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## Psychographic Characteristics Influencing Customer Behaviour on Online Purchase Intention

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### ABSTRACT

E-commerce has emerged as an important method of business. With nearly 2.5 trillion internet users worldwide and surpassed USD1 trillion sales in 2012, it is essential to understand the behavior of the online shoppers. Thus this paper explores the relationship of customer innovativeness, market mavenism, shopping enjoyment, shopping orientation and online purchase intention. A survey technique using national sample of online shoppers resulted in 200 valid responses. Structural equation modeling is used to test the relationship between the variables. This paper investigates and demonstrates empirically how consumer psychographic characteristics affect the online purchase intention and provide support to online business to understand better its consumers.

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## INTRODUCTION

In the year of 2012, business-to-consumer electric commerce (B2C ecommerce) sales grew 21.1% and surpassed the threshold of USD1 trillion for the first time and the increase trend is forecasted to continue with sales of USD1.4 trillion in 2014 (eMarketer,2013).

The increase of sales are due to many reasons such as the B2C e-commerce providing an effective method for online retailers and their consumers to perform online transactions through commercial Web sites (Ranganathan & Ganapathy, 2002). Also are the other benefits of online shopping, such as saving time and energy, convenience, competitive pricing, broader selection, and greater access to information (Verhoef & Langerak, 2001). Many researchs has been done to understand the functions and benefits of the B2C e-commerce system that entice the consumer to purchase online but very little research has been done to understand the underlying inner characteristics of the consumer that influence the behaviour on online purchase.

Thus this study examines the psychographic characteristics of the consumer that influence the consumer's online purchase intention in terms of customer innovativeness, market mavenism, shopping enjoyment and shopping orientation. As more than one-third of global B2C ecommerce sales comes from the Asia-Pacific region, amounting to USD433 billion in 2013, the study will focus on Malaysia, one of the country in the region with 17 million internet users with more than USD1 billion B2C ecommerce sales in 2013 (e27, 2013)

### Literature Review:

#### Consumer behaviour:

Schiffman *et al.* (2007) described "consumer behaviour as the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires." Consumer behavior can also be explained as "the behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs" (Arens, 1996). Proctor *et al.* (1982) noted that the main aim for analyzing consumer behaviour is to explain why consumers act in certain ways under certain circumstances. Adelaar *et al.* (2003) suggest consumer behavior resulted from emotional response and that the consumers can make on the spot purchase of a product or service. This emotional response is affected by three independent factors:, that is pleasure, arousal and dominance. Pleasure is the situation in which a person feels good, happy or joyful. Arousal relates to the varying state of

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feeling by different person in different situations. This can be the feeling of excitement, active, bored or sleepy. Dominance is explained by the individual feelings of a person, in which he/she can control or act upon in a particular situation.

For further understanding of consumer behavior in relation to purchase intention, the traditional attitude theory supports that consumer behavior can be predicted from consumer attitude when the consumer buy the most liked or preferred brand. In the theory of reasoned action, the prediction of consumer behavior is made from the corresponding intentions (Ajzen and Fishbein, 1980). In relation to online purchase intention, Salisbury *et al.* (2001) identify constructs that gives the strength of a customer's intention to purchase online.

#### **Shopping Enjoyment:**

Shopping enjoyment is explained as the characteristic in a consumer that makes shopping experience more enjoyable and pleasurable than others. Those who enjoy shopping often do not have a pre-planned purchase in mind, and often will not commit themselves to a specific store (Bellenger and Korgaonkar, 1980). For this group, shopping enjoyment equates to "recreational shopping" and is a fun and pleasurable leisure time activity which leads to feelings of joy ( Jin and Sternquist, 2004). They are the so-called hedonic shoppers who finds fun and entertainment in shopping (Bellenger and Korgaonkar, 1980) and sees shopping as an escape or adventure (Batra and Ahtola, 1991). They do not consider shopping as performing consumption duties, like the utilitarian shoppers. Holbrook and Hirschman (1982) relates shopping enjoyment to a hedonic attitude whereby shopping enjoyment is seen as shopping with a goal and not as shopping as a goal (Babin *et al.*, 2005). Literatures has shown that positive images create higher levels of pleasurable feelings among buyers. This is also reflected in the buyer enjoyment of spending time in shopping activities (Bell, 1999).

