

FACTORS INFLUENCING PURCHASE INTENTION OF ONLINE GROUP - BUYING IN PAKISTAN

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ABSTRACT: Due to the fast development of e-commerce, online group buying has become a fast evolving trend amongst the consumers of Pakistan. This study aims at making a contribution to the Technology Acceptance Model (TAM) with the use of other driving factors which have been previously validated to see how these influence the buying intentions of a typical Pakistani consumer. A questionnaire was created through which primary data was collected from consumers which were assessed for empirical analysis. The constructs are validated through empirical factor analysis and reliability analysis and lastly, the model is tested with linear multiple regression. The results suggest that website quality and trust are the independent variables that affect the OGB behavior of a Pakistani consumer who makes purchases online.

Keywords: Online Group Buying, Purchase Intention, Perceived Usefulness, Perceived ease of use, Perceived Risk

INTRODUCTION

The development of Internet has given access to online shopping all around the world. The number of people who use the internet is constantly increasing which means that there are more people who are interested in shopping online. Businesses have been given a new platform to sell their product and services and interact with their customers [1]. Online shopping is increasingly growing as Internet based businesses continue to provide sophisticated services to online shoppers [2]. Retailers globally are making efforts to increase their online presence to attract more customers, let the customers' know about their company and the products it offers and the most obvious – sell more [3]. Online shopping offers implementation of high degrees of *interactivity* which includes exchanging information with other users and availability of desired information [4]. People prefer shopping online because it's convenient and lack of unwanted sociality from retail sales help [5].

to accomplish their responsibilities more efficiently to maintain a great level of satisfaction in their work [5]. The notion of employee satisfaction is used to define whether employees content, happy and fulfilling their wants and needs during their work. Several researches of Susan M. Heath field support that employee satisfaction is a major aspect of employee's goal accomplishment, positive employee morale and employee motivation in the working environment. According to researcher [6], employee job satisfaction is considered as the combination of effective feedbacks to the distinct perceptions of what he/she actually wants to accept and what he/she really obtains. According to researchers [7], employee satisfaction may be defined as how employees are satisfied with his or her working conditions. As researcher [8] define job satisfaction as the entire feel of certain employees about their job and its numerous aspects of their job.

Group-buying has been very successful around the world as people have gained more confidence in online shopping activities. Due to recent advancements in the technological world, there are a variety of new opportunities for marketers to develop and implement new and innovative selling strategies. Group buying is a dynamic pricing mechanism that has been very popular in recent times because of the

facilitation of information and communication technologies. Group-buying is a business model that has attracted much interest. 'Online group buying stimulates social sharing and interactions and encourages existing buyers to become referrers or even sales agents to expand product related information and attract more buyers' [6]. One of the unique features of this model is that consumers' get the discount *only* when a minimum number of the required sales volume is achieved. The purchase process consists of two parts. First, the consumers are required to purchase the deal if they find it interesting and they have to pay in advance before its consumption. Second, it is up to them when to redeem it before its expiration dates. Most of the websites offering group buying have credible online transaction systems [7]. It has become the fastest growing sector of the online retail market. These deals attract potential customers due to their collective power of bargaining and the huge savings offered in return. They offer discounts usually between 50% - 90% on products and services which interest the consumer. In the study of consumer behavior towards online shopping, group buying has become an area of consideration for the researchers. Recognizing the web experience elements as well as understanding their place as inputs in the online consumer's behavior process is the initial steps in mounting and delivering a smart online existence likely to have utmost on web users. These factors are mostly psychological, social and economic that drives the behavior of a customer while he makes purchases online. According to some researchers, there are three influence factors that can potentially affect the behavior; social factors, technology acceptance factors, and psychological factors [8].

Literature Review

According to [9], the nature of group buying demands to be emphasized however the method should not be very complicated or simple in nature. These online group buying methods developed from earlier variation with active pricing motives. According to the authors, there are two models of group buying; the earlier model is based on the dynamic discount pricing variant which indicates that price of the product decreases when the number of buyers increases. The key features of the websites supporting this model are they put the products for group buying in an auction cycle and

developed a dynamic price histogram that showed that how prices change in accordance with the number of products sold and the existed tier of the price. The second and later model of group buying was termed as a daily-deal mechanism that maintains fixed discount pricing variant. This model has taken over the online shopping market worldwide.

Technology Acceptance Model

Over the years, researchers have been employed Technology Acceptance Model to predict consumer's buying behavior and intention. The TAM model is broadly adopted in the field of online marketing research such as interface design, consumer electronics, and online communication. for that reason, we have applied Technology Acceptance Model as the theoretical framework for this study in order to evaluate Pakistani consumer's online group buying behavior and intentions. This model is considered the most broadly applied and dominant theory for understanding e-commerce. It was widely adopted in the online group buying context. The TAM model is based on information system theory that demonstrates that 'a person's intention is determined by his/her attitude towards the behavior'. [10], revised the original TAM model and found out the three theoretical constructs: purchase intention, perceived usefulness, perceived enjoyment and perceived ease of use.

