

Considerable Factors for the Development of Consumption Level towards Online Selling in Bangladesh

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Abstract

The latest interest in the Internet as a medium for commerce has raised questions about the usefulness of branding on the World Wide Web. In this context researchers have examined whether consumers use brands as sources of information when shopping on the Internet. Applying theory from the economics of information, it is predicted that recent adopters of the Internet will be less proficient at searching for product information and will rely more on brands. While a small number of consumers in Bangladesh frequently shop on the Internet, research on what drives consumers to shop online has typically been fragmented. Online shopping or marketing is the use of technology (i.e., computer, internet) for better marketing performance. And retailers are mixing strategies to meet the demand of online shoppers; they are busy in studying consumer in the field of online shopping, to see the factors influencing consumers to shop online certainly ensures the development of this sector. In this study, the multiple regression analysis was employed to measure the relationship between 11 independent variables and receptivity to online shopping, these are; Fun, Cost, Quality of Product, Different & Special Offers, Time Saving, Service Orientation, Transaction Security, Personal Information, Ease of Ordering, Trust on Website and Real Time Delivery. This paper therefore proposes a framework to increase researchers' understanding of considerable factors for the development of consumption level towards online selling in Bangladesh and might contribute not only to a better understanding on what and how strongly the factors are involved in online business progression but also this study provides online sellers standpoint such as the recommendations related to effective management.

Key Words: Internet, E-Commerce, Online Shopping, Consumer Attitudes, Shopping Fun, Different & Special Offers, Time Saving, Service Orientation, Transaction Security, Personal Information, Ease of Ordering, Trust on Website, and Real Time Deliver.

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1. Introduction

Life is gradually going online. Customers are already converted to online, they want the product they just need to decide who to buy it from and will spend the time to research the best options online. The explosion in the use of online selling in business sector has been tremendous since its inauguration only a few years ago in Bangladesh. Online shopping allows consumers to buy faster, more alternatives and can order products and services with comparative lowest price (Cuneyt & Gautam, 2004). If your company is not online you will miss this entire market share and opportunity to optimize marketing, sales and business operation. Combination of both regulatory reforms and technological innovation in the past three years, the barriers to entry have fallen dramatically for many e-commerce businesses (OECD, 1999). The expanding number of users of Internet makes more chances of e-Commerce getting a strong foot hold. Around 100 million individuals use mobile services and 15 or 20 percent individuals access versatile online Banking Services. According to Bangladesh Bank, around 1 million versatile clients access the mobile banking benefits. Over 100 crore transactions are made through mobile banking accounts evident with the growth of online sales. This raises the issue of examining what factors affect consumers to shop online. Therefore, a framework is needed to structure the complex system of effects of these different factors, and develop an in-depth understanding of consumers' attitudes toward Internet shopping and their intentions to shop online (Ton ita Pereay Monsuwe, Benedict G.C. Dellaert and Ko de Ruyter, 2004).

Typically, an e-Commerce transaction, by definition, requires the actual transaction (where funds are transferred from the buyer to the seller) to take place electronically. Most of the transactions that are categorized as e-Commerce in Bangladesh involve cash-on-delivery, which, strictly speaking, cannot be considered an electronic transaction, even if other parts in the value chain, such as product listing or marketing is done electronically. Of those who are e-Commerce users, over 80% are less than 30 years old, and more than half of them are female. Most of them are either young professionals (44%) or university students (33%). Over 90% of them are based in Dhaka. One-third of them earn Tk30, 000 or more per month (thedailystar.net/ecommerce-at-fingertips/how-e-is-e-commerce-today, 2014). The vast majority of the e-Commerce businesses within Bangladesh is of C2C (Consumer to Consumer). Some B2B (Business to Business) and B2C (Business to Consumers) have shown exponential growth prospects in recent years. In this study, we build up such a framework based on previous research on consumer adoption of new self-service technologies and Internet shopping systems (Dabholkar and Bagozzi, 2002; O'Cass and Fenech, 2002; Childers et al., 2001; Davis, 1993).

Recently myriads of development organizations have gone online in the past five years, having realized the importance of the Internet for the exchange and distribution of information. With the rise in e-commerce activities over the Internet, and the subsequent decline in development aid over the past five years, development organizations may be able to tap into this new business modality to offset their operating costs.

