



Greenwich University

BS-BA MARKETING GROUP RESEARCH PROJECT

**Factors Affecting Consumer Behavior through Online Purchase of
Merchandise**

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**A Project submitted to Greenwich University, Karachi in partial
fulfillment of the Degree of Bachelors of Science in Business
Administration**

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April 2018

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Declaration of Originality

We affirm that our Group Research Project titled: **Factors affecting consumer behavior through online purchase of merchandise** is a genuine work and that it contains 9503 words, exclusive of title pages, maps, diagrams, tables, statistical appendices and references.

We also confirm that we have fully acknowledged to all those individuals and organizations who have contributed to the research for this project.

It is explicitly understood that Greenwich University reserves the right to check originality of manuscript both manually & electronically.

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Background of the Study

It's been few years that we can see a massive growth in ecommerce industry in Pakistan and fastest networks are being introduced to the public for their regular use such as 3G/LTE, going beyond that 4G was being offered that made people crazy about getting new ultra-fast handsets and gadgets. This revolution caused the arousal of wants and people just want to get thing done in just one tap on the mobile screens and mobile networks played a vital role in this revolution. Although to a very good extent we have stepped forward in this revolutionary race of technologies, but we still have too many challenges ahead (Dawood, 2017).

The reason why ecommerce has grown so rapidly in Pakistan is the offerings of 3G/4G/LTE services by mobile networks. Estimators suggest that by 2020 ecommerce industry will reach \$1 billion in revenues. In Pakistan we have got some online stores and millions of customers or people having a potential interest in buying online visit those stores for their general consumption purposes including merchandize and grocery. Some of these online stores are considered as market leaders because of higher traffic on their web portals. Those who are successful, they basically sell all kind of products online from multi category gadgets to home delivery of groceries. We have daraz.pk, kaymu.pk, homeshopping.pk, symbios.pk, shophive, yayvo, ishopping.pk, mega.pk, telemart.pk, 24hours etc. Daraz has become the market leader by generating most of the traffic on its web portal. People directly access its web portal and very fewer go to the search engines, those who search in search engines they probably look for its web address or the link to the website. Which is a sign of awareness of the website or the brand that people already know and this perception make it a market leader. Another popular store in Pakistan is Kaymu having 1.1 Million traffic per month which is not a retailer but over here many sellers offer different types of products. It

Delimitations

While deriving, interpreting and presenting the results we need to take this in account that most of the researches that are being conducted have some limitations and deficiencies. This work also has following limitations that can be considered by new researchers while conducting a similar scientific study:

- Theoretical sources which are being studied for this research project mostly were the articles and they generally shed light on general consumers' buying behavior, later we narrowed down our research and to the online purchase behavior and then consumers' online buying behavior for merchandize. We created a pool of the previously done researches to review and to support our work and we figured out the commonalities and differences and the valuable ones were being taken out for present study.
- This study is limited to the effect of (retail price, purchase decision, internet shopping, market research and attitudes and interests) on consumer's buying behavior. Therefore, there is a need of studying every factor which is affecting consumer's buying behavior
- This study has a limited population of 1200 student of Greenwich University, Karachi. Out of which sample size is 100 only. There is a need of conducting future research into the entire city and other cities as well.
- The study has a very limited time period and because of time limitations the markets may change in the future with respect to time. Therefore, the conclusions of the study will be limited by time because of continues change in technology, modernization, development of the country and awareness of the e-world has been recorded.

Definitions of the Key Terms

Consumers' online buying behavior

Purchase decision making pattern that is a complex amalgam of needs and desires, and is influenced by factors such as the consumer's (1) societal role (parent, spouse, worker, etc.), (2) social and cultural environment and norms, and (3) aspirations and inhibitions (Web finance Business Dictionary, 2017).

Retail price

The total price charged for a product sold to a customer, which includes the manufacturer's cost plus a retail markup (Financial Dictionary, 2012).

Purchase Decision

Purchase decision refers to the thought process that goes on in a consumer's mind about what they need, what options they have to fulfill their need, and which specific product and brand should they choose. Some purchase decisions are minor, like buying soap, while others are major, like buying a car. The more major the purchase decision, the more effort the customer puts into the process (The University of Pennsylvania, 2015).

