Influential Factors of Online Shopping Decision

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ABSTRACT

With the technology advances, online shopping has experienced a phenomenal growth. In line with such phenomenon and its relevancy, a considerable number of studies have shown an interest within this area. Although recent researches have particularly addressed the online consumer’s behavior, findings were inconsistent. Thereby, further researches have been called for. The present study aims to investigate the effect of few variables derived from existing literature which are price, trust, promotion, easiness, service quality, and product on online consumers’ buying decision. A survey method was employed to gather data from 84 university’s students. They were recruited using purposive sampling technique in which previous online shopping experiences were required. Data were then analyzed using multiple regression. The results of data analysis showed that the six factors significantly affect consumer’s buying decision. Moreover, this study revealed that the largest contributor of these influences was price. Further discussion and managerial implications are presented.

1. INTRODUCTION

In the era of information and technology, internet has become an important part of human’s life in many aspects, including shopping (Barnes, 2020; Cheung & Lee, 2000; Salih et al., 2022). Indeed, internet has become a huge global market place for transactions of goods and services over the past few decades that provides solutions in the modern life that is increasingly busy for the majority of people across the world (Ahmed et al., 2017; Applegate et al., 1996; Christin, 2013; Rahman et al., 2018). With its enormous and phenomenal potential, internet or online shopping is predicted to remain growing in many years to come (Belanger et al., 2002; Kuss et al., 2013; Lohse et al., 2000). Online or internet buying/shopping/purchasing constitutes the process of purchasing products or services via g internet. The trend of online shopping may be more observable in the developed countries than in the developing ones, where stores provides detailed information on their websites that enable consumer to order and pay using online platform (Lee et al., 2011; Mehra et al., 2021; Roggeveen & Sethuraman, 2020; Vrontis et al., 2007). In addition, with the use of technology, youths are more likely to engage in online shopping activities (Choi et al., 2019). However, although the rapid advancement of technology has gradually shifted the way consumer purchase products or services, it may not necessarily mean that consumers are fully dependent upon the online stores. To certain degree, conventional consumers in particular continue to shop at physical stores (Blázquez, 2014). This may depend on the type of good to purchase.
Previous studies have investigated the reasons for consumer to engage in online shopping such as being faster; easy and practical, and convenience (Chen et al., 2010; Duarte et al., 2018; Jiang et al., 2013; Olasanni, 2019). Other research has found that consumers’ decision on online shopping are largely influenced by price; trust; perceived risk; subjective norms, perceived behavioral control; demographic variables; perceived usefulness, value consciousness and coupon proneness; and quality orientation (Ahmed et al., 2017; Pavlou & Gefen, 2004; Sarkar & Khare, 2017; Turner et al., 2018). Furthermore, while the improved growth of online shopping has been evident, previous research has also showed the discouraging factors such as lack of trust; confidence; personal safety and privacy for consumer not to choose online transactions (Faqih, 2016; Tussyadiah, 2015). This means that the influential factors of online shopping are still unclear. This implies the call for further research.

As an attempt to address such call, this study aimed at investigating whether price, trust, promotion, easiness, service quality, and product influence consumers’ buying decision. In addition, this study also sought which factor provides the largest contribution. The results of this study offer an empirical contribution that enhance the understanding of online shopping behavior in the context of college students by investigating the influential factors of online buying decision. Managerial implications of how online retail managers can benefit the results of this study with the purpose of improving their online sales are also drawn. To meet the objective of this paper, this section is followed by the methodological approach of this study, followed by the results and discussion, then conclusion and practical implications.

2. METHODS

This study employed a quantitative approach in order to answer the research questions. The population was Diploma 3 and Bachelor students in Universitas Pendidikan Ganesha. The rational of involving students as respondent was mainly because of the tendency of students to engage in online shopping (Gazzola et al., 2020). The sampling technique used was purposive sampling in which respondents have previous online shopping experiences. The sample size was determined using Roscoe in Albert (2011) where the number of variable (independent and dependent variables) multiplies by 10. As such, the minimal sample in this study was 70. However, considering the possibility of less than 100% response rate, questionnaires were sent to several students group to reach more potential respondents. Data were gathered using online self-administered survey approach and were analyzed using multiple regression with the help of SPSS. The items used in the questionnaire were based on the existing literature. However, before executing the main survey, a preliminary test of validity and reliability of the items were conducted using 30 sample and were measured using Likert scale. The results of these tests were favorable which suggested that the items were valid and reliable (CronbachAlpha above 0.60). Thereby, the main data analysis can be run.

