Online Shopping Behaviour of Young Adults in Higher Education Sector: How Brand Matters

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Abstract— The purpose of this study is to find out the online shopping behaviour of Sri Lankan young adults with special emphasis on brand loyalty. Building and maintaining brand loyalty is a vital part of establishing sustainable competitive advantage. Consumers become committed to a particular brand and make repeat purchases over time if they are loyal to that brand. In online shopping environment, consumers have no physical touch to the products and services but prices among different brands can be easily compared with each other. For this study, a structured questionnaire was used to gather data from 100 young adults from the University of Moratuwa, Sri Lanka. Four products that young adults frequently purchase were selected. This paper assesses the relationship between brand loyalty and brand satisfaction. A clear relationship could be established between proposed factors of brand loyalty and brand satisfaction. Further, this study attempts to establish a relationship between the average price paid and brand loyalty. However, a clear relationship could not be established between them. In addition, the relative importance of "brand" when purchasing the selected products online is assessed.

Keywords— online shopping, brand loyalty, brand satisfaction, young adults

I. INTRODUCTION

Online shopping can be identified as one of the most rapidly growing forms of trade in Sri Lanka. Traditionally, consumers go to stores to inspect the goods before they buy them. In online shopping, customers need not go to stores, but they can make choices on the basis of what they see on the computer screen. Even though there are some limitations in online shopping such as security problems, shipping costs, defective items etc., it saves time; price comparisons can be done; and also shoppers can purchase the goods at any time of the day. Growing numbers of consumers shop online to purchase goods and services, gather product information or even browse for enjoyment. Online shopping environments are therefore playing an increasing role in the overall relationship between marketers and their consumers (Demangeot & Broderick, 2007).

A. Online Shopping

Online shopping holds a great potential for youth marketers. According to Vrechopoulos et al. (cited in Alam et al. 2008) the young are the main buyers who buy products online. Another study by Sorce et al. (2005) have found that young consumers search for more products online and they are more likely to agree that online shopping is more convenient. Alam, et. al (2008) have said that since the young consumers are playing an increasing role in online shopping and if the online retailers know the factors affecting online shopping, they can develop their marketing strategies to convert potential buyers to actual ones. Therefore, it is worth studying the role played by the brand loyalty when young adults shop online.

B. Brand Loyalty in Online Shopping

A consumer is considered as a brand loyal whenever a consumer perceives that a brand is offering him the right product features and the desired level of quality and hence repeatedly makes a conscious or subconscious repurchase of that particular brand (Agraval & Siddharth, 2010). Since the consumers cannot touch and feel the product online, they should be very careful when purchasing goods online. One solution is to gain the consumer's confidence through brand loyalty. In contrast, consumers could easily compare the prices across the shops/brands in online shopping.

Thus it may reduce the effect of brand loyalty in purchasing decisions in online purchasing environments. Therefore, it is useful to study the effect of brand loyalty in online shopping.

With the rapid growth of E-Commerce and online consumer shopping trends, the importance of building and maintaining customer loyalty in electronic marketplaces has come into sharper focus in marketing theory and practice (Gommans et al. 2001). Research has shown that loyal customers are less price sensitive (Reichheld, cited by Moisescu et. al 2010) and the expense of pursuing new customers is reduced (Dowling cited by Moisescu et. al, 2010), while organizational profitability is positively affected by the level of brand loyalty (Aaker, cited by Moisescu et. al 2010). Brand loyalty can enhance marginal cash flow and profitability, as loyal customers often accept to pay a price premium for their favorite brands, are easily stimulated to new usage situations and tend to increase intensively and extensively their spending on the brand (Davis, cited by Moisescu et. al, 2010). The marketing communication expenditure is also reduced as loyal customers are already confident in the purchase decision and therefore process information rapidly, instruments like sales promotions or advertising being less intensively needed in this case in comparison to brands with low loyalty degree. Moisescu et al. (2010) said that loyalty enhances the process of attracting new customers. The importance of satisfying a customer in order to create behavioural loyalty is highlighted by Schultz, cited by Moisescu et al. (2010). Bloemer et al. (1994) conclude that consumer satisfaction positively affects brand loyalty. According to the findings of Dhurup et al. (2014), packaging, price and brand awareness have shown a significant predictive influence on brand loyalty.

Internet has widely spread among the Sri Lankan population, specially among young adults with relaxed financial policies and high quality delivery services. It is interesting to know how young adults behave in the online shopping environment with a limited budget with the "brands" that they are fond of. There are many researches done on online shopping and interesting factors have been found out on online shoppers' behavioural patterns, demographic factors etc. (Yatigammana, 2010). Even though there are some researches conducted on online shoppers' buying behavior, it is hard to find the role played by brand loyalty in an online shopping environment. Specially literature in Sri Lanka is rare in this regard.

