

Factors Influencing Online Consumers' Buying Intention in COVID-19 Era: Evidence from South India

Dr. B. Subha¹, Prof. Ajai Abraham Thomas², Prof. Bijin Philip³

¹Assistant Professor, Dept. of Management, Kristu Jayanti College, Bangalore.

²Assistant Professor, Dept. of Management, Kristu Jayanti College, Bangalore.

³Assistant Professor, Dept. of Management, Kristu Jayanti College, Bangalore.

Abstract: *COVID-19 has transported two main changes in the behaviour of a consumer, the first one is an unwillingness to purchase in a crowded store and the second change is amplified inclination towards digital. This pandemic has changed the behaviour of consumers out of their habits. If demonetization forced consumers to move toward digital payments, COVID-19 has made them accept online shopping. The purpose of this research was to examine the factors affecting buyer's online shopping behaviour during the coronavirus disease pandemic. The factor analysis identifies that service quality, easy return and refund policy, security, perceived value, and customer feedback are the five factors influencing the online shopping buying intention of consumers. The multiple regression analysis shows the relationship between five factors and the online buying intention of consumers is strong and positive.*

Keyword: *consumer buying intention, COVID-19 pandemic, online purchase, influencing factors*

1. INTRODUCTION

The pandemic has enhanced the move towards an additional digital world and caused variations in online shopping behaviours which are expected to have long-term effects. The concept of globalization and digitization has made consumers, places, and products sociable as well as reasonable (Cetrez & Van Dam, 2018). Customers are prepared to spend extra to protect their well-being from the disease. (B. Subha & Lavanya, 2017). Some tendencies are becoming noticeable among consumers nowadays- self-care, e-everything, hygienic living, contactless living culture, seeking-value. These behaviours are expected to remain even after the pandemic is left. Big Basket a leading E-commerce player in India on March 25th gave the message "We'll be back soon! We are presently undergoing extraordinary demand. We are confining our service to existing customers only. Please try again in a few hours."

2. REVIEW OF LITERATURE

Trust is the most significant dimension in the majority of the research. Consumers' trust plays a vital role in e-commerce sites. (Thamizhvanan & Xavier, 2013) in their study found out that lack of trust has an undesirable effect on online purchase intention. Ling et al. (2010) discovered that brand and quality factors are strongly related to online buying intention. Perceived self-efficacy is a significant dimension in online shopping.

Wang et al. (2010) in their study mentioned self-efficacy as “a customers’ self-assessment of his or her abilities to purchase online”. If the customer's intensity of self-assessment is high, there is a chance for their increased online shopping. (Bonera, 2011).

Zeithaml et.al (2002) in their study have established an E-SERVQUAL scale that measured e-service quality. The study explored some important e-service quality factors such as price factor, website trust, ease of use, reliability, flexibility, e-security, efficiency. Wolfenbarger and Gilly (2002) in their research found out four important online retailing experience factors such as customer service, website design, e-security, and reliability. Santos (2003) developed e-service quality aspects that can be categorized into the incubative aspect and active aspect. The incubative aspect established before launching the website is content, structure and layout linkage, and ease of use. Active dimensions that can raise customer retention are developed after the launching of a website. Active dimensions such as reliability, efficiency, support, communication, security is developed after launching a website. Matic and Vojvodic (2014) explored that customers tend to make online purchases when they observe lower security risks.

Research Objective

- 1.To explore the factors affecting online shopping behaviour.
- 2.To identify the influence of factors affecting online shopping behaviour on buying intention of consumers

3. METHODOLOGY

The primary data for this research was collected from urban online consumers of selected cities in South India namely Bangalore, Chennai, Hyderabad, and Thiruvananthapuram. A structured questionnaire was formed by making use of google forms and circulated online among 450 respondents. Only 400 responded (i.e., 100 from each city). The sampling technique adopted for this study was the convenience sampling technique. The content validity of the questionnaire was examined by three experts by making use of Item Objective Congruence (IOC). The result of the analysis identified that IOC was above .70 for all the items in the questionnaire. Hence the questionnaire was suitable to use. (Hair. et al.,2014). Exploratory Factor Analysis was used to explore the significant factors that determine the online shopping behaviour of consumers during COVID-19 pandemic situation. Multiple linear regression was used to examine the influence of factors affecting online shopping behaviour on consumers buying intention. The data for this research was analysed by using SPSS 21 version.

