

CONSUMER PERCEPTION AND PURCHASE INTENTION OF ONLINE RETAIL STORES

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Abstract

Despite the sporadic increase in the number of internet users in Nigeria and an increase in the number of online shopping sites, this platform has not been fully adopted in the country. The purpose of this study is to explore the influence of Nigerian consumers' perception on their online purchase intention. The study population were internet users in Lagos, Nigeria. The study adopted a descriptive survey research design. Using the statistical package for social sciences (SPSS), regression analysis was applied to test the research hypothesis. Based on the findings of the research, a number of recommendations are presented to increase online purchase intention among Nigerian consumers.

Keywords: Consumer Perception, Perceived Risk, Purchase Intention, Website Quality

1.0 INTRODUCTION

The fast development of communication technologies has significantly expanded the chance for customers to make demand for brands when and where they desire (Rangaswamy & Van Bruggen, 2005). Use of digital communication technologies, particularly, the internet, social media and mobile apps have been shown to be a daily part of the lives of Billions of people in the world. This can be attributed to its use as a platform for information search about products, purchase, consumption and even giving feedback about user experience with such products (Stephen, 2016). This era has brought about changes in how purchasers interface with brands, and this move has required the reexamining of how brands ought to be perceived and managed (Hatch & Schultz, 2010). In order to keep up with these advancements, marketers are increasing their use of digital marketing channels (emarketer, 2015). The driver of this central change was the Internet and brands are progressively occupying a highly computerized business environment. In this context, Brand management includes all exercises which are digitally empowered, such as online retailing and mobile communication (Quinton, 2013).

According to Schiffman, Kanuk and Das (2006), perception can be defined as the process by which an individual select, organizes, and interprets stimuli into a meaningful and coherent picture of the world. Customer's intention to purchase online can be defined as their willingness to buy or to perform a specified behaviour online (Salisbury, Pearson, Pearson & Miller, 2001). It is also their beliefs with respect to adopting or using online shopping (Belanger, Janine & Wanda, 2002). The internet has grown considerably in the past decade particularly with respect to its use as a tool for communication, entertainment, and marketplace exchange (Miyazaki & Fernandez, 2001). Advancing database technologies have increased the opportunity for businesses to acquire, use, and disseminate customer information (Miceli, Ricotta, & Costabile 2007; Nehf 2007; Youn 2009).

As a developing country, information communication technology (ICT) is growing gradually in Nigeria, with Internet users making up 16.1% of the total population (Internet World Statistics, 2009). This shows a considerable increase compared to users in 2006 (3.1% of the total population). As more people are becoming computer literate and knowledgeable about information communication technology (ICT) usage, e-commerce is now gaining some level of popularity and acceptance among many Nigerian consumers. By June 2010, the number of internet users in Nigeria had grown to 43,982,200 that is, 29.5% of the country's population. This revealed that the use of the internet in the country is growing at a sporadic rate and still has the potential to grow higher (Ayo, Adewoye & Oni, 2011).

According to a report by Euromonitor International (2012), Nigerians spent N62.4 billion shopping online in 2011, up from N49.9 billion in 2010. The growing rate of online shopping is being attributed to a radical shift in the lifestyle of Nigerians and increasing adoption of the online medium by both merchants and individuals.

According to the National Orientation Agency's Midterm Performance Report (2013), the Nigerian government around 2011/2013, created for the first time, a new ministry of communication technology to champion reform. This reform increased the ease of doing business for telecoms services, increased mobile phone subscription, increased number of internet users which overall led to the online shopping habit in Nigeria. Inaolaji (2014) indicated that the reforms in the telecommunications sector, for instance, generated several direct and indirect employment, and have facilitated online retail shopping. Some shopping malls have leveraged this platform to provide retail services. Notable among them are Konga Online Shopping Mall and Jumia Online Shopping Mall.

The numbers of internet users in Nigeria jumped extraordinarily from 8 million users to 48 million users which are about 28% of the population from 2007 to 2012. The majority of users access the internet through mobile phones with only estimated 6.1% of the population having fixed line broadband internet access and then again

often at speeds below those required for reliable connections to remote servers (Ariyo, 2013).

