An Analysis of the Factors Affecting Online Purchasing Behavior of Pakistani Consumers

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Abstract

The research reported in this thesis was on "An Analysis of the Factors Affecting Online Purchasing Behavior of Pakistani Consumers". Despite the abundance of literature on buying behavior of online consumers, very little of it focuses on developing countries. The purpose of this research was to investigate the factors impacting the online purchasing patterns of consumers in the Pakistani market. The variables included in the proposed framework were perceived advantages, perceived risks, hedonic motivations, website design and lastly, psychological factors that included trust and security factors. The primary data was gathered by floating hundred questionnaires to online shoppers using convenience sampling. The secondary data was collected by consultation of published research papers, consumer reports, libraries and various internet sources. SPSS software was applied to analyze data for reliability and correlation. The results were then interpreted by usual principles of statistics. The findings indicated that perceived advantages, perceived risks and psychological factors were the significant variables. Perceived advantages and psychological factors had a positive impact on the consumer attitudes and buying behavior; however, perceived risks had a negative impact on consumer buying behavior. Website design and hedonic motivation were found out to be the insignificant variables.

Psychological factors had the highest correlation with online shopping behavior, hence it was concluded that trust towards online vendors and security issues are the most important in determining online purchasing patterns of Pakistani consumers.

Owing to rising inflation in Pakistan, people often resort to earningasy money through cybercrimes. Since fake e-stores, cybercrimes and scam websites are very common in Pakistan, people hesitate to shop online. Lack of accountability and the presence of con artists and vultures in the cyber world have resulted in unpleasant experiences of online Pakistani shoppers. Hence, e-tailors need toimprove the trust deficit in order to enhance purchase intention of current and potential consumers.

The paper provides marketers with insights into how knowledge about the factors influencing purchasing patterns of online consumers can be incorporated into marketing strategies. The study suggests that in order to enhance the consumer purchase intentions, Pakistan's online stores should build strategies to better address reliability and trustworthiness issues instead of merely focusing on website design, aesthetics and content factors.

Keywords: online buying behavior, consumer attitudes, perceived advantages, perceived risks, hedonic motivations, aesthetics, trust, consumer purchase intention

1. Introduction

The arrival of the internet has totally transformed the way businesses are conducted all over the world. Consumers today have a lot of channels through which they can interact with businesses. One of the alternatives available to them is that of e-commerce. The term e-commerce can be defined as an electronic environment where buyers and sellers meet to exchange products, services and even information. Close and Kukar-Kinney (2010) suggest that online shopping behavior denotes the activity of buying goods or services on the internet.

There has been a shift towards online shopping due to ease, comfort, convenience, cost saving, timesaving and quick delivery as compared to conventional or traditional shopping. Consumers are no longer bound by timings or location to make their transactions. Purchasing products is only a few clicks away as a result of a speedy

growth and development of e-commerce. An increase in online shopping activities has forced companies to offer their products and services online. This helps them gain a competitive advantage over other companies in the marketplace.

Global trends indicate a shift towards e-commerce. Thus, the popularity of e-commerce is truly a global phenomenon. According to the Guardian, UK had the largest e-commerce market in 2010. China's e-commerce base is also expanding. Statistics show that online sales in China in the year 2009 touched almost $36.6 billion (Forbes, 2010). Other countries like South Korea, Japan, Brazil, France, Germany and Russia have also seen a flourishing e-commerce sector in previous years. It has been estimated that the e-commerce market in Russia would aggregate between $23- $30 billion in 2015. According to e-marketer, e-commerce sales in Brazil would touch $17.3 billion by 2016. E-commerce is also developing in the Middle East at a very fast pace.

However, countries like India and Pakistan have experienced a slower growth of e-commerce. Developing countries do have the potential of developing an e-commerce base; however it will take time because internet penetration in these countries is still lower in comparison to developed countries. All this suggests that online retail competition is expected to increase in the near future. According to a global consumer report of A.C Nielson published in February 2008, Pakistan was ranked the world's second slowest adopter of e-commerce. The low adoption rate of e-commerce and slow ICT growth in Pakistan might be due to factors like high cost of computers, unavailability of the internet, low computer and internet education etc. However, the trend has shifted and there has been a rise in online shoppers in Pakistan in recent years, especially in the commercial capital. Statistics show that in 2012, e-tailing in Karachi increased by 12%. The main reason was terrorism in the city that discouraged citizens to go out and shop. Shoppers decided it was safer to be at home and risk online security as compared to going out and risk their lives.

Examples of some fast growing e-commerce websites in Pakistan include OLX, Daraz.pk, Symbios, Warehouse.pk, ishopping.pk, Shophive, Kaymu and many more. Consumers can buy a wide range of items ranging from designer wear, smartphones, computers and accessories, books, cosmetics, perfumes and home décor items from these online stores.

This research aims to study the e-commerce trends in the international market and tries to compare it to the Pakistani market. The study has explored the determinants of e-commerce purchases throughout the world and has compared it to the determinants in the Pakistani market. It has been observed that the online purchase behavior of consumers is somewhat similar throughout the world. Factors like security, privacy, e-service quality, product attributes, perceived benefits and risks associated with shopping online etc. affect the online buying behavior of consumers all around the globe. However, where hedonic motivations and website design are strong predictors of online buying behavior in some countries, they do not affect online buying behavior of Pakistani consumers.

