Gauging impact of Factors which increase the preference of Online Sales: Evidence from the market of Karachi

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Abstract- It has been observed that online sale’s is the factor which is used by companies in order to optimize their sales and profitability. As the technique provides convenience to customers therefore it has also been considered and preferred by customers all over the world. In fact businessmen in Pakistan is also preferring online sales and use of E-Commerce and more than 100 websites are available for online sales and purchase but there are some factors which needs to be considered and optimized in order to increase the use of online method for purchase. Because customers who are involved in these activities are also gained a level of maturity and want something new and more effective from the vendors as the point of difference of their company and competing companies therefore researches from different authors has been examined and through these it has been concluded that there are various variables which are creating impact on online sales and after using structural equation modeling through AMOS it has been found that all the variables included in the research model are significant in creating impact on online sales except variety of products available on the website.

Index Terms- Online Sales, Convenience, Perceived Price, Customer Characteristics, Variety, Customization, Information Availability, Website Factors, Trust, Perceived Risk,

I. INTRODUCTION

Internet is treated as the mother of E-Commerce due to which are using this new form of commerce for conducting trade in easy and unique form. Because of this we are able to circulate required level of capital, information and merchandise more effectively and efficiently. Moreover it is also act as the base of competitive edge as company using E-Commerce will have the edge over the competitors as it reduces the cost of operations for the company which is using it for the transfer of its requirements from one place to another. (Qureshi., Fatima. & Sarwar., 2014) While it is also indicated by the research that in upcoming times E-Commerce will be the necessary part of each and every activity of human society like education, government, production and employment etc. (Qin., Shunding., Yi., Jichun., Lixiang. & Jun., 2009) As the use of internet is not only providing companies a solid platform for marketing but also helps consumers in making desired and appropriate decision. (Clemes., Gan. & Zhang. 2014) While the another advantage of the use of E-Commerce is that it creates paperless working for companies which are interested in exchange of information with consumers, businesses and countries with the help of internet applications. (Bajaj. & Nag., 2005)

Most common examples of Online sales is of Dell Computers which are involved in selling desktop PC’s, Printers and Scanners to individual as well as corporate customers. When company purchases any product from the other company via use of online medium then it is termed as “Business to Business Online Shopping” While Cisco is the another example in this regards which provides hardware as well as software solution to other business via use of online medium. While in consumer to consumer online shopping there is a role of website controlled and managed by third party who facilitates the business and charges its commission. While most common example of these type of business are E-Bay etc (Qureshi., Fatima. & Sarwar., 2014)

While the idea of online shopping first came into existence before the processing of real time transaction from domestic television on worldwide web, the technology through which the local television was became able to do so is known as “Videotext” and it was invented by M. Aldrich in the year 1979. Amazon was the one which takes advantage of this innovation and expanded its business in the year 1995 while E-Bay started its business in the year 1996. (Qureshi., Fatima. & Sarwar., 2014) Research indicates that there are more than 100 websites are available in Pakistan through which companies are conducting online business while it has been also observed that these type of business are experiencing massive growth since last two to three years and if continue flourishing in the same pattern then E-Commerce will also continue to flourish in the country. (Chaudary., Nisar. & Rehman., 2014)

II. STATEMENT OF PROBLEM

It is indicated through research that more than 20% population of the world is already engaged in using internet for their the purchase of their requirements (Taylor., 2002) and due to this E-Commerce is transforming as the major activity to conduct business. (Jenyo. & Soyoye., 2015) Research of year 2008 emphasizes that company must try to capture new opportunities created by the use of latest technology otherwise the business will be forced towards the decline phase. (Schroen. & Tang., 2008) While the other research indicated that connectivity level through applying internet has been increased in developed as well as in developing countries. (Armesh., Salarrzehi. & Yaghoobi., 2010) and this extra ordinary increase in the use & access of internet is also one of the most critical factor in the increase of Electronic commerce which is based not only upon buying and selling products but it is also linked with the sharing of information between organization and its customer. (Laudon. & Traver., 2001) But due to
continuous involvement in online activities, customers who are involved in online business also become mature and due to this online sellers realizes that there is a urgent requirement of professional approach which must also be a customer oriented in nature. (Jenyo. & Soyoye., 2015)

