

An Empirical Study Of Consumer Perceptions Towards Online Shopping

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Abstract

Retaining and attracting new customers is the first priority of any business, giving the view of online shopping acceptance from consumers' perspective, would be an endeavor for sure success for the online retailing business. This study is descriptive in nature and population for this study was students of SZABIST Larkana. A survey was conducted to examine factors those affecting consumer's acceptance and non-acceptance of online shopping, furthermore the understanding of demographic profile of adopters and non-adopters of online shopping and topical status of online shopping in Larkana. The Data were analyzed through factor analysis in order to identify the underlying factors from a range of seemingly important variables. Factor analysis demonstrated that the most significant factor was the accessibility and variety of online shopping, the second most significant factor was derived out as payment options and risk of online shopping, while as the risk perceived online shopping was the third most significant factor and challenges of online shopping was the fourth most significant factor. Discussion to the topical status of online shopping can be said that; the growth rate of online shopping is increasing in Pakistan but awfully slow, still psyche of a customer is the same they first need to check the product and love to bargain with the shopkeeper before purchasing.

Key words: *Consumer perception, Online shopping, Factors, Demographic profile.*

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INTRODUCTION

Evaluation of online companies has provided a new way of increasing sales and revenue for businesses around the circle of world. There are many consumers are switching physically purchasing to electronic purchasing, within a very short period of time where many consumers found it very appropriate and time savvy way of electronic shopping, and also there are many people who have little bit interest to use this medium(Iqbal, Rahman and Hunjra 2012). This trend of information about products and services are much faster in current businesses than ever before. In this era internet is the valuable source to do these activities,

use of internet have provided the flexible and cost leadership way for companies to reach consumers around the globe within single click. Now a days people are switching towards online shopping which is the suitable channel in the mind of consumers because it offers them the range of products and services while sitting at home or anywhere else at any time via internet, they could also compare prices among products using online shopping (Suleiman, Mohezar, and Rasheed, 2007).

About 600 million individuals are using internet and spending more than 1 trillion US dollars on purchasing goods and services through online (Mansuwe, Dallaert and Ruytert 2004). Increasing in number of online consumers and emerging trend of consumer behavior attracted more firms to join online location for their businesses. Electronic shopping delivers a way of business rebellion. E-commerce is on the age of rapid growth in china market; very big number of online users offers the best image for the development of electronic place. (Jun and Jaffar, 2011).

In modern time there are so many of studies conducted on online shopping attitude and behavior. Most of the studies are done and have endeavored finding factors that affect online shopping. Every researcher has its own way of searching and pointing out different factors which influence online shopping. For instance, Case Burns and Dick (2001) are having an idea that the more influential predictors of internet purchases among the students of higher education are internet knowledge, education level and income. According to study, out of 425 U.S. MBA students Ho & Wu (1999) concludes that there is a positive relationship between online shopping activity and five categories of variables, including e-stores, logistical support, product characteristics, technical features of websites, and homepage design. Schubert and Selz (1999) analyze electronic network consistency factors with regard to the phases of details, agreement and settlement. They also evaluate factors related to the e-commerce culture.

There is limited information available of consumer perception regarding electronic shopping, which creates big obstacles for businesses to provide better and better services to their potential online buyers. In this study is mainly focused on identifying the underlying the variables which may effect on consumer perception and their demographics. The main objectives of this study are to understand the demographic makeup of customers & non-customers of online buying and to identify the underlying relationship among factors of electronic shopping. Increasing trend of electronic shopping makes businesses to know more about consumers, so that they can deliver exceptional online services. Now a day every firm's objective is to be proactive rather than reactive for such reasons this study will be helpful for them.

LITERATURE REVIEW

This study includes breaking down in profundity information of the key components of internet shopping. Different diaries and books were experienced and related writing was examined to getting knowledge for naming the variables to measure customer recognition in transit for internet shopping.

