



Providing a Model to Study Factors Affecting On Preference of Online Store by Iranian Customers

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ABSTRACT

The most important objective behind creating commercial websites is to respond to tangible and intangible needs of customers, and online store sometimes become the sole link between the purchaser and the seller. In the meantime, the components of the website constitute the identity of the company and the designed of the website is in fact the design of the company.

This research has as its objective Providing a Model to Study Factors Affecting Preference of Online Store by Iranian Customers.

Having studied many researchers conducted in different countries, and especially, by using three models of Su-Jane & Tung- Zong, Rayport & Jaworski and Sindhav & Balazs, and having considered conditions of Iran, the model defining the Iranian's behavior in preference of online stores was presented.

Data collection was conducted using questionnaire, then, hypotheses were tested on a sample consisting of 400 persons using Spearman's Correlation Test.

Findings suggest that after-sales services and intensity of information are jointly the most important factors in preference of online store by Iranian customers, and other factors are of lesser importance.

Keywords: online store, internet shopping, preference of online store, internet shopping models, Iranian Customers.

1. INTRODUCTION

Online stores reduce shopping risk, compared with traditional shopping by providing round the clock access, increasing costs of searching for goods, providing for comparison of goods, providing immense information on the intended goods, smoothing ordering process, and providing even the possibility of change of the design of the intended goods.

However, the most important point to note about online stores is that salespersons' importance has fallen significantly, and design of website and distinct options and services provided by them are the factors resulting in satisfaction, trust of the customers, and consequently sustained income. It can generally be said online store represents the credibility of a company.

Researches conducted on internet shopping and preference of online stores consider such items as appearance of website, user friendliness of menus, shopping service and after-sales services, high speed of web pages' loading, interaction with purchaser, security of website, agreement of structure of online store with its goods, providing details on products, entertainment, etc. as the factors affecting preference of an online store.

Based on the time and place that they were conducted, each of these researches has addressed certain aspects affecting preference of online stores. By studying the said researches, this research attempts to provide a comprehensive model on factors affecting preference of online store by Iranian customers.

2. RESEARCH BACKGROUND

2.1. Sindhav & Balazs's Retail Growth Model

Sindhav & Balazs consider the company, the environment and the advantages perceived by the customer as the most important factors affecting internet shopping.

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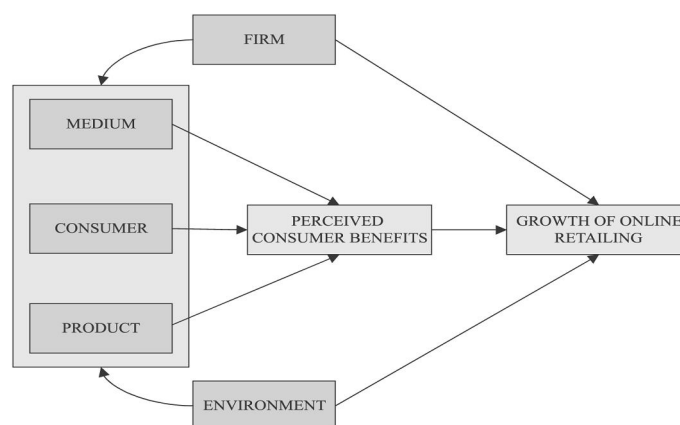


Figure 1. A conceptual model for on-line retailing[1]

The customer’s perception of advantages is influenced by the interfaces, product and customer’s tendency to internet shopping. The environment and the company directly affect growth of online retail, and at the same time, they indirectly affect customer’s perceptions.

Three characteristics of brokers include interactivity, variety of channels and logical capability. Improved interactivity, increased channels, and logical capabilities of an online store on the one hand, and better internet skills of customer increase his tendency of to use that online store. For the factor of the company, the factor of intensity of information and expertise in direct marketing are considered. For online retail growth, two environmental aspects, that is, critical mass and technical and legal considerations are discussed.

