FACTORS INFLUENCING GENERATION Y’S ONLINE PURCHASE INTENTION TOWARD XYZ ONLINE STORE IN THAILAND

Tuangporn Kongprapunt¹ and Nathaya Pupat²

Abstract: Electronic commerce is an essential tool and increasing growth in businesses, most of businesses run their operations via an online. Online purchasing is a part of human life as a providing more conveniences and efficiencies of a vendor and a consumer when people compare to traditional purchasing. For generation Y has the high commitment in various channels of purchasing and this generation perceived online shopping was more sage and capable. This study aimed to determine factors influencing generation Y’s online purchase intention toward XYZ online store in Thailand. The researcher collected 400 questionnaires, all questionnaires were distributed in Thailand via Google form to respondents who are intended to online purchase via XYZ online store in past 3 months and generation Y who ages between 18-38 years old in 2018. The results of hypotheses testing showed that generation Y considers quality, brand image, convenience, promotion and trust had a significant influence to online purchase intention. Moreover, the result presented that trust has the strongest significant influencing on online purchase intention. All variables are referred to XYZ Online Store’s website including application

Keywords: Quality, Brand Image, Convenience, Promotion, Trust, Online Purchase Intention, Online Store and Generation Y

INTRODUCTION

Internet is a powerful tool of social dynamics and economic growths (Dalberg Survey Report, 2013) and electronic commerce rapidly comes up with the increase of fresh technologies and modernization. Nowadays, Internet uses speedily increases the number of information technologies and internet access. In 2018, there were 7.634 billion of total population around the world and the internet users were 3.956 billion.

From previous data we can see that every region continues to grow. The top three of retail E-commerce sales are Asia-Pacific, China and Japan and the highest proportion is Asia-Pacific. Its Asia’s estimated sales was around $1,892.07 billion in 2018 and it is growing faster than others.

The E-commerce landscape in Thailand includes many businesses such as online stores, logistics and payment & E-wallet. All of them are connected to complete the online transactions.

Thailand has an increasing number of E-commerce every year. In 2017, the value of Thai E-commerce was $2.9 billion and expected growth rates will be 14.5% per year which will impact to market value to $5.8 billion in 2022 and $11.1 billion in 2025. In Thailand, the E-commerce is divided into B2B, B2C, C2C and B2A. However, Thailand E-commerce could not be successful, if they are no great facilities such as internet network, internet banks and logistics because they work and support each other.

OBJECTIVES

1. To study factors influence Generation Y’s online purchase intention toward XYZ Online Store
2. To examine the factor significant influencing Generation Y’s online purchase intention toward XYZ Online Store

¹MBA graduate at Assumption University, Graduate School of Business
²Lecturer at Assumption University, Graduate School of Business
To find the most important factor that has a significant influence to Generation Y’s online purchase intention toward XYZ Online Store.

**LITERATURE REVIEW**

**Quality**
Gavin (1987) defined quality as user-based where products meet customers’ expectation. This study refers to customers’ expectation in information quality which the information of accuracy, currency, completeness and format about goods and services on web site/application. Lee and Shin (2014) presented that quality of information had a positive influence to online purchase intention. While other quality will be service quality are as an important issue that consumers expected to receive from company service (SERVQUAL model). In this study, the researcher focuses on responsiveness as service quality: 24 hours/7 days customer service and Frequently Asked Questions (FAQs) that the way that online stores prompt responded and interacted to their consumers. Sun et al. (2015) found that e-service has a significant influence to purchase intention.

**Brand image**
Brand is a specific name and commercial symbol which are connected with the meaning and characteristic of the business. Consumers could identify and distinguish the company name from other rivals when the brand are associated by consumers’ memory (Aaker, 1991; Dobni and Zinkhan, 1990; Keller, 1993; Okada and Reibstein, 1998). Moreover, the researcher explained functional benefits, experimental benefits and symbolic benefits also referred to brand (Park et al.,2010). The study of Yea (2013) also confirmed that brand has a positive significance on purchase intention.

**Convenience**
Beauchamp and Ponder (2010) found the different point of convenience between traditional store as an in-store and online store, access and search convenience were the most convenient element on customers’ perception on online shopping. Previous researchers studied that access convenience referred to consumers’ convenient reach to products, shopping processes and stores (Jones et al., 2000; Seiders et al., 2000). Rishi (2010) formed that convenience and accessibility were the main factors that stimulate consumers to do online purchase intention.

