

# Investigating the Factors Influence Online Buying Behavior: A Study among UUM Postgraduate Students

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**Abstract** – *The internet has developed new distribution channel and online transaction are rapidly increasing. This has created a need to understand how the consumer perceives and affect their buying. The purpose of this study is to examine if there are any particular factors that influence the consumer buying behavior online. Primary data were collected through a survey that were conducted among the students of Universiti Utara Malaysia. Price, trust, and convenience were identified as important factors which lead to certain buying behavior in online shopping. The world wide web is rebuilding around people where social circles influence is lead to online buying. Price was considered to be the most important and affecting factor for the majority of internet consumer. Most of the consumers hesitate not to shop online, because of the insecure payment and transaction systems. Copyright © 2016 Penerbit Akademia Baru - All rights reserved.*

**Keywords:** Online buying behavior, Price, Trust, Convenience, UUM Postgraduate students

## 1.0 INTRODUCTION

Internet and technology makes life easier and advance. People who do business and merge it to online have made business easier and growing fast. The internet serves a business platform in marketing the business. The internet is now the main for online business in introducing their product and service. Competitors and customer now meet at one place. It brings a new way in promoting, advertise products and services in the mark. Online marketing has become important in business and become part of promotion in business activity. Online marketing is attracting a wider number of shopper and business. Every year, more businesses own web sites reach internet user in increasing their sales and take advantage of technology to expand their business. Now days, internet technology is moving up and business now takes their place online. Their goal is making a profit as much as they can and to gain customer from different categories.

Online consumer is searching for the new thing, new trend and the most important is price compatibility with their buying budget. Internet becomes the best way to save time, energy and money through online purchase within range of budget from anywhere. Online consumer uses the technology to compare prices of goods, catch up with the latest information, get connected socially with social media and surfing as they desire. The internet gives consumer opportunity to make comparison of price, quality and brands in just one click. The internet has created a competitive market where the buyer and seller is gathered in one place. Hoffman and Novak [1] state that web sites provide a chance to search information about products/services, place a

comment or give orders. As in online shopping it helps consumers by providing a wider selection that consumers can choose before the shopping. It makes consumer life easier and saving their time on shipping.

Hence, analyzing factor of the behavior of the online consumer is for developing and practicing the best strategy the factor that may influence buying behavior. There is a consumer who avoids online purchase because there is a risk they have to face such as a money transaction, whether it can be trusted and secure also the web site itself whether it's easy to use or not. The consumer can understand better the factor that influences them in shopping online and can change their behavior when they can see the factor have its pros and cons. A consumer can use it to make a better decision before buying online. Why this has happened is what we want to find out. The question of how and what way consumer makes decision to shop online and give impact to their behavior is what we want to analyze.

## **2.0 LITERATURE REVIEW**

### **2.1 Online Buying Behavior**

Kuester [2] clarified that the process of selecting, secure, and dispose of goods, service experiences, or ideas to satisfy needs also the effect of this to consumer and the environment is the study about consumer buying behavior. Based on Bashir [3], "Online shopping behavior has a direct relationship with these five elements such as e-stores, logistics support, product characteristics, websites' technological characteristics, information characteristic and home page presentation". Consumer behavior between shopping online and traditional is different. Tradition is more influence of social, cultural and personal factors compared to online shopping. Bashir [3] state that restricted by those factors is the reason for consumers who do online shopping. Consumer buying behavior involves a study of buying based on how, what, when and why. From the study by Blackwell, Miniard, and Engel [6], when a customer wants to make a buying decision, it will involve a process of recognition, search information, evaluation, purchase and feedback. A customer buys a product and service not because usefulness, but also because of its value or how much it's worth to buy. According to AadWeening [4], there has been an obvious and increasing trust in consumers towards shopping online all over the world. Online shopping has become a phenomena today. Haubl and Trifts [5] say that potential customers seem to use a process that has two stage process to reach a buying decision. First, consumers screen a large set of products so that they can find the subset that will fulfil their needs. Second, this subset is evaluated in detail and the products are cross compared on the basis of some attributes to decide upon a product to buy. Haubl and Trifts [5] also discovered that websites that offer an interactive user interface and help to do in-depth product comparisons have a more favorable and popular effect on the efficiency as well as the quality of the purchase decision.

