FACTORS INFLUENCING CUSTOMERS’ PURCHASE THROUGH E-COMMODITY PURCHASE IN INDONESIA

By

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THESIS ADVISER RECOMMENDATION LETTER

This thesis entitled “factors influencing customers’ purchase through e-commerce commodity purchase in Indonesia” are prepared and submitted by student He Xunjian in partial fulfillment of the requirement for the Bachelor degree of Economics has been reviewed and found to have satisfied the requirement for a thesis fit to be examined. I therefore recommend this thesis for Oral Defense.

Cikarang, Indonesia, January 25, 2013

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DECLARATION OF ORIGINALITY

I declare that this thesis, entitled “factors influencing customers’ purchase through E-commerce commodity purchase” is, to the best of my knowledge and belief, an original piece of work that has not been submitted, either in whole or in part, to another university to obtain a degree.

Cikarang, Indonesia, January 25, 2013

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The Panel of examiners declares that the thesis entitled “factors influencing customers’ purchase through E-commerce commodity purchase in Indonesia” that was submitted by He Xunjian majoring in Business Administration from the Faculty of Business and International Relations was assessed and approved to have passed the Oral Examinations on 25th February, 2013.

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ABSTRACT

This research is about factors influencing customers’ purchase through e-commerce commodity purchase in Indonesia. Nowadays the speed of technology development is more than image. Technology is changing everything, including the traditional shopping style, electronic commerce commodity purchase. The researcher made this study in the single university, President University in Indonesia. According to the theory of reasoned action (TRA) to come up with three factors, namely demographic characteristics, attitudes towards e-commerce commodity and e-commerce commodity purchase perception which influencing customers’ behavioral intentions, then give indicators to find out whether the factors affect traditional shopping has the similar influence on e-commerce commodity purchase.

There are 86 respondents in the research for questionnaire which is making use of gathering information necessary. The researcher takes advantage of factor analysis, weighted mean to analyze the data.

At the end of the research and plus the existing research already shows that customer are still prefer traditional shopping ways, because they do not totally trust e-commerce commodity purchase. However, that does not mean that customers resist the technological trend. Customers’ attitude is very open towards e-commerce commodity purchase. What is more, most customers are able to purchase whatever they need through e-commerce commodity purchase. There are four factors that influence e-commerce commodity purchase effectively.

Obviously that e-market is under development, so more humanity would bring success to E-retailers or potential investors.

Key words: E-commodity purchasing, Customers’ attitudes, Demographic Characteristics, Purchase Perception, Customer Service.
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There is an old saying: “Being alive is blessing”.

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I want to give thanks to the man who sponsors me to study in Indonesia. It is him offering us the opportunity to spear our wings to the world. Thanks to journey, from now on, no matter what is in front of us, we have bigger picture.

Now I want to give my thanks to President University because it is like a home for our foreign students in Indonesia. No matter what kind of mood we are in out of school, one mind is hanging there all the time that President University is where we could go back to. Now we almost run out of the journey in President University, but she has provided sufficient time to get used to the new environment, so I think that every graduate is ready for the new adventure on the way.

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He Xunjian
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CHAPTER I  INTRODUCTION

1.1 Research Background of the research

Since the 1990s, with the breakthrough of network, communications and IT, the Internet has had a rapid growth and become popular and it has led to the inception of e-commerce. E-commerce is a new business model based on the Internet with two transacting parties, bank electronic payment and settlement as means and customer data as support, which can make buyers and suppliers more closely linked, and meet customers’ demand faster, and also allows buyer to choose the best suppliers in the global market and sell their products worldwide.

Since “electronic commerce” in 1998, e-commerce all around the world was developing rapidly that the transactions doubles in about every nine months. The global e-commerce transactions (including online trade, sales, etc.) reach hundreds of billions dollars, and e-commerce revenue has soared by 262 percent. Countries all over the world have a very positive attitude to e-commerce the new continent. They generally consider the development of electronic commerce would be an important driver of world economic development in the next 25 years. The promotion effect to the economy will be far more than the Industrial Revolution 200 years ago. Well-known network economic researcher and critic Robert Metcalfe claimed that: “The value of the Internet is equal to the square of the number of outlets (linking with it). Currently, the online shops are booming and constantly improved. Types of products sold online are diversity. Drugs once thought impossible for buying and selling have become a reality. Representative one is Canada Pharmacy. Even some people sell their time online. They do things for people who are too busy and get money from them.
E-commerce era is coming; it is meaningful to study the elements influencing e-commerce, so it would show a big picture, what elements are, slowing consumers down, and the other are ready to be explored.

Indonesia’s e-market is very promising. Available estimates of the Indonesian e-Commerce market vary widely with figures anywhere between $50 million to $3 billion. This study was conducted as part of an independent research project at Harvard Business School by the management of Veritrans, in joint effort with DailySocial. First-hand interviews and transaction information was collected from leading e-Commerce companies in Indonesia. This report is the first study solely focused on the Indonesian e-Commerce market, and many companies have been planned many years taking over the potential market of Indonesia, obviously, it shows us the message.

Indonesia is very potential in the future, not only for physical stores, but also for e-commerce as well. The population of Indonesia is 243 million. The 4th most populated country in the world. Indonesia’s GDP is $969.2 billion (16th in the world), 5th largest market in Asia (30 million ++), very promising.

There are 30 million internet users at the end of 2009. Indonesia is the 5th largest internet market (after China, Japan, India, and South Korea). The number of internet users in Indonesia is growing really fast (the highest growth among Asia countries after China). For the last couple years, Indonesia has been enjoying s stable, high real GDP growth. Based on Price Water House Coopers (PWHC) research titled “The world in 2050, beyond the BRICs: a broader look at emerging market growth prospects”, Indonesia economy will become the 6th largest in the world, larger than the Germany, UK, France, Italy, Canada, and Spain economics. Undoubtedly, Indonesia presents many opportunities and challenges in the Internet business. The general message is that entrepreneurs and investors with long time horizons should look for internet business in Indonesia as an alternative, worth considering depending on the nature of the investment and the risk tolerance of the entrepreneur or investor.

New Trend of E-commerce recently, according to latest investigation that
Indonesians are more eager to spend their money online. Another survey conducted in March 2010 by Nielsen Indonesia, found that 68% of Indonesia’s online population had shopped on the internet at least once, an increase from 63% in the 4th quarter of last year and up from 3% in 2008 (data are from Investigation of Indonesia E-Commerce Business Development prospect).

Rio Inaba (President director & CEO of Rakuten Indonesia) said, “since the mid-2012s, map of the penetration of e-commerce in Indonesia began to change. Jakarta is still a majority, but the percentage begins to diminish as growth markets outside Jakarta.”

Rakuten expressed that “The more competitors, the market will grow even greater.” Services will also increase with the characteristics of E-Commerce has to offer each player. Indonesia is a potential market. Growth is now it looks great, but from day to day, the actual E-Commerce is still very small. Less than 1% compared to a traditional business. Yet it shows there is still enormous potential, armed with their vast resources, ranging from financial support from the Japanese government, to business partners in Indonesia. It is optimistic that Indonesia will grow into a giant E-Commerce in the country. “Positioning our e-commerce players are multinational, many companies have started seriously invading Indonesia E-Commerce market over the past year. Indeed, the members have not been too much, but from the merchant, transaction and financial achievements claimed Rio was encouraging.”

Sum it up, Indonesia is a developing country with great market potential, and various business are trying their best to grab market share before nothing left, so no matter what kind of store it is, physical or online, It is very important to learn about factors influencing consumers’ E-commerce commodity purchasing. As long as learn about their advantages and disadvantages, not only physical could figure out better way out facing the challenge, but also online shopping is also able to fish out a effective way adapting the new environment.
1.2 Problem Identification

The speed of Internet development is more than people can image, and the internet is influencing everything day by day, including consumers’ shopping way. Now it arise a problem between traditional shopping and e-commerce commodity purchase.

Nowadays e-commerce commodity purchase is still not familiar to most consumers, so consumers prefer traditional shopping way. For most consumers, e-commerce commodity purchase is just a new shopping way to consumers, not practical, but obviously e-commerce commodity purchase is the new trend, and many marketers believe that it will take over.

In this research, through the literature study and survey method, this research is able to get answers for the following questions:

1. Whether the same factors that have been found to influence traditional purchases similarly influence Internet-based purchase?
2. If they do not, what other factors are present or not present that influence Internet based purchased?

1.3 Statement of the Research

There are numerous statistical and economic studies on factors influencing consumers’ commodity E-commerce purchase with regard to physical store shopping. But this research on measuring what kinds of factors influencing customers’ purchase of online shoppers in Indonesia is not that common. This increases the importance of our research work and the needs to study E-commodity purchase in Indonesia. This study has enabled us to gather the views of online customers in Indonesia with respect to what they expect and what factors exert influence on shopping online.

This research will add many other supporting materials specifically for the literature review a model will be used with which researcher try to link adjustment to
its antecedents and consequences. For quantitative data collection, the researcher has used the questionnaire survey method as this is the most quick and inexpensive method compared to other survey methods.

