



Factors Affecting Purchase Intention Through Online Application: A Case Study of Lazada

Waiphot Kulachai¹, Adi Prasetyo Tedjakusuma^{2(✉)}, Junphen Wannarak³,
and Patipol Homyamyen³

¹ Suan Sunandha Rajabhat University, Bangkok, Thailand

² University of Surabaya, Surabaya, Indonesia
atedjakusuma@staff.ubaya.ac.id

³ Rajamangala University of Technology Suvarnabhumi, Suphanburi, Thailand

Abstract. This paper aims to examine the relationship between product, price, place, promotion, trust, and intention to purchase. The sample of this study was 125 undergraduate students at a university located in Suphanburi, Thailand. Due to the Covid-19 pandemic, an online questionnaire was administered to collect data from targeted samples. The gathered data was analyzed using ordinary multiple regression analysis to test the relationship between independent and dependent variables. The findings reveal that trust is the most crucial factor affecting purchase intention. However, product, price, place, and promotion do not influence the intention to purchase products and services from the Lazada application. Hence, building customer trust would be beneficial for Lazada to compete with other online shopping applications.

Keywords: purchase intention · customer trust · price · product · place · promotion

1 Introduction

The Covid-19 pandemic contributes a significant impact on the shopping behaviors of Thai people, especially related to online orders that are growing enormously. The Office of Trade Policy and Strategy (OECD), the Ministry of Commerce, conducted a survey between January and March 2021, collecting data from 7,000 consumers nationwide. The findings indicated that during the first 3 months of 2021, the total amount was 75 billion baht per month or more than 2.25 billion baht for 3 months. Growth increased by 45.5% compared to the previous survey results [1]. The agency, which provides information and technology services, released a survey of 28,000 people in 17 countries worldwide. Thais are found to have the highest rates of online shopping globally, especially during the Covid-19 pandemic; 94% of consumers identified online shopping to help their living in 2020, the highest proportion in the world. Compared to the global average of 72%, Thai consumers spend more money online, averaging 1,000–8,000 baht [2]. In Thailand, the Future Shopper 2021 survey looked at Thai consumers nationwide using a sample of 1,025 people covering Gens X, Y, and Z, consisting of 46% males and 54% of

females, with 58.8% living in Bangkok and its vicinity, and the remaining 41.2% living in other provinces nationwide. It found that changing shoppers' mindsets will create a robust online commerce attitude and behavior after the Covid-19 pandemic. With many opportunities and challenges to face, brands can continue to plan their business and invest well-informedly to generate long-term growth.

Purchase intention is an attempt to buy goods and services depending on many factors such as branding, seller, and time. Purchasing goods and services is an enjoyable experience, such as satisfaction. The intention of purchase directly affects the volume of purchases of goods and services from the sellers. Consumers' buying intentions often occur after consumers are aware of the utility and value of goods and services. In addition, purchase intention influences purchase habits to result in the purchase volume. Besides the impact of the Covid-19 pandemic, there are some influential factors affecting purchase intention through online application among the young generation, especially college students.

A marketing mix is a set of marketing tools that an organization uses to achieve its objectives in each target market. It is also called 4Ps, consisting of product, price, distribution (place), and promotion [3].

A product is something that meets human needs and something that sellers must provide to customers in order for the customers to receive the benefits and value of the product. The product is generally divided into two categories: tangible and intangible. Previous studies Tajik & Gorji [4], Srisan et al. [5], Sulaiman et al. [6], Na Chiang & Samphanwattanachai [7], Sriboonnak & Pongsataya [8], Fuengchotekarn et al. [9], Prayurapat [10], Samlidhet & Apiwatpaisal, [11] found that products and services have a relationship with purchase intention through online apps. Ahn et al. [12] also found that product quality and product variety are considered the most influential factors. Hence, the first hypothesis is proposed as follows:

H1: Product has an influence on intention to purchase.

Price means product value in terms of money. Price is the customer's cost so that the customer can compare the value and the price of the product. Hence, individuals can decide to purchase products and services. According to previous studies, the price of the products and services is also an influential factor [4, 6–11]. Hence, the second hypothesis is proposed as follows:

H2: Price has an influence on intention to purchase.

Place means the location to provide services and products for customers. Choosing the distribution channels or location is critical, especially in online businesses where consumers must pick up service providers. Therefore, the distribution channels must be able to cover the most targeted service areas and consider the distribution channels of the competitors. According to some previous studies, there is a relationship between place and intention to purchase [7, 8, 10, 11]. Then, the third hypothesis is proposed as follows:

H3: Place has an influence on intention to purchase.