2.2. TPB Theory and Internet Shopping

In 2004, Professor George proposed a model on factors affecting internet shopping on the basis of Ajzen’s TPB Model.

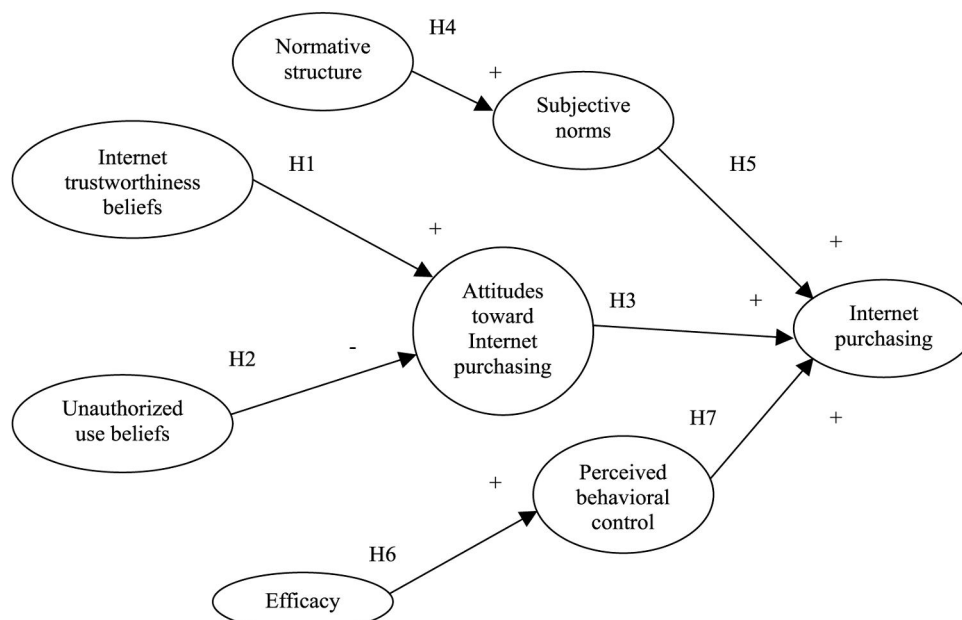


Figure 2. Professor George’s Internet Shopping Model[2]

Professor George states that following relations exist between the above variables: individual’s normative structures have a positive effect on his subjective norms, which in turn have positively affect internet shopping practice.

While confidence in internet has a direct positive effect on attitude toward internet shopping, if the individual believe that internet-based companies make unauthorized use of the user’s personal information, or share them

without permission, such unauthorized use of personal information of the individual will have a negative effect on the individual's attitude toward internet shopping, which in turn has a significant impact on internet shopping.

Efficacy also positively affecting perceived behavioral control of the individual can result in him making internet shopping.

2.3. Donthu and Garcia's Research

These two researchers found out that American customers seriously sought to reduce risk and avoid risk in internet shopping[3].

Statshevsky & Liebermann believe that one of the main risk factor is robbery and abuse of credit cards in the web, the other part of the risk relates to experiences and demographic characteristics of customers.

2.4. Grunert&Ramus's Research

In this research, customer's tendency to buy foodstuff through internet was studied, and it was revealed that such factors as mental disorders, others' attitude, individual's attitude, risk taking, life style and even education level and individual skills can affect internet shopping of foodstuff.

