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COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT
INTERNATIONAL BUSINESS STUDIES

FACTORS AFFECTING CONSUMERS' WILLINGNESS TO PURCHASE ONLINE IN
ADDIS ABABA, ETHIOPIA

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ABBREVIATION & ACRONYMS

ATM: Automated Teller Machine

COMESA: Common Market for Eastern and Southern Africa

FGD: Focus Group Discussion

ICT: Information and Communication Technology

ITU: International Telecommunication Union

LAN: Local Area Network

SPSS: Statistical Package for the Social Sciences

WAN: Wireless Area Network

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ABSTRACT

Globally, there has been a huge rise in online shopping. The expansion of e commerce across the globe is also creating an influence on Ethiopia. Despite the notable growth of online shopping in Ethiopia, it remains comparatively deficient in this realm in relation to the rest of the world, primarily due to the substantial discrepancy in the adoption of internet and e-commerce technologies between developed and underdeveloped nations. Henceforth, the research was carried out with the aim of ascertaining the variables that have an impact on the willingness of customers to engage in online purchase in Addis Ababa, situated in the country of Ethiopia. Accordingly, data was collected from 303 sample respondents selected using purposive sampling method. Furthermore, a key informant interview was employed to obtain information for the purpose of triangulating the questionnaire survey. Descriptive and inferential analyses were employed to determine the level of customers' willingness while multiple regression was used to identify the determinant factors that have played a significant role in customers' willingness to buy online. The findings of the descriptive analysis reveal that among the total surveyed data, a mere 5.9% of the respondents were classified as strongly unwilling, 10.2% as unwilling, 48.2% as neutral, 21.8% as willing, and the remaining 13.9% as strongly willing. The multiple regression model revealed that independent variables namely, e payment, trust, delivery service, cash on delivery, and return policy were found to be statistically significant predictor for customers' willingness to purchasing online. The researcher advises online retailers to incorporate the aforementioned significant factors in their marketing strategies for increased sales growth. The government should encourage businessmen and women by lowering tax policies, giving free place to promote e marketers' in business expo and exhibitions gatherings.

Key Words: customers' willingness to purchase online, e payment, trust, delivery service, cash on delivery, return policy.

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

The emergence of globalization has resulted in a significant expansion in the telecommunications and transportations industries. Subsequently, this has enabled a new means of entering unused markets through the utilization of e commerce. The Internet has been generating consumer empowerment for over a decade (Pires et al., 2006). Brick-and-mortar stores are slowly but surely closing down because of the rise of e-commerce (Quora, 2017). The emergence of globalization has resulted in a significant expansion in the telecommunications and transportations industries. Subsequently, this has enabled a new means of entering unused markets through the utilization of e commerce.

Online shopping is a direct purchasing process that involves the acquisition of goods from a seller. It can also be described as the practice of trading goods and services through the internet where customers can compare from diverse range of options that best suits their needs (Sivanesan, 2017). Online shopping is now becoming more common for consumers to transact their wants and needs.

The marketing industry is highly affected by the progression of information technology, leading to the emergence of the ever-expanding online market. The expansion of social media advertisement has been rapid, and has gathered significant attention (Alnemah, 2019). More recently, new marketing strategies have raised, encompassing social media, artistic websites, Smartphone applications and online videos, all of which are aimed at making it simpler to directly engage with consumers (Kotler *et al.*, 2018).

These days, the aspect of online shopping is getting significant role and is rapidly progressing to become a fundamental component of consumers' lifestyles. Online shopping is better in time-efficiency and is substituting the conventional shopping practices. It allows consumers to appreciate the comfort of purchasing items from their addresses, experience reduced travel time and expenses, and utilize uncomplicated payment methods (Akroush & Al-Debei, 2015).

Online service quality has a significant influence on many important aspects of electronic commerce (e-commerce). These include consumer trust in an online retailer (Gefen, 2002, Hsu, 2008, Hwang and Kim, 2007); site equity (Yoo and Donthu, 2001); consumer attitudes

towards the site (Hausman and Siekpe, 2009, Yoo and Donthu, 2001); attitude toward e-shopping (Ha and Stoel, 2009); perceived value of the products/services (Hsu, 2008); willingness to pay more (Fassnacht and Köse, 2007), user online satisfaction (Cristobal et al., 2007, Fassnacht and Köse, 2007, Ho and Lee, 2007, Lee and Lin, 2005); site loyalty intentions (Ho and Lee, 2007, Yoo and Donthu, 2001); site recommendation intentions (Long and McMellon, 2004); and cross-buying (Fassnacht and Köse, 2007).

In view of the apparent importance of electronic service quality (e-SQ), Hsu (2008) contends that the achievement of superior online service quality should be the crucial differentiating strategy for all e-retailers; indeed, e-SQ has been increasingly recognized as the most important determinant of long-term performance and success for e-retailers (Fassnacht and Koese, 2006, Holloway and Beatty, 2003, Santos, 2003, Wolfenbarger and Gilly, 2003, Zeithaml et al., 2000, Zeithaml et al., 2002). An understanding of how consumers evaluate e-SQ is thus of the utmost importance for scholars and practitioners alike (Fassnacht and Köse, 2007, van Riel et al., 2001).

Against this background, the present study undertakes a comprehensive review the factors that affect willingness to customers to purchase online. In doing so, the study reviews the literature on factors that affect online purchase in terms of e payment, trust, website ease of use, delivery service, cash on delivery, customers' review and return policy. Several studies have been conducted earlier that identify the factors influencing consumer towards online shopping but few have concluded the factors that restricts the consumers from online shopping. Customers' willingness to purchase online is affected by various factors like the availability of service of convenient payment system, return policy, delivery etc. it is also affected by factors such as previous customers' review and consumers' trust on the product quality (Jayasubramanian *et al.*, 2015). The availability of sufficient information on the website is believed to have significant impact on consumers purchase decision (Limbu *et al.*, 2011). The goal of the current study is to identify the key factors that will influence the willingness of customers to purchase online. This knowledge will be useful for online retailers to develop customer driven strategies and to add more value product and services and further will change their ways of promoting and advertising the goods and enhance services for customers.