Promotion is an important tool for communicating information between purchasers and service providers. The objective is to inform the news or induce attitudes and behaviors of targeted customers to make decisions about the service by considering the suitability for the customer. Some scholars conducted research to examine the relationship between promotion and intention to purchase. They found a positive relationship between these two variables [7–11]. Hence, the fourth hypothesis is proposed as follows:

H4: Promotion has an influence on intention to purchase.

In this study, trust refers to verifiable identity, reliably stores the purchasers' data, a secure payment system, and clear policies or regulations to retain customers' personal information, including convenient and secure tracking of payments and shipments from the application. McKnight et al. [13] said that trusts are even more staggering that customers can accept risk perception until the online transaction poses. Building trust takes time and must be borne by having multiple online buying experiences. In addition, Lyer et al. [14] explained that the online shopping trust refers to the intention to purchase goods starting with the perception through the personal experience of the website, with buyers developing the experience they have gained as their belief in the site in various areas. A positive belief is likely to be positive towards using the service. The move aims to create a willingness to buy. Once a buyer sees that this website can be trusted, there will be an opportunity to develop a relationship with confidence and willingness to purchase products. Previous studies also supported the relationship between trust and intention to purchase [15–17] (Fig. 1).

H5: Trust has an influence on intention to purchase.

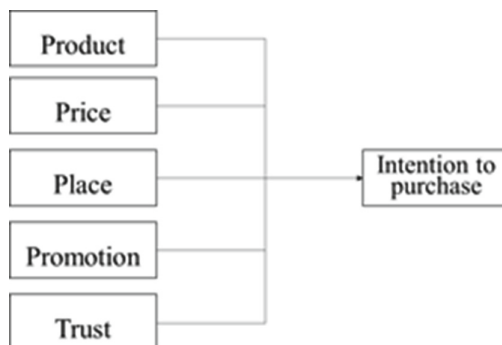


Fig. 1. Conceptual framework

2 Methodology

2.1 Samples

The samples of this study were 125 undergraduate students at a university in Suphanburi. According to the study findings, most of the participants were female (77.60%), about 20.80% were males, and only 1.60% were LGBTQI, with a mean age of 22.10 years. Most of the participants were fourth-year students (58.40%), and around 84.40% had an online shopping experience. In addition, the average online shopping expenditure was 689.40 Baht per month.

2.2 Measures

The product and service variable was measured by a five-point Likert's scale survey question anchored by strongly agree and strongly disagree. The measurement shows an alpha reliability of .885. The sample items are "products and services purchased through the application are diverse", "products and services purchased through the application meet the requirements", and "products and services purchased through the application are of good quality."

The price variable was measured by a five-point Likert's scale survey question anchored by strongly agree and strongly disagree. The measurement shows an alpha reliability of .847. The sample items are "the price is worthwhile when shopping through the app," "in the application, the product price is clearly specified," and "purchases made through the app have a reasonable shipping price."

The place variable was measured by a five-point Likert's scale survey question anchored by strongly agree and strongly disagree. The measurement shows an alpha reliability of .909. The sample items are "the application is popular, there are many users of the service", "the application is ready to use", "Orders can be placed anytime, anywhere", and "the application offers comprehensive delivery service in all areas".

The promotion variable was measured by a five-point Likert's scale survey question anchored by strongly agree and strongly disagree. The measurement shows an alpha reliability of .916. The sample items are "publicity of the application advertisement to be thoroughly known on social media", "the application regularly organizes promotional activities, such as offering discounts at festivals", and "the application provides profit returns to consumers who use the service regularly continuously, such as discounted or free shipping as well as discounted when the minimum order amount is set by the application".

Trust was measured by a five-point Likert's scale survey question anchored by strongly agree and strongly disagree. The measurement shows an alpha reliability of .938. The sample items are "the application has a verifiable identity", "the application reliably stores the data of the purchaser and service provider", and "the application has a secure payment system."

Intention to purchase was measured by a five-point Likert's scale survey question anchored by strongly agree and strongly disagree. The question was "do you think you will buy products/services from the online merchandising app?".

