

Factors Affecting Online Purchase Intention of Prospects: A Study in Nepalese Context

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Abstract

Various factors influence potential buyers' purchase intention from stores. Attitude towards online shopping, perceived customer service, quality, and price fairness may also determine the prospects' intention to buy or not. Amid Covid-19, many traditional stores adopted digital platforms to reach and serve customers. In this context, this study aimed to examine how the attitude towards online shopping, prospects' perception of customer service of online stores, quality perception, and price fairness perception affect purchase intention. This study used the Ordinary Least Square model to examine the effect of independent variables on the dependent variable. 3 presents the Correlation between the variables attitude, perceived customer service, quality, price fairness, and purchase intention of the respondents. The correlation test revealed significant positive correlations between the stated variables. The study employed a survey method to collect data from 425 respondents, using a structured-self administered questionnaire. The collected data were coded, entered, and analyzed in Statistical Package for Social Science (25). The result of the study indicated a significant positive impact of attitude, perceived customer service, quality perception, and price fairness perception on purchase intention. The contribution of this study highlights the positive impact of the stated variables on the purchase intention of the prospects in the Nepalese social context. This information may be helpful for online stores to improve their marketing performance.

Keywords: attitude, perceived customer service, quality, price fairness, online shopping, Covid-19

Introduction

Background of the Study

Since Nepal adopted a liberal economic policy, information communication technology has steadily grown in coverage and quality. As a result, communication costs, access to information, and connectivity have improved drastically. Few corporate houses were exploiting the opportunity using information communication technology. Although many small-sized enterprises were preparing to adapt to the technological environment, many were unprepared. The outbreak of Covid-19 in December 2019 doomed the entire humanity and the economy. Without delay, World Health Organization (WHO) declared Covid-19 a pandemic on March 11, 2020; Nepal witnessed the first positive case on January 24, 2020 (Devkota 2020). Since then, the global population has faced a series of waves of pandemics. The pandemic did not only hurt the economy but also adversely affected many other dimensions of human civilization, which are yet to unfold. To control the spread of the virus, the government issued a series of directives for the lockdown.

The lockdown was used to limit the spread rate of Covid-19. Due to the lockdown, many enterprises' everyday operations were constrained. Thus, many Nepalese enterprises were forced to market digitally. This gave rise to the number of online stores in Nepal. Most of which are executing their marketing programs on online platforms. One can find several product advertisements on social networking sites like Facebook, Instagram, and TikTok. In this background, it is necessary to research to find out the attitude of potential buyers toward online shopping and their perception of customer service, quality, and price fairness. At the same time, it is equally important to understand how attitude, perception of customer service, quality, and price fairness affect the purchase intention of potential buyers in Nepal.

Research Questions

This study was intrigued by the following research questions. The result and discussion section focus on answering the following research questions.

- a. What is the impact of the online shopping-related attitude of the prospects on their purchase intention from online stores in Nepal?
- b. To investigate the impact of prospects' customer service perception on their purchase intention from online stores in Nepal?
- c. To determine the impact of online products' perceived quality on their purchase intention from online stores in Nepal?
- d. To examine the effect of Price fairness on their purchase intention from online stores in Nepal?

Research Objectives

This study is carried out to accomplish the following research objectives.

- e. To examine the impact of the online shopping-related attitude of the prospects on their purchase intention from online stores.
- f. To investigate the impact of prospects' customer service perception on their purchase intention from online stores in Nepal.
- g. To find out the impact of online products' perceived quality on the purchase intention of prospects from online stores in Nepal.
- h. To examine the effect of Price fairness on the purchase intention of prospects from online stores in Nepal.

Hypothesis

This study hypothesizes the following multiple regression model

$$PI = \alpha + \beta_1 A + \beta_2 PCS + \beta_3 PQ + \beta_4 PP + U_i$$

Where PI= Purchase Intention, A= attitude toward online shopping, PCS= Perceived Customer Service, PQ= Perceived Quality, PP= Price fairness, and U_i = Error terms

Significance of the Study

The rationale of the study are:

- a. It is vital to understand the complex interconnection between the online shopping-related attitude of the prospects and their purchase intention from online stores. Those who have been offering the products through the online platform may take the necessary initiation to foster a positive attitude and strengthen the online purchase intention of the prospects.
- b. One of the objectives of business houses is to improve their sales. Decision-makers must understand how does purchase intention and perceived customer service are related. Literature provides substantial evidence of the impact of purchase intention on purchase behavior. Thus, it is necessary to understand the impact of perceived customer service on purchase intention. Understanding the effect would help the decision-makers enhance prospects' purchase intention and subsequent purchase decisions.
- c. It is necessary to determine how prospects perceive the quality of online products. Such understanding helps the marketers to manage their marketing mixes on the one hand; on the other hand, policymakers will also be benefited from such information. For instance, if the majority of the prospects consider the products sold online as inferior products, the regulatory bodies and policymakers can formulate required policies so that the quality image of the product will be enhanced so that the purchase intention of the prospects can result in a purchase decision.