Regardless of the upward movement of e-commerce in Nigeria, studies have shown that online shopping has not been fully adopted in the country, with many still having reservations. In a survey carried out by Ayo, Adewoye and Oni (2011), on the online shopping behaviour of consumers in Nigeria, only 23.3 per cent had ever purchased goods online. 37 per cent had never visited any online shop, 18 per cent had visited 1 to 2 online shops, 24.6 per cent had visited 3 to 5 online shops, 12.6 per cent had visited between 6 to 20 online shops, and 7.8 per cent had visited above 20 online shops. This statistic is obviously very low compared with the number of consumers who had shopped online in Europe, America, Asia/Pacific and South Africa (Aminu, 2011). In the study carried out by Folorunso, Gabriel, Sushil and Jeff (2006), the result shows that 70% of the respondents surveyed had heard about e-commerce before, but only 32% had used it. This shows that only a very small percentage of the sample surveyed actually used e-commerce (about 22%) and this is the case in most researches done on e-commerce adoption in Nigeria. From these percentages, it is obvious that although consumers are interested in shopping online, only a handful are actually making online payments (Ajayi, Aderounmu & Soriyan, 2008).

Although there has been a sharp increase in the number of online shopping vendors, some consumers' trusts are yet to be gained (Kurt, Savas, Günay & Çestepe, 2014). According to Salehi (2012), the internet as a global medium is quickly gaining interest and attractiveness, but convincing the consumers to shop online remains a challenging task for web retailers. People don't believe in what they see in stores online. Consumers prefer to visit a physical store to pick up their goods. People in some areas do not have access to the "pay on the delivery option" and these set of people find it hard to adapt to online purchasing. The study objectives are to:

- i. Determine the effect of perception of online retail stores on consumer purchase intention.
- ii. Evaluate the effect of risk perception on consumer purchase intention.
- iii. Examine the influence of website quality on consumer purchase intention.

2.0 LITERATURE REVIEW

Perceived risk is defined as uncertainties of possible negative consequences of using a product or service; It can be referred to as the uncertainties associated with, and possible negative consequences of online purchasing. It is a known fact that risk can be real and as long as it is real it will affect consumers' purchasing behaviour (Kovacs, Farias, Moura and Souza, 2011). In the case of purchasing on the Internet, it is possible that consumers may perceive disclosing their credit card information as

risky, and they have no control over this (Abhamid and Khatibi, 2006). This challenge stems from the risk of fraud and security. As users interact with a new technology, they will learn the usefulness as well as the risks associated with the technology (Aminu, 2011). According to Chike and Soremekun (2014), in a country like Nigeria that is well known for internet scam and high rate of online fraud, consumers of these e-commerce services consider trust as probably the most important factor and incentive to try out and keep using these e-commerce services. This is evident in the MasterCard Worldwide Survey (2013) that reveals that 59% of the Nigerian population doubt the safety of online transactions and 43% are concerned about the quality of the products delivered and would rather buy from stores where they can physically inspect products.

With the increasing popularity of online shopping, business around the world now try to enhance their competitive advantages by focusing their resources on the virtual business environment (Sam and Tahir, 2009). In the online environment, customers interact with a retailer through its website, which is essentially an information system. Therefore, the design of this information system plays an important role in shaping the customer's shopping experience (Luo, Ba & Zhang, 2012). Neilsen (2000) defines website usability as the ease with which users can navigate through a site. Brynjolfsson and Smith (2000), found that online retailers who make it easy to find and evaluate products can charge a price premium to time-sensitive customers. Szymanski and Hise (2000) suggest that both product information and site design are important in enhancing customer online experience. Moreover, a well-designed website signals the retailer's ability to consumers. Online purchase intentions are higher at a high-investment website than at a low-investment website (Schlosser, White & Lloyd, 2006). A good website must reflect the company's value proposition and must address satisfying customer needs. In fact, a company's website reflects its business strategy as well as its operational policies such as pricing, customer service and fulfilment (Song & Zahedi 2001).