The main objective of this study is to assess the relationship between brand satisfaction and brand loyalty with regard to online shopping behaviour of young adults in higher education sector. This will be tested using four selected products. The second objective is to validate the model proposed in Figure 1. Further, the study attempts to establish a relationship with price and brand loyalty. It is commonly argued that brand loyalty is not in existence in low valued products where the level of involvement in purchasing is less. The third objective is to assess the relative importance of "brand" when purchasing the selected products online.

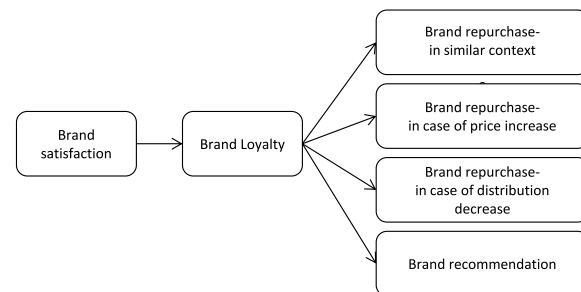In this study the following model is proposed as the indicators of brand loyalty.

Figure 1. Indicators of Brand Loyalty

II. RESEARCH METHDOLOGY

A. Sample Selection
E-enabled young adults shop online increasingly. The target group of this study consisted of youth aged 23-26 years studying in or just passed out from the university of Moratuwa, Sri Lanka who are have a limited budget.

The sample consisted of 100 final year undergraduates and just passed out graduates of the University. Convenient sampling was used for the study and equal number of respondents were selected from the Faculty of Engineering and Faculty of Information Technology. Since the University of Moratuwa is a technical university, majority of the respondents were male which accounts for 73% and the female proportion was 27% out of the total respondents.

B. Data Collection

Pilot study was conducted to get an overall idea about online shopping, brand loyalty and the most sought after product categories in online shopping. Interviews were conducted with the outlet managers of supermarkets to get an overall idea about online shopping behavior of consumers.

A Structured questionnaire was used for data collection. One hundred and fifty (150) questionnaires were distributed and 100 completed questionnaires were used for data analysis purposes. The first part of the questionnaire consisted of questions to check internet shopping behaviour. The second part includes questions to identify indicators of brand loyalty (as in the given model in figure 1) in an online shopping environment. For this purpose, Likert scale was used where No. 1 is 'strongly agree' and No. 5 is 'strongly disagree'. Based on the results of the pilot study the selected products were mobile phones, USB flash drives, accessories and shoes.

Figure 2 shows the distribution of the sample according to their internet usage per day. It indicates 52% of the participants spent more than one hour daily on the internet. Majority of them (88%) have internet access in their homes whilst 64% access the internet through their mobile phones. Out of the sample, 45% of participants have internet connection in the university/office. However, 72% of participants access the internet frequently at home. Surprisingly, 36% of them access internet through university/office connection. Forty four percent (44%) of them use mobile phones and other methods to access the internet frequently.
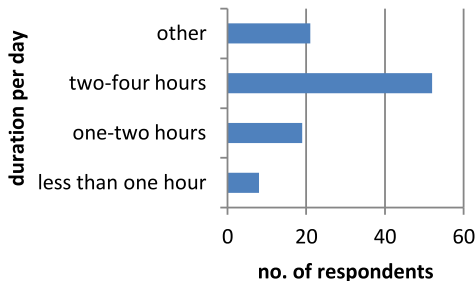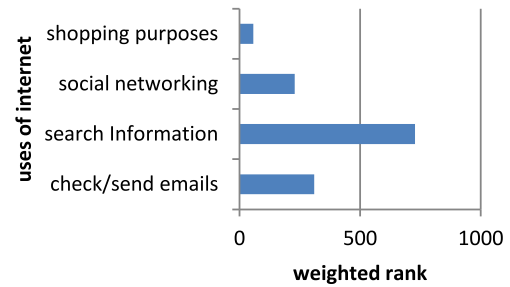

Figure 2. Internet usage per day

IV. DATA ANALYSIS

### A. Internet Shopping Behavior

Respondents were requested to rank the purpose of surfing the internet. Results are depicted in Figure 3 where higher ranked options are given a high weighted rank.

Figure 3. Uses of the internet

Most of the respondents use the internet to search information as shown in the above figure. Internet usage for shopping purposes seems to be drastically low.

