

Influencing Factors for Customers' Buying Intention: An Emerging Online Retailing Phenomenon in Bangladesh

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Abstract

Social networking sites become significant platforms for mass participation in e-commerce. The aim of this research is to study factors that influence customers' buying intention through social networking sites. The study has been done in descriptive manner. In this study, 250 respondents from different age groups and genders were interviewed through structured questionnaire. In this study, we developed six hypotheses to analyze different factors such as product quality, variety, pricing, delivery process, product exchange and return policy, Trustworthiness that influence customers' buying intention using facebook in Bangladesh perspectives. The results are aimed to be useful for retailers as well customers.

Keywords: Social media, Online-retailing, Online Shopping, Facebook shopping, Consumers' Buying Intension.

1. INTRODUCTION

Now a days by the blessing of internet, Social networking is a fast growing phenomenon in both the business and social sectors. Online social networking is building communities that bring people together on the Internet. Different social media or network services such as Twitter, Facebook, Youtube, Instagram and other websites have impacted the interaction of people with one another, shopping, and considering brands. Within virtual world, people can share information, experiences, pictures, videos, and purchasing preferences including recommendations of a vendor's products or services. Ease of use makes Facebook a popular social networking destination both for inexperienced and advanced computer users. The most visited online social network is Facebook, founded in 2004 and with over 600 million of users and coverage over 70 countries (Carlson, 2011; Techtree News Staff, 2008). Facebook is being appeared in the form of online retailing entities sometimes that referred to as "Facebook Stores", "Facebook Boutiques". Facebook site allows users to create a profile of themselves and explore the profiles of others, gaining an insight into others' lifestyle and interests (Acar&Polonsky, 2007).The site can be referred to as a social media portal, with organizations and businesses creating profiles to disseminate information about products and services, shifting the focus from creating personal relationships to reaching customers[1]. Marketers can get valuable information from users post on their walls and pages. This information can be used for direct marketing purposes.

2. LITERATURE REVIEW

With the blessing of internet, the online world is moving rapidly. Social networking has proven to be a great platform for consumers and retailers collaboration. The place is dynamic and a little research has been placed focusing on the buying motives of Bangladeshi shoppers using social networking sites. This study involved in analyzing the influencing factors of Bangladeshi consumers buying decision using social networking sites.

The Internet and virtual communities transformed the consumers, societies, and corporations through better social networking, information and enhanced communication abilities [2]. Social networks are websites which link millions of users from all over the world having same views and interests. Blogs, YouTube, MySpace, Facebook are the popular examples of social media from all over the world. (Sin, et al., 2012). Marketers and retailers are also utilizing these sites as another way to reach consumers and

provide a new way to shop.(Paquette, 2013).Schonfeld (2008) reported that Facebook has been identified as the most popular social networking site. Facebook is the fourth most trafficked website in the world having more than 120 million active users[3]. Internet technology has changed the shopping pattern of consumers. Home shopping is growing by the blessing of internet technology (Lumpkin & Hawes, 1985).Maddox and Gong (2005) reported, in Asian region internet penetration rate has been increased significantly. Social media facilitate consumers in the purchasing procedure as well as connects business directly to the end-users. Social media platform has been seen as a great influence on customer perceptions and behavior[4]. Shopping from the social networking site provides revenue opportunities for marketers and businesses as well as product information for customers .(Leskovec, et al.,2011).

There are different factors which are considered as influencing factors for changing customers purchase intention from social networking sites. In this research we try to identify the motivating factors for Bangladeshi customers involved in Facebook shopping. Foresee (2010), reported among online shoppers who engage in social media, more than 80% are using Facebook. According to (Kimery and McCord, 2002) customer's willingness to buy from a particular e-retailer is known as purchasing intention.In online shopping consumers expect most- price conditions (79.9 %), speed and quality of delivery (65.8 %), assortment (57.3 %), security and trustworthiness (89.9 %) or communication with an e-shop (60.3 %) [5]. Website design, security, information quality, payment method, e-service quality, product quality, product variety, and delivery service are the influencing factors of customers' satisfaction from buying online [6].