**Promotion**
Promotion is one of marketing mix is an effective tool for the businesses and sellers to use to communicate and persuade their consumers to purchase the product by using promotion (Ehrman, 2011). Promotion is the technique that makes the products more attractive by a vendor by adding more special offers to buyers. Rojuee and Rojuee (2017) referred when the business had the promotion on the goods and services, consumers would buy in large quantities. Sun (2010) also showed that promotion techniques had a significant impact on purchase intention in online.

**Trust**
Trust refers to reliability, confidence and credibility and all are important elements on e-commerce (Gao et al., 2002). Brannigan and De Jager (2003) stated trust online transactions referred to trust in online vendor and trust in online trade. Pan and Chiou (2011) confirmed that when consumers purchased via online stores, trust has a significant part to online sellers. Lee et al. (2011) stated that the high level of trust has a positive influence to online purchase intention.

**Online Purchase intention**
Hausman and Siekpe (2009) stated that online purchase intention in E-commerce is a key element that influence to consumers would be actual purchasing in
the future and other researchers emphasized that online shopping intention played as a significant forecast for real purchasing behavior (Angela and Monika 2010, Kim and Lennon 2013, Arun and Xavier 2013). Moreover, online shopping intention influenced on the demand of consumers to buy the goods or service via online stores. The observation on online purchase intention could be measured when consumers search and reach to a web site of the company (Pavlou, 2003).

RESEARCH HYPOTHESES

H10: Quality has no significant influence on online purchase intention
H1a: Quality has a significant influence on online purchase intention
H20: Brand image has no significant influence on online purchase intention
H2a: Brand image has a significant influence on online purchase intention
H30: Convenience has no significant influence on online purchase intention
H3a: Convenience has a significant influence on online purchase intention
H40: Promotion has no significant influence on online purchase intention
H4a: Promotion has a significant influence on online purchase intention
H50: Trust has no significant influence on online purchase intention
H5a: Trust has a significant influence on online purchase intention

RESEARCH METHODOLOGY

The research method is quantitative research and a convenient sampling approach is applied and snowball method is used in this research as my family, friends and co-workers forwarded my questionnaire to their friends as well. The target population was the people who had intended to purchase on XYZ Online Store in Thailand within past 3 months and aged between 18-38 years old in 2018. The questionnaire consisted of 8 parts with 34 questions. The first part was screening information. For part 2-7, it was the question for independent variables and dependent variable by using a 5 Point Likert scale as a research technique. Lastly, the part was personal information. The Cronbach’s alpha was conducted to test the reliability of questionnaires. The research technique that used to investigate five hypotheses was Multiple Linear Regression (MLR).

Table 1: Summary of reliability of each variable in research questionnaire (n=30)

<table>
<thead>
<tr>
<th>Variable</th>
<th>Questionnaire</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>Shopee’s website and application produce the most current information</td>
<td>0.729</td>
</tr>
<tr>
<td></td>
<td>The provided information by Shopee website and application is accurate</td>
<td>0.788</td>
</tr>
<tr>
<td></td>
<td>I think Shopee gives prompt services</td>
<td>0.714</td>
</tr>
<tr>
<td></td>
<td>I believe the Shopee is always willing to have a quick response to customers</td>
<td>0.748</td>
</tr>
<tr>
<td>Brand Image</td>
<td>If I buy products/services from online stores that I am familiar with, I would prefer to buy from Shopee as Shopee is well-known online store</td>
<td>0.735</td>
</tr>
<tr>
<td></td>
<td>Once I find products I like through Shopee website/application, I slick with the brand</td>
<td>0.831</td>
</tr>
<tr>
<td></td>
<td>I would purchase products and services from Shopee as Shopee online store is attractive</td>
<td>0.749</td>
</tr>
<tr>
<td></td>
<td>Shopee online store has a good reputation in Thailand</td>
<td>0.763</td>
</tr>
<tr>
<td>Variable</td>
<td>Questionnaire</td>
<td>Cronbach Alpha</td>
</tr>
<tr>
<td>-----------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Convenience</td>
<td>The website and application of Shopee is always accessible</td>
<td>0.849</td>
</tr>
<tr>
<td></td>
<td>I prefer to purchasing process from Shopee online store</td>
<td>0.870</td>
</tr>
<tr>
<td></td>
<td>I think I am able to shop efficiently through online store of Shopee</td>
<td>0.835</td>
</tr>
<tr>
<td></td>
<td>I believe I am able to make my purchases conveniently through online store of Shopee</td>
<td>0.813</td>
</tr>
<tr>
<td>Promotion</td>
<td>I like to receive Shopee promotions through advertisement</td>
<td>0.813</td>
</tr>
<tr>
<td></td>
<td>I like to receive promotion discount for purchasing from Shopee</td>
<td>0.739</td>
</tr>
<tr>
<td></td>
<td>I like to receive privilege for special items from Shopee promotions</td>
<td>0.667</td>
</tr>
<tr>
<td></td>
<td>I like to receive privilege for outdoor or travel from Shopee promotion</td>
<td>0.786</td>
</tr>
<tr>
<td>Trust</td>
<td>What Shopee says about its products and services are true</td>
<td>0.835</td>
</tr>
<tr>
<td></td>
<td>I have a positive attitude with Shopee online store</td>
<td>0.823</td>
</tr>
<tr>
<td></td>
<td>I believe Shopee would be reliable</td>
<td>0.814</td>
</tr>
<tr>
<td></td>
<td>I can trust the performance of Shopee online store to be good</td>
<td>0.831</td>
</tr>
<tr>
<td>Online purchase</td>
<td>After reviewing the Shopee website/application , the likelihood of purchasing Shopee is high</td>
<td>0.786</td>
</tr>
<tr>
<td>intention</td>
<td>If I am going to purchase products</td>
<td>0.782</td>
</tr>
</tbody>
</table>

