

FACTORS INFLUENCING CONSUMER TO BUY ELECTRONICS

ONLINE : AN EMPIRICAL STUDY OF BANGLADESH

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Abstract

This research aims to find out how consumers in Bangladesh are losing interest in buying electronic products online and how to overcome them through effective supply chain management on e-commerce sites and online platforms. Primary data was collected from 278 samples through questionnaire. Convenience techniques of sampling are used to collect data. Moreover, SPSS software is used for data analysis which is shown through tables and charts. This study indicates that there are some positive factors that consumers prefer to buy electronic products from online platforms viz. convenience and time saving. Otherwise, there are more negative factors like low trust which is basically driving away the consumers. The reason behind these negative factors are the supply chain mismanagement of the e-commerce site and online platform. Hence, in order to accelerate the buying and selling of electronic products on online in Bangladesh, it is necessary to eliminate the negative factors through supply chain management and to gain maximum trust of the consumers.

Key words: Electronic product, Supply Chain Mismanagement, E-commerce site, Online platform, Low trust, Convenience and Time savings.

1. Introduction:

In this age of globalization, it is impossible to run without electronic products. In order to keep pace with the developed world, the demand for electronic products is also increasing in Bangladesh. So, there is no alternative but to make the electronic products easily available to the people to meet their demand. Meanwhile, the importance of online platform or e-commerce site is indispensable for easy delivery of electronic products as per the demand of people in any part of the country. It is seen that although online business has become widespread in Bangladesh as like other developed countries, people are losing interest on certain important areas such as buying electronic products online. In concluding, previous research has clearly shown that there exists couple of reasons behind this loss of interest of Bangladeshi people (Rahman, Islam, Esha, Sultana &Chakravorty 2018). This implies that the supply chain mismanagement of e-commerce site or online platforms is the most responsible and at least it is necessary to solve this problems.

Now, buying and selling of electronic product in e-commerce site is becoming popular in Bangladesh (Karim 2018). So ,Bangladesh government has taken many steps for enhancing the activity of e-commerce site for instance 4G service, mobile banking, online ticket, broadband connection in every district etc (Islam 2018). As a result, online marketing are increasing immensely in Bangladesh. Nearly BDT 10 billion transaction are taking place through e-commerce site and gradually increasing (17.1.31, Daily Star 2017). E-product can be divided into 3 sections such as Mobile/computer/camera, home appliances, e-accessories. Most of the e-product covers home appliances as we can see in our house. Compare to other electronic

products, people are not buying home appliances that much from e-commerce site although it is available on online.

This research is done to solve the problems that are the reasons for not buying those e-products from online. Besides, there are various factors involved in creating these problems based on which the research paper has been designed. The research paper discusses about the relationship between supply chain management and the reasons why consumers are not buying electronic products. This research paper will make understand to an online electric company why people do not buy electronic products online as well as what problems a person face while buying products from online. In conclusion, it can be said that this research paper will make a great contribution in finding the main problem regarding not buying electronics from online.

This research paper has been divided into different sections to fully complete it. About Literature Review, it has been discussed after the introduction part. Afterwards, Research Objectives, Results and Analysis, Findings, Conclusions and the last one is Limitations have been showed respectively to complete the research.

2. Literature review:

Various research papers on online-purchasing have been published so far. Where it is shown that trade and commerce in Bangladesh online sector is increasing day by day (Hossin , Sarker, Xiaohua & Frimpong 2018, August). In addition, people in Bangladesh normally prefer to buy different products from online platforms but they buy electronic products directly from

the store or buy a few times on online; They only buy electronic about 36.4% (Islam & Eva 2019). This study is conducted from that source. The research paper discusses those topics that are not reflected in other research papers regarding the research agenda.

The findings of others research paper related to this topic have inspired to conduct this research paper (Islam & Eva 2019). As far as it is seen to others research papers have not shown that supply chain mismanagement is a major cause of non-purchase of electronic products online, as shown in this research paper. Based on all these information, it is stated here that consumers generally do not want to buy electronic products from online. In most cases, it is discouraging them. Low trust is responsible for this issue which has also been discussed in other research papers (Karim & Qi, X. 2018).

An analysis of prior research paper also shows that very few research has been done on this topic in Bangladesh regarding online shopping of electronics. Due to this reason no reference has been made new way where supply chain management relationship with online electronic goods trade has been shown.

3. Research objectives:

Broad Objective: The main objective of the study is to find out whether or not supply chain mismanagement of online platform is the major reason to discourage consumers for not buying electronics from online.

Specific Objectives:

1. To identify which factors influence consumers to buy electronic products online and their relationship with supply chain management.
2. To find out why most people do not buy electronic products online.
3. To point out some recommendation of solution for increasing interest of consumers in buying electronics from online.

4. Methodology:

The quantitative method for conducting this research paper has been selected. Both primary data and secondary data were used where most of the data was primary. In fact, secondary data was taken with the help of journals, newspaper and books. Primary data, on the other hand, was taken through direct interviews and surveys. Most of the vital thing is that the sample size of this research is 278.

4.1 Sample technique and instrument: Convenience sample technique is used in this research paper. Besides questionnaire is used as sample instrument.

4.2 Questionnaire development: The questionnaire was originally developed from the findings and empirical reviews of other research papers for this study. Some specific questions were adopted from other related research papers that were suitable for the research (Bashir 2013). Then some questions have been additionally attached as per the initial consumer interviews. The questionnaire has two sections: one section deals with the demographic information of the respondents such as age, gender, professional, educational background and income. The other section contains questions that will help in achieving the objective of the research paper.

4.3 Procedure for collecting data: After developing the questionnaire, primary data has been collected by disseminating it on various social media like e-mail, Facebook, WhatsApp. Moreover, data has been collected directly from the desired individuals through the survey form.

4.4 Data analysis technique: SPSS software was used to make structural model based on the findings of the survey. Moreover, descriptive analysis is used to analyze the data on demography variables given in questionnaire. The result was shown in short by using frequency distribution and percentage to determine the proportion of respondents based on the various responses. Lastly, tables and charts are used to represent the data for making easy understanding.