The results of thesis will help the online sellers to not only identify the key improvement areas in their online business but also focus on them. The findings of this research will help the online sellers and consumers of Indonesia in the following way:

1. Aggregating the findings of existing research that identifies attitude, demographic characteristics, and purchase perception components;
2. Creating a categorical model of purchase perception factors by combining that aggregated components;
3. Testing and validating the model through data analysis.

1.4 Research Objectives

This study regarding “E-commerce commodity purchase” will be accomplished by the following objectives:

- To study and analyze academic and empirical research in the area of E-commerce commodity purchase in Indonesia.
- To develop a questionnaire in order to understand the expectations of Indonesia customers from E-commerce commodity purchase.
- Utilization of SPSS model to analyze the obtained data from questionnaire.

Finally, researcher will come up with some conclusions and recommendations for the E-commerce commodity purchase for sellers on the basis on the quantitative data analysis and results of thesis work.
1.5 Significance of the Research

The research intend to find out what factors influence e-commerce commodity purchase, whether it is same with these factor influencing traditional shopping, if not, what the others? From the research, e-retailers or potential investors could get clearer picture on e-commerce commodity purchase, and do business better.

1.6 Theoretical Frameworks

![Theoretical Frameworks Diagram]

Figure 1.9 Theoretical Frameworks

1.7 Research Scope and Limitations

1. This research is limited in scope to examining the Internet purchase behavior of a targeted population of college students making a particular type of commodity purchase, electronic air ticket. The research’s respondents are all students from President University where international students from Indonesia, Vietnam,
Korea, China, American and so on. These students would know e-commodity purchasing in Indonesia better by booking air ticket than average. Just like a coin with two sides, maybe there are some limitations because of the respondents, but researcher think that is ignorable because the research considers the whole situation of e-commodity purchasing in Indonesia.

2. By establishing and validating a categorical model for describing factors that affect online commodity purchases for a narrowly defined population. This research can then be extended to include larger and more diverse populations to enhance this research’s generalizability.

3. This study does not check the percentage across product categories but is about overall E-commerce commodity purchase experience. This study is not specifically limited to particular product categories and therefore focuses on the overall E-commerce commodity purchase domain.

4. In the study, all people living in Indonesia are considered homogeneous segment of online marketing so it does not matter if they originally belong to any other nationality. The study covers the different aspects of E-commerce commodity purchase (for example selling goods online to final consumers) and does not include other type of online marketing. It is assumed that one model would govern all the cities and other demographic variables.

5. To conclude, the results will be analyzed and presented in a detailed way for understanding of the research. The analysis of validity and reliability of the research will be limited to the measures that are relevant to the model.

1.8 Overview

Figure 1.8 the Structure of the Thesis
Chapter II  LITERATURE REVIEW

Customer purchase behavior is a complex, dynamic, multidimensional process, and all marketing decisions are based on assumptions about customer behavior. Marketing strategy is the game plan which the firms must adhere to, in order to outdo the competitor or the plans to achieve the desired objective.

2.1 Definition of E-commodity Purchase

Online shopping involves purchasing products or services over the Internet. Online shopping is done through an online shop, e-shop, e-store, virtual store, web shop, Internet shop or online store. All the products in online stores are described through text, with photos and with multimedia files. Many online stores will provide links for extra information about their products. They often make available, safety procedures, instructions, manufacture specification and demonstrations. Some will provide advice or how-to guides. As users are already on the Internet, they can search for product reviews that other consumers may have posted. Some online stores have place for these reviews on their own sites. Many allow users to rate their products. Advice such as this from other consumers, about a product, would be unavailable in a conventional store.

Internet provides an information-rich environment offering to the consumers’ continuous up-to-date information, about different suppliers, products and/or services. As a result of the information available to the consumers and the ease of switching from one supplier to another, almost all experts admit that the driving power of economy has moved away from the brand to the consumer.

With development of online shopping, there is no need to wait in queues at the check-out once customers have their items. Customers are not required to lift any heavy or awkward-sized and shaped packages. Shopping is collected with the click of
a button and "deposited" into shopping trolley by no physical effort on customers’ part. That is amazing, because consumers are able to enjoy plenty of beautiful goods without physical efforts. Lots of energy and time are saved; consumers are able to do something else, somehow, it is a perfect choice, especially for los of male consumes.

Customers will often be given a choice as to how to receive the merchandise that customers have bought - either it can be delivered to you or you can go to the store to collect it. This flexibility can be very useful depending on how soon you need the item or when you will be home.

Search engines and online price comparison services are useful for finding sellers of a specific product. You can also, very quickly, find good deals on various items. Some items will generally be cheaper if bought over the Internet due to the smaller size of the "brick-and-mortar" store, reduced stocking costs for the seller and significantly lower staffing overhead. On large orders, shipping costs may be waved. There are also many websites that compile information on coupons and discounts.

With the takeover of the market by big retail chain; variety of specialized items continue to diminish; goes with that is also the choices from a customer perspective. However, Internet shops have taken over this niche as many are operated by small retailers who understand this need. This means you can search on the Internet and it is very likely that someone is selling that specialized item that you have been looking and more importantly without the need to run around the town or ring anyone. Online shopping is becoming more and more widespread and accepted due to these many conveniences.

### 2.2 Advantages of E-commerce commodity purchase

According to official investigation, there are more and more internet users, especially recent years, more and more companies and families have realized that the trend is unstoppable, and it will bring out lots of benefits, so thousands people are joining with us. That means, a promising potential market is growing up, especially Asia. Here is the figure:
With the development of networking, more and more prefer online shopping; there are many advantages are waiting to be explored, but lots of customers do not know them clearly. Generally speaking, E-Commerce commodity purchase can be attributed to handy, hassle free, all time convenience. Some advantages of online shopping are:

- Reduces travel necessity, time and energy consumption.
- Internet marketers comparatively offer products/ services at a cheaper price and soft service as well.
- Customers can window shop a variety of products with utmost comfort from home.
- The price and benefits offered by various product/ service providers can be easily compared.
- The product quality can be analyzed in detail with the help of customer recommendation, rating etc.
- Product information can be easily obtained from online catalogues, products
description etc.

- Accessible any time of year or day.

### 2.3 Disadvantages of E-commerce Commodity Purchase

E-commerce is a all-around new way for consumers and sellers, to some extent, customers, even some companies are not so familiar with it. E-commerce also requires both sides own e-bank accounts, and other internet knowledge something which indicating that there are some disadvantages of E-commerce commodity purchase. Some examples are as following:

- Waiting time involved in receiving the product as compared to purchasing it immediately from physical store.
- Customer will have to bear the delivery charges with some of the sellers but not at all.
- Customers are not satisfied with the product received. For example, the product received is in band condition, broken or some of the parts are missing.
- Security measures regarding online payments.
- Cannot tell what products really look like only according to picture and specifications.

Because of distance, service attitudes sometimes are not as good as promised, or even offer wrong information.

### 2.4 Factors Influencing Purchase

There are many factors more than we can image influencing consumers’ commodity purchase. Figure 2.1 gives in detail the shaping of customer behavior, which leads a customer to react in certain ways and he makes a decision, keeping the situations in mind. The process of decision-making varies with the value of the
product, the involvement of the buyer and the risk that is involved in deciding the product/service.

Figure 2.4.1 A Simplified Framework For Studying Customer Behavior.
Figure above shows the customer life style in the centre of the circle. The customer and his life style are influenced by a number of factors shown all around the consumer. These are culture, subculture, values, demographic factors, social status, reference groups, household and also the internal make up of the consumer, which are consumers’ Emotions, personality motives of buying, perception and learning. Customers are also influenced by the marketing activities and efforts of the marketer. All these factors lead to the formation of attitudes and needs of the consumer.

However, for consumers’ E-commodity purchase, culture, social, personal, psychological etc factors still had influencing role. However, online shopping features made the relevant factors show the characteristics different from the past.

First, since the opening of the network, online transactions between consumers and retailers faced various risks. The more risk consumers should face, the less conduct of online shopping they would attend. At present, immature medium of payment and credit means of online shopping made safety were the major influencing factors of online shopping.

Second, preserving privacy of online shopping was other important factors. Online transmission of customer individual information was easily intercepted and illegal utilized. Out of personal privacy considerations, a great portion of the consumers had a wait and see attitude towards online shopping.

Third, customer cognition was another important factor. As deep-rooted traditional shopping habits-consumers’ seeing are believing, after personally see, hear, touch, taste, try, and other sensory judgment and choice of goods, customer hear, touch, taste, try, and other sensory made purchasing decisions, Online shopping could only provide visual effects which influenced customer online shopping.

Last, customer’s computer and the Internet experience were also influenced online shopping. As the shopping website had licensing, landing, operating and ordering procedures generally, consumers who took apart in online shopping should have basic knowledge of computer and Internet.

