

Determinants of consumer buying behavior towards Nepali products

Dr. Suman Kumar Regmi
manaregmi@gmail.com

Abstract

This study has objected to locate the determinants affecting consumer buying behavior towards Nepalese industrial products in Nepal. Consumer Buying behavior is dependent variable and price fairness, accessibility, opinions, and status are the independents variables. The primary as well as secondary sources of data is used to reach the opinions of the respondents regarding price, availability, opinions, and position in Nepal. This study is based on respondents from particular area from Kathmandu Valley. To achieve the purpose of the study, structured questionnaires had been prepared. This study shows that price fairness is positively correlated to consumer buying behavior. It signifies the fair prices on Nepalese products leads to increase in consumer buying behavior. It indicates that higher the availability of Nepalese products, higher would be the consumer buying behavior. In addition to this, the study shows that status is positively related to consumer buying behavior. It indicates that an individual may have a very favorable decision toward purchasing Nepalese industrial products, if he/she believes that buying those products helps them to enhance their status to the society. The results also show that coefficients are positive for price fairness, availability, opinions, and prestige with consumer buying behavior. However, the coefficients are significant only for availability, opinions and prestige at 5 percent level of significance.

Keywords: price fairness, availability, opinion, status, and consumer behavior.

Introduction

Consumer behavior refers to the mental and emotional factors and observable behavior of consumers at the time of searching, purchasing, and post-consumption of a product or service. Consumer behavior involves study of how customers buy, what they buy, when they buy, and why they buy. It blends the elements from psychology, sociology, socio-psychology, anthropology and economics (Bhattacharya & Sen, 2003). Although a consumer's perception of a product or service is at least partially based on his actual experience with the good, a literature recommends that a consumer's view of a product is also conditioned by a variety of others.

Customer purchasing intention is defined as the probability of intention to purchase or willingness to obtain a good or service in the future. There are different ideas about whether product being promoted as hand-made would affect positively on customer purchasing intentions. With the changes of customers' needs and perceptions, the consumer market is evolving simultaneously conducted by customer-orientation and consequently design processes are much focused on the diversity and cultural features of product specification.

Buying is getting something in return for payment. Buyers' behavior refers to the behaviors that consumers display in searching in formations for purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs (Awale, 2017). In the context of Nepal, companies/firms are increasingly attempting to offer customers an experience of availability range, affordable cost, shopping conveniences, and ambience (Kapoor & Kulshrestha, 2009).

The government should support the sector by introducing each incentive to producers and exporters. However, it is argued that due to the lack of interest in people to learn the skills and if the pattern continues for five or six years, then it will be hard to sustain this sector in Nepal. It is revealed that there is no consistency in the findings of various studies concerning factors affecting consumer buying behavior (Kapoor & Kulshrestha, 2009) Therefore, this study has been conducted to study the determinants affecting consumer buying behavior towards Nepalese products in Nepal specially Kathmandu Valley. More specifically, it analyses the impact of price fairness, availability, opinions and status on consumer buying behaviors towards Nepalese industrial products in Kathmandu valley. Customer satisfaction, service quality and loyalty are most important factors in global economic turn for retention, profitability and productivity of the business as a whole (Regmi, 2019).

The remainder of this paper is managed as follows: section two mentions the methodology and model, section three presents the summary and results and final section covers conclusion and findings.

Study methods

The study is based on the primary data as well as secondary data which were gathered form 107 respondents from the customers in Kathmandu Valley. The selected area of respondents population has been taken as sample. The respondents are taken as sampling number. The 107 respondents have been chosen among the respondents to whom the questionnaires have been distributed. The respondents' views were collected on demographic variables, influences of prices, opinion, appearances, availability, status and consumer buying behavior towards Nepalese products in Kathmandu Valley. The descriptive research design has been followed.

