FACTORS AFFECTING CUSTOMER’S INTENTION IN SHOPPING ONLINE ON LAZADA

Nguyen Ngoc Hoang
MBA, International School of Finance and Marketing - University of Finance and Marketing

Vo Thi Anh Dao
MA, Faculty of Foreign Languages - University of Finance and Marketing

http://doi.org/10.35409/IJBMER.2023.3523

ABSTRACT
This study aims to investigate the impact of factors affecting the online shopping intention of the consumer on the Lazada e-commerce website in Ho Chi Minh City. The study confirms the theoretical analysis of consumer behaviour: Technology Acceptance Model (TAM) and Theory of Reasoned Action (TRA), as well as compares the previous research articles related to online shopping intention of domestic and foreign authors.

The model was tested with a survey sample (n=401). Factor analysis technique in SPSS was used to classify factors which influence buyers while shopping online. From the survey results from 401 customers, the author pointed out five factors positively affecting online purchase intention which include perceived ease of use, perceived usefulness, perceived price, perceived trust and website quality.

The other factor is the perceived risk that has negatively affected customers’ online shopping intentions. Since then, the research offers the causes, solutions, and implications to help traders on e-commerce sites capture the needs and psychology of customers and help them partially improve their ability to attract customers online shopping in Ho Chi Minh City.

Keywords: Lazada E-commerce, Online Shopping, Customers Intentions.

1. INTRODUCTION
In recent years, the rapid development of e-commerce with a significant increase in the range of online shopping industries has gradually changed people’s consumption habits as well as influenced how customers purchase in the market. In Vietnam, online shopping is currently a growing phenomenon and is also considered as one of the most favourites to multiple customers because it provides convenience and quickness to modern consumers seeking easiness and pleasure. Besides, e-commerce also allowed businesses to use the Internet to gain a new dimension of operating business with other firms. Thereby, many industries in Vietnam are currently trying to take advantage of this new development to create more profit, contribute to the development of the country’s economy. And many companies are increasingly spending to claim the top positions in this highly competitive Vietnam’s E-commerce market.

Since e-commerce actually evolved in many ways, online shopping becomes a rising trend these days, especially in Viet Nam. According to Statistics compiled by Nielsen Viet Nam and Miniwatts Marketing Group in 2019, 85% of the Vietnamese population uses the internet, ranking 13th among the 20 countries with the highest proportion of internet users in the world. With the fastest-growing middle class in Southeast Asia, Viet Nam has been experiencing a
phenomenal growth rate in its retail sector. It is noteworthy that this trend seems to continue into the future.

1.2 Research Objectives
   Broad Objective:
   The main objective of the research is to find out the reasons behind the intention to shop online of Vietnamese people and the factors influencing their purchasing intention in shopping online on Lazada.
   Specific Objectives:
   - To analyze the scientific literature that focuses on the scientific approach to online shopping and factors that encourage such shopping.
   - Finding out the problems and giving recommendations on using the main factors contributing to Lazada’s shopping online.
   - Introducing suggestions to improve and encourage online shopping in Lazada.

2. LITERATURE REVIEW
2.1 E-commerce
   Electronic commerce or e-commerce is a business model that lets firms and individuals buy and sell things over the internet. Online shopping allows shoppers to contact new suppliers, diminish purchasing costs, and quickly process orders. At the same time, marketers can also connect with customers online to share product information, sell products and services, provide assistance services and maintain relationships with customers.

   According to Bui Thanh Trang (2014), online shopping is a process where customers buy goods or services directly from the seller during authentication through the internet, without intermediaries. This is an e-commerce form. Online shopping is beneficial for both buyers and sellers in terms of finding customers, product information, interactions and product distribution. Buyers can buy anytime and anyplace, even at home and easily obtain suppliers. The buyer also does not need to leave home to buy goods and track the delivery.

2.2 Consumers Online Purchase Intention
   The intention is a motivation that can affect a person’s certain desired behavior and can be used to examine how much eagerness and efforts of someone to achieve the behavior. Purchase intention refers to a plan to buy a particular product within a specific period of time. According to Pavlou (2003), when a consumer intends to involve in an online transaction during the process of information retrieval, information transfer and product purchasing are taken places via the internet that is online purchase intention.

2.3 Theory of Reasoned Action (TRA)
   To understand shopping behavior in the context of online shopping, it has commonly been assumed that behavioral intention will determine behavior and one of the most prominent frameworks within this theoretical field is the Theory of Reasoned Action (TRA). Therefore, in this research, the TRA was chosen as the guiding framework for testing in this study.
Figure 1: Theory of Reasoned Action (TRA)

3. RESEARCH MODEL AND HYPOTHESIS

The independent variables are perceived ease of use, perceived usefulness, perceived trust, perceived risk, price, online product reviews and website quality.