Table 2.4.2 Influencing Factors of Online Shopping and Traditional Shopping
<table>
<thead>
<tr>
<th>Influence factors</th>
<th>Traditional Shopping</th>
<th>Online Shopping</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailer</td>
<td>Place, traffic condition, Distribution</td>
<td>Web site visibility</td>
</tr>
<tr>
<td></td>
<td>Shops Credibility</td>
<td>Online shops credibility</td>
</tr>
<tr>
<td></td>
<td>Promotion</td>
<td>Information comparison</td>
</tr>
<tr>
<td>Service Factor</td>
<td>Service quality</td>
<td>Payment, Security, Privacy</td>
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<td></td>
<td>Service Mode</td>
<td></td>
</tr>
<tr>
<td>Environmental factors</td>
<td>Shopping Environment</td>
<td>Web site interface</td>
</tr>
<tr>
<td>Purchasing Motivation</td>
<td>Experience</td>
<td>Convenient time</td>
</tr>
<tr>
<td>Personal factor</td>
<td>Shopping preferences,</td>
<td>Education level,</td>
</tr>
<tr>
<td></td>
<td>Experience background</td>
<td>The experience of network</td>
</tr>
</tbody>
</table>

Based on the comparisons between traditional shopping and online shopping, and framework of studying consumers’ purchase behavior, it is very easy to tell that there are many variables involved and affect each other, but sum it up, these variables are divided into four major sections as measurement of E-commodity purchase, namely, consumers’ attitude, demographic characteristics, product perception, purchase perception.

These four factors have been identified as the most important general influences on consumers’ E-commodity purchase influencing purchase decisions from traditional retail outlets also combine to affect commodity purchases decisions from E-commerce sites.

The study of e-commerce is relatively new. E-commerce research draws heavily upon existing marketing literature, specifically the domains of customer choice and buyer behavior, complementing it with recent online and Internet related research.
2.5 Consumers’ attitude

Consumers’ attitudes toward online shopping have gained a great deal of attention in the empirical literature. Consistent with the literature and models of attitude change and behavior (e.g., Fishbein and Ajzen 1975), it is believed that customer attitudes will affect intention to shop online and eventually whether a transaction is made. This is a multidimensional construct that has been conceptualized in several different ways in the existing literature.

First, it refers to the consumers’ acceptance of the Internet as a shopping channel (Jahng et al. 2001). E-commerce commodity purchase is a lot different with traditional shopping. Most customers have never experienced it, and somehow customers still prefer traditional shopping, because e-commerce commodity purchase is just a concept in most customers’ mind. Customers are just watching on the new purchase way, so acceptance of the Internet as a shopping channel is very important.

Second, it refers to customer attitudes toward a specific Internet store (i.e., to what extent consumers think that shopping at this store is appealing). Customers get used to choose commodity in traditional stores by watching, touching, or even smelling. There are just pictures with instructions of commodity in e-stores, and customers just cannot make their decisions on commodity. That is why customers’ attitudes about specific Internet stores are very important for e-commerce commodity purchase.

These first two dimensions are negatively associated with the third, customers’ perceived risk. Two main categories of perceived risk emerge in the process of online shopping. The first is the perceived risk associated with product/service and includes functional loss, financial loss, time loss, opportunity loss, and product risk. The second is the perceived risk associated with context of online transactions, and includes risk of privacy, security, and no repudiation. Among them, the influence of financial risk, product risk, and concern for privacy and security is significant (Senecal 2000; Borchers 2001; Bhatnagar et al. 2002). However, the fourth
dimension of attitude, consumers’ trust in the stores, can reduce perceived risk.

Figure 2.5 Research Models of Consumers Online Shopping Attitudes and Behavior

Figure 2.5 summarizes the distribution of factors among the studies indicating which factors have been the foci of attention in the empirical literature. Each of the factors and the empirical literature bearing on it is discussed in the discussed in detail below.

2.5.1 External Environment

External environment refers to those contextual factors that impact consumers’ online shopping attitudes and behavior.

It includes three dimensions. The first is the existing legal framework that protects the consumers from any kind of loss in online transactions. The second is the system of the Third Party Recognition in which many third party certification bodies
are working to ensure the trustworthiness of online vendors (Borchers 2001). These two factors are positively associated with consumers’ trust attitude to the online stores. The third factor is the numbers of competitors, which can be defined as the number of Internet stores that provide the same service and products. This increases transaction costs for the consumer, decreasing intention to revisit a specific online store.

2.5.2 Personal Characteristics

Personal characteristics can be defined as a group of specific customer features that may influence their online shopping attitudes and behavior, such as their Internet knowledge, need specificity, and cultural environment.

Experts found that customers who purchase Internet stores more frequently are more convenience-oriented and less experience-oriented. These consumers regard convenience during shopping as the most important factor in purchase decisions, because they are time-constrained and do not mind buying products without touching or feeling them if they can save time in this way.

Potential consumers are often prevented from shopping online by their concern for security (Han et al. 2001). However, perceived risk can be reduced by knowledge, skill, and experience on the Internet, computer, and online shopping (Ratchford et al. 2001; Senecal 2000; Sukpanich and Chen 1999; Ha et al. 2001). In another study, Bellman and colleagues (1999) propose that people living a wired lifestyle patronize e-stores spontaneously. These consumers use the Internet as a routine tool to receive and send emails, to do their work, to read news, to search information, or for recreational purposes. Their routine use of the Internet for other purposes leads them to naturally use it as a shopping channel as well.

Other factors found to impact consumers’ online shopping attitudes and behavior include cultural environment, need specificity, product involvement, disposition to trust, the extent to which they would like to share values and information with others, the extent to which they like being first to use new
technologies, and tendency to spend money on shopping.

### 2.5.3 Website Quality

Website to an e-store is like a door to a physical store. Consumers surf the Internet, just search satisfied products by clicking many stores one by one, because too many products are displayed. On this condition, websites have to be attractive to consumers; otherwise, bad things would happen.

Website with high quality should be functional and serviceable. Website quality elements were divided into five categories according to their purpose: for promotion, service, informational influence, self-efficacy, and resources facilitation. These investigators find that each of the five significantly and positively reinforces the consumers’ perceptions in these factors, which in turn positively influence customer online shopping attitudes and behavior.

A variety of factors related to website quality have been demonstrated to significantly influence consumers’ online shopping attitudes and behavior. Better website quality can guide the consumers’ complete transactions smoothly and attract them to revisit this Internet store. In contrast, worse quality would hinder their online shopping moves.

### 2.6 Demographic Characteristics

Demographics are statistical characteristics of a population. These types of data are used widely in public opinion polling and marketing. Commonly examined demographics include gender, age, ethnicity, knowledge of languages, disabilities, mobility, home ownership, employment status, and even location. Demographic trends describe the historical changes in demographics in a population over time (for example, the average age of a population may increase or decrease over time). Both distributions and trends of values within a demographic variable are of interest. Demographics are very essential about the population of a region and the culture of
Internet surveys agree that the online population is relatively younger, more educated, wealthier, although the gaps are gradually closing. They argue that demographics appear to play an important role in determining whether people use the Internet, however once people are online, demographics do not seem to be key factors affecting purchase decisions or shopping behavior. Bhatnagar and colleagues (2000) provide evidence that demographics are not relevant factors in determining which store to patronize or how much to spend, though men and women do tend to buy different types of products or services via the Internet.

Figure 2.6 Proposed Research Model for Impact of Demographic Factor on Online Shopping

<table>
<thead>
<tr>
<th>Determinant</th>
<th>Online shopping parameters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demographic factor</td>
<td>Satisfaction with online shopping</td>
</tr>
<tr>
<td>Age</td>
<td>Future purchase</td>
</tr>
<tr>
<td>Gender</td>
<td>Frequency of purchase</td>
</tr>
<tr>
<td>Marital status</td>
<td>Number of items</td>
</tr>
<tr>
<td>Income</td>
<td>Spend on online</td>
</tr>
<tr>
<td>Family size</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
</tr>
<tr>
<td>Ability to use Internet</td>
<td></td>
</tr>
<tr>
<td>Interesting Hobby</td>
<td></td>
</tr>
</tbody>
</table>

Figure 2.6 show that a demographic profile provides enough information about the typical member of this group to create a mental picture of this hypothetical aggregate. For example, a marketer might speak of the single, female, middle-class, age 18 to 24, college educated demographic previous e-commerce purchasing research examined numerous demographic characteristics, (Bhatnagar, Misra, and Rae (2000) included age, gender, marital status, and years on
the Internet in a recent study on risk, convenience, and Internet shopping behavior. They found that marital status has no effect on purchase behavior and found mixed results based upon gender (except for specific gender-related products), years on the Internet, and age. Other studies report that e-commerce purchasers are younger; more educated and have higher incomes than do non e-Commerce purchasers (Richford, Talukdar, & Lee, 2001). Notwithstanding these demographics, as many as 75% of surveyed Internet shoppers report that even though they do use the Internet to shop, they have not yet made an e-commerce purchase (Duo & Marquis, 2001-2002). This study uses previous findings as a basis for examining a narrowly defined population of young adults who are in the midst of becoming college educated, most of whom fall within the “younger, more educated, and higher income” demographic, to learn whether Existing research conclusions are borne out in this more finely-targeted sample.