3. RESULTS AND DISCUSSIONS

Results

Out of 112 returned questionnaires, only 84 data were indicated usable for further analysis. Of all the respondents, 55 were female (65%) and 29 were male (35%). In terms of application or platform mostly use for online transaction, 39 (46%) respondents reported to use Shopee, 5 (6%) respondents used Whatsapp, 36 (43%) respondents used Instagram, 2 (2%) respondents used Facebook, and 2 (2%) respondents used Twitter. These mean that Shopee was the most frequent application used by respondents. Related to the type of fashion related goods that were purchased online, it was found that cloth being the most popular items (76%), followed by shoes (8%).

| Model     | Unstandardized Coefficients | Standardized Coefficients | T     | Sig. |
|-----------|-----------------------------|---------------------------|-------|------|
|           | B                           | Std. Error                | Beta  |      |
| 1 (Constant) | -1.238                      | 3.461                     |       | 0.722 |
| Price     | 0.336                       | 0.107                     | 0.254 | 3.125 | 0.003 |
| Belief    | -0.446                      | 0.157                     | -0.224| -2.834| 0.006 |
| Promotion| 0.358                       | 0.119                     | 0.236 | 3.011 | 0.004 |
| Ease      | 0.260                       | 0.125                     | 0.164 | 2.083 | 0.041 |
| Service   | 0.318                       | 0.112                     | 0.297 | 2.844 | 0.006 |
| Product   | 0.244                       | 0.109                     | 0.216 | 2.243 | 0.028 |
From Table 1 it can be seen that the results of processing and computerization using the SPSS version 21 program can be explained as follows. -1.238 indicates that if X (price, trust, promotion, ease, service, and product) the value is 0, then the online purchase decision value is -1.238. 0.334 indicating that each additional variation in price variable is 1% in online stores it will encourage or influence consumers to make purchases online by 0.334 assuming the other variables are fixed. -0.446 indicates that each additional variation of the trust variable by 1% in online stores will encourage or influence consumers to make purchases online by -0.446 assuming the other variables are fixed. 0.358 indicates that each addition of 1% variation in the promotion variable in online stores will encourage or influence consumers to make purchases online by 0.358 assuming the other variables remain. 0.260 indicates that each additional variation of the ease variable by 1% in online stores will encourage or influence consumers to make purchases online by 0.260 assuming the other variables are fixed. 0.318 indicates that each additional variation of the service variable by 1% in online stores will encourage or influence consumers to make purchases online by 0.318 assuming the other variables remain. 0.244 indicates that each additional 1% of product variable variations in online stores will encourage or influence consumers to make online purchases by 0.244 assuming other variables remain. The F-test is a simultaneous test to determine whether the variables of price, trust, promotion, EASE, service, and product together have a significant influence on Online Purchase Decisions.

Table 2. Simultaneous Test Result (F-Test)

| Model   | Sum of Squares | df | Mean Square | F     | Sig. |
|---------|---------------|----|-------------|-------|------|
| Regression | 346.002      | 6  | 57.667      | 26.620 | 0.000|
| Residual | 166.807      | 77 | 2.166       |       |      |
| Total   | 512.810      | 83 |             |       |      |

Based on Table 2 F-test obtained from the results of processing and computerization using the SPSS version 21 program, the calculated significance value is less than the significance level value of 5% (0.05). This means that the six variables, namely price, trust, promotion, EASE, service, and product simultaneously affect the decision to purchase fashion products online. Thus the first hypothesis is declared accepted (H1). T-test to test the significance or significance of the partial regression coefficient. Testing through the t-test is to compare tcount with ttable at a significant level = 0.05.