Model

The model estimated in this study assumes that consumer buying behavior depends on price fairness, opinion, availability, and status. Therefore, the model takes the following form:

$$CB = a_0 + a_1P + a_2A + a_3O + a_4S + e$$

Where,

CB=Consumer buying behavior

P=Price fairness

O=Opinion

A=Availability

S=Status

There is the difficulty of creating a coherent offering customers will buy bundled industrial products and services only if it is evident to them that they are getting more value from the bundle than they had get if they bought the components separately. But many vendors approach the problems inside out, slapping products together in ways that make life easier for the vendors rather than the customers (Ford, 2008).

Consumer behavior was measured using a 5-item scale. Respondents were asked to indicate the responses on the 5-point Likert scale where 1 is for strongly agree and 5 for strongly disagree. Sample items include " I would buy Nepalese products even if the price is set lowered" , " I buy Nepalese products because I think Nepalese products look most genuine than those produced in Nepalese factories and so on.

Price fairness was measured by applying a 5-item scale. Respondents were asked to indicate the responses on the 5-point Likert scale where 1 is for strongly agree and 5 for strongly disagree. Sample includes " does the price affect your perception towards Nepalese products", " I think that high price means good quality" and so on.

Availability was measured by using a 5-item scale. Respondents were asked to indicate the responses on the 5-point Likert scale where 1 is for strongly agree and 5 for strongly disagree. Sample includes " I think that payment channels impact behavior of customers to buy the Nepalese products", " I buy the product that are charged with the same price across boundaries" and so on.

Opinion was measured by using a 5-item scale. Respondents were asked to indicate the responses on the 5-point Likert scale where 1 is for strongly agree and 5 for strongly disagree. Sample includes "It is important that other people like the Nepalese industrial products 1 buy ", " my friends and families opinions are important when I purchase Nepalese products" and on,

Status was measured by using a 5-item scale. Respondents were asked to indicate the responses on the 5-point Likert scale where 1 is for strongly agree that 5 for strongly disagree. Sample includes " although it is more expensive 1 buy Nepalese products to show my status to others", I buy Nepalese products because I prefer to have luxurious item at home", " I buy Nepalese products to fulfill my sideline or interest " and so on.

The following section describes the independent variable used in this study.

Price fairness

Due to potentially unexpected effects of price on consumers, it is important to set the right price from the start. The relationship between price and quality was relatively weak for most of the Nepalese products. Determination of price, the another major activity related to the target marketing, entails the use of discounts and long term pricing goals, as well as the consideration of demographic and geographic influences. The price of a product or service generally must at least meet some minimum level that will cover a company's cost of producing and delivering its offering. Also a firm would logically price a product at the level that would maximize profits. The price that a company selects for the products, however, will vary according to its long term marketing strategy (Regmi, 2012). Similarly, it is found that price is important for consumer buying behavior.

A single set of prices would not suit all markets. There are various reasons which might make prices different for different markets, viz, political influence, buying capacity, financial and import facilities and total market turnover. Therefore, prices will often have to be different for each market in order to make the local price of the products competitive. Penetration pricing may be necessary for establishing one's product at the market, especially if the quality of the product has to be proved before its wide acceptance (Varshney & Bhattacharya, 1992).

Based on it, this study has developed the following hypothesis:

H1: There is a positive relationship between price fairness and consumer buying behavior.

Availability

The location of the retail outlet affects consumer behavior. Marketers have used lack of products availability such as through strategically planned shortages designed to observe the perception of more demand to incentivize the consumer's purchase before somebody else does. This strategy considers lack of product availability to be an effective view to enhance the likelihood of buying, only if consumers grasped such product lacking to reflex positively on the product.

Numerous determinant factors into the final choice of a product and its presentation. A completely new product, for example, will entail much higher promotional costs to raise consumer awareness, whereas a product that is simply an improved version of an existing item likely will make use of its predecessor's image (Regmi, 2012). Product obtainability has traditionally been believed to enhance involvement levels and accordingly Purchase intention.

Based on it, this study develops the following hypothesis:

H2: There is a positive relationship between availability and consumers buying behavior.

