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Management

A STUDY ON FACTORS AFFECTING PURCHASE INTENTION TOWARDS CARS THROUGH ONLINE AMONG CUSTOMERS

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ABSTRACT Nowadays, online shopping has become the practice and customers are adopting it as it has different advantages. On customers' perspective, online shopping offers transparent and low prices, variety of services and products and a much more convenient shopping option that has removed traditional shopping inconveniences. The perceived benefits, perceived risks, perceived loss and perceived enjoyment are the factors affecting purchase intention towards cars through online among customers. There is significant difference between socio-economic status of customers and factors affecting purchase intention towards cars through online. The perceived benefits, perceived loss and perceived risks discriminate best among two groups (urban and rural) of customers. Based on the discriminant function, 81.18 per cent of the measures are correctly classified. The website of cars must offer better deals than in traditional show rooms and should provide wide range of cars for customers to choose cars according to their needs and interests. The manufactures or dealers or retailers should ensure safe and secured transactions for customers and they must keep financial transactions and personal information of customers confidentially without sharing with third parties.

KEYWORDS : Customers, Online, Purchase Intention

1. INTRODUCTION

The growth and implementation of internet technologies has made new opportunities for manufacturers and service providers and also has created new arena for innovative and advanced marketing strategies by the professionals. With the fast development of networking technology, e-marketing and e-commerce have been shaped and developed increasingly, thereby creating new business opportunity and business model which exert a significant effect on the economic development of the country and competitiveness at international level (Sharma et al, 2014).

Nowadays, online shopping has become the practice and customers are adopting it as it has different advantages. On customers' perspective, online shopping offers transparent and low prices, variety of services and products and a much more convenient shopping option that has removed traditional shopping inconveniences of clutching through crowds, trapped in long queue at cash counter, fighting for parking places at a retail stores. On the other hand, retailers look it as a vast business opportunity to capture.

Online customers are always looking for new services and products, new attractiveness and the most important aspect being price compatibility with their financial plan. The internet is the greatest means to save money and time through purchasing online within their budget at home or in anywhere. Online customers don't have limits to online shopping and they also use internet for comparison of prices of services and products, visiting to social networks and searching information. Hence, it is necessary to study factors affecting purchase intention towards cars through online among customers.

2. METHODOLOGY

The Madurai district is chosen for the present study and customers purchasing cars through online are selected by using convenience sampling method. The data are collected from 845 customers purchasing cars through online in Madurai district through structured questionnaire. To understand the socio-economic status of customers purchasing cars through online, percentage analysis is carried out. To identify the factors affecting purchase intention towards cars through online among customers, an exploratory factor analysis is done. To examine the difference between socio-economic status of customers and factors affecting purchase intention towards cars through online, the ANOVA (Analysis of Variance) is applied. To discriminate the customers (urban and rural) based on factors affecting purchase intention towards cars through online, the discriminant analysis is employed.

3. RESULTS AND DISCUSSION

3.1. SOCIO-ECONOMIC STATUS OF CUSTOMERS

The results show that 56.09 per cent of customers are males and the remaining of 43.91 per cent of customers are females. The results indicate that 33.73 per cent of customers are in the age group of 26 – 35 years, 31.60 per cent of customers are in the age group of 36 – 45 years, 15.14 per cent of customers are in the age group of 21 – 25 years, 11.60 per cent of customers are in the age group of 46 – 55 years and 7.93 per cent of customers are in the age group of above 55 years.

The results reveal that 41.77 per cent of customers have educational qualification of graduation, 33.73 per cent of customers have educational qualification of post graduation, 9.94 per cent of customers have educational qualification of diploma, 9.35 per cent of customers have educational qualification of higher secondary and 5.21 per cent of customers have educational qualification of secondary. The results show that 37.75 per cent of customers are private sector employees, 26.39 per cent of customers are government sector employees, 15.74 per cent of customers are businessmen, 13.61 per cent of customers are professionals and 6.51 per cent of customers are retired persons.

The results indicate that 38.93 per cent of customers have work experience of 11 – 15 years, 20.24 per cent of customers have work experience of 6 – 10 years, 18.82 per cent of customers have work experience of 16 – 20 years, 12.66 per cent of customers have work experience of above 20 years and 9.35 per cent of customers have work experience of below five years. The results reveal that 34.44 per cent of customers are in the monthly income of Rs.40,001 – Rs.50,000, 26.86 per cent of customers are in the monthly income of Rs.30,001 – Rs.40,000, 14.91 per cent of customers are in the monthly income of Rs.50,001 – Rs.60,000, 13.61 per cent of customers are in the monthly income of less than Rs.30,000 and 10.18 per cent of customers are in the monthly income of more than Rs.60,000.