5. Results and Analysis:

Through Online and offline 400 survey forms were distributed to the consumers as much as possible. Out of which 278 people were responded.

TABLE 1: Table-1 shows that 76% of the total respondents are boys and 24% are girls. The table shows some of the specific demographic characteristics of the respondents. Most of the age group is between 18-25 years and the percentage is 84.5%. The second highest rate is 11.99% between the ages of 26-35. Moreover table-1 helps us to know about the profession of the respondents so that we can know the people from which profession are buying more electronics products online. Most respondents were students (85.6%) who are completing or have completed higher education and are buying more electronic products online. Then there are Government Employees, Private Employees, Professional and others respectively. When it comes to the income of the respondents, it is seen that 70.5% of the respondents have no income who are still students. The monthly income of the remaining 19.1% respondents is below TK 20000. 4.3% of

respondents have a monthly income of TK 30,000 to TK 40,000. The income of some respondents is TK 40,000 to 80,000 and more than TK 80,000.

SL. No	Characteristics	Components	Frequency	Percentage
1	Gender	Male	211	75.9%
		Female	67	24.1%
2	Age Distribution	16-25	235	84.5 %
		26-35	33	11.9%
		36-45	5	1.8 %
		45- Above	5	1.8 %
3	Education Level	SSC or Below	3	1.1%
		HSC	15	5.4%
		Bachelors	220	79.1%
		Master or above	40	14.4%
4	Profession	Students	238	85.6%
		Government employee	18	6.5%
		Private employee	11	4%
		Professional	2	0.7%
		Others	9	3.2%
5	Monthly Income	Less than Tk.20000	53	19.1%
		Tk. 20000-Tk.40000	23	8.3%
		Tk. 40000-Tk.80000	5	1.8%
		More than Tk.80000	1	0.4%
		No Income	278	70.5%

TABLE 2: It shows that people mostly buy clothes, books, electronics products which were 43.5%, 36% and 36.3% respectively .Then 12.6% people buy groceries and 23.7% people buy others product. Of the 278 respondents, 15.8% have not yet purchased products online.

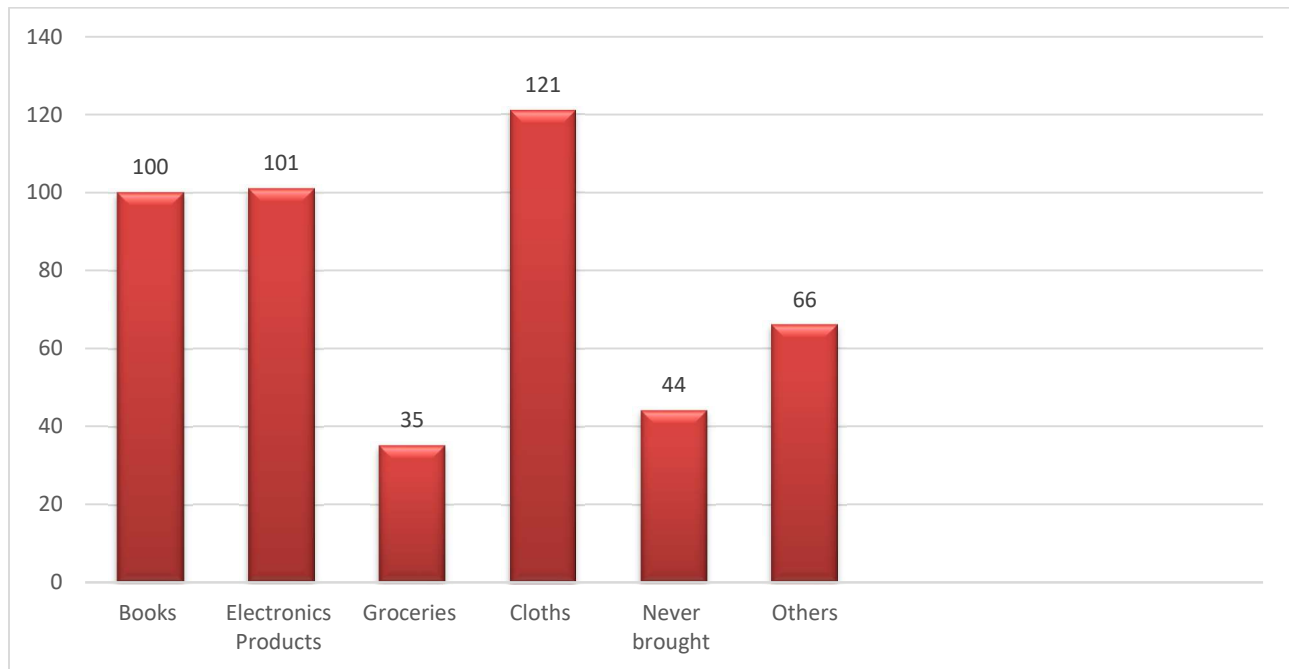


TABLE 3: Generally, people purchase the most number of accessories in the category of electric products with a percentage of 63.9%.

And 38.5% of buyers purchase mobile, computer and camera products. On the other hand, 18.9% of people buy home appliances or kitchen appliances products online which is very low compared to the market for electronic products and others products.

Generally Purchase	Frequency	Percentage
Mobile / Computer / Camera	65	38,5%

Home Appliances / kitchen Appliances	32	18.9%
Accessories	108	63.9%
Total	169	100%

TABLE 4: First of all, 9% of respondents typically purchase products online once in a month, 14% once in every 6 months and 7% once in a year. About 36% of the respondents in our country make very rare purchases. Lastly, it shows that 34% of buyers do not purchase products from online or have never purchased products from online.