Table 3. Result (T- Test)

| Model   | Unstandardized Coefficients   | Standardized Coefficients | t  | Sig. |
|---------|-----------------------------|---------------------------|----|------|
|         | B  | Std. Error | Beta |       |      |
| (Constant) |    |            |      | -0.358 | 0.722 |
| PRICE   | 0.336 | 0.107   | 0.254 | 3.125 | 0.003 |
| BELIEF  | -0.446 | 0.157  | -0.224 | -2.834 | 0.006 |
| PROMOTION | 0.358 | 0.119  | 0.236 | 3.011 | 0.004 |
| EASE    | 0.260 | 0.125   | 0.164 | 2.083 | 0.041 |
| SERVICE | 0.318 | 0.112   | 0.297 | 2.844 | 0.006 |
| PRODUCT | 0.244 | 0.109   | 0.216 | 2.243 | 0.028 |

Based on Table 3 obtained from the results of processing and computerization using the SPSS version 21 program, the t-test of each X variable, namely (1) Price variable (X1) shows the value of sig < sig level (0.003 <0.05), meaning the variable Product (X1) has a positive effect on online purchasing decisions on online fashion consumers who are at Ganesha Education University, (2) the Trust Variable (X2) shows the value of sig < sig level (0.006 <0.05), meaning the Price variable (X2) positive effect on online purchasing decisions on online fashion consumers who are at Ganesha Education University, (3) Promotion variable (X3) shows the value of sig < sig level (0.004 < 0.05), meaning that Promotion variable (X1) has a positive effect on decisions online purchases on online fashion consumers who are at Ganesha Education University, (4) The ease variable (X4) shows the value of sig < sig level (0.041 < 0.05), meaning that the Place variable (X4) has positive influence on online purchasing decisions on online fashion consumers who are at Ganesha Education University, (5) Service variable (X5) shows the value of sig < sig level (0.006 > 0.05), meaning that the People variable (X5) has a positive effect on decisions online purchases on online fashion consumers who are at Ganesha Education University, (6) Product variable (X6) shows the value of sig < sig level (0.028 < 0.05), meaning the Process variable (X6) has a positive
effect on online purchasing decisions on online fashion consumer at Ganesha University of Education. By looking at the smallest significance value, you will get a variable that has the most dominant influence and the smallest significance value lies in the price variable with a significance value <sig level (0.003 <0.05) so that the price variable is the most dominant variable influencing product purchasing decisions. fashion online.

The results of the independent variable analysis on the dependent variable show that the adjusted R-square value is 0.675. This means that all independent variables namely price, trust, promotion, ease, service, and product have a joint contribution of 67.5% to the dependent variable (Y) namely online purchasing decisions while the remaining 32.5% is explained by other variables of this study. This shows that the influence between the six variables is strong because the greater the R-square number, the stronger the influence of the six variables.

Discussion

Based on the results of the t-test the price variable shows a significant value < (0.003 <0.05), which means that the price variable (X1) has a positive and significant effect on online purchasing decisions on online fashion consumers at Ganesha Education University. So it can be concluded that the hypothesis is accepted. This is because online fashion consumers feel that products sold online have prices that vary from cheap to expensive, and prices in online stores are usually cheaper than offline stores. This study is in line with previous research which states that price has a significant influence on purchasing decisions, the similarity of this study is that each has seven independent variables, but the difference from this study is the object studied. Based on the t-test results, the trust variable shows a significant value < (0.006 <0.05), which means that the trust variable (X2) has a positive and significant effect on online purchasing decisions on online fashion consumers at Ganesha Education University. So it can be concluded that the hypothesis is accepted. This is because if consumers get a good experience in transacting online and feel confident about online transactions or shopping at online stores, they are more likely to have higher purchase intentions on online store sites. Based on their trust and previous experience in online stores. Based on their trust and previous experience in online stores, they will prefer to recommend other people's online stores, compared to those who are less confident in shopping at online stores.

Based on the results of the t-test of the promotion variable (Promotion) it is significant < (0.015 <0.05), which means that the promotion variable (X3) has a positive and significant effect on online purchasing decisions on online fashion consumers at Ganesha Education University. So it can be concluded that the hypothesis is accepted. This is because consumers know about online fashion stores by seeing attractive advertisements posted by these stores, large shops on average always advertise on social media and on the internet so that everyone can see and it is easier to visit. Therefore, advertising is very important to attract consumers to enter the store and make a purchase. Promotions and discounts are also things that can attract consumers to decide to make purchases online. This research is in accordance previous research, which states that promotion also influences online product purchasing decisions (Brata et al., 2017; Mican & Sitar-Taut, 2020). It is stated that the lack of quality online information will limit consumers' decisions to buy via the internet and will not motivate consumers to carry out a top-down purchasing decision process.