Demographic Profile of Online Consumer

The respondents’ demographic details are shown in Table 1. Majority of the respondents are between the age group 21 to 30 years (45.75%). Most of the respondents are single (57.25%) and 57.75% of them are under graduated. Nearly (54.25%) of respondents’ family annual income are between 2 to 4 lakhs.

Table :1 Demographic characteristics

| Demographic Characteristics | Frequency | Percentage |
|-----------------------------|-----------|------------|
| Gender | | |
| Male | 208 | 52 |
| Female | 192 | 48 |
| Age Group | | |

| | | |
|----------------------------------|-----|-------|
| 21-30 | 183 | 45.75 |
| 31-40 | 139 | 34.75 |
| 41-50 | 43 | 10.75 |
| 51-60 | 35 | 8.75 |
| Educational qualification | | |
| Secondary | 16 | 4 |
| Higher Secondary | 36 | 9 |
| Diploma | 23 | 5.75 |
| Under -Graduation | 231 | 57.75 |
| Post-Graduation | 94 | 23.5 |
| Annual Income | | |
| Below 2 lakhs | 126 | 31.5 |
| 2 to 4 lakhs | 217 | 54.25 |
| 4 to 6 lakhs | 30 | 7.5 |
| Above 6 lakhs | 27 | 6.75 |
| Marital Status | | |
| Single | 229 | 57.25 |
| Married | 171 | 42.75 |

Table 2: Codes and Items

| Codes | Items |
|-------|---|
| X1 | I will buy product from the e-commerce site that offer correct product information |
| X2 | I will buy items from the e-commerce site which is good at customer support service |
| X3 | I will buy product from e-commerce site that provide perfect delivery system. |
| X4 | I feel online shopping is safe, convenient and time saving. |
| X5 | I prefer to buy items online as it is cheaper than the local stores |
| X6 | I will buy product in the e-commerce site that provide product worth for the money I have spent. |
| X7 | I like to buy items from the e-commerce site that offer minimum shipping cost. |
| X8 | I will buy product from the e-commerce site that offers price discount |
| X9 | I will purchase product from the e-commerce site which provide easy return and refund policy |
| X10 | I believe that my experience with returning a product would affect my decision in making repeated purchase. |
| X11 | I believe that a proper return and refund policy can build trust on e-commerce website. |
| X12 | I will purchase product from e-commerce site which offer free return shipping cost. |
| X13 | I choose to buy items from the online store based on the customer reviews |
| X14 | I prefer to purchase product from the e-commerce website that responds to customer feedback |
| X15 | I will be affected by a single negative customer feedback. |
| X16 | I believe online reviews as much as personal recommendations. |
| X17 | I will purchase product from the e-commerce website that protect my personal and banking data |

| | |
|-----|---|
| X18 | I prefer to buy product from the e-commerce site that follows strict security policy. |
| X19 | I believe that privacy concern would stop me from purchasing items online |
| X20 | I will buy product from the e-commerce site which keep my payment information secure. |

Table 3: KMO and Bartlett's Test

| | | |
|--|------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .884 |
| Approx. Chi-Square | | 4387.545 |
| Bartlett's Test of Sphericity | df | 190 |
| | Sig. | .000 |