1.1 Overview of the Problem

Kim, Lee and Kim (2004) found out that although online sales have peaked in recent years, there is evidence that shows a common phenomenon of 'purchase abandonment'. This means that consumers' search on the internet does not necessarily lead to an actual purchase. Kearney (2001) found out that around 82% of experienced internet shoppers left the online retailers' website without completing their transactions due to the problems they faced as a result of poor interface features of the website. There was another study carried by Creative Good that clearly indicated that approximately 43% of purchase attempts failed because of poor interface. Research indicates that purchase efforts of consumers often fail because they can't find the right products or they can't complete the online transactions, or they doubt the credibility of the payment procedure. Thus, online purchase behavior is directly affected by the search experience of the consumers in the virtual marketplace. Rosen and Purinton (2004) found out that instead of developing their own virtual spaces, companies often imitate other successful websites in an attempt to increase their online traffic and sales. Businesses need to realize that having a web presence is not enough to enhance purchase intentions of the customers. Companies need to make the virtual experience of their customers quite engaging and realistic by creating reliable online stores.

Apart from the online shopping environments, exogenous factors are also important. These include the psychological elements like trust in online shopping, perceived advantages and risks and prior online shopping experience. These factors also determine the online shopping patterns of consumers. This research study offers a comprehensive and detailed understanding of various internal and external factors that significantly affect online purchase intention of consumers in the Pakistani context. It enriches our understanding of consumer behavior in the virtual marketplace, which has now become one of the most critical topics in the field of marketing, consumer behavior and e-commerce. The study explores the following research questions:

1) How do perceived advantages of online shopping impact consumer buying behavior on the internet?

2) How do perceived risks (non-delivery risk, financial risk, product risk etc.) impact buying behavior of online consumers?

3) How do hedonic motivations impact the purchase intention of online shoppers?

4) How do psychological factors (trust in E-vendor and security issues) impact online buying behavior of consumers?

5) How do website design (aesthetics, content factors etc.) affect online buying behavior of shoppers?

1.2 Importance of the Problem

Since the speedy growth of B2C websites as a key transaction channel, attracting consumers has become a central issue in the field of e-commerce. Various theories and studies have been devoted to investigate the phenomenon of online shopping behavior of consumers. Earlier studies have revealed that this process is complex and incorporating all elements in a single framework is quite complex. Some research has been done on this topic; however, none has been able to come up with a comprehensive model. In Pakistan, consumer trends are changing and an increasing number of consumers have adopted the idea of e-commerce. In the face of changing demand and behavior patterns of online purchasers, companies need to determine the key drivers that motivate online transactions. Once these factors are determined, the companies can then formulate strategies to enhance online search and purchase intention and to increase customer evaluations about the delivery of service in the online marketplace.

This research study has synthesized prior researches and has come up with a comprehensive research model that incorporates most of the elements that affect online purchase intentions.This study will be significant because it will contribute a great deal to the field of consumer behavior by making a contribution to the existing literature on E-commerce, marketing and consumer purchase intentions. Not much research has been done on this topic in Pakistan mainly because the growth of E-commerce in developing countries is still low. Thus this research explores the factors impacting online buying behavior in the Pakistani market, a topic that hasn't been explored is such detail before. The research also suggests ways in which the businesses can improve their virtual presence and enhance online consumer purchases and revisits. Thus, this study explores the complex socio-technical phenomenon of online consumer behavior in great detail and in doing so, covers the shortcomings of previous literature.

To meet the research objectives, I have begun with the review of prior research studies. This has been followed by the research methodology and the results. Lastly, discussion, managerial implications, limitations of the research and conclusion has been presented.

1.3 Literature Review

Perceived advantages

Soopramanien and Robertson (2007) suggest that attitude towards online shopping depends upon the view of the consumers regarding the activities carried out on the internet as opposed to conventional shopping environments. Studies have shown that convenience and time saving are the main reasons that motivate consumers to shop online. Chen et al. (2010) suggests that convenience denotes shopping practices on the internet that can reduce time and effort of the consumers in the buying process. Schaupp and Bélanger (2005) argue that E-commerce has made finding merchants easier by cutting down on effort and time. Nazir et al. (2012) and Rehman and Ashfaq's (2011) research also demonstrated that online shopping is better than conventional shopping due to convenience and ease of use, thus is gaining more popularity in Pakistan.Similar findings were reported in the research of Iqbal, Rahman and Hunjra (2012) whose aim was to explore consumer preference to shop online in countries like Pakistan. One of the variables included in the model was perceived advantages, and it was proved that perceived advantages of online shopping significantly impacted consumer's intention to make online transactions.Thus, perceived advantages impact the online buying intention and attitudes of consumers.

Perceived risks

On the other hand, consumers also consider risks associated with a transaction before pursuing an economic activity. These risks could include security, financial and privacy risk. Chen et al. (2010) argue that security risk impacts online purchase intention of consumers.Perceived financial risk refers to the possibility of monetary loss due to shopping on the internet. Javadi et al. (2012) studied the variables impacting behavior of online shoppers in Iran, and the research aimed to overcome the shortcomings of the earlier research studies. 200 online questionnaires were randomly distributed among some online stores. The variables studied included product

risks, financial risks, convenience risk, return policy, perception towards online shopping, etc. The research findings showed that variables like financial risk and risk of non-delivery had a negative impact on internet shoppers.Thus perceived risks have an impact on the buying behavior of online shoppers.

Psychological factors

Furthermore, psychological factors (such as privacy concerns and security issues) might affect the search and purchase intention of online shoppers. Lee and Huddleston (2010) argue privacy risk is related to the concern of loss of privacy since consumers have to disclose their personal information while shopping online. Chen et al. (2010) therefore advise that privacy controls are needed to eradicate privacy concerns of online shoppers.