Despite the existence of multiple factors that can influence customers' decisions regarding online shopping, the aforementioned factors are chosen with the intention to see the relationship and impact it has on customers in Addis Ababa, Ethiopia. These factors have not been studied all together in Addis Ababa, whereas, other factors are believed to be well addressed. As a result of these considerations, the paper provides valuable insights and implications for the development and application of customers' willingness to purchase online.

1.2.Statement of the Problem

It is evident that the online marketplace is set to expand substantially owing to the increasing number of internet users, thus endowing enterprises with unparalleled opportunities (Stats, 2013). One of the advantages of internet is the ability of purchasing a diverse range of goods and services from any location at any given time (Shah *et al.*, 2010). It has been brought to light that consumers worldwide are progressively transitioning from the crowded stores to the more convenient and efficient one-click online shopping format (Vijay *et al.*, 2009). This shift can be attributed to the emergence of globalization, which has led to a surge in the number of Internet users across the globe, as noted by Sundaram *et al.* (2018). According to the research conducted by Licker and Motts (2000), obvious difference is observed in the implementation of internet and e-commerce technologies between countries that are developed and those that are developing.

Ethiopia is among the COMESA Members located in the horn of Africa. According to Sundaram *et al.* (2018), the current rapid growth of e-commerce over the world is also influencing Ethiopia. According to Belaynew's (2012) research, it can be inferred that the percentage of internet users in Ethiopia is relatively low, and in the context of African standards, the adoption rate is even lower. This further highlights the fact that Ethiopia still lags behind other nations in the world when it comes to e-commerce usage. Hence, this study is carried out to determine the factors that affect customers' willingness to purchase online in Addis Ababa, Ethiopia so that this gap of penetration gets lessened. Customers in the e-commerce environment must be certain that they will receive what they ordered and paid for and that their financial information is protected. Therefore, it is important that e-commerce not only should convince consumers that the product or service will satisfy their needs but

also gain the consumers' trust so that they feel confident and secure enough to share personal and financial information to actually make a purchase (Kidane *et al.*, 2016).

According to Qui *et al.* (2015), Predicting customer purchase behavior is an interesting and challenging task. In the e-commerce context, meeting this challenge requires confronting many problems not observed in the traditional business context. Concerning e-commerce, there are no studies being conducted except very few handful of researches in related cases like challenges and issues of e-commerce, ecommerce readiness, e-payment, in Ethiopia (Sundaram *et al.*, 2018). To the best of the researcher's knowledge, there seems to be no studies done on the willingness of customers as a whole in Addis Ababa rather studies are focused on consumers' online purchasing decision on specific delivery service providers, on Selected Five-Star Hotels of Addis, on health sectors etc. This study aimed to identify major factors affecting customers' willingness to purchase online. This knowledge will not only be useful for online retailers to develop customer driven strategies and to add more value product and services and further will change their ways of promoting and advertising the goods and enhance services for customers, but also for Ethiopia to benefit from the significant role it has on the development and economic growth of country.

This study also examines factors that influence customers' willingness to purchase online in the case of Addis Ababa, Ethiopia, with a focus on variable services such as payment system, delivery, and the availability return policy to improve the purchasing decision by understanding the elements affecting online clients. It will also assess other factors like consumers trust, previous customer reviews, and company website ease of use.

1.3. Research Objective

1.3.1. General Objective

The study's general objective was to find out and analyze factors affecting customers' willingness to purchase online in in Addis Ababa, Ethiopia.

1.3.2. Specific Objective

1. To identify the effectiveness of e-payment on the customers' willingness to purchase online.
2. To determine the influence of trust on the customers' willingness to procure online.
3. To identify the company website ease of use on the willingness customers to buy online.
4. To find out the effect of delivery service on the consumers' willingness to shop online.

5. To identify the effect of cash on delivery on the willingness of consumers' online purchase.
6. To identify the effect of previous customers' review on their willingness to shop online.
7. To identify the effect of return policy on the customers' willingness to purchase online.

1.4. Research Questions

The research questions were articulated to answer and address the above objectives. The seven questions are as follows:

1. Does e-payment affect the willingness of customers to purchase online?
2. Does trust affect the customers' willingness to procure online?
3. Does the company website ease of use impact the willingness customers to buy online?
4. Does availability of delivery service affect the customers' willingness to purchase online?
5. Does the possibility of cash on delivery affect the willingness of consumers' online purchase?
6. Does the previous customers' review affect the willingness to shop online?
7. Does the availability of return policy affect the customers' willingness to purchase online?

1.5. Significance

Online retailers will have a better grasp of how to approach clients and provide top-notch services that can satisfy their needs by learning about the elements influencing customers' willingness to purchase online. It attempted to give information on factors affecting consumer buying decisions for online shopping providers joining the e-commerce sector by conducting a consumer survey on randomly selected consumers. This study will also be useful for government to solve the problem of large budgets invested on printing hard currencies. Digital marketing is best for minimizing this cost and become help to connect with the rest of the world better. Furthermore, the findings can also be used by other researchers as a stepping stone to conduct future studies.

1.6. Scope of the Study

This research primarily focuses on key variables influencing consumers' willingness to make online purchases because the concept is so wide and difficult to investigate. It is only done

with consumers residing in the capital city, Addis Ababa. The elements considered are e-payment, customer trust, website usability, delivery service, the availability of cash on delivery, previous customer reviews, and return policies of online shops. Customers are randomly given questionnaires to determine how these characteristics affect their willingness to make online purchases. Other respondents have also undergone key informant interviews in order to determine the significance of the major criteria and whether there are any additional factors that influence their willingness to purchase.

1.7.Limitation of the study

The focus of this research was to find out factors affecting willingness of customers to purchase online, the major limitation encountered is inadequacy of related researches conducted on this sector in Addis Ababa, Ethiopia. The other primary constraint that hindered the thorough exploration of this study was the insufficiency of both time and financial resources. Factors that has not been addressed by this study is also the other limitation of the research. Moreover, this study has used simple average method to analyze the independent variable. Further researches should be done with each factor analysis for future studies.

1.8. Organization of the study

To order to identify the determinant factors affecting customers' willingness to purchase online, the following study has classified the research paper as follows.

