' calculation.

Discussion and Implications

The path analysis results indicate most of the hypotheses (H1-H4) were supported as per ($p < 0.01$ and $p < 0.05$). In contrast, as H5's value of 0.348 was > 0.05 , the hypothesis was not examined with the help of coefficients (β) and P-values, as shown in Table 6. This study confirmed that consumers' lifestyle positively and significantly impacts online purchasing intention ($\beta = 0.285$, $p < 0.01$). Similarly, consumers' lifestyle also has a positive and significant impact on consumers' attitude ($\beta = 0.223$, $p < 0.01$). In addition, previous online shopping experience has a positive and significant impact on online purchasing intention ($\beta = 0.542$, $p < 0.01$). Similarly, it (previous online shopping experience) also has a positive and significant impact on consumers' attitudes ($\beta = -0.172$, $p < 0.01$). However, consumers' attitude does not have a positive and significant impact on online purchasing intention. ($\beta = 0.102$, $p > 0.05$) in the hypothesized model.

The study confirmed that four out of five hypothesis models were accepted (H1-H4), whereas hypothesis H5 was rejected as its value of 0.348 was > 0.05 . It implies that consumers' lifestyles and previous online shopping experiences significantly impact purchasing intention among customers. In contrast, consumers' attitude doesn't necessarily affect the purchasing intent of the customers. In terms of the Nepali context, a large number of online shoppers are educated youths. This shows that age and education play a vital role in adopting online shopping. Therefore, e-commerce companies should encourage particular age groups for online shopping. In the study of Wan et al. (2010), age is essentially a rough indicator of main street shopping experiences accumulated through time. The younger generation has limited shopping experience but could cleverly use those shopping tools to leverage their existing shopping experience. For the older generation, we speculate that, while the adaptation process may take longer, their rich main street shopping experiences give those advantages. Last but not least, the study's findings are relevant since the recommended variables were specified and validated when evaluating the hypotheses based on the theory of reasoned action. This study makes an important contribution to the Nepalese e-commerce sector, online shopping companies and technological sector, as well as the online consumers, due to its analysis of customer perception towards the use of mobile applications for online shopping in the Kathmandu Valley. The study has identified the major factors that are key players in the Nepalese e-commerce sector. The findings help the concerned stakeholders shed light on the potentiality and future growth of online shopping on a specific product in the Kathmandu Valley. In addition, it helps online retailers improve or change their business strategy to attract more consumers through online shopping in Nepal.

Limitations and future research

This study focused on the consumers' perception of using mobile applications for online shopping in Kathmandu Valley and the awareness of customers regarding the matter. However, there are important areas that need further research. Among a few future research challenges, one would be to study the thesis topic from a wider perspective, focusing on a larger population. This paper only focused on the residents of the Kathmandu Valley to understand the decision process of Nepali buyers more efficiently.

One can study the relevant issue further from a different angle. One can consider more value constraints, abstracting relationships among different dimensions and reaching out to a broader group of respondents. This study indicates companies' better understanding of the electronic buying behaviour of Nepali customers. Hence, they may have to conduct in-depth market research, focusing on how Nepali customers view online buying behaviour and how they can be encouraged to make better and more effective use of this new technology. Similarly, how to eliminate online shopping problems in Nepal can be further studied, especially in payment systems, delivery/shipping, prices and the accessibility of the e-commerce sites in app stores. One can further research the market trends for foreign companies willing to establish businesses in Nepal. It is difficult for foreign companies to compete with domestic

companies in terms of price ranges, but they can collaborate with Nepali business online entrepreneurs to ease the complex process that exists today and provide more options to customers.

Conflict of Interest

Author(s) declares no conflict of interest while preparing this paper.

Annexure 1: Questionnaire items

Previous Online Shopping Experience

POS2: Based on my past experience with the online application store, I know it keeps its promises to its customers.

POS3: Based on my past experience with the online application store, I know it is not opportunistic.

POS4: Based on my past experience with the online application store, I know it cares about its customers.

Consumers Lifestyle

CL3: I like having merchandise delivered to me at home.

CL4: I like not having to leave home when shopping.

CL5: I enjoy buying things on the Internet through mobile applications.

Consumers Attitude

CA1: I would positively feel about buying a product from an online application.

CA2: The idea of buying a product from an online application appeals to me.

CA3: It is always a good idea to buy a product from an online application.

CA4: Purchasing in online application stores generally benefits the consumers

Online Purchasing Intention

OPI4: I will likely buy the deal my online social network friends recommended.

OPI5: I intend to buy from online shopping apps if my previous purchasing experience was good.

Note: POS1, POS5, CL12, CL2, CA5, OPI1, OPI2 and OPI3 were removed from the measurement model after performing EFA and CFA.

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