Electronic commerce

Web system is edge which wires workstation clients to perform correspondence. As stated by Office of reasonable exchanging report (2007) the capacity of people to get to web has significantly changed, now they can get to it from home, work or even from their cell telephones and different Wireless gadgets. System

correspondence came in presence since the late in 1960s. Electronic business is developing quickly and it is observed as essential requisition of the machine and telecommunication innovation (Manvi and Vankataram, 2005). Rosen (2000) expressed that with the assistance of electronic business singular can perform extensive variety of online business exercises planned for purchasing or offering items and administrations.

Internet usage and its worldwide growth

As stated by the World state (2012) the general development rate of web has stretched. The web utilization in Africa has become 3,606.7%, from the year 2002 to 2012, 841.9% in Asia, 393.9% in Europe, 2,639.9% in Middle East, 153.3% in North America, 1,310.8% in Latin America, and in Australia 218.7% development in web utilization has been recorded. There are 29,128,970 web clients in Pakistan which was just 0.01% in 1995. Web utilization is likewise expanding in Pakistan, as in 1991-92 when administration of Pakistan chose to evacuate substantial custom obligation on machines and machine related extras revolutionaries IT innovation in Pakistan, According to Internet world state (2011) Pakistan is on World's nineteenth position for web use.

Global trends in online shopping

The overview was directed in 55 businesses and twenty seven thousands web clients were enquired from the five cotenants of the world (Middle East, South America, North America Asia, and Europe). Nielsen (2010) led a study to measure the conduct of respondents with having web access. The study was intended to explore respondents' conduct identified with online buys, the normal items or administrations they generally buy, how the diverse locales are utilized by the people and to distinguish a few variables which invigorate them to use cash for electronic buys. One third of online shopper accepted they generally do their web shopping from electronic stores with no physical vicinity like "Amazon.com," 20% of respondents do incline toward locales which bargains electronically and likewise have physical vicinity like "Blocks and Mortar" while as just 16% of respondents demonstrated they have never made online buy The acquired outcome was demonstrating that there are a few items which are usually bought by the respondents like 44% of the respondents showed that they generally buy "Books" 36% run with "Clothing/accessories/shoes" and 32% Indicated that they want to buy "Air transport tickets/reservations" these were few high appraised normal items which customers plan to buy on the web..

Determinants of online shopping

Pertinent writing identifying with the determinants of client acknowledgement of web shopping as past analysts have distinguished some noteworthy determinants to be specific buyer attributes individual recognized qualities and site outline.

Consumer attributes

Swaminathan, White, and Rao(1999) inspected merchant and purchaser trademark impact on inclination to captivate with web buying, and discoveries of the study demonstrates that there is noteworthy effect of dealer and purchaser qualities upon recurrence of internet shopping.

Personal observed qualities

Individual recognized qualities are one of the few determinants of client acknowledgement of web shopping (Li et al., 1999). Variables in this size incorporate recognized danger, observed comfort and discerned profits.

Taking into account shopping inspiration Rohm and Swaminathan (2004) arranged online customers in diverse sorts, and investigation proposed that: "comfort customers" is one of the few sorts of purchasers, really accommodation purchasers are the individuals who persuaded by the comfort as they don't need to go physically for obtaining. Accommodation is a vital component, basically for the reason that area gets insignificant in the web nature; online customer may be propelled by the comfort of setting requests online at home, from office or even from cell telephones at whatever time (Swaminathan et al., 1999).

RESEARCH METHODOLOGY

Research Design

This research is descriptive in nature; SZABIST Larkana's students were the population for this study. Factors analysis technique is used to identify the underlying relationship among factors of the study. According to Hair (2006) analysis of factors may be used to analyze secret types or correlations for a large number of variables and to assess whether the information may be reduced or succinct in a smaller set of factors.

Sampling technique, Sampling procedure and Sample size

Sample size for research was one hundred thirty (130) individuals to examine the consumers' perception of online shopping and their underlying relationship among factors of consumers' perception. And all of individuals provided response to the survey not even single response was found incomplete. Sampling technique for this research was the non-probability through convenience procedure.

