

AN INVESTIGATION OF INFLUENTIAL VARIABLES ON PURCHASING DECISION  
AMONG THAI ONLINE CONSUMERS

A MASTER'S PROJECT  
OF  
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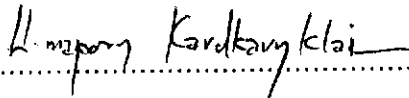
Presented in Partial Fulfillment of the Requirements  
for the Master of Arts Degree in Business English for International Communication  
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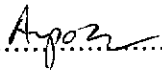
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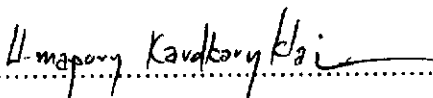
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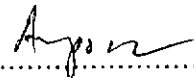
  
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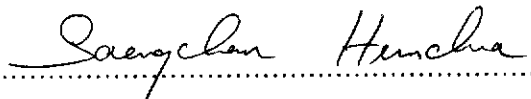
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Pakawadee Kumsaart

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# CHAPTER 1

## INTRODUCTION

### 1.1 Background of the Study

With the increase of cost-effective communication technologies, online shopping, one of the most important areas of electronic commerce is a fast growing business in the world market. Electronic commerce is generally focused on the buying and the selling of products or services using the Internet as the medium for this commerce. In the year 2000, 360 million people worldwide were connected to the Internet. By 2005, the number of Internet users is over 888 million (<http://www.internetworldstats.com>, 2005). This indicates that the Internet population has been multiplying so rapidly throughout the world. In Thailand, the Internet has become widely used for electronic commerce. There were 8 million Thai Internet users in March 2005. About 20 percent of consumers purchased goods or services online ([www.maxcyber.com](http://www.maxcyber.com), 2005).

The use of the Internet is no longer limited to those computer enthusiasts who use it for fun or curiosity. Internet has opened up tremendous business opportunities for its users, such as online shopping. Online shopping, a way of purchasing product and services through the Internet is a form of business communication that involves the use of information technology to enhance communications and transactions between suppliers and consumers.

Online shopping business provides great convenience to the enterprise production operation and promotes the work efficiency. This means that enterprise can buy material as a plan and organize production as a purpose and sale goods as a goal. Due to online enterprises, marketing model on the Internet tends to be flattened. Buyers and sellers will contact directly and all kinds of transaction costs will be reduced during the circulation.

Moreover, online shopping reduces the labor and real estate costs associated with operating traditional stores and their associated logistics. Instead of expending capital on real estate, enterprises invest in cheaper automated warehouses with minimal staff. In addition, online shopping gives enterprises the interactive ability to place goods and services on the Internet as soon as they are available and consumers can search, select and purchase products online.

In Thailand, online shopping is at an early stage of development; however, the number of online consumers has been increasing. Business owners attempt to attract consumers to their online shopping sites. These sites offer Thai consumers another choice besides traditional store shopping. Instead of heading to the nearest shops, consumers can visit one of many web sites and complete their purchase. Currently, it can be seen that Thai consumers' behaviors are changing because consumers have certain expectations of online shopping, such as time efficiency, convenient search for product information, comparison of product and price and a wide selections of product. These expectations can influence Thai online consumers' purchasing decision. This study aims to explore the influential variables that affect Thai online consumers' purchasing decision.

Yu (2004) studied online shopping experience of college students in Taiwan University of technology and found that the key variables of online shopping are a variety of product, accuracy of product information, online payment security, and privacy of consumer information. These variables influence the consumers' attitude toward their behavior, which affect purchasing decision.

Muthitachoen (2002) studied online shopping of two nations (Thai and American). She found that five variables represent attribute-based preference, which are product preference, transaction cost preference, accessibility preference, security preference, and shopping experience preference. The result shows that these variables draw the consumers to make a decision on online shopping, enhance online market competition among retailers, and stimulate free market behavior in the online shopping market.

In addition, many researchers indicate that sociodemographic variables are important in explaining online purchase behavior. Based on the finding of several studies of online shopping, most online consumers are males and younger. Generally more people up to the age of 40 are inclined to buy online, while more highly educated consumers shop online more often. Thus, it can be seen that online shopping can also be influenced by sociodemographic (Muthitachoen, 2002; Appmann, 2001; Richmond, 1996).

Online shopping may not be successful if consumers do not perceive it as reliable as stores, which provide them with accurate information, secured personal information, and payment security. Before consumers do online shopping, they will form a perception about whether online shopping is reliable.

Numerous researchers on online shopping have examined online shopping as a mode of business to consumer Internet commerce (Muthitacharoen, 2002), antecedents of customer satisfaction on the Internet (Ho and Wu, 1999), decision-making in online shopping environments (Haub and Triffs, 2000), and the Internet shopping behavior of college students (Yu, 2004). Despite the growth of electronic commerce and the increasing number of online consumers, very little is known about the influential variables that affect Thai consumers' decision to shop online.

## **1.2 Objectives of the Study**

This study examines the important variables that drive Thai consumers' decision to shop online. Since different levels of variables influence each consumer, an understanding of these variables will lead to consumers' purchasing behavior.

## **1.3 Research Questions**

The research questions for this study are:

1. Which are the most influential variables on online purchasing decision of Thai consumers?
2. How do these influential variables affect Thai consumers' behavior?

#### **1.4 Significance of the Study**

This study provides useful information for advertisers, stakeholders and Thai business people (who are starting to invest on web sites). Value judgments of online consumers influence their decision to shop online. The influence of these variables will assist advertisers, stakeholders and Thai business people to determine key features for shopping sites that will attract consumers. The result of this study will provide advertisers; stakeholders and Thai business people a practical advice for selecting variables to implement online shopping and it can help predict IT influence on the online business in the future. Finally, it enhances a business's chance, which can increase revenue and profits and gaining market shares.

#### **1.5 Scope of the Study**

This study uses questionnaires as a tool to explore the variables, which influence Thai online consumers. A questionnaire will be presented to thirty online consumers at the Fortune City IT Mall in Bangkok, a favorite destination for technological buyers, where there is high potential to meet online consumers.