Nazir et al. (2012) studied the variables impacting the online shopping behavior of Pakistani consumers. The research objective was to analyze different factors that affected internet purchasing behavior and to understand why consumers hesitated to shop on the internet. Survey method was used for the collection of data. Closed ended questionnaires were filled from a sample of 120 respondents. The findings revealed that social, psychological, emotional and privacy factors had a significant effect on the behavior of online shoppers. Trust, security and privacy issues were some major problems that online buyers faced, as identified by the research study. According to the study, consumers preferred not to shop online because they doubted the credibility of the transaction and payment procedure.

Rehman and Ashfaq (2011) also explored the online purchasing behavior of online shoppers in Pakistan. The main goal of their research was to explore the reasons that prevented consumers from shopping online. The findings showed that the sample population already shopped online; however there were some variables that affected the consumer's online shopping patterns and attitudes. These factors included social, psychological, emotional and privacy issues. The study finally concluded that privacy and security (such as insecure payment structure and cyber hacking) factors prevented consumers from shopping online.

Sulaiman, Mohezar and Rasheed (2007) conducted an empirical research to discuss the trust model for E-commerce in Pakistan. The study aimed to investigate the role that trusts plays in online shopping in the Pakistani market. This research study used the trust model, which was earlier employed by Cheung and Lee. Questionnaires were distributed amongst a sample of 250 respondents. The questionnaire was divided into two categories, the first section dealt with the respondent's views about E-commerce dealings whereas the second section aimed to collect the demographic information of the sample. One of the variables observed was the perceived trust worthiness of online vendors. The findings indicated that people who shopped online had a lower level of trust towards internet retailers' privacy controls. This is because consumers' profiles were often used by other parties for marketing purposes and once the consumers found this out, they developed mistrust towards E-vendors and this prevented them to make online transactions again. The study concluded that the factors affecting trustworthiness towards E-vendors included perceived security, competence, privacy, integrity and the propensity to trust.

Website design and content factors

Chen, Hsu and Lin (2010) investigated the elements of websites that lead to an increased purchase intention. The purpose of the study was to indicate consumer preference structures that were based on website features and designs. The sample was made up of undergraduate students from a university in Taiwan and the respondents were asked to fill online questionnaires. A conjoint model was then used to scrutinize the responses. The research findings revealed that there were three groups of respondents that were classified as usability oriented, security oriented and convenience oriented. The study found out that the attributes all three groups valued the most included delivery, usability, trust, security and convenience. The respondents also preferred a user friendly web interface while shopping online. The research concluded the five most important features highlighted in the research should be incorporated in websites to increase consumer purchase intention.

Hausman and Siekpe (2009) tried to determine the website design on consumers' internet purchasing behavior. The study's goal was to highlight technology factors that motivated people to shop online. Survey method was used and questionnaires were filled from the respondents to test hypothesized relationships. The empirical findings of the study revealed that both human and computer elements of website design had an impact on consumers' purchase intention. The results showed that computer and human factors had a positive relationship with perceived usefulness. The research concluded that internet designers should focus on adding human features like appealing visuals and graphics, 3d virtual models, etc. to attract consumers to their website and to encourage them to make an online purchase. Also, computer features must also be focused upon while designing websites so it's easier for consumers to understand the layout, to navigate, search for information online and to reduce the irritation that consumers face while browsing online.Iqbal, Rehman and Hunjra (2012) reported similar findings

that website and internet quality had a significant impact on the buying intention of online shoppers.

Bai, Law and Wen (2008) conducted a study whose purpose was to scrutinize the impact of quality of website on consumers' intentions to make online purchases. Online visitors in China were used for conducting the research because China has a large online market. Survey method was used. The research findings indicated that quality of the website had a significant positive relationship with purchase intentions. Also, customer satisfaction was found to mediate this effect. The research concluded that it was critical for companies to invest in their website quality to attract and retain online shoppers.

Lee and Lin (2005) studied perceptions of consumers towards e-service quality when it comes to online shopping. The paper developed a model to investigate the link between e-service quality, customer satisfactions consumers' intention to make online transactions. Data was collected through an online survey and the sample size was 297 respondents. The findings of the research suggested that website design, responsiveness, reliability and trust had an impact on the service quality. Personalization did not have a considerable effect on the service quality and satisfaction of customers. The research concluded that online stores should focus on e-service quality attributes to enhance purchase intention of online shoppers.

Hedonic Motivations

Childers et al. (2002) investigated hedonic and utilitarian factors affecting online shoppers. A random sample of 1000 consumers was selected. The sample was made up of people who were aware of online shopping environments. The findings of the study showed that there were some strong predictors that included enjoyment, navigation, convenience and usefulness.

Kim, Lee and Kim (2004) investigated the factors impacting online search and purchase intention of online shoppers. Questionnaires were distributed amongst a sample of 245 respondents who had some experience of using a computer and internet for shopping online. For testing the hypothesis, a structural hypothesis model was used. The findings of the study showed that factors like the utilitarian and hedonic value of online information and experience were the main determinants of online search intention of consumers.

1.4 Statement of Research Hypothesis

The literature review has led to the development of the following hypothesis:

H1: Perceived benefits of online shopping are positively related to online buying behavior of consumers.

H2: Perceived risks of online shopping are negatively related to online buying behavior of consumers

H3: Hedonic motivations are positively related to online buying behavior of consumers.

H4: Psychological factors are positively related to online buying behavior of consumers.

H5: Website design (Aesthetics and content factors) are positively related to online buying behavior of consumers.