Procedure of data collection and instrument of data collection

Data was collected through direct survey in a form of questionnaires. Apart from five (5) demographic questions, Likert scales was used for thirteen (13) items related to perception of consumers and expectations towards online shopping And data was analyzed via factor analysis to determine the underlying factors from a number of apparently important variables, Joseph, Black, Babin, and Anderson (2010) suggest.

3.2 Sources of information

Sources of study information were centered on primary and secondary methods. Primary methods were collected through questionnaires, while secondary data were collected from published articles, research reports, journals and magazines.

ANALYSIS OF RESULTS AND INTERPRETATION

Introduction

The primary objective of the study was to identify various factors for consumer perception of online shopping and finding out demographic makeup of consumers and non-consumers of online purchasing.

Descriptive statistics

Cronbach's alpha is the best tool for measuring internal consistency reliability, almost universally used in a survey questionnaire that forms a measure that specifies the reliability of the test for multiple Likert questions.

We can observe that value of Cronbach’s alpha is 0.602, which is greater than 0.6 that indicates the high level of internal consistency of our scale the factor analysis was used.

A best tool to identify the underlying structure among variables the responses provided by the respondents . Therefore, factor analysis is a series of techniques by which associations between variables are evaluated, which reduces their number into fewer factors, which more easily explains much of the original data

Table 1:Reliability Statistics

Cronbach's Alpha	N of Items
.602	13

(Malhotra, 2002). For the study, the common factor analysis (CFA) was used to identify the various reasons in consumers ' online shopping, findings were obtained by factor analysis being subject to Kaiser Meyer Olkin (KMO), which used to assess sampling adequacy and the sphericity test by Bartlett. Approximate chi-square value at 0.000 levels is 580.737 with df 78. As the value of the KMO statistics (.645) showing the suitability relative to the normal KMO value of .05.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.645
Bartlett's Test of Sphericity	Approx. Chi-Square	580.737
	Df	78
	Sig.	.000

Mostly respondents from the age group 15-20 were considered to be online shopping adopters as 30% respondent was admitted. Male respondents looked more interested in online shopping than the female respondents, as per 65.2% female respondents were considered to be non-adopters of online shopping while as 53.9% male respondent found to be adopters. Student respondents remained more interested in online shopping as 28.3% respondents were found to be the adopter. Respondents with having monthly

income/pocket money under rupees 10000 as 27.8% and those who had 1-3 hours daily internet usage 25.5% were considered to be the adopters of online shopping.

Table 3: Demographic makeup

Demographics	Adopters		Non-Adopters	
	No	%	No	%
Age				
15-20	18	30%	30	50%
21-24	14	20%	30	42.9%
25-29	00	00	00	00
Above 29				
Gender				
Male	12	35.3%	0	0
Female	20	21.7%	60	65.2%
Occupation	30			
Student	02	28.3%	40	37.7%
Professional	0	8.3%	20	83.3%
Unemployed		0	0	0
Monthly income/Pocket money				
5000	18	23.1%	42	53.9%
10000	10	27.8%	16	34.4%
Above 10000	04	25%	02	12.5%
Daily internet usage				
1-3 hours	24	25.5%	44	46.5%
1-5-hours	06	23.1%	10	38.5%
More than 5 hours	02	20%	06	60%

Evidently shows the first four variables having 63.688% of variance for four factors out of 13 variables, deemed sufficient in terms of total variance explained and Eigen value for these four factors is also greater than one as standard value of Eigen is one. Therefore, from thirteen variables we extracted only four factors representing 63.688% of variance and having minimum Eigen value for fourth factor at 1.261.

Total Variance Explained

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.730	28.693	28.693	3.100	23.843	23.843
2	1.921	14.775	43.467	2.165	16.654	40.497
3	1.368	10.520	53.988	1.663	12.795	53.292
4	1.261	9.700	63.688	1.351	10.396	63.688
5	.968	7.444	71.131			
6	.801	6.164	77.295			
7	.754	5.797	83.093			
8	.575	4.425	87.517			
9	.502	3.863	91.380			
10	.434	3.340	94.720			
11	.340	2.617	97.337			
12	.185	1.420	98.757			
13	.162	1.243	100.000			

Extraction Method: Principal Component Analysis.