#### **Shopping Orientation:**

Consumers go shopping for various reasons such as wanting to purchase a particular product, collecting information for potential purchase decision, or getting an overview of the latest market trends (Kaltcheva and Weitz, 2006; Bloch, *et al.*, 1989). Consumers also differ in other shopping experiences such as how they select products, shop, or process information (Van Osselaer *et al.*, 2005). When consumers seek pleasure while shopping, this is an experiential shopping orientation (Babin *et al.*, 1994). When shopping is done as a task to be completed, the goal is often to finish it as efficiently as possible (Kaltcheva and Weitz, 2006). This is task focused shopping orientation.

Generally a consumer shopping orientation is the range of attitude, interest, and opinion statements that relates to the topic of shopping. Moschis (1992) defines shopping orientation as a pattern that is displayed during shopping that represents interests, consumer activities and opinions about shopping behaviors. Brown *et al.* (2001) define shopping orientations as a general disposition toward the general act of shopping. Shopping orientation reflects differences in consumer shopping styles for products and services (Shim and Kotsiopoulos, 1993). It relates to activities, interests and opinion statements relevant to shopping (Li *et al.*, 1999). Generally, the shopping orientation is known to moderate the impact of the store environment on customers' experiences and behaviors (Baker and Wakefield, 2011).

#### **Market Mavenism:**

The market maven are consumers who share with other consumers varied information about products, stores, market phenomena. Market mavens are often product innovators, heavy information seekers and opinion leaders. They tend to be smart shoppers (Feick and Price, 1987), heavier users of coupons (Price *et al.*, 1988) and have higher perceived level of price-quality relationships (Lichtenstein and Burton, 1990). They are more likely to discuss attributes of retail store images, and read more than the average shoppers, women's magazines and direct mail ads (Slama *et al.*, 1992). They also discuss more than the average shoppers the various attributes of stores including prices, sales, product quality and product variety (Higie *et al.*, 1987). They also offer information on a wide variety of products (Slama and Williams, 1990). As such, market maven are good targets for advertising, ranging from marketing mix changes to messages related to low involvement products to products that do not attract consumer interest. (Feick and Price, 1987).

#### **Customer Innovativeness:**

Innovativeness is associated with the predisposition of an individual to adopt new ideas faster than other members of a system and to make a purchase of new products rather than remain with traditional choices and consumption patterns (Steenkamp *et al.* 1999; Rogers and Shoemaker, 1971). It relates to „consumption of newness“ among consumers and taking risk (Agarwal and Prasad, 1998). It is a known fact that certain consumers purchase new products faster and more often than other consumers (Midgley and Dowling, 1978). Certain people have a tendency to be attracted by new products (Steenkamp *et al.*, 1999) and to make early purchase of a new product (Cestre, 1996). Consumers with high innovativeness level are associated with the following characteristics: (1) willing to make changes in concepts and things (Blackwell *et al.*, 2006), (2) able to

influence others to adopt concepts, products and inventions that are new and innovative (Boone, 1970), and (3) helpful in solving problems and making decisions (Greenleaf and Lehmann, 1995). The use of new products by consumers known to be innovative act as a motivation for other consumers to seek and purchase the same products (Hoffmann and Soye, 2010).

### Research Methodology:

The study adopts face to face survey using standardized questionnaire. This resulted in 200 valid nationwide response in Malaysia. As the survey is done by interview method, 100% response rate is achieved. The study adapted the measures used to operationalize the constructs included in the model from relevant previous studies, making minor wording changes to tailor these measures to the context of online shopping. The measures are adopted from Hyejeong's study in 2009. All items were measured using a five-point likert scale, ranging from 1 = strongly disagree to 5 = strongly agree. The hypothesized models are empirically tested using the structural equation modeling (SEM) approach, The measurement model was estimated using confirmatory factor analysis (CFA) to test reliability and validity, and the structural model was analyzed to examine the model fit results of the proposed theoretical models.