Figure 2: Research Model
Perceived Ease of Use (PEU): Perceived ease of use defined as the degree to which an individual believes that the use of new technology will be free from effort (Davis, 1989). Ease of use is another encouraging determinant to buy online. In other words, “Ease of use” can be used to measure how online shopping can help consumers shopping more efficient and effective (Perea y Monsuwé, Dellaert & De Ruyter, 2004).

H1: There is a positive relationship between Perceived Ease of Use and The Online Purchase Intention.

Perceived Usefulness (PU): “Usefulness” is defined as the extent to which a user believes that using the new technology will improve his performance in comparison with not using. An application will be evaluated as high in perceived usefulness when the users realize a positive relationship between their utilization and job performance (Davis, 1989). Applied in this research context, “usefulness” is the degree which a consumer believes that purchasing the online product would enhance his shopping effectiveness. Other researcher defined “usefulness” as the level of someone belief that using the Internet will enhance his performance (Moon & Kim, 2001). More closely to this research, usefulness refers to a customer’s perception that using the Internet will enhance their online shopping outcome.

H2: There is a positive relationship between Perceived Usefulness and The Online Purchase Intention.

Perceived Trust: Trust is the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party” (Mayer et al., 1995). Consumers are more willing to purchase on the Internet if they believe that online retailers are credible, reliable, and trustworthy. Based on results of the previous studies conducted by Thang Ha and Huong Nguyen, Puspitasari, Amyhorsea, and Susanty, 2017, and Irdy Agustin Kustiwi, 2018, it is showed that perceived trust is a vital factor determining online shopping intention.

H3: There is a positive relationship between Perceived Trust and The Online Purchase Intention.

Online Product Reviews: Online consumer reviews are subjective opinions and summarize experiences, attitudes, and opinions, expressed by consumers (Floh et al., 2013; Lu, W. Chang, & H. Chang, 2014). Personal opinions and experiences for products and services in the form of online reviews have become one of the most valuable sources of information assisting users when making purchasing decisions.

H4: There is a positive relationship between Online Product Reviews and The Online Purchase Intention.

Perceived Price: Price can be defined as the amount of money a consumer is willing to spend in exchange with products that they think are valuable. According to Zethaml (1988), Nagle and Holden (1995), price can be a signal quality of a product as well as create image and differentiation. Customers typically have a range of specific price, so, if the price is above this range, they are not willing to buy the product. In contrast, they will doubt the quality of the product when the price of the product lies below. Many Internet retailers offer customers a range of price comparisons. Therefore, when customers compare different products, online consumers may utilize price as an indicator of their intention (East et al., 2008). Perceived price can be considered as one central determinant of the consumer’s decision-making process in online markets and have a direct effect on purchase intention. Low price can offer more opportunities
for the customer, which then enhances the willingness of customer to purchase the product.

H5: There is a positive relationship between Perceived Price and The Online Purchase Intention.

Perceived Risk: According to Murphy and Enis (1986), "Perception of risk is an unpredictable phenomenon encountered by consumers during the purchase process error caused by the consumer or the result of decisions that do not fit on the subjective assessment". Perceived risk is the consumer’s attitudes of the uncertainty and conflicting consequences of buying a product. In addition, many researchers had discovered the opposite correlation between perceived risk and online shopping intention (Hsin Chang & Wen Chen, 2008, Charlene Gerber, Shannon Ward and Leila Goedhals-Gerber 2014).

H6: There is a negative relationship between Perceived Risk and The Online Purchase Intention.

Website Quality: The web quality is from the physical evidence which indicates the ease of utilizing online sites. According to Moorthi (2002), the requirement for physical evidence is considerably high in searching for products. A research conducted by Ganesh, J., Reynolds, K.E., Luckett, M., & Pomirleanu, N. (2010) revealed that attractive and interesting effects in e-commerce websites motivate consumers to engage in online shopping activities. Nababan, Devy R. (2011) and Kim, S., & Jones, C. (2009), showed that the quality of information offered by a brand on online shopping websites is also an important factor significantly that influences purchase intention, and informative website enables customers to compare and evaluate product alternatives, thereby increasing customer satisfaction and contributing to online purchase intention. Thus, it is submitted that the usability of the online website is positively correlated with consumers online purchase intention.

H7: There is a positive relationship between Website Quality and The Online Purchase Intention.

4. METHODOLOGY
4.1 Research Design

4.1.1 Type of Study

In this research, the researcher will approach descriptive research which is also known as statistical research. Besides, to better understand the relationship of the factors impacting on customer’s decision making, the researcher will both use qualitative approach and quantitative approach.

4.2 Sampling Design

This research aims to identify the factors that may influence the buying decisions of today’s consumers on Lazada. This research is designed with the participation 400 - 450 experienced Lazada’s customers, which conducts online survey through Google Forms, deliver forms in 1 month to collect the target numbers.