2.7 Purchase Perceptions of e-commodity purchase

People’s perception of something can vary greatly from person to person, with each one forming an individual opinion about the stimuli (agents, action or conditions that elicit a response) being received. Individuals are continually receiving “messages” through the five senses: touch, taste, smell, sight and sound. Successful marketers use those senses to stimulate consumers to examine a product. Perception is one of the key psychological factors that influence customer behavior, but e-commodity purchase is different from traditional purchase. Consumers get products from website via Delivery Company, which means what they got is just image and specification, not the real thing, many problems come out. Maybe consumers do not trust e-commodity purchase or delivery problem, or real thing cannot match on the website and so on.

Perceptions believed to influence consumers’ purchase decisions have been extensively researched and documented in the context of traditional customer behavior literature. Jarvenpaa and Todd (1996-97) clustered e-commerce purchase
perceptions into four general categories:

This research builds upon Jarvenpaa and Todd’s research findings, using the purchase perception construct as a basis for exploring how each of the four purchase perception applies to a commodity E-commodity purchase.

It has been reported that consumers have a low perception and trust of online merchants, making them unwilling to make purchases online. The results of a survey of 9700 online consumers showed that three out of five respondents did not trust web merchants (Belanger, Hiller, & Smith, 2002) Apart from that, customer service affects purchase decisions through vendor knowledge, responsiveness and reliability (Baker, Levy, and Grewal, 1992; Gefen, 2002). Internet purchases of tangible goods present unique challenges when compared with traditional, “brick and mortar” retail store purchases. Consumers do not have the opportunity to physically inspect goods purchased over the internet prior to purchasing them (Jarvenpaa and Todd, 1996-97). Instead, internet purchasers must rely on mediated representations of the goods being purchased, are normally dependent on third parties for delivery of purchased goods and may question the convenience of product returns. Customer service variables of vendor knowledge, responsiveness (delivery time and return convenience) and reliability are examined in this study.

Lastly, the concept of risk is important for understanding how internet consumers make choices (Hasan and Rahim 2004). Shopping environments on the internet may be uncertain for the majority of online shoppers especially if they are novices. The risk may then be defined as the subjectively-determined expectation of loss by an online purchaser in contemplating a particular online purchase. Amongst the identified perceived risk are financial, product performance, social, psychological and time/convenience loss. Financial risk stems from paying more for a product than being necessary or not getting enough value for the money spent (Roehl and

A number of aspects will influence how consumers perceive a product or service. The relevance to consumers’ lives will definitely affect how much attention consumers give to a perception of a certain product or service. Pleasant or very
unpleasant stimuli (advertisements) can command consumers’ attention, with irritating messages sometimes being an extremely effective marketing strategy. Surprising stimuli or stimuli with a noticeable contrast (to its surroundings) or prominence (larger or center placement) will also gain greater customer attention.

### 2.7.1 Product Perception

Product perception is a term that is used to identify the way that consumers think and ultimately respond to different types of goods and services, particularly certain brands of those products. Most companies will devote a great deal of time and resources to ensuring that both existing and potential customers have a positive perception of the goods and services they sell, since this perception will have a direct impact on whether or not consumers actually buy those products. There are a number of factors that can affect product perception, including issues such as overall quality, the effectiveness of the marketing and advertising effort, and the amount of brand confidence that is associated with the products.

There are three most influential purchase perception factors cited in the literature are the perceptions of price, product quality, and product variety (Arnold, Handelman, & Tiger, 1996; Baker, Levy & Growl, 1992; Cronin, 1996). Price is defined as the total monetary cost to the customer for the purchase. Pricing perceptions are important since new pricing strategies are being applied to goods and services sold over the Internet. Dynamic pricing, defined as a pricing strategy where prices change over time, across consumers, or across product bundles can easily be executed on the Internet (Kennan & Koala, 2001). This pricing strategy contrasts with conventional retail channels where pricing changes are traditionally performed over the course of weeks or months (Kennan & Koala, 2001).

Product quality is defined as those distinguishing characteristics or traits inherent in the product or service that differentiate it from competitive product or service offerings (Cronin, 1996). For the purpose of clarifying this definition, service refers to the service that is being purchased and should not be confused with customer
service, which is treated as a separate factor and is defined as a pricing strategy where prices change over time, across consumers, or across product bundles can easily be executed on the Internet (Kennan & Koala, 2001). This pricing strategy contrasts with conventional retail channels where pricing changes are traditionally performed over the course of weeks or months (Kennan & Koala, 2001).

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A third factor contributing to product perception is product variety, defined as the assortments of alternative and complementary goods available from the retailer. Product variety is important to shoppers because it provides them with the opportunity to compare, contrast, and select from amongst multiple potential solutions that meet their needs.

Figure 2.7.1 Factors Influencing Product Perception

![Diagram of factors influencing product perception](image)

Figure 2.7.1 attempts to validate the contribution that price and product quality make to the product perception factor, particularly as that factor relates to e-commerce purchases. Perceptions of product variety are not considered in this study.
due to the commodity nature of the product being considered. As a commodity, there is no discernable difference between alternative product offerings.

2.7.2 Shopping Experience

The shopping experience is a mixture of effort, lifestyle compatibility, fun and playfulness. When engaged in e-commerce purchases over the Internet, effort is primarily mental as opposed to physical; shoppers work at their keyboard instead of having to plan for and travel to shopping sites. For e-commerce shopping, the dominant components of effort are ease of use and ease of placing and canceling orders. Compatibility considers the consumers’ lifestyle and shopping habits. The shopping tools must be easy to use and must provide the customer with all of the information required to make a purchase decision. Playfulness takes into account the shopper’s overall satisfaction with the shopping experience. Realistically, all shoppers are seeking a shopping experience that is as convenient, lifestyle compatible, and an enjoyable activity as possible.

Figure 2.7.2 Factors Influencing Shopping Experience

Lifestyle compatibility encompasses the consumers’ lifestyle and shopping habits (Valid, Lisboan, & Meehan, 2000). The shopping tools must be easy to use and
must provide the customer with all of the information necessary to make a purchase decision. If further support is required, such as telephone interaction to answer personal questions, the tools must facilitate this linkage and personnel must be available to provide support. Long telephone wait times and the lack of available personnel negatively impact the purchaser’s perceived compatibility of lifestyle. In addition, lifestyle compatibility may reflect on the consumer’s opinion of those that make e-commerce purchases (Goldsmith & Bridges, 2000). Research has noted that those who have not made an e-commerce purchase categorize those that have made an e-commerce purchase as “nerds” (Goldsmith & Bridges, 2000).

Playfulness and the perception of “fun” take into account the shopper’s overall satisfaction with the shopping experience (Goldsmith, Bridges, & Freidan, 2001; Hoffman & Novak, 1996, 1997).

Playfulness is negatively affected by shopping sites that are cumbersome to navigate, insult the shopper’s intelligence, or do anything to diminish the shopping experience. Unnecessary shopping time and the inability to locate in-stock products of the desired color and size are examples of occurrences that diminish the shopping experience (Bhavnagar, Mira, & Rae, 2000).

When engaged in e-commerce purchases over the Internet, effort is primarily a mental activity; shoppers work at their keyboard instead of having to plan for and travel to multiple shopping sites. For e-commerce shopping, the dominant components of effort are ease of use, coupled with the ease of placing and canceling orders. These components may be described in terms of the time required to find and purchase products, the convenience of using the shopping engine or “shopping cart” as part of the purchasing process, and the availability of the desired products (Berkowitz, Walker, & Walton, 1979; Bhavnagar, Mira, & Rae, 2000; Swaminathan, Lepkowska-White, & Rae, 1999).

2.7.2.1 Satisfaction of Online shopping experience

Even though it is obvious that online-shopping is the trend, but customers still
have a variety of choices, so retailers have to pay lots of attention on online shopping satisfaction. In the other words, as long as customers do not like to surf your e-shops anymore, bankrupt is on its way from then. We have to investigate what are customers’ opinions to current e-commerce thing. Customer satisfaction with online shopping overall is high, at 86%. Online shoppers are most satisfied with ease of check-out (83%), variety of brands/products (82%), and online tracking ability (79%). Online shoppers are least satisfied with flexibility of shipping, including flexibility to choose delivery date (58%) and re-route packages (57%), and the ease of making returns and exchanges (65%). In addition to ease of making returns and exchanges, there is also room to improve customer satisfaction by having a clear returns policy. Logistics services can directly impact 6 out of 11 of the aspects that influence a customer’s shopping experience.