1.5 Conceptual Framework

Based on the previous researches, a theoretical framework was developed to scrutinize the relationship of perceived advantages, perceived risks, hedonic motivations, psychological factors and website design with online buying behavior of Pakistani consumers.
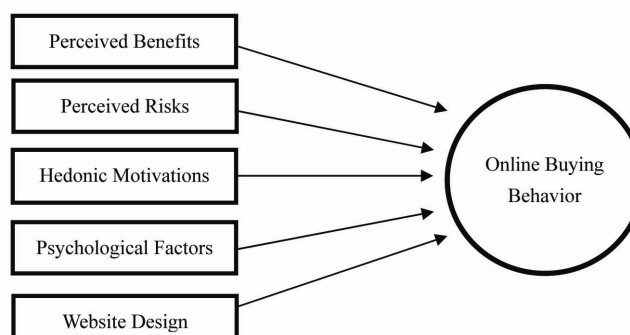

Figure 1. Theoretical framework

2. Method

2.1 Research Type

Qualitative research is conducted to get an understanding of people's underlying motives and reasons. It helps to uncover common trends in opinions and attitudes. On the other hand, quantitative research aims to quantify information and generalize results from the sample chosen. This research study uses the triangulation technique to investigate the research topic to increase confidence in ensuing findings. This research paper is both qualitative and quantitative in nature. It is qualitative because aspects like consumer buying behavior towards online purchases and attitudes are being studied. However, the research study is also quantitative in nature because an attempt has been made to quantify the results and correlation and reliability has been checked.

2.2 Data type, Data Collection and Research Period

The means of collecting the required data was done through conducting both primary and secondary research. The instrument used was a well-designed questionnaire which had 34 questions in total. Secondary data was also used that included published material like journals, books and internet sources. The time period for the research started from October 2013 and ended on April 2014.

2.3 Variables Studied

Independent variables in this study are:

- Perceived advantages (constructs include ease, convenience, 24/7 availability etc.)
- Perceived risks (constructs include product risk, convenience risk, non-delivery risk etc.)
- Hedonic motivations (construct includes enjoyment)
- Psychological factors (constructs include trust, security and privacy)
- Website design (constructs include aesthetics ,content factors and transactional design)

Dependent variable was:

- Online buying behavior of consumers

2.4 Sampling and Measurement

To test the hypothesis, a questionnaire was conducted (Refer to Appendix A). This questionnaire was combined and adopted from similar researches. The reliability of the questionnaires was tested by Cronbach's Alpha and the results showed that all of them were greater than 0.7, indicating good reliability of the questionnaire.

2.5 Instrument Description

Table 1. Adoption of questions

Instrument	Creators and Years	No. of Items
Perceived Benefits	Forsythe et al. (2006), Karayanni (2003), Swinyard &Smith (2003), Liang & Huang (1998)	6
Perceived Risks	Swinyard &Smith (2003), Forsythe et al. (2006), Lewis (2006)	6
Hedonic Motivations	Kim and Lee (2004)	3
Psychological Factors	Swinyard &Smith (2003), Forsythe et al. (2006), Lewis (2006)	4
Online Shopping Behavior	Swinyard &Smith (2003), George (2004), Forsythe et al. (2006)	4

2.6 Target Population and Sampling Procedure

The target population was comprised of individuals who were existing online shoppers and belonged to the middle and higher income groups. Also the target population has been limited by geographical location and the sample was chosen from Lahore, Pakistan. A sample of 100 individuals was selected and convenience sampling was employed. These included students (from Lahore School of Economics and Lahore University of Management Sciences), housewives and business men. The demographic summary of participants is shown in the table below.

Table 2. Demographic summary

	Category	Frequency/Percentage
Gender	Male	56
	Female	44
	Total	100
Age	Under 21	30
	21-29	50
	30-39	20
	Total	100

2.7 Data Analysis, Techniques and Interpretation

Statistical software (SPSS) was used for determining the correlations between the independent variable and dependent variables as well as the correlation between dependent variables. Statistical techniques like Reliability and Correlation Analysis have been employed to study the primary data gathered. Interpretation was done after gathering the results by running statistical technique on the data. Data interpretation was done with the help of various tools like tables, graphs, pie-charts etc.

3. Results

3.1 Reliability Analysis

Tavakol and Dennick (2011) say that reliability is concerned with an instrument's ability to measure consistently. Alpha was developed by Lee Cronbach in order to provide a measure of internal consistency of a particular scale. Alpha is a critical concept when it comes to the evaluation of the questionnaires. The reliability coefficient of Cronbach's alpha varies from 0 to 1. If the Cronbach's alpha coefficient is closer to 1.0, the consistency of the items would be higher. Cronbach's alpha is the most widely used measure of reliability when multiple-item measures are used. Cronbach's alpha has been reported to show the internal consistency for the scales used for this research. Internal consistency refers to the inter-relatedness of the items in the scale. As a rule of thumb, a reliability of 0.70 or higher is acceptable, thus Cronbach's alpha should be equal or greater than this standard.

SPSS was used to test the reliability of the questionnaire used for this research paper. 34 questions were included in the questionnaire. The individual Conbach's alpha comes out to be greater than 0.7 that validates the reliability of the questionnaire. The reliability of each construct is shown in Table 1 in Appendix B. It can be seen that individual Cronbach's alpha for each construct is greater than 0.7.

3.2 Correlation and Hypothesis Testing

H1: Perceived benefits of online shopping are positively related to online buying behavior of consumers.

Accept H1 because p = 0.001 that is less than the benchmark value of 0.05. The positive sign shows a positive relationship between perceived benefits of online shopping and the online buying behavior of consumers. However, the Pearson correlation is 0.316 that shows a weak correlation between the two variables. The correlation table below summarizes the above findings.

Table 3. Correlation between perceived advantages and online buying behavior

		Online Buying Behavior
Perceived Advantages	Pearson Correlation	.316**
	Sig. (2-tailed)	.001
	N	100

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

H2: Perceived risks of online shopping are negatively related to online buying behavior of consumers.

Accept H2 because p-value = 0.046 that is less than the benchmark of 0.05. Also, the Pearson correlation comes out to be -0.5 that shows a negative correlation between the two variables. The table below summarizes the correlation between perceived risks and online buying behavior.