### **2.2 Price Factor**

The process of searching and compare prices of product are becoming easier for customers with the internet technology. Consumer demand for better prices contributed to the rapid growth of online marketing. The author Hsin-Hui Lin [6] state that cost operation, low enables online retailers to make use variant of promotion strategy, increasing their sales in contrast with traditional stores. Rox [7] have expressed that in online shopping customer usually will be offered a good deal as same as if they buy from the store at a lower price. Online market not only providing a bundle of product and service, but it gives the customer, chances for price

comparing from different website page and brand in finding a better price deal of desire product. An ideal than a reality customer can search for lowest product with the best product from an online retailer that is reachable and trusted. Internet a now expected to become market driven in term of price for all sorts of product and service. Taking advantage of the internet and the development technology, increasingly acquiring unconstrained access to information is what being asked for by online customer and they were offering a variety type of product and service that come with a best price. Moreover, customers can make comparison of product features and prices in a more efficient and effective way of online shopping in contrast to its conventional shopping. Chaffey [8] say that cheap price is often what consumers are looking for. E-commerce has given consumers more power; they have more knowledge, and price transparency has increased so they can switch to another brand more easily. With online marketing, consumer have the power to decide at what price they willing to pay and to which online retailer. It's done after online survey or comparison from another page.

The price comparison and survey is easier to do online than physical store because consumers can do it side by side at one time. Consumers' information search costs and transaction costs have dropped, and the number of available options and communication between consumers has increased due to the Internet. This means that consumers have more power than before. Kardes et al., [9] state that discount offers and the chance to make a bargain will easily attract consumer. Friend inspiration and attractiveness of picture in social media is influencing the customer intuitive buying likelihood. Free shipping and return give the additionally positive reason that gives impact to customer buying decision, some retailer feels it reliable for the customer. Yannopoulos [10] clarified that quality product, shipping and handling fees, ease of ordering, customer support, and on time delivery factor can be equally or more important to online consumer as compared with price factors.

### **2.3 Trust Factor**

Trust is defined as the willingness of customers to accept vulnerability that may occur in the course transacting online with regards to their positive expectation of online store behaviors. If trustworthy of online retailer does not lead consumer to trust the website, there will be no buying decision. Sahney et al., [11] mention that online trust is the implication of belief that the online seller can be trusted, the feeling of confidence and security in the online transaction process. The popularity of internet usage is growing continuously, security and privacy factor in online transaction bringing to trust requirement. Trust issue of in web page becomes the critical issue face of online business even though trust for online business is increasingly better. The greatest barrier preventing consumers from transacting through online is lack of trust. One of the most frequently cited reasons for not shopping online are the lack of trust. As online shopping is a fairly new medium and people do not have a lot of experience with it, shopping online is a challenge for many consumers to face. In the mission of creating and maintaining of trust climate for retaining and attract customer as to have competitive advantage become a challenge for the online marketer. It has generated enormous challenge of interest in learning the online trust. Consumers prefer to purchase from sellers they trust.

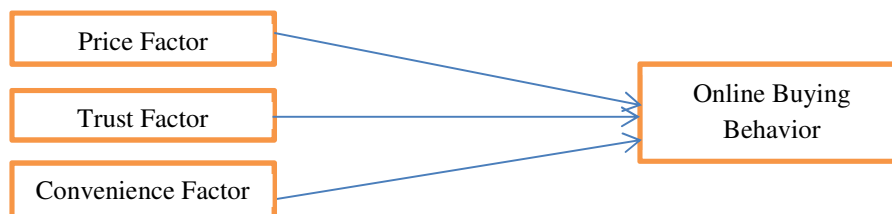
Precondition is trust in online shopping, trust is encompassed in the image of company, website and the process of online shopping. Trust concept in the field of marketing emerged later, with works related to interpersonal relationship between buyers and sellers as well as relationship marketing. It's a mutual trust between two parties in doing the transaction, for marketing it means buying and selling. Express the trustworthiness by online retailer is an obligation with a high degree of integrity and sincerity, also try to reduce uncertainty. In understanding the

trust and applying the concept to remove restriction in online business sales growth, researcher and online marketer come together. Sahney, Ghosh and Shrivastava [11] also express that discomfort among consumers is lead by physical distance, lack of personal contact between the seller and buyer in the usage of internet as compare to traditional store format. More and more people are purchasing online, but it takes time before consumers are confident enough to make their first purchase. After they gain the confidence and make their first purchase, the usage of online stores is likely to become more frequent, and the consumer will buy more expensive products online trust has multiple dimensions as stated by Ba and Pavlou.[12]. Pavlou [13] defined trust in B2C e-commerce as "the belief that allows consumers to willingly become vulnerable to web retailers after having taken the retailers' characteristics into consideration". These definitions imply that trust in both the etrailer and online technologies underlie consumers' beliefs about the safety of shopping online.