## RESULT AND DISCUSSION

### Descriptive Statistic:

The descriptive statistics of the respondents is shown in Table 1. The respondents are Malaysian nationwide, which consists of female (n=133, 56.5%) and male (n=87, 43.5%). Majority are between the age of 21 to 30 years old (n=85, 42.5%). Most shop online 2-3 times per month (n=83, 41.5%) with average spending of RM100 and below (n=94, 47%). They spend more than 60 minutes per month on online shopping (n=77, 38.5%).

### Reliability And Validity Measurement:

The research used confirmatory factor analysis (CFA) as the instrument to examine the reliability and validity of the constructs. The summarization of the internal reliability and convergent validity results is shown in Table 2. Cronbach's alpha is used to test the internal consistency reliability. The resulting alpha values ranged from 0.789 to 0.860, which are above the acceptable threshold 0.70 suggested by Nunnally and Bernstein (1994)

**Table 1:** Sample characteristics (n = 200).

Variable	Description	N	%	Variable	Description	N	%
Gender	Male	87	43.5	Average Spending	RM 100 and below	94	47.0
	Female	113	56.5		RM 100 – RM 500	67	33.5
	Total	200	100		RM 500 – RM 1000	26	13.0
Age	20 and below	68	34.0		RM 1000 and above	13	6.5
	21 - 30	85	42.5	Total	200	100	
	31 - 40	32	16.0	Shopping Time	30 minute and below	48	24.0
	40 and above	15	7.5		30 – 60 minute	75	37.5
Total	200	100	60 minute and above		77	38.5	
Shopping Frequency / Month	1 and below	75	37.5		Total	200	100
	2 - 3	83	41.5	State	Wilayah Persekutuan	24	12.0
	4 - 5	34	17.0		Selangor	31	15.5
	6 and above	8	4.0		Perak	43	21.5
	Total	200	100		Pulau Pinang	19	9.5
			Kelantan		7	3.5	
			Terengganu		5	2.5	
			Pahang		27	13.5	
			Johor		16	8.0	
			Melaka		10	5.0	
			Kedah		9	4.5	
			Perlis	3	1.5		
			Sabah	2	1.0		
			Sarawak	4	2.0		
			Total	200	100		

Convergent validity is the degree to which multiple attempts are made to measure the same concept in agreement. Convergent validity was assessed based on factor loading, composite reliabilities, and variances extracted (Hair *et al.*, 1998). Table 2 shows results of the convergent validity. The factor loading for all items ranging from 0.764 to 0.993, exceeds the recommended level of 0.6 (Chin *et al.*, 1997). Composite reliability values, which depict the degree to which the construct indicators indicate the latent construct, ranged from 0.790 to 0.884. The composite reliability of all latent constructs exceeded recommended level of 0.7 (Hair *et al.*, 1998).

The average variances extracted, which explains the overall amount of variance in the indicators accounted for by the latent construct, were in the range of 0.653 to 0.793. The average variances extracted of all latent constructs exceeded recommended level of 0.5 (Hair *et al.*, 1998). The analysis results in Table 3 indicate that the square correlations for each construct is less than the average variance extracted by the indicators measuring

that construct. Thus the measure has adequately discriminant validity. In summary, the measurement model demonstrated adequate reliability, convergent validity, and discriminant validity.

**Table 2:** CFA Measurement Result.

Construct	Items	Cronbach's Alpha	Convergent Reliability		
			Factor Loading	Composite Reliability	Average Variance Expected
Customer Innovativeness	CI1	0.815	0.812	0.823	0.699
	CI2		0.860		
Shopping Enjoyment	SE1	0.789	0.785	0.790	0.653
	SE2		0.831		
Shopping Orientation	SO1	0.877	0.811	0.884	0.793
	SO2		0.963		
Market Mavenism	MM1	0.801	0.825	0.804	0.672
	MM2		0.815		
Purchase Intention	PI1	0.860	0.764	0.878	0.785
	PI2		0.993		

**Table 3:** Discriminant Validity of Construct.

CONSTRUCT	(1)	(2)	(3)	(4)	(5)
(1)Purchase Intention	<b>0.886</b>				
(2)Market Mavenism	0.606	<b>0.820</b>			
(3)Shopping Orientation	0.715	0.419	<b>0.890</b>		
(4)Shopping Enjoyment	0.622	0.697	0.385	<b>0.808</b>	
(5)Customer Innovativeness	0.606	0.788	0.503	0.668	<b>0.836</b>

Note: The bold figures represent the average variance extracted, while the other matrix entries represent the square correlations.