Chapter one includes a brief introduction, statement of the problem, research objectives including general and specific objectives, research hypothesis, significance, scope and limitation of the study

Chapter two contains two main parts which are theoretical review and empirical review. In this section, the study tries to explore various related research theories and findings. It also includes a conceptual framework which is developed by the researcher

Chapter three is the methodology section which provides the method used to do the research design, and population and sampling techniques. This section shows the method used to analyze the gathered data.

Chapter four covers the result and discussion where the findings gathered from both the descriptive and regression analysis are analyzed and discussed.

Chapter five shows the conclusion drawn from the result of the previous chapter and recommendation for those in subject to the matter and further studies are given

CHAPTER TWO: REVIEW OF LITERATURE

2.1. Introduction

This chapter presents a comprehensive overview of the literature pertaining to the topic "factors influencing the willingness of customers to make online purchases". It analyzes the decision-making process of consumers in the online environment and endeavors to facilitate the identification of the key factors that outline their online purchasing behavior.

2.2.Theoretical Related Literature

2.2.1. E – Commerce

Turban et al., (2002) have defined e-commerce as a method by which products, services, and/or information are purchased, sold, transferred, or exchanged through computer networks, which include the Internet. Majority of consumers are skeptical or suspicious about the way electronic commerce works, its non-transparent processes and effects, and the quality of many products that are offered online (Sonja, 2002).

Even though e-commerce hasn't been given a clear definition, scholars have come to common understandings about its key elements, which include: websites, email, intranets, extranets, LANs, and wireless area networks (WAN). There exists a certain degree of controversy pertaining to the definition and focus concepts surrounding e-business, e-commerce, the Internet economy, the digital economy, and the new economy, due to their relatively recent emergence (Wirtz, 2001). The terms "e-business" and "e-commerce" specifically signify applications of the Internet economy.

E-business may be succinctly described as any transaction, marketing endeavor, or other economic activity executed via the internet or computer networks. It employs ICT tools and software to conduct business with vendors and customers. As there are numerous definitions of e-commerce, all constituent nations have elected to adopt Wirtz's (2001) definition, which is the most commonly employed. This definition serves as an ideal basis for statistics and indicators.

2.2.2. Online Shopping

According to iResearch (2009), online shopping is defined as transfer of goods or services from a seller to a purchaser, encompassing any pertinent data flow, monetary transactions, and logistical requirements via internet. The definition of online shopping in this particular

research entails the exchange of goods or services from an internet-based vendor to consumers using computer technology and internet.

The interest of the general public has been captured by the creation of e-commerce and the emergence of online shopping, as well as the newly arising internet technology. A multitude of researches are presently analyzing the factors that impact customers' willingness to purchase items on the internet from a diverse array of perspectives.

Nuseir et al (2010), states that “online marketing uses all features of internet advertising to generate response from the prospected customers and according to the wide use of internet in all dimensions of life, this enhanced the procurement through internet in the first world countries mainly and spreading to other countries slowly because of many obstacles that face this manner of marketing. One theme that has often received wide attention among these researchers is the factors that influence consumers to shop online. This helps in determining the success of emerging online shopping habits of new breed of consumers.”

2.2.3. Theory of Reasoned Action

Ajzen & Fishbein (1973), has formulated a theory that focuses on the relationship between a customer's previous attitude which is affects their purchasing decision and marketing known as consumers' behavior theory. The theory stats that, for customers to make purchase decision, a rational element which attracts their aspiration must be given. Customers only do something that they believe has some outcome. This concept mainly focuses on specificity. Meaning, customers will only take action if they believe there is a specific desired outcome in the end. Their choice can be change at any time between the time they decided and done with the process. This concept has helps marketers to have more views on how to get customers desire.

2.2.4. Engel Kollat Blackwell Model

The model is derived from theory of reasoned action which consists of four phase namely input, processing information, decision stages, and variables, that affects customers' purchasing decision. The first phase, which is input, is the stage where the customer is first introduced to a product or service through different medias. Then they will process the information gathered by comparing it with previous experiences and expectations so that they now can make the best decision. To move to the next step, where they make the purchase, rational awareness is required (Srivastava *et al.*, 2021). In this model, input is the significant

stage where information provided to the customer leads to decision making. A marketer that is well familiar with these stages will be more profitable.

2.2.5. Innovation Diffusion Theory (IDT)

Technology adoption speed, amount and degree depends upon five characteristics of the innovation namely: relative advantage, compatibility, complexity, divisibility or trialability, and communicability or observability (T Hansen, 2005; Turan, 2012). Researchers have utilized this model along with other constructs to understand online buying intentions (Wen Gong & Maddox, 2011). Online buying has been considered as “discontinuous innovation” as it includes technology.

2.2.6. Model of intention, adoption and continuance (MIAC)

MIAC is the first online consumer behavior theory that associates intention, adoption and continuance (Chami, 2013). It combines TRA based theories with ECM model and presented a comprehensive framework of moving beyond adoption and linked continuance of online buying. It pointed that adoption and continuance are connected to each other through several mediating and moderating factors such as trust and satisfaction. Five independent variables as antecedents, (external environment, demographics, personal characteristics, vendor/service/product characteristics, and web site quality) and five dependent variables (attitude toward online shopping, intention to shop online, decision making, online purchasing, and consumer satisfaction) (Li & Zhang, 2002) combined with ECM. Even if, cited extensively (Wen et al., 2013) but the complete model has not been fully utilized (Kwon & Chung, 2010; Liao & Chung, 2011).

E-payment

Electronic payment is a term that has been defined as the act of making payments through electronic means, as stated by Webster's new global dictionary. In response to the increasing complexity of e-commerce transactions, a number of electronic payment systems have been made available in recent years. The only difference between the usual and electronic payment is the way payment is effected. An e-payment system uses applications to transmit money and different communication networks (Wondwossen & Tsegai, 2005). Yonas (2019) maintains that “customers and sellers are the primary users of e-payment systems.”

Trust

Customers have high concern to trust the business person as all w shopping is done via internet. Trust is one of the key long-term barriers in the e marketing. During the electronic transaction trust “serve as mechanism to reduce the complexity of human conduct in situations where people have to cope with uncertainty” (Grabner, 2002). In an online environment, trust is even more required as its complexity far exceeds the traditional one. Petrovic et al., (2003) addressed that online transactions and exchange relationships are not only characterized by uncertainty, but also by anonymity, lack of control and potential opportunism, making risk, and trust crucial elements of electronic commerce.