2. Literature review

Online shopping was only part of the story we told the world as we released these systems. In April 1980, Redifon released its Office Revolution concept — enabling corporations to connect all their communicating correspondents by digital networks (what today is called e-business). Both the specifics of online shopping and the generality of the office revolution were linked by two basic ideas. First, both business and shopping were essentially constructs of time, place and space. Second, transportation costs were going up and telecom costs were coming down. Thus, shopping and business could be conducted 24/7, worldwide, in the telecom ether (or cyberspace, as it is now called) (Michael Aldrich, 2011).

Customer purchasing decisions are manipulated by perception, motivation, learning, attitudes and beliefs. The perception is reflected to on how the customers select, organize, and interpret information to form knowledge. The motivation is reflected to the customer's desire to meet their own needs. Learning is reflected to the customers' behavior experience arising. Attitudes are reflected to customers' steadily favorable or unfavorable assessments, feelings, and inclinations towards object or idea. Finally, Beliefs is reflected to customers' thoughts about a product or service (Kotler & Armstrong, 1997).

Motivations of consumers to engage in online shopping include both utilitarian and hedonic dimensions. Whereas some Internet shoppers can be described as “problem solvers”, others can be termed seeking for “fun, fantasy, arousal, sensory stimulation, and enjoyment” (Hirschman and Holbrook, 1982)

The problem solvers merely shop online in order to acquire a specific product or service, in which case shopping is considered to be “an errand” or “work” (Babin et al., 1994). Their main concern is to purchase products in an efficient and timely manner to achieve their goals with a minimum of irritation. In contrast, the second category sees online shopping as “enjoyment” and seeks for the potential entertainment resulting from the fun and play arising from the Internet shopping experience. They appreciate the online shopping experience for its own sake, apart from any other consequence like, for example, an online purchase that may result (Holbrook, 1994).

Goldsmith and Goldsmith (2002) opined that experienced online shoppers have more trust and better feeling on online service than non-experienced shoppers who have no online shopping experience before. Also, experienced online shopper, after considering the risks and understand them, are less risk reluctant than non-experienced shoppers (Donthu, 1999).

The study of consumer decision making concerns how consumer make decision between those alternatives (Peter and Olson, 1999). Numbers of researches queried about consumer decision making put the focus on the cognitive process. Consumers decision making process was described as complicated with many factors generate problem recognition before a series of actions was initiated to reach a result (Erasmus et al., 2001).

Consumer decision making process describes the steps of a consumer's decision making. Consumers first identify their needs and then collect information, evaluate the alternatives and finally make the purchase decision. All these actions are determined by both

psychological and economical factors, and are affected by environmental factors like cultural, group, and social values (Klein and Yadav, 1989).

A review of online consumer research reveals that the scope of published studies is rather broad, the studies appear relatively fragmented with contradictory results, and only very few prior studies (e.g., Jarvenpaa and Todd, 1996; Koufaris et al., 2001) have attempted to systematically review and develop a framework for the study of this important research area. When making decision (Zaichkowsky, 1991). Some psychologists presume consumers would use rational shortcuts to make decisions. They think that consumers are not perfect decision makers and their minds are limited to handle and recall the information.

For the economical perspective, the Utility Theory anticipated that consumers make decisions based on the expected outcomes of their decisions. In this model consumers were viewed as rational actors who were able to estimate the probabilistic outcomes of uncertain decisions and select the outcome which maximized their well-being (Fishburn, 1968).

Our review shows that attitude toward online shopping and intention to shop online are not only affected by ease of use, usefulness, and enjoyment, but also by exogenous factors like consumer traits, situational factors, product characteristics, previous online shopping experiences, and trust in online shopping (Ton ita Pereay Monsuwe , Benedict G.C. Dellaert and Ko de Ruyter (2004).