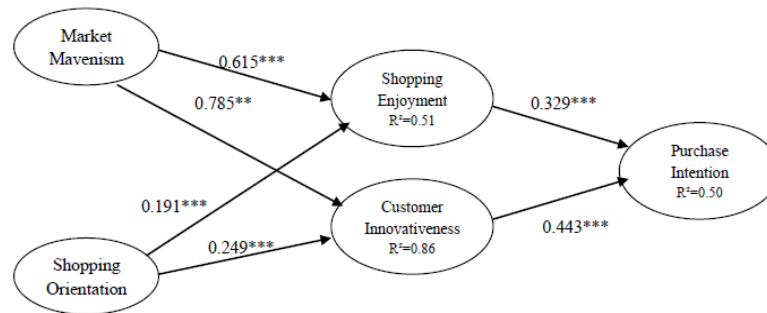
Table 4 illustrates the overall model fit. The ratio of the model is 1.811 ( $\chi^2=45.275$ ,  $df=25$ ) which falls under the recommended value (Bagozzi and Yi, 1988). The goodness of fit index (GFI) and adjusted goodness of fit index (AGFI) both exceed the recommended cut-off level of 0.8 (GFI=0.959, AGFI=0.910) as recommended by Chau and Hu (2001). The comparative fit index (CFI) is 0.94, greater than the 0.9 recommended value (Bagozzi and Yi, 1988). The root mean square error of approximation (RMSEA) is 0.064, within the recommended cut-off level of 0.08 recommended by Browne and Cudeck (1993). The combination of these results suggest that the demonstrated measurement model fits the data well.

**Table 4:** Fit Indices of the Structural Model.

Model	Recommended Criteria
Fit Index	
df	25
$\chi^2$	45.275
$\chi^2/df$	1.811
GFI	0.959
AGFI	0.910
CFI	0.983
TLI	0.969
RMSEA	0.064

### Structural Model Result:

Fig. 1 displays the structural relationships among the studied constructs in the structural model. It shows that both market mavenism and shopping orientation are significant determinants of shopping enjoyment and customer innovativeness. Furthermore, shopping enjoyment and customer innovativeness are significantly related to purchase intention. In addition, they act as the mediating variables of market mavenism and shopping orientation towards purchase intention. In terms of predictive power, the model accounts for 51% of the variance in shopping enjoyment, 86% of the variance in customer innovativeness and 50% of the variance in purchase intention.



**Fig. 1:** Result of the structural model.

**Conclusion:**

This study is able to generate a model on how psychographic characteristics influence the customer behaviour on online purchase intention. Based on the model, few conclusion are derived; (1) The model shows that the consumer purchase intention primarily depends on the feeling of enjoyment when shopping online as well as the feeling of being able to be among the early buyer of a unique product. Providing the ease in shopping and being able to make the customer feel they are important are essential. As customers are becoming more innovative in purchasing, online business needs to be able to offer something different and attract customer with new, unique or customized products. (2) In order to achieve the determinants of the purchase intention, one need to understand the customer's focus and needs in shopping as well as providing adequate information of the product to the customer. Understanding the market segment and target customers are important in order to recognize the shopping orientation of the customers as each segment of customers has unique needs compared to the others. In a world whereby information is at the fingertips, consumers are more appreciative and sensitive towards information. Consumers tend to study information on product to assist them in their purchase decision. The results of the study are useful for online business owners or managers in their effort to create a competitive edge in providing better online shopping services to the mushrooming number of online consumers.

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