Table 4. Correlation between perceived risks and online buying behavior

	Online Buying Behavior	
Perceived Risks	Pearson Correlation	-.500*
	Sig. (2-tailed)	.046
	N	100

Note. **. Correlation is significant at the 0.05 level (2-tailed).

H3: Hedonic motivations are positively related to online buying behavior of consumers.

Reject H3 since the p = 0.149 that is greater than the benchmark of 0.05. Therefore, this shows that the relationship between hedonic motivations and online buying behavior is not significant as shown below.

Table 5. Correlation between hedonic motivations and online buying behavior

	Online Buying Behavior	
Hedonic Motivations	Pearson Correlation	.145
	Sig. (2-tailed)	.149
	N	100

H4: Psychological factors are positively related to online buying behavior of consumers.

Accept H4 since the p = 0.02 that is lower than the benchmark of 0.05. This shows that psychological factors and online buying behavior are positively related. Moreover, the Pearson correlation is 0.7 that shows a high correlation between the two variables. The correlation between psychological factors and online buying behavior is summarized in the table below.

Table 6. Correlation between psychological factors and online buying behavior

	Online Buying Behavior	
Psychological Factors	Pearson Correlation	.700**
	Sig. (2-tailed)	.002
	N	100

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

H5: Website design (aesthetics and content factors) is positively related to online buying behavior of consumers.

Reject H5 since the p = 0.386 that is greater than the benchmark of 0.05. Therefore, this shows that the relationship between aesthetics and online buying behavior is not significant as shown below in the table.

Table 7. Correlation between website design (aesthetics and content factors) and buying behavior

	Online Buying Behavior	
Website design (aesthetics and Content Factors)	Pearson Correlation	.088
	Sig. (2-tailed)	.386
	N	100

3.3 Graphical Illustrations

The respondents were asked that how long they had been using the internet for online shopping. 18% respondents said that they had been using the internet for shopping since less than 3 months. 12% of the respondents had been using it since 3-6 months. 33% of the respondents had been using it since 6-12 months, 23% had been using it since 1-2 years, 11% had been using it since 2-3 years and lastly around 3% of the respondents had been using it since the past 5 years or more. These results have been illustrated in figure 3 in appendix C with the help of a pie chart.

The respondents were also asked about their preference of products for online shopping that is reflected by figure 4 in the appendix section. The results showed that 59 respondents preferred purchasing apparel and accessories

from the internet, 29 respondents preferred purchasing electronic goods and gadgets, 1 respondent preferred buying books and magazines, 5 respondents preferred buying tickets via the internet, 1 respondent preferred buying financial services and lastly, 5 respondents said that they preferred buying other products.

The respondents were also asked about their estimates of online expenditures (in Rs.) in the past 6 months as shown in figure 5 in the appendix section. It was found out that around 24% of the respondents had spent between Rs. 0-4,000 in the past 6 months, 36% had spent between Rs. 5,000-9,000, 24% had spent between Rs. 10,000-14,000, 11% had spent in the range of Rs. 15,000-19,000 and lastly 5% had spent Rs. 20,000 or above on online purchases in the past 6 months.

Lastly, the respondents were inquired about their most preferred website for online shopping. The results are illustrated in figure 6 with the help of a bar chart in the appendix section. 23% of the respondents said that they preferred shopping from Darak.pk, 15% preferred shopping from Azmalo.pk. 13% preferred shopping from Shopdaily.pk, 29% preferred making purchases from OLX, 2% preferred symbios for making online transactions, another 2% preferred Techcity, 1% said homeshopping.pk and 15% said that they preferred other websites. When asked to specify what other websites they used for online shopping, they said that they often make online purchases from sites like eBay, Facebook, Amazon etc.

4. Discussion

Hypothesis 1 is accepted that shows that perceived advantages of online shopping are positively related to online buying behavior of consumers. This finding is consistent with the findings of Iqbal, Rahman and Hunjra (2012) who said that perceived advantages is one of the variables impacting online shopping behavior. The perceived advantages could include 24/7 availability of online shopping, broader selection of products, better deals, facility of easy price comparison, benefit of getting expert reviews on the products, the advantage of a greater number of payment options available to shoppers, the benefit of getting products which otherwise would not be available in the market, the advantage of saving time and cost etc.

Hypothesis 2 and 4 are significantly supported that shows that perceived risks and psychological factors like the fear of losing money has a negative impact on online buying behavior. Risks such as non-delivery risk or the risk of receiving malfunctioning merchandise etc. will also have a negative impact on the buying behavior of online shoppers. These findings are similar to the findings of Forsythe and Shi (2003), Sulaiman, Mohezar and Rasheed (2007), Rehman and Ashfaq (2011), Iqbal, Rahman and Hunjra (2012), Javadi et al. (2012) and Nazir et al. (2012). These studies showed that consumers hesitate to shop online because of financial risk and psychological factors (like trust, security issues etc.)

Pakistani culture is as such, that the propensity to trust others is generally low. This means that Pakistanis have difficulty in forming trust towards other parties. This is the reason why Pakistanis have distrust in e-commerce transactions as shown by the response of the survey participants. Thus, online retailers need to build consumer trust in online shopping environments.

However, hypothesis 3 is rejected. The research shows that hedonic motivations, like enjoyment, are not a strong predictor of buying behavior of internet shoppers. The research shows that Pakistani consumers do not enjoy shopping on the internet. They shop online only due to utilitarian factors.