Product quality refers to the extent to which it meets the expectations of customers (Smith and Wright, 2004).A product's quality linked to a customer's satisfaction [7]. According to Wankhade and Dabade (2006), quality is determined by the customers' perception regarding quality in the market. Sometimes in online purchase quality is hard to evaluate. Product may not be the same as it appears online. Zamazalová (2008), identified price (convenient payment conditions and others) as one of the important factors as customer satisfaction. According to Kotler and Armstrong (1990), Price is the amount for which product, service or idea is exchanged, or offered for sale regardless of its worth or value to potential. Price is the amount a customer pays for a product or the sum of the values that consumers exchange for the benefits of having or using a product or service (Bearden, et al., 2004). It is the monetary value for which the seller is willing to exchange for an item (Agbonifoh et al, 1998).Price plays as an important role for frequently purchased products, choosing store and brand (Rondan, 2004).Price is considered as a main factor for attracting and retaining customers to the site[8]. E-shopping site using low prices or price promotions to attract customers do mostly tend to draw price-sensitive customers who are well known as having low loyalty. Consumers facing any risk in their purchasing decision feel safer with a price (Taylor and Wills, 2000).Businesses are being competitive day by day. Globalization and information availability make customers demanding variability. Marketing researcher are emplacing on customers reaction to variety and strategies for providing variety (Levay et al, 2000).Convenience is one of the important factors for satisfying customers which is related to delivery, trust and security [9]. In online shopping customers feel unsecured if the products will not be in promised time. Claudia (2012) shows consumers may fear goods can be damaged during transportation due to poor packaging or they will not get delivered the agreed time frame. Delivery procedure significantly influences the consumers' purchase decision (Bart, et al.2005). Dan et al. (2007) found that damages of goods, sending to the wrong destination and lost of goods could be the possible loss of delivery. According to Arjun Mittal (2013), as price is considered as an effective tool for influencing consumer willingness to buy, handling and shipping charges are specifically important for online retailers. If the retailers fail to provide on-time delivery, customers will shop from other sites. (Jiradiloket al.2014).Return policies offered by the online retailers have a great impact on the consumers buying decision. Marketers should reduce financial and product risk that consumer's feel before buying a product, by offering good return policies [10]. Exchange & Return policies reduce customer risk. If the customer changes their mind after purchasing a product and the product can be returned often free of cost by the retailer then the procedure can act as an incentive for product purchase (Janakiraman,et al.2016).With the emergence of new technologies new modes of

payments are being used. Consumers are now more interested in convenient payment system. Online payment system makes the marketer able to be in online business which is more convenient to the consumers as well to the business .(Shanthy,et al.2015).Trust is very important for online buying decision. Uzun et al.(2014) stated that Trust is related to security. It is important to build trust among consumers as consumers do not meet the sales people in person and touch the product physically while they are ordering it. In online shopping, security and privacy have a significant effect on consumer trust [11].Vijayasathy (2002) stated that privacy risk involves when customers need to provide private information in completing e-commerce transaction.Lee & Tan (2003) argued when consumers purchase from internet they perceive a higher level of risk compared to traditional retailers.

3. OBJECTIVES

1. To analyze the relevant literature that focuses on the scientific approach for online buying motives.
2. To perform the survey with people who shop online to distinguish encouraging factors for online shopping.
3. To identify and make recommendations regarding contributing factors for online shopping using social networking sites.

4. METHODOLOGY

This study is mainly conducted in descriptive manner. “Descriptive research is a type of conclusive research that is used to describe something – usually market characteristics or functions.” [12]. Secondary & primary both sources of data have been used in this study. As secondary data sources, previous research reports, articles, news, books, other published documents, websites, etc have been used. Primary data has been collected from the online consumers by administering survey. (Hajli, 2014) has conducted survey on 237 respondents and (Ioanas & Stoica, 2014) have conducted survey on 116 respondents to find out the impact of social media on consumer and their behavior. In this study, 250 respondents from different age group and different genders were interviewed through structured questionnaire. Respondents have been selected by using judgmental Sampling technique in accordance with convenience sampling technique. Pearson correlation and multiple regression analysis have been used for analyzing the data. [13] Correlations have been used to identify the impact of online marketing on Consumer Buying behavior. By using multiple regression analysis, the effects of two or more independent variables on a single dependent variable can be investigated simultaneously [14].