Opinion

Social group can have effects on individual behavior. Their thoughts or information regarding any specific products or services can influence customer decision. Parents and peers have a significant impact on purchase behavior. Individuals' normative belief can be created by their adjoining and important referent groups like their parents and friends. In fact, due to the social pressure from those referent groups, normative beliefs are created in individual's mind.

The consumer faces numerous sources of influence. Often, we take cultural influences for granted, but they are significant. A Nepalese will usually not bargain with a store owner. This, however, is a common practice in much of the place. Physical factors also influence our behavior (Regmi ,2012).

Based on it, this study develops the following hypothesis:

H3: There is a positive relationship between opinion and consumers buying behavior.

Status

Foreign buyers want to know more about the specific features and composition of the Nepalese products when they buy any Nepalese industrial products. So, when it is considered that a person has available resources then based on above belief it can be assumed that a person may have a very favorable decision toward purchasing Nepalese items. If any body believes that buying those dear Nepalese products helps them to enhance their credit in their society. Status is a subjective measurable means of social class, degree of respect, honor and social recognition associated with the individual by his/her people near to them.

Individual members of families often serve different roles in decisions that ultimately draw on shared family resources. Some individuals are information gatherers/holders, who seek out information about products or services. These individuals often have a great deal of power because they may selectively pass on information that favors their chosen alternatives. Influencers do not ultimately have the power decide between alternatives, but they may make their wishes known by asking for specific products or causing embarrassing situations if their demands are not met (Regmi, 2012).

Based on it, this study develops the following hypothesis:

H4: There is a positive relationship between status and consumer buying behavior.

Summary and result

Correlation analysis

On the analysis of data, correlation analysis has been undertaken first and for his objective. Pearson's correlation coefficients along-with mean and standard deviations have been computed and the results are presented in Table 1.

Table 1: Pearson's correlation matrix

	Mean	Std.	P	A	O	S	CB
P	2.130	0.653	1				
A	2.218	0.656	.435**	1			
O	2.443	0.643	.494**	.429**	1		
S	2.497	0.720	.340**	.428**	.556**	1	
CB	2.285	0.701	.442**	.517**	.536**	.538**	1

Note: the asterisk signs (**) and (*) indicate that the coefficients are significant at 1 percent and 5 percent levels, respectively.

Table 1 shows the Pearson's correlation between dependent and independent variables. CB (Consumer behavior) is the dependent variable and P (Price fairness), A (Availability), O (Opinion), and S (Status) are the independent variables.

This study shows that price fairness is positively correlated to consumer buying behavior. It shows that fair prices on Nepalese industrial products focuses on to increase in consumer buying behavior. This outcome also shows that availability is positively correlated to consumer behavior buying. It shows that the higher the availability of Nepalese industrial products, higher would be the consumer buying behavior.

In same manner, this study shows that opinion is positively related to consumer buying behavior. It shows that better the opinions towards Nepalese industrial products by colleagues and family, higher would be the consumer buying behavior. In accumulation to this, the study shows that status is positively related to consumer buying buyer behavior. It indicates that a person may have a very supporting decision towards purchasing Nepalese items.

Customer satisfaction as a measure of how products and services supplied by a company meet or surpass customer expectation held prior to the purchase (Rahim et al, 2012).

If anybody believes that buying those products helps them to enhance their goodwill in the society.

Regression analysis

Being indicated in the correlation coefficients, the regression analysis has been performed and the outcome are presented in Table 2. More specifically, it presents the regression outcome of price fairness, availability, opinion, and status on consumer buying behavior.

Table 2 shows that the coefficients for price fairness are positive with consumer buying behavior. It shows that price fairness has positive impact on consumer behavior. Likely, the result reveals that the coefficients for availability are positive with consumer buying behavior. It shows that availability has a positive impact on consumer buying behavior.

In the same manner, the outcome shows that coefficients for opinion are positive with consumer buying behavior. It shows that opinion has a positive impact on consumer buying behavior. Similarly, the outcome shows that the coefficients for status are positive with consumer buying behavior. It shows that status has a positive impact on consumer buying behavior.

