

## **Factors Affecting Young Consumers' Online Buying Behavior in Sri Lanka**

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### **Abstract**

*This study focuses on investigating the factors influencing online purchase intentions among young consumers in Sri Lanka, with a specific emphasis on undergraduates in Faculty of Social Sciences, University of Kelaniya. It examines a range of factors, including product quality, price, trust, convenience, payment methods, security, return policies, after-sale services, firm reputation, and health considerations, to understand their impact on the online shopping behavior of young consumers. The study employed a quantitative research approach and collected data through a questionnaire survey involving 342 young consumers within the Faculty of Social Sciences at the University of Kelaniya. According to previous findings reveal that while price and product quality are important, they are not the dominant factors in the decision-making process for the young consumers in this study. Instead, the study underscores the critical role of building trust between e-commerce providers and consumers in shaping online purchase intentions. In a contemporary world where e-commerce is becoming increasingly integral to the consumer experience, this research provides valuable insights for businesses and policymakers seeking to understand and cater to the evolving demands of young consumers. By bridging the gap between theoretical constructs and real-world behavior, this study contributes to a deeper comprehension of the factors that propel young Sri Lankan undergraduates toward online shopping.*

**Keywords:** *Online purchase, Consumer behavior, Young generation, E-Commerce*

## **Introduction**

Consumer behavior encompasses the multifaceted decision-making process individuals undertake when acquiring products and services, influenced by personal attributes and external factors. It's a dynamic and complex field, emphasizing not only what people buy but also why and how often. In 1994, the advent of e-commerce via the Internet marked a transformative moment, turning the Internet into a dynamic platform for marketing and transactions. Cheaper Internet access and the growth of Internet Banking services have fueled the rapid expansion of e-commerce, aided by technological advancements and free applications for building e-commerce websites. Recognized brands have embraced online storefronts to reach consumers, catering to the preference for the convenience of online shopping over traditional methods with their associated challenges. The global impact of the COVID-19 pandemic, originating in China in December 2019 (Kumaravel et al. 2020), has been profound, affecting various aspects such as psychology, society, and economics (Bostan et al. 2020). Notably, a significant outcome of the pandemic has been the shift in consumer behavior towards online shopping. This change is driven by factors like the need for social distancing, safety precautions, and adjustments in customer-business interactions. Given the transformation in consumer behavior accelerated by the pandemic, it's crucial to investigate how these changes influence the purchasing decisions of young consumers in Sri Lanka.

## **Problem Statement**

Limited research has delved into the determinants of online buying behavior in Sri Lanka, particularly concerning young consumers and the post-Covid-19 context. The pandemic accelerated the shift toward e-

commerce, resulting in substantial growth in Sri Lanka's e-commerce sector, including the emergence of social commerce on platforms like Facebook. This study seeks to fill this knowledge gap by examining the factors shaping the online purchasing decisions of young consumers in Sri Lanka's evolving market. The findings will offer valuable insights for businesses aiming to adapt to this transformed landscape, contributing both to academic understanding and practical applications in the e-commerce and marketing sectors.

### **Objectives**

The main purpose of this study is to identify the factors affecting young consumers' online buying behavior in Sri Lanka, drawing insights from existing literature. This endeavor seeks to establish a comprehensive framework through which causal relationships can be hypothesized.

### **Significant of the Study**

Existing research extensively explores the factors influencing online purchase intentions across various contexts, a notable research gap exists in examining these dynamics specifically among the young generation within government universities in Sri Lanka. To address this void, the current study gathered data from young generation respondents in Sri Lanka, aiming to provide insights into this unexplored area.

### **Materials and Methods**

The study's population comprises all students currently enrolled in the Faculty of Social Sciences at the University of Kelaniya, totaling approximately 3103 undergraduates. Following Krejcie and Morgan's guidelines, a sample size of 342 was determined for this population,

considering a 95% confidence level. A convenience sampling method was employed to collect data via a questionnaire based on a conceptual framework developed through secondary research. The questionnaire had two sections: one for demographics and another employing a Five-Likert scale to assess variables related to online purchase behavior. This study utilizes quantitative methodology and employs SPSS for data analysis.