Figure 2.7.2.1: Satisfaction with Aspects of Online Shipping Experiences

Ease of check-out: 83%
Variety of brands/products: 82%
Online tracking ability: 79%
Free/discounted shipping: 74%
Number of shipping options offered: 74%
Ability to create an account: 74%
Clear returns policy: 70%
Ease of making returns/exchanges: 65%
Availability of live customer service: 61%
Flexibility to choose delivery date: 58%
Flexibility to re-route packages: 57%

Overall Satisfaction: 86%

Base= Total Respondents (n=3,128)
Speaking of customer satisfaction, it is avoidable to talk about customer loyalty. The term ‘loyalty’ is sometimes defined as ‘behavior’ and sometimes as an ‘attitude’. The ‘behavioral’ definition of loyalty is about description of the actual conduct of the customer while the ‘attitudinal’ definition of loyalty is all about liking and preference. The value of a customer is generally described according to whether the enterprise will make a profit on him in the future. Compared to attitudinal loyalty, it is necessary for an organization study the behavioral loyalty as it helps to understand the techniques and mechanics of imaging customer relationships. The management of customer relationships influences the future actions of the customer which in turn has an impact on the firm’s performance. (Peppers & Rogers, 2004). Barnes (2006) classifies loyalty into two categories: “functionally loyal” and “emotionally loyal”. Functionally loyal customers are those who are attached to the firm or brand for the reason that they are functionally attractive. For example, convenient location of the store, open 24 hours a day etc can be the drivers for this kind of loyalty. On the other hand, emotionally loyal customers are those who are not only attracted to these kinds of convenience factors, but also feel comfortable with the store because of reasons like ‘greeted personally by name’ or ‘liked the experience of shopping’. Consequently, these customers develop an emotional attachment to the brand or firm. ‘Functionally loyal’ customers are likely to switch over to the competitor’s brand when offered a more functionally attractive option but ‘emotionally loyal’ customers unlike the ‘functionally loyal’ customers are likely to last in spite of a more functionally attractive alternative.

2.7.3 Customer Service

Customer service is the provision of service to customers before, during and after a purchase. According to Turban et al. (2002), "Customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation."

Figure 2.7.3 Components of Customer Service
Figure 2.7.3 show that customer service determines shopping choice through responsiveness, assurance, and reliability attributes. Responsiveness is embodied in the way that the service provider anticipates and responds promptly and effectively to customer needs and requests. Assurance is exemplified by the degree to which the service provider reduces customers’ uncertainty by instilling confidence that the transaction will occur as the customer expects it will. Reliability occurs when the customer perceives that there is a high probability that the service provider can be counted on to deliver all of what is being promised.

For purchase in person, e-commodity purchase attaches more importance to customer service. For example, if responsiveness is not quick enough, customer may lose faith on it, and never come back any more.

As long as customer judge products based on specification and image, so they have to ask more questions to diminish doubt, at that time, operator should be more patient, otherwise, e-store would lose consumer.

In a word, these three factors are able to be the measurements of e-commodity purchase.

2.7.4 Customer Risk

Customer adoption of a retail innovation is influenced by perceived risks. The risk dimensions typically considered are economic, performance, personal, and privacy. Economic risk encompasses monetary losses associated with poor purchase decisions, the inability to return a product, and the non-receipt of a product ordered.
Performance risk involves the consumer's perception that a product or service may fail to meet expectations. The possibility of harm to the customer resulting from either the product or the shopping process is referred to as personal risk. Credit card security is a key personal risk factor when participating in an e-commerce transaction. Privacy risk occurs when confidential information becomes available to unauthorized parties as a result of the customer engaging in an e-commerce transaction. As the Internet continues to evolve into a more social and interactive space, new threats to online consumers emerge. Beyond the now commonplace malware, these threats target the relationship between online services and consumers by attacking the core of their relationship: identity. While consumers are increasingly aware of online dangers, they must be able to trust the idea of an interactive Internet to support the transformations possible through web services.

Figure 2.7.4 Components of Customer Risk

Customer adoption of new retail innovations, such as e-commerce textbook purchasing is influenced by perceived risks. The risk dimensions typically considered are: economic, privacy, personal, and performance (Jarvenpaa & Todd, 1996-97; Simpson & Lakner, 1993). Economic or financial risk encompasses monetary losses associated with poor purchase decisions, the inability to return products, and the non-receipt of products ordered (Bhatnagar, Misra, & Rao, 2000; Perterson, Albaum, & Ridgway, 1989).

Personal risk refers to the possibility that the customer will be harmed or injured by either the product or by the shopping process. Credit card security is the
predominant example of a personal risk inherent in e-commerce purchase transactions (Goldsmith & Bridges, 2000; Jarvenpaa & Todd, 1996-97). Privacy risk reflects the degree to which a customer may sacrifice their privacy when they are required to provide confidential information in the course of making a retail e-commerce transaction (Bhatnagar, Misra, & Rao, 2000; Jarvenpaa & Todd, 1996-97; Vijayasarathy, 2002).

Performance risk embodies the consumer’s perception that a product or service may fail to meet expectations, the “fear of not getting what they want” (Cox & Rich, 1964). Perceptions of performance risk are not considered in this study because the customer directed to purchase a particular, specific product without consideration of the product’s performance. (In the case of a textbook publisher, the instructor assigning the textbook should have already considered product performance risk!) This study examines the remaining perceived risks with the goal of validating the role that each one plays in shaping potential e-commerce purchasers’ customer risk perceptions.

Each of the determinants described above (product perception, shopping experience, customer service, and customer risk), was examined in an effort to better understand each determinant’s effect upon a consumer’s decision to purchase a commodity product from an e-commerce vendor.

As Internet continuing to evolve into a more social and interactive space, new threats to online consumers emerge. Beyond the now commonplace malware, these threats target the relationship between online services and consumers by attacking the core of their relationship: identity. While consumers are increasingly aware of online dangers, they must be able to trust the idea of an interactive Internet to support the transformations possible through web services.

Trust is paramount. The Department of Commerce recently solicited input on online innovation, and respondents from a wide range of industries and ideological agendas continually returned to the idea that customer trust is critical for the continued growth of e-commerce and online expression.

This report highlights the importance of identity as a principle theme in the next five years of the growth of the Web. The identity mechanisms that allow users to exist as individuals on the web are under attack, exposing consumers to potential
privacy invasion and real risks of identity fraud. We outline many of these risks, highlighting several emerging threats to online trust relationships, and explain the technical details in a policy context. By understanding the technology and the roles and incentives of each party, the research can offer several policy recommendations to promote customer trust without restricting innovation.

2.8 Important to study consumers’ e-commodity purchase behaviors

Customer is the most important person, the business revolves around customer. In the other word, there is no business without consumption.

What customers buy, how customers buy, where and when customers buy, in how much quantity customers buy depends on customers’ perception, self concept, social and cultural background and customers’ age and family cycle, customers’ attitudes, beliefs values, motivation, personality, social class and many other factors that are both internal and external to us. While buying, customers also consider whether to buy or not to buy and, from which source or seller to buy. In some societies there is a lot of affluence and, these societies can afford to buy in greater quantities and at shorter intervals. In poor societies, the customer can barely meet his barest needs.

The marketers, therefore tries to understand the needs of different consumers and having understood his different behaviors which require an in-depth study of their internal and external environment, they formulate their plans for marketing.

Management is the youngest of sciences and oldest of arts and customer behavior in management is a very young discipline. Various scholars and academicians concentrated on it at a much later stage. It was during the 1950s, that marketing concept developed, and thus the need to study the behavior of consumers was recognized. Marketing starts with the needs of the customer and ends with his satisfaction. When everything revolves round the customer, then the study of customer behavior becomes a necessity. It starts with the buying of goods. Goods can be bought individually, or in groups. Goods can be bought under stress (to satisfy an immediate need), for comfort and luxury in small quantities or in bulk. For all this, exchange is required. This exchange is usually between the seller and the buyer. It
can also be between consumers.

Customer behavior can be defined as the decision-making process and physical activity involved in acquiring, evaluating, using and disposing of goods and services. This definition clearly brings out that it is not just the buying of goods/services that receives attention in customer behavior but, the process starts much before the goods have been acquired or bought. A process of buying starts in the minds of the consumer, which leads to the finding of alternatives between products that can be acquired with their relative advantages and disadvantages. This leads to internal and external research. Then follows a process of decision-making for purchase and using the goods, and then the post purchase behavior which is also very important, because it gives a clue to the marketers whether his product has been a success or not.

The research of customer behavior (CB) is very important to the marketers because it enables them to understand and predict buying behavior of consumers in the marketplace; it is concerned not only with what consumers buy, but also with why they buy it, when and where and how they buy it, and how often they buy it, and also how they consume it & dispose it.

Customer research is the methodology used to study customer behavior; it takes place at every purchase of the consumption process: before the purchase, during the purchase, and after the purchase. Research shows that two different buyers buying the same product may have done it for different reasons; paid different prices, used in different ways, have different emotional attachments towards the things and so on.

According to Professor Theodore Levitt of the Harvard Business School, the study of Customer Behaviors is one of the most important in business education, because the purpose of a business is to create and keep customers. Customers are created and maintained through marketing strategies. And the quality of marketing strategies depends on knowing, serving, and influencing consumers. In other words, the success of a business is to achieve organizational objectives, which can be done by the above two methods. This suggests that the knowledge & information about consumers is critical for developing successful marketing strategies because it challenges the marketers to think about and analyze the relationship between the consumers & marketers, and the customer behavior & the marketing strategy.
Customer behavior is interdisciplinary; that is based on concepts and theories about people that have been developed by scientists, philosophers & researchers in such diverse disciplines as psychology, sociology, social psychology, cultural anthropology, and economics. The main objective of the study of customer behavior is to provide marketers with the knowledge and skills, which are necessary to carry out detailed customer analysis which could be used for understanding markets and developing marketing strategies. Thus, customer behavior researchers with their skills for the naturalistic settings of the market are trying to make a major contribution to customers’ understanding of human thinking in general.

