

Chapter 26

Exploring the Factors Influencing Customers Purchase Intention in Online Shopping

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ABSTRACT

Online shopping has increasingly become popular in Bangladesh with the introduction of globalization. Many people, specifically the younger generation, are purchasing various types of products every day online as it is convenient and saves time. Consumers are influenced to purchase online as a result of many factors including time-savings, fast delivery, ease of the transaction, and a website's user friendliness, and many more. The consumer evaluation is important to explore why a consumer intends to purchase online. The present study is an attempt to determine the factors that influence consumers' online shopping in Dhaka. Through this process, this study attempts to identify the critical factors that influence consumers' online shopping in Dhaka and to evaluate the association between these factors and consumers' online shopping habits. It also tries to determine the importance of these factors on consumers' online purchasing habits and to identify problems and suggest possible recommendations. The factors that are being considered include convenience factors, psychological factors, promotional factors, technical factors, and motivational factors. Each factor has some distinct variables. Convenience factors include less time, home delivery, and ease of transaction. Psychological factors include domain specific innovativeness, and opinion of friends and peers. Promotional factors include online ads, and social media exposure. Technical factors include user-friendliness of websites, and display of product details. Motivational factors encompass utilitarian and hedonic values. For this study the Multiple Regression Analysis Model was used. A structured questionnaire survey was conducted on 120 consumers to obtain consumers' opinion regarding how their purchase habits are sparked by different factors. The results reveal that only the home delivery system and utilitarian value of online shopping makes customers consider purchasing online. The other important influences were opinion of friend and peers, social media exposure, and display of product details. This study can hopefully shed some new insights into consumers' online purchasing habits.

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INTRODUCTION

Since the advent of science and modern technology (Schlesinger and Rahman, 2015), a parallel world has been taking a form which may be called ‘the virtual world’. Today it is not merely forming, rather it is extraordinarily enriched. People now possess two lives at the same time. One is the real human life and the other is virtual life. It would seem like they are more into the latter one. Internet has given a new life to almost half the population of the whole world. This new life has started from the countless options that the internet has given to us through its astonishing ability to connect the north hemisphere with the south hemisphere. The internet created so many new trends that have become the inseparable parts of human life. Without them our lives cannot even be imagined today. Some of the influences include E-mail, online entertainment, social media, online shopping and search engine browsing.

Among these trends, online shopping has become a new option for the consumers. Today a good number of organizations have their online sales option. Beside brick-and-mortar, numerous companies are showing up as click-only. These are offering consumers a wide range of products from clothes to books to even cars. Advancement of technology has given people the opportunities to connect to the internet anytime through more than one device including desktops, laptops, smart phones, and tablets (Akhter et al., 2014). Online shopping has opened a new horizon for entrepreneurs. Internet has become a great means for them to sell their products to customers anywhere. There are obviously a lot of drawbacks for offline shopping. Numerous research studies were conducted on the comparison of these two extremes. Nevertheless, online shopping has also many advantages for customers to consider.

The use of online shopping is new to Bangladesh due to the protocol of Bangladesh government, it has become much easier for the businesses and customers to take part. It has a growing market of 2 billion BDT. The introduction of 3G sped up the growth of the online retail industry significantly. “There are a number of free classified websites and online shopping marketplaces in Bangladesh that sell almost all types of goods and services. For example, Othoba.com, Ekhanai.com, Bikroy.com, ‘Lamudi’, ‘Carmudi’ and ‘Kaymu’.” (E-Commerce Directory, 2014). “About 1.5 to 2 million people shopped online every year, and the market was growing by 15% to 20%.” (Shah, 2014).

By definition, online shopping takes place through websites over the internet. Generally online retailers can be categorized in two types: click-and-mortar and click only. The click-and-mortars are those firms that have both physical stores and online channels. These firms generally started their business physically as click and motor and when online business concept showed up, they simply adopted the new idea and created a new communication and distribution channel over the internet. On the contrary, clicks-only are those firms that only have online presence. It is clear that these firms initiated their businesses online. However, sometimes clicks-only also open their physical stores. In Bangladesh, most of the clicks-only are online superstores. They sell variety of products of different brands. Examples are daraaz.com, kaymu.bd, bagdoo.com. All of them offer different products of different brands such as, men’s wear, women’s wear, shoes, cosmetics, watches, bags, toys, and electronics. International online stores also operate in Bangladesh. A big example is Amazon.com which first started selling books and is now one of the world’s biggest business giants as a retailer of various kinds of products. Some online shops are specialty stores also. For example, some sell only saree, some sell only ‘kameez’ and some sell only books. A notable example can be rokomari.com that earned its huge reputation and revenue also by selling books. However, recently it has started offering electronics and other home products. There are also some Facebook-based retailers such as He & She, ‘Rongoboti,’ etc. Generally, the Facebook-based online stores happen to be specialty stores such as, He & She sells jewelry and Rongoboti sells cosmet-

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