5. HYPOTHESES

- H0:** There is no relationship between product qualities & varieties with facebook purchase intention.
- H1:** There is relationship between product qualities & varieties with facebook purchase intention.
- H0:** There is no relationship between delivery process and facebook purchase intention.
- H2:** There is relationship between delivery process and facebook purchase intention.
- H0:** There is no relationship between price and facebook purchase intention.
- H3:** There is relationship between price and facebook purchase intention.
- H0:** There is no relationship between Payment Procedure and facebook purchase intention.
- H4:** There is relationship between Payment Procedure and facebook purchase intention.
- H0:** There is no relationship between Exchange & Return policy and facebook purchase intention.
- H5:** There is relationship between Exchange & Return policy and facebook purchase intention.
- H0:** There is no relationship between Trustworthiness and facebook purchase intention.
- H6:** There is relationship between Trustworthiness and facebook purchase intention.

6. CONCEPTUAL FRAMEWORK

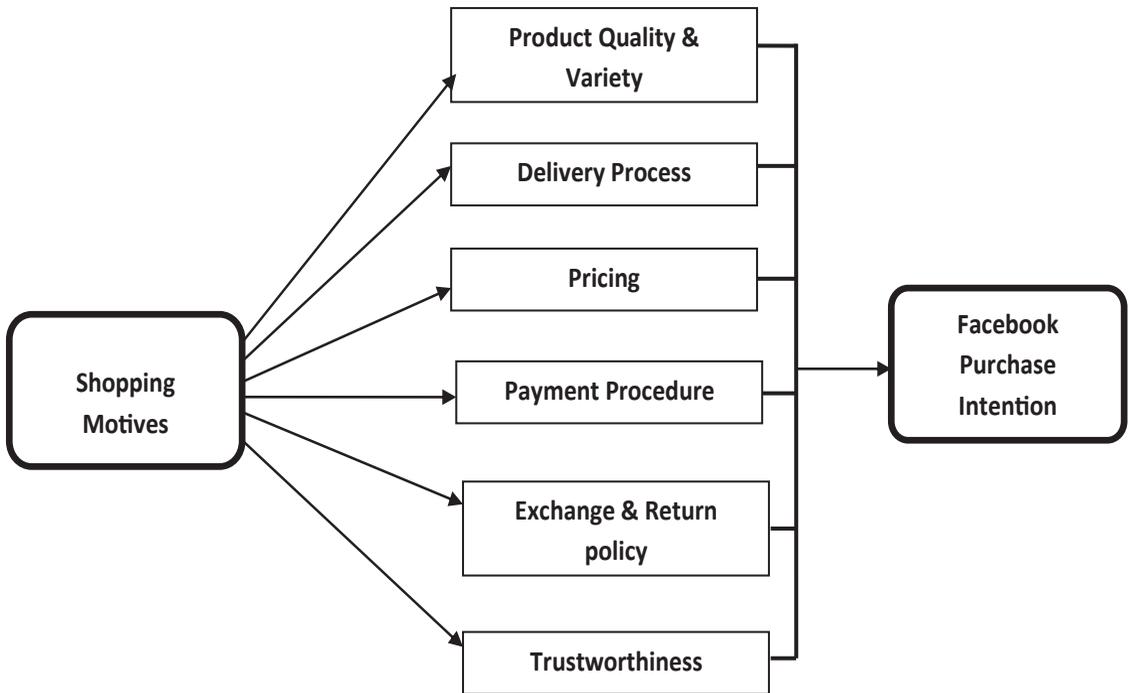


Figure 1. Conceptual Framework

7. ANALYSIS AND FINDINGS

7.1 Pearson correlation analysis and interpretation

Table 1. Correlations

		Quality	Delivery procedure	Pricing	Payment procedure	Return exchange	Trustworthiness	FB_purchase intention
Quality	Pearson Correlation	1	.509**	.451**	.360**	.363**	.437**	.386**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	N	250	244	249	247	248	250	246
Delivery_procedure	Pearson Correlation	.509**	1	.440**	.357**	.401**	.464**	.387**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	244	245	244	241	244	245	243
Pricing	Pearson Correlation	.451**	.440**	1	.550**	.635**	.647**	.458**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	249	244	250	246	248	250	246
Paymnt_procedure	Pearson Correlation	.360**	.357**	.550**	1	.669**	.480**	.347**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000
	N	247	241	246	247	245	247	245