The study of customer behavior helps management understand consumers' needs so as to recognize the potential for the trend of development of change in customer requirements and new technology. And also to articulate the new thing in terms of the consumers' needs so that it will be accepted in the market well.

The following are a few examples of the benefits of the study of customer behavior derived by the different categories of people:

- A marketing manager would like to know how customer behavior will help him to design better marketing plans to get those plans accepted within the company.
- In a non-profit service organization, such as a hospital, an individual in the marketing department would like to know the patients' needs and how best to serve those needs.
- Universities & Colleges now recognize that they need to know about customer behavior to aid in recruiting students. "Marketing Admissions" has become an accepted term to mean marketing to potential students.

Customer behavior has become an integral part of strategic market planning. It is also the basis of the approach to the concept of Holistic Marketing. The belief that ethics and social responsibility should also be integral components of every marketing decision is embodied in a revised marketing concept - the societal marketing concept - which calls on marketers to fulfill the needs of their target markets in ways that improve society as a whole.
2.9 Theory of reasoned action (TRA)

The theory of reasoned action (TRA), is a model for the prediction of behavioral intention, spanning predictions of attitude and predictions of behavior. The subsequent separation of behavioral intention from behavior allows for explanation of limiting factors on attitudinal influence (Ajzen, 1980). The Theory of Reasoned Action was developed by Martin Fishbein and Icek Ajzen (1975, 1980), derived from previous research that started out as the theory of attitude, which led to the study of attitude and behavior. The theory was "born largely out of frustration with traditional attitude–behavior research, much of which found weak correlations between attitude measures and performance of volitional behaviors" (Hale, Householder & Greene, 2003, p. 259).

The theory of reasoned action has "received considerable and, for the most part, justifiable attention within the field of customer behavior ... not only does the model appear to predict customer intentions and behavior quite well, it also provides a relatively simple basis for identifying where and how to target consumers' behavioral change attempts" (Sheppard, Hartwick & Warshaw, 1988, p. 325).

Hale et al. (2003) say the TRA has been tested in numerous studies across many areas including dieting (Sejwacz, Ajzen & Fishbein, 1980), using condoms (Greene, Hale & Rubin, 1997), consuming genetically engineered foods (Sparks, Shepherd & Frewer, 1995), and limiting sun exposure (Hoffman, 1999).

TRA systems, in its simplest form, the TRA can be expressed as the following equation:

$$BI = (AB) W1 + (SN) W2$$

Where:

- **BI** = behavioral intention
- **(AB)** = one's attitude toward performing the behavior
- **W** = empirically derived weights
- **SN** = one's subjective norm related to performing the behavior

(Source: Hale, 2003)
2.10 Management Information System (MIS)

A management information system (MIS) provides information that is needed to manage organizations efficiently and effectively. Management information systems are not only computer systems - these systems encompass three primary components: technology, people (individuals, groups, or organizations), and data/information for decision making. Management information systems are distinct from other information systems in that they are designed to be used to analyze and facilitate strategic and operational activities in the organization. Academically, the term is commonly used to refer to the study of how individuals, groups, and organizations evaluate, design, implement, manage, and utilize systems to generate information to improve efficiency and effectiveness of decision making, including systems termed decision support systems, expert systems, and executive information systems. Most business schools (or colleges of business administration within universities) have an MIS department, alongside departments of accounting, finance, management, marketing, and sometimes others, and grant degrees (at undergrad, masters, and PhD levels) in MIS.

There are many advantages of MIS systems as followings:

- The availability of the customer data and feedback can help the company to align their business processes according to the needs of the customers. The effective management of customer data can help the company to perform direct marketing and promotion activities.

- Information is considered to be an important asset for any company in the modern competitive world. The customer buying trends and behaviors can be predicted by the analysis of sales and revenue reports from each operating region of the company.
Chapter III METHODOLOGY

This chapter shows the component of a thesis that outlines the methods used to conduct research and gather data. In most theses providing information about the specific steps or procedures taken by the researcher to test hypothesis or confirm results. This includes the type of statistical analysis used to evaluate the data. The type of methodology researcher chooses for thesis depends on the type of information that you have gathered.

3.1 Research method

This section describes the overall procedure used to collect data for the thesis work. Because the study aims to study social phenomena e-commodity purchases process, involved mathematical, statistical analysis, so quantitative research is the best choice.

3.1.2 Quantitative research

Quantitative research refers to the systematic empirical investigation of social phenomena via statistical, mathematical or computational techniques. The objective of quantitative research is to develop and employ mathematical models, theories and/or hypotheses pertaining to phenomena. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of quantitative relationships. Quantitative data is any data that is in numerical form such as statistics, percentages, etc. In layman's terms, this means that the quantitative researcher asks a specific, narrow question and collects numerical data from participants to answer the question. The researcher analyzes the data with the help of statistics. The researcher is hoping the numbers will yield an unbiased result that can be generalized to some larger population.

Qualitative research, on the other hand, asks broad questions and collects word data from participants. The researcher looks for themes and describes the information in themes and patterns exclusive to that set of participants.
3.2 Research Instruments

The first section of the questionnaire gathered demographic information. In addition to the customary questions regarding academic level and gender, students were also asked demographic characteristic questions regarding to their level of computer use, computer ownership, years of computer use, computer experience, self-evaluated general expertise (beginner, novice, average, experienced, or expert), and expertise with Internet search and e-mail tools (beginner, novice, average, experienced, or expert).

The second section of the questionnaire contained a five-question general attitude survey. The mean of the standard seven-point semantic differential rating scale responses to the five questions was used to measure attitude. The attitude scales were based on TRA (Ajzen and Fishbein’s (1980) theory as modified by Davis (1993)). These scales consisted of the leading phrase, “All things considered, my using the Internet to purchase air ticket is, “followed by the five attitude measures”. The five measures surveyed were: good/bad, wise/foolish, favorable/unfavorable, beneficial/harmful, and positive/negative. Positive attitudes had a rating of 1, neutral a rating of 4, and negative attitudes a rating of 7.

The third section of the questionnaire was designed to measure how each of the four clusters of purchase determinants (product perception, customerservice, customer risk, and shopping experience) affected each respondent’s decision to purchase or not to purchase a commodity product by e-commerce. Figure 3.2 presents 14 words or phrases identified within the literature and grouped within the four purchase-decision determinants.
Table 3.2 Construct Validity (Factors analysis)

<table>
<thead>
<tr>
<th>Scale Items</th>
<th>Customer service</th>
<th>Product Perception</th>
<th>Shopping Experience</th>
<th>Consumer Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor reliability</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return convenience</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return policy</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Responsiveness</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vendor Knowledge</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quality</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Enjoyable activity</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lifestyle compatibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Delivery time</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forms of payment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Confidentiality</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Credit card security</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shopping time</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As illustrated in Figure 3.2, there are two product perception items (price and quality, no product variety here because just airline electronic ticket the research is talking about), two shopping experience items (lifestyle compatibility, enjoyment of the activity, shopping time, and effort is not include because ordering a ticket is pretty easy), six customer service items (knowledgeable vendor, delivery time, responsiveness, return policy, vendor reliability, and return convenience), and four customer risk items (credit card security, confidentiality of personal data).

The items presented in Figure 3.2 were listed randomly; Respondents circled a number on a seven-point semantic distance scale to show how well they felt each described an ecommerce electronic air ticket purchase. The extremes were labeled “Not at all” and “Very influential.

3.2.1 Semantic Differential Scaling

Semantic differential questions measure people's attitude toward stimulus words, objects, and concepts. This question type consists of a series of contrasting adjective pairs (e.g., good-bad, beneficial-harmful) listed on opposite ends of a bipolar scale. Many studies have shown that semantic differential questions can work effectively with different age groups, cultures, and languages. These questions are
popular because they are extremely easy to construct and administer, and provide reasonably valid and reliable quantitative data.

A semantic scale is composed of polar opposite adjectives separated by a five to seven point rating scale, like this:

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>6</th>
<th>6</th>
<th>7</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Good</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>○</td>
<td>Bad</td>
</tr>
</tbody>
</table>

Table 3.2.1 Sample of Questionnaire

To utilize the scale, the subject would be given an attitude referent. The attitude referent would be perhaps an object or event in the subject's environment. Assigned numerical values of 1 through 7 to the various spaces on the scales, then a neutral score would become a 4, a very positive endorsement a 1, and a very negative endorsement a 7. Customers just need to circle a number, and sum it up.

3.2.2 Cronbach’s Alpha

In statistics, Cronbach's $\alpha$ (alpha) is a coefficient of internal consistency. It is commonly used as an estimate of the reliability of a psychometric test for a sample of examinees. It was first named alpha by Lee Cronbach in 1951, as he had intended to continue with further coefficients. The measure can be viewed as an extension of the Kuder–Richardson Formula 20 (KR-20), which is an equivalent measure for dichotomous items. Alpha is not robust against missing data. Several other Greek letters have been used by later researchers to designate other measures used in a similar context. Somewhat related is the average variance extracted (AVE).