According to Wu et al., (2010), researchers are interested in the topic of the connection between trust and social exchanges. When customers carefully check e retailers’ behavior and become open to online market, then it can be said that the customer has acquired trust on the seller (McKnight *et al.* 2002, Pavlou, 2003). It is important for customers to have trust to overcome their uncertainty and fear of risk and engage in “trust related behaviors” with retailers. (McKnight *et al.*, 2002). According to Sun (2011), the online market serves different people with different cultural background that has different perceptions and attitudes towards the subject of trust. Hence, trust varies in each study conducted in different society and cannot be generalized.

Website Ease of Use

The functionality of a website, including its aesthetics and comprehensive information, not only have a substantial impact on a customer's decision to buy something online or not but also has major role in increasing store sales. Shortage of time, attractive and various information on web has contributed to more customers’ demand. To attract more buyers, online marketers has to design effective web system that helps customers to easily learn, find their needs and make purchase.

In online businesses, customers sometimes do the entire purchasing process by themselves without customer service assistance (McLean & Wilson, 2016). Some online businesses provide customer service that allows customers to ask for more detailed information regarding the product they want to buy. Companies usually use web-based synchronous media such as live chat facilities, an online help desk, and social network websites (Turel & Connelly, 2013). Lengthy website checkout processes are likely to discourage customers and result in lost sales. The customer may become confused by the varying checkout processes

across different stores. Therefore, the implementation of universally adopted standards would lessen this issue. As a result, web designers can leverage the interface to enhance the existing process.

Delivery Service

Ahn et al. (2004) mentioned that the satisfaction of a customer lays on the delivery of goods or services in a timely manner. Customers evaluate their experience in using online shopping by the delivery service output. However, this factor has still not been addressed and exists as a problem in online purchase. Availability of delivery greatly impact the sales in e marketing by avoiding travel costs (Dan *et al.*, 2007). Consumers likes to have the goods or services purchase at their door step (Claudia, 2012).

Cash on Delivery

Cash on delivery (COD) serves as a payment methodology whereby the purchaser chooses to make payment for the procured merchandise upon receipt. Thus, the customer is obligated to settle the outstanding balance solely upon delivery to their doorstep (Amit, 2011; Chiejina & Olamide, 2014). It is an emerging payment method that has gained popularity among buyers as it permits them to pay for their goods upon delivery. However, this payment scheme has also brought about numerous challenges where buyers refuse to pay for the items they ordered upon receiving them. Buyers cite various reasons for this, including defects with the received goods, lack of sufficient funds, or discrepancies between the expected and delivered product. (Maisyura *et al.*, 2022). The possibility of having the freedom customers get from settling payment after receipt of ordered shipment and confirmation goods meet expectation has impact on customers purchase decision.

Customer's Reviews

A customer review refers to a written opinion and self-evaluation of other experienced buyers on the sellers' websites. It is a feedback or comments given to the e retailer via internet websites. These reviews are essential for online retailers that use ratings on their website to gain more trust and reputation by other clients. Quantitative mode, writing comments and combination of both are the most common rating method provided on websites (Lackermair *et al.*, 2013). Yuan & Debeuf (2012) notes that "on E-commerce websites, customer review system is considered as an efficient tool of E-Word of Mouth, enabling users to write recommendations which will influence potential purchasers."

Return Policy

In order to overcome buyers' remorse or insecurity of buyers, return policy seems to play a significant role psychologically increasing in buyers' minds about the service quality of a company and influencing consumption decisions. Usually, customers expect from a return policy like a discount, refunds, bonus, suitable product delivery, product exchange, promotion, and high level of interest. A return policy characterized by a high level of clarity and transparency is of paramount importance for any e-commerce entity that seeks to foster robust customer relationships, thereby resulting in a discernible augmentation of the customers' perceived value. According to Yoo et al., (2010), Online consumers make purchasing decisions based on the Return Policy. Consequently, the Return Policy serves as an implicit agreement between the buyer and the seller. In order to mitigate the risks associated with online shopping, purchasers tend to favor a more lenient Return Policy.

2.3. Empirical Review

The utilization of technology systems that operate via the Internet is of utmost importance in enhancing the level of penetration and operational efficiency of an online shopping store, as stated by Zhou et al. (2007). Through the employment of Internet applications, online retailers are afforded the opportunity to surpass the constraints of size and customer reach, thereby enabling them to engage in more effective competition with traditional retail enterprises (Schilling and Shankar, 2019).

2.3.1. E-Commerce in Ethiopia

Ferri et al. (2010), demonstrates that “over the last years it has been notice an increase of e-commerce in Ethiopia. Consumers are more and more attracted by online shopping due to its convenience in terms of times, price flexibility and availability of varieties of product and product range on a single platform.” In Ethiopia, the electronic commerce industry for clothing merchandise is experiencing exponential growth amongst its clients. It holds great importance in contributing to the advancement and financial prosperity of a nation. As per the findings of Licker & Motts (2000), the gap between developed and developing counties in the employment of e-commerce and Internet is huge. Ethiopia is experiencing an upsurge in customer demand for online apparel shopping. However, the ITU-World Telecommunication

Indicators report of 2011 reveals that Ethiopia is the least developed country in telecommunication networks and limited range of available services.

2.3.2. Consumers' Decision Making

The act of selecting between multiple potential courses of action is known as making a decision. It is imperative that marketers understand the complicated decision-making process of consumers, as they are willing to adapt in the contemporary setting. While the procedure and intrinsic and extrinsic factors that impact decision making may vary from individual to individual and in each situations for the same individual, consumer behavior research endeavors to establish definite patterns.

Most consumers do online shopping because it saves time, offers home delivery, provides ease in shopping, provides convenience, offers more variety of products for apparels, accessories, ticketing, etc., than that of traditional stores. The products can be sorted on the basis of price, relevance, new arrivals, popular products, etc. Most of the shoppers get the information primarily from a website and social media advertisements and by word of mouth communication

From the perspective of consumers, numerous models exist that demonstrate the impact of diverse orientations on the process of making purchasing decisions and the overall behavior of buyers. These models are intended to explain the process of decision-making regarding purchases and the various factors that determine it. In terms of consumer purchasing decisions for all varieties of products and services, distinct researchers have proposed different models. This perspective suggests the existence of a rational decision maker possessing clearly defined preferences and a distinct choice set. Each option within this set possesses a utility that is wholly dependent upon that particular option. Any consumer may select the alternative that maximizes their utility and subsequently make a decision based on this calculation. Consumer buying decision models encompass a range of orientations and perspectives that consumers adopt when approaching the marketplace, and explain how and why they behave as they do. These models explain the impact of these varying orientations on the buying decision process and overall buyer behavior.