## Results and Discussion

### Correlation Test

*Table 1: Correlation Test*

Hypothesis	Pearson's Correlation	Sig. (2-tailed)	Results
Product H1	0.639	0.000	Accepted
Price H2	0.623	0.000	Accepted
Trust H3	0.781	0.000	Accepted
Convenience H4	0.645	0.000	Accepted
Payment H5	0.554	0.000	Accepted
Security H6	0.734	0.000	Accepted
Return Policy H7	0.499	0.000	Accepted
After Sale service H8	0.320	0.000	Accepted
Firm Reputation H9	0.220	0.000	Accepted
Health H10	0.606	0.000	Accepted

Table 1 describes the correlation values of the independent variables based on sample of 342 individuals. The correlation table reveals that all hypotheses (H1 to H10) exhibit positive relationships with young consumers' online buying behavior in Sri Lanka, as indicated by Pearson's correlation coefficients well above 0.2. The significance value (p) being less than 0.05 is widely accepted as a valid criterion for making decisions regarding hypotheses. Therefore, the statistical significance of

these relationships, with all p-values below 0.01, reinforces the reliability of the findings. Therefore, it can be confidently concluded that the variables under study, including product, price, trust, convenience, payment methods, security, return policy, after-sale service, firm reputation and health factor are influential factors in shaping the online buying behavior of young consumers in Sri Lanka.

## Regression Analysis

*Table 2: Coefficients*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.693	.229		3.025	.003
Product	0.156	.056	.178	2.013	.0001
Price	0.106	.052	.126	2.039	.043
Trust	0.280	.026	.320	5.736	.0001
Convenience	0.295	.006	0.352	5.246	.000
Payment	0.029	.013	.027	2.191	.029
Security	0.693	.011	.352	5.246	.0001
Return Policy	0.311	.012	.319	25.923	.0001
After Sale service	0.167	.019	.147	8.683	.0001
Firm Reputation	0.052	.024	.046	2.207	.028
Health	0.185	.064	0.211	3.535	.001

According to the regression equation, if Online Purchase Intention increases by one unit with other factors unchanged, the increase in Product is approximately 0.156 units, Price contributes about 0.106 units, Trust adds roughly 0.280 units, Convenience is associated with an

increase of approximately 0.295 units, Payment contributes about 0.029 units, Security adds approximately 0.693 units, Return Policy leads to an increase of about 0.311 units, After Sale Service is associated with an increase of roughly 0.167 units, Firm Reputation contributes approximately 0.052 units, and Health adds around 0.185 units. These coefficients represent the estimated changes in Online Purchase Intention for each one-unit change in the respective independent variables while keeping all other factors constant in the model.

### **Conclusion and Recommendations**

In January 2023, Sri Lanka experienced a significant online presence, with approximately 14.58 million internet users and a 66.7 percent internet penetration rate. The study investigated the factors affecting young consumers' online buying behavior in Sri Lanka, employing regression and correlation tests for data analysis. Notably, the research identified a positive relationship between product quality, price, trust, convenience, payment methods, security, return policies, after-sale services, firm reputation, and health considerations with online purchase intention. Interestingly, in contrast to some prior research, price and product quality were not the dominant determinants of online purchases in our study. Instead, young consumers expressed reservations about product quality when prices were reduced. The study highlights the pivotal role of trust in enhancing the relationship between e-commerce providers and consumers and suggests strategies for building consumer trust in online transactions.

## **Recommendations**

To build consumer trust in online transactions, businesses can adopt strategies such as providing transparent product information, ensuring secure payment methods, displaying visible contact information, featuring user reviews and ratings, offering responsive customer service, safeguarding customer data, providing clear return and refund policies, securing the website with encryption, ensuring prompt delivery, seeking customer feedback for improvement and consistently delivering high-quality service and products. These strategies collectively create a trustworthy online shopping experience.

Investigating how emerging technologies, such as augmented reality, artificial intelligence, and blockchain, influence online buying decisions can shed light on the changing dynamics of e-commerce in Sri Lanka.

Considering the multicultural and diverse nature of Sri Lanka, research should explore how cultural factors, such as language, religion, and societal norms, impact online shopping behavior.

This study has some limitations, and we hope it inspires further investigation in this field.

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