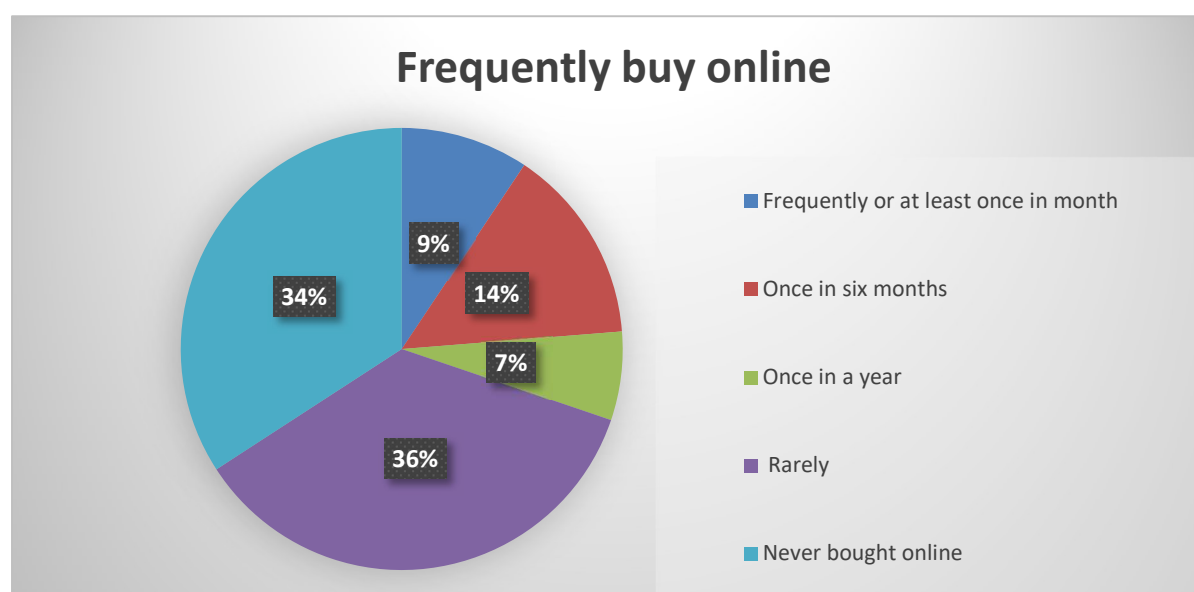


TABLE 5: Due to various problems buyers stay away from purchasing products online. The main problem is low level of trust and its percentage is 74.3%. From this studies, it is also found that 60.4% of people do not buy products for fear of getting defective or damaged product.

And 41.4% of buyers do not purchase the product due to the disadvantage or complexity of the warranty and claim. Buyers also stay away from online because of safety of payment, high shipping cost and delayed delivery which are the percentage of 38.5%, 29.9% and 27.3% respectively. From the respondents of 278. 20.5% of people are not purchasing products on online that is the major reason of the complexity as well as the refund policy.

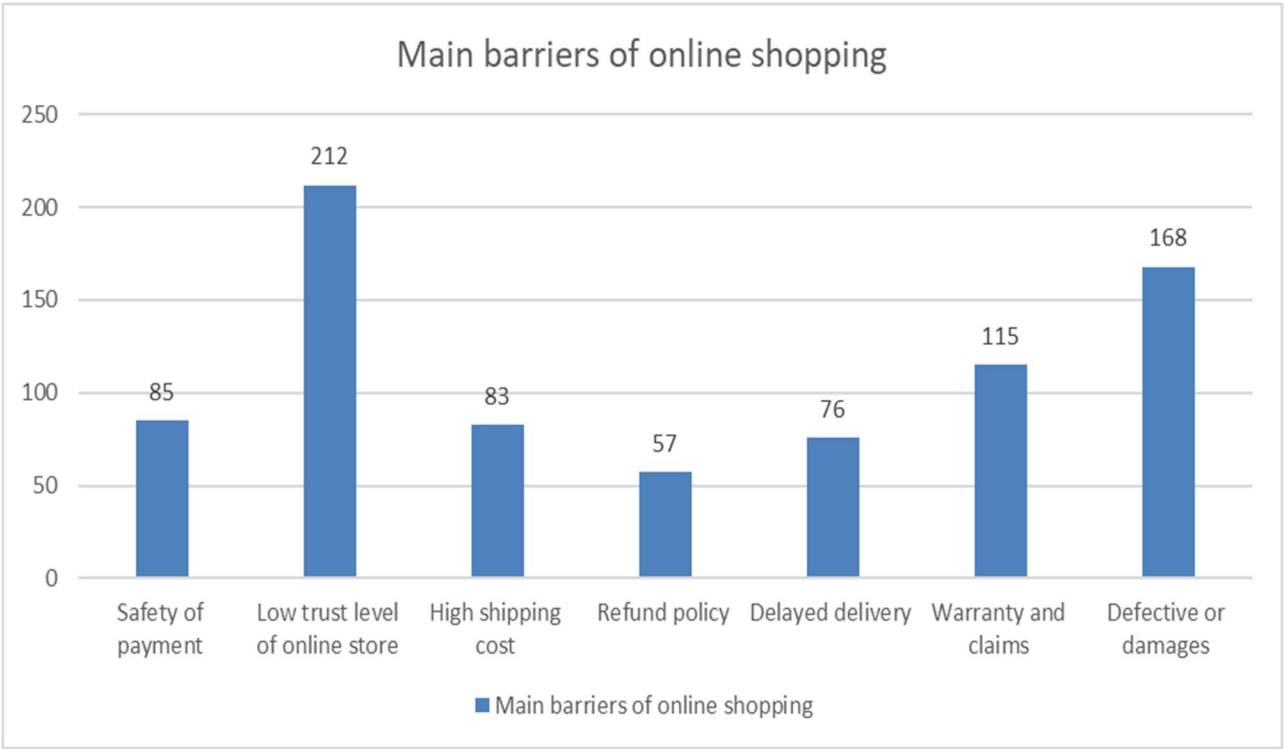


TABLE 6: When the respondent is asked which platform you would like to buy products from, 48.9% of respondents want to buy from e-commerce sites, 32.9% from electronic company websites, and 19. 1% of respondents want to buy products from social media.