Market research

Market research refers to the process of engaging directly with consumers to assess the viability of a new good or service process of assessing the viability of a new good or service. This allows a company to discover the target market and record opinions and other input from consumers regarding the product. Market research may be conducted by the company itself or by a third-party company that specializes in the market research field. Product samples or a small stipend is usually given to test subjects to compensate for their efforts and time (Investopedia, 2017).

based sector can be the worst thing that can happen to an e-commerce company (Nasar, Hussani, Karim, & Siddiqui, 2012).

Building image in e-commerce is more experience based. The successful e-commerce players have dedicated their teams to research and development of the ideal interface that can be used by all most anyone who isn't even tech savvy. They provide an experience that helps retain the customer and make them their first choice for online shopping (Nasar, Hussani, Karim, & Siddiqui, 2012).

Online consumer behavior is very different than offline behavior of the same individual. Touch is the major element that is missing, and marketers strive to provide an experience in which they can somehow replace the absence of touch with service and better friendly yet detailed interface. Consumers still hesitate in making online purchases because they are afraid if the size or quality does not turn out okay they might have to get in the hassle of returning it or not getting refund at all. E-commerce sector is still inclined to offer better service and enhance experience to get more business (Nasar, Hussani, Karim, & Siddiqui, 2012).

Attitudes and Interest

Currently, online shopping is a rapidly developing phenomenon. Consumer attitudes toward online shopping are controlled by trust and perceived benefits. Trust is a result of perceived web quality and e-WOM (Electronic Word of Mouth). Thus, outcomes suggest that trust and perceived benefits are key indicators of consumer attitude toward online shopping. The more elevated amounts of perceived web quality prompt larger amounts of trust in an online shopping site. Perceived web quality is an immediate indicator of trust, and fundamentally impacts perceived benefits. The variety in online shopping attitude caused by perceived advantages and trust (Aqsa & Kartini, 2015).

State of mind essentially influences the eagerness for obtaining on the web. One may state that the better the disposition he felt, the more grounded the buyer's energy to finish the arranged purchase (Aqsa & Kartini, 2015).

Online Advertising

One strategy in marketing is about advertising. Advertising of a service or product persuade consumers to buy certain brand and as a medium to remind consumers of a product or service. So that is why companies have to take the impression of the product to be sold. Companies therefore spend heavily on advertising specially when introducing new products, they spent heavily on the advertising expenses. The main purpose therefore of online advertising is basically to create the effect of advertising (Aqsa & Kartini, 2015).

The use of internet in today's world is very important because it considers all the internet users and their preferences in making the advertisements. Through the internet small medium and large can provide product information, prices, purchase terms ordering and payment moreover about business partners around the world. Online advertising is made by companies in an attractive way for promotional activities of their product and service. Therefore, online ads can be informed of pop-ups, in stream ads, webcasting or the link is available at the top or bottom or suddenly appearing on the page. Two parts in which online advertising is divided is Communicate factor and factor content. Communicate factor is how an online advertisement featuring an information so that users get the information about the existing products, including interactivity and accessibility. Interactivity is two-way communication which is mutual conversation between consumers and advertisers. The term accessibility consists of how users can access the information and content of online advertising. Factor content on the other hand is about the shapes and online graphics about the ad that attract the online consumers and users about the ad this consist of information,

packaging cleanliness, how the store looks like and all these things affect consumers' decision of selecting a retail format (Souček¹ & Turčínková¹, 2015).

Consumer perception

Consumers have started looking for new landmarks after economic crisis of the globe and recession left a considerable impact on consumers' perceptions. Over last 25 years consumers have become more aware, their demands have been increased and it has made them to become more responsible and more economical. Demographics, earnings, social cultural values and economic situations along with a huge set of other factors may influence consumers' perception of a brand or thing. As consumer behavior is the study of processes that individuals and group go through to get what they want or to satisfy themselves. By understanding this phenomenon marketers and other brand owners can predict the consumer behavior and by predicting the behavior they can develop the brand and they can fulfil the unmet needs of the consumers (Sharma & Sonwalkar, Does consumer buying behavior change during economic crisis 9, 2013).

The buying behavior is a very complex phenomenon and it has five stages starting from recognizing a need in other words consumers start identifying what is missing at their end. Then they start searching in the market and they also make comparison with the similar products or similar brands which offer the same product under their name. When consumers are done with all the research and evaluation of all the brands and similar products they make final decision of purchase. And the real thing starts from here which is after purchase or post purchase behavior in which consumers experience and review about the product they have purchased. Either they are happy with the product or they are unhappy with what they have bought (Sharma & Sonwalkar, Does consumer buying behavior change during economic crisis, 2013).