Table 4: Factors Affecting Online Consumer Shopping Behaviour

| Factor | Item code | Rotated factor loadings | Eigen value | Percentage of variation | Factor Name |
|------------------------------------|-----------|-------------------------|-------------|-------------------------|--|
| 1 | X6 | .839 | 6.556 | 32.780 | Perceived Value |
| | X8 | .813 | | | |
| | X5 | .810 | | | |
| | X7 | .777 | | | |
| 2 | X2 | .847 | 2.692 | 13.458 | Service Quality |
| | X3 | .821 | | | |
| | X4 | .817 | | | |
| | X1 | .783 | | | |
| 3 | X9 | .863 | 2.213 | 11.065 | Easy Return & Refund Policy |
| | X11 | .860 | | | |
| | X10 | .853 | | | |
| | X12 | .847 | | | |
| 4 | X13 | .817 | 1.601 | 8.003 | Customer Reviews |
| | X15 | .776 | | | |
| | X14 | .733 | | | |
| | X16 | .720 | | | |
| 5 | X17 | .802 | 1.384 | 6.920 | E-Security |
| | X19 | .783 | | | |
| | X18 | .782 | | | |
| | X20 | .774 | | | |
| Cumulative percentage of variation | | - | - | 72.225 | - |

Table 5: Data Reliability

| Factors | Number of Items | Cronbach's Alpha |
|-----------------|-----------------|------------------|
| Service Quality | 4 | .824 |
| Perceived Value | 4 | .763 |

| | | |
|-----------------------------|---|------|
| Easy Return & Refund Policy | 4 | .754 |
| Customer Reviews | 4 | .736 |
| E-Security | 4 | .728 |

Table 6: Influence of factors affecting online shopping behaviour on buying intention of consumers

| Factors | Co-efficient | t- value | Sig. |
|-----------------------------|--------------|----------|------|
| Constant | 3.716 | 10.848 | .000 |
| Service Quality | .546 | 8.142 | .000 |
| Perceived Value | .534 | 8.112 | .000 |
| Easy Return & Refund Policy | .524 | 8.046 | .000 |
| Customer Reviews | .496 | 7.964 | .000 |
| E-Security | .468 | 7.858 | .000 |
| R | 0.74 | | |
| R square | 0.68 | | |
| Adjusted R square | 0.66 | | |
| F | 24.721 | | .000 |
| N | 400 | | |

Data Analysis and Interpretation

The KMO value of this study was 0.884 greater than the acceptable range (0.5), hence sufficient for conducting factor analysis. Kaiser (1974). Bartlett's test of sphericity was used in this study to test the relationship between the items in the questionnaire. The value of Bartlett's test for this study was $p < .05$. Hence the data is appropriate for factor analysis. Brace et al (2012). The 20 items were exposed to Principal Component Analysis (PCA) with varimax rotation to reduce the items into factors. Any items having factor loading less than 0.50 should be removed (Hair et al. 1996) but in this study, all factor loading for each item is above 0.50, hence the data set is appropriate (Stewart 1981).

So, all 20 items are accepted and PCA reduced these 20 items into five factors. The factors are named as Service Quality, Perceived Value, Easy Return and Refund Policy, Customer feedback, and E-Security with Eigenvalues greater than 1, explaining 6.556, 2.692, 2.213, 1.601, and 1.384 respectively. The total percentage of variance is 72.225. The contribution of each of the five factors is 32.780, 13.458, 11.065, 8.003, and 6.920 respectively. The results of the Principal Component Analysis can be viewed in table 4. The reliability of the five factors was checked with Cronbach's Alpha Coefficient shown in table 5. All the factors are more reliable with Cronbach Alpha value above the acceptable range of 0.70. Nunally (1978).

This research has applied multiple regression analysis to test the influence of service quality, perceived value, easy return and refund policy, customer reviews, and e-security on customers buying intention. All five factors are measured as independent variables and consumer buying intention is considered as a dependent variable. In this study, the range of correlation coefficient, $R = 0.74$ (74%) indicates that there is a positive and strong relationship between consumers' buying intention (dependent variable) and the five factors (independent variables) service quality, perceived value, easy return, and refund policy, customer reviews

and e-security. In this research, the regression model was significant at the $p < 0.001$ level with f value 24.721 as shown in table 6. The regression model of this study is a good fit as the result shows (table 6) that the coefficient of multiple determinations (R square) is 0.68 and the adjusted R square is 0.66. It is inferred that about 66.00 percent of the difference in consumer buying intention is explained by the factors service quality, perceived value, easy return, and refund policy, customer reviews, and e-security. The results of multiple linear regression show that service quality, perceived value, easy return, and refund policy, customer reviews, and e-security are positively and significantly influencing the consumers buying intention at a one percent level.