## 1.6 Definition of Terms

<b>E-Commerce</b>	Trading processes between businesses by selling and buying physical (e.g. cloths, CD, books) and digital products (e.g. MP3 files or books as PDF files). Both small and large businesses use both retail and wholesale relationships.
<b>Online shopping</b>	The way of purchasing merchandise through the Internet
<b>Consumers' perception</b>	The act of becoming aware of factors that influence consumer's behavior in using or interacting with an online store
<b>Reliability of online shopping</b>	The quality of online shopping that makes online consumers trust during shopping online
<b>Traditional store</b>	A store where is located in a supermarket or a department store

## **CHAPTER 2**

### **RELATED LITERATURE REVIEW**

In this chapter, three main areas, which are electronic commerce, influential variables on online purchasing decision, and consumers' behavior of online shopping, are reviewed. The researcher first provides some background of the importance of electronic commerce in online business. Variables, which influence online shopping, are the main topic in this study. Consumers' behavior is also an important area of online shopping as it reflects consumer process of decision making to shop online.

#### **2.1 The Importance of Electronic Commerce in Online Business**

In this section, the description of electronic commerce as well as its importance in online business will be presented.

Electronic commerce (E-commerce) refers to business transactions conducted over computer networks, both public and private; it is about electronic interactions among businesses, governments and consumers for the purpose of information retrieval, trading, procurement, purchasing and delivery of digitalized goods and services (Card and Chen, 2004).

Kalakota and Whinston (1996) define electronic commerce as one kind of modernized business methodology. It seeks to reduce the costs, to improve the products and service quality, and to increase transmitting speed. In addition, it divides the application of consumption guide into four parts: (1) entertainment, (2) financial service and

information, (3) the necessary service (i.e., home shopping), and (4) education and training.

Salste (1996) states that electronic commerce can be subdivided into four distinct categories: Business-to-Business, Business-to-Consumer, Business-to-Administration, and Consumer-to-Administration. Electronic commerce has its roots in electronic data interchange networks established between large buyers and suppliers within a specific industry. E-commerce enables companies to conduct their business from prospecting to order processing and delivery online. It includes the use of exchanges internet-based marketplaces in which companies can purchase or sell a variety of products, some generic across industries and others specific to a given industry.

Ho and Wu (1999) mention that there are four marketing reasons for businesses to go on the electronic commerce: (1) attracting customers more easily, (2) improving customer service, (3) collecting the customers' information, and (4) reserving the competitive power. The system software that electronic commerce has been using will enable the sellers to improve their product presentation and the customers to better understand the products. Therefore, it is necessary to try this application on the opening environment of the Internet.

Yu (2004) maintains that the application of electronic commerce does not increase cost, but allow the producer, advertiser and stakeholders to contact customers directly; this enables them to see markets variations and consumer trends immediately. It enables the enterprise manager to rapidly differentiate the markets and dynamically adjust the marketing module to meet the consumers' demand, so as to customize the marketing.

In conclusion, electronic commerce can be defined as a process of buying and selling products over the Internet. Electronic commerce is not only focusing on selling and purchasing, but also on communicating and addressing issues to improve a businesses' performance.

## **2.2 Influential Variables on Online Purchasing Decision**

In this section, four essential variables which influence consumers' decision to shop online are as follows: (a) shop service image (b) product information and a wide selection of product (c) price discount, and (d) security system.

### **2.2.1 Shop Service Image**

A number of researchers (Yu, 2004; Richmond and Salste, 1996; Kaufman and Linequist, 2002; Gupta and Su, 2001) mentioned that "time efficiency" and "search and comparison of product and price" are considered to be the important elements that encourage consumers to shop online.

#### **2.2.1.1 Time Efficiency**

Time efficiency is one of the shop service images that online shopping provides to consumers. It is the most important variable that has a strong impact on online consumers. For example, online shopping is available for 24 hours; consumers can shop at any time of day regardless of what time zone the consumers are in without leaving their home (Yu, 2004; Salste, 1996; Kaufman and linequist, 2002)

Kaufman and Linequist (2002) support the point that time efficiency of online shopping also enables consumers to choose products at a time suits their schedule, and

can be started, paused, and resumed when interruptions occur. Moreover, consumers can avoid crowds in traditional stores.

Richmond (1996) states that saving time are the main reason which most consumers mentioned for shopping online. Based on his study of enticing online consumers, consumers think "to save time" was a good reason to shop online because they don't need to drive to a store and don't have to get dressed. Similarly, Salste (1996) also mentions consumers perceive online shopping that it is less work and takes less time because consumers can make online shopping at home without traveling, walking, looking, waiting, and carrying.

#### 2.2.1.2 Search and Comparison of Product and Price

According to many researchers (Gupta and Su, 2001; Ho and Wu, 1999; Nah and Davis, 2002), search convenience is one variable affecting the increase of online consumers as well as comparison convenience. The ability to search for product information and price is certainly one major importance to the success of online shopping. The central role of searching product and price must be convenient for consumers to gather information while scanning an information space without an explicit objective (browsing) or when they are seeking for specific product information.

Gupta and Su (2001) mention that the relative ease of online search for better prices or more product information will motivate consumers to shop online. Given that online shopping can dramatically reduce search effort with just a few clicks. In general, information search usually incurs search effort. When purchasing a product from a traditional store, a consumer has to spend time searching for the aisles. If the consumers

cannot find a suitable product at the store e.g., high prices and/or no favorable product attributes, they must keep spending effort on additional searches. Consequently, consumers who have stronger price and product search decisions may find online shopping more attractive than offline shopping.

Haub and Triffs (2000) describe in their research that comparison convenience in online shopping is one of the interactive tools designed to assist consumers in the initial searching of available alternatives. Then, online shopping also facilitates in-depth comparisons among selected product or price. Accordingly, comparison convenience may have strong favorable effects on both the quality and the efficiency of purchasing decisions, and consumers can make much better decisions while expending substantially less effort.

Ho and Wu (1999) explain that online shopping provides many interesting homepage presentations that are easy for consumers to compare the product and price. Consequently, certain shopping sites such as "www.froogle.com" and [www.mySimon.com](http://www.mySimon.com) facilitate comparison-shopping by allowing consumers to compare process and features across multiple online stores. With the help of those comparison-shopping sites, consumers can compare information from different online stores with one search request.