Cronbach's alpha will generally increase as the inter correlations among test items increase, and is thus known as an internal consistency estimate of reliability of test scores. Because inter correlations among test items are maximized when all items measure the same construct, Cronbach's alpha is widely believed to indirectly indicate the degree to which a set of items measures a single one-dimensional latent construct.

Cronbach's $\alpha$ is defined as
Where $K$ is the number of components (K-items or test lets), $\sigma_X^2$ the variance of the observed total test scores, and $\sigma_i^2$ the variance of component $i$ for the current sample of persons. (Devellis, 1991).

<table>
<thead>
<tr>
<th>Cronbach’s alpha</th>
<th>Internal consistency</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\alpha \geq 0.9$</td>
<td>Excellent</td>
</tr>
<tr>
<td>$0.8 \leq \alpha &lt; 0.9$</td>
<td>Good</td>
</tr>
<tr>
<td>$0.7 \leq \alpha &lt; 0.8$</td>
<td>Acceptable</td>
</tr>
<tr>
<td>$0.6 \leq \alpha &lt; 0.7$</td>
<td>Questionable</td>
</tr>
<tr>
<td>$0.5 \leq \alpha &lt; 0.6$</td>
<td>Poor</td>
</tr>
<tr>
<td>$\alpha &lt; 0.5$</td>
<td>Unacceptable</td>
</tr>
</tbody>
</table>

Cronbach's alpha statistic is widely used in the social sciences, business, nursing, and other disciplines. The term item could be anything — questions, raters, indicators — of which one might ask to what extent they "measure the same thing." Items that are manipulated are commonly referred to as variables.

### 3.2.3 Kaiser-Meyer-Olkin (KMO) and Bartlett’s Test of Sphericity

The Kaiser-Meyer-Olkin measure of sampling adequacy tests whether the partial correlations among variables are small. Bartlett's test of sphericity tests whether the correlation matrix is an identity matrix, which would indicate that the factor model is inappropriate.

The next item from the output is the Kaiser-Meyer-Olkin (KMO) and
Bartlett's test. The KMO measures the sampling adequacy which should be greater than 0.5 for a satisfactory factor analysis to proceed. Looking at the table below, the KMO measure is 0.417. From the same table, we can see that the Bartlett's test of sphericity is significant. That is, its associated probability is less than 0.05. In fact, it is actually 0.012. This means that the correlation matrix is not an identity matrix.

3.3 Sampling Design

Bob E. Hayes et al (2008) said that sometimes for organizations/firms that have tens of thousands of customers, it is not possible to get survey data from all their customers. In fact, for getting the reliable picture of customer’s attitudes of e-commodity purchase, no need to investigate every customer, so there are surveys that were distributed in a variety of business classrooms. There are one hundred questionnaires, but just 86 are collected.

According to Multivariate Data Analysis (2010) by Joseph F. Hair, Jr, Rolph E. Anderson, William C. Black and Barry J. Babin, the minimal sample size is 50, so in the research, it is all right that sample size is 86.
Chapter IV DATA ANALYSIS

4.1 Categorical Model of Purchase Perception Factors

According to data analysis, purchase perception factors will be regrouped into four clusters, customer risk, customer service, shopping experience and product perception.

4.1.1 Kaiser-Meyer-Olkin Test (KMO) and Bartlett’s Test of Sphericity

KMO and Bartlett's Test

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</td>
<td>.806</td>
</tr>
<tr>
<td>Bartlett's Test of Sphericity Approx. Chi-Square</td>
<td>1229.966</td>
</tr>
<tr>
<td>df</td>
<td>78</td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>

Table 4.1.1 KMO and Bartlett’s Test

The results of KMO and BTS show that all data is ok to use.

4.1.2 Survey Instrument Validity and Reliability

Factor validity was assessed by factor analysis of the product perception, shopping experience, customer service, and customer risk scale items using principal component extraction and oblique rotation.

Table 4.1.2.1 presents 13 Words or Phrases Identified within the Literature and Grouped within the Four Purchase-Decision Determinants
## Rotated Component Matrix

<table>
<thead>
<tr>
<th>Component</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vendor knowledge</td>
<td>.816</td>
<td>.351</td>
<td>.209</td>
<td>-.052</td>
</tr>
<tr>
<td>price</td>
<td>.154</td>
<td>.015</td>
<td>.063</td>
<td>.925</td>
</tr>
<tr>
<td>quality</td>
<td>-.004</td>
<td>.164</td>
<td>.089</td>
<td>.898</td>
</tr>
<tr>
<td>Return policy</td>
<td>.933</td>
<td>.135</td>
<td>.007</td>
<td>.118</td>
</tr>
<tr>
<td>Return convenience</td>
<td>.939</td>
<td>.130</td>
<td>.059</td>
<td>.130</td>
</tr>
<tr>
<td>Enjoyable activity</td>
<td>.326</td>
<td>.882</td>
<td>.155</td>
<td>.064</td>
</tr>
<tr>
<td>Lifestyle compatibility</td>
<td>.319</td>
<td>.889</td>
<td>.129</td>
<td>.079</td>
</tr>
<tr>
<td>responsiveness</td>
<td>.842</td>
<td>.328</td>
<td>.227</td>
<td>-.018</td>
</tr>
<tr>
<td>Delivery time</td>
<td>.882</td>
<td>.190</td>
<td>.009</td>
<td>.068</td>
</tr>
<tr>
<td>Vendor reliability</td>
<td>.830</td>
<td>.349</td>
<td>.230</td>
<td>.065</td>
</tr>
<tr>
<td>confidentiality</td>
<td>.156</td>
<td>.182</td>
<td>.900</td>
<td>.138</td>
</tr>
<tr>
<td>Credit card security</td>
<td>.118</td>
<td>.099</td>
<td>.941</td>
<td>.032</td>
</tr>
<tr>
<td>Shopping time</td>
<td>.218</td>
<td>.884</td>
<td>.094</td>
<td>.113</td>
</tr>
</tbody>
</table>

From table 4.1.2.1, there are four clusters out there, and according to relevant relationship, it is very easy to tell any item belongs to which cluster, customer service, customer risk, shopping experience, and product perception. In light of the literature in chapter two, these indicators are re-grouped into four clusters in the following tables.

### Table 4.1.2.2 Names of Four Groups

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Customer Service</td>
</tr>
<tr>
<td>2</td>
<td>Shopping Experience</td>
</tr>
<tr>
<td>3</td>
<td>Customer Risk</td>
</tr>
<tr>
<td>4</td>
<td>Product Perception</td>
</tr>
</tbody>
</table>

### 4.1.3 Cronbach’S Test

In order to make sure that the reliability of the model of purchase perception, Cronbach’s Alpha is needed. Table 4.3 shows the results of Cronbach’s Alpha.
Table 4.1.3 is revised model removes the four items that did not load into an established purchase perception factor. The revised model reflects the results of the survey by associating the return policy item with the customer service factor instead of with the customer risk factor as originally perceived. Cronbach’s alpha was used to assess inter-item reliability for each multi-item instrument: attitude, product perception, shopping experience, customer service, and customer risk (i.e., seven-point semantic differential rating scales).

As reported in Table 4.1.3, Cronbach’s alpha scores were 0.905 for attitude, .774 for product perception, 0.864 for shopping experience, 0.911 for customer service, and 0.812 for customer risk. These alpha scores are acceptable ($\alpha > 0.6$) for exploratory analysis, indicating that the factors within each multi-item variable are inter-related.

4.1.4 Mean Distribution of Every Indicator

1. Customer service

Figure 4.1.4.1 Display of Indicators’ Mean of Customer Service
From the chart above, the mean of customer service is 2.418 which located between more influential and influential as a indicator. It is very clear to tell that vendor reliability get the highest attention with (Mean=2.03, SD=1.605).

2. Shopping Experience

Figure 4.1.4.2 Display of Indicators’ Mean of Shopping Experience
The mean of shopping experience is 3.169 which means influential as a factor to purchase perception. The results of Lifestyle compatibility (Mean=3.08, SD=1.473) is lowest which means customer are not used to e-commerce commodity purchase thing, at the same time, results of shopping time (Mean=3.26, SD=1.303) is the highest which means e-commerce commodity market is not mature.

3. **Product perceptions**

Figure 4.1.4.3 Display of Indicators’ Mean of Product Perception

From the chart above, the result of product perception (Mean=3.145) shows that production perception is influential as a factor.
Figure 4.1.4.4 Display Of Indicatos’ Mean Of CustomerRisk

From the chart above, the result of customer risk (Mean=2.755) means it is influential as a factor.

These four factors, customer service, customer risk, shopping experience and product perception are very influential to purchase perception, very influential to e-commodity purchase intention.