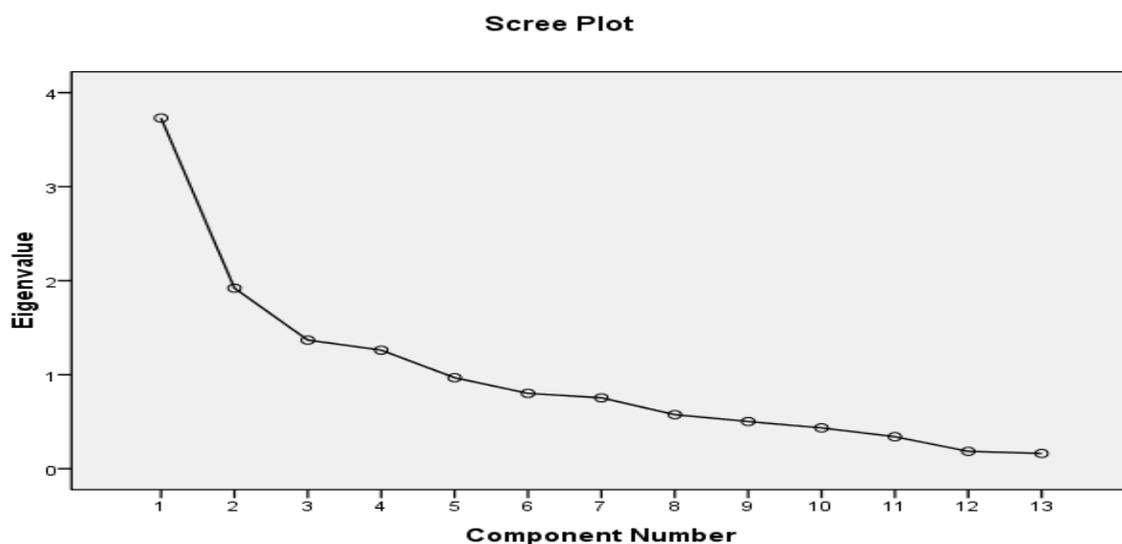
Scree plot shows the Eigen value against number of factors in their order of extraction and shape of the resulting curve is used to calculate the cutoff point. As in (Figure-1) we clearly identify the cutoff point at four factors where Eigen value is slightly greater than one after the cutoff point curve begins to straighten

down which indicates the factors having Eigen value lesser than one. However combining these two criteria (Figure 1) and (Table 4) we have retained 4 factors for further analysis because of the low Eigen value for the fifth factor.

	Rotated Component Matrix			
	1	2	3	4
Due to the massive discounts available, I would prefer to buy online.			-.667	
It is calmer to purchase online rather than shop physically.	.873			
Shopping online helps you to choose wider choices.	.832			
It's ease to pay online through credit card or direct bank transfer.	.429	.646		
The product quality bought from the trusted site online is very high and is available at low prices.		.729		
Online shopping saves me time and money because, apart from saving fuel, I don't have to go through heavy traffic.	.805			
I'm a bit worried about my online payment security and privacy.	.564		.572	
I can't buy all the discounted products, but only some of the listed ones.	.572		.442	
There are some delays in shipping to get the stuff.			.608	
But I can't shop anywhere, I don't use the credit card.				.772
Because of the easement of online buying practices, I prefer buying online.		-.603		
I need to test the items visually before I purchase them.				.768
When buying online I can also read the reviews, which helps me select the right product at an affordable price.		-.764		

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.



Loading of factors are simple correlations among variables and factors. The most popular orthogonal factor rotation method is the Varimax which simplifies columns in a factor matrix. Generally Varimax considered as greater to other orthogonal factor rotation methods in achieving a simplified factor structure.