- d. It is essential to understand how most prospects perceive the price charged by online stores in the market. Prospects perceived fairness of the price affects their purchase intention.

Limitations of the Study

This study examined the impact of variables like attitude, perceived customer service, quality, and price fairness on the purchase intention of online stores in Nepal. Other variables like the convenience of access to online stores, user-friendliness of the website, consumers' ability to use the service of online stores, and mode of payment (payment on delivery or payment before the delivery) may also affect the prospects' online purchase intention. However, these variables were excluded from this study.

Review of Literature

Fishbein and Ajzen (1980) and Davis (1989) defined attitude as a negative or positive evaluation of behavior. Further, Triandis (1979) adds that feelings of joy, pleasure, happiness, disgust, dislike, or hatred towards a given behavior are known as attitudes. Different scholars' proposed theoretical frameworks provide sufficient evidence of attitude's effect on the intention to behave. Established behavioral theories like the Planned Behaviour Theory of Ajzen (1985) or Triandis model (1979) specify attitude as a determining variable of behavioral intention. The relationship between attitude and intention to behave has been observed in different studies. Zarrad and Debabi (2012) asserted that consumers form a positive intention of using the internet to fulfill a transaction with positive attitudes towards using the internet.

Dodds et al. (1991) and Zeithaml (1988) stated that different researches had been carried out on consumer perception of quality, which is a critical factor in consumer behavior, and they reported that the quality perception is closely related to behavioral intention. Zeithaml (1988) defined quality as a broad sense of superiority of a product or service. Perceived quality is consumers' judgment about products' excellence or superiority (Zeithaml 1988). Product superiority is the totality of features and characteristics of a product or service that can satisfy stated or implied needs (Kotler et al., 2002).

The prospects' perception of fairness of the price the marketers charge can affect their purchase intention. Xia et al. (2004) defined Price fairness as a consumer's evaluation and associated sentiments of whether the difference between a marketer's price and the price of a comparative other party is acceptable, reasonable, or justifiable. The prospects exposed to different marketing programs may collect different information related to prices. When the prospects compare the prices of offerings from different marketers, they compare and evaluate different sellers' prices. Such comparison helps the prospects to form a perception regarding price fairness.

Kannan and Kopalle (2001) and Suter and Hardesty (2005) reported that the perception of price fairness leads to consumer satisfaction, committing to the exchange relationship, and

spreading positive word of mouth; whereas; the perception of price unfairness leads to dissatisfaction and engage in different activities that harm the reputation or trust of sellers. Kahneman et al. (1986a) stated that consumers' perception of price fairness had been known to affect their reactions toward sellers significantly.

Moreover, previous studies have found that price fairness perception directly affects consumers' purchase intention (Kahneman et al., 1986a). Maxwell (2002) found that the negative perception of price fairness negatively affected the consumers' shopping intention. Kahneman et al. (1986b) showed that the perception of price fairness determines consumers' purchase intention. Referring to the past findings of other studies, this study anticipates the results consistent with the previous results. At the same time, a very few studies have been conducted to assess the impact of perceived price fairness on purchase intention in the Nepalese socio-cultural context,

Research Methods and Materials

This mini-research is quantitative in nature. Primary data was collected from 425 respondents who are potential buyers from online stores (in this study, the potential buyers are connoted as prospects) using a structured questionnaire. The questionnaire was self-administered by the respondents. The questionnaire was divided into two sections: the demographic section and the other section containing the Likert items. This study measured five dimensions: attitude toward online shopping, perceived customer service, quality, price, and purchase intention. This study used 4 Likert items ranging from 1= Strongly Disagree to 6 = Strongly Agree to measure each construct. The collected data were coded, entered, and analyzed in the Statistical Package for the Social Science (25). A correlation test was applied to examine the relationship between the variables, and a multiple regression analysis was carried out to measure the impact of independent variables (attitude, perceived customer service, quality, and price) on the dependent variable (purchase intention). Both descriptive and inferential statistics were applied in this study.

Results and Discussion

Table 1

Reliability Statistics For Scales Used

Scale	Cronbach's Alpha	No. of Items	Min.	Max.	Mean
Overall	0.901	20	39	115.00	74.75
Attitude	0.730	4	24	17.63	3.99
Customer Service	0.724	4	24	15.00	4.33
Perceived Quality	0.849	4	24	13.85	4.78
Price fairness	0.613	4	21	12.80	3.53
Purchase Intention	0.770	4	22	12.39	3.52

Table 1 presents the reliability statistics of the instrument used in this study. The study used a structured questionnaire containing 20 Likert items. The inter-item consistency test revealed excellent reliability of the test. The Cronbach's Alpha value of 20 Likert items is .901, highly reliable. Similarly, for each construct, 4 Likert items were used. The reliability score, i.e., Cronbach's alpha values for the constructs attitude, perceived customer service, quality, price fairness, and purchase intention, were above 0.6, which is acceptable (Hulin et al., 2001).