Sampling population: The sample was collected from residents in Ho Chi Minh city, Vietnam, who belong to the age-group of 15-50 with prior online purchase experience on Lazada more than once.
Sampling frame: the survey conducted in Ho Chi Minh City and customers are randomly chosen.

Sampling size: The sample consisted of 400 experienced Lazada’s consumers who were purchasing online. However, in order to avoid some invalid survey, 450 surveys should be spread out.

Sampling technique:

Nonprobability sampling method was used. The researcher decides to do non-probability technique because the researcher can choose each sampling to element can be include. Convenient sampling and Snowball sampling are the two techniques used to conduct this study.

4.3 In-Depth Interview

In-depth interviews were conducted during January, 2020 with five respondents aged from 18 to 26 who are all experienced online shoppers on Lazada. Three of them are students from different universities and the others are white-collar workers with different occupations. The objective of the in-depth interviews is to gain more insight motivations, attitudes, and feelings of respondents, then identify potential variables that are important in determining online consumers’ purchase decision and help to develop the mechanism of the questionnaire survey. During the in-depth interviews, participants expressed their opinions and discussed in open-ended questions based on literature related to consumers’ decision making such as sources of information, feelings towards online shopping, reasons for them to choose to shop online, factors affecting their repeat online purchase and their concerns about shopping online in general.

4.4 Data Analysis Methods

The investigation of collected data will be analyzed by the Statistical Package for Social Science (SPSS version 20.0).

5. CONCLUSION AND RECOMMENDATIONS

5.1 Summary Of The Research Results

The value of Cronbach’s Alpha of seven variables includes Perceived Ease of Use, Perceived Usefulness, Perceived Trust, Online Product Review, Perceived Price, Perceived Risk and Website Quality are 0.871, 0.763, 0.811, 0.830, 0.698, 0.801 and 0.829 respectively. All of those values are reliable. Results of EFA analysis of total seven factors with 29 observation variables are as follows: the coefficient of KMO, in the final analysis, is 0.916> 0.8 for sample compatibility, with Bartlett's test for sig = 0.000 <0.05, indicating the significance of the test result. The result of Pearson correlation analysis illustrates that no correlation coefficient was observed because the sig between each variable independently of the dependent variable was less than 0.05. Thus, all independent variables have a linear correlation with the dependent variable. The linear regression model has R squared correlation is 51.7% and sig value 0.000< 0.05 indicates that the suitability of the model is quite high.

5.2 Key Findings And Discussion

Following the result of analysis represented above, among the hypothesis, hypothesis H1, H2,
H3, H4, H5, H6 and H7 significantly affect Customer’s Online Shopping Intention, whereas hypothesis H4 has no significant influence. It means that perceived ease of use, perceived usefulness, perceived trust, perceived price and website quality have positively influenced on the customer purchase intention in Lazada, while perceived risk has a negative effect on the purchase intention.

- The factor that most significantly affects online purchase intention in e-commerce Lazada is perceived trust. Based on the result, the value of beta is 0.493 for trust, and the adjusted R square of 0.473 that presented trust can explain customers’ online buying intention making to 47.3%, hence, perceived trust has the strongest positive impact on the customer purchase intention to adopt online shopping in Lazada. Especially in the increasingly intense competitive e-commerce industry, trust is very significant in building solid and long-term relationships between businesses and consumers. If Lazada can give trust to consumers and they feel it is high enough, it can push customers to perform online purchasing transactions at Lazada.

- The impact of perceived usefulness on the intention to adopt online shopping in Lazada is consistent with the findings of previous studies (Davis, 1989; Moon & Kim, 2001), which have found that perceived usefulness has a significant influence on the intention to adopt online shopping. According to the data analysis results, the adjusted R square is 0.276, explaining for 27.6 % of the variance, the value of beta is 0.493 and the p-value is 0.009 <0.05, thus, the perceived usefulness variable has a favourable impact on the customer purchase intention variable. It can be learned that consumers choose online shopping because most of them believe that online shopping can save time, money, and access a variety of choices of goods and customer trust with reliable suppliers. Also, customers always want to use an online shopping service to have a better shopping experience than traditional shopping.

- The results indicate that perceived ease of use has a significant impact on the consumer's behaviour in having online purchase intention. Perceived ease of use includes: easy to obtain information, to learn how to perform transactions easily, easy to use the payment system, the interaction with the website is very simple and easy to be understood. The adjusted R square of 0.288, p-value < 0.05 and the Beta value is 0.168 which indicate that customers are relatively concerned on the ease of use from shopping online. The easier usage of online shopping will give a significant influence on purchase intention.