Based on the results of the t-test, the ease variable shows a significant < (0.041 <0.05), which means that the ease variable (X4) has a positive and significant effect on online purchasing decisions on online fashion consumers at Ganesha Education University. So it can be concluded that the hypothesis is accepted. Ease of access, and ease of payment will affect consumer decisions in making online purchases. Because ease will determine the development of an online business. In recent years, buying and selling online has increased very rapidly. Theoretically, it can be explained in online business that the higher the level of ease of access and payment, it can improve consumer decisions in making online purchases, thereby increasing profits for an online business.

Based on the results of the t-test the service variable shows a significant < (0.006 <0.05), which means that the service variable (X5) has a positive and significant effect on online purchasing decisions on online fashion consumers at Ganesha Education University. So it can be concluded that the hypothesis is accepted. This is because in this case it shows that the service is able to improve purchasing decisions. Services in the form of tangibles, reliability, responsiveness, assurance and empathy are considered to have an effect on respondents in answering the statements that have been given by researchers. This research is in line with and is supported by previous which states that the distribution (place) has an effect on online purchasing decisions for women's clothing (Ballantine et al., 2015; Sudha & Sheena, 2017). This means that the greater the value of the distribution, the higher the decision to purchase women's clothing online.
Based on the results of the t-test of the product variable, it shows a significant value < (0.028 < 0.05), which means that the product variable (X6) has a positive and significant effect on online purchasing decisions on online fashion consumers at Ganesha Education University. So it can be concluded that the hypothesis is accepted. This is because online fashion consumers feel that the presence of products sold online can make it easier for consumers to choose and compare a product. In addition, the products offered online are diverse and the quality of the products offered online is not inferior to the quality of the products available in offline stores.

To find out which variables have the most dominant influence on online purchasing decisions, it can be seen in the results of multiple regression analysis by looking at the coefficient values of each independent variable, namely price, trust, promotion, ease, service, and product. Where the price variable has a significance value of 0.003 which is smaller than the significance value of other variables. So the second problem formulation which states that the price variable is the most dominant variable influencing online purchasing decisions can be accepted. While it was able to answer the research questions, the limitation of this study should be acknowledged. First, the scope of this study was limited by the six factors under investigation. Thus, many other influential variables require further investigation. Second, the context of this study was university students. Other characteristics of respondents may provide different results. Third, the sample size may be regarded as proportionally small. These being said, future study may address the limitation of this study in order to gain a more comprehensive result.

4. CONCLUSION

Based on the results of this study, several practical implications are identified. Online retail company should be careful in setting the price of its product. this study showed that the largest contributor to consumer’s online buying decision was price. With the internet, it is easy for consumers to check and compare prices in other shops. However, this may not mean that prices should be set low, because some consumers may perceive quality comes with price. The online retail managers should consult the pricing strategy as to justify the conformability between price and quality. Online retail managers should build the trust of their consumers by providing reliable information and deliver it as promised. The consumers’ buying journey via internet should also be carefully designed as to avoid any technical problems that may lead to disappointment and discouragement to continue the buying process. Also, the delivery and after sales services should be ascertained. As consumers are likely to be attracted by sales promotion program such as discount, cash back, and other gimmicks, it is important for the online retail managers to create attractive and interesting sales promotion program in order to stimulate the purchase in terms of volume or frequency. It may promote also the word of mouth and peer to peer marketing. The online retail managers should ascertain that potential customers find it easy to do online transaction with the company. Easiness of online transaction includes flexibility, clarity and understandability, ease to control, ease to improve skill and easy to operate. These help potential consumers to make favorable decision. The perceptions of complexity and difficulties during the consumer’s journey may lead to frustration and discouragement. The online retail managers should assign service quality control officer in order to ascertain the quality of the product meet consumer’s expectation. This may be more applicable for those who have previous experiences and those who have been influenced by the word of mouth. For the first timers, information of disappointed online encounters may negatively affect consumer’s buying decision making process. For the potential repeaters, their previous unfulfilled expectation may affect their repeat order or loyalty. In contrary, consumers who visit an online shop and do not intend to purchase any products but are satisfied with the service may make a decision to purchase. As products are the key source of revenue, the online retail managers should have a focused attention on what they sell. Products should provide benefit for the consumer. This may include product design, variation, innovation, and specification. From the information provided online, consumers may form certain expectations toward the products in their mind. Consumer’s perception on the products may lead to buying decision making.

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