Hypothesis 5 is also rejected. The research findings indicate that website design and aesthetics does not have a significant positive relationship with purchase intentions that is in contrast with the results of some studies (e.g., Bai, Law, & Wen, 2008; Lee & Lin, 2005). The possible reason of this insignificance is because this study has been conducted in Pakistan whereas the above mentioned study was done in the Chinese context. China has a strong online market; however, the online market in Pakistan is developing. Keeping in view the amount of competition faced in China's online market, the online marketers in China cannot neglect service quality attributes that are necessary to enhance purchase intention of online shoppers. In Pakistan, the online market is still developing and consumers don't focus much on website design and aesthetics, rather they focus more on utilitarian factors while shopping online.

The findings showed that perceived advantages, perceived risks and psychological factors were the significant variables. These variables are also justified by theory and prior literature reviewed. However, aesthetics and hedonic motivations were found out to be insignificant variables. Psychological factors had the highest correlation with online shopping behavior, hence it has been concluded that trust towards online vendors and security issues are the most important in determining online purchasing patterns of consumers. These findings are similar to the findings of Lee and Turban (2001) and Sulaiman, Mohezar and Rasheed (2007) who argued that trust among the consumers remains the biggest factor that hinders online shopping. The source of trust in

retail setting is the salesperson that has the expertise, however in an online shopping environment; the sales person is replaced by help and search buttons. Lohse and Spiller (1998) argue that this factor removes the basis of consumer trust in the shopping experience. Therefore, the online shopping experience needs to be made more secure. According to McKnight and Chervany (2002), trust needs to be developed between the web shop and the consumer (referred to as interpersonal trust) and trust also needs to be developed between the consumer and computer system (institutional trust).

The managerial implications of this study would be that e-marketers in Pakistan should try to make their websites safer. They could use SSL protocol that will prevent the disclosure of customer's information. Also, perceived risks discourage online shopping. For example consumers worry that they might not receive the product (non-delivery risk) or they might receive malfunctioning merchandise. Again, steps can be taken to reduce such risks. Online retailers should try to provide insurance to online shoppers that the ordered items will not only be delivered to them on time, but delivered to them in perfect condition. All this would help to build consumer trust and loyalty. For example, e-Bay has incorporated structural assurances in its e-commerce strategy that has made it so successful. This can be imitated by other e-commerce sites and can help in increasing trust assurances such as statement of guarantees. Moreover, keeping in mind the amount of corruption being done in Pakistan, the government needs to have a watchdog body to improve the accountability of online retailers and to check their performance.

Thus, understanding consumer's trust in internet shopping is crucial for e-marketers for making the right strategies, marketing and technological decisions to increase customer satisfaction and for further attracting more customers to make online purchases.

5. Conclusion

The study contributes to the general body of empirical evidence about internet shopping behavior and tries to explain this phenomenon with respect to Pakistan. However, the study does have certain methodological limitations. First of all, the study uses a sample of only 100 respondents from Lahore, thus results might not be generalizable. Moreover, for this study, convenience sampling technique was used which has certain drawbacks. Results generated from such sampling might not be the true representative of the target population. Furthermore, the research only incorporates five variables. Other factors that might influence the shopping behavior of internet shoppers need to be scrutinized. All this raises a new agenda for future researches. Any researcher examining a similar topic in future has to investigate these parameters and should try to conduct a large scale survey to make the results more representative and generalizable.

The volume of research on online buying behavior in Pakistan is very limited and researchers have to bank upon the literature from other countries to build the theoretical foundations for their papers. This research study makes an effort to overcome this problem by providing valuable insights about the factors affecting online purchasing patterns of Pakistani consumers. The findings of this research study will help business people and e-marketers better understand how to increase their sales through online retailing. However, the results of this study might not be exhaustive and further research still needs to be done to validate the findings.

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Appendix A

Questionnaire

Please fill in the questionnaire only if you have an online shopping experience. Tick the option that you find most suitable. Do not tick more than one option.

1. Age
   o Under 21
   o 21-29
   o 30-39
   o 40-49

2. Gender
   o Male
   o Female

3. How long have you been using Internet for shopping?
   o Less than 3 months
   o 3-6 months
   o 6-12 months
   o 1-2 years
   o 2-3 years
   o 3-5 years
   o More than 5 years

4. What do you prefer buying online?
   o Apparel and accessories
   o Electronic goods and gadgets
   o Books and magazines
   o Cinema tickets
   o Financial services
   o Unique daily use items
   o Other (Please specify) _____

5. In the past 6 months, what would be your estimate of online expenditure (in Rs.)?
   o 0-4,000
   o 5,000-9,000
   o 10,000-14,000
   o 15,000-19,000
   o 20,000 above

6. What is your shopping preference?
   o Daraz.pk
   o Azmalo.pk
   o Shopdaily.pk
   o OLX
   o Symbios
   o Techcity
   o Homeshopping
   o Other (Please specify) _____

Please indicate he degree to which you agree or disagree with each of the following statements.