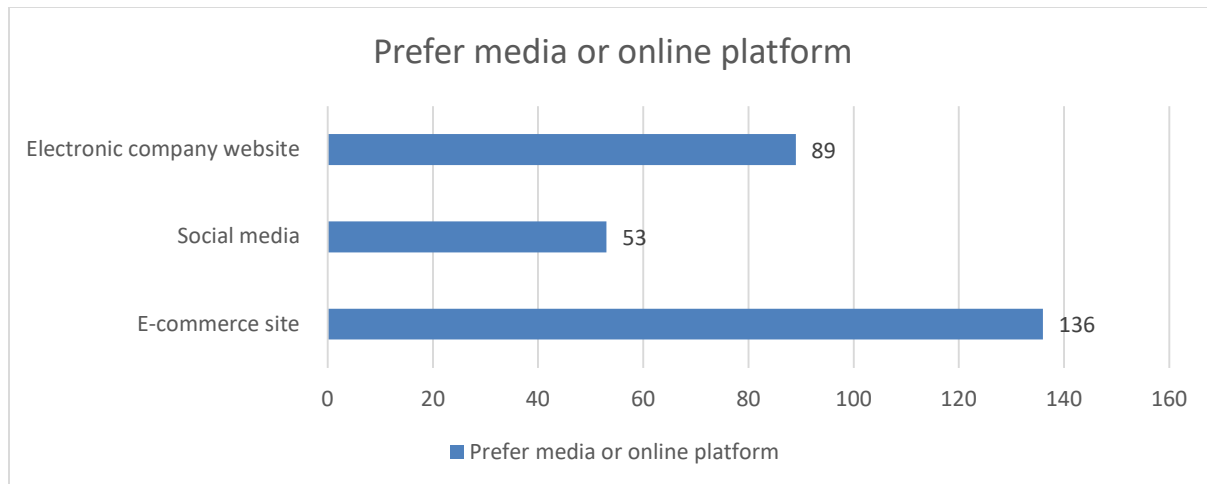


TABLE 7: It turns out that most people are encouraged to buy products online at a rate of 55% to save time and convenience. On the other hand, 38.8% of people buy products online because they cannot get product availability in local store. Moreover, people also buy product from online by checking product reviews and appropriate product price. The comparatively low and easy payment percentage is also the same as 25.6%. And 19.6% of people are encouraged to buy products by getting influenced by colleague or family.

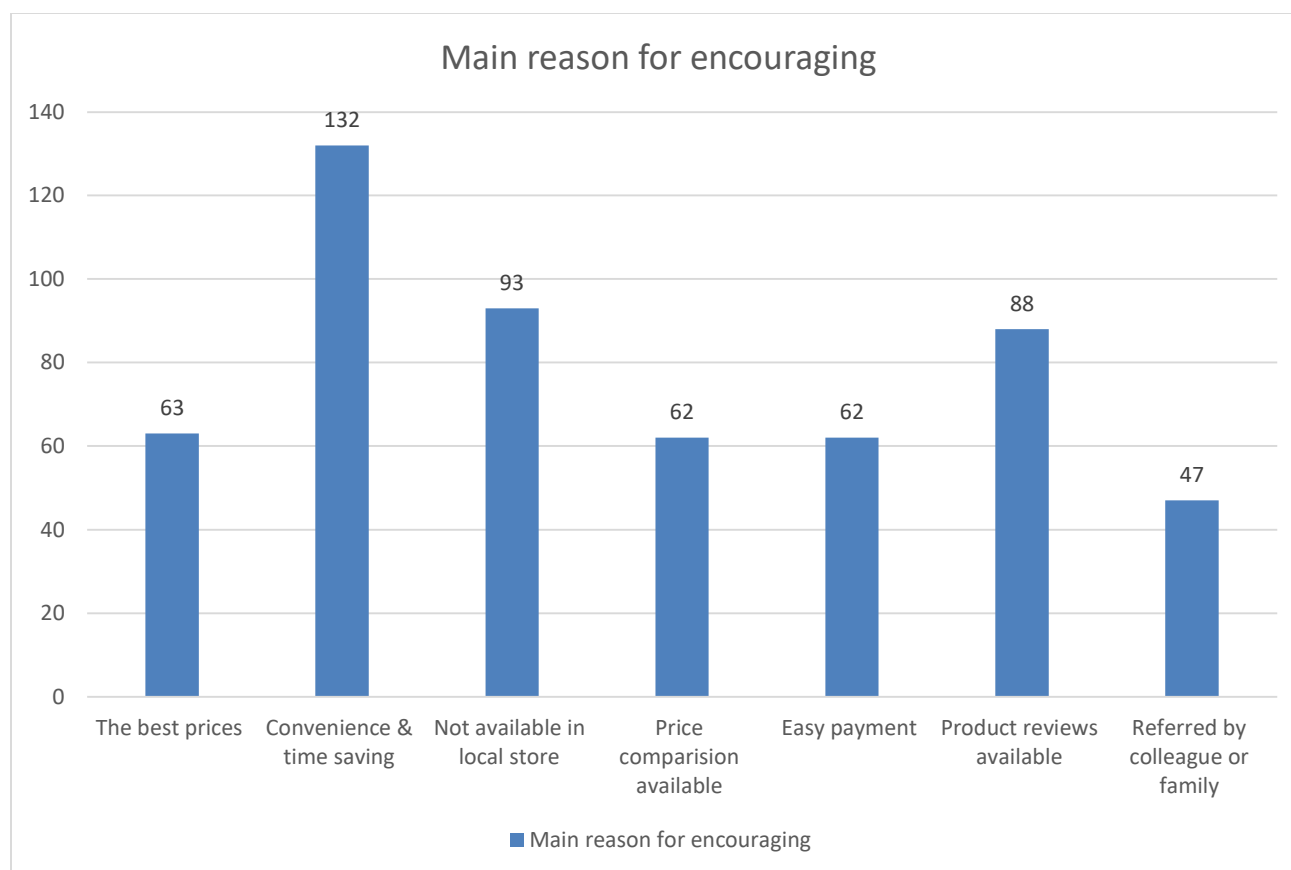


TABLE 8: As a consequence, 48.6% of respondents visit 1-3 stores before purchasing goods, 7.2% of respondents visit 4-6 stores and 3% respondents visit more than 8 shops before purchasing goods. It is the most important information that 43% of people do not visit a local offline store before purchasing an electronic product.