2.3.3. Purchase Decision-Making Processes

Bucklin et al. (2002) explains the process of online shopping decision making exhibits a combination of attributes wherein it can be unplanned, comprising both formal and informal sub-processes, while also being unstructured and exceedingly dynamic. Conversely, it can also be unstructured as consumers usually do not adhere to a pre-defined set of procedures. They further noted that the internet choice behavior is dynamic, involving a progressive

sequence of interconnected choices, wherein both the purchaser and the exertion of influence by marketers is instrumental in shaping the context of subsequent choice events, contingent upon the outcome of preceding encounters.

Kotler & Armstrong (2011) shared the five sequential stages postulated by the theory of consumer behavior, specifically Need Recognition, Information Search, Evaluation of Alternatives, Purchase, and Post-Purchase. The inauguration of online market is a process that is primarily driven by purchasing motivation, which is derived from both internal and external stimulations, as stated by Fagerstrm and Ghinea (2011). According to Rohm et al (2004), consumers' demand for a particular goods and or service is considered as a precondition for consummate confirmation while external factors like colleagues' recommendation and web design play a significant role. Following the establishment of the buying motivation, strong clients screen the crucial information from the product lists to achieve the planned process.

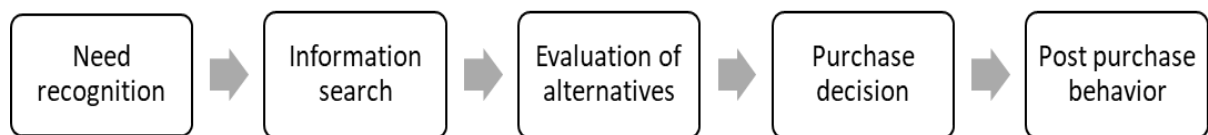


Figure 1: Customers' Decision-Making Process

E-Payment

Numerous empirical research has demonstrated that variety of elements affect the willingness of consumers to engage in online transactions, with e-payment representing a significant factor. As Wondeson & Tegai (2005) have noted, the primary obstacle to Ethiopia's adoption of e-commerce is e-payment. The implementation of e-payment necessitates the participation of all relevant parties to ensure multilateral security and the trust of customers. Until such time as customers are confident that this security concern has been resolved and is presently operating safely, they may not feel at ease or have the confidence to employ this payment method.

E-payment system simplifies the process of transaction between buyers and sellers (Junadi, 2015). According to Qatawneh et al. (2015), governments, banks, organizations, retailers and individuals paying using e payment method are the primary benefiteres of the system by presenting fast payment transaction, availability of well-structured tracking system,

transparent transaction, reduced time of use and cost saving in paper based payments (Premchand & Choudhry, 2015). The most common method of e payment is ATM machines, use of credit or debit cards, through online banking and mobile banking. Therefore, the following hypothesis is formulated.

H1: There is a constructive and significant relationship between E-payment and customers' willingness to purchase online.

Trust

To overcome the inherent limitation of employing different IS-adoption models which have their foundations in TRA other related psychological theories, construct of trust, risk and security concerns have been strongly established in the online buying literature. "Online trust" has been reported to be an integral component of customer purchase intention in the context of both developed and developing countries (Thamizhvanan & Xavier, 2013). Perceived trust has been reported as positively influencing intention, adoption and continuation behavior. Other equally important, extensively studied and found as predictor variables are- risk (having inverse relation) and privacy & security concerns. Online security concern varies over the product category bought online (Cha, 2011). As aforementioned, it is imperative that an electronic payment system lay down the trust of customers to be employed as a payment method. Kim et al. (2008) explained that trust and security are crucial factors that influence a purchaser's decision to engage in online transactions. Customers opt for online purchases only when they possess a sense of assurance regarding the provision of their personal information to the retailer. McKnight et al. (2002) & Pavlou (2003), trust is a significant factor in customers' willingness to make purchase decision by helping customers overcome fear of risk and engage in "trust related behaviors" with vendors, such as sharing personal information or making purchases.

H2: Trust has a positive and substantial effect on customers' willingness to purchase online.

Website ease of use

The third factor affecting customers online purchase decision is website ease of use. Consumer decision making is substantially influenced by ease of website with which customers make contact with sellers. Website improve the accessibility by allowing customers to look for goods or services from distant operation (Seiders *et al.*, 2000). E retailers therefore must provide this distant access convenience for their customers (Rohm &

Swaminathan, 2004), so that consumers with internet access can shop online from any location 24/7 (Hofacker, 2001).

Lee and Lin (2005) had empirically found that website design positively influences overall customer satisfaction and perceived service quality. Cyr (2008) examined characteristics of culture and design, which are information design, navigation design and visual design, as antecedents to website trust, website satisfaction and e-loyalty in a sample of three countries which are Canada, Germany and China. The findings indicate that navigation design, visual design and information design have positive influence on consumer satisfaction.

Kaur and Wei (2013) study also used website design is one of the predictors for customer satisfaction in online shopping. Shergill and Zhaobin (2005) study found that web site design is one of the important predictors for online shopping

H3: Website ease of use - the ease of use of a website has a constructive and significant effect on customers' willingness to purchase online.

Delivery service

The fourth factor is availability of delivery service. Ahn et al., (2004) indicates that when customers get their ordered goods or services in timely and reliable manner, their tendency to shop again will increase. According to the study carried out by Ahn et al. (2004) delivery service is one of the key factors with regard to online shopping while online payment systems, personal privacy and personal customer services were the other main concerning issues regarding online shopping.

Delivery problem is a very common phenomena existing in the online shopping environment. In the e-commerce environment, not only is the consumption of goods separated from production, thus making it necessary for goods to be delivered to consumers before consumption, there is also a delay in the delivery of goods. Delayed delivery has a negative effect on satisfaction (Liu et al., 2008).

Syed and Norjaya (2010) had conducted a study to investigate the key factors that influencing customer satisfaction through online shopping. In this study, four key dimensions of customer satisfaction in the online shopping environment are identified. It is found that website design, reliability, product variety and delivery performances are the four key factors that influence

customers' satisfaction of online shopping (Syed & Norjaya,2010). Findings from this research indicated that delivery performance has significant influence on customer satisfaction and it can explain much of the variation in online buying satisfaction.

Multiple regression analysis shows results of (t-value = 3.856; p-value = 0.001), implying that there is positive and significant relationship between prompt delivery of product and customer satisfaction in online shopping. This research further proves earlier findings that showed delivery of product and services as having positive and significant effect on customer satisfaction in online shopping (Liu et al., 2008; Kaur and Wei, 2013).

H4: Delivery service has a constructive and significant effect on customers' willingness to purchase online.

Cash on delivery (COD)

The fifth factor is cash on delivery (COD). This payment method consists an invoice cum with the consignment and delivering company used to distribute and collect payment. This approach provides a sense of security and trust to the customer therefore considered as one of the determinant factors in customer purchase decision (Jana, 2017). COD is much simple approach to use e-commerce when compared with e payment hence, invites traditional customers to benefit from e commerce (Khan & Arshad, 2010).

Hussain et al. (2007) discussed issues regarding methods of payments for Internet purchases in India, China, and Pakistan and concluded that the majority of consumers in these countries consider COD as most convenient and more time saving than credit card. Chiejina and Olamide (2014) found the role of "pay-on delivery" payment option as a major trust builder between Nigerian consumers and online merchants. Thakur and Srivastava (2015) studied the barriers to online shopping and found that consumers do not trust online channels to share their banking details and prefer making payments through COD. Jain (2014) studied the consumer decision-making process in the Indian environment and concluded that the majority of consumer's feel secure while shopping online, and the most preferred mode of payment is cash-on-delivery mode of payment.

Tandon et al. (2015b) studied customer satisfaction with respect to online shopping and highlighted that COD mode of payment has enhanced satisfaction with respect to online

shopping and is persuading consumers to repurchase online. Jadhav and Khanna (2016) also mentioned that COD followed by debit card and net banking are the modes of payment, but COD was analyzed as a single item in the construct of perceived ease of use. COD is also a common mode of payment in Australia with a share of 24% in total payments (Wolner-Rößlhuber et al. 2013). COD, though stated and mentioned in different studies, has not been empirically validated to date.

H5: Cash on Delivery service has a constructive and significant effect on customers' willingness to purchase online

Customer review

The sixth factor is customer review. Online reviews serve as source of information which has effect on customers' purchase behaviors (Chen & Xie, 2008; Li & Hitt, 2008; Markopoulos *et al.*, 2016; Sun, 2012). Chen & Xie (2008) argue that "online reviews can serve as a new element in market communications and as free sales assistants to help customers to make purchase decisions." The online review from customers' review reduces returns by revealing information about the product which helps in adjust customers' pre purchase evaluation to make better purchase decision (Dellarocas, 2006; Kostyra *et al.*, 2016; Maslowska *et al.*, 2017).

Several studies have reported on the influence of online reviews, in particular on purchasing decisions in recent times (Zhang et al., 2014; Zhong-Gang et al., 2015; Ruiz-Mafe et al., 2018; Von Helversen et al., 2018; Guo et al., 2020; Kang et al., 2020; Wu et al., 2021). These studies have reported on various aspects of online reviews on consumers' behavior, including consideration of textual factors (Ghose and Ipeirotsis, 2010), the effect of the level of detail in a product review, and the level of reviewer agreement with it on the credibility of a review, and consumers' purchase intentions for search and experience products (Jiménez and Mendoza, 2013).

Likewise, Boardman and McCormick (2021) found that consumer attention and behavior differ across web pages throughout the shopping journey depending on its content, function, and consumer's goal. Furthermore, Guo et al. (2020) showed that pleasant online customer reviews lead to a higher purchase likelihood compared to unpleasant ones. They also found that perceived credibility and perceived diagnosticity have a significant influence on purchase decisions, but only in the context of unpleasant online customer reviews. These studies

suggest that online product reviews will influence consumer behavior but the overall effect will be influenced by many factors.

H6: customer Review has a constructive and significant effect on customers' willingness to purchase online.

Return policy

The last and seventh factor is return policy. The difference between expectation of customers and reality of product is the major cause of high level of returns (Chen & Chen, 2017; Ratcliff, 2014). It was reported by Sahoo et al. (2018) that 20% of returned products are lessened due to online customer reviews. In an empirical study by Minnema et al. (2016), online reviews help customers to have good product expectation before purchasing the actual product.

Janakiraman et al. (2016) find in a meta-analysis that return leniency has a direct positive effect on purchase and return behaviors. a recent study by Pei et al. (2014) shows that the depth of a firm's return policy is associated with consumers' perception of leniency of the return policy and purchase intention.

Lantz and Hjort (2013) find that a free return policy is associated with an increased order frequency, an increase in probability of return, a decrease in average value of orders and a decrease in the average value of purchased item. Empirical research on retail return policies and customer return behavior has been more limited. Fashion retailers are more likely to accept returns of "regularly priced" merchandise than "clearance" items and interpret this as evidence that return policies are more liberal when the product has a higher salvage value.

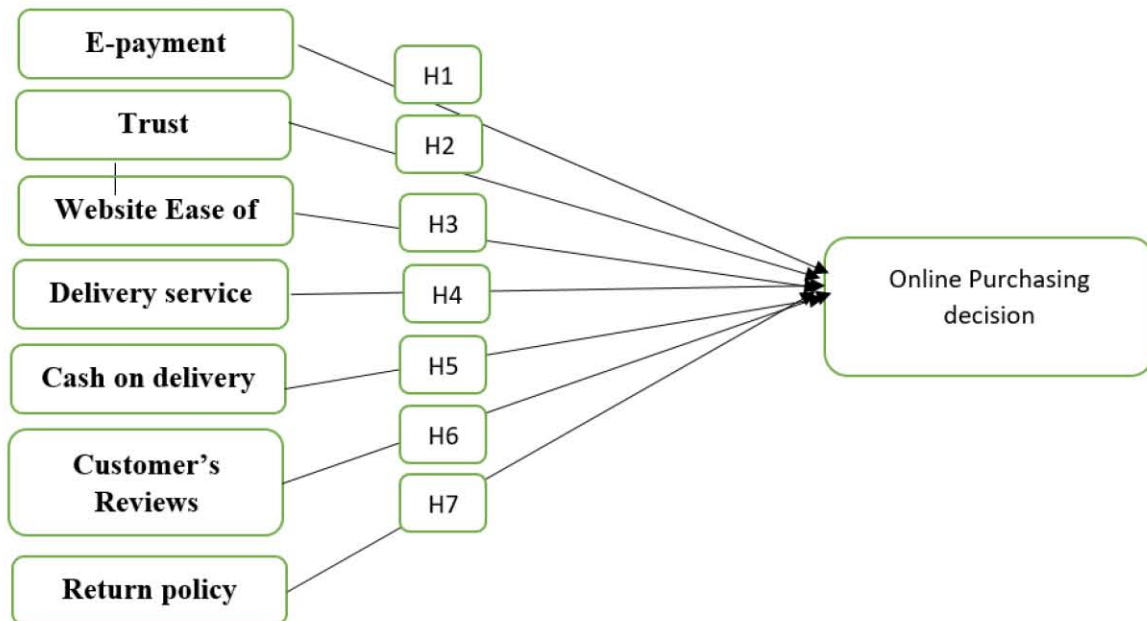
H7: Availability of return policy has constructive and significant effect on customers' willingness to purchase online.

2.4. Conceptual Framework and Hypothesis of the Study

Previous studies investigating factors behind customers' willingness to purchase have all lead to the valid assumption that there is a common set of underlying factors, whose effect tend to vary depending on the cultural context in which the it operates. Accordingly, several studies in this regard were conducted in different countries all over the world. They have concluded factors to be significant and non-significant. Hence, the essence of this study is to contribute

the literature of consumers' decision in online shopping by identifying the success factors and their effectiveness or relation with their performance.

In this study, the researcher has identified seven factors to be investigated: E payment, trust, website ease of use, delivery service, cash on delivery, customers' review and return policy. The following picture is drawn to show the relationship of the dependent and independent



variables.

Figure 2: Conceptual Framework (Developed from literatures)

The independent and dependent variables are described in mathematical equations as follows:

$$WP = \alpha + (EP) \beta_1 + (T) \beta_2 + (WEU) \beta_3 + (DS) \beta_4 + (COD) \beta_5 + (CR) \beta_6 + (RP) \beta_7 + \varepsilon$$

Whereas, WP = Willingness to purchase

EP= E - payment

T= Trust

WEU= Website ease of use

DS= Delivery Service

COD= Cash on delivery

CR= Customers' Review

RP= Return policy

While ε is the error term, α is the intercept of the term

α is a constant and EP, T, WEU, DS, COD, CR and RP were used as a factor to estimate the willingness of customers to purchase online.

Hypothesis	Variable Description and expected Result
Hypothesis 1	E payment - there is a constructive and significant relationship between E-payment and customers' willingness to purchase online.
Hypothesis 2	Trust - trust has a positive and substantial effect on customers' willingness to purchase online.
Hypothesis 3	Website ease of use - the ease of use of a website has a constructive and significant effect on customers' willingness to purchase online.
Hypothesis 4	Delivery service - delivery service has a constructive and significant effect on customers' willingness to purchase online.
Hypothesis 5	Cash on delivery - cash on Delivery service has a constructive and significant effect on customers' willingness to purchase online
Hypothesis 6	Customers' review - customer Review has a constructive and significant effect on customers' willingness to purchase online.
Hypothesis 7	Return policy - availability of return policy has constructive and significant effect on customers' willingness to purchase online.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1. Introduction

Chapter three is dedicated to presentation of methodologies employed to answer the aforementioned research question, encompassing the research design, research approach, research method, population and sampling, data collection, validity and reliability and, lastly, ethical considerations.

3.2. Research Design

To resolve the issues outlined in the problem statement and attain the research's objective, this investigation has utilized descriptive and explanatory research methodologies. As stated by Kothari (2004), the descriptive analysis, which solely describes incidents, will assist in analyzing the traits of individuals or groups. Conversely, explanatory research illustrates the cause-and-effect correlations amid variables and identifies the nature and direction of those associations. This layout is predominantly employed by other studies that are likely similar to this study. In order to achieve a realistic outcome, questionnaires have been developed and disseminated to respondents who have been chosen at random from a large population. To mitigate any potential for biased or misleading information, the survey has been distributed amongst a diverse group of respondents, including those of varying genders, age groups, educational backgrounds, and professional experiences. Additionally, qualitative research has been employed to obtain further insights into the study's factors. To gain a deeper understanding of these factors, a Key Informant Interview was conducted with three carefully selected respondents utilizing a purposeful sampling strategy.

3.3. Research Approach

According to Bryman & Bell (2011), “deductive research approach represents the most common perception of the relationship between theory and practice when doing research by using the theoretical knowledge from previous studies and literature within a certain area the researcher deduces one or several hypotheses to be empirically scrutinized, which means that a deductive research approach receive its starting point from existing theories.” Hence this study has used this research approach to generate the study’s hypothesis.

3.4. Research Method

This study has employed both quantitative and qualitative methodologies to gather and analyze data with the aim of comprehending the factors that influence consumers' willingness to engage in online purchases. A cross-sectional survey was carried out on randomly selected customers.

The quantitative research method facilitated the collection of data on the significance of various factors, including e-payment, trust, website ease of use, delivery service, cash on delivery, customers' reviews, and return policy. Conversely, the qualitative research approach was utilized to identify the most significant factor among the aforementioned factors, as well as to ascertain the magnitude and description of how these factors impact customers' purchasing decisions, and any other factors not covered in this study.

3.5. Population and Sampling

3.5.1. Population

To carry out the analysis for the investigation, a selection of consumers was contacted at random and provided with a questionnaire to complete. Furthermore, three respondents were specifically selected for the purpose of conducting the qualitative component of the study.

3.5.2. Sampling Technique

In order to have representative sample, a purposive sampling techniques is used.

