

# Reasons for Non-Engagement in Online Shopping: Evidence from the Philippines

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## ABSTRACT

This study aimed to determine the reasons why Filipinos were not engaged in online shopping. Toward this aim, 400 respondents answered a 23-item questionnaire. It was revealed that most of the respondents were male, single, and at least college graduates. They were employees, belonged to diverse economic backgrounds, had computer and Internet access at home, and owned ATM cards. The majority did not have a credit card. Exploratory factor analysis using varimax rotation revealed that there were four reasons why respondents were not engaged in online shopping. These reasons were availability of mall services (M), quality issues (Q), price concerns (P), and interest (I). Confirmatory factor analysis reduced the number of items of MQPI from 23 to 17 items. It was disclosed that the constructs were of good fit. Discriminant validity showed that all reasons were distinct from one another. Convergent validity of the constructs was also achieved. MQPI was able to capture 72% of the reasons why Filipinos were not engaged in online shopping. Implications and directions for future research that could be derived from this study were also presented.

## KEYWORDS

Interest, Mall Services, Non-Adoption of Online Shopping, Online Shopping, Price Concerns, Quality Issues

## INTRODUCTION

Online shopping is a global phenomenon. It is widely investigated in foreign settings (e.g., Clemes et al., 2014; Rudolph et al., 2004; Teo, 2006). The phenomenon of selling and buying through the Internet has spurred studies in business and academic standpoints that cover a wide range of issues (e.g., Clemes et al., 2014; Ingham et al., 2015; Lian and Yen, 2013). The aim of the above studies is to explain why people engage in online shopping from behavioral, business, and technical perspectives.

Online shopper providers are aware that Filipinos are connected to the Internet. With 44 million Internet users in the Philippines (National Telehealth Center, 2015), there is an opportunity for online

shopping to prosper in the Philippines (Segovia, 2013). Different online shopping websites, for example, AyosDito.ph, Lazada.com, and Metrodeal, are now available to cater to the buying needs of Filipinos. Despite such connectivity and the presence of online shopping websites, online shopping studies are a neglected field of research in the Philippines. Engagement (or non-engagement) of Filipinos in online shopping is absent in the existing literature. The profile of online shoppers, and the reasons for non-engagement in online shopping in the Philippines are still unknown. Furthermore, from a business point of view, “it would be more interesting to engage those who are not using online shopping to achieve higher profit” (Bringula, 2016, p. 119).

In view of these research gaps, this study was conceived. Specifically, the research objectives of the study were to determine the demographics of the non-online shoppers in the Philippines, identify the reasons for non-engagement in online shopping, and develop a valid and good fit measurement model of the identified reasons.

## **LITERATURE REVIEW**

### **Profile of Adopters and Non-Adopters of Online Shopping**

Several studies were conducted to determine the demographic characteristics of adopters and non-adopters of online shopping. Swinyard and Smith (2003) showed that online shoppers were younger (less than 24 years old) than the non-online shoppers in the United States. Meanwhile, Rudolph et al. (2004) found that buyers in Switzerland were older than non-buyers, with 53% of buyers between 24 and 44 years old, and 53% of non-buyers between 13 and 24 years old. Lokken et al. (2003) compared online buyers and non-buyers in terms of age and showed that the former were at least 36 years old. Teo (2006) further disclosed that the age bracket of online shoppers in Singapore were between 26 to 65 years old. Men tended to be engaged in online shopping more than women (Rudolph et al., 2004; Teo, 2006). Women were primarily not engaged in online shopping because they perceived higher product and financial risks towards online shopping (Dillion et al., 2014).

According to Donthu and Garcia, income is the discriminating variable between adopters and non-adopters. The former tend to be wealthier and had more disposable income (Rudolph et al., 2004; Swinyard and Smith, 2003; Teo, 2006). Higher educational attainment (at least college graduates) of the adopters offers an explanation of such higher disposable income (Swinyard and Smith, 2003). Online shoppers were also Internet and computer savvy, and they spent more time on their computer and on the Internet (Clemes et al., 2014; Rudolph et al., 2004; Swinyard and Smith, 2003).

Lastly, there is evidence that suggests that non-shoppers had a higher perception on the increasing complexity of Internet shopping than online buyers (Soopramanien and Robertson, 2007). The technical know-how of finding things over the online shopping website, unavailability of credit cards, unavailability of Internet access at home, and lack of information about how to shop online inhibit online purchase (Lokken et al., 2003; Rudolph et al., 2004; Swinyard and Smith, 2003). Thus, technical knowledge and access may explain the non-use of online shopping.

### **Non-Adoption of Online Shopping**

Several studies have attempted to determine the reasons for non-adoption of online shopping. Risk associated with online shopping was the topmost concern for consumers (Clemes et al., 2014). Browsers (shoppers that search products online but purchase them in a physical store) and non-online shoppers were less likely to take risks than online shoppers (Soopramanien and Robertson, 2007; Swinyard and Smith, 2003). They felt uncomfortable purchasing goods or services due to the perception that the online seller was not trustworthy (Dillion et al., 2014; Lian and Yen, 2013). Online shoppers perceived that products sold online were sold at good prices. However, the risks associated with financial loss, such as costs involved to return the product, possible additional hidden charges, and difficulties recovering money may overcome this perception (Hassan et al., 2006). In

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