

HOW CONSUMER BEHAVIOR AFFECTING ONLINE SHOPPING INTENTIONS

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Abstract. Boasting a population of more than 250 million people, the 4th largest in the world and increasing in large middle class as well as youthful population, Indonesia remains a market of a immense potential for retail sectors. Indonesian government, also doing revitalise country traditional markets and make up the traditional retail sectors while also seeking to create a supportive environment for the country growing e-commerce industry. In addition into this situation traditional retail companies in Indonesia need to change their business as usual mindset to overcome fierce competition from online shops or e-commerce. This papers examines the effects of product purchase volume, usefullness of online shopping, importance of e-tailing platforms, product innovativeness, gender, secureness, advertising analytics and income on consumer intention to shop for fashion product online. Using ordinary least square model the results was product purchase volume, usefullness of online shopping, importance of e-tailing platforms, product innovativeness and income are significantly affected on consumer intention to shop for fashion product online. This result can be used for traditional retail business to construct new business model to overcome the challenge in the future.

Keywords: Traditional Retail, E-commerce, Online Shopping, Ordinary Least Square, Consumer Behavior

INTRODUCTION

Boasting a population of more than 250 million people, the 4th largest in the world and increasing in large middle class as well as youthful population, Indonesia remains a market of a immense potential for retail sectors. (Global Business Guide, 2016) Local and foreign retailers recognize this potential an taken a much more aggressive approach to the market in recent years. Indonesian government, also doing revitalise country traditional markets and make up the traditional retail sectors while also seeking to create a supportive environment for the country growing e-commerce industry.

Indonesia is rapid digitizing country, it is expected to add 50 million new internet users between 2015 into 2020 with reaching penetration rate is 53%. Spurred by a large and digital population, Indonesia online commerce sector has grown quickly in recent years (Das, Gryseels, Sudhir, & Tan, 2016). In addition into this situation traditional retail companies in Indonesia need to change their business as usual mindset to overcome fierce competition from online shops or e-commerce (Investments Indonesia, 2017).

The aim of this research is to examine the effects of product purchase volume, usefullness of online shopping, importance of e-tailing platforms, product innovativeness, gender, secureness of online shopping, advertising analytics and income on consumer intention to shop for fashion product online.in Indonesia. The insights from this reserch can enrich empirical research on e-marketing, especially in Indonesia. The results can benefit for marketers, especially on fashion product marketers for planning, formulating and developing effective marketing strategies. Also the insights about several factors that affect someone intention to shop via internet can be valuable foundation for exploring new business opportunities.

LITERATURE REVIEW & THEORITICAL BACKGROUND

Online shopping has become a popular retail option in most developing countries. (Khare, 2016). Growth in technology infrastructures, rising income and global lifestyles have brought changes in consumer buying behavior. On this research several literature and research papers are used on this papers, Research from (Puspa & Janita, 2011) has revealing the effects of several shopping orientations, consumer innovativeness, online purchase experience and gender are significant on consumer intention to shop for fashion product online. (Vijayasathy, 2002) also revealing on his papers consumer intention to use online shopping with modify technology acceptance model (TAM) framework. (Frag, Schwanen, Dijst, & Faber, 2007) also reveals on his papers was the effects of deveral shopping orientations, consumer innovativeness, online purchase experience and gender are significant on consumer intention to shop for fashion product online. (Liao & Cheung, 2002) reveal the regression analysis shows that the content of products, transactions security, price, vendor quality, IT education and internate usage significantly affect the initial willingness of singaporeans to e-shop on the internet. (SivaKumar & Gunasekaran, 2017) shows on the research, attractivness of product quality, convenience and innovative product are significantly to customer satisfaction.

To reveal several factors that affected online purchase intentions, several theories are used on this research for strengthen the research position. Purchase intentions refers to a mental state that reflects the consumer's decision to acquire a product or service in the immediate future (Alcaniz, Manzano, & Blass, 2008). The consumer innovativeness is a personality trait that underlies the adoption of innovation (Leavitt & Walton, 1975) therefore according to (Alcaniz et al., 2008) the innovativeness creates huge impact on shopping via internet. For the purchase volume (Jayawardhena, Wright, & Dennis, 2007) stated that Previous buy by the consumer will have a significant effect on their purchase intentions on the future. Usefulness according to (Vijayarathy, 2004) as the extent to which a consumer believes that online shopping will prvide access to usefull information and enable quicker shopping. Security according to (Vijayarathy, 2004)is defines as the extent to which consumer believes that making payments online is secure. (Frag et al., 2007) said that the internet frequency or internet experience have a positive effect on online buying. On E-platforms (Narang & Trivedi, 2016) stated that the increase in internet penetration has resulted in development a new distribution channels, making online presence a major presences. A research by (Kim & Kim, 2004) showed that gender was a significant predictor in determining consumers online purchase intention for clothers and that female is more greater online purchase

METHODOLOGY

The methodology on this research are quantitative analysis using ordinary least square model (OLS) adapted from (Liao & Cheung, 2002) and (Puspa & Janita, 2011) and calculated by STATA14 software to generate customer preferences towards online shopping. This purpose of using this techniques is to give complete understanding of customer behavior for the basis of business strategy formulation. The variables are generating from results of various in-depth interview and also academic journal. For the data on this method is gathered from online questionnaire with 200 respondents as a minimum for problem solving research by (Malhotra, 2019) on who purchase fashion products through internet for the past 1 year. Figure 1 is model framework used ;