### **2.2.2 Product Information and a Wide Selection of Product**

Product information and a wide selection of product is another variable that online shopping provides to consumers to attract potential consumers to shop online.

Li and Russell (1999) explain that online shopping is preferred over traditional stores by some online consumers because of availability of product information. At present, online

shopping has demonstrated their large capacity for disseminating and presenting information of various kinds of product. Many shopping sites are full of product information that is searchable.

Richmond (1996) mentions that experienced consumers are very confident in the online environment and appreciate the magnitude of "near perfect" product information that the shopping sites provide. The way that online stores provide product information varies greatly. Some stores provide clear and accurate information including details of the goods or service offered, or provides information in a general way, as in a book or magazine.

Online shopping provides a wide selection of product because it has geographically larger shopping area, which leads to larger assortment and ability to find unique products. For example, consumers can search attributes of category variety such as sizes, features, benefits, and price. Moreover, searching for a unique product plays an important role in driving consumers' decision to shop online or it could be the starting point for consumers to make decision to shop online (Salste, 1996; Li and Russell, 1999)

### **2.2.3 Price Discount**

In this section, the researcher summarizes the importance of price discount, which can motivate consumers to shop online.

Yu (2004) explains that price discount is basic merchandise nature that influences consumers to make decision to shop online. This feature creates opportunities to promote online shopping, as price is one of the marketing tools used to draw a consumers' attention to online store.

Consumers generally use price as a measure when comparing goods and services, they feel that online shopping is less costly than anywhere else as the biggest advantage they see to shopping online is "better prices." Lower prices are one of the main reasons for buying over online shopping; it is often an assessment of the perceived benefits e.g. the savings that can be made (<http://www.dti.gov.uk/ccp/topics1/ecommerce.htm>, 2002; Gupta and Su, 2001)

#### **2.2.4 Security System**

Secure payments and protection of personal information also play an important role to drive consumers' decision to shop online.

Appmann (2001) and Scribbins (2005) mention that online shopping's payment is a convenient and efficient method provided in a secure manner. Credit cards are the most common option in cases where the online shopping trader offers only one payment method. There are also some alternatives available, which are common options, such as cash on delivery or bank transfer, in order to reach those consumers who are not comfortable with credit card payments.

However, Zhao and Gutiérrez (2002) assert that the use of credit cards in online shopping raises new security issues. Consumers had a relatively low belief whether online shopping offers a better security system than traditional stores. Online traders must dispel negative consumers' images by improving knowledge about the security system of online shopping so consumers can trust in online shopping. Thus, some new online payment systems have been developed to solve online credit card security problems. For example, SecureClick uses 'disposable' transaction numbers known only to the authorized

consumers (this is one of security system dealing with using credit card for payment).

Scribbins (2005) mentions that online shopping provides a protection of credit card information and personal information, most online shops are secured to prevent unauthorized people from seeing that information and consumers should see a secure site symbol displayed by their Web browser as proof (Internet Explorer and Netscape show a lock icon on the status bar and the page address contains https://). If consumers don't see any evidence of a secure site, the transfer of personal information, including their credit card data, could be exposed and subjected to theft.

According to the above discussion of influential variables on online purchasing decision, it can be seen that those variables are important to bring benefits to online consumers. They stretch interactions and facilitate consumers' processes for products selections and placing orders while online. Consumers' choice is not only based on absolute perceptions of ease of use, but also on time, their searching and comparative advantage, product information and a wide selection of product, lower price, and security system.

### **2.3 Consumers' Behavior of Online Shopping**

The previous section mentioned the very importance of influential variables. In this section, consumers' behavior of online shopping in terms of decision-making process and alternative evaluation of online shopping will be discussed. It is important to understand the consumers' decision-making process because it will reflect a significant influence on consumers' behavior during online shopping. An alternative evaluation, which is the

process of comparing information and selection to meet consumers' need, also potentially drives consumers' decision to shop online (when consumers perceive that less search and evaluation efforts are required for shopping online than offline, they will have a higher tendency to switch to online shopping).

### **2.3.1 Decision-Making Process**

Decision making process refers to the process that consumers consider when making online shopping. Consumers go through five decision steps, consisting of demand formation or perception, information search, assessment, purchase, and post-purchase assessment. The extent to which individuals pursue each step varies with consumers' purchase needs (Engel, Blackwell and Miniard, 1995; Gupta and Su, 2001; Card and Chen, 2003).

1. Demand formation or perception, it is the demand for purchase, which is induced from motives. It can be procured from shopping site or the discussion groups. Word-of-mouth reputation is also important.
2. Information search, it is to search product-related information by using a search engine, website directory or category
3. Assessment, it is the process by which consumers judge the quality of goods or services they may wish to purchase. Comparing information obtained from competing shopping sites may perform assessments. A consumer will take into account the particular factors that are important to him or her. For example one consumer may seek the lowest price, another may seek the best durability and a third may buy primarily by brand reputation.

4. Purchase, it is the decision to accept online shopping and make a decision to buy products; online shopping will be done by payment through credit cards or bank transfer.
- 5 Post-purchase assessment, it is the reflection of the consumers' post-purchase satisfaction or opinion. This may be expressed at the chat room or discussion board in shopping site.

Gupta and Su (2001) emphasize that online consumers' decision making is influenced by behavioral decisions. Decisions should be the predictors of consumers' behavior because decisions allow consumers to independently incorporate all the relevant factors that may influence their actual behavior. The degree to which consumers express their decisions to purchase online should be a reasonable predictor of their actual purchase behavior.

### **2.3.2 Alternative Evaluation of Online Shopping**

Card & Chen (2003) mentions that an alternative evaluation can be defined as the process of selection to meet a consumer's need; for example, consumers typically shop at the store that they evaluate most favorably and return to that store if their needs are met. Consumers use evaluative criteria to compare and evaluate shopping media. Thus, consumers' perceptions toward online shopping influence their online purchase behavior to purchase or not to purchase.