The research showed the outcome (n=30) of the reliability test by following alpha value of five independent variables and the dependent variable. Cronbach’s alpha of quality was 0.796, brand image was 0.815, convenience was 0.877, promotion was 0.801, trust was 0.863 and online purchase intention was 0.811. In this research, the researcher found that all of 6 variables were reliable and consistent and questionnaires were valid and reliable for using to setting the research hypotheses.

Table 2: Summary results from hypothesis test by using Multiple Regression

<table>
<thead>
<tr>
<th>Rank from strongest to weakest</th>
<th>Independent and Dependent variable</th>
<th>Coefficient (β)</th>
<th>Level of Significance</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Rank</td>
<td>Trust and online purchase intention</td>
<td>.370</td>
<td>.000</td>
<td>Trust has significant influence on online purchase intention</td>
</tr>
<tr>
<td>2nd Rank</td>
<td>Promotion and online purchase intention</td>
<td>.176</td>
<td>.000</td>
<td>Promotion has significant influence on online purchase intention</td>
</tr>
</tbody>
</table>
RESULTS AND DISCUSSION OF RESULTS

The research used Multiple Linear Regression to test five hypotheses. In this study, the value of adjust R square was 0.412 or 41.2% and the researcher could conclude that 41.2% of Generation Y's online purchase intention toward XYZ online store was influenced by quality, brand image, convenience, promotion and trust. VIF was the number between 1.008 to 1.489. And the results displayed the variables of quality, brand Image, convenience, promotion and trust were not standard error for regression model. For Coefficient, Trust has strongest significant influence on online purchase intention (Beta=.370), following by Promotion (Beta=.176), Quality (Beta=.149), Convenience (Beta=.136) and Brand image has weakest significant influence on online purchase intention (Beta=.086)

CONCLUSION AND RECOMMENDATIONS

Conclusion
The researcher concluded the results by following the highest of frequency and percentage. For gender is 67.5% or 270 respondents of female, marital status which is Single status with 302 respondents (75.5%), 159 respondents who age is 23-27 years old around 39.8%. In addition, the 118 respondents have their income 20,001-30,000 Baht/Month with 29.5%. Most of 122 respondents have spent approximately less than 1,000 Baht per month with 30.5%, 104 respondents (26%) have intended to purchase about Health&Beauty. For education level at Bachelor's Degree was 70.3% or 281 respondents and lastly, 170 respondents work at Private company at 42.5%.

Table 3: Summary results of demographic factors in term of the highest frequency and percentage