4. CONCLUSION AND RECOMMENDATIONS

The COVID-19 pandemic has led to intense changes in consumer buying behavior. Online retailers will have to put some effort to meet customer's expectations to retain their prevailing customers and appeal to new customers. The factors recognized with the support of Exploratory Factor Analysis in this study have significant suggestions for business owners. As per the result of the study, it is concluded that service quality, perceived value, easy return, and refund policy, customer reviews, and e-security are the main factors. The relationship between these factors and the buying intention of consumers is strong and positive. These factors will support online retailers to create a required marketing strategy that is more essential in this COVID-19 era. Customer reviews not only can influence consumer decisions but can support a company's trustworthiness.

From the Organization outlook, the business owner should be alert in responding to these reviews on time. A marketer should admit the mistakes and correct all the inexactness. Online consumers will not get a chance to touch and feel the product before they purchase it. Hence online retailers must confirm that their return and refund policies are clear and pleasing to their customers. Consumers currently have a lot of selections when it comes to receiving the products they buy online. This has headed to a complete modification in approach towards how delivery should operate. Online retailers should offer a variety of delivery options. Otherwise, they will lose their potential customers. Online payment security is one of the thoughtful issues nowadays. Business owners can build the customer's trust by protecting customers' banking data against cyber theft. Perceived value is the blend of price, quality, and service by which customers review whether they're receiving a worthy deal. Perceived value is the chief factor in consumers' online purchasing decisions for a long time. The online retailer should recognize the changed behavior of the customer and create a marketing strategy accordingly

5. REFERENCES

- [1] Brace, N., Kemp, R., & Snelgar, R. 2012. *SPSS for Psychologists*.5th ed. New York: Palgrave Mcmillan
- [2] Bonera, M. (2011). The propensity of e-commerce usage: the influencing variables
- [3] Management Research Review, 34(7), 821-837
- [4] Cetrez, Z., & Van Dam, P. (2018). In Digitalization We Trust? : An exploration of the impact of digitalization on the trustworthiness of the leader in Dutch start-ups from the perspective of managers and employees
- [5] Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E., 2014. *Multivariate data analysis*. 7th ed.
- [6] Kaiser, H. (1974). An index of factorial simplicity. *Psychometrika*, 39, 31-6.

- [7] Ling, K., Chai, L., & Piew, T. (2010). The Effects of Shopping Orientations, Online Trust
- [8] and Prior Online Purchase Experience toward Customers' Online Purchase Intention.
- [9] *International Business Research*, 3(3), 63-76.
- [10] Matic, M., & Vojvodic, K. (2013). Customer-Perceived Insecurity of Online Shopping Environment. *International Review of Management and Marketing*, 4(1), 59-65.
- [11] Nunnally, J. C. (1978). *Psychometric Theory*. New York: McGraw-Hill.
- [12] Santos, J. (2003). E-service quality: a model of virtual service quality dimensions. *Managing Service Quality*, 13(3), 233-246.
- [13] Subha, B., and Lavanya, N. (2017). Factors influencing consumer buying behaviour of organic food: A Study in Tirunelveli District, *Indian Journal of Applied research*, 7(4), 403-405.
- [14] Thamizhvanan, A., & Xavier, M. (2013). Determinants of customers' online purchase intention: an empirical study in India. *Journal of Indian Business Research*, 5(1), 17-32.
- [15] Wang, J., Gu, L., & Aiken, M. (2010). A Study of the Impact of Individual Differences on
- [16] Online Shopping. *International Journal of E-Business Research*, 6(1), 52-67.
- [17] Zeithmal, V.A, Parasuraman, A., and Malhotra, A., (2002) Service Quality Delivery through websites: A Critical Review of Extant Knowledge, *Journal of the Academy of Marketing science* 30(4), 362-365