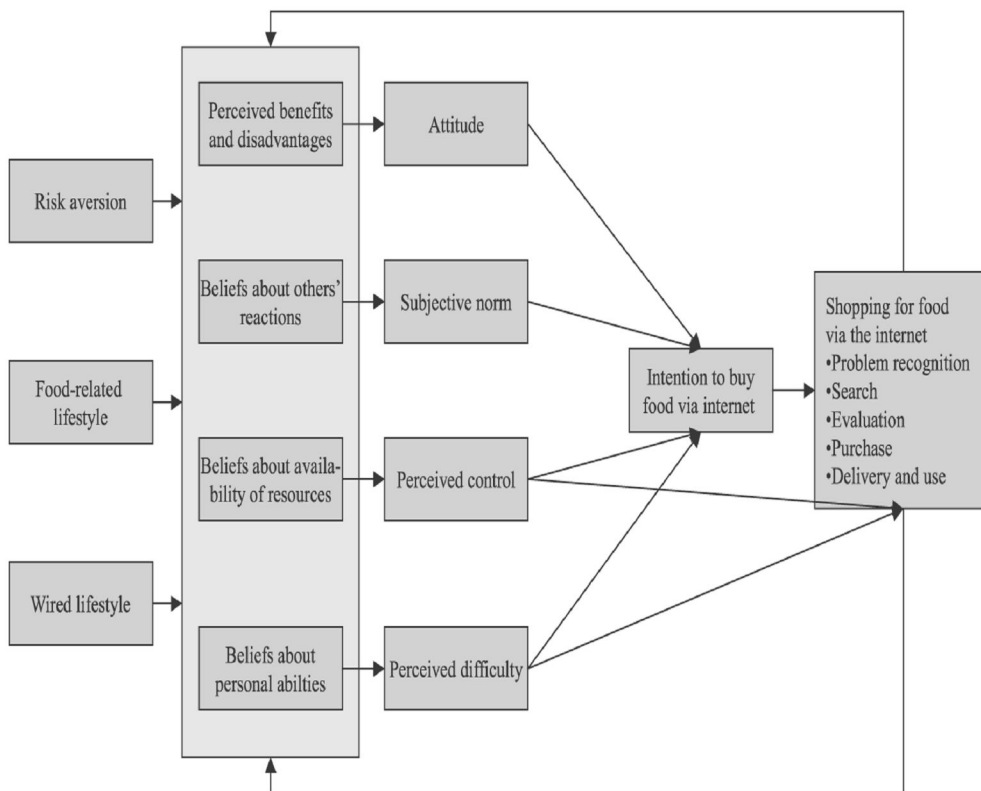


Figure 3. A model of consumer willingness to buy food via the internet[4]

2.5. Su-Jane & Tung- Zong Online Shopping Process Model

These two researchers found out that a number of customers were afraid that they may lose internet connection during their internet shopping due to long waiting time for loading website, and slow surfing speed of web pages on the one hand, and possibility of failure of their computer to keep connection, or disconnection of internet by internet service providers (ISPs) upon finishing of their internet account, and therefore, they developed some distrust in internet shopping. Also, this research's findings show that although sellers don't have a direct control over customers and ISPs, they can affect internet shopping through the way in which they design their websites.

