

## **Factors Influencing Consumer Actual Online Buying**

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**Abstract:** *This study investigates the factors that influence actual online buying of customers by collecting data from 250 customers who use online buying for shopping. Researchers investigate the impact of self efficacy, brand image and social brand communication on actual online buying by using regression analysis which was backed up by positive relationships between all mentioned variables. The results of the study showed that social brand communication, brand image, and self efficacy have a significant influence on online buying of customers. The results showed that due to the change in technology, and diligence of organizations for consumers is successful to make them confident for online buying. The limitations and recommendations are also revealed in the end.*

**Keywords:** *Social brand communication, online buying .*

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### **I. Introduction**

Nepomuceno et al (2013) says that online buying has continued to show a strong and steady growth and has also proven to provide a number of opportunities for business organizations. A statistic reported by the United States Census Bureau (2009) showed that the yearly growth of online shopping was 20% higher than that in 2008 thus showing that the forum of online shopping is increasing significantly at annually. What this points towards is the fact that online purchasing is becoming an important medium of transactions for both the consumers and the retailers and is therefore something that needs to be paid attention through in the form of better understanding and better business strategies. This research study has taken up the same issue of factors impacting the consumer perception and the eventual behavior of online buying.

#### **1.1 Purpose of Study**

The purpose of this study is to investigate and analyze the perception of customers towards online buying and how this perception impacts upon the actual purchase that the customers make. This issue is of significant importance because online shopping and e commerce in general is growing at a fast pace which means better opportunities for both the customers and retailers. Given this fast pace however there are still a number of customers who prefer physically purchasing the product thus motivating the retailer to stock in inventory, develop a retail experience and incur fixed expenditures such as rent and utilities. Through this research an in depth analysis of the motivating.

#### **1.2 Problem statement**

The problem statement is to investigate the factors that affect online buying of Pakistani customers. Constraining perceptual points for online buying will be evaluated using both primary and secondary data analysis.

#### **1.3 Rationale of study**

This research issue was selected given the importance of the topic and the limited amount of investigation that has been done so far in the field. According to Akhter (2012) the factors that impact the consumer purchases in online shopping is a complicated and vast field and the researches by far have analyzed the issue in context of the variables that affected physical store shopping.

This research has also been selected because online shopping in Pakistan through social media and also through agency websites is becoming increasing population however no empirical investigation has been done on the issue by far. This makes this particular investigation important and significant for the further development of the field.

#### **1.4 Research objectives**

The research has the following objectives:

- 1.** To explore the impact of brand image of the product or website on the purchasing behavior of the consumers
- 2.** To analyze how self efficacy has an impact on the purchasing behavior of online consumers
- 3.** To analyze the impact of brand communications on the purchasing behavior of online consumers

### **1.5 Research Question**

The research question of the study is that “what are the factors that effect actual online buying of customers?”

## **II. Literature Review**

### **2.1 Online Buying**

Lee and Lee (2004) emphasize that the level of diffusion as well as the projection regarding internet shopping is stunning and that if the organization effectively understand the “satisfactory shopping experiences” and the scenarios of online shopping for the customers, the quality of online experience provided to the customers and this mode of purchase can be effectively improved.

According to Canavan and O’Reilly (2004) research shows that a great deal of opportunities is present to business entities through e commerce and online communications. In this context Liam and Lin (2011, p. 855) state that,

“The internet has established itself as important marketing tool in the global market which can transcend time and geographical constraints”.

Liam and Lin (2011) conduct a thorough review of literature on the basis of which they say that both the practitioners as well as the academicians think that the “internet phenomenon” can create and enhance the competitive advantage of an organization. According to Ryan et al (2004) the first reason for this opportunity presented by internet is that the marketing managers can retrieve more information about the activities and the perceptions of the target market and thus it can allow the marketing managers to create more rigorous and well established market segmentation. This means that the managers have a greater opportunity to understand the customers and thus deliver better customized products and services that will not only keep the customer satisfied but will also help the organization in maintaining a growing stream of revenues (Kotler and Keller, 2006). The second reason as to why internet is important in gaining competitive advantage in the contemporary business setting can be seen from the work of Hansen et al (2004) according to whom the Theory of Planned Behavior and the Technology Acceptance Model both are useful in understanding the increased adoption of online buying by the customers and hence can be used by the organizations to understand the attitudes and perceptions of the customers and to reach out to different consumer segments. In this regards Shim et al (2001) explain that the consumers who have the required abilities and resources have a stronger support for conducting online purchases and are therefore more inclined to do so.