3. Methodology

I had to identify main factors that influence the online buyers when making an online transaction. Initially collected data from internet for gather information based on exploratory research; I collected primary data through Questionnaire and survey method based on descriptive method from online selling center. I collected secondary from different sources like website, brochure of companies, various reports, and other published materials. Target population is online buyers, living in Dhaka City, have willingness to access in online transactions. Sampling frame is the list of the online customers of different online sites in Bangladesh. The population will be divided into three categories;

- i) People who are regular in online transactions
- ii) People who are students and involved in online transactions
- iii) People who are interested but quite irregular in online transactions

As this research will be conducted by survey; it will not be possible to take a large sample, because of limited time, money, and lack of knowledge of myself. Judgmental sampling technique has been used to collect data. Sample Size was not more than 50 respondents. 7 points likert scale, structured multiple choice questions and some dichotomous structured questions used to collect primary data.

4. 0. Research Findings

Regression Analysis

Regression analysis is a technique for analyzing the associative relationships between a metric dependent variable and one or more independent variables. Through this analysis we can determine whether the independent variables explain a significant variation in the dependent variable. We can predict the values of the dependent variable from the independent variable. For conducting regression analysis the dependent and independent variables have to be metric.

4.1 Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11.823	2.362		5.006	.004
	Shopping Fun	.577	.348	.731	1.657	.158
	Cost	-1.072	.461	-1.294	-2.325	.068
	Quality of Product	-.955	.399	-1.222	-2.393	.062
	Different & Special Offers	.279	.128	.373	2.184	.081
	Time Saving	.827	.328	1.206	2.522	.053
	Service Orientation	-.370	.198	-.402	-1.867	.121
	Transaction Security	-.902	.818	-.902	-1.103	.320
	Personal Information Privacy	.195	.507	.263	.384	.717
	Ease of Ordering	-.084	.129	-.113	-.650	.544
	Trust on Website	-.329	.324	-.402	-1.016	.356
	Real Time Delivery	-.681	.395	-.846	-1.725	.145

Table: 4.1

a. Dependent Variable: Level of Consumption

Findings

From the regression coefficient table, we can see that factor 5 has the largest coefficient (0.827) and which is somewhat significant (significance level is 0.053). The coefficient represents the impact of one unit change in a predictor on the dependent metric variable. Thus we can say that 1 unit change in factor 5 will be responsible for 82% change in the dependent variable.

4.2 Strength of Association

Model Summary^b

<i>Model</i>	<i>R</i>	<i>R Square</i>	<i>Adjusted R Square</i>	<i>Std. Error of the Estimate</i>
1	.956 ^a	.914	.725	.43578

Table: 4.2

a. Predictors: (Constant), Real Time Delivery, Quality of Product, Ease of Ordering, Different & Special Offers, Shopping Fun, Personal Information Privacy, Trust on Website, Service Orientation, Cost, Time Saving, Transaction Security

b. Dependent Variable: Level of Consumption

Findings

The value of *multiple regressions* (R) is 0.956, which measures the strength of association between the dependent variable and independent variables. The coefficient of determination (R square) of the model is 0.914, which means that the 91% of the variation in dependent variable (Level of Consumption) is accounted by the variation in the independent variables (Eleven factors). In other words, our multiple regression models have been able to explain 91% of the total variance of Consumption Level.

5. Limitations of the study

The findings of this study may not be generalized to the entire population of Bangladesh as the research population is limited to only 50 respondents. Also, the findings of this study mainly come from students thus the result may not truly represent the whole population with online shopping experience in Bangladesh. Besides, the study only covered the opinions of people that are experienced online shoppers and it would be interesting to analyze the opinions of non- experienced online shoppers independently and compare the result. As with any conceptual model, our model also has its limitations. We have set up a conceptual framework that includes all factors considered to drive consumers to shop online. Although we based our framework on a combination of results from many different studies on the subject of online shopping, technology acceptance and the acceptance of the Internet as a shopping medium in particular, there can always be factors of influence on consumers' intention to shop on the Internet that are not included in the literature to date, or that is addressed in other literature studies. However, we are confident that we have given an overview of the most relevant factors in this context. Another limitation of our paper, we centered it around a framework that is the result of a literature review and has never been tested in its entirety using empirical evidence. This implies that some caution should be taken in applying the findings that can be derived from our framework. Finally, after having selected a specific structure for our review, we have necessarily limited the number of previous research results that were discussed in this paper.