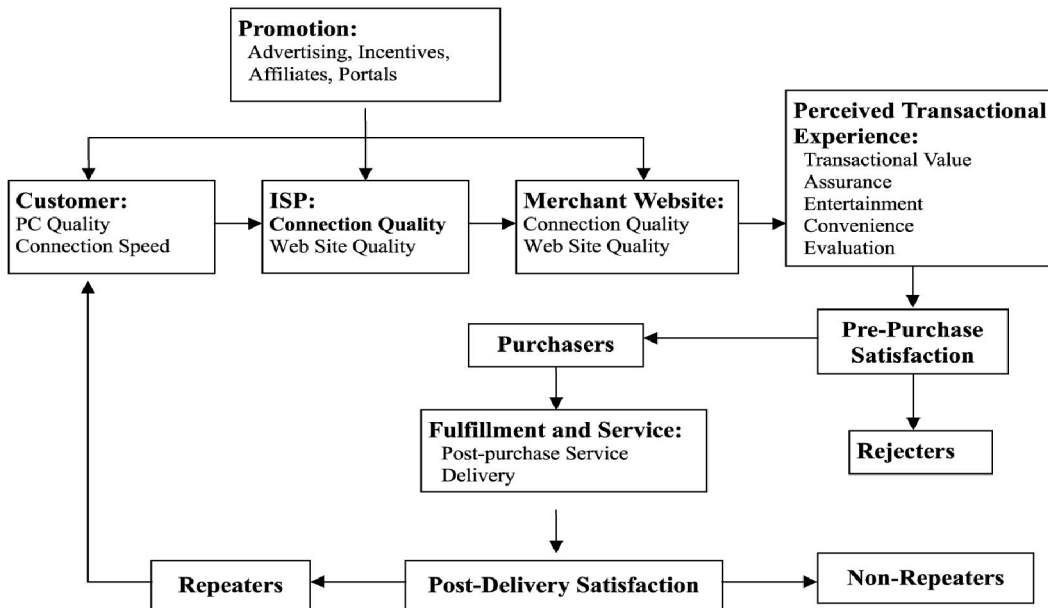


Figure 4. The descriptive model of online shopping process [5]

The relation between the three key elements mentioned in the Figure above, that is, interactivity, transaction and fulfillment are depicted in the Figure below.

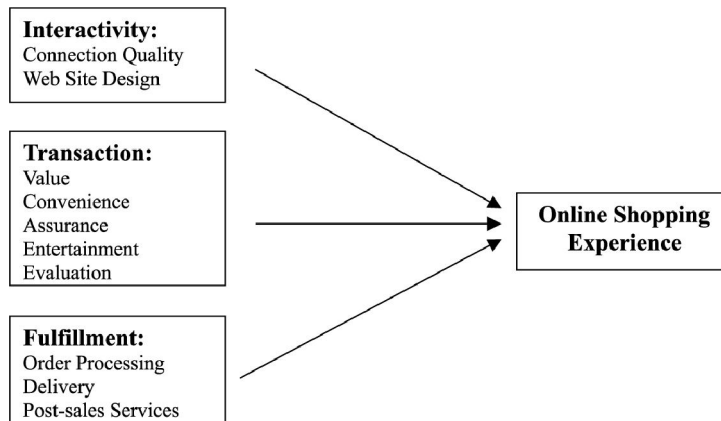


Figure 5. Determinants of online shopping experience [6]

2.6. Internet Shopping Websites and 7c

In 2002, two researchers stated the factors affecting internet shopping and preference of online store in form of features of a website to attract the customer. Seven factors were listed as the main customer attraction indices of an online store. These factors include: context, content, community, communication, connection, customization and commerce. [7]

3. OPERATIONAL MODEL OF THE RESEARCH

Having made many studies on models and researches conducted on decision taking method and customer's internet shopping in online stores, three models of Sindhav & Balazs, Rayport & Jaworski and Su-Jane & Tung-Zong were selected as the theoretical framework of this research. Finally, having considered conditions of Iran, a model, comprising tangible and intangible factors affecting preference of online stores, was prepared.