As the use of internet is a common element since 1990’s but still there are several research work which indicates that empirically as well as subjectively that still there are several online firms who are not completely aware of the behavior of online customers. (Lee., 2002) On the other hand researches which tried to evaluate the impact of factors influencing online shopping in Pakistan indicated that it according to the expectations of researchers E-Commerce will change the way through which we are doing business currently more over it will also affect most of human activities in coming future. (Qureshi., Fatime. & Sarwar., 2014) But the other research of the same year influenced upon the fact that all the traced out almost all the important factors which are creating on the acceptance of E-Commerce but there is a need to conceptualize the fact that whether these factors are applicable in the territories of Pakistan? (Chaudary., Nisar. & Rehman., 2014) & after statistical testing it has been proved that three variables out of seven main variables are producing significant impact while the other four are not producing the same. Moreover the researches which examined the impact of online shopping in the territories of Pakistan as mentioned above were conducted by taking reference to population of Lahore city and Punjab Province, and according to the gap sample is only collected from largest city like Karachi could change the findings of the research. (Qureshi., Fatima. & Sarwar., 2014 & Chaudary., Nisar. & Rehman., 2014) Therefore there is a need of systematic research in the most populated and business oriented city of Pakistan i.e. Karachi in order to explore the factors which are responsible for the acceptance of online shopping

III. RESEARCH QUESTION
“What are those factors which are responsible for the success of Online shopping in Karachi city?”

IV. RESEARCH OBJECTIVES
Objectives of this systematic research are listed below:

a. To check the impact of convenience on the acceptance of online shopping
b. To view the affect of perceived price on the acceptance of online shopping
c. To judge the resultant of customer characteristic on the acceptance of online shopping
d. To see the viewpoint of variety on the acceptance of online shopping
e. To estimate the outcome of customization on the acceptance of online shopping
f. To view the end point of information availability on the acceptance of online shopping
g. To check the output of website factors on the acceptance of online shopping
h. To determine the answer of trust on the acceptance of online shopping
i. To estimate the force generated by perceived risk on the acceptance of online shopping

Developing the research model: Research of Chaudary, Nisar, and Rehman 2014 published in Lahore Journal of Business in the year 2014 indicated that there are six independent variables and on mediating variable which is affecting the impact of these six independent variables on acceptance of Online Sales but when we consider the research paper of Qureshi., Fatima & Sarwar which was published in the Science International Journal of Lahore we came to know that three other independent variables which are creating impact on the acceptance of online. Therefore in the developed model of Factors Affecting Online Sales we have used Nine Independent Variables and one Mediating Variable.

V. RESEARCH MODEL
Research Model highlighting the relationship of the research variable is as under:
Literature Review: Review of literature in order to highlight the relationship of related variables is as under:

Convenience: It is elaborated as the element which saves customers time and efforts during their shopping experience. (Clemes., Gan. & Zhang., 2014) While for online shopping it is treated as the most impactful factor which forces customer to purchase from their home. (Darian., 1987) Researcher indicated that intentions to purchase online or from home increase its velocity due to this factor. (Swiley. & Goldsmith., 2013) The major purpose of motivation is the removal of time constraints related with shopping as well as inclusion of liberty to stay at home during purchase. (To., Lio. & Lin., 2007)

Research work figured out five type of motivation which are major purpose for purchasing online say for example ability to save physical efforts during the shopping experience, liberty to save time associated with the shopping, saving vexation, induction of flexible timing in the shopping procedure, addition of liberty to purchase impulsively and subtraction of elements which can cause discomfort or ambiguity in shopping procedure. (Li., Kuo. & Russel., 1999) While research also identified that customers who shop online are more convenience-oriented rather than experience. (Eggert., 2006)

Research also indicated various reasons due to which consumers choose the online channel includes: 24-hour shopping convenience; the ease to compare prices; free shipping offers; no crowds like in mall/traditional stores; more convenient to shop online; easier to find items online than in stores; better variety online; no sales tax; direct shipping to gift recipients and the ease to compare products. Others are trusted seller status; No tax; online coupon availability; Return policy and Customer loyalty/rewards program. (Janiyo. & Kolapo., 2015)
Perceived Price: Cost sensitive customers are always attracted by availability of products in lesser price levels. While relating this with the online purchase we can state that suitable levels of price associated with company’s offerings forces customer to purchase online. (Childers., Carr., Peek & Carson., 2001) Moreover it is also treated as the factor which can not only influence the customer’s level of retention and results in utter of positive word of mouth but also enhance the attraction as well as hitting rate of the web site in comparison to the others. (Santos., 2003) This is also supported by the research work of 2003 and 2014 as research indicated that choice of customer is dependent upon perceived level of price associated with the specific website. (Chaqing. & Dholakia., 2003) As those who believes in shopping online never feel reluctant in comparing price level of products through visiting different websites as this will help customers in taking optimal decision. (Clemes., Gan. & Zhang., 2014)

In recent times there are various options available to customers in form of websites to obtain related information which will make them assure related with price level associated with particular product(s), while this obtained level of price affect the purchase behavior as the customers of online purchase category relate this directly with the utility which they will have through the use of the available item(s) As customers are not supposed to remember the actual price of the product and hence availability of selling prices on websites make it easy for them to remember these in a meaningful way. (Kim., Xu. & Gupta 2012)

Customer Characteristics: It has been indicated through the help of research that there is an association of demographic profile of customers and their online shopping behavior. (Qureshi., Fatima. & Sarwar., 2014) Research indicated that attitude of customer towards the online shopping can be determined by the demographic profile. Research further indicates that gender, awareness, knowledge, socio economic status & living environment all affect customers attitude towards online shopping and we must take into account all of these demographic variables as those which are the creating force towards online purchase. (Sultan. & Henrichs., 2000, & Qureshi, Fatima. & Sarwar., 2014)

Furthermore research also elaborated the meaning of customer’s attitude towards online shopping and indicated that this can elaborated easily as the extent of positive or negative feeling of customer associated with the purchase through internet. (Schlooser., 2003 & Chiu., Lin & Tang., 2005) While the research of year 2005 indicated that gender and house hold income are the factors associated to the demographic profile which have positively associated with the online purchase behavior (Koyuncu. & Battacharya., 2004 & Hansen., 2005) and these finding are also supported by the research work carried out in India. (Richa, 2012)

Variety: It has been observed that online stores always provide more product variety to customers in comparison to those who are business offline. (To. Lio. & Lin., 2007 & Clemes., Gan. & Zhang., 2014) Moreover research also indicates that preference level of customer is also been positively associated with the range of product available on online store. (Sin. & Tse., 2002) As this will help in fulfilling the diverse set of needs associated with online shoppers & therefore researcher found this as one of the most important factor in customer satisfaction who prefer online shopping. (Namjae. & Sanghyuk., 2001) While the other research also supported the findings of the Namj & Sanghyuk that availability of variety in online shopping store is always beneficial for the satisfaction of online shoppers. (Choi. & Loren., 2004)

Customization: It can be defined as the system by which adaptation has been provided to customers. (Chaudary, Nisar, and Rehman 2014) Through internet we have one of the modest method to customize our shopping and being able to customize product specification according to our requirements and preferences. (To. Lio. & Lin., 2007)

Ease of use: As per the literature of prior research work, this variable is treated as the mediating variable in the research settings. (Chaudary, Nisar, and Rehman 2014) and through the review of literature of prior research work it is the limit to which one believes that he/ she will be able to work with the program or website with minimal efforts. (Davis., 1989)

Moreover it has been also indicated by the research that the probability of acceptance of any application which is perceived as easy options in comparison to the other remaining options and through linking this with concept of online purchase it has been indicated by the research of 2011 that ease of use is responsible for gathering customer attention for the longer period of time which will results in positive results for purchase. (Chaudary, Nisar, and Rehman 2014)

Information Availability: Researchers indicated that all the information associated with available merchandise, store or sales campaign etc should be covered under the head of information availability. (To. Lio. & Lin., 2007) It is also found through the review of literature of prior research work that availability of information on particular website also treated as the driver behind the effective decision making of customers. (Clemes., Gan. & Zhang., 2014)

This is also supported by the research work of 2014 and according to the research websites are treated as the storehouse of information which help customers while searching for desired information and also in making appropriate decision making in addition to this internet itself acting as a tool which provide plenty of resources which will help customer in making optimal decision. (Chaudary, Nisar, and Rehman 2014)

Research of 2002 indicated that there are two types of information which might be available to customers through websites namely a) Non-Value added Information and b) Value Added information. While the other research of the same year indicated the availability of value added information the commercially use d website is treated as the major incentive for the online customers and also treated as the major source of diversity. (Wheeler., 2002) as there are huge number of potential customers are available due to the massive use of internet (Jenyo. & Sooyoe., 2015) and through the proper use of website coupled with the use of proper value added information company’s can convert these potential customers in the real customers and can also retain them for the longer period of time through enhancing their rate of satisfaction. (Lauran. & Lin., 2003)