## 2.4 Convenience Factor

Wang et al. [14] state that the impacts on consumers' willingness to buy online shows in empirical research is the convenience of the Internet. Surfing and searching information online is easier than traditional stores, is one of the convenience factors. Customer can find a catalogue of product easily with internet service. Looking for product and service through traditional method is more difficult and time consuming. Wang et al. [14] also mention that online shopping is available for customers 24 hours a day, 7 days a week and around the clock compare to traditional store. According to The Tech Faq , shop after operating hour after normal operating hour of traditional store is supported by research that 58% consumer chooses online shopping, while 61% consumer do online shopping because they hate long waiting line and crowds during the festive season. There is online business provide 24 hours of customer service, therefore the customer can get assistance and information they need even after business operating hour that were convenient for the customer. Sundstrom [15] mention that in converting a potential customer to real customers, convenience in buying process become important factors. Based on Goldsmith and Flynn [16] and Parks [17], online shopping can be used by consumer to escape from direct interaction with sales personnel to avoid being forced and uncomfortable feeling when facing with sales assistant and also to avoid being manipulated and being in control of the process. Customers who encounter a bad experience when dealing with the presence of sales assistant or want to make a decision freely without any influence. Consumer behavior is affected by convenience in the online marketing. Convenience relates to the willingness of consumer in spending their time and energy to shop.

## 3.0 CONCEPTUAL FRAMEWORK



**Figure 1:** Conceptual Framework

## 4.0 RESEARCH METHODOLOGY

### 4.1 Sampling Design

The researcher decided that probability sampling method was more appropriate as opposed to the nonprobability sampling because it's been decided that only student from Othman Yeop Abdullah Graduate School of Business were chosen and were aimed only student of Master of Science in Management. Several advantages of probability sampling over its counterpart. For example, it enables the demonstration of the representativeness of the sample and the explicit statements as to the degree of variation presented because a sample rather than a census of the population is used and this allows explicit identification of possible biases that may arise. Adopting the Krejcie and Morgan [18] table to determine sample size for this study. The corresponding sample size for a given population of Post Graduate student is 2526 students and based on the table are 335 cases was appropriate for this population.

**Table 1: Sample Size**

Total	Sample
2000	322
2200	327
2400	331
2600	335
2800	338
3000	341

Source: Krejcie and Morgan (1970)

## 5.0 RESULTS AND DISCUSSION

Based on the value in the composite reliability column in the Table 2, it showed values rated between 0.864 to 0.904 for the study. These values have fulfilled the prescribed estimation of 0.7 and above which indicated good results in supporting the convergent validity.

**Table 2: Convergent Validity**

Variable	Real Test N=335
Online Buying Behavior	.864
Price Factor	.904
Trust Factor	.893
Convenience Factor	.889

The first variable of hypothesis in this study is the price factor. The price tested against consumer buying behavior to see the relationship. The result of Pearson's Correlation indicates that there is positive relationship between price and consumer buying behavior and it is significant. The correlation coefficient is .278 and this indicates that strength of relationship is low. Therefore hypothesis 1 was supported.

The second variable of hypothesis in this study is the trust factor. The trust tested against consumer buying behavior to see the relationship. The result of Pearson's Correlation indicates that there is positive relationship between trust and consumer buying behavior and it is

significant. The correlation coefficient is .252 and this indicates that strength of relationship is low. Therefore hypothesis 2 was supported.

The third variable of hypothesis in this study is the convenience factor. The convenience tested against consumer buying behavior to see the relationship. The result of Pearson's Correlation indicates that there is positive relationship between convenience and consumer buying behavior and it is significant. The correlation coefficient is .109 and this indicates that strength of relationship is low. Therefore, hypothesis 3 was supported.

**Table 3: Correlation**

	IVPrice	IVTrust	IVConvenience	DV
IVPrice	1	.303**	.170**	.278**
	.000	.000	.002	.000
	335	335	335	335
IVTrust	.303**	1	.153**	.252**
	.000	.000	.005	.000
	335	335	335	335
	.000	.000	.001	.000
	335	335	335	335
IVConvenience	.170**	.153**	1	.109*
	.002	.005		.045
	335	335	335	335
DV	.278**	.252**	.109*	1
	.000	.000	.045	
	335	335	335	335

\*\*Correlation is significant at the 0.01 level (2-tailed) \*Correlation is significant at the 0.05 level (2-tailed).

**Table 4: Hypothesis Testing**

Hypothesis	Result
There is a positive and significant relationship between price and online buying behavior	Supported
There is a positive and significant relationship between trust and online buying behavior	Supported
There is a positive and significant relationship between convenience and online buying behavior	Supported

## 6.0 CONCLUSION

This research study is to examine factors influencing the consumer buying behavior on online shopping. The target population was postgraduate OYA students in UUM. Thus the total of respondents was 335. Overall, the study focuses on three factors which are price, trust, and convenience. From the correlation analysis, it shows that all the factors (price, trust, and convenience) have the positive relationship with the online buying behavior. The multiple regression analysis models revealed that 24.1% of the variance in online buying behavior was accounted for by the IVs (price, trust and convenience). With having understandable on the consumer buying behavior, it will help to look at the way to influence the behavior of online

buying among students by investigating some other important factors that able to improve their buying behavior in the future.

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