4.1.5 Categorical Model of Purchase Perception Factors

Figure 4.1.5 depicts a revised model of purchase perceptions affecting e-community (electronic air ticket) purchase decisions.
Figure 4.1.5.1 categorical model of purchase perception factors

Customer service:
1. Vendor knowledge
2. Responsiveness
3. Vendor Reliability
4. Return policy
5. Return convenience
6. Delivery time

Product perception:
1. Price
2. quality

Shopping experience:
1. Lifestyle compatibility
2. Shopping time
3. Enjoyment

Customer risk:
1. Credit card security
2. Confidentiality

From this chart above, it is clear that Customer Service (Mean= 2.418) is the
Data from questionnaire are divided two columns, namely the number of people and percent. The details are in the chart below.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Own computer</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>45</td>
<td>52%</td>
</tr>
<tr>
<td>Female</td>
<td>41</td>
<td>48%</td>
</tr>
<tr>
<td>Own computer</td>
<td>Yes</td>
<td>86</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Computer skills on academic level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginner</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Novice</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Average</td>
<td>16</td>
<td>19%</td>
</tr>
<tr>
<td>Experienced</td>
<td>68</td>
<td>79%</td>
</tr>
<tr>
<td>Expert</td>
<td>2</td>
<td>2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet search skills</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginner</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Novice</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Average</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Experienced</td>
<td>73</td>
<td>85%</td>
</tr>
<tr>
<td>Expert</td>
<td>13</td>
<td>15%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Perception of e-commodity purchase</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginner</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Novice</td>
<td>2</td>
<td>2%</td>
</tr>
<tr>
<td>Average</td>
<td>56</td>
<td>65%</td>
</tr>
<tr>
<td>Experienced</td>
<td>25</td>
<td>29%</td>
</tr>
<tr>
<td>Expert</td>
<td>3</td>
<td>3%</td>
</tr>
</tbody>
</table>

Data in the chart above is able to show the demographic situation of people’s perceptions of e-commodity purchase, and turn these data into the chart below could show us every level of different sides and the relationship between genders or the ownership of computer.

Figure 4.2.2 Demographic Distributions2
E-commodity purchase is a new shopping way, consumers have to learn how to use computer and relevant knowledge. From the chart, more than 80% of customers investigated are ready for E-commodity purchase.

4.3 E-commodity purchase attitude

Figure 4.3 Display of Indicators’ Mean And SD of E-Commerce Commodity Purchase Attitude
The mean results of five attitudes are below 4 which stand for neutral. It means customers are very open to e-commerce commodity purchase, not resist on it. The column is higher than the others, that mean consumers are not familiar to e-commodity purchase, still prefer traditional shopping way.

All the standard deviation results are pretty small, around 1.5. It means, under the condition of e-commodity purchase right now, consumers do not trust it, just a little bit, but with the opening attitude of the new shopping way, it is still very potential in Indonesia.
Chapter V CONCLUSION AND RECOMMENDATION

The thesis aims to study factors influencing commodity purchase through e-commerce purchase in Indonesia. The research was done with an overview of current and past research works done on related topics and with the help of quantitative data collection. Here is researchers’ opinion on e-commerce commodity purchase.

CONCLUSION

Through the data analysis, researcher has come up with the following conclusions:

1. So many factors influence E-commerce commodity purchase, but through the factor analysis, there are four main factors, namely, shopping experience, product perception, customer service, customer risk, and customer service is the most influential among them.

2. Consumers’ opinions in Indonesia towards E-commerce commodity are open and forward, but bare consumers have ever experienced e-commerce commodity purchase, the condition of e-commerce commodity of Indonesia is not mature yet.

3. Because e-commerce commodity is a new shopping way, consumers are not familiar to it, and still get used to traditional shopping way, that is why consumers have very high expectations to vendor reliability, they are not secure.

4. Analyze four clusters of purchase perception, customer service affect purchase intention most, so as e-retailers should pay more attention on it.

RECOMMENDATION

Researcher believes that the outcomes of this analysis is able to give consumer, e-retailer and investor the whole picture of factor influencing e-commerce commodity purchase process, current e-commerce market’ condition of Indonesia. Through this research, Researcher infers that the e-commerce commodity purchase in Indonesia still requires to be improved to a great extent, so there are opportunities for Indonesia and international business firms to further invest in this market and use
the expertise and lesson-learns from different successful international experiences in
order to improve and increase the volume and performance of e-commerce commodity purchase. The following are the researcher’s recommendations:

1. For investors, it is a good time now to invest e-market because current e-market condition of Indonesia is still processing, but technology development is very fast, so before any significant changes happen, it is important to build up image.

2. For E-retailers, during the daily operation process of e-stores, it is necessary to pay more attention on customer service.

3. For customers, with the development of society, e-commerce commodity purchase seems like unstoppable, so it is necessary to learn to get used to it, and learn to look for your own benefit by making use of the channel.
REFERENCE


http://wiki.answers.com/Q/Why_you_need_to_study_Consumer_Behavior
http://www.helm.org.uk/server/show/nav.19653
http://www.foe.co.uk/resource/briefings/retail_development_ldf.pdf
http://www.slideshare.net/jtdoank/indonesia-ecommerce-growth-2012
http://www.ijhssnet.com/journals/Vol_2_No_4_Special_Issue_February_2012/27.pdf
http://www.streetdirectory.com/etoday/definition-of-online-shopping-jelij.html
http://encyclopedia.jrank.org/articles/pages/6563/Consumer-Attitude-in-Electronic-C
APPENDIX

Questionnaire
This questionnaire is aimed to investigate the factors influencing e-commodity purchase in Indonesia.

Section 1. Demographic Characteristics investigation

Part one:
1. What is your gender? ○ Male ○ Female
2. Do you own a computer? ○ YES ○ No

Part two: Beginner =1, Novice =2, Average =3, Experienced =4, Expertise =5.
Please circle a number in your mind for the following question.

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
</table>
A. What is your computer skills like, on academic level? ○ ○ ○ ○ ○
B. What is your internet search skills like? ○ ○ ○ ○ ○
C. What is your e-commodity purchase like for you? ○ ○ ○ ○ ○

Section 2 Customers attitude and Purchase perception

Positive attitude = 1, neutral attitude = 4 and Negative attitude = 7.

Please circle a number in your mind about e-commodity purchase.

<table>
<thead>
<tr>
<th>1 2 3 4 5 6 7</th>
</tr>
</thead>
</table>
1. Customer Service
| Good vendor Reliability ○ ○ ○ ○ ○ ○ ○ | Bad vendor reliability |
| Good Vendor knowledge ○ ○ ○ ○ ○ ○ ○ | Poor Vendor Knowledge |
| Long delivery time ○ ○ ○ ○ ○ ○ ○ | Quick delivery |
| Responsiveness ○ ○ ○ ○ ○ ○ ○ | Un-responsiveness |
| Convenient to return ○ ○ ○ ○ ○ ○ ○ | Hard to return |
| Good return policy ○ ○ ○ ○ ○ ○ ○ | Bad return policy |
2. Product Perception
| Low price ○ ○ ○ ○ ○ ○ ○ | High price |
| High quality ○ ○ ○ ○ ○ ○ ○ | Low quality |
3. Shopping Experience
| lifestyle compatibility ○ ○ ○ ○ ○ ○ ○ | Low lifestyle compatibility |
| Short shopping time ○ ○ ○ ○ ○ ○ ○ | Long shopping time |
| Enjoyable ○ ○ ○ ○ ○ ○ ○ | Boring |
4. Customer risk
<p>| Payment is safe ○ ○ ○ ○ ○ ○ ○ | Payment is not safe |
| Confidentiality ○ ○ ○ ○ ○ ○ ○ | Un-confidentiality |</p>
<table>
<thead>
<tr>
<th></th>
<th>Customers’ Attitudes</th>
</tr>
</thead>
<tbody>
<tr>
<td>N.</td>
<td>Good</td>
</tr>
<tr>
<td>O.</td>
<td>Wise</td>
</tr>
<tr>
<td>P.</td>
<td>Favorable</td>
</tr>
<tr>
<td>Q.</td>
<td>Positive</td>
</tr>
<tr>
<td>R.</td>
<td>Beneficial</td>
</tr>
</tbody>
</table>
DISTRIBUTION OF EVERY FACTOR OF PURCHASE

PERCEPTION

1. Customer Service

Vendor reliability/ return convenience/ return policy/ delivery time/ responsiveness /vendor knowledge

![Histograms for vendor knowledge, return policy, return convenience, and delivery time with statistical measures: Mean = 2.66, Std. Dev. = 1.561, N = 86 for vendor knowledge; Mean = 2.58, Std. Dev. = 1.394, N = 86 for return policy; Mean = 2.52, Std. Dev. = 1.412, N = 86 for return convenience; Mean = 2.59, Std. Dev. = 1.302, N = 86 for delivery time]
4. Shopping Experience

Shopping time/ Enjoyable activity/ Lifestyle compatibility

5. Product Perception
Price/ quality

6. Customer Risk

Confidentiality/ credit card security
### Total Variance Explained

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
<th>Rotation Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
<td>Cumulative %</td>
</tr>
<tr>
<td>3</td>
<td>1.509</td>
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**Extraction Method:** Principal Component Analysis.
Component Matrix

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Reliability Statistics

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Reliability Statistics

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Reliability Statistics

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Reliability Statistics

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RELIABILITY
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### Reliability Statistics

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### Gender

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<th>Cumulative Percent</th>
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<th>Return policy</th>
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### Statistics

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DISTRIBUTION OF FIVE ATTITUDES

Positive/ Favorable/ Wise/Good/ Beneficial
Statistics

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