2.3 Analysis

The researchers employed ordinary multiple regression analysis to test the hypothesis. It is a statistical technique that can analyze the relationship between a single dependent variable and several independent variables. The objective of multiple regression analysis is to use the independent variables whose values are known to predict the value of the single dependent value. Each predictor value is weighed, the weights denoting their relative contribution to the overall prediction [17]. The assumptions of this technique require that there must be a linear relationship between the dependent variable and the independent variables, the residuals are normally distributed, and no multicollinearity.

3 Results and Discussion

An ordinary multiple regression was conducted to examine the relationship between product (PRO), price (PRI), place (PLA), promotion (PROM), trust (TRUS), and intention to purchase (ITP). The results of the analysis are exhibited in Tables 1, 2 and 3.

Multiple regression analysis was used to test if product, price, place, promotion, and trust significantly predicted intention to purchase. The results of the regression indicate that the five predictors explained 36.90% of the variance ($R^2 = .369$, $F(5,119) = 13.941$, $p < .01$). It is found that trust significantly predicted intention to purchase ($B = .797$, $p < .001$). However, product, price, place, and promotion do not significantly predict the intention to purchase. The final predictive model is:

$$ITP = .718 + .237PRO - .280PRI + .196PLA - .197PROM + .797TRUS$$

The findings indicate that trust is the most important factor affecting the intention to purchase products and services through the Lazada application. This supports previous

Table 1. Model summary

Model	R	R Square	Adjusted-R Square	Std. Error of the Estimate
1	.608 ^a	.369	.343	.761

Predictors: (Constant), TRUST, PRICE, PRODUCT, PLACE, and PROMOTION

Table 2. ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	40.337	5	8.067	13.941	.000 ^b
	Residual	68.863	119	.579		
	Total	109.200	124			

Dependent Variable: ITP

Predictors: (Constant), TRUST, PRICE, PRODUCT, PLACE, PROMOTION

Table 3. Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.718	.432		1.664	.099
	PRODUCT	.237	.169	.176	1.399	.164
	PRICE	-.280	.174	-.215	-1.603	.111
	PLACE	.196	.178	.166	1.103	.272
	PROMOTION	-.197	.210	-.163	-.940	.349
	TRUST	.797	.198	.623	4.032	.000

studies [15–17]. However, product has no impact on the intention to purchase, which is inconsistent with the marketing theory and previous studies [4–9, 11]. It could be implied that each online application might have similar products and services so that customers can purchase from any application. As online shopping has been growing dramatically, many sellers have to compete with each other by using price strategies. Hence, the price of products and services decreases, and customers can choose the price that meets their willingness to pay. They do not concern much about the price, so the price is not statistically associated with the intention to purchase. These findings do not support the results of previous studies [4–9, 11]. Place or distribution channel does not influence intention to purchase. Hence, these findings do not support the results of the studies conducted by Na Chiang Mai and Samphanwattanachai [7], Sriboonnak and Pongsataya [8], Prayurapat [10], Samlidhet and Apiwatpaisal [11]. In addition, promotion and intention to purchase have no statistical association, which does not support the studies of Na Chiang Mai and Samphanwattanachai [7] Sriboonnak and Pongsataya [8], Fuengchotekarn et al. [9], Prayurapat [10], Samlidhet and Apiwatpaisal [11]. It could be concluded from these findings that customers will buy products and services through the Lazada application because they trust in the application, which has a verifiable identity, secure payment system, secure customer information, as well as convenient and secure tracking of payments.

4 Conclusion

Nowadays, selling products through online applications is rapidly growing. The increase in purchases has resulted in companies that run online merchandising businesses having convenient websites and applications. However, attracting customers to purchase goods and services through a website or application depends on several factors, such as the design of the goods and services, the quality of goods and services, prices, distribution channels, promotions, and reliability or trust in the application. Today's consumers have various needs, and they are constantly changing, so it is necessary to study consumers' behavior. This study focused on Lazada customers. The results reflect that products and

services, prices, distribution channels, and marketing promotions do not influence the decision to purchase goods or services through the Lazada application in any way.

This may be due to many websites or applications that offer trading services similar to Lazada. In addition, products and services, prices, marketing promotions, and distribution channels are not much different from Lazada. However, the most important thing is the customers, who consist of a group of students and a new generation. Therefore, it emphasizes reliability or trust in the application and considers products, services, prices, and distribution channels or marketing promotions. These students do not have much income and have to be careful when spending money, so they decide to purchase products and services based on the reliability and trust of the application. For this reason, if Lazada wants to attract students or young generations, it needs to focus on building trust with customers in terms of payment, securing customer information, and the convenience of tracking shipments.

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