Customers' intention to purchase online can be defined as their willingness to buy or to perform a specified behaviour online (Salisbury, Pearson, Pearson and Miller, 2001), their beliefs with respect to adopting or using online shopping (Belanger, Janine and Wanda, 2002). According to the Theory of Planned Behaviour (TPB), an individual's performance of certain behaviour is determined by his or her intent to perform that behaviour. The intent is itself informed by attitudes toward the behaviour, subjective norms about engaging in the behaviour, and perceptions about whether the individual will be able to successfully engage in the target behaviour (George, 2004). Intentions are assumed to capture the motivational factors that influence behaviour and can measure the amount of effort someone is willing to exert when performing a behaviour (Kim, 2004). Ajzen (1985) proposes that a person's behaviour is determined by his/her intention to perform that behaviour. Intentions are a function of his or her attitude towards the behaviour and the resultant outcome.

Theoretical Review

Theories related to the study focus were examined. First is the Theory of Reasoned Action. According to Ajzen and Fishbein (1980), people consider the implications of their actual behaviours before they decide to engage or not engage in a given behaviour. The theory of reasoned action takes into account behavioural intentions rather than attitudes as the main predictors of actual behaviours. According to TRA, a person's performance of a specified behaviour is determined by his or her behavioural intention (BI) to perform the behaviour, and BI is jointly determined by the person's attitude towards using (A) and subjective norm (SN) concerning the behaviour in question.

Another is Technology Readiness (TR) which refers to people's propensity to embrace and use new technologies for accomplishing goals in home life and at work (Parasuraman, 2000). The construct of TR can be viewed as an overall state of mind resulting from a gestalt of mental enablers and inhibitors that collectively determine a person's predisposition to use new technologies. Optimism and innovativeness are drivers of TR, while discomfort and insecurity are inhibitors. Positive and negative beliefs about technology may coexist, and people can be arrayed along a technology beliefs continuum anchored by strongly positive at one end and strongly negative at the other.

Lastly is the Technology Acceptance Model (TAM). With growing technological needs in the 1970s, and the increase in failures of system adoption in organizations, predicting system use became an area of interest for many researchers. However, most of the studies carried out failed to produce reliable measures that could explain acceptance or rejection (Davis, 1989). In 1985, Fred Davis proposed the Technology Acceptance Model (TAM) in his doctoral thesis at the MIT Sloan School of management (Davis 1985). He proposed that system use is a response that can be explained or predicted by user motivation, which, in turn, is directly influenced by an external stimulus consisting of the actual system's features and capabilities.

Empirical Review

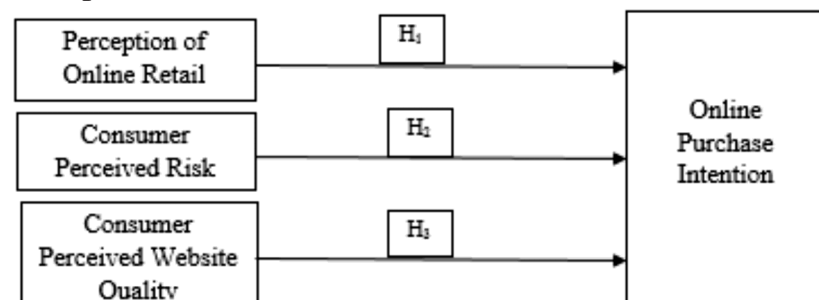
According to Wells, Valacich and Hess (2011), website quality features (Visual appeal, Security and navigability) excluding download rate have a significant effect on perceived product quality. Product asymmetries of information and signal credibility were found to moderate the effect of website quality on perceived product quality. Devaraj, Fan and Kohli (2002) find that the usefulness and ease-of-use of online shopping, together with high service quality, are factors affecting consumer satisfaction and, subsequently, their channel preference. Milne (2000) suggests that privacy and security issues may play a significant role in the development of online

retailing. Higher internet experience and the use of other remote purchasing methods are related to lower levels of perceived risk towards online shopping which in turn result in higher online purchase rate (Miyazaki and Fernandez, 2001).

Noort, Kerkhof and Fennis (2007) found that consumers' risk perception is more than just a motive that underlies decisions to shop in an online or a conventional store. Both self-report and implicit measures show that by its risky nature, online shopping evokes prevention-focused self-regulation. Interestingly, experienced online shoppers do not stop perceiving the Internet as a risky shopping channel and are as prevention focused, as the inexperienced shoppers.