Haubl and Triffs (2000) state that an alternative evaluation of product and price in online shopping has a substantial impact on consumers' behavior in terms of making decision to shop online. This is due to the fact that while making purchasing decisions,

consumers are often unable to evaluate all available alternatives in great depth and in a short time. The interactive tools provided by online shopping can provide valuable support to consumers' behavior. Useful tools include: (1) the initial screening of available products to determine which ones are worth considering further, and (2) the in-depth comparison of selected products before making the actual purchasing decision. This indicates that online shopping allows consumers to more efficiently screen the set of alternatives available in an online shopping environment. It can generate a list of recommended alternatives. Then, it helps consumers make in-depth comparisons among selected alternatives.

Consumers' behavior can be defined as the process and activities people are engaged in when searching and evaluating alternatives of product and price to satisfy their needs and desires. As an outcome of the alternative evaluation stage, the consumers may develop a purchasing decision or predisposition to buy a certain product. Purchasing decisions are generally based on a matching of purchase motives with attributes or characteristics of products under consideration (<http://www.holycards.com>, 2005)

In conclusion, consumers' decision is the process of selecting and decision making on products purchased online in an environment that can fulfill the needs of the consumers. So a positive perspective of consumers toward online shopping is an important factor, which influences consumers' decision to purchase online. The evaluation of alternatives on online shopping may have favorable effects on both the quality and efficiency of purchasing decision. This is because online shopping assist consumers not only initial screen available alternatives but also facilitate in-depth comparisons amongst selected alternatives.

## **CHAPTER 3**

### **RESEARCH METHODOLOGY**

In this chapter, the methodology, which consists of data collection and data analysis, is presented.

#### **3.1 Data Collection**

The procedure of data collection contains a questionnaire design, pilot study, and questionnaire conduction, the systematic collection of data from respondents.

##### **3.1.1 Questionnaire Design**

In this study, a questionnaire was selected as an instrument for data collection. This questionnaire was used as a method of extracting attitudes and opinions from consumers' respondents who elicited the variables that influenced their purchasing decision to shop online. In addition, the researcher used questionnaire to collect a large amount of data in a short period of time. Previous research used questionnaire on their studies of online shopping, such as a study of the Internet shopping behavior of college student by Yu (2004), electronic commerce research by Muthitacharoen (2002), and The European online marketplace by Appmann (2001). Questionnaire was therefore suitable for conducting research in this study.

The researcher divided the questionnaire into two parts: respondents' profile and variables on online purchasing decision.

Part I – General Information on the respondents including gender, age, education, and vocation. The questions asked also sought to find out what variables influenced the consumers to shop online, how often they bought online per month, how much money they spent, and what types of products they bought. This was to discover the consumers' behavior while shopping online.

Part II – Variables on online purchasing decision. In this part, the influential variables were divided into four segments, which were shop service image, product information and a wide selection of product, price discount, and security system. The divided four segments were main variables that influenced consumers to purchase online.

Questions were asked to measure the key variables that drove consumers' decision to shop online. The respondent was requested to tick "yes" or "no". These questions requested for "yes" or "no" answers because it was able to see clearly which variables influenced them.

### **3.1.2 Pilot Study**

For the pilot study, the questionnaire was tested and modified before data collection to assure undertaking the research effectively. Possible misunderstanding was considered and the questionnaire was revised accordingly.

At the beginning, the researcher listed numerous items related to influential variables on online purchasing decision. It was found that the questionnaire was somewhat difficult for respondents to understand and to tick with a long list so there was a need for simplification. The researcher removed unclear items and reorganized them by focusing only on the important variables. Some items were developed for more explanation to make it easier for

respondents' understanding. Then, four types of variables were grouped (shop service image, product information and a wide selection of product, price discount, and security system) so that it was easier for respondents to read and answer the questions.

The questionnaire was pre-tested with ten employees of Procter & Gamble, who participated in the study on a voluntary base. The purpose of this pilot study was to determine whether the questionnaire was comprehensible for the respondents.

### **3.1.3 Questionnaire Conduction**

Thirty respondents who experienced online shopping were selected. The respondents was approached at random and asked if they had experienced online shopping. If their answer was affirmative then the researcher invited them to complete the questionnaire. The process was continued until the researcher accumulated 30 valid responses to the questionnaire.

The survey was conducted on Sunday, 25 September 2005 at the Fortune City IT Mall in Bangkok, which was a favorite destination for technologically buyers. Here, there was more chance to meet potential online consumers. Each questionnaire session took ten minutes.

## **3.2 Data Analysis**

The data gathered from the questionnaires was analyzed. Percentage was used to show the profile of the consumers, and variables on online purchasing decision.

## CHAPTER 4

### FINDINGS AND DISCUSSIONS

In this chapter, the findings and discussion of the influential variables on online purchasing decisions and the relationship between consumers' behavior and the influential variables are presented.

#### 4.1 The Influential Variables on Online Purchasing Decisions

The finding showed that "search convenience" was the most influential variable in the category of "shop service image". Thirty percent of the respondents preferred to shop online because they were satisfied with "comparison convenience". Online shopping provided many websites that helped consumers to compare the selected product or price with less effort. Only five percent of the respondents preferred "time efficiency" of online shopping because the respondents could shop at any time of day without leaving their home (see Figure 1).

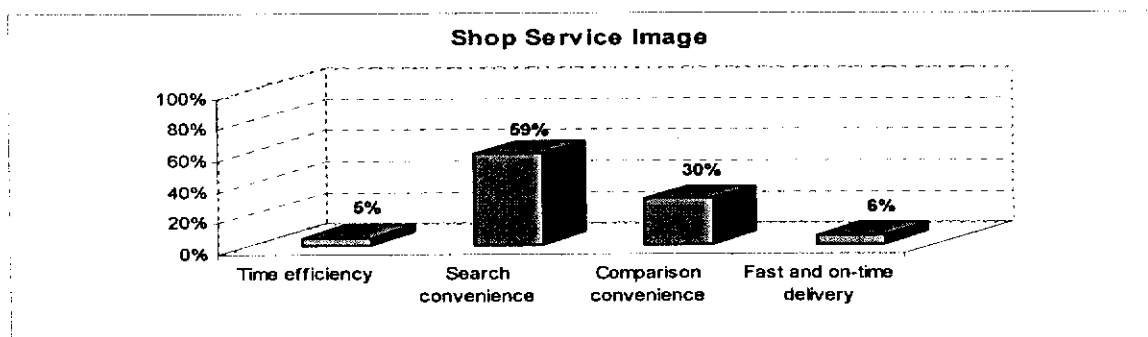


FIGURE 1: Shop Service Image

The result showed that “search convenience”, which provided information and reduced search effort for the respondents, could enhance their satisfaction and also influenced their behavior in terms of frequency of online shopping. In this study, the majority of the respondents who preferred “search convenience” shopped online twice a month. This finding was consistent with the studies undertaken by Gupta and Su (2001), Ho and Wu (1999) and Nah and Davis (2002). They found that “search convenience” played a central role to increase the number of online consumers and created more online shopping businesses.