Return_exchan ge	Pearson Correlation	.363**	.401**	.635**	.669**	1	.626**	.406**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	248	244	248	245	249	249	245
Trustworthines s	Pearson Correlation	.437**	.464**	.647**	.480**	.626**	1	.552**
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000
	N	250	245	250	247	249	251	247
FB_shopping	Pearson Correlation	.386**	.387**	.458**	.347**	.406**	.552**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	246	243	246	245	245	247	247

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

Pearson correlation was conducted to check H1, H2, H3, H4, H5 and H6. The degree of relationships between dependent and independent variable is represented by Pearson correlation.

Pearson correlation value between quality and FB shopping intention is 0.386 which indicates low positive correlation between these two variables. **That means H1 is accepted.**

Pearson correlation value between delivery procedure and FB shopping intention is 0.387 which indicates low positive correlation between these two variables. **That means H2 is accepted.**

Pearson correlation value between pricing and FB shopping intention is 0.458 which indicates low positive correlation between these two variables. **That means H3 is accepted.**

Pearson correlation value between payment procedure and FB shopping intention is 0.347 which indicates low positive correlation between these two variables. **That means H4 is accepted.**

Pearson correlation value between return & exchange policy and FB shopping intention is 0.406 which indicates low positive correlation between these two variables. **That means H5 is accepted.**

Pearson correlation value between Trustworthiness and FB shopping intention is 0.552 which indicates moderately significant positive correlation between these two variables. **That means H6 is accepted.**

7.2 Regression analysis and interpretation

Multiple regression was conducted to prove hypothesis 7. It determines respondents' Facebook shopping intention (dependent variable) related to various shopping drives (independent variables) like Product quality, Pricing, Delivery process, Payment procedures, Exchange and return policy & Trustworthiness. The following table represents the model summary.

Table 2. Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.574 ^a	.329	.312	1.47962	1.549

The value of R square indicates that 32.9% of the FB shopping intention (dependent variable) is explained by the independent variables. That means the model fits the data appropriately. Therefore, it can be said there is relationship between various shopping drives with FB shopping intention.

Table 3. ANOVA^b

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	249.380	6	41.563	18.985	.000 ^a
Residual	507.915	232	2.189		
Total	757.295	238			

The above table indicates that the statistical significance of the regression model is .000, which is less than 0.05 .That means all the independent variables significantly predicts dependent variable. **So, H7 is accepted.**

8. RECOMMENDATIONS

- In facebook shopping, Buyers highly focus on trustworthiness. So marketers should ensure validity and reliability. Warranty and guarantee can be used for building trust. Besides that, consumers cannot have trust on facebook marketers because most of the cases their authenticity cannot be verified. Therefore, if online marketers can ensure their authenticity then they can build trust easily.
- Delivery process of online marketer must be fast and convenient. Many of the consumers order product through facebook because they want to avoid the hassle of shopping and save their time. Therefore, marketers have to ensure the delivery of product in the committed place and time. Late delivery results customer dissatisfaction.
- Facebook marketers should allow variety in payment system for consumers' convenience.
- Facebook marketers should keep their price competitive and explain consumers about cost details like delivery charge so that they can find the justification of price. Marketers must not include any hidden charge after getting the order.
- In Bangladesh, Most of the facebook retailers do not clear the exchange & return policy of the product, which is one of the most detested facts to consumers. Retailers should develop clearly explained exchange, return policy, and ensure the application of that policy.

9. CONCLUSION

In today's world, people are getting busier day by day and they have to prioritizing their tasks. Now, people tend to avoid hectic tasks like shopping. They want to shop in limited time without having any kind of anxiety, crowd, and traffic jam. This tendency has created a huge scope for online marketers, especially for facebook marketers, facebook has an enormous number of active users in Bangladesh. Online buyers usually consider Product qualities & varieties, delivery process, price, payment Procedure, Exchange & Return policy, trustworthiness, etc while purchasing from facebook Though facebook marketers are making online shopping experiences more convenient in reasonable cost but consumers have some negative consent about marketing policy too. By developing trust and formulating, a clearly expressed Exchange & Return policy can help marketers to leverage modern consumers' need of convenience more effectively and efficiently.

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