<table>
<thead>
<tr>
<th>Demographic Factor</th>
<th>Characteristic</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Female</td>
<td>270</td>
<td>67.5%</td>
</tr>
<tr>
<td>Marital status</td>
<td>Single</td>
<td>302</td>
<td>75.5%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rank from strongest to weakest</th>
<th>Indepen dent and Depend ent variabl e</th>
<th>Coeffi cient (β)</th>
<th>Level of Signifi cant</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>3rd Rank</td>
<td>Quality and online purchase intention</td>
<td>.149</td>
<td>.002</td>
<td>Quality has significant influence on online purchase intention</td>
</tr>
<tr>
<td>4th Rank</td>
<td>Convenience and online purchase intention</td>
<td>.136</td>
<td>.003</td>
<td>Convenience has significant influence on online purchase intention</td>
</tr>
<tr>
<td>5th Rank</td>
<td>Brand image and online purchase intention</td>
<td>.086</td>
<td>.027</td>
<td>Brand image has significant influence on online purchase intention</td>
</tr>
<tr>
<td>Demographic Factor</td>
<td>Characteristic</td>
<td>Frequency (f)</td>
<td>Percent age (%)</td>
<td></td>
</tr>
<tr>
<td>-------------------</td>
<td>---------------</td>
<td>--------------</td>
<td>-----------------</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>23-27 years old</td>
<td>159</td>
<td>39.8%</td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td>20,001-30,000 Baht/Month</td>
<td>118</td>
<td>29.5%</td>
<td></td>
</tr>
<tr>
<td>Online shopping expense</td>
<td>less than 1,000 Baht Baht/Month</td>
<td>122</td>
<td>30.5%</td>
<td></td>
</tr>
<tr>
<td>Product category in online shopping intention</td>
<td>Health &amp; Beauty</td>
<td>104</td>
<td>26%</td>
<td></td>
</tr>
<tr>
<td>Education level</td>
<td>Bachelor’s Degree</td>
<td>281</td>
<td>70.3%</td>
<td></td>
</tr>
<tr>
<td>Occupation</td>
<td>Private company employee</td>
<td>170</td>
<td>42.5%</td>
<td></td>
</tr>
</tbody>
</table>

The result of five hypotheses testing by using Multiple Linear Regression analysis showed that Trust was the strongest significant influence factor and following by Promotion, Quality, Convenience and Brand Image, respectively.

Table 4: The strength of influence between independent variables and dependent variable using Multiple Linear Regression

<table>
<thead>
<tr>
<th>Rank from strongest to lowest</th>
<th>Independent and Dependent variable</th>
<th>Coefficient (β)</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Rank</td>
<td>Trust and online purchase intention</td>
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</tr>
<tr>
<td>2nd Rank</td>
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<td>.176***</td>
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</tr>
<tr>
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<td>Quality and online purchase intention</td>
<td>.149**</td>
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</tr>
<tr>
<td>4th Rank</td>
<td>Convenience and online purchase intention</td>
<td>.136**</td>
<td>Convenience has significant influence on online purchase intention</td>
</tr>
<tr>
<td>5th Rank</td>
<td>Brand image and online purchase intention</td>
<td>.086*</td>
<td>Brand image has significant influence on online purchase intention</td>
</tr>
</tbody>
</table>

Notes: *p < 0.05; **p < 0.01; ***p < 0.001

Recommendation

The researcher would recommend XYZ managers to concentrated on all of variables to build and stimulate the online purchase intention toward XYZ in the near future. Trust was the key factor that the respondents concern with online purchase intention then XYZ manager needs to develop trust by keeping what about XYZ announces to customers. All of XYZ purchased processes should be made the confidence for customers such as customer information, payment and the way to receive the products because when consumers have more positive attitude and relationship with XYZ and after that more trust could be occurred. Promotion was the second influence factor then XYZ should concern about more advertising of online and offline channels and offer the marketing campaign about sales promotion. Quality was the third influence factor then XYZ manger should provide more updated and clear information of goods and prices to customers. Convenience is the fourth influence factor then XYZ manger should develop and improve to Convenience by
setting more reliable and available system for the purchased processes and making XYZ website and application work 24 hours per a day and 7 days per a week as the standard of online store. Brand Image is the fifth influence factor then the XYZ manager should build XYZ brand to be well-known and good reputation by keeping the standard quality, meeting customer requirement and more promoting the brand as XYZ is the new online store in Thailand.

Further Study
For this research, the researcher concentrated on generation Y who had intended online purchase in XYZ online store in Thailand. Then the result could not symbolize to consumers’ online purchase intention in other generations as the researcher focused on people who age 18-38 years in 2018. The researcher would conduct the study by collection the data from other generations and conduct the both of online and offline questionnaires. Furthermore, the researcher only focused on quality, brand image, convenience, promotion and trust which were an influence to dependent variable as online purchase intention. For next study, the researcher would examine more potential variables to test and analyze by selecting from possible variables that influence on online purchase intention. Lastly, the researcher only concerned about XYZ online store which was the one type of online stores in Thailand. The nearby study, the researcher would research to other online store businesses such as 11street, Central online shopping and Weloveshopping online stores.

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