The result also showed that “time efficiency” of online shopping was not the main variable to influence the respondents’ purchasing decision. This might be because some Thai people were accustomed to do shopping in department stores, which also open at night in many locations.

The second important variable was “product information and selection”. The result showed that forty percent of the respondents placed an emphasis on online shopping due to “a wide selection of products”. Thirteen percent of them shopped online because they could find “rare products” such as products that were unique or difficult to find, available in online stores (see Figure 2).

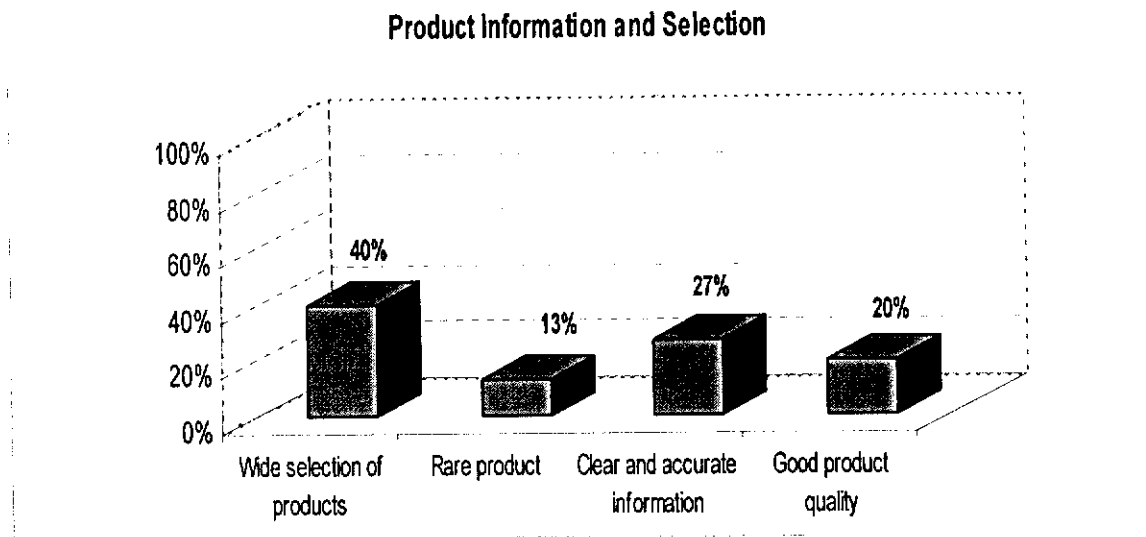


FIGURE 2: Product Information and Selection

This finding suggested that “a wide selection of products” was the essential variable that affected the respondents’ purchasing decisions. The respondents believed that online shopping offered a wider selection of products than the traditional stores. This means that the respondents can search for any kind of product with any combination of sizes, features, benefits, and price during online shopping.

In contrast, “rare product” was the variable that had less impact on purchasing decision of the respondents. This might be because “rare product” could meet the need of only some groups of the respondents. In this study, most respondents preferred to buy online products, such as music CDs, books and travel product.

The third influential variable was “price discount” which did not have much influence on the respondents. However, some respondents were satisfied with low prices and the special promotions from the online stores (see Figure 3).

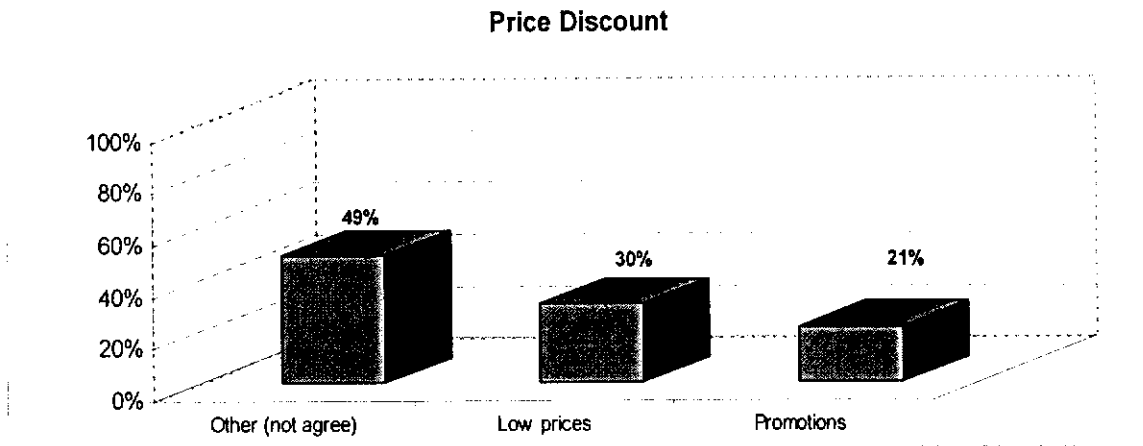


FIGURE 3: Price Discount

This finding was inconsistent with Gupta and Su's finding (2001) who studied consumer switching from traditional to online shopping in the U.S.A. They found that "price discount" was a major motivator driving online consumers' purchasing decision. In Thailand, the prices of online products were not much different from those of traditional stores because consumers could also get lower prices from traditional stores. This might be the nature of Thai consumers who often bargain the price of products. Although some online stores offered auction functionality on their websites, the online auction had not been widely accepted by Thai people. Therefore, the bargaining process in Thai markets and the value of "good deals" dominated consumers' perceptions of price advantage.

The last influential variable was "security system" of online shopping which had no impact on the respondents' purchasing decision (see Figure 4).