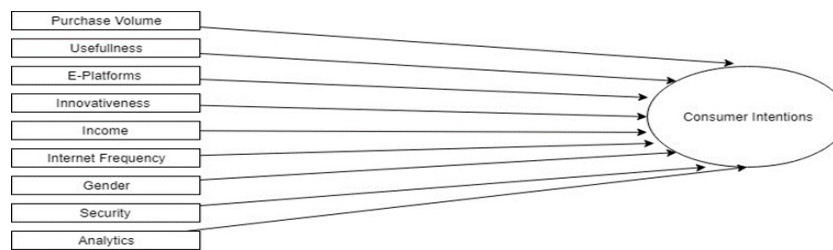


Figure 1 Model Framework on this Paper

With the theoretical and empircal findings, several hypothesis are developed for this research by each variables that used on the research. The following hypothesis are:

- H1 : Purchase volume has a positive effect on online shopping intention.
- H2 : Usefulness has a positive effect on online shopping intention.
- H3 : Eplatforms has a positive effect on online shopping intention.
- H4 : Innovativeness has a positive effect on online shopping intention.
- H5 : Income has a positive effect on online shopping intention.
- H6 : Woman are more likely to have intention on online shopping
- H7 : Security has a positive effect on online shopping intention.
- H8 : Analytics has a positive effect on online shopping intention.

FINDINGS AND ARGUMENT

The regression model that used for research is adapted from previous empirical study and the variables obtain from previous empirical study and exploratory research with management of company. The data analysis are using several statistical software such STATA14 and MS.Excel and the model are using Ordinary Least Square (OLS) adapted from (Liao & Cheung, 2002), (SivaKumar & Gunasekaran, 2017) and (Puspa & Janita, 2011). The model is ;

$$\begin{aligned}
 Intentions = & \beta_0 + \beta_1PurchaseVolume_{x1} + \beta_2Usefulness_{x2} + \beta_3Eplatforms_{x3} \\
 & + \beta_4Innovativeness_{x4} + \beta_5Income_{x5} + \beta_6Male_{x6} + \beta_7Security_{x7} \\
 & + \beta_8Analytics_{x8} + \epsilon_{it}
 \end{aligned}$$

From the regression result above it can be seen that there are five variables which significantly affected into consumer intentions for online shopping. First variable is PurchaseVolume, it's increased 0.346 and significantly affected on increasing consumer intention for online shopping, ceteris paribus. Second variable is Usefulness that increased 0.167 and significantly affected on increasing consumer intention for online shopping, ceteris paribus. Third variable is E-Platforms it's increased 0.243 and significantly affected on increasing consumer intention for online shopping, ceteris paribus. Fourth variable is Innovativeness that increased 0.237 and significantly affected on increasing consumer intention for online shopping, ceteris paribus. Last variable is Income increased 0.127 and significantly affected on increasing consumer intention, ceteris paribus. The results of this research is shown on table 1;

Table 1 Estimation Results.

Dependent Variables	Coefficients
Intentions	-0.794 (1.80)*
Independent Variables	
PurchaseVolume	0.346 (5.92)***
Usefulness	0.167 (1.93)*
Eplatforms	0.243 (2.85)***
Innovativeness	0.237 (3.88)***
Income	0.127 (2.68)***
Male	-0.097 (0.69)
Security	0.122 (1.50)
Analytics	-0.017 (0.31)
R2	0.55
N	200
*	< 0.1
**	< 0.05
***	< 0.01

CONCLUSIONS

The results on this paper was, product purchase volume, usefulness of online shopping, importance of e-tailing platforms, product innovativeness and income are significantly affected on consumer intention to shop for fashion product online. The result can be used by marketers or fashion online retailers to attract new consumer and retain their consumer. Also the research results also can be used by business students, educators to understand Indonesian consumers opportunity on buying product via internet. In addition, research results can help retailer or online marketers understand the importance of using multiple channels to sell the product especially the internet.

Previous experiences on buying fashion product online have been proven to influence to shop for fashion products online. This significant results between purchase volume variables and consumer intention is simmiliar with the research of (Puspa & Janita, 2011). This become important asset needs to be maintained by the marketers by retaining the customers by improving service quality on online buying. Good customer relationship management (CRM) must be done especially relationship with profitable consumers who often buy product frequently (Belch, G.E. and Belch, 2004)

Innovativeness of product is important for consumer buying fashion product through internet, Innovativeness variables stand for customers tend to do online shopping when brand offering variety and unique product attributes. it is important for the marketers and retailers to provide something new and unique regarding the products in online store

With income is positive and significantly affected customer intention on buying fashion product online. It indicates the higher of income is increasing intentions of doing online shopping. Delloitte consumer research reveals that the Indonesian consumer becoming increasingly conscious about spesific product attributes such size fit and comfort in fashion products. (Delloitte, Ho, & Song, 2017) Both of those product attributes are the most important consideration for this product category, which have risen in importance relative to price. This suggest that when targeting Indonesian consumer price is not number one important drivers, factors such aesthetics, trendiness as well fabric and size fit are increasing in importance relative to price.

The results of percieved usefulness is positively and significantly related towards online shoping intentions are simmiliar with (Vijayarathy, 2004a) adapted from the previous research, for online retailers the implications are clear. In order to attract customers they have to focus on creating value or differtiating their offering from other media. Is important online retailers or marketers should leverage their capabilities to create and deliver individualized interactive experience for their customers.

Last is with E-Platforms variable is positive and significantly affected customer intention on buying fashion product online. Indicates the customer intentions of online shopping is increase when product are available in e-commerce channel such as (Lazada, Tokopedia, Bukalapak, Shopee). Marketers or the retailers should put their product into e-commerce platforms to boosting their sales and also to keep up with the digital business environments. Moreover put the product on online commerce also giving more customer usefulness regarding online shopping behavior

Those of the results can be used for traditional retail business to construct new business model to overcome the challenge in the future. The present research also leads to some further research agenda. Future research should be conduct and add other independent variables in order to have whole representations of online shopping intentions.

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