Online shopping: An empirical study in Bangladesh

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Abstract

The purpose of this empirical study is to find out consumers’ perception towards online shopping with a specific focus on convenience and security on consumer market in Bangladesh. Studies of this nature conducted quite extensively in developed countries but in a developing country context is very limited. This gap was addressed with an empirical study conducted in Bangladesh. Despite high potential of online shopping in Bangladesh, there is still lack of convenience and security issues on consumer market. This study was used survey questionnaire and random sampling method to collect response from respondents in Dhaka. Collected data were analysed by using descriptive statistics and correlation analysis to determine the relationship between variables and perception towards online shopping in Bangladesh. The results of this study have several implications for marketers of companies and future researchers. Study found that consumers are willing to use online shopping in spite of security concern. The findings add value not only to existing literature but also suggest, if these problems left unrestrained, might affect the growth of future of potential of online shopping market in Bangladesh.

1. Introduction:

E-commerce is also called online shopping. It means running the whole process of business electronically using the internet (Chaffey et al., 2006). Online Shopping is a process where customers go through when they decide to purchase via the internet. For online shopping retailer, in order to ensure the achievement of business e-commerce, it is significant to establish customer needs and wants (Chaffey et al., 2006).

The internet has gone through revolutionary changes, and in developing countries, e-commerce become a common norm of doing business (Dey et al., 2009). Bangladesh cannot stay backward in developing the online shopping any more consumers (Kashem, 2012).

From several reviews on research paper (Changchit, 2006; Delafrooz et al., 2009; Lee et al., 2010) many businesses has decided to penetrate internet commerce market, and yet, the achievement of particular business is different base on how they attract and convince their prospect. In further detail, research from Forrester (2006) figured out e-commerce market will attain $228 billion in 2007, and increasing $30 billion for every year until 2009. The market also will have accounted for $316 billion in sales by 2010 for retail sales. It mean, from the internet opportunity, entire online shopping industry has drastic changes and can give a huge profit for a marketer.

In Bangladesh, online shopping would get more attention from customers because purchasing from internet give many benefits to customers such as shopping from their place; reduce cost of transportation, wide variety of choices and so on.

Online shoppers try and adopt internet shopping environment base on convenience of the website retailer (Lee et al., 2010). They concluded convenience of online shopping include five main issues which are time spent, flexibility, information opportunities and less effort of going to physical shop.

Madleberger (2006) recent study has shown that convenience is the main factor to influence shopper made online purchased. Therefore, consumer was asked about why they purchased through the internet, and researchers found that convenience was the key point of that problem statement (Madleberger, 2006; Chen et al., 2002; Torkzadeh et al., 2002; Becerra et al., 2011). However, other
researcher concludes that convenience is not a big issue in stimulate customer decision making rather than risk perception (Chang et al., 2008).

Security is a privacy policy to protect such personal information from being used by other party which include inside or outside the organizations (Flaviaan et al., 2006). Security concern is also one of the key points that internet users were not purchased over the e-commerce website (Flaviaan et al., 2006).

Online marketers try to provide information of internet security and focused on potential risks to internet user who used credit card to make online purchases, payment scams are major treat to electronic merchants (Liu et al., 2005).

2. Research Objectives:

The main objective of this case study is to examine consumers’ perception towards online shopping in Bangladesh market. It shows a big gap between Bangladesh e-commerce market and western countries (Changchit, 2006; Delafrooz et al., 2009; Lee et al., 2010) such as Europe where online shopping in Bangladesh is not comprehensive compare to those countries. By looking at this gap, this study attempts to find the key point of reason why people purchase on the internet and what the key factors influence them to make purchases.

The objective for this research is:

1) To examine the factors affecting online shopping in Bangladesh.
2) To investigate the relationship between antecedents (convenience and safety) and buying decision process over the internet.

Hypothesis is a presumption which is provisionally accepted in order to expose certain problem and to present assistance for further research and study (Saunders et al., 2007). Each hypothesis can be verified as correct or wrong. Based on the literature review, the researcher proposes following hypotheses;

H1. Convenience has a positive influence on customer online shopping
H2. Security has a positive influence on customer online shopping

3. Methodology:

The research methods include the survey questionnaire design, the sample and methods of data analysis.

The questionnaire for this study separated into two segments thus section A and B. Section A consists on the demographic profile such as gender, age, marital status, income, races and employment status. Section B is made up with main research questions.