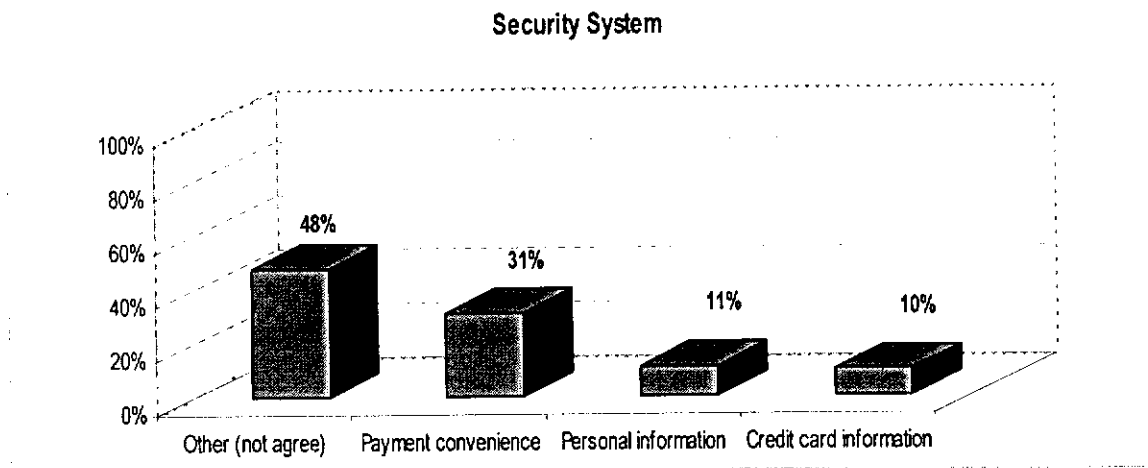


FIGURE 4: Security System

The result showed that the respondents bought online products because of payment convenience. This might imply that the respondents were not confident in the payment method that their credit card and personal information might be revealed during shopping online.

This finding was similar to the study of Zhao and Gutierrez (2002) who studied customer service factors influencing Internet shopping in New Zealand. They found that security system of online shopping (personal and credit card information) was important issues that prevented consumers to shop online. Since consumers did not rely on the security system of online shopping, they preferred not to shop online.

Consequently, online business traders should emphasize confidentiality and security of consumers' credit cards and personal information. It is an opportunity to raise consumers' awareness of the important variable. Consumers should also educate themselves about how their personal information is used in online shopping. Before spending their valuable time on the site, or making decisions based on the site information,

consumers need to approach websites with caution by checking out how these websites operate their security system.

In sum, "search convenience" had the most impact on the respondents' purchasing decision. This variable increased the number of online consumers, which enhanced the success of online shopping. "Price discount" needed to be adjusted to make online shopping more attractive to consumers. "Security system" also needed improvement to have consumers more reliability on online shopping.

#### **4.2 The Relationship between Consumers' Behavior and the Influential Variables**

The results of this study also yielded several interesting findings about the relationship of consumers' behavior and the influential variables. According to the profile of the respondents, the highest proportion of the respondents was a male employee, who held a bachelor degree. Their age was between 26 to 45. Most respondents shopped online twice a month by spending 100 baht to 1,000 baht on music CDs.

Surprisingly, the study found that teenagers and the middle-aged respondents were not online consumers. For teenagers, they could not shop online due to their inability to obtain credit cards. Since most of the teenagers were students, they did not have enough income to apply for a credit card. For the middle-aged respondents, they might not be interested in online shopping because of their lower levels of technology or Internet experience. Based on the interview, some middle-aged respondents mentioned that they

did not shop online because they did not rely on the color, style, and quality of product which might not be exactly the same as the product displayed on the computer screen.

The following analysis showed how “search convenience” and two other key variables, which were “comparison convenience” and “a wide selection of products”, influenced online consumers’ behavior through the decision-making process.

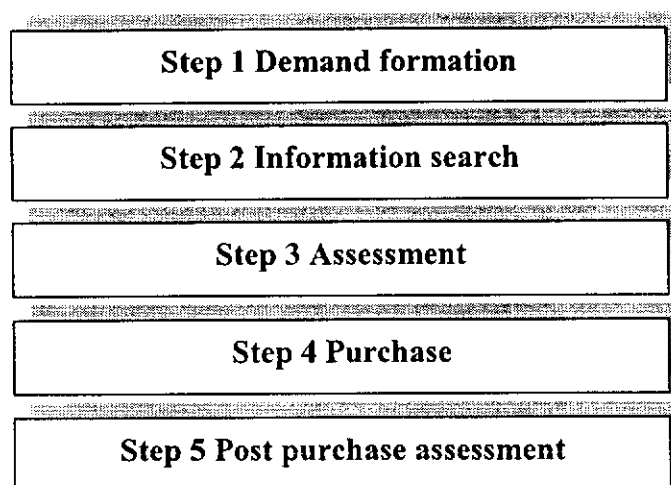


FIGURE 5 The Online Consumer Decision-Making Process

Figure 5 shows the five steps of decision-making process as mentioned by Engel, Blackwell and Miniard (1995); Gupta and Su (2001) and Card and Chen (2003). In the process of online shopping, consumers first formed a positive perception toward online shopping through the influential variables, which were “search convenience”, “comparison convenience” and “a wide selection of products”. These three influential variables created consumers’ demand to shop online. Then, consumers searched product-related information. It was very convenient to search and gather information with just a few clicks. After that, online shopping provided comparison-shopping sites by allowing consumers to

the assessment process. Consumers could judge and compare the quality of goods or services they might like to purchase across multiple online stores. In the last step of decision-making process, consumers performed a post-purchase assessment. In respect of respondents' satisfaction, frequency of purchasing could be a measure of their behavior whether they preferred online shopping and aimed to shop again.

In conclusion, the finding showed a positive and significant relationship between the three influential variables of online shopping ("search convenience", "comparison convenience", "a wide selection of products") and consumers' behavior. These influential variables affected not only consumers' decision-making process of online shopping, but also their satisfaction and repeat shopping.

## CHAPTER 5

### CONCLUSION

#### 5.1 Conclusion

The emergence of online shopping has evolved as a popular shopping trend. This form of shopping is growing faster than shopping in traditional stores. Now, online shopping channels have increased dramatically among online consumers over traditional channels. In this study, the researcher examined the influential variables that have an impact on Thai online consumers, and how these variables affected consumers' behavior.

According to the profile of the respondents, the highest proportion was a male employee, who held a bachelor degree. Their age was between 26 to 45. Most respondents shopped online twice a month by spending 100 baht to 1,000 baht on music CDs.

"Search convenience" was the most influential variable of online shopping that influenced consumers' purchasing decision. Consumers believed that searching detailed information of product and price on online shopping was more convenient than in the traditional stores. Therefore, the ease of online search was a major importance to motivate consumers to shop online.

"A wide selection of product" of online shopping was the second important variable that had favorable affects on consumers' purchasing decisions. Since online shopping offered the largest selection of products, consumers could buy a variety of products online such as clothes, cars, computers, groceries, and homes. The fact that consumers find a

greater choice of products in online shopping than in the traditional stores can lead them to shop online.

Moreover, "search convenience", "a wide selection of product" and "comparison convenience", had a strong relationship on online consumers' behavior. When online consumers had positive attitude toward these influential variables, consumers perceived these variables as a convenient way to shop through five steps of decision-making process. For example, online shopping offered a search convenience and a comparison tool for consumers to search and compare the prices and products during online shopping. These influential variables had a relationship with consumers' behavior in terms of a decision-making process and it finally leads to a high frequency of shopping online.

According to the findings, the influential variables of online shopping that can attract online consumers is rather limited in Thailand. Most of Thai consumers shopped online because they preferred "search convenience" and "a wide selection of product", not "price discount" and "security system of online shopping".

Consumers had concerned "price discount" and "security system", the two least influential variables of online shopping. These two variables could prevent consumers from their online shopping. The study showed that most of consumers did not spend a lot of money in online shopping, and they spent from 100 baht to 1,000 baht on music CDs. This can imply that consumers might not rely on "price discount" or "security system of online shopping".

"Price discount" of online shopping had less influence on consumers because consumers thought that online shopping did not provide a better price than the price in

traditional stores where they could bargain and get a lower price. "Security system of online shopping" had no impact on consumers' purchasing decision (except payment convenience). Consumers were not confident that online stores had the control systems in place to protect their personal and credit card information.

In Thailand, since online shopping is still at an early stage of development, the acceptance of online shopping is limited among some groups of consumers. Accessibility of online shopping is another important factor attracting consumers to shop online. Consumers need certain technology to access online shopping, such as availability of a main telephone line. These technology's applications have not been much developed in Thailand. In addition, many consumers don't have computers at home so they cannot make any online transaction. Credit card can be a limitation to shop online because it is a major transaction medium to do online shopping. Credit card is not made readily accessible for many consumers who don't have enough income to qualify for credit card such as students or working people.

Compared to the western countries such as the U.S.A. where online shopping market is very successful. The reasons for that are the U.S.A is a large country and it is recognized as a leader in IT infrastructure and use of IT applications. The convenience of online shopping (such as ease of access and shopping hour flexibility) is widely accepted. In addition, American consumers perceive online shopping as a positive aspect of globalization and reliability. Consumers can buy almost every product in online stores and from merchants anywhere in the world. Consumers can save time by shopping at home at anytime they want. Moreover, pricing is not much different between online stores and

traditional stores. American online shopping also provides secure shopping sites for consumers so they feel secure during shopping online.

In sum, online consumers will accept shopping online not only the relative advantages (“search convenience”, “a wide selection of product”) those online stores offers to consumers but also the reliability of security system in online shopping. Therefore, to increase the acceptance among Thai online consumers, traders should focus on the influential variables and improve the reliability of online shopping so that it can attract Thai online consumers. IT companies and industry associations also need to develop technology more effectively to enable transactions in online shopping.

## **5.2 Limitations of the Study**

This study has some limitations that need to improve in further research.

1. This study focused on the four influential variables of online shopping (“shop service image”, “product information and selection”, price discount” and “security system”) that had impacts on consumers’ purchasing decision. Further study should explore more on other factors that also influence consumers’ purchasing decision. This might include the different group of consumers (working people, students and retired people) and investigate their purchasing decision to determine whether different groups of consumers have different purchasing decision.

2. As the researcher had done the pilot project of this study, most of the respondents corporate to respond the questionnaire. However, the questionnaire was expected to require 10 minutes to cover all topics. Some of the respondents could not

provide all information. Therefore, further study should obtain more respondents by conducting the questionnaire from several IT Malls so that there will have enough information to be analyzed.

### **5.3 Suggestions for Further Studies**

The researcher recommends the following further studies.

1. A study on relationship between consumers' gender (male/female) and the popular online product. Based on the finding of this study, most male consumers bought music CDs. This indicates that gender is probably one of the factors that have a relationship with online products and these products can also influence consumers' purchasing decision.
2. A study on the most influential variable of online shopping consumers in upcountry. In this study, the result showed that "search convenience" was the most influential variable on online consumers in Bangkok. It is interesting to investigate the most influential variables on online consumers' purchasing decision in upcountry. The traders can select these variables to implement online shopping in order to attract and increase a number of online consumers in upcountry.
3. A study on 2Ps (place, promotion) of marketing integration mixes. The marketing integration mixes is one of the influential variables that has an impact on consumers. This study mentioned 2Ps, which were "price" and "product". Therefore, it would be interesting for further study on "place" or "promotion". The researcher may analyze various kinds of promotion strategy that influence consumers' purchasing decision in online shopping. For

example, the study can focus on language used in online shopping from website of Amazon, which is a famous site for online books shopping, to investigate whether persuasive online language has any impact on consumers' purchasing decision.

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## **APPENDIX**

### **Questionnaire**

## APPENDIX

### Questionnaire

This questionnaire is designed for a graduate research project entitled "An Investigation into Influential Variables of Online Purchasing decision among Thai Consumers". Your cooperation in completing this questionnaire would be appreciated.