Table 2*Demographic Profile of the Respondents*

Variables	Groups	Frequency	Percent
Gender	Female	229	53.90%
	Male	196	46.10%
Qualification	Bachelor and above	327	76.90%
	Below Bachelors	98	23.10%
Financial Dependence	Financially Independent	106	25.00%
	Financially Dependent	319	75.00%
Total		425	100%

Table 2 present the demographic variables of the study. The table shows that out of 425 total respondents, 53.9 percent were males, and the rest were females. Similarly, the educational qualification of the respondents exhibited that out of 425 respondents, 76.9 percent had either completed a bachelor's degree or were pursuing a bachelor's degree, and the rest of the respondents' educational qualification was below a bachelor's degree. Furthermore, the study found that most of the respondents were financially dependent.

Table 3*Correlations Matrix N=425*

Variables	Attitude	Customer Service	Perceived Quality	Perceived Price	Purchase Intention
Attitude	1				
Customer Service	.484**	1			
Perceived Quality	.610**	.656**	1		
Price fairness	.261**	.464**	.469**	1	
Purchase Intention	.430**	.453**	.557**	.456**	1

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

Table 3 presents the Correlation between the variables attitude, perceived customer service, quality, price fairness, and purchase intention of the respondents. The correlation test revealed significant positive correlations between the stated variables. The result suggests that if

the marketers intend to strengthen the purchase intention and eventually improve sales, it is imperative to manage marketing mixes of the stores so that a positive attitude towards online shopping, perceived customer service, quality, and price fairness can be fostered.

Table 4

Multiple Regression Equation of Purchase Intention on all Predictor Variables

Variables	Unstandardized Coefficients	t	Sig.	VIF
Intercept (α)	3.069**	4.213	0.000	-
Attitude	0.127**	2.933	0.004	1.633
Perceived Customer Service	0.054	1.259	0.209	1.9
Perceived Quality	0.23**	5.3	0.000	2.331
Price fairness	0.24**	5.351	0.000	1.364
F-Statistics	63.27	R ²	.376	-
P-Value	0.000	W.B-Test	1.432	-

Note. **p<0.01, *p<.05.

D.B-Test = Durbin Watson Test

Table 4 shows the regression analysis results of the regressand variable, i.e., purchase intention, regressors viz., attitude, perceived customer service, quality, and price fairness. The multiple regression results indicated that the attitude toward online shopping, perceived customer service, quality, and price fairness have a significant positive impact on the purchase intention of prospects. The value of R-squared in this proposed regression model was found to be .376, and the proposed model was also found to be highly significant. Further, the Variance Inflation Factor (VIF) of all the variables is less than 3. The regression coefficient results indicated no sufficient evidence to support the null hypothesis. Therefore, it can be concluded that there is a significant positive impact of attitude, perceived customer service, quality, and price fairness on the purchase intention of online stores in Nepal. The findings of the study are consistent with the results of other researchers. For instance, the proposed theoretical framework known as "Planned Behaviour Theory" by Ajzen (1985) and the proposition of the Triandis model (1979) is supported by the results of this study. Ajzen (1985) and Triandis (1979) opined that attitude is a determining variable of purchase intention. Similarly, the findings of this study are also in line with the results of the study conducted by Zarrad and Debabi (2012).

Dodds et al. (1991) and Zeithaml (1988) found that consumer perception of quality is a critical factor in determining consumer behavior; this study's finding is also consistent with the results of the study conducted by Dodds et al. (1991) and Zeithaml (1988). Likewise, the study revealed a significant positive impact of perceived price fairness on purchase intention. The result of the study is supported by the studies conducted by Kannan and Kopalle (2001) and Suter and Hardesty (2005).

Conclusion

This study used the Ordinary Least Squared Regression Model to examine the impact of Independent variables (prospects' attitudes towards online shopping, perceived customer service, quality, and price fairness) on the dependent variable (purchase intention) from online stores in Nepal. The regression test indicated a significant positive impact of the independent variables on the dependent variable. However, this study has certain limitations. First, the study excluded the other possible variables affecting purchase intention. Second, the study was conducted during the period of the Covid-19 pandemic, the period when the economy was (and still is) adversely affected and struggling to regain its momentum. If the study had been conducted in a normal economic and technological environment, the result might have been different from the results of this study.

Implications

The marketers must manage their marketing mixes to make the prospects' attitude towards online shopping positive. Similarly, marketers, e-commerce regulatory bodies, and policymakers must identify ways to change the negative attitude (if any) towards online shopping.

Based on the results (i.e., a significant positive impact of perceived customer service, quality, and price fairness on purchase intention), it is imperative to the marketing decision-makers to periodically assess how people perceive the customer service, quality of the product sold online, and perception of price fairness so that the prospects purchase intention can be strengthened and altered to purchase decision.

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