The research of Jun and Jaafar (2011) found that there were relationships between the perceived usability, perceived security, perceived privacy, perceived after-sales service, perceived marketing mix, perceived reputation and consumers' attitude to adopting online shopping in China. However, only the marketing mix and reputation were found to significantly influence consumers' attitude to adopt online shopping. Vijayasathy (2002) identified product perception, shopping experience, customer service and consumer risk as major factors influencing an individual's attitude towards online shopping. Catherine and Amanda Broderick (2010) included site architecture, visual impact, experimental information and ease of understanding as significant constructs that influence consumers' attitude towards online shopping environment. Nakagawa and Gouvêa, (2010), incorporated the customer's attitude towards using a technology and trust/risk/security factors into the UTAUT model (This is a synthesized result of eight different technology acceptance models, viz.; Theory of Reasoned Action, Motivational Model, Theory of Planned Behaviour, Technology Acceptance Model, a combined theory of planned behaviour/technology acceptance model, Innovation Diffusion Theory, Social Cognition Theory, Model of PC Utilization) for intent to adopt online channel in the process of buying books, CDs and DVDs. In their study, they state that the enterprises must use different strategies for customers who have not yet adopted online shopping channels, and once they have contact with channels, efforts must be made in order to influence their attitude, enhance the degree of trust and performance expectancy of the customers. Alhassan (2011) included overall satisfaction, attitude and experience as influencing factors in his study in order to analyze their influence on consumers repurchase intention.

Conceptual Framework



Source: Author's conceptualisation, 2018

The following hypotheses are formulated in the null form and will be tested with the aid of statistical tools and well-structured questionnaires so as to achieve the stated objectives.

H₀1: Consumer perception does not significantly influence online purchase intentions

H₀2: Consumer perceived risk does not significantly affect online purchase intention.

H₀3: Consumer perceived website quality does not have a significant influence on online purchase intentions

3.0 METHODOLOGY

This study focus on online retail stores offering material items such as clothing, books, home appliances etc. It covered both actual and potential consumers of online retail stores. For the purpose of this research, the survey research design was adopted. The research instrument used in this study is the questionnaire. The population for this study was internet users in Nigeria. The study was carried out in Lagos state, Nigeria. Taro Yamane formula was used to determine the sample size and the researcher arrived at 1111.

The judgment sampling technique was adopted. The researcher is guided by typical cases which are most likely to provide the requisite data or information (Asikha, 2012). Data was collected through an adapted questionnaire. To test the reliability, the Cronbach's alpha was computed using SPSS (statistical package for social sciences) and result ranged from 0.70 to 0.94. Simple Regression was used to test all research hypotheses.

4.0 RESULTS AND DISCUSSION

The result for the first hypothesis (H¹) states that: Consumer perception does not significantly influence online purchase intentions

Table 1: Regression Result (Test of Hypothesis 1)

Model	R	R Square	Adjusted R Square	Standard Error of Estimate	Sig
1	0.678	0.459	0.458	1.60657	.000

The table 1 shows the result of the test carried out between perception of online retail stores and customer purchase intention. A positive relationship exists between the two variables, the correlation is given at 0.678. The impact value of perception on customer purchase intention is given as 0.459. For the hypothesis, it can be seen that the significance level which is 0.000 is lower than the generally accepted alpha level of 0.05. This shows that the estimate is statistically significant. Therefore, the null hypothesis is rejected and the study conclude that perceptions of online retail store significantly influence consumer purchase intention.

Hypothesis 2 states that: Consumer perceived risk does not significantly affect online purchase intention.

Model	R	R Square	Adjusted R Square	Standard Error of Estimate	Sig
1	0.840	0.705	0.700	3.17916	.028

Table 2: Regression Result (Test of Hypothesis 2)

The table 2 shows the test of the effect of perceived risk on customer purchase intention. The correlation value is 0.840 and the regression value is 0.705. In essence, the relationship between the variables 84% and the impact of perceived risk on consumer purchase intention is 70.5%. The significance value which is 0.028 is less than 0.05. As such the hypothesis which is in the null form is rejected since the analysis is statistically significant.

The Third hypothesis 3 is: Consumer perceived website does not significantly influence online purchase intention.