	Perceived benefits of online shopping	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
7.	I shop online as I can shop whenever I want to. (24/7 availability)					
8.	I shop online as I get detailed product information online.					
9.	I shop online because I get a broader selection of products and better deals available.					
10.	Online shopping gives the facility of easy price comparison. (Hence, price advantage)					
11.	I shop online as I get user/expert reviews on the product.					
12.	I use online shopping for buying products which are otherwise not easily available in the nearby market or are unique/new					
13.	I shop online as there are more payment options available.					
	Perceived risks and disadvantages of online shopping	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
14.	I hesitate to shop online as there is a high risk of receiving malfunctioning merchandise.					
15.	It is hard to judge the quality of the merchandise over the internet.					
16.	I feel that there will be difficulty in settling disputes when I shop online. (e.g. while exchanging products)					
17.	I might not receive the product ordered online.					
18.	I do not like being charged for shipping when I shop online.					
19.	Getting good after sale service is time taking and difficult for online purchases.					
	Hedonic motivations for online shopping	**Strongly Disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
20.	Searching for product information on the internet is a good way to spend time.					
21.	Information searching on the internet is fun rather than tedious.					
22.	Shopping online is enjoyable.					
	Trust and security issues in online shopping	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
23.	I feel that my credit card details may be compromised and misused if I shop online.					
24.	I might get overcharged if I shop online as the retailer has my credit card information.					
25.	I feel that my personal information given to the retailer may be compromised to third party.					
26.	Shopping online is risky because of a lack of strict cyber laws in place to punish frauds and hackers.					
	Aesthetics, content factors, transactional design	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
27.	I buy from online stores only if they are visually appealing and have a well-organized appearance.					
28.	I buy from online stores only if the navigation flow is user friendly.					
29.	I buy from online stores only if the site content is easy for me to understand and the information provided is relevant.					
30.	I buy from online stores only if they have an easy and error free ordering and transaction procedure.					
	Online shopping behavior	**Strongly disagree**	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**
31.	Using internet for online shopping is easy.					
32.	When I make a purchase, my friend's and family's opinion is important to me.					
33.	I will have no problem in shopping online if I get to know that my friends and relatives are doing it without any problems.					
34.	I would not shop online if Webpage download time is slow					

Appendix B

Tables

Table 1. Individual Cronbach's Alphs

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	**Cronbach's Alpha**
Perceived Adv. 1	106.1100	72.887	.258	**.810**
Perceived Adv. 2	106.0800	71.206	.371	**.806**
Perceived Adv. 3	106.0500	72.452	.250	**.811**
Perceived Adv. 4	105.9400	74.077	.196	**.812**
Perceived Adv. 5	106.0300	72.797	.259	**.810**
Perceived Adv. 6	106.3600	71.101	.342	**.807**
Perceived Adv. 7	106.3800	69.026	.428	**.803**
Perceived Risks1	106.4000	68.727	.453	**.802**
Perceived Risks2	105.7400	73.831	.219	**.812**
Perceived Risks3	106.1900	69.832	.439	**.803**
Perceived Risks4	106.2500	69.482	.482	**.801**
Perceived Risks5	105.8400	71.489	.355	**.807**
Perceived Risks6	105.9800	70.666	.402	**.805**
Hedonic motivations 1	106.5500	73.907	.167	**.814**
Hedonic motivations 2	106.3000	70.697	.481	**.803**
Hedonic motivations 3	106.2200	74.436	.121	**.816**
Psychological factors1	106.0500	68.856	.549	**.799**
Psychological factors2	106.0400	68.625	.523	**.799**
Psychological factors3	106.4800	65.000	.610	**.793**
Psychological factors4	105.9500	71.422	.341	**.807**
Website design 1	106.6000	72.525	.216	**.813**
Website design 2	106.1300	73.811	.180	**.813**
Website design 3	105.9400	72.481	.342	**.808**
Website design 4	105.9700	72.231	.311	**.809**
onlineshopping1	106.0700	73.217	.243	**.811**
onlineshopping2	106.4700	72.029	.279	**.810**
onlineshopping3	106.1600	75.307	.067	**.817**
onlineshopping4	105.8800	72.814	.225	**.812**

Table 2. Correlations

		Advantages	Risks	Hedonic	Psychological	Aesthetics	Online
Adv	Pearson Correlation	1	.430**	.227*	.465**	.362**	.316**
	Sig. (2-tailed)		.000	.023	.000	.000	.001
	N	100	100	100	100	100	100
Risks	Pearson Correlation	.430**	1	.344**	.417**	.343**	.500*
	Sig. (2-tailed)	.000		.000	.000	.000	-.046
	N	100	100	100	100	100	100
Hedonic	Pearson Correlation	.227*	.344**	1	.327**	.262**	.145
	Sig. (2-tailed)	.023	.000		.001	.008	.149
	N	100	100	100	100	100	100
Psychological	Pearson Correlation	.465**	.417**	.327**	1	.410**	.700**
	Sig. (2-tailed)	.000	.000	.001		.000	.002
	N	100	100	100	100	100	100
Aesthetics	Pearson Correlation	.362**	.343**	.262**	.410**	1	.088
	Sig. (2-tailed)	.000	.000	.008	.000		.386
	N	100	100	100	100	100	100
Online	Pearson Correlation	.316**	-.500*	.145	.700**	.088	1
	Sig. (2-tailed)	.001	.046	.149	.002	.386	
	N	100	100	100	100	100	100

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

*. Correlation is significant at the 0.05 level (2-tailed).
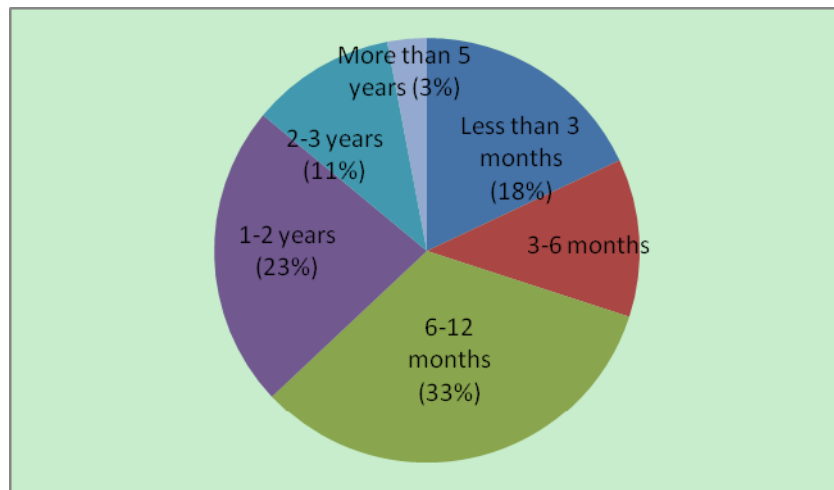
Appendix C