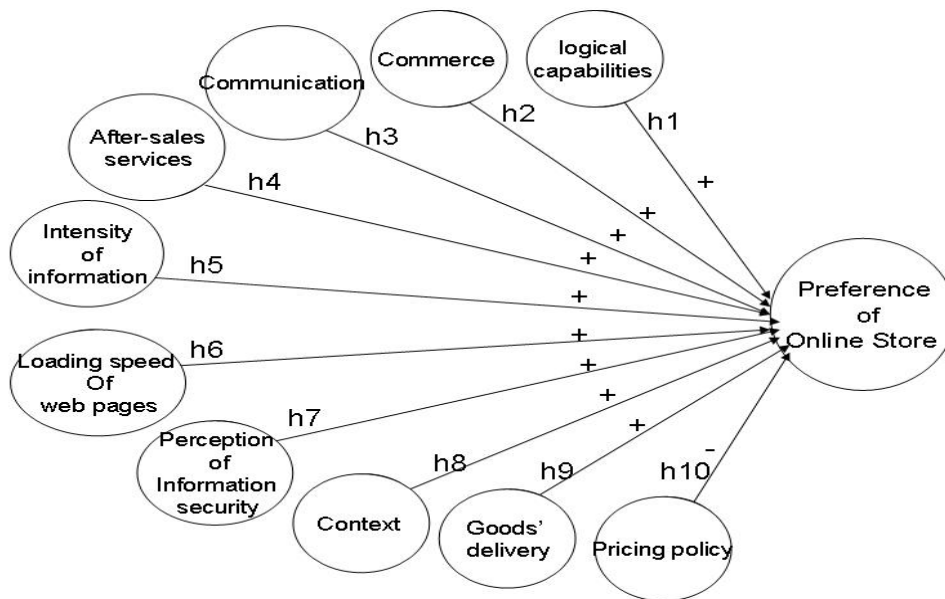


Figure6. Operational Model of the Research

4. RESEARCH’S HYPOTHESES

- First hypothesis: There is a positive direct relation between logical capabilities¹ and preference of online store.
- Second hypothesis: There is a positive direct relation between factor of commerce² and preference of online store.
- Third hypothesis: There is a positive direct relation between communication³ and preference of online store.
- Fourth hypothesis: There is a positive direct relation between after-sales services and preference of online store.
- Fifth hypothesis: There is a positive direct relation between intensity of information⁴ and preference of online store.
- Sixth hypothesis: There is a positive direct relation between loading speed of web pages of online store and preference of online store.
- Seventh hypothesis: There is a positive direct relation between perception of customer of security of information in online store and preference of online store.
- Eighth hypothesis: There is a positive direct relation between context⁵ and preference of online store.
- Ninth hypothesis: There is a positive direct relation between the manner in which online store delivers its goods and preference of online store.
- Tenth hypothesis: There is a positive direct relation between pricing policy of online store and preference of online store.

5. STATISTICAL POPULATION

Statistical population of this research consists of those Iranians who live in Iran, and have make shopping from online stores inside Iran. Sample size was determined to 384 persons on the basis of Morgan’s Table, and in order to increase coefficient of confidence, a total of 400 persons was considered.

For this purpose, in addition to a number of printed questionnaires distributed in Tehran and Hamedan, and electronic questionnaires provided to respondents by email, and the questionnaire was also placed in the web so that questionnaires could be accessible from any point in Iran.

6. VALIDITY AND RELIABILITY

¹ Capabilities of the website to provide for comparison of goods and ordering thereof.
² Capabilities and facilities of the online store to make commercial transactions.
³ Dialogues being exchanged between website and user. Communication may occur in three forms: communication of website with user, communication of user with website, two-sided communication.
⁴ Development of products and operation of company is based on the information collected. In traditional stores, the amount of information given to purchaser is much less than the amount of information provided by internet stores.
⁵ This concept has two parts: first part relates to apparent beauty of website (use of colors, images, music, text, etc.), the second part related to efficiency factors such as user friendliness of menus, and convenience of internet shopping in general.

For validation, “face validity” method was used, and for the purpose of measuring reliability, the questionnaires were given to 40 persons who had made shopping from online stores inside Iran, and then, “Cronbach’s Alpha” technique was used to calculate reliability of the questionnaire. The results approved reliability of the questionnaire¹.

7. DATA ANALYSIS METHOD

In this research, in addition to descriptive statistics used for frequency tables and diagrams, inferential statistics was also used for statistical tests.

Because the variables of this research’s hypotheses are rank variables, and also, because, in most behavioral and human sciences’ researches, variables are measured by qualitative measures, these variables are free of distribution, so their test is conducted using nonparametric techniques only, as a result of which it is not necessary for the observation to have normal distribution[8] Accordingly, in this research, Spearman’s Correlation Test is used to test hypotheses, and to determine whether or not there is a relation between studied variable.

8. FINDINGS

The results show that 55% of respondents are 18-30 years old, and men and women who purchase from online stores are almost equal in number, further, most of the people in this research held bachelor’s and master’s degree. Books, autobus, train and airplane tickets, movies and software are most frequently purchased from online stores.