Website Factors: As customer demand more control and convenience therefore it is necessary for e-vendors or sellers to modify their websites in order to make customer gain easy access
to their needs, can learn about them easily and also can make their purchase decision with a minimal effort and time. (Chaffey. & Smith., 2008) These factors referring towards website design which aids customers in purchase though websites, these factor includes contents and design of website. (Chaudary, Nisar, and Rehman 2014) While research conducted in year 2000 tries to explain these two factors and according to the research content indicates all the information associated with company’s offerings available on website while design is the element which indicates the pattern in which is the formation is displayed through website. (Huizingh., 2000) While research conducted in the year 2001 mark these two factors as the fundamental element for sellers who want to structure their websites properly. (Wolfinbarger, & Gilly., 2001)

Design of website also considered as the important factor for those customer who prefer to purchase online as the poorly designed websites discourage customers intention to perform transaction online. (Chaudary, Nisar, and Rehman 2014) Research work of 2012 showed that the layout of the homepage is one of the major indicators of the customer’s satisfaction. While the availability of other important factors such as characteristics of website associated with technology, product and information along with logical support are the other important factors which are treated as predictive for customer’s satisfaction. (Belch. & Belch., 2008)

While research also investigates variables which are responsible for popularity of commercial websites and found that the most important reason for the increase in the percentage of hit rate of website is the proportion of up gradation of website during in the last three months time. While some other factors like links of website to other websites and availability of feedback section for customers are the other factors which are forcing customers to increase their percentage of visit of the specific website. (Chaffey. & Ellis-Chadwick., 2012)

Trust: Research work conducted in the year 2012 indicated that perception regarding the trustworthiness of any particular seller. (Kim., Yu. & Gupta., 2012) But for instance researcher wants to associate this definition to the context of E-Marketing therefore they defined trust in the context of E-Marketing as the extent to which buyer wants the technology of the website to be credible. (McKnight. & Chervany., 2002) Extending this concept researcher highlighted the point that perceived level of safety associated with the online transaction is the fundamental reason why some of the internet users are not interested in conducting online transactions. (Gefen. & Straub., 2003) Research also indicated that maintenance of trust especially in the business which require online transactions.

Performance Risk: Research defines this variable as the expected level of negative outcome associated with the purchase decision. (Dunn., Murphy. & Skelly., 1986) Moreover there is a larger amount of risk which is involved in doing business through E-Commerce in comparison to the traditional way of making purchase. Thus it is found appropriate to state that due to increase in the overall perceived risk the negative impact has been imposed on the attitudes towards online shopping. (Chaudary, Nisar, and Rehman 2014)

While it has been also observed by the research that there is a positive influence of sound security and privacy on the behaviors towards E-Commerce & consumer tends to shop more when they observed these two features are working appropriately. (Clemes., Gan. & Zhang., 2014)

It has been also indicated by the research the level of uncertainty associated with the decision of purchase indicates the level of risk which is perceived by the customer, and there are various types of perceived risks (Hong. & Cha., 2013 & ) which are elaborated here to make literature more complete & through with respect to the research work.

a) Performance Risk: Research conducted in 2013 indicated that there is a considerable amount of performance risk associated with the online purchase. (Hong. & Cha., 2013) As the product in online shopping is non-tangible and hence its evaluation must be done on the availability of minimal level of information. (Chaudary, Nisar, and Rehman 2014)

Prior research work also indicated that there is a natural risk linked with this type of purchase as the product cannot be examined by customer before its purchase. (Bhatnagar., Misra. & Rao., 2000) and hence might discourage some prospects from online purchase. (Chaudary, Nisar, and Rehman 2014) But some of the website adds the feasibility to their customers in form of forums for the purpose of customer interaction and through this feasibility customer can interact with each other and also can record their experience regarding products (Hong. & Cha., 2013) & as indicated by the research the customer tends to reduce product performance risk by purchasing well known brands. (Aghekyan-Simonian., Fireythe., Kwon. & Chattarman., 2012)

b) On-Line Payment Risk: This type of risk is one of the major ingredient over all level of perceived risk which are involved in online purchase, research use various survey reports in support of this argument in order to prove their statement worthy. (Hong. & Cha., 2013) As consumer feel it is insecure to use online payment method if there is a chance of leaking of their confidential information and details of financial instrument might also be exploited. (Chaudary, Nisar, and Rehman 2014)

c) Delivery Risk: The risk associated with the misplacement of purchased items as the in expertise in conducting online business might result in misplacement of products at the time to delivery. (Hong. & Cha., 2013) and consumer who feel that they are going to spend on those items which might
not reach them are reluctant to do online shopping. (Chaudary, Nisar, and Rehman 2014)

d) Privacy Risk: Shopping website asks for some sort of private information when customer tried to access them and hence raises the issue that the provided information might be used in an unethical manner, which increases the level of uncertainty at customers end and hence also raises the overall level of perceived risk. (Chaudary, Nisar, and Rehman 2014)

The Methodology of Research: The purpose of this research was descriptive in nature as the data was available through which we have gained the appropriate knowledge regarding various type of variables and their impact upon each other. As we got several researches on our topic of interest therefore by combining the research model of researches we have generated the research model which is Stochastic in nature. The type of investigation we have conducted was Co-Relational and the nature of the experiment was field experiment as we have collected the information from the customers of On-line sales as the places of their convenience. While the interference of the researcher was moderate in nature as we have used the systematic questionnaire to conduct the research.

As the data was collected once therefore the time horizon for the research was Cross Sectional in nature. While the questionnaire is made up of questions based on Likert scale as it is the most appropriate format of questionnaire which was also used by Chudary, Nisar & Rehman for the research on the topic published in Lahore Journal of Business in the year 2014 and for the analysis of data we have used AMOS which is a plug in of SPSS. The Sampling Frame was all the residents of Karachi having some knowledge of Online Sales. While Observed Population for the Research includes residents of porch areas Karachi having some knowledge of Online Sales. The Sampling Type used for the collection of data for this research was Non-Probability Sampling and the Method we used for the collection of data was “Convenience Sampling” and Sample size for the research was 350 respondents. For this purpose we have circulated 400 questionnaires among them 380 were returned and among these 30 questionnaires were rejected on the grounds of inappropriate and incomplete level of information.

As the model has one intervening variable as well as multiple independent variables therefore we use Structural Equation Modeling (SEM) which was also used as the research tool for conducting research by above mentioned researchers. Moreover the mentioned statistical technique is worthy for measuring the impact of independent variables as well as the impact of intervening variable on the relationship of the variables. As we are implementing the AMOS (A Plug-in of SPSS) in order to implement Structural Equation Modeling therefore we have to redevelop the research model through using the software and the redeveloped model is as under:

![Diagram of research model](image-url)
VI. RESULTS AND DISCUSSIONS

As we have used the AMOS as the Plug-In of SPSS therefore the model is self explanatory and explains the relationship of all the variables and indicated that for 1 unit increase in convenience the level of Acceptance of Online sales has been increased by 0.85 units, 1 unit increase in the Perceive level of price the level of Acceptance of Online sales has been increased by 0.48 units, With 1 Unit increase in the Customer Characteristics the level of Acceptance of Online sales has been increased by 0.67 units, With 1 Unit increase in the Level of Customization the level of Acceptance of Online sales has been increased by 0.38 units, With 1 Unit increase in the Information Availability the level of Acceptance of Online sales has been increased by 0.97 units, With 1 Unit increase in the Website Factors the level of Acceptance of Online sales has been increased by 0.27 units, With 1 Unit increase in the Level of Trust of customer the level of Acceptance of Online sales has been increased by 0.87 units and With 1 Unit increase in the Level of Perceived level of Risk the Acceptance of Online sales has been increased by 0.58 units.

While the remaining variable Variety is found to be insignificant and hence its $\beta$ value has not been indicated and it does not creates significant impact on the acceptance of online shopping. In addition to all this Ease of Use which is the mediating Variable with respect to the research model there is no requirement to check its impact in association with the independent variables, but there are some limitations also there which are creating hindrance to the evaluation process. Therefore we have checked its impact in association with only one independent variable that is convenience and the mediating variable in association with the mentioned independent variable manipulates the impact of it on the dependent variable as shown it enhances the impact of the IV and makes its impact up to eighty five and half this means with the presence of mediating variable convenience 1 unit increase in the convenience increases the acceptance of online banking by 85.5 units.

Area for Future Research: We have conducted this research in the areas of Karachi only and with the sample of under 400, therefore it has been suggested that research which compares the acceptance of more than one city or province will enhance the knowledge and research which inclined towards the exploration of demographic factors in this regards will be further importance in the case.

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