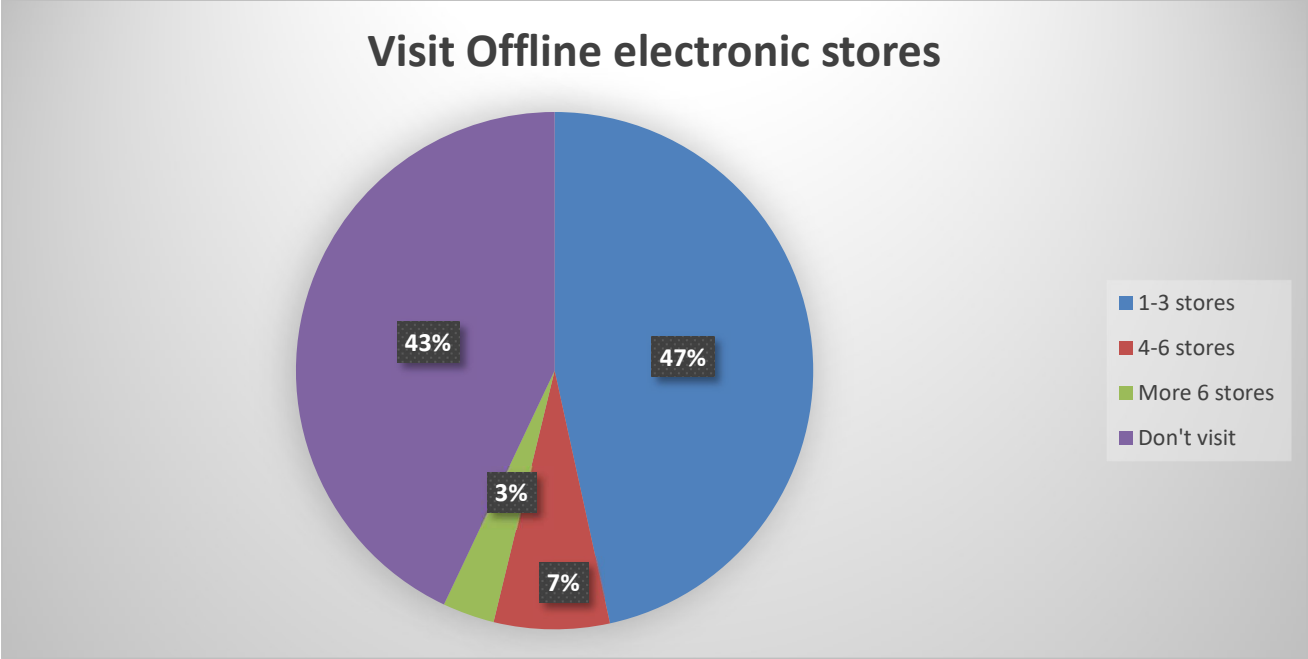


TABLE 9: From table-9, it is found that 90.3% of respondents prefer cash-on-delivery (COD) method when purchasing goods.

And rest of the respondents use credit card or debit card, third party and bank transfer procedure preference during payment and those are 5.8% 1.4% and 2.5%, respectively.

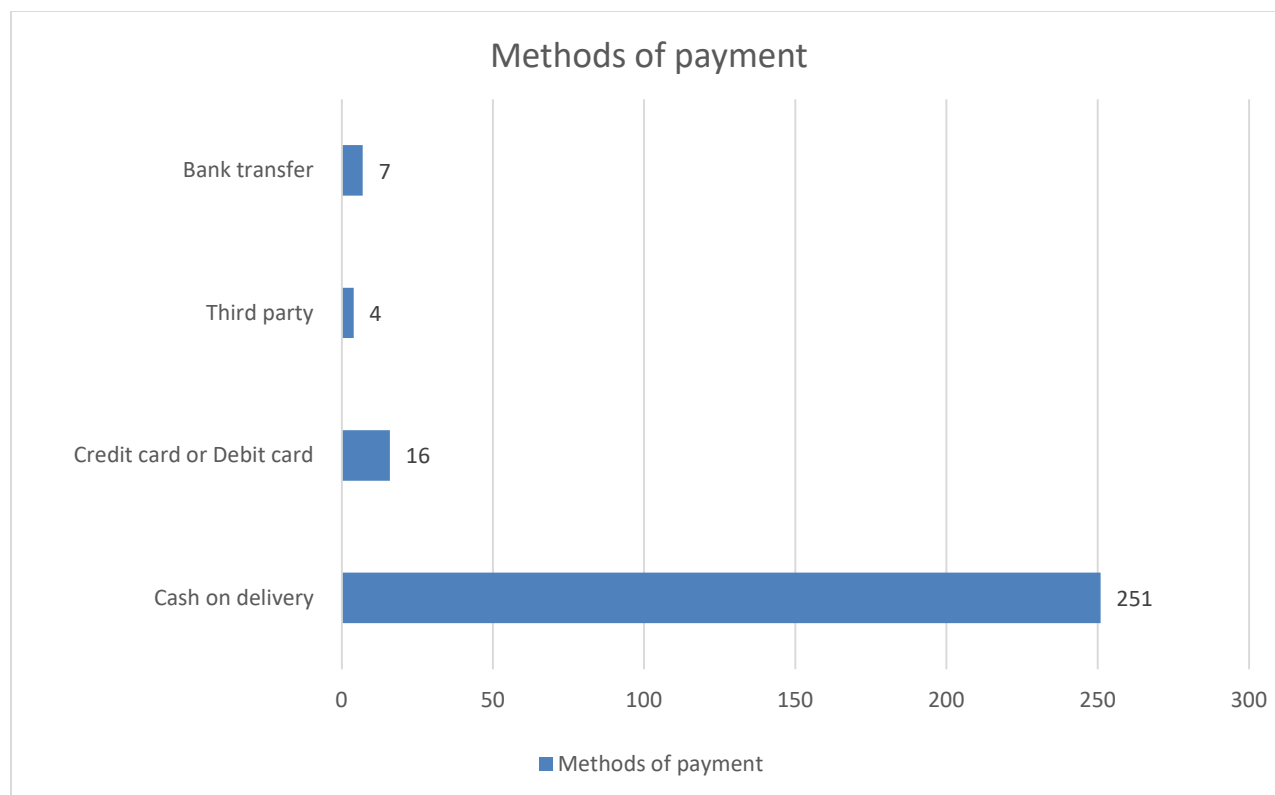


TABLE 10: “Do you also feel discourage to buy the product of your favorite brand from online?” In this question, 39.6% answered yes, 34.1% said no and 26.4% said not sure.