### **2.2 Factors impact adoption of online buying**

There are a number of factors motivating and inhibiting the consumers to enter into an online shopping transaction. One factor that significantly increases the resistance of the consumers towards online shopping is the perceived risk of online purchase (Bhatnagar and Ghose, 2004). According to Bhatnagar and Ghose (2004) in an online setting the consumer feels more insecure about his or her purchase decision as there is a significant decline in the tangibility of the products to be purchased online as perceived by the customer. This loss in the tangibility leads the customer in a position where he or she cannot accurately value the product which eventually discourages them to buy a product which they cannot physically see, feel and evaluate. Another extremely important that discourages the consumer from spending money in an online transaction is the concern of privacy and security especially in the context of their financial resources (Eastlick et al, 2006). This according to Akhter (2012) is one of the common reasons why consumers usually spend lesser amount in online purchasing and when a more expensive product has to be purchased, the customers prefer to have a direct contact with the product.

#### **2.2.1 Brand Image**

Brand image has been defined by Keller (1993, p. 3) in the following words:

“Perceptions about a brand as reflected by the brand associations held in consumer memory”

According to Kown and Lennon (2009) consumer perception of product attributes and their perception of buying that product online are strongly affected by the brand impact of the product. A favorable brand impact can lead to a positive bias towards the product attributes and thus can positively impact the perception of the consumers towards online buying.

Apart from the product brand image and its impact on the consumers’ perceptions towards online buying, the online store’s image also has a strong impact on whether or not the consumers will buy online from that store or not. Simonian et al (2012) say that retail stores’ image and their impact on the purchase intentions of the consumers is something that has been studied for over 50 years however the same has not been widely studied in the context of online buying and online store image. The few studies that have been conducted according to Simonian et al (2012) have however confirmed a positive relationship between the purchase intentions and the store image of the store.

The context of online store attributes and the online buying intentions has been explored by Chen et al (2010) according to whom the levels of usability and the security provided by the online store are important technology factors determining the image of the store and the purchase intentions of the consumers. Moving further, the shopping factors such as the convenience to shop online and the trust that the consumers have on the online store influence the purchase intentions of the consumers. Brown et al (2012) in regards to the issue of brand image as pointed out a major limitation of the academic literature available on the issue. According to the author, business to business branding has not been focused upon in the research as much as business to consumer branding has been focused upon even though the potential of business to business marketing is very high. The explanation for this has been found by Brown et al (2012) through the work of Wilson (2000) according to whom the organizations entering into purchases are found to be more rational and informed than the individual consumers and therefore for the organizations the objective elements of the purchase are taken into consideration much more as compared to the subjective elements that are taken into consideration by the individual consumers.

### **2.2.2 Social Communication**

An important factor impacting the perception and the behavior of online buying is the level of communication that a store or a product has with the society or individually with the customer. According to Thomas and Veloutsou (2013) the information presented to the customer and the level of communication compensates the customer for the lack of direct contact with the product which helps the customer in getting familiarized with the features and qualities of the product and also with the process of online buying which lowers the perceived risk of the customer towards online buying. This basically means that the brand communication and familiarity interact with the privacy and security concerns as well as the perceived risks of online buying and thus the knowledge enables the customers to feel more secured in a situation of online buying.

In regards to the importance of information for online buying patterns some older studies noting the impact of information on shopping decisions by the customers need to be noted. For example Alba et al (1997) say that that abundant information is extremely important in improving the purchasing decision of the consumers such that more information is likely to lead to better decisions by the customers and thus more satisfaction levels of the same. This then is a major opportunity for internet retailers as they can present in a standard form a lot of information in a significantly low cost. Henry (1980) however has studied the role of information in a shopping setting from a different perspective. According to the author information overload leads the consumers to a position where they have to make more efforts to process the information and therefore the benefit of information declines. The same can be applied to an online setting in which if there is too much information given about the product, the customer might not be able to decide what to buy and then eventually not buy anything at all. This role and interplay of information needs to be studied and understood by the internet retailers in order to devise the necessary marketing strategies that can effectively motivate the customers towards online purchase (Wu and Lin, 2006). This negative impact of excessive information however has not been effectively studied by the available researches as the researches done have yielded inconsistent results (Lee and Lee, 2004) which implies that the issue of communication in the context of online purchasing still needs to be developed further.

### **2.2.3 Self Efficiency**

Self efficiency is defined for the purpose of this research as a collection of the abilities and resources that a person has to carry out any task or activity (which for this research is online buying). The variable of self efficiency has been derived from the Theory of Planned Behavior in which the greater the level of perceived self control, the greater will be the propensity of the consumer to enter into purchases (Shim et al, 2001). Self efficiency of the consumers as derived from the Theory of Planned Behavior is also supported by the personal cognition resource available to the customers in order to deal with the risk and challenges of online purchasing (Hansen et al, 2004). For example a person not to adept at using the computer, the banking system and the web interfaces may perceive that they do not have the required cognitive abilities to do an online purchase and thus as a result their perception of self control declines. The overall result will be a low propensity of the consumer to enter into an online purchase.