6. Guidelines for marketers

Contemporary marketers will try to find out which make the initial response according to the change in the market place. In this recent time Bangladesh is fast forwarding in the development of information technology and rate of internet users are surprisingly increasing day by day. We find in our study that a part of people who are specially the young generation passing their most of the day time by visiting different websites. Govt. of Bangladesh has been taken special efforts to ensure the availability of information and communicative tools towards his population as there have no barrier to reach globally. Most of our respondents are quite positive at the time of discussing the usefulness of online selling. But we might be dilly-dally to response positively or misguiding narrowly to realize these vast progression in this era of new business of a state whose economy lower than standard but moving smoothly with a certain growth in each of the years. Consumers always stay in the relative mind of a marketer and while this is online marketing it should be required to focus on current trends of customer involvement in this vast transaction field. Marketers concern should be moving accurately that the prior reason of our customers' involvement in online selling process is online transactions save their valuable time and these reduce their energy cost. Sellers require to response positively as adding additional benefits into the time saving issues and we don't get it properly since few of the customers responded as it is saved their time literally. Henceforth, dissatisfaction is growing and we are not being capable to reduce hazards in terms of reducing product information search and evaluating alternatives quite reasonably because sellers are hesitating to show the links of competitor webs which can facilitate the customers to find out an easier comparison. Distinctive and variety of offers are providing from online marketers which can be moving forwards to get initial response from early adopters by enriching the availability luxurious and stylish offerings which might be absent in traditional stores by means of preference from new generation brand savvy respondents. Let's go through the matters of entertainment as online operation is in initial stage of its track and sellers will increase fantasy like the players will not attend in the final stage with a view to getting huge rewards and motives and by the of the of their journey each of the sellers may try to induce enormous values and benefits which can definitely ensure the longevity of growth period. Strategic marketers have an opportunity to create superior value by providing distinctive product lines, exaggerating fun and interest, providing the uniqueness of the service offerings, ensuring the distinctive comparative advantages, transforming the fun or current interest into a profitable business by applying different motivational tools.

7. Implications of the study and future research

The findings of this study have unearthed for consumers and sellers strategic buying and selling decision, such as purchasing and selling through online. The implications for new and current marketers are to understand key and essential factors contributing in the decision making process of their prospects and actual customers, it can be assisted greatly to improved explanations and predictions in the online shopping context. This knowledge enables the developers' companies to be able to better match their customers' desires with their offer. Given the preference of high level of buyer involvement, marketers who are involved in new generation online selling should focus on building confidence and satisfaction in their probable and existing customers. It will be helpful for the students and researchers to

improve their understanding regarding the issues associated to increase the level of consumption towards online selling of a lower middle income country like Bangladesh for study and research. Government of a country can be assisted by realizing the facts and findings of this article for improvising and modifying his e-governance projects. Quantitative research method has used to collect data which is better to analysis consumers' behavior from quantity so that the report will be more persuasive for future research. The researchers are faculties of a university and this paper deals a close contact with the students and their guardians.

8. Recommendation & conclusion

Nowadays, the practice of internet is shared and the development of e-commerce is becoming more and more established. The quantity of consumers engaging in online spending also upturns rapidly because of its convenience and efficiency. The prospect of online trade is large, yet many consumers still concern for the risk of online transaction and this hesitate them because of transaction security and/or privacy. Thus, this study aims at investigating the factors affecting the development of online selling in context of lower middle income country we study the consumer behavior in order to improve sellers' insights toward consumers' acquiring behavior in a comparatively fresh segment of trade. These can aid online sellers to gain competitive benefit and establishing rapport with their shoppers. Based on the literature review, consumer, subjective factor and objective factor are identified as factors guide consumers' online purchase decision and behavior and become the issues overall development of online selling . From the results of the survey, one subjective factor which is fun is relevant in affecting the consumers' level of consumption. While the three of the objective factors including time saving, different and special offers, personal information privacy are found significant to affect the level of consumption. The association of variables like ease of ordering, trust on website and real time delivery, service orientation, and transaction security is not well enough to increase level of consumption or for development of online selling. However, Beginner with advanced idea and approach definitely can score point in this sector. The analysis of the progression and current status of internet penetration is not only a major factor for the growth of online selling rather create a target group who will be strong steps for sustainable growth period. These can be accomplished by knowing the market well and considering the current trends of online selling. So we can conclude that the changing environment is creating a changing demand for marketing strategies and by developing an effective marketing strategy sellers can retain market shares and profitability as well as competitive advantages.

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