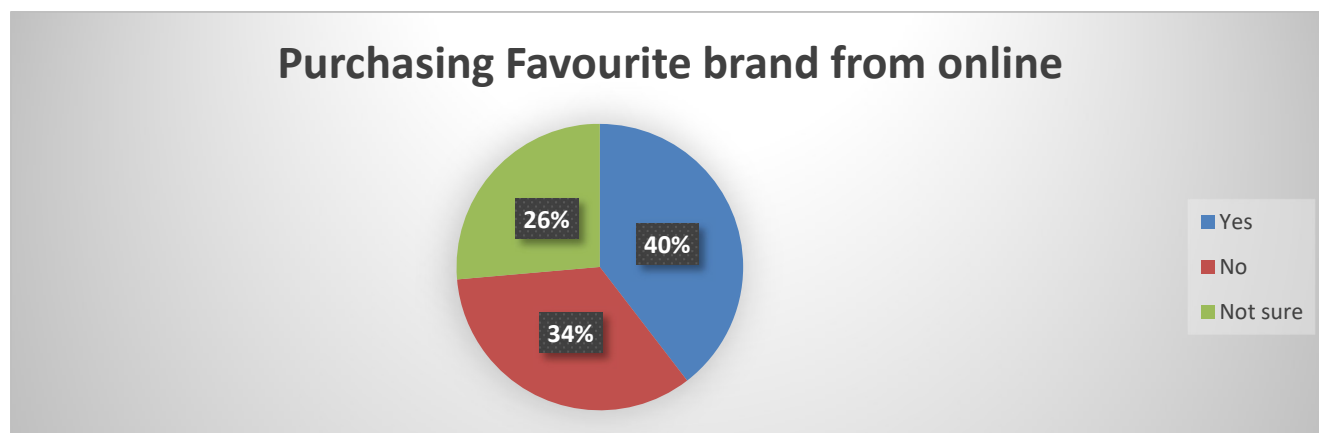


TABLE 11: When they were asked if they would be encouraged to purchase an electronics product if the need arose. From this question, we find out the outcome as proof 71.25% answered yes, 11.5% said no and 17.3% said not sure.

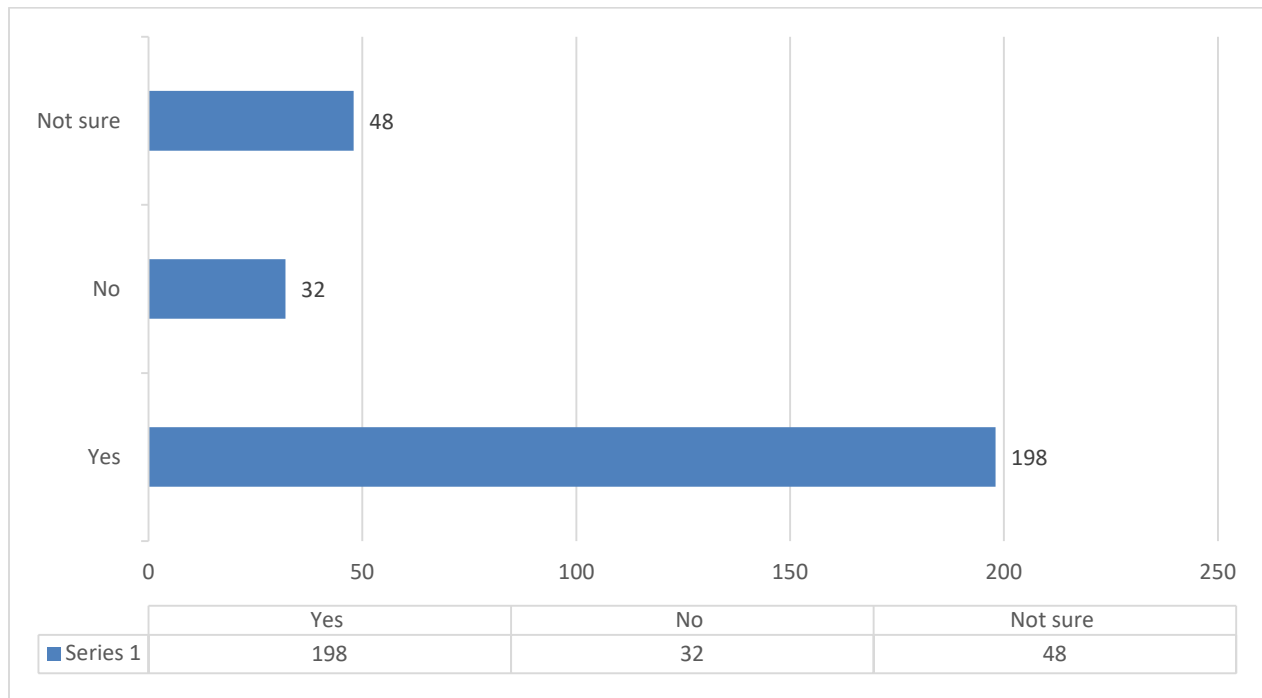


TABLE 12: Respondents were asked if the delivery charge / shipping cost would be lower or free would encourage you to purchase electronic products online .For this question, the result become like 34. 1 percent yes, 9.5 percent no and 16.5 percent not sure from respondents.