Table 1. Different Goods Purchased

Goods	Frequency (%)
Book	32.5
autobus, train and airplane tickets	25.0
Electronic (mp3 player, cell phone, camera, etc.	5.8
Movies	12.8
Software	12.5
Hygienic products	3.0
Home appliances	2.5
Fantastic stuffs	3.2
Clothing	2.8

Spearman’s correlation coefficient was calculated based on the rank of data[9]. Null hypothesis in Spearman’s Test (two-tailed) assumes that no correlation exists.

- $\left\{ \begin{array}{l} n_0: \rho=0 \text{ No correlation exists.} \\ n_1: \rho \neq 0 \text{ correlation exists.} \end{array} \right.$

Given r value in different cases, we’ll have different interpretations of the relation between X and Y.

- 1- $r=1$: In this case, the correlation is perfect and direct. As x increases, y increases absolutely.
- 2- $r=-1$: In this case, the correlation is perfect and inverse. As x increases, y decreases.
- 3- $-1 < r < 0$: The correlation is partial and inverse. As x increases, y relatively decreases.
- 4- $0 < r < 1$: The correlation is partial and direct. As x increases, y relatively increases.
- 5- $r=0$
 - 1- Linear relation doesn’t exist (e.g., the relation may be a quadratic one.
 - 2- Line’s gradient is null.

In hypotheses test phase, because ²sig<0.05 in hypotheses 1-9, the null hypotheses are rejected, and therefore, there is a correlation between respective variables and preference of online store. Also, because $0 < r < 1$ in these hypotheses, correlation is partial and direct. In other words, as x increases, y relatively increases. For tenth

¹ Cronbach’s alpha coefficient of about 90.3% was obtained in this research.

² Significance is the degree of error in which we are when rejecting the null hypothesis. Sig is also known as p-value. The less the sig, the simpler it is for the null hypothesis to be rejected. Alpha is the degree of error which the researcher considers, and is usually equal to 5%.

hypothesis, however, because $\text{sig} > 0.05$, null hypothesis is not rejected, and therefore, there no significant correlation between pricing policies of online stores and preference of online stores.

Table 2. Results of test of hypotheses

Hypothesis	Test Result	Significance	Correlation Coefficient	Type of Correlation
First	Rejection of null hypothesis	0.000	0.491	Direct and Partial
Second	Rejection of null hypothesis	0.000	0.327	Direct and Partial
Third	Rejection of null hypothesis	0.036	0.105	Direct and Partial
Fourth	Rejection of null hypothesis	0.000	0.506	Direct and Partial
Fifth	Rejection of null hypothesis	0.022	0.506	Direct and Partial
Sixth	Rejection of null hypothesis	0.000	0.114	Direct and Partial
Seventh	Rejection of null hypothesis	0.000	0.471	Direct and Partial
Eighth	Rejection of null hypothesis	0.000	0.372	Direct and Partial
Ninth	Rejection of null hypothesis	0.000	0.487	Direct and Partial
Tenth	Non-Rejection of null hypothesis	0.718	No correlation	-

Table 3. Prioritized factors of research

Variable
After-sales service and intensity of information
Logical capabilities
Manner of delivery of goods
Perception of customer of security of information
Context
Commerce
Communication

9. CONCLUSION

Models provided for internet shopping and use of services of online stores are usually prepared with consideration given to the society in which research is conducted, and in conformity with shopping patterns, infrastructures and customer's behavior in those countries where the research is conducted. In this research, it was attempted to fairly consider researches conducted in different leading countries in this area on the one hand, and to consider behavior of Iranian customers on the other hand. Finally, a comprehensive model on factors affecting preference of online stores by Iranian customers was provided.

For this purpose, more than 30 Iranian online stores and 400 customers were studied.

Findings suggest that logical capabilities and intensity of information from Sindhav & Balazs model, factor of commerce, communication an context from Rayport & Jaworski, speed and after-sales services from Su-Jane & Tung- Zong most affect the internet shopping in Iran.

Although the results of research confirms that behavior of Iranian customers are similar to that of customers of online stores in other parts of the world, there are apparent and actual differences between them as well, which indicates importance of providing a model proper to Iran's conditions.

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