Graphs

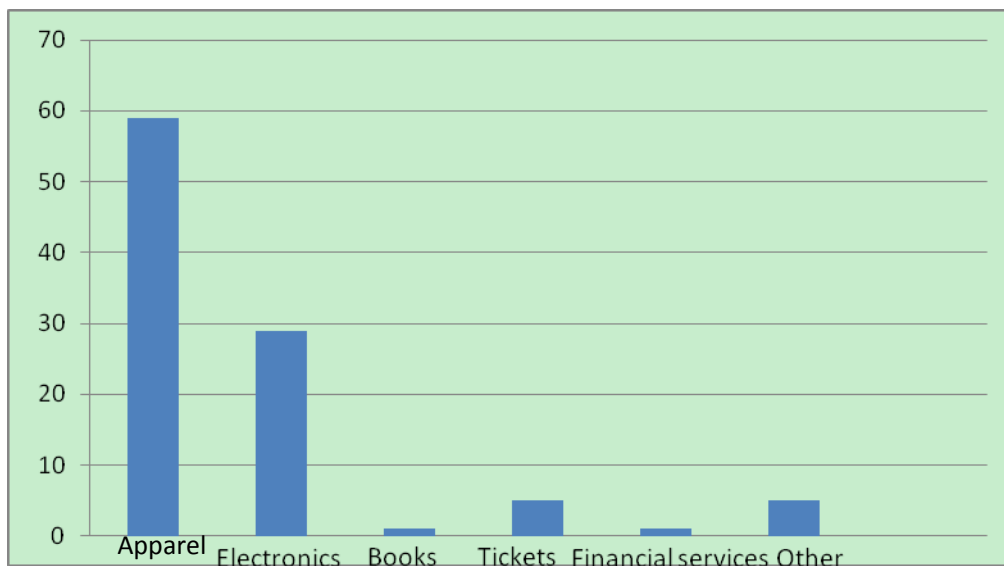Figure 1. How long have you been using the internet for online shopping?
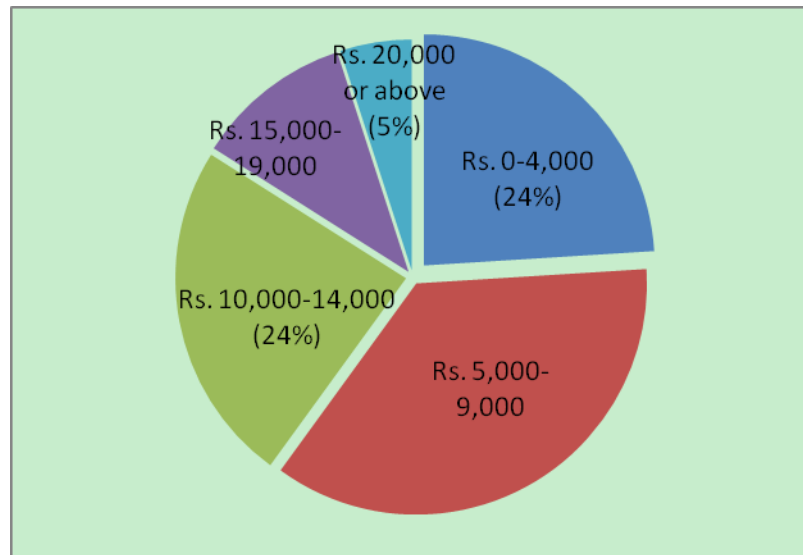

Figure 2. What do you prefer buying online?

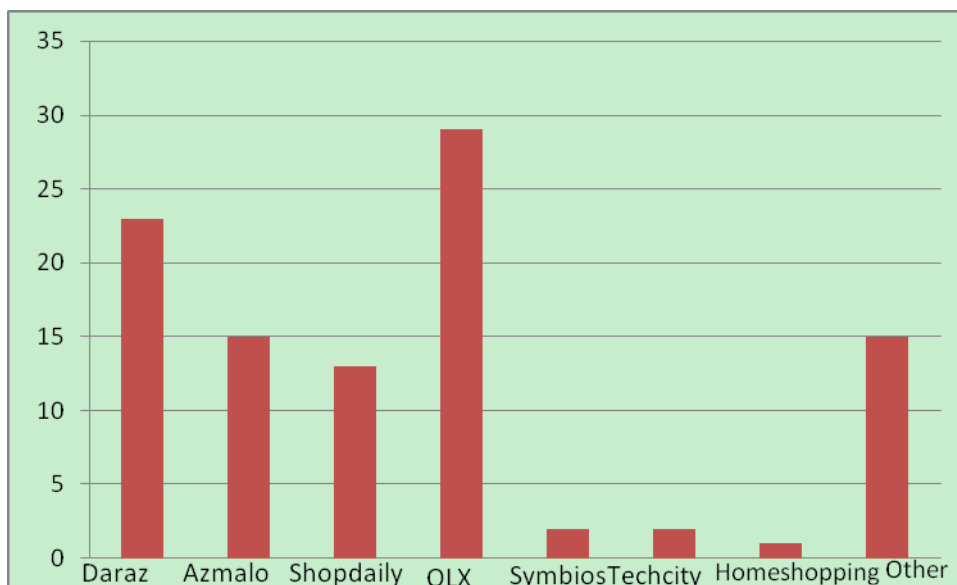Figure 3. What is your estimate of online expenditure (in Rs.) in the past 6 months?

Figure 4. Which website do you prefer for online transactions?

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