Perceived Usefulness/ Perceived Ease of Use and Online Group Buying

A performance objective depends on cognitive choice, a possible Internet shopper can either answer favorably or unfavorably towards engaging in online purchasing. Meaning, the "like/dislike nuance" would be based on whether the trade off is beneficial to the potential Internet shopper as opposed to other forms of retailing. In the past, researchers [11], have authenticated the construct of Perceived usefulness and they were found to influence the intention of potential Internet shoppers. Still, a study on the Internet retailing from the TAM viewpoint is limited; nevertheless, the Perceived usefulness construct still garnered remarkable support from many other technological applications. [12], who defines the perceived usefulness (PU) as, i.e. the belief that using the application would increase one's performance. In this framework, the performance would be highlighted in the benefits of purchasing a product through Internet retailing minus the trade off of a physical retailing. This study trusts that the power to attract online group buying lies in the technology's usability and usefulness.

H1: There is a positive relationship between perceived usefulness and online group buying.

Parallel to Perceived Usefulness, Perceived Ease of Use also plays a major role in online group buying too. In short, the Perceived Ease of Use is connected with the "user-friendliness" of the website. If the disturbance proves to outweigh the benefit of purchasing through the net, then potential online group buyers would prefer to purchase through conventional channels. Although online group buying is surmised to have beneficial outcomes, yet the hassle of engaging in the interaction medium (i.e. website) could verify to be discouraging for some consumers. One of the factors that contribute towards the unfriendliness of some websites of Internet retailers is long download times. These

barriers reduce the perception of the ease of use of online group buyers, therein, allowing them to develop a negative attitude. Furthermore, poorly designed forms might cause potential online group buyers to lose focus of their carts and purchases. This leads to Internet shopper's unwillingness to engage in Internet shopping. Therefore, this study anticipates that:

H2: Perceived ease of use has a positive relationship with online group buying.

Perceived Ease of Use and Perceived Usefulness

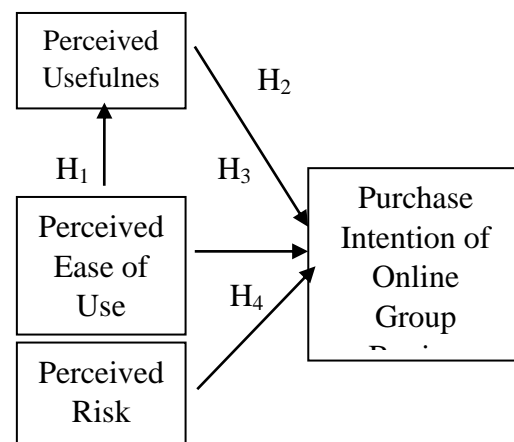
There are numerous researchers [13], who have studied the relationship between perceived ease of use and perceived usefulness, nonetheless, the relationship remains conflicting. In the view of Internet shopping, both are assumed to be closely linked as the dispute is such that an Internet user who identifies that purchasing through the Internet is effortless should, in turn, develop a tendency to perceive it as useful. [14], discovered that the relationship was not important in forecasting e-mail acceptance as a technology, while others [15], verified otherwise. This is due to the fact that an Internet user would inherently try to mold his/her perception of Internet shopping based on his/her experiences in engaging in Internet shopping and the ease in which the task was executed i.e. perceived ease of use. Therefore, we conclude that:

H3: There is a positive relationship between perceived ease of use and perceived usefulness.

Perceived Risk and Online Group Buying

Perceived risk is another strong factor that can influence customer's behavior. It is evident from research that risk is a negative factor in online shopping because there is a lack of physical contact between the buyer and seller. [16], proposed "An analysis of factors affecting on online shopping behavior of consumers", which is aimed to examine factors influencing online shopping behavior of customers. This issue is a most important issue of e-commerce field. It involves several factors that are why research on online shopping behavior is limited. **H4:** Perceived Risk has a negative impact on online group buying.

Theoretical Framework



The authors developed a model to examine the influence of 'infrastructural variables, perceived risks, and return policy on attitude towards online purchasing behavior and subjective norms, perceived behavioral control, and domain specific

innovation. In order to determine their assumptions, the authors distributed 200 questionnaires among online sites of Iran. The results of their research indicated that non delivery and financial risks detrimentally affect consumer behavior towards online shopping. "Domain specific innovativeness and subjective norms positively affect online shopping behavior...moreover, attitude towards online shopping positively affect online shopping behavior of consumers" [17]

Methodology

Quantitative research was conducted through questionnaire distribution asking respondents about factors influencing online group buying phenomenon in Pakistan. The sample comprised of respondents from different age groups, genders, and backgrounds with different income levels. The questionnaires were distributed randomly through email and personal references. Convenience sampling was used as it made accessing the right respondents easier.