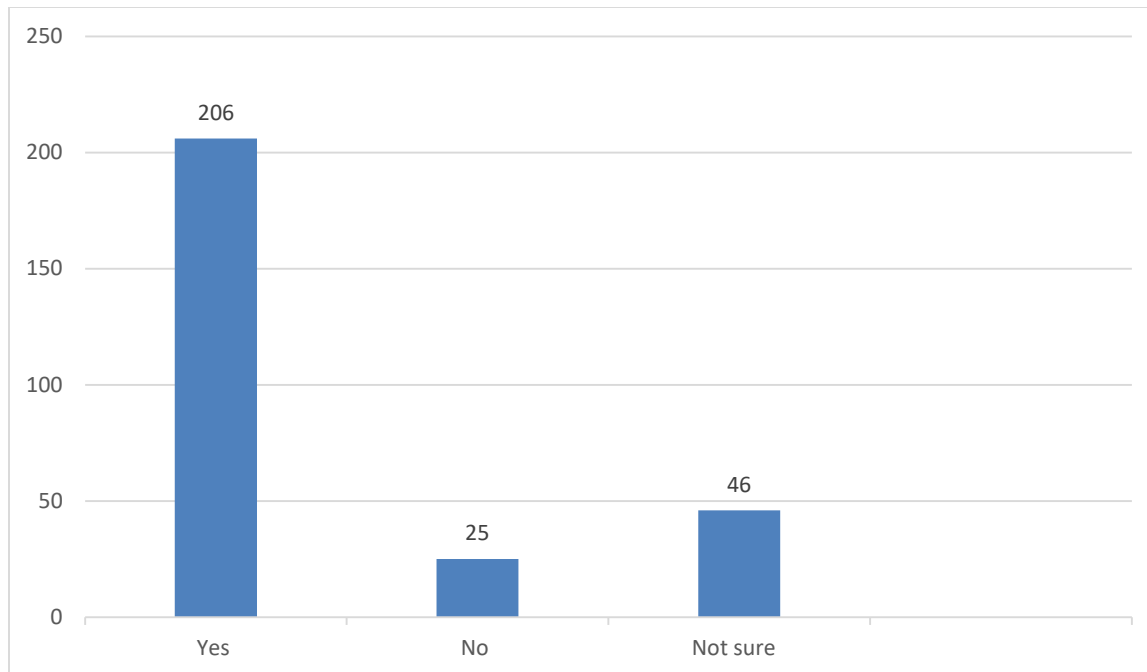


TABLE 13: The answer is 79.1% yes, 6.9% no and 8.6 % not sure found out as proof when respondents are question that you get your electronic products without any damage.

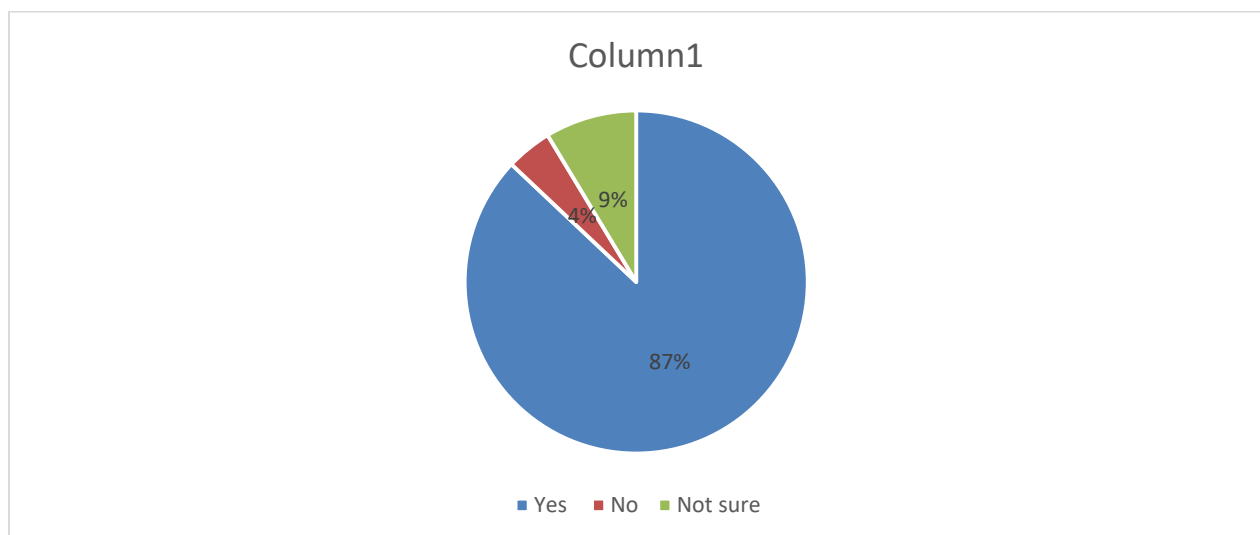


TABLE 14: 79.1% of respondents give positive opinion when they were asked if they had interest to buy electronic product if we ensure fast and timely product delivery. Where only 7.2 % people give negative reaction and 13.7% people remain neutral.