Introduction, literature review and this section is focused on the key that theoretical framework namely convenience and security. Convenience was adapted from (Lee et al., 2010; Chang et al., 2008; Madleberger, 2006; Chen et al., 2002; Torkzadeh et al., 2002; Becerra et al., 2011), security was adapted from (Flaviaan et al., 2006; Liu et al., 2005). The following figure is about hypotheses and its related questions.

The sample method for this research is based on random sampling method. In this sampling method, all categories of respondents were considered proportionately (Hasslinger, 2007). The questionnaire was distributed to people who currently live in Dhaka. These samples include students, general public and employed resident who might be very significance to this case because it can brings strong justification when it arrives in the next section which is analysis and finding.

A sample size of 200 people was used for this research. This study used a self-administered survey technique to distribute the questionnaire to acquire respondent responses to the survey.
4. Findings, Analysis and Discussion:

4.1 Demographic Profile of the Respondent

Respondents profile

To introduce the findings of the survey the demographics of the respondents explained. The male respondents have the highest frequency (63%) while female respondents are only 37%. It can be clarified that there might be male respondents were willing to participate in the survey. This result suggest that possibly males are more likely to be online shopping users which has also previously been found to be the case in a study undertaken by Wan et al. (2005).

As for marital status characteristics, married respondents have frequency (21%) and single respondents have frequency (79%). For marital status, it does match with research done by Lee et al. (2010) that they concluded more respondents who are single (60.8%) while the rest is married.

Next is age variable. From the findings, it shows respondents who are below 20 have the frequency 23%, 47% for group 20-30 and 18% 31-40, 9% for group 41-50, however the group above 50 has the lowest frequency 3%. This could support Lee et al. (2010) has argument that group age 20-30 is has made major involvement in online shopping activity.

4.2 Correlation Analysis

Figure: 1 Descriptive Statistics

Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Convenience</td>
<td>106.28</td>
<td>19.491</td>
<td>200</td>
</tr>
<tr>
<td>Security</td>
<td>126.68</td>
<td>28.689</td>
<td>200</td>
</tr>
</tbody>
</table>

Correlation analysis was used to analyse the relationship between variables (Sounders et al., 2007). From analysing the mean scores of the above sample it was found that the value for security was higher value than convenience. This indicates that online users are more likely to perceive it to be useful and recognise the opportunity if it provides secured and convenient facility. Spearman’s correlation coefficient between convenience and security variables = .815 with a significance = 0.0001. Since this significance is less than 0.05 (5% significance level) there is evidence to suggest a significant correlation between the two variables. Therefore, it could be concluded that convenience and security on consumers online shopping in Bangladesh. This result reinforces the work of (Chen et al., 2002; Medleberger, Liu et al., 2005; 2006;; Flaviaan et al., 2006).

Figure 2: Correlation Analysis between convenience, security and Online Shopping

<table>
<thead>
<tr>
<th>Conversions</th>
<th>Security</th>
<th>Convenience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman's rho</td>
<td></td>
<td></td>
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<tr>
<td>Correlation Coefficient</td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>.815**</td>
<td>200</td>
</tr>
<tr>
<td>Correlation Coefficient</td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>.000</td>
<td>200</td>
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**. Correlation is significant at the 0.01 level (2-tailed).
Table: 1 Summary of Hypotheses Testing

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1. Convenience has a positive influence on customer online shopping</td>
<td>Accepted</td>
</tr>
<tr>
<td>H2. Security has a positive influence on customer online shopping</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

5. Conclusions and Recommendations

Existing research has made a study about online shopping environment. Relatively, the amount of research that has considered online shopping behavior in Bangladesh is still small. This study was organized from the literature in the specific area by combining different framework from past studies. The results gained from this study indicate consumers’ perception towards online shopping. The research outcomes are not only related with prior studies, however, it gives a new understanding toward customer attitude in this new era especially in emerging market such as Bangladesh. It can be summarised that majority of the respondents have intentions to purchase from the internet because of the convenience and security.

The main recommendation here is for online customers, marketers and also future researchers. The examination of consumers’ perception towards online shopping might help online marketer to understand the key factors for its successful and as well as the barriers in the online shopping environment. To overcome these barriers, online marketers should consider their strategy because from the findings, it shows that customers are aware about the convenience and security offered and it will be the key point of online shopping decisions.

Convenience can be a major factor that influences customers’ intention toward online shopping. This is because many customers agree that purchase product from the internet is more pleasant it terms of online shopping environment. From this analysis, marketers should know how to satisfy their customer by considering convenience aspects. Besides that, factors such as security, risk, shopping experience and time are also important to be considered when organizing online business.

6. References:


