

**THE ANALYSIS OF CONSUMERS' PURCHASING DECISION
TOWARD THE PURCHASING OF ONLINE CLOTHING SHOP
(STUDY CASE IN ECONOMIC FACULTY STUDENTS
OF SRIWIJAYA UNIVERSITY)**



Paper By:

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Management Department

Proposed As One of the Requirements to Achieve

Economic Bachelor Degree

MINISTRY OF EDUCATION AND CULTURE

SRIWIJAYA UNIVERSITY

ECONOMIC FACULTY

2014

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APPROVAL SHEET OF COMPREHENSIVE TEST

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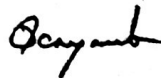
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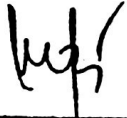
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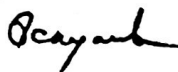
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is truly my own work. There is no citation from other paper that the sources are not mentioned.

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"If God brings you to it, He will bring you through it".

Unknown

"No need to complain about your life. Everything is done when you are grateful of what you have. But it does not mean that you just need to sit well."

Elsa Diah Martha

"Life is a climb, but the view is great".

Miley Cyrus

حَسْبُنَا اللَّهُ وَنِعْمَ الْوَكِيلُ

"Cukuplah Allah sebaik-baik Penolong kami dan Allah adalah sebaik-baik Pelindung."

By saying Alhamdulillah

I dedicate this to:

ALLAH SWT

Nabi Muhammad SAW

My parents Syafran Dahlan and Elianah

My elder brother Alnovrein Syafran and my elder sister Allen Marga Retta

My Family

My friends

PREFACE

Praise to Allah SWT for all the blessings and gifts that has been given to me so I can accomplish this research and paper entitled The Analysis of Consumers' Purchasing Decision toward the Purchasing in Online Clothing Shop (Study Case in Economic Faculty Students of Sriwijaya University). This paper is made to fulfil one of the requirements of graduation in achieving Economic bachelor degree undergraduate program of Economic Faculty in Sriwijaya University.

In writing this paper, obstacles and problems cannot be separated from the writing. However, those obstacles and problems can be solved due to the helping, guidance, and the support from many parties. Therefore, I would like to thank to:

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Inderalaya, 30 March 2014

Elsa Diah Martha

ABSTRAK

ANALISIS KEPUTUSAN PEMBELIAN KONSUMEN TERHADAP PEMBELIAN PADA TOKO PAKAIAN ONLINE (STUDI KASUS PADA MAHASISWA FAKULTAS EKONOMI UNIVERSITAS SRIWIJAYA)

Oleh:

Elsa Diah Martha

Penelitian ini dilakukan mengingat perkembangan dari teknologi menunjukkan respon yang tinggi terhadap berbelanja melalui internet atau biasa disebut belanja online. Tujuan penelitian ini adalah untuk mengetahui pengaruh dari variabel bebas yaitu *customer service* (X_1), *convenience orientation* (X_2), dan *access to wider choices of product* (X_3) terhadap *purchasing decision* sebagai variabel terikat (Y) pada toko pakaian online dan mengidentifikasi variabel mana dari ketiganya yang memberikan pengaruh paling signifikan. Populasi penelitian ini adalah mahasiswa Fakultas Ekonomi Universitas Sriwijaya dimana sampel yang diambil adalah 150 mahasiswa Fakultas Ekonomi Universitas Sriwijaya yang pernah berbelanja pakaian secara online. Teknik sampling yang digunakan adalah *quota sampling* dari *non-probability sampling*. Teknik analisis penelitian ini adalah dengan menggunakan analisis regresi berganda. Hasil penelitian menunjukkan bahwa ketiga variabel tersebut berpengaruh positif terhadap keputusan pembelian sebesar 80,5% sementara sisanya sebesar 19,5% tidak diteliti dalam penelitian ini. Tiga variabel dalam penelitian ini, yaitu *customer service*, *convenience orientation*, dan *access to wider choices of product* memberikan pengaruh positif yang signifikan terhadap *purchasing decision* pada toko pakaian online dan variabel yang berpengaruh paling signifikan adalah *convenience orientation*.

Keywords: *Purchasing Decision, Customer Service, Convenience Orientation, Access to Wider Choices of Product.*

ABSTRACT

THE ANALYSIS OF CONSUMERS' PURCHASING DECISION TOWARD THE PURCHASING OF ONLINE CLOTHING SHOP (STUDY CASE IN ECONOMIC FACULTY STUDENTS OF SRIWIJAYA UNIVERSITY)

By:

Elsa Diah Martha

This research is made because the development of technology indicates high response of shopping through internet or called online shopping. This research is aimed to know about the influence of independent variables which are customer service as X_1 , convenience orientation as X_2 , and access to wider choices of product as X_3 toward the purchasing decision as dependent variable (Y) in online clothing shop partially and identify which one of the three variables that affect most. The population of this research is the students of Economic Faculty in Sriwijaya University where the sample is 150 students in Faculty of Economy Sriwijaya University that have ever bought clothes online. Sampling technique used is quota sampling of non-probability sampling. The analysis technique of this research is multiple regression analysis. The finding of the research proved that the three variables influence purchasing decision of online clothing shop in amount of 80,5% while another 19,5% is not examined in this research. Three variables in this research namely customer service, convenience orientation, and access to wider choices of product give positive influence significantly toward purchasing decision of online clothing shop, and the variable that affect most is convenience orientation.

Keywords: Purchasing Decision, Customer Service, Convenience Orientation, Access to Wider Choices of Product

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CHAPTER I

INTRODUCTION

1.1 Research Background

The development of communication and information technology has driven the world into a new life. It gives people all around the world a significant impact in their life. Starting from waking up in the morning until sleeping late at night, people are using all the elements of technology. Even for having business or consumption people are affected to what that development has given.

Perreault Jr. & McCarthy (1999) in their book cited that technology affects marketing in two basic ways: with new products and with new processes (way of doing things), and many advance business are started from the second basic way, mentioned internet and World Wide Web. They noted internet as one example of technology that give more opportunities to open a wider communication to the world.

Internet nowadays has caused people running their activities instantly. Working for assignments; deadlines, self-entertaining; information searching; communicating and many other things can be done through internet. People will just need to sit on the seat while working on the tasks without having to leave home. It is also applied for business sectors. Because of internet, people can easily carry out their business life from having transaction or doing the purchasing activities. The fast development of communication and information technology in the whole world open the chance for all the businessman to expand their business

activities through electronic business that is predicted will be the big business model in the future (Purnomo, 2013).

Perreault Jr. & McCarthy (2006) in other book stated that the internet is a system for linking computers around the world. The idea of connecting computers in a network to the world is not new. What happens next is internet expands the network concept to include any computer anywhere and anytime. The advantages offered by internet in recent year make people optimize the usage of it and however the internet users keep increasing along with the increasing number of population. Based on the data from Internet World Stats (2013) below, the internet users keep growing from 2000 until 2012. The increasing number reaches more than five hundred percent.

Table 1.1 *World Internet Users and Population Statistics (30-Jun-12)*

World Regions	Population (2012 Est.)	Internet Users Dec. 31, 2000	Internet Users Latest Data	Penetration (% Population)	Growth (2000-2012)	Users % of table
<u>Africa</u>	1,073,380,925	4,514,400	167,335,676	15.60%	3606.70%	7.00%
<u>Asia</u>	3,922,066,987	114,304,000	1,076,681,059	27.50%	841.90%	44.80%
<u>Europe</u>	820,918,446	105,096,093	518,512,109	63.20%	393.40%	21.50%
<u>Middle East</u>	223,608,203	3,284,800	90,000,455	40.20%	2639.90%	3.70%
<u>North America</u>	348,280,154	108,096,800	273,785,413	78.60%	153.30%	11.40%
<u>Latin America / Caribbean</u>	593,688,638	18,068,919	254,915,745	42.90%	1310.80%	10.60%
<u>Oceania / Australia</u>	35,903,569	7,620,480	24,287,919	67.60%	218.70%	1.00%
<u>WORLD TOTAL</u>	7,017,846,922	360,985,492	2,405,518,376	34.30%	566.40%	100%

(Internet World Stats, 2013)

It is shown from table 1 that along with the increasing number of inhabitants in 2000 until 2012 in all regions, the raising number of internet users is also going up significantly. In the data, Asia ranked the first place of internet users. From all the internet users in the world, most users are living in Asia in numbers of 44.80% from the total amount.

Asia, as the top ranked number of internet users, will be one of the favorable business chances for all sectors, including Indonesia. From the same source, Indonesia placed the fourth position as the most internet users in Asia in amount of 55 million people. While China is in the first rank with 538 million people who use internet, India is in the second place with 137 million people, and Japan is in the third position (101.2 million users).

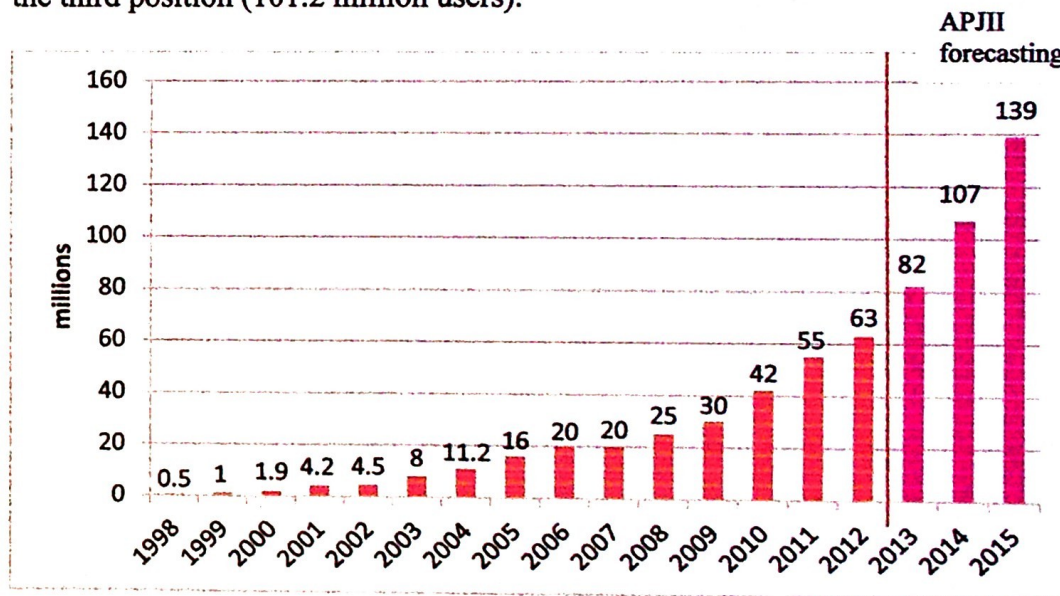


Figure 1.1 Indonesia Internet Users (APJII, 2013)

According to Asosiasi Penyelenggara Jasa Internet Indonesia or APJII (2013) as seen in figure 1, there are 63 million internet users in Indonesia in 2012 and in the course of 2015 internet users estimated will mount into 139 million

people. This number will lead to a very prosperous market for business in internet. This data also shows that there is a big potential market in that cyberspace.

Another research about Indonesia internet users by Telkom Indonesia in International Telecommunications Union (2012) indicates the domination of teen and youth (14-24 years old) as the most internet users. The data shows that teen and youth dominated 67% internet users, 23% internet users are in the age of 25th-34th, age 35-49 years old are only 9 % and the rest 1% is by aged more than 50.

The data above shows that there is a big potential market given from teen and youth. It means that the internet users dominated by teen and youth are the biggest chances for internet retailers to market their products. From the presented data, the possible potential markets that can be tapped are students in high school or students in university.

Business through internet or called online business today has become the tendency of business activities in the world and so does Indonesia. According to Purnomo (2013) the fast growth of online business is supported by the improvement in the sectors of electronic transaction, such as credit card, debit card, phone-banking, internet-banking and many others. The application of smart phone also contributes to the rising number of internet users. The ease given from the electronic transaction is becoming the inseparable part of online business. The adoption of smart phone also makes people easier to access internet whether to have online transaction or to have online business.

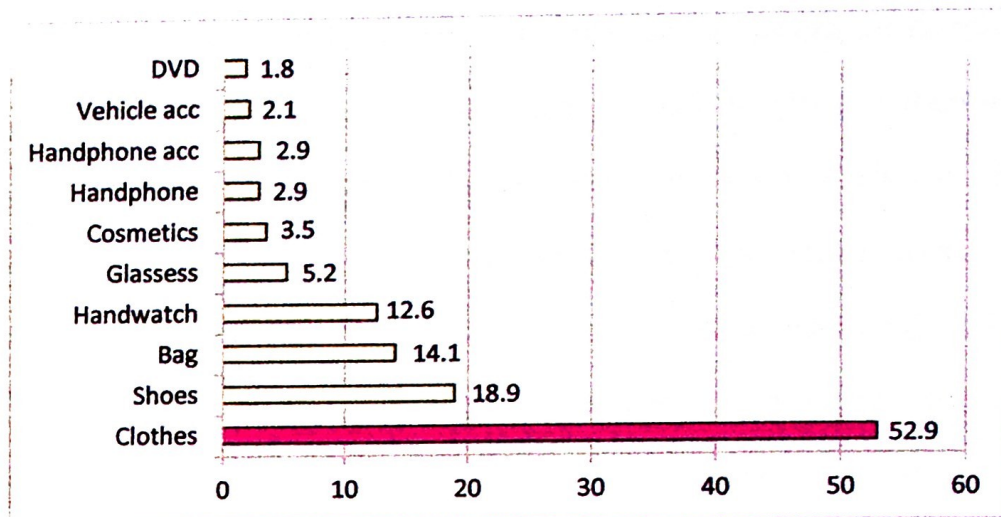


Figure 1.2 Top Ten Things Bought via Internet (Darwin, 2012)

Online shopping based on European Network and Information Security Agency (2010) is the ability for people to purchase and/or sell products, or services, over the internet or using any similar public electronic network. It can be implied that online shopping covers the ability to have business activity without directly going to the shop itself. In Indonesia, mushroom the online clothing shops since the sales of online clothing shop placed the first position from other products sold online.

Online clothing shop is one of the online shops that have spread continuously in Indonesia. Research by Darwin in Indonesia Internet Users Survey (2012) as seen from figure 2 proved that from 61 million internet users in Indonesia 2012, clothes placed the first position from other things bought through internet. This graphics shows how online clothing shop has a very profitable market or business target that possibly tapped.

As a marketer, it is really important to understand the purchasing decision of the consumer. However, the consumer sometimes has the different decision of many things including clothes. In that case, it is important to know how much essential of online clothing shop affect the consumer who purchase clothes online.

There are many factors that impact the consumer purchasing decision toward the online clothing shop. Based on the international journal written by Steve Elliot and Sue Fowell in 2000, consumers' expectations of convenience, customer service, and access to wider choices of products were realized in 70% of cases in internet shopping. This means those three factors indicate the higher effect toward the internet shopping than other factors. Therefore, this research will find out which one of those factors that react most for the consumer of online clothing shop in Economic Faculty students of Sriwijaya University in Inderalaya. This research will focus on online clothing shop in the same effects mentioned that are customer service given by the retailer of online clothing shop, convenience orientation, and also the access to wider choices of products.

In the journal by Elliot and Fowell (2000), cited 33% of unsatisfied purchasers felt unsatisfied because of the poor service levels. In this research, will be found out whether customer service of online clothing shop in Economic Faculty students of Sriwijaya University in Inderalaya such as the respond to the customer, giving information handling complaint, and receiving the orders affect the consumer or not.

Martin (2004) stated that there are 4 reasons why services given to the customer is important. Firstly, services tend to be the business chance to get

money. Nowadays, there are more businesses that provide services to the customer than before. Martin said that there are ten kinds of jobs that rapidly develop nowadays involved to services. Furthermore, ten biggest industries with the fastest growth of labors' income are all involved to services.

Secondly, competition in getting more profit intensely occurred. Whatever business it is, people who want to get more profit by selling things directly shows the intense competition among sellers. The continuance of a business depends on the competitive value given and customer service gives more profit from that competitive value for thousand organizations. Thirdly, many sellers have better understanding of their customers. People nowadays know why a customer will stay in only one business and avoid another business. Qualified products and the cheap price is a must but it is not enough. Customers also want to be treated well and will go back to the business that drives services important for their business.

The last important reason, good customer service has Economic value. Getting more customers is very important. This means an organization is not only need to get new clients but also need to maintain clients that have become its clients earlier. Customer service is able to make it real. By having good customer service, either new clients or old clients will be loyal in one organization.

Convenience, found by Elliot and Fowell (2000) is emphasized as both a driver and inhibitor for internet shopping. Therefore, convenience orientation is considered as one of the important effects of online clothing shop. In this research, convenience orientation is the value given to find the clothes so that it can cause personal comfort and time saving.

Convenience orientation, according to Forshyte and Shi (2003) is reported as the main reason of customer to purchase online. This happens because the development in information system, technology, and distribution has ascended the convenience in finding, ordering and delivering the products to customer efficiently in order to make customer feel more comfortable (B.C.Y Lee, 2007).

Customers with the convenience orientation in shopping are having characteristics, like glad to minimize shopping time, and determine their own shopping time without considering holiday or late hours of the shop or other limitation of time. Besides, customers with convenience orientation will try to minimize effort to visit the shop and bothering from other people in shopping such as sales promotion girl who force customer to shop, other customers who does not like to take turn, bad service given, or others (Korgaonkar, 2003).

The access to wider choices of products is also becoming one of the things that counted as impact of online clothing shop in consumer's purchasing decision (Elliot and Fowell, 2000). In this research, access to wider choices of products means products offered to the customers are in many choices of color, size, motive, or even price to trigger the purchasing decision of clothes through online clothing shop and choose their preferences.

The wider choices of clothes in online clothing shop will drive consumer to move from in store shop to the online shop. By clicking once in laptop or computer, the consumer will be able to choose many kinds of choices given from the sellers. Today, because of the development of technology, customers can also tap their smartphone and find the most favorite choices of clothes among others

that represented through social media like Facebook, Twitter, Instagram, blog or others. This is considered as the better way to find the desired product than by going to in-store shop because there are many other choices provided to customers even from the different sellers and comes up with the different level of price, materials, size, or colors. As a result, customers can compare among all the choices and obtain the best choice.

Based on the description above, researcher is interested in knowing how much the influence given from customer service, convenience orientation, and the access to wider choices of products affect the consumer purchasing decision of clothes in Economic Faculty students of Sriwijaya University. Therefore, researcher would like to make this research entitled: **“The Analysis of Consumers’ Purchasing Decision toward the Purchasing of Online Clothing Shop (Study Case in Economic Faculty Students of Sriwijaya University)”**.

1.2 Research Formulation

The rising number of internet users in Indonesia causes the high number of online shopping purchaser especially in clothes -clothes known as the things purchase most via internet. This high number will also generate the high number of potential market in online. Based on the description, the research formulation can be identified as followed.

1. How much does customer service influence consumer decision taking of online clothing shop in Economic Faculty students of Sriwijaya University in Inderalaya?

2. How much does convenience orientation influence consumer decision taking of online clothing shop in Economic Faculty students of Sriwijaya University in Inderalaya?
3. How much does the access to wider choices of product influence consumer decision taking of online clothing shop in Economic Faculty students of Sriwijaya University in Inderalaya?
4. Which one of the three variables namely customer service, convenience orientation, and the access to wider choices of product that will give the most significant influence toward the consumer decision taking of online clothing shop in Economic Faculty students of Sriwijaya University in Inderalaya?

1.3 Research Objectives

In general, the objective of this research is to know consumer decision taking toward the purchasing activities in online clothing shop. Specifically, the research objectives are mentioned below.

1. Finding out how much customer service influence consumer decision taking of online clothing shop in Economic Faculty students of Sriwijaya University in Inderalaya.
2. Finding out how much convenience orientation influence consumer decision taking of online clothing shop in Economic Faculty students of Sriwijaya University in Inderalaya.

3. Finding out how much the access to wider choices of product influence consumer decision taking of online clothing shop in Economic Faculty students of Sriwijaya University in Inderalaya.
4. Determining which one of the three variables namely customer service, convenience orientation, and the access to wider choices of product that give the most significant influence toward consumer decision taking of online clothing shop in Economic Faculty students of Sriwijaya University in Inderalaya.

1.4 Research Benefits

1.4.1 Practical Benefits

- a. Benefits of research for seller or retailer of online clothing shop:
 - Knowing about the consumer decision taking in Economic Faculty students of Sriwijaya University in Inderalaya toward the purchasing of clothes via online clothing shop.
 - Giving recommendations for online clothing shop in trying to fulfill the demands of customer.
- b. Benefit of the research for customer of online clothing shop is giving recommendations in purchasing clothes online.

1.4.2 Academics benefit

Benefit of the research for academic is as the information to increase more knowledge as well as a comparison to make the further research.

1.5 Research Writing Systematics

The writing of this research consists of five main chapters as indicated below.

Chapter I: Introduction

This chapter covers the background of the research, research formulation, research objectives, and research benefits. In this part, research writing systematics is also explained in brief.

Chapter II: Literature Review

This chapter will describe the result of theoretical review or the research of secondary data in the form of relevant theory used as the base of the research.

Chapter III: Research Methodology

In this chapter, there are the information about how this research is run, mentioned research design, data collecting methods, the size of sample and the method sampling, measurement and scaling, research variables, questionnaire design, and analysis method as well.

Chapter IV: Research Result and Analysis

This chapter contains the study of processing and analyzing primary data collected, so that there are the results of the research as the answers of the formulation and objectives of research.

Chapter V: Conclusions and Suggestions

In this part, there are the conclusions obtained from the research. Researcher also puts few suggestions to the clothes internet retailers and other parties in order to gain the advantages of this research.

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