Rotated component matrix final four factors were extracted with a communality value of greater than (.5), value of communality below than .5 were excluded in the rotated component matrix. Following four components were recited from the (Table 5): component 1: factor 2,3,7,8 (Accessibility and verity of online shopping), component 2: factor 4, 5, 13, 11 (payment options and risk of online shopping), component 3: factor 1, 7, 9 (risk perceived of online shopping) and component 4: factor 12 and 10 (challenges of online shopping). The rotated component matrix advises the existence of four interrelated factors.

Table 6: Factors name

Factor no	Name of dimension	Item no	Variables	Factor loadings
F1	Accessibility and variety of online shopping	2	Buying online is easier than going to physically shop.	.873
		3	Online shopping gives me wider choice.	.832
		6	Online shopping saves me time and money because, apart from saving fuel, I don't have to go through heavy traffic.	.805
		8	I can't buy all the discounted products, but only some chosen ones.	.572
F2	Payment options and risk of online shopping	4	Paying online by credit card or direct bank transfer is easy.	.646
		5	The quality of products purchased online from reputable websites is very high and at reasonable prices available. .	.729
		11	Because of the easement of online buying practices, I prefer buying online.	.603
		13	Before buying online, I can also read the reviews, which helps me to select the right product at low prices.	.764

F3	Risk perceived of online shopping	1	Because of the heavy discounts available online, I prefer buying online.	.667
		7	I'm a little worried about my online payment security and privacy.	.572
		9	There are several delays in the delivery of the drug..	.608
F4	Challenges of online shopping	10	I don't use the credit card because I can't shop online often.	.772
		12	Until I buy, I need to physically check the items.	.768

Conclusion

In this study we examined certain reasons for acceptance and non-acceptance of online shopping, demographic profile of adopters and non-adopters, and topical status of online purchasing in our study. Factor analysis was used to identify respondents' different reasons of acceptance and non-acceptance of online purchasing; most of the significant factors was the advantage of online shopping which shows the easiness of online shopping as consumers of SZABIST Larkana they shop online because it saves time; money. Consumers prefer to buy electronically because of easy procedure, substantial discounts and larger options from which they can choose their desired products by just using laptop or personal computer at home instead of getting ready and pass through rush hours. Also, some of the consumers like to read reviews before purchasing online. Second most significant factor was Perceived risk of online shopping. The consumers perceive that there are some risks associated with online shopping because of the credit card's detail they need to input for online shopping payments and also the delivery of products take longer time. Third most significant factor was challenges of online shopping. Most of consumers don't shop online due to inaccessibility of credit card and also it shows the intent that consumers only shop some selected products on discount. Fourth most significant factor was product tangibility in Larkana consumers do not shop online due to intangibility of products they believe that visual appearance of product may not relate to the actual one, which creates a psychological hurdle for online shopping.

As a result responding to the second objective of this study, it was seen that respondents from the age group 20-24 were found to be adopters of online shopping. Male respondents looked more interested in online shopping than the female respondents, Respondents with having monthly income/pocket money under rupees 10000 and those who had **1-3 hours daily** internet usage were found to be adopters of online shopping. As discussion for the topical status of online shopping it can be said that: Growth rate of online shopping is increasing in Larkana but awfully slow, still psyche of a customer is the same they first need to check the product and love to bargain with the shopkeeper before purchasing moreover most of the people were found worried about transactional risk over on electronic settings and found unwilling to adopt due to only security concerns.

Results of the current study may lead to several possibilities for upcoming researches concerning the consumer perception towards online shopping. Contemporary in this study, factor analysis was applied on

the answers provided by the respondents which derived out four interrelated components, and in future, with the help these components a proper research model can be constructed to test the impact of these four reserved independent variables **(1. Advantages of online shopping), (2. Perceived risk of online shopping), (Challenges of online shopping), and (Product tangibility)) on the dependent variable by using correlation and regression statistical technique.**

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