3.5.3. Sample Size

The sample size is computed from an estimation formula created by Cochran which is also used in other studies of a similar nature to measure the willingness of customers in their purchasing decision-making process, for an infinite total number of population of this inquiry, and selected using one's own discretion. This approach also takes into account the time and money available. Consequently, the sample size is determined by the below formula presented as, $n = Z^2 (pq) / e^2$

Where,

n = sample size

Z = is a measure of degree of confidence level at 95% (i.e. 1.96) ²

q = Probability of negative response (0.5)

p = is a measure of probability of inclusion positive response (0.5)

e = Tolerable error (0.05) ²

$(1.96)^2 (0.5*0.5) / (0.05)^2 = 384.16 \sim 384$

3.6 Data Collection

3.6.1. Data Source and Tools

Primary data was collected using customer surveys and key informant interviews.

Population Survey: Self-administered questionnaire survey were distributed mainly through Google Form. Short and precise close-ended questions were applied with the aim of reducing the non-response rate and minimizing errors. The questionnaire consists of two parts. The first segment covered the basic questions which help to get their profile, and their experience in online shopping and gives details profile of the consumers. Moreover, it also was used in capturing their behavior towards their willingness to use online shopping and how often they use. The second section is related to the research question which helps examine the determinants that influence the willingness of consumers regarding online purchases. A Likert scale consisting of five points ranging from "Strongly agree" to "Strongly disagree", with corresponding numerical values of 1 up to 5 representing "Strongly disagree", "Disagree", "Neutral", "Agree", and "Strongly agree" respectively, was implemented in this research.

Key Informant Interview: a key informant interview was undertaken to support the quantitative data and generate further information that has not been addressed by the questionnaire. In order to achieve this, three key informant interviews were conducted with respondents who are strongly willing towards frequent online shopping as well as those who were not willing to shop online and have no experience in the e-market. Additionally, an e-retailer with relatively successful online sales was selected as one of the respondents for the interview. The key informant interviews were carried out to assess the aforementioned factors, and how they affect, their decision-making process, and which factor is the most significant. Furthermore, the interviews were conducted to gain insight into any other factors that may determine the purchasing decision of customers, thus enriching the quantitative results.

3.6.2. Data Analysis Methods

The information has been adjusted, encoded and then was analyzed where f both descriptive and inferential analysis have been conducted. The research used tables, frequencies, and

multiple linear regression. All data gathered were inputted into Statistical Package for the Social Sciences (SPSS) version 25.

3.6.3. Study Variables

3.6.3.1. Dependent Variable

One of the way to measure Purchasing Decisions is based on their willingness to purchase online. Hence in this study, customers' willingness to purchase online is considered as the dependent variable which is categorized using Likert scale.

3.6.3.2. Independent Variables

In this study, E-Payment system, Trust, Website ease of use, Delivery system, Cash on delivery, Customer Reviews and Availability of Return Policy, which are considered as the factors affecting consumers' purchasing decisions are considered as an independent variable.

3.7. Validity and Reliability

3.7.1. Validity

The confirmation of the dependability of the research to ascertain the factors influencing customers' willingness to purchase necessitates the initial examination of its validity and reliability. As explained by John (2009), an assessment of the similarity of the researcher's and the respondent's perspectives on the variables and findings is imperative to establish its validity. A pilot test was executed to ascertain the respondents' understanding of the questions, and subsequently, experts such as the researcher's advisor and the respondents involved in e-marketing were consulted for further validation.

3.7.2. Reliability

The degree of how one or more variables are constant in measuring what is anticipated is known as reliability (Hair *et al.*, 2007). Fraenkel & Wallen (2003) also explains that, the more there is measurement errors in a study, the less the reliability test is likely to be. It can also be seen as the extent to which the variables are free from measurement errors. Lee Cronbach has developed in 1951 a statistical tools named Cronbach's alpha coefficient. This is to evaluate if there is inner consistency in a questionnaire. In order to apply this coefficient, all items must use the same measurement scale. According to Masdia (2009), a reliability coefficient closer to 1 is taken to be better, whereas those in between 0.6 and 0.8 as

acceptable and reliability less than 0.6 are generally deemed bad. In this study, it can be seen in table 1 that all the independent and dependent variables matched the above stated criteria where the alpha value for each variable is outlined:

Table 1: Reliability Statistics

Reliability Statistics		
	Cronbach's Alpha	N of Items
E - Payment	.805	5
Trust	.695	3
Website ease of use	.827	3
Delivery service	.896	3
Cash on delivery	.530	3
Customers' review	.851	3
Return policy	.898	3

Source: (Own survey, 2023)

3.8. Ethical Consideration

The topic of confidentiality and anonymity is intricately linked with the principles of beneficence, respect for human dignity and fidelity (Mantzorou & Fouka, 2011). The researcher firstly informed the purpose and aim of the study to the participants to avoid unwillingness to answer any questionnaires. It was made sure that no respondent's name or identity who participate in this research work be mentioned in any way and make sure that acquiescence will be given.

CHAPTER FOUR: RESULTS AND DISCUSSION

4.1. Introduction

Analysis and Discussion on the findings of the study were covered on this section by using simple average method and multiple regression. This helps study the relationship of the willingness of consumers to procure online, and the independent variables.

4.2. Descriptive Statistics

Descriptive analysis is done for both the non-nominal independent variables such as gender, age, educational status, employment status, willingness to pay and frequency of use and the nominal independent variables such as e payment, trust, website ease of use, delivery service, cash on deliver, customers' review and return policy.

4.2.1. Respondents response rate

In this study, 384 surveys were distributed randomly to respondents. 318 responses have been filled and returned. However, 15 responses have been discarded due to the contradicting respondents reply. the remaining 303 responses have been completed representing a 78% response rate. Studies explains that a 50% of response rate is believed to be adequate where as 60% and 70% to be good and excellent respectively. Therefore, 78% response rate is considered excellent for this study.

4.2.2. Findings on Respondent's Profile (Demographic profile of respondents)

This section displays the simple statistics gathered on the subject such as gender, age, level of education, occupational status, willingness to use, and frequency of use are among the details sought.

4.2.3. Gender of the Respondents

The analysis in figure 3 shows the proportion of gender between the male and female respondents where male participants are about 49.2% while female covers the remaining 50.8%.