Table 3: Regression Result (Test of Hypothesis 3)

Model	R	R Square	Adjusted R Square	Standard Error of Estimate	Sig
1	0.973	0.947	0.947	.50288	.000

The regression table which is the model summary shows the regression result of 0.973 this shows a positive linear relationship between the dependent variable (purchase intention) and the independent variable (website quality). The R squared of 0.947 implies 94.7% variation in the dependent variable (purchase intention) is explained by the independent variable (website quality).

From the above analysis, the p-value (0.000) is less than the alpha value (0.05). The study, therefore, reject the null hypothesis and accept the alternative hypothesis. This therefore, signifies that perceived website quality has a significant effect on consumer purchase intention.

4.1 DISCUSSION

In line with existing literature, this study found that perception of an online retail website, risk perception and attitude towards online retail stores influences purchase intention. Exploring consumer perceived risk and trust for online payments. Qing, Chuan, Liu, David, Yen and Michael (2015) classified total risk perception into two. The first, system dependent risk was found to be positively related to trust while the second, transactional risk was found to be negatively related to trust in online shopping sites. Survey results show that consumers rely heavily on web-based information as compared to other channels and that rating information is critical in the evaluation of the credibility of online commercial information. Experimental results indicate that ratings are positively associated with perceptions of product quality and purchase intention, (Flanagin, Metzger, Pure, Markov & Hartsell, 2014).

Online consumer repeat purchase intention has been found to be associated positively with the value which could be utilitarian or hedonic. In addition, higher levels of perceived risk diminish the effect of utilitarian value while increasing the influence of hedonic value on repeat purchase intention (Chao-Min, Eric, Yu-Hui. & Hsin-Yi, 2014). Results of the study by Alalwan, Dwivedi, Rana, and Williams (2016) showed that intention to purchase from an online retail store is influenced significantly by perceived usefulness, ease of use and risk. Rapp, Hill, Gaines and Wilson (2009) stated that privacy on the Internet should be a concern between buyers

and sellers, as most consumers are only willing to trust sites that reveal personal information. In the study of Tsai and Yeh (2010), the findings indicated that if customers worry about whether their website information will be used for other purposes, it will reduce their purchase intention.

Adopting the unified theory of acceptance and use of technology, Martins, Oliveira and Popovic (2014) found that perceived risk is a strong predictor of online purchase intention. Factors that influence online purchase intention as indicated by Escobar-Rodríguez and Bonsón-Fernández (2016) includes perceived value, time-saving, innovativeness and perceived security. Consumer innovativeness has also been observed to be important in improving the adoption of online shopping either directly or by reducing risk perception (Thakur & Srivastava, 2015).

Assuming web design as an important issue in web shopping, Wolfinbarger and Gilly (2002) developed a four-dimensional scale, .comQ, that included website design, reliability/fulfilment, customer service and privacy/security to measure the quality of an online retailing site. They found that website design quality was an important issue in customer satisfaction. Studying consumers' attitude towards online shopping in New Zealand, Shergill and Chen (2005) found that the ambience associated with the website, and how it functions, plays an important role in whether online consumers are satisfied or dissatisfied with their online shopping experiences. Moreover, website efficiency and usability can facilitate the buying process and establish consumer confidence in the site.

Chen and Barnes (2007) found that perceived ease of use significantly affects customer adaptation intentions. From another perspective, Allagui and Lemoine (2008) also mentioned that web aesthetics affect online viewers' attitude towards a website, which further affects their purchase intention. Chang and Chen (2008) mentioned that a well-designed website increases consumers' positive perception of the website, decreasing the perceived risk of information security, and a viewer with a positive perception is more likely to become a customer. According to Wells, Valacich and Hess (2011), website quality features (visual appeal, security and navigability) excluding download rate have a significant effect on perceived product quality. Product asymmetries of information and signal credibility were found to moderate the effect of website quality on perceived product quality. Devaraj, Fan and Kohli (2002) found that the usefulness and ease-of-use of online shopping, together with high service quality, are factors affecting consumer satisfaction and, subsequently, their channel preference.

Cox and Dale (2002) developed a conceptual model comprising of four key quality factors; ease-of-use, customer confidence, on-line resources and relationship services and validated their tool using a sample set of websites. Their study concluded that the quality of a website is reflected in good financial performance.