### **Research Hypotheses:**

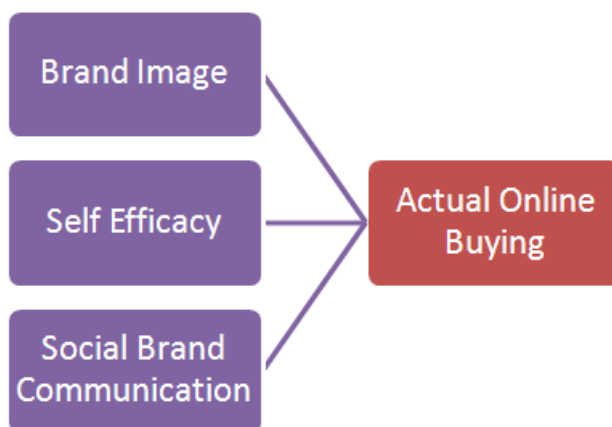
**H1:** Self efficacy has significant relationship with actual online buying in evidences from online buyers of Pakistan

**H2:** Brand image shows more influence on actual online buying among youth of Pakistan

**H3:** social brand communication has a positive influence on actual online buying among online buyers of Pakistan

**2.3 Theoretical Framework**

Based on the findings of the literature review, the following theoretical framework has been developed for further investigation:



**III. Methodology**

**Research Procedure and Method of Analysis**

In order to conduct this research a questionnaire survey was conducted on a sample of 250 participants who use online buying to buy different items. The participants were selected through convenience sampling from the area of Rawalpindi and Islamabad. Among 400 participants, only 250 complete responses were achieved with a response rate of 62%. Inferential statistics i.e. regression analysis was used to analyze the results by using SPSS18. The variables studied through the questionnaire were those collected through the review of literature and thus the primary data analysis was supported by the secondary data consisted of previously published journals. In other order to analyze the data collected, correlation analysis and regression analysis was conducted on the aggregate of data categories. This analysis was conducted using SPSS.

**IV. Data Presentation And Analysis**

To check the reliability, the Cronbach alpha was used and the results are as following:

**Table I: Reliability Analysis**

Variables	Cronbach alpha	Items
SE	.718	5
BI	.814	5
SBC	.825	4
AOB	.701	5

Source: Derived from survey data

The primary data findings are as under:

Variables	SE	BI	SBC	AOB
SE	1			
BI	.460**	1		
SBC	.402**	.349**	1	
AOB	.519**	.226*	.206**	1

N= 250

The correlation findings suggest that self efficiency has a mediocre correlation with the level of actual online purchase conducted, the brand image and the social brand communication for an average customer from the research participants. This basically implies that the confidence that a person has on his or her decisions and his or her computer skills only have a correlation strength of 0.519 with the actual online purchase that he or she does. In the light of the literature review this means that the more the logical and rational the consumer, the less the risk he or she will be willing to take by spending on online purchase.

The remaining variables also are found to have low correlation with the others as can be seen from the table above.

<b>TABLE III</b>				
<b>REGRESSION ANALYSIS</b>				
<b>Variables</b>	<b>Beta</b>	<b>t-value</b>	<b>p-value</b>	<b>Adjusted R<sup>2</sup></b>
<b>SE</b>	.349	7.162	.000	.127
<b>BI</b>	.513	10.836	.000	.253
<b>SBC</b>	.407	8.745	.000	.244

A regression analysis was conducted to see the variables that have an impact on the actual online buying behavior of the customers. The results as shown in the table above yield that self efficiency has a significant and positive impact on the online buying behavior such that an increase of self efficiency measures of a potential customers by one unit leads to a 0.349 units of change in the actual online purchase made by the customer. The highest relationship among the short listed variables is between the brand image and the actual online buying by the customer which shows a positive and significant relationship between the two variables. As can be seen from the table above the brand image explains 25.3% of the variance in actual online buying and one unit of change in the brand image of the customer leads to a 0.513 change in the actual online buying by the customer.

### **V. Discussion And Conclusion**

Online buying has been found to be a growing field leading a millions of dollars of transactions. It has been reported to lower and in some places completely eliminate the geographical, cultural and resource constraints in reaching more consumers. Having said that however, there is still a large majority of population who prefers to actually travel to the store and buy the products physically. In order to analyze the factors that impact upon the online buying behavior and the perceptions of the customers regarding online buying, a research was conducted using a dataset of 250 people.

The results of the secondary research confirm that the concept and the field of online buying is a vast and complicated one which still needs considerable development. It has been seen that even though a number of models and theories have been applied to understand why people would and would not purchase online, the understanding of the organizations and the consumers themselves is still limited. On the basis of the literature review, the variables shortlisted for this study on online buying perception point were brand image, self efficiency and social brand communication. While the results show that these variables do have a relationship with online buying behaviors of the customers, the variables do not fully explain the buying patterns and perceptions and therefore further research into the issue needs to be done. For example the brand image and the brand communication according to the literature review lower the perceived risk of online buying, the primary data results only show an explanation of 12.7% and 24.4% respectively on actual online purchases. This basically implies that more research needs to be conducted in order to fully understand the perception points and resulting behaviors of potential online consumers.

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