**Please mark (X) on the answer that is most applicable to you and complete the answer to question 6 to 8**

#### Part I Profile of the respondent

1. Gender

Male  Female

2. Age

Less than 15  15 - 25  
 26 - 45  46 - 65  
 More than 65

3. Education

Primary School  Secondary/Vocational School  
 Bachelor's degree  Master's degree or higher

4. Vocation

Student  Employee  
 Civil Servant  Pension, Retired  
 Business Owner  Housewife/Househusband  
 Other (please specify) .....

5. What factors influenced you to shop online? (Please choose one)
- ( ) Website attractive                      ( ) Word of mouth
- ( ) Search convenience                      ( ) Novelty
- ( ) Comparison convenience                      ( ) Time convenience
- ( ) Other (please specify) .....
6. How often do you buy product online per month?
- .....
7. How much money do you spend per transaction? .....
8. What types of products do you purchase? (please specify)
1. Entertainment .....
2. Electronics .....
3. Others.....

## Part II Variables on online purchasing decision.

What variables influence you to shop online? (Please choose one for each box)

### 2.1 Shop Service Image

No.	Variables online shopping can	Yes	No
1	be available to shop for 24 hrs. (Time efficiency)		
2	provide a "search convenience"		
3	provide a comparison convenience		
4	fast and on-time delivery		

### 2.2 Product Information and a Wide Selection of Product

No.	Variables online shopping can	Yes	No
1	wide selection of products		

2	availability of rare product		
3	clear and accurate information including details of the goods or services offered		
4	good product quality		

### 2.3 Price Discount

No.	Variables online shopping can	Yes	No
1	low product prices		
2	better promotions		

### 2.4 Security System

No.	Variables online shopping can	Yes	No
1	convenience of payment		
2	secure storage of credit card information		
3	secure personal information		

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650 152 I  
152 I  
152 I

AN INVESTIGATION OF INFLUENTIAL VARIABLES ON PURCHASING DECISION  
AMONG THAI ONLINE CONSUMERS

AN ABSTRACT  
OF  
PAKAWADEE KUMSAART

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Presented in Partial Fulfillment of the Requirements  
for the Master of Arts Degree in Business English for International Communication  
at Srinakharinwirot University  
February 2006

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*Decision Among Thai Online Consumers*. Master's Project, M.A. (Business English

for International Communication). Bangkok: Graduate School, Srinakharinwirot

University. Project Advisor:

Dr. U-maporn Kardkarnklai

Nowadays, online shopping is widespread all over the world and it dramatically changes the world market. In Thailand, more and more consumers use online shopping as an alternative to traditional stores. The purpose of this study was to investigate the influential variables on purchasing decision among Thai online consumers in order to see the relationship between these influential variables and Thai consumers' behavior. Data were derived from the questionnaire. The samples were thirty respondents who experienced online shopping at the Fortune city IT mall in Bangkok. The result showed that "search convenience" was the most influential variable that affected online consumers' purchasing decision. "Price discount" and "security system of online shopping" were the least influential variables. In addition, "search convenience" and the other two key variables, which were "comparison convenience" and "a wide selection of product", had a strong relationship on consumers' behavior, that is, these variables influenced consumers' decision-making to shop online.

การศึกษาตัวแปรที่มีอิทธิพลต่อการตัดสินใจซื้อสินค้าทางอินเทอร์เน็ตของผู้บริโภคคนไทย

บทคัดย่อ  
ของ  
ภกวดี คุ้มสอาด

เสนอต่อบัณฑิตวิทยาลัย มหาวิทยาลัยศรีนครินทรวิโรฒ เพื่อเป็นส่วนหนึ่งของการศึกษาตาม  
หลักสูตรปริญญาศิลปศาสตรมหาบัณฑิต สาขาวิชาภาษาอังกฤษธุรกิจเพื่อการสื่อสารนานาชาติ  
กุมภาพันธ์ 2549

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ดร. อูมาพร คาดการณ์ไกล

เนื่องจากในปัจจุบันการซื้อสินค้าทางอินเทอร์เน็ตได้แพร่หลายไปทั่วโลก จึงก่อให้เกิดการเปลี่ยนแปลงอย่างมากมายในเชิงการตลาด ในประเทศไทยการซื้อสินค้าทางอินเทอร์เน็ตได้รับความนิยมจากผู้บริโภคมากขึ้นเรื่อยๆ เนื่องจากวิธีนี้เป็นทางเลือกหนึ่งที่ผู้บริโภคสามารถเลือกซื้อสินค้าได้จากเดิมที่เคยซื้อตามร้านค้าทั่วไป วัตถุประสงค์ของการศึกษาในครั้งนี้คือการศึกษาตัวแปรที่มีอิทธิพลต่อผู้บริโภคคนไทยในการซื้อสินค้าทางอินเทอร์เน็ต และพิจารณาความสัมพันธ์ระหว่างตัวแปรที่มีอิทธิพลมากที่สุดกับพฤติกรรมของผู้บริโภค เครื่องมือในการศึกษาในครั้งนี้คือแบบสอบถามกลุ่มตัวอย่างคือผู้ที่มีประสบการณ์ในการซื้อสินค้าทางอินเทอร์เน็ตจำนวนสามสิบคนที่ห้างสรรพสินค้า ฟอรัจูน ไอ ที มอลล์ ในเขตกรุงเทพมหานคร ผลการศึกษาพบว่า ตัวแปรที่มีอิทธิพลต่อการตัดสินใจซื้อสินค้าทางอินเทอร์เน็ตของผู้บริโภคมากที่สุดคือ “ความสะดวกสบายในการค้นหาสินค้าที่ต้องการ” ตัวแปรที่มีอิทธิพลน้อยที่สุดคือ “การลดราคาของสินค้า” และ “ระบบความปลอดภัยของการซื้อสินค้าทางอินเทอร์เน็ต” การศึกษาในครั้งนี้ยังพบว่าตัวแปรที่มีความสัมพันธ์ต่อพฤติกรรมของผู้บริโภคในแง่ของกระบวนการตัดสินใจซื้อสินค้าทางอินเทอร์เน็ตคือ “ความสะดวกสบายในการค้นหาสินค้าที่ต้องการ”, “ความสะดวกสบายในการเปรียบเทียบสินค้า” และ “ความหลากหลายของสินค้า”