- For website design, the results of hypothesis H7 showed that website quality is positively associated with customers’ buying intention to engage in online shopping, which is consistent with the findings from Moorthi (2002), Ganesh, J., Reynolds, K.E., Luckett, M., & Pomirleanu, N. (2010), Nababan, Devy R. (2011) and Kim, S., & Jones, C. (2009). In this study, the website quality is the second most important factor that influences the consumers’ e-shopping intention on Lazada, with the adjusted R square is 0.313, that means there are 31.3% can be explained website design correlates to customers’ online purchase intention. When the customers decide whether to purchase on online shopping on Lazada, they were influenced by site access information. Consumers always prefer to purchase through a well-organized
website with freely available information, the website operates easily or not and the downloading speed of the site.

- Zethaml (1988), Nagle and Holden (1995), East et al (2008), Rox (2007) have confirmed that the perceived price of consumers is positively related to online shopping intentions. In this result, the author has reached the same conclusion. According to the data analysis results, the beta value indicates a positive number of 0.034 and the adjusted R square of 0.219, which means perceived price has 21.9% of the variance correlate to customers’ online buying intention. Therefore, consumers always prefer to purchase through a well-organized website which allows consumers to easily compare prices to make a better choice. And discount can also offer more opportunities for the customer, which then enhances the willingness of the customer to purchase the product.

- The online product review factor of this research is intended to have a positive relationship with the customer’s online purchase intention. However, the hypothesis is rejected in hypothesis testing analysis due to a lack of correlation and Beta synchronization. In reality, online product review has a significant effect on customer purchase intention. When customers found and read a leaving comment or other customers’ previous comments, that could help them to decide whether purchase on online group buying. Therefore, the higher ratio of positive product review, the more willingness of customers to buy this product. The author is looking forward to see future research that could figure this relationship clearer in the future.

- Perceived risk as an important psychological variable that affects consumer purchase behaviour. Through the data analysis results in this study, the adjusted R square of 0.011, which mean perceived risk has only 1.1% of the variance correlate to customer buying intention. The p-value is less than 0.05 and the Beta value gives negative numbers of -0.050, it is concluded that the perceived risk of online shopping has a negative correlation with online shopping. Therefore, the results of hypothesis H7 showed that perceived risk is positively associated with customers’ buying intention to engage in online shopping, which is consistent with the findings from Murphy and Enis (1986). The research results also show that the perception of risk is the major barrier to the purchase intention of adopting online shopping on Lazada.

5.3 Managerial Implications

The results show that the appropriateness of the theoretical model for the intention to buy goods on the e-commerce site Lazada in Ho Chi Minh City as well as the accepted hypotheses will help Lazada capture what factors affecting consumer’s online shopping intention in Ho Chi Minh City. Since then, Lazada can launch a program to reach customers most effectively, creating outstanding competitive advantages and sustainable development in the future.

In order to create a better shopping experience than traditional shopping customer and to enhance consumers' perception of the usefulness of online shopping, Lazada should continuously make effort to promote and transmit the benefits that online shopping can bring to consumers, such as convenience, price advantage, rich product styles, and time savings.

Consumers still worry about some risks when shopping online and that influence negatively
consumer's intention to purchase online. As such, Lazada should capture the perceived risk of the customers and build a solid trust with customers by ensuring a real quality source, actively promote their online cannel with their security and facilities to reduce customers’ worry. At the time any complaints occur, Lazada staffs should immediately respond and handle complaints about customers so they can be assured of the money they have spent, and more trust in Lazada service.

Besides, it is necessary to create many other social links such as links with websites, social networking sites to help customers easily share information about products, customers also easily refer to ideas, contribute to have more confidence, positively impacting the intention of shopping through Lazada e-commerce site.

6. LIMITATIONS AND FUTURE RESEARCH

The research is not free from limitations. In fact, the researcher has to face a lot of problems to complete the report and could not get much information. There are many problems that the researcher has faced for preparing this report:

- In sampling, it is easy to recognize that the number of samples is 400 to 450, relatively small and could not represent the entire population for better reliability.
- The scope of the research, which specifically focuses on Vietnamese customer in HCM city, as well as on some online communities and platforms therefore proven to be too limited. The topic only surveyed in the crucial southern area, it could not be applied to every geographical location in the country. So, it does still not reflect the intention of online buying customers in Vietnam.
- Data sources are so limited. Therefore, most of the data and primary data are difficult to collect. Besides, many sufficient records, facts and figures are not available.

However, the author also hopes this topic will provide more useful information for Lazada e-commerce site and can help the company’s revenue grow more, meeting the increasing needs of consumers. Based on that, not only Lazada but also other ecommerce businesses can apply the results and achieve outstanding business performance in the future.

In the future, when ensuring the conditions of time and finance, the authors will conduct surveys within each province and city across Viet Nam to find out the factors affecting the intention of online buying customers. At the same time, it is possible to compare satisfaction among different regions across the country.

REFERENCES