Population and sample

The sample size comprised of 500 respondents out of which 48% of the respondents were less than 25 years of age, 37% were between 26-30 years of age and 10% were between 31-35 years old. 5% were older than 35 years.

Scale of the study

Perceived Usefulness is measured with the help of 03 item scale. Perceived Risk is measured with the help of 04 item scale. Perceived ease of use is measured with the help of 03 item scale and purchase intention was measured on a 02 point scales. All scales were self-established.

Reliability analysis

Table No.1.1 Reliability of

Organizational Culture

Cronbach's Alpha	N of Items
0.813	4

In reliability analysis, we examine the assessment of Cronbach's Alpha. The α coefficient of reliability should be greater than 0.50 to be considered reliable. The α coefficient of this entire model is 0.813 which means the data is significantly reliable.

Correlation Analysis

Table No 2 Correlation Analysis

	B'	t'	p'
(Constant)	.490	13.126	.000
PU	.568	21.709	.000
R Square	.486		
F	471.295		0.000

a. Dependent Variable: PU

	PU	PR	PII	PEU
PU	1	0.722**	0.549**	0.697**
PR		1	.559**	0.552**
PII			1	0.404**
PEU				1

**. Correlation is significant at the 0.01 level (2-tailed).

According to the correlation results in Table 2, it is observed that perceived usefulness has a positive effect on the online group buying purchase intention as its value is 0.549** which shows that they are positively correlated. Perceived ease of use is also positively correlated with online group buying purchase intention as its value is 0.404**. Perceived ease of use and perceived usefulness are also positively correlated as their value is 0.697**. Lastly, the hypothesis hold true that perceived risk has a negative impact on online group buying purchase intention as its value is 0.559**.

Regression Analysis

Table No.3 Regression Analysis

	B'	t'	p'
(Constant)	-.495	3.083	.002
PU	.297	4.889	.000
PEOU	.007	.179	.858
PR	.618	6.493	.000
R Square	91.730		
F	471.295		0.000

***Significant at the 0.01 level.

**Significant at the 0.05 level.

*Significant at the 0.10 level.

Results provide the following values for the relationship of perceived usefulness with online group buying purchase intention, $p=0.000$ i.e. < 0.01 and value of β for this is 0.297. This suggests that perceived usefulness has a positive influence on online group buying purchase intention. One unit change in perceived usefulness will cause 29.4% change in the purchase intention. As per the results, the first hypothesis is accepted. For the relationship of online group buying purchase intention with perceived ease of use, the value of $p=0.858$ i.e. > 0.10 so the second hypothesis is rejected.. for the relationship of perceived risk with online group buying purchase intention, $p=0.000$ i.e. < 0.01 and value of β for this is 0.618. This suggests that perceived risk has a negative influence on online group buying purchase intention. One unit change perceived usefulness will cause 61.8% change in the purchase intention. As per the results, the third hypothesis is accepted. All variables have positive greater values than 0 which shows that there is great evidence that alternative hypotheses are accepted. Value of R^2 is 91.7% which is also significant for the proposed relationship. Value of F is 471.295 which shows that perceived usefulness, perceived ease of use and perceived risk have strong relation with purchase intention of online group buying. All the values of t are non-zero so values of t are also acceptable.

On the basis of all above results, two proposed hypotheses are accepted and one is rejected.

Table No.4 Regression Analysis

As for the third hypothesis, the relationship of perceived usefulness with perceived ease of use, $p=0.000$ i.e. < 0.01 and value of β for this is 0.568. This suggests that perceived usefulness has a positive influence on perceived ease of use. One unit change in perceived usefulness will cause 56.8% change in the perceived ease of use. As per the results, this hypothesis is accepted.

CONCLUSION

This study has effectively recognized some of the most important factors that potentially influence the online group buying behavior of Pakistani consumers. The research was conducted using the technology acceptance model (TAM) as the theoretical framework that was further expanded by including major factors such as perceived ease of use, perceived usefulness, and perceived risk. These factors were evaluated and it was found out that these factors have a noteworthy influence on consumers' buying behavior engaged in Pakistani online group buying purchases. This research has contributed to the previous studies done by some famous researchers in the field of e-commerce and online group buying retails. In future researches, along with these variables, some other variables like trust, subjective norms and website quality may possibly be considered for further acceptability of results.

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