Figure 4 shows the purchase preference online over a spectrum of goods. Electronic items amount to the highest purchase preference in online shopping as it is depicted therein.
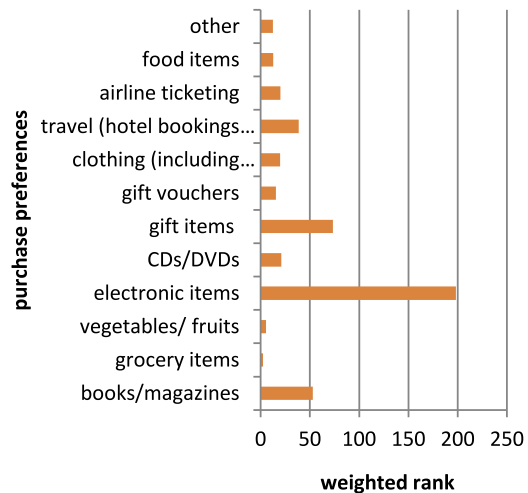
Figure 4. Purchase preference of online shopping

B. Brand Loyalty

Respondents were asked whether a brand name comes to their mind when they think about online shopping. More than 60% surprisingly responded in

a negative manner, indicating 'no' as the answer. But contrastingly, it could be seen that when the respondents buy online, 32% buy a well-known brand. But the majority (52%) compare prices between the brands when they purchase online. In general, people buy known brands online. Purchasing goods online for a trial is surprisingly less and it could be attributed for a lack of personal touch in online shopping. Online purchasing enables consumers to compare prices online more easily than in the physical purchasing mode. This is verified by the results.

Further, the respondents were asked to rank the specific information that they look at when they purchase online. Figure 5 shows the weighted rank for different information.
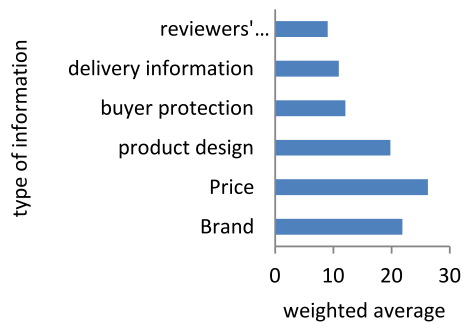

Figure 5.Factors   considered when purchasing online

While price is the most looked at information, the factor reviewers' comments the least important. However, when asked about the importance of reviewers' comments, more that 70% replied of it as 'important' when purchasing high valued products. Most commonly, mobile phones, cameras, electronic items etc. would require a greater backing up with the reviewers' comments to support the purchasing decision, even if it is from the favourite brand of the consumer.

C. Brand Satisfaction and Brand Loyalty
Brand satisfaction for the selected products was measured using a Likert scale. A positive weight was given if the respondents agreed with the statement and a negative weight was given if the respondent did not agree with the statement.

Brand Loyalty was measured as for the model proposed in Figure.1. Each element of the brand loyalty was measured for all the selected products.

The relationship between brand satisfaction and brand loyalty is shown in Figure 6. X and Y axis values depict the average of the weighted responses as described above. Variation shows a positive linear relationship with R^2 = 0.87. This relationship proves that there is a positive correlation between the proposed brand loyalty indicators with brand satisfaction. This result validates the proposed model as shown in Figure 1.
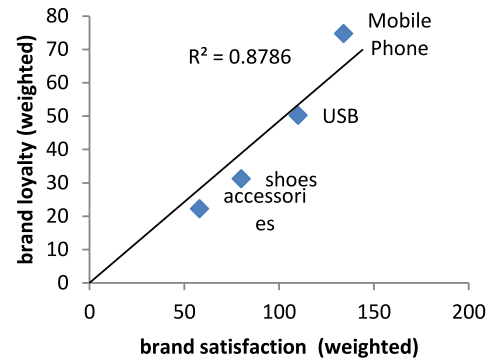

Figure 6. Brand satisfaction vs. brand loyalty

Brand loyalty is plotted against the average price as shown in fugure 7.
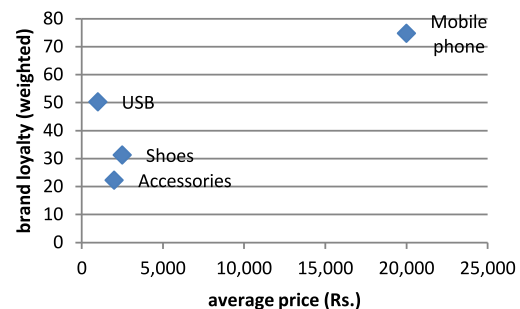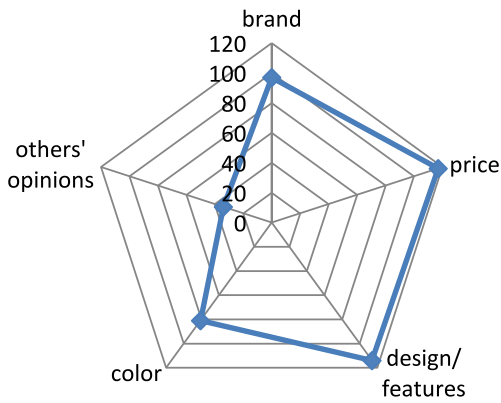