3.2. FACTORS AFFECTING PURCHASE INTENTION TOWARDS CARS THROUGH ONLINE AMONG CUSTOMERS

To identify the factors affecting purchase intention towards cars through online among customers, an exploratory factor analysis is done and the results are presented in Table-1. The outcomes of Kaiser-Meyer-Olkin (KMO test) measure of sampling adequacy (KMO = 0.756) and Bartlett's test of Sphericity (Chi-square value = 0.0023; Significance = 0.000) shows that the factor analysis method is suitable.

Four factors are extracted that account 65.94 per cent of variations on 15 variables and each of them contributes to 23.40 per cent, 19.20 per cent, 12.86 per cent and 10.48 per cent respectively.

Table-1. Factors Affecting Purchase Intention towards Cars through Online Among Customers

Factor	Variables	Rotated Factor Loadings	Eigen Value	% of Variation	Factor Name
I	I purchase car through online because I get better deals than in traditional show rooms	0.68	2.59	23.40	**Perceived Benefits**
	I use online for purchasing of car which are otherwise not easily available in the nearby market	0.72			
	I purchase car through online because I get a broader selection	0.69			
	I purchase car through online as I get almost all information	0.67			
	It takes little time and effort to purchase car through online	0.70			
II	It is hard to judge the quality of the car over the internet	0.66	1.87	19.20	**Perceived Risks**
	I hesitate to purchase online as there is a high risk of receiving malfunctioning car	0.62			
	I feel that there will be difficulty in settling disputes when I purchase car through online	0.63			
	I may not receive the car ordered through online	0.65			
III	I feel that my credit card details may be compromised and misused if I purchase car through online	0.71	1.33	12.86	**Perceived Loss**
	I may get overcharged if I purchase car through online	0.67			
	I feel that my personal information may be compromised to third party	0.68			
IV	I have fun while purchasing car through online	0.62	1.15	10.48	**Perceived Enjoyment**
	I get a lot of excitement using online to purchase car	0.60			
	I think purchasing car through online is interesting	0.63			
	Cumulative % of Variation	-	-	65.94	-
	Cronbach's Alpha	-	-	-	0.82

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
Rotation converged in 9 iterations.

Factor - I consists of I purchase car through online because I get better deals than in traditional show rooms, I use online for purchasing of car which are otherwise not easily available in the nearby market, I purchase car through online because I get a broader selection, I purchase car through online as I get almost all information and It takes little time and effort to purchase car through online. Hence, this factor is named as **Perceived Benefits.**

Factor - II includes It is hard to judge the quality of the car over the internet, I hesitate to purchase online as there is a high risk of receiving malfunctioning car, I feel that there will be difficulty in settling disputes when I purchase car through online and I may not receive the car ordered through online. Therefore, this factor is named as **Perceived Risks.**

Factor - III comprises of I feel that my credit card details may be compromised and misused if I purchase car through online, I may get overcharged if I purchase car through online and I feel that my personal information may be compromised to third party. So, this factor is named as **Perceived Loss.**

Factor - IV encompasses I have fun while purchasing car through online, I get a lot of excitement using online to purchase car and I think purchasing car through online is interesting. Thus, this factor is named as **Perceived Enjoyment.**

Cronbach's Alpha value of the scale is 0.82 revealing that each measure shows acceptable level of internal consistency. It is inferred that perceived benefits, perceived risks, perceived loss and perceived enjoyment are the factors affecting purchase intention towards cars through online among customers.

3.3. SOCIO-ECONOMIC STATUS OF CUSTOMERS AND FACTORS AFFECTING PURCHASE INTENTION TOWARDS CARS THROUGH ONLINE

To examine the difference between socio-economic status of customers and factors affecting purchase intention towards cars through online, the ANOVA (Analysis of Variance) is applied and the results are presented inTable-2.

Table-2. Difference between Socio-Economic Status of Customers and Factors Affecting Purchase Intention towards Cars through Online

Particulars	F-Value	Sig.
Gender and Factors Affecting Purchase Intention towards Cars through Online	10.798**	.000
Age Group and Factors Affecting Purchase Intention towards Cars through Online	12.585**	.000
Educational Qualification and Factors Affecting Purchase Intention towards Cars through Online	9.680**	.000
Occupation and Factors Affecting Purchase Intention towards Cars through Online	4.476**	.001
Work Experience and Factors Affecting Purchase Intention towards Cars through Online	3.256**	.012
Monthly Income and Factors Affecting Purchase Intention towards Cars through Online	3.718**	.005

** Significant at one per cent level

The F-values are significant at one per cent level showing that there is significant difference between socio-economic status of customers and factors affecting purchase intention towards cars through online. Thus, the null hypothesis of there is no significant difference between socio-economic status of customers and factors affecting purchase intention towards cars through online is rejected.

