

**Major parts of the research paper only.*

Topic: Factors Influencing Consumer's Attitude Towards Online Shopping in Kathmandu Valley

Submitted By: Group 5, MBA 1st semester

Group members:

- Praveen Mandal
- Kamana Giri
- Santosh Timalina
- Mamata Koirala
- Sushil Dawadi
- Sangram Basnet
- Pujan Ale
- Anupama Thapa

Subject: Business Environment Analysis

Abstract

This research seeks to identify if there is relationship between attitude of consumers and demography, perceived risk, website attractiveness, past purchase experience and convenience among the consumers living in Kathmandu City. The population for the study is all the people living inside Kathmandu Valley. The study data collected from sample size of 122 using Convenience sampling method was collected from who had previously experienced online shopping. The questionnaire was distributed to people who have done online shopping through both online and printed form. The Cronbach's Alpha was used to check the reliability of instrument and data analysis is sub-divided into three parts. The first part deals with demographic analysis. The second part analyses and interprets data using mean value, standard deviations. The third part deals with the inferential analysis, which includes hypothesis testing through correlation regression analysis. Study found that respondents agree that factors such as perceived risk, past purchase experience and convenience impact their attitude towards online shopping. Also, study shows that respondents strongly agree that website attractiveness affects their attitude towards online shopping. Study further shows that demographic factors such as age, gender and household income do not have significant relationship with attitude of consumer towards online shopping. Factors such as perceived risk, website attractiveness, post purchase experience and convenience have significant relationship with attitude of consumer towards online shopping.

Findings

The consumers who have been previously engaged in online shopping were provided the questionnaire and the data was gathered through self-administered questionnaire method. Initially, the questionnaires were pilot tested form 26 respondents to determine the reliability. The main analysis was conducted from 122 respondents who were previously engaged in online shopping. The primary data encompassed the demographic information of the consumers (gender, age and household income), perceived risk, website attractiveness, past purchase experience and convenience.

There are four factors that had been selected that have impact on attitude of consumer towards online shopping from literature review. By attitude of consumer, we can understand consumer's positive or negative feelings related to online shopping. The factors are as follows:

- **Perceived risk:** it can be defined as the risk perceived by the consumer while they are shopping online. It includes financial risk, privacy risk and product performance risk.
- **Website attractiveness:** it can be defined as the website design and features that makes a website an enjoyable place to shop in. Some features are: picture quality, communication, user friendly etc.
- **Past purchase experience:** it can be defined as the experience of the consumer while they previously shopped online. It can be either positive experience or negative experience.
- **Convenience:** it can be defined as the online shopping facilities that make online shopping more easily compared to traditional shopping. For example: home delivery, 24 hours shopping etc.

The statistical tools employed indicated the significant and insignificant relationship between dependent and independent variables. Eventually, from the seven hypotheses that have been formed, only four hypotheses were rejected via the statistical analysis and the remaining 3 were accepted. The first specific objective is to investigate how demographic (age, gender and household income) affect consumers attitude towards online shopping. From the research, it was found that there was no significant relationship between attitude of consumer towards online shopping and age group as significance value is more than 0.01. It was also found that there was no significant relationship between attitude of consumer towards online shopping and gender as significance value is more than 0.01. It was also found that there was no significant relationship between attitude of consumer towards online shopping and household income as significance value is more than 0.01.

The second specific objective is to understand how the independent variables (PR, WA, PPE and Convenience) influence consumers' attitude towards online shopping. The research finding showed that there is significant relationship between attitude of consumer towards online shopping and perceived risk as the significance value is less than 0.01. The research also shows that there is significant relationship between attitude of consumer towards online shopping and website attractiveness as the significance value is less than 0.01. The research also shows that there is significant relationship between attitude of consumer towards online shopping and past purchase experience as the significance value is less than 0.01. The research also shows that there is significant relationship between attitude of consumer towards online shopping and convenience as the significance value is less than 0.01.

Conclusion and Recommendation

From the research, we can say that there is an insignificant relationship between attitude of consumer and demographic variables (age, gender and house hold income) as the significance value is correlation test as more than 0.01. This means that attitude of consumer towards online shopping is not shaped by the consumer's age, gender or household income. So, focusing on the demographic variable will not help to influence the attitude of consumer.

All of the other independent variables: PR, WA, PPE and Convenience have significant relationship with attitude of consumer as their significance value is less than 0.01 in both correlation and regression analysis. This means that attitude of consumer is shaped by their risk perception which can be financial, privacy or product performance risk. Minimizing these risks can help E-business to increase sales as customers will have more trust towards the online site. They will feel safe while making transactions. Website attractiveness also helps to shape the attitude of consumer. If consumers feel that their online shopping experience is enjoyable, they will feel like shopping more online. The picture quality, information about product and services, design, user friendly, good communication helps to make digital shopping more attractive. The past purchase experience also helps to shape the attitude of consumer towards online shopping. People will relate to their previous purchase experience. If the previous experience was good, they are more likely to shop online and if the previous was bad they are more reluctant to shop online. Convenience is also one of the most important factors that shapes consumer attitude towards online shopping. It is one of the most important reasons why consumer shop online. Convenience of online shopping such as home delivery, 24 hours shopping, etc. encourages consumer to shop online more.