Figure 7. Price vs. brand loyalty

Mobile phone, which has the highest average product price has the highest impact of brand loyalty in online purchasing environment. As for the results, it does not show a positive relationship between the average price and the effect of brand loyalty in purchasing decisions. Low priced product (USB) has the second highest brand loyalty. Therefore, presumption as explained in the objectives is not valid.
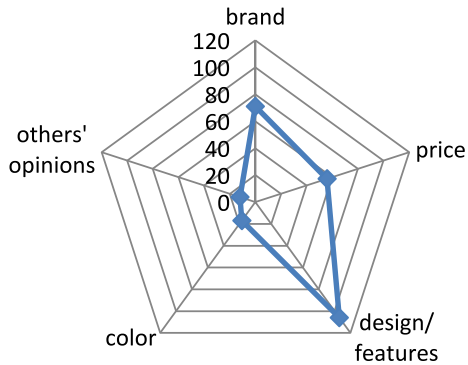
D. Factors considered in Online Purchasing

Respondents were asked to rank the properties that they looked at when purchasing the selected products in an online shopping environment. Figures 8-11 show the radial graphs for the selected products.
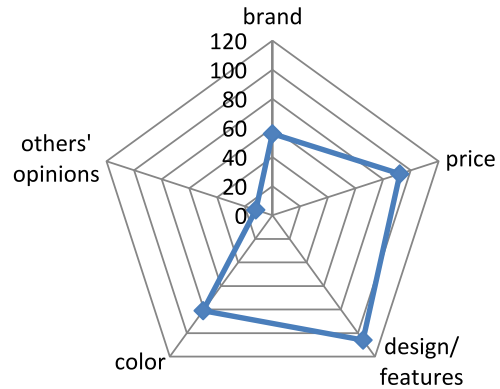
For mobile phones, price, design/features and brand seem to be the vital factors. Even though others' opinions have the least preference in all the products, the weighted rank is comparatively higher in mobile phones. Respondents may consider others' opinions when they buy high involvement products.
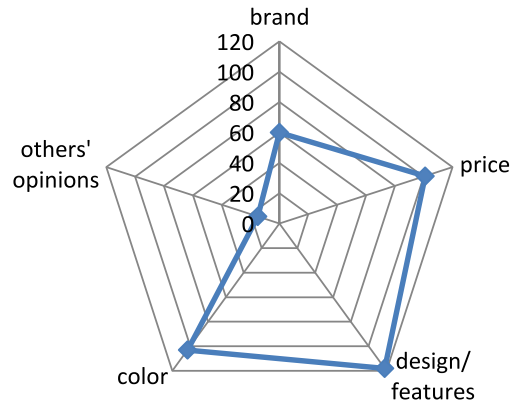

Figure 10. Factors considered when purchasing accessories online

Figure 8. Factors considered when purchasing mobile phones online

Figure 11. Factors considered when purchasing shoes online

V. CONCLUSION

Online shopping behaviour of young adults in higher education sector was analysed with special emphasis on brand loyalty. The relationship between brand satisfaction and brand loyalty was established even in the online shopping environment.

Further, it could be concluded that the proposed model in Figure 1 is validated through the results. A clear relationship between the average price paid and the brand loyalty was not established and it could be concluded that the price may be one of the variables young shoppers looked at whilst many other variables , such as brand, design/features etc. may exist. In general, the effect of 'brand' plays a major role in online purchasing decisions.

Figure 9. Factors considered when purchasing USB drives online

The findings of this study provide interesting insights for marketing managers who are interested in promoting online shopping. As the Internet usage grows worldwide, managers need to understand their consumers and the distinguishing characteristics between Internet shoppers and non-shoppers globally. This distinction will enable managers to tailor the online experience in ways that will actually make Internet shoppers purchase and repurchase from their websites while enabling these websites to appeal to non-shoppers as well. An additional goal of such an understanding should be to encourage non-shoppers to shop online.

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