Table 2: Regression results price, availability, opinion, and status on consumer buying behavior

SN	Intercept	β of P	β of A	β of OP	β of ST	Adj R_ SEE bar2	F-value
1.	1.273 (6.083)	0.475 (5.055)**				0.188	0.632
2.	1.061 (5.137)		0.552 (6.181)**			0.26	0.603
3.	0.859 (3.786)			0.584 (6.498)**		0.28	0.595
4.	0.976 (4.687)**				0.524 (6.545)**	0.283	0.5941
5.	0.723 (3.164)**	0.288 (3.003)**	0.427 (4.469)**			0.312	0.581
6.	0.337 (1.397)	0.154 (1.566)	0.334 (3.550)*	0.419 (4.528)**		0.384	0.550
7.	0.163 (.677)	0.148 (.138)	0.269 (2.879)**	0.231 (2.178)**	0.259 (2.905)**	0.426	0.531
8.	0.428 (1.815)		0.375 (4.136)**	0.419 (4.528)**		0.376	0.554
9.	0.527 (.025)			0.373 (3.655)**	0.339 (3.721)**	0.359	0.561
10.	0.548 (2.363)*	0.315 (3.53)**			0.427 (5.28)**	0.354	0.564

Note: the asterisk signs (**) and (*) indicate that the results are significant at 1 percent and 5 percent levels, respectively. The Table 2 shows the Pearson's correlation coefficients between dependent and independent. CB (consumer behavior) is the dependent behavior, and P (Prices fairness), A (Availability), O (Opinion), and S (Status) are the independent variables.

Conclusion and findings

This study observes the factors influencing buying behavior towards Nepalese industrial products in Kathmandu Valley. This study covers 107 respondents. Out of 107 respondents, some reasonable respondents figures have been taken as sample. To obtain the objective of the study, structured questionnaires were prepared. The main source of data was used to access the opinions of the respondents regarding price, availability opinions, and status in Kathmandu Valley. The study revealed that there is a positive relationship between price fairness and consumer buying decisions towards Nepalese products. It has indicated that higher the price fairness, higher would be the consumers' intention to buy Nepalese products. The availability is very important for the consumer while buying Nepalese products. The study also has revealed that there is a highly

positive relationship between status and consumer buying decisions towards Nepalese industrial products. The respondent feel that Nepalese industrial product shows their status high. The outcome shows that among the four factors, status has the highest relation with the purchase decisions towards Nepalese industrial products followed by opinion of friends and relatives towards Nepalese products, availability, and price fairness.

The results show that coefficients are positive for price fairness, availability, opinions, and status with consumer buying behavior. However, the coefficient are significant only for availability, opinions, and status at 5 percent level of significance.

References

- Awale, S. (2017). *Services marketing in Nepalese perspective* (4th Edition). Kathmandu: Buddha Publications.
- Bhattacharya, C. B., & Sen, S. (2003). Consumer-company identification: A framework for understanding consumer's relationships with companies. *Journal of Marketing*, 4(16),76-78.
- Ford H. (2008). Cross selling or cross purposes? , Keeping strategy on track. *Harvard Business Review Case Studies*. Boston Massachusetts: HB School Publishing Corporation.
- Rahim, A. G., Ignatius, I. U., & Adeoti, O. E. (2012). Is customer satisfaction an indicator of customer loyalty?. *Australian Journal of Business and Management Research*, 2(1),14-28
- Kapoor, A., & Kulshrestha, C. (2009). Consumer's perceptions: An analytical study of influence of consumer emotions and response. *Direct Marketing: An International Journal*, 3(3), 186-202.
- Regmi, S. K. (2012). *Marketing: Fundamentals and management*. Author.
- Regmi, S. K. (2019). Service quality and its importance in retail marketing. *Nepalese Journal of Business*, 6(4). Kathmandu: UGC.