Al-Debei, Akroush and Ashouri (2015) in their study found that attitude online purchasings dependent on consumers' trust and perceived benefits. It was further stated that trust is a product of perceived website quality which then leads to eWOM. In addition, the authors found that the more positive a website is perceived to be of good quality, the higher the level of trust and intention to purchase online. Ali (2016) found that perceived website quality affects customers' perceived flow which in turn positively influences purchase intention and satisfaction. Four components of website quality were found to be appropriate stimuli in the work of Loureiro (2014). The author found that consumers give more attention to the ease of using the website and its visual appeal. Mallapragada, Chandukala and Liu (2016) in their study on the influence of store website characteristics found that the product scope on a website positively influences purchase intention, basket value and duration of visit

5.0 CONCLUSION AND RECOMMENDATIONS

In line with many e-commerce types of research concerning the factors that influence consumers' online purchase intention, this study found that perceived risk, website quality, and perception of the online retail store are important factors which influence consumer purchase intention.

There should be a synergy between these factors in order to ensure their effect on online purchase intention is taken into consideration. As found in this study, perceived risk is a major predictor of purchase intention. Therefore, it is very important for online retailers to ensure a safe transaction process in order to encourage consumers to shop online. In order to achieve this, there is need for adequate safeguard procedures. As evident from this study, the perception of an online retail store influences consumers' intention to shop online. Therefore, there is a strong need for a media strategy by online retailers to reassure consumers of the authenticity of their service. The lack of trust in online retail stores is a primary reason why many internet users do not shop online.

Therefore, online retailers should ensure they are able to build trust with potential customers in order for them to go beyond window-shopping and admiring what they see to also take the step of purchasing. According to the findings of this study, website quality plays an important role in influencing consumers' purchase intention. Therefore, online retailers should invest in building high-quality website infrastructure to ensure that the services will be user-friendly in its design and enhance their website ease-of-use in order to influence the intention of the consumer to purchase.

This study provides a better insight into the concept of consumer perception of online retail stores.

It has added to the existing literature on online retailing, perception of consumers with respect to risk, website quality, price fairness and perception of the online store itself. The study has contributed to academics by bridging the existing gap of a few studies focusing on online retailing and perception of consumers. This study focused on both actual and potential consumers as against most of the previous studies that focused mainly on actual consumers. This study, therefore, helped to give an all-round view from both groups. If the variables influencing on line consumers are taken into consideration by managers of this online retail store, it will not only help boost their sales but also influence the economic growth of the nation.

This study defined three factors in considering consumers' perception and purchase intention of online retail stores. However, there may be additional factors that can influence a consumer's intention to shop online which were not tested. Further empirical research is essential to define and test other factors that influence consumers' online purchase intention, such as store familiarity, brand awareness, type of internet connection used, social and economic status, demographic factors, culture and behavioural intention in adopting online purchasing. Future studies can focus on different types of online purchasers (i.e., trial, occasional, frequent and regular online buyers).

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MARKETING STRATEGIES AS PANACEA FOR BANKING SECTOR PERFORMANCE IN NIGERIA

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Abstract

Nigerian commercial banks have faced a lot of reformation most, especially, in the past 20 years. This is due to political, economic and competitive challenges which have an impact on their operations. There is need for marketing strategies to be employed to enhance better performance. Three banks, namely, Access Bank, First Bank and Stanbic Bank Plc., were selected using systematic sampling technique A well-structured questionnaire was designed using 5-Likert scale for collection of data from the respondents. The method of analysis employed include the use of inferential statistical tools of Regression Analysis, Analysis of variance and Stepwise Multiple Regression.

The results revealed cost of service, promotion, distribution network and quality of service as a panacea to banks performance. The paper recommends that management should pay attention to the quality of service offered by the Banks. Other identified service delivery strategies should be improved on to aid customer satisfaction and enhance better performance. Finally, these strategies should be maximally employed to complement the quality of service.

Keywords: Marketing, Strategies, Recapitalization Policy, Quality of service, Panacea, Financial Institutions & Banks performance.

1.0 INTRODUCTION

In the last two decades, technological advancement has brought dynamism into the operations of financial institutions in Nigeria. In support of this view, Aluko (1998), asserted that financial institutions environment has become more competitive, turbulent and mostly unpredictable. Because of this, many uncontrollable variables