3.4. DISCRIMINATION OF CUSTOMERS BASED ON FACTORS AFFECTING PURCHASE INTENTION TOWARDS CARS THROUGH ONLINE

To discriminate the customers (urban and rural) based on factors affecting purchase intention towards cars through online, the discriminant analysis is employed and the results are hereunder presented.

3.4.1. Selection of Discriminating Variables

To determine the factors affecting purchase intention towards cars through online which significantly contribute to the differentiation of the customers (urban and rural), F-test is used for Wilks' Lambda. The ANOVA results are presented in Table-3. The F-test is significant for all the four factors of perceived benefits, perceived risks, perceived loss and perceived enjoyment.

Table-3. Tests of Equality of Group Means

Factors Affecting Purchase Intention towards Cars through Online	Wilks' Lambda	F	Degrees of Freedom 1	Degrees of Freedom 2	Sig.
Perceived Benefits (X_1)	.997	22.735	1	843	.000
Perceived Risks (X_2)	.998	21.691	1	843	.000
Perceived Loss (X_3)	1.000	20.003	1	843	.000
Perceived Enjoyment (X_4)	.995	21.916	1	843	.000

3.4.2. Estimation of Discriminant Function

In this study, the discriminant analysis is carried out for two groups (urban and rural) of customers and it results one discriminant function and consequently one Eigen value and the results are presented in Table-4.

Table-4. Eigen Values

Function	Eigen Value	% of Variance	Cumulative %
1	.836	100.00	100.00

The highest value (0.84) corresponds to the discriminant function, which shows that it has the strongest power of discrimination of the two groups of customers.

3.4.3. Standardized Canonical Discriminant Function Co-Efficients

The standardized coefficients for the discriminant function were calculated and the results are presented in Table-5. The discriminant function co-efficients are used for calculating the discriminant score for each case in particular.

Table-5. Standardized Canonical Discriminant Function Co-Efficients

Factors Affecting Purchase Intention towards Cars through Online	Function 1
Perceived Benefits (X_1)	.621
Perceived Risks (X_2)	.564
Perceived Loss (X_3)	.596
Perceived Enjoyment (X_4)	.267

The discriminant function is: $Z = 0.621\ Z_1 + 0.564\ Z_2 + 0.596\ Z_3 + 0.267\ Z_4$

The Z_1 to Z_4 are standardized X1 to X4 variables

The size of the co-efficients indicates perceived benefits, perceived loss and perceived risks discriminate best among two groups (urban and rural) of customers.

3.4.4. Structure Matrix

The structure matrix co-efficients are presented in Table-6. From the table, the results indicate the correlation between each predictor measures and the discriminant function.

Table-6. Structure Matrix

Factors Influencing Customer's Green Purchasing Behaviour	Function 1
Perceived Benefits (X_1)	.583*
Perceived Loss (X_3)	.528*
Perceived Risks (X_2)	.459*
Perceived Enjoyment (X_4)	.218

Note: * indicates largest absolute correlation between measure and discriminant function

For the discriminant function, it can be seen that correlation coefficients have high values for three measures viz., perceived benefits, perceived loss and perceived risks which means that these measures are strongly correlated with the discriminant function. These measures would probably characterize best division of two groups (urban and rural) of customers.

3.4.5. Efficiency of Discriminant Function

The efficiency of discriminate function is presented in Table-7. Based on the discriminant function, 81.18 per cent of the measures are correctly classified.

Table-7. Efficiency of Discriminant Function

Customers Classification	Predicted Group Membership		Total
	Urban	Rural	
Urban	425	92	517
Rural	67	261	328
%			
Urban	82.21	17.79	100.00
Rural	20.43	79.57	100.00

Note: 81.18 % of original grouped cases correctly classified

4. CONCLUSION

The study reveals that perceived benefits, perceived risks, perceived loss and perceived enjoyment are the factors affecting purchase intention towards cars through online among customers. There is significant difference between socio-economic status of customers and factors affecting purchase intention towards cars through online. The perceived benefits, perceived loss and perceived risks discriminate best among two groups (urban and rural) of customers. Based on the discriminant function, 81.18 per cent of the measures are correctly classified.

The website of cars must offer better deals than in traditional show rooms and should provide wide range of cars for customers to choose cars according to their needs and interests. The manufactures or dealers or retailers should ensure safe and secured transactions for customers and they must keep financial transactions and personal information of customers confidentially without sharing with third parties.

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