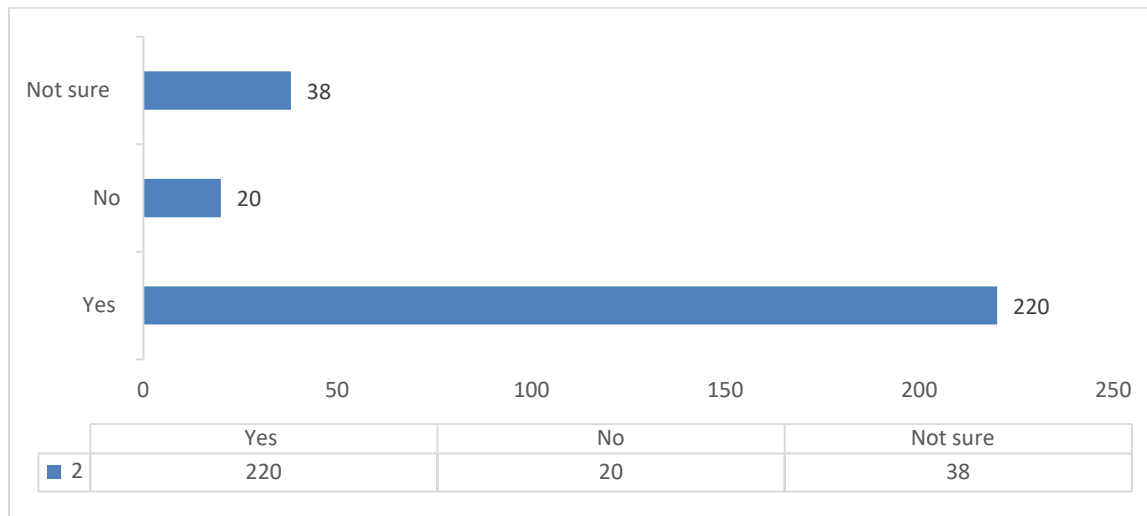
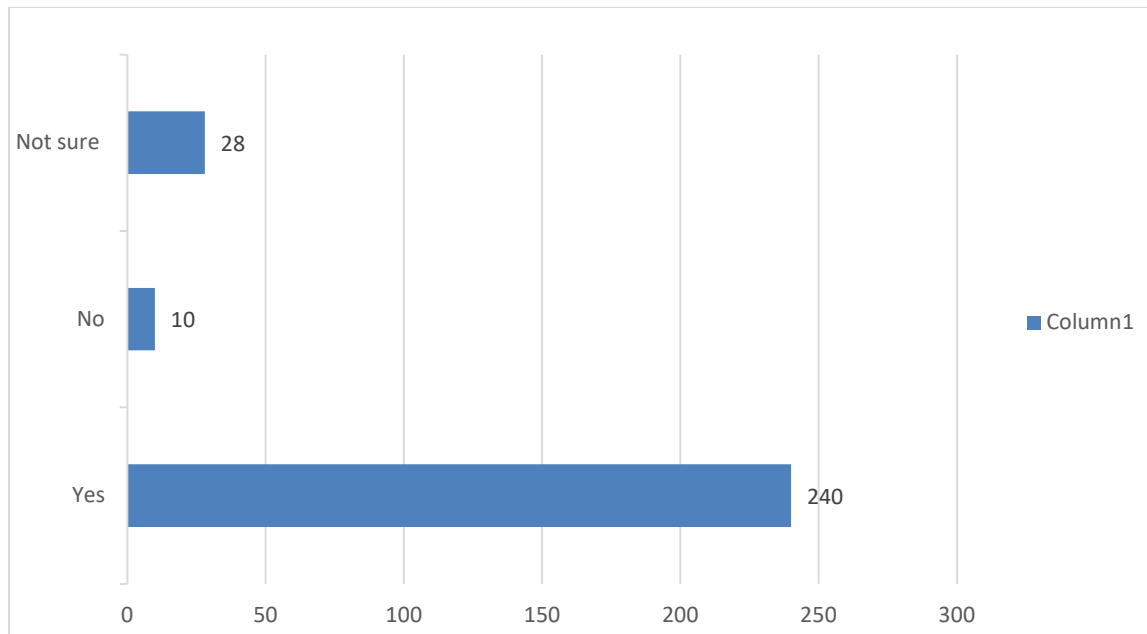


TABLE 15: The chart gives a Snapshot of how much people will be interested in buying electronic product if the warranty and claim process is made easier than prior. The chart shows that 86.3% people want to buy electronic product if the warranty and claim process is made easier than it is now. On the other hand 10.1% of people not sure and 3.6% of people do not want to buy which is very low. Therefore, it will be effective if the warranty and claim process is easier.



6. Findings:

1. Although the demand for online trade in Bangladesh is increasing day by day, they do not show much interest in buying electronic products online. Many of them have never bought electronic products online or have bought only once or very few times.
2. Electronic products cover a large part of home appliances, but people do not like to buy them online. Instead, they are buying more and more low-cost electronic accessories.
3. The main barriers or factors which keep them away from the shopping of electronics online is low trust level regarding the quality of the products and damages of product.
4. Since most of the respondents are spending maximum time for their work and have very little time to buy electronic products with physical present, they prefer to buy products online due to convenience and time saving.

5. Analysis shows that nearly half of them prefer to visit offline electronics stores before the actual purchase because of low trust issues or to know actual information about the product.
6. Most of them prefer to purchase electronics online by applying cash on delivery method of payment from e-commerce site because of trust issues.
7. The factors which are responsible for keeping them away from the shopping of electronics online are related with the supply chain mismanagement of e-commerce site or online platform.
8. The origin of low trust issues regarding the electronic product are created only because of supply chain mismanagement of e-commerce site or online platform from where people normally buy electronic products.
9. It is necessary to ensure fast and timely product delivery and delivery electronic product without any damages to increase trust level which is only possible by and forcing supply chain management of e-commerce site or online platform.
10. People will be more encouraged to shop online of electronics if they get discount on a required electronics product. Besides they will be more interested in buying electronic products if the warranty and claim process is made easier than it is now.

7. Conclusion:

Although online shopping has become widely known in Bangladesh, there are still many limitations. One of the limitations of this is that buying and selling electronic products online has

not yet become popular. There are a number of sectors that are pushing customers away from buying electronic products online which are deeply involved in supply chain management. Again, there are very few reasons why people are buying electronic products from online. Data was collected from 276 respondents to conduct this study with the help of questionnaire.

The objective of this study is to show the factors which influence consumers at the time of buying electronic products positively and negatively and to analyze those factors which discourage consumers and how it can be solved by better supply chain management of e-commerce site and online perform. Lack of faith is the main factor pushing people away from purchasing electronics online which is created from supply chain mismanagement of e-commerce site and online platform.

Consumers are afraid of getting wrong and unexpected or defective product from online purchase.

Therefore, online media and e-commerce should ensure their service quality to the customers by delivering electronic products on time without any damages with fare price providing original product which is ordered by customer. Thus, they will gain more trust of customer as it is the main problem which is need to be improved.

At the end of the study, it is clear that it is necessary to improvement in supply chain management of e-commerce site and online media platforms to gain trust of customers as the respondents provided positive and negative thoughts regarding online shopping of electronics in Bangladesh.

8. Limitations and directions:

Despite many precautions, this research paper has some limitations. Firstly, our sample size is not large enough to get proper findings. Nearly half of them have no income and most of them are students. Secondly, since we do not have an extensive experience in primary data collection, there might be a chance that the nature of implementation of data collection method is blemished. Lastly, there are some lacking of studying previous studies on the research topic. It would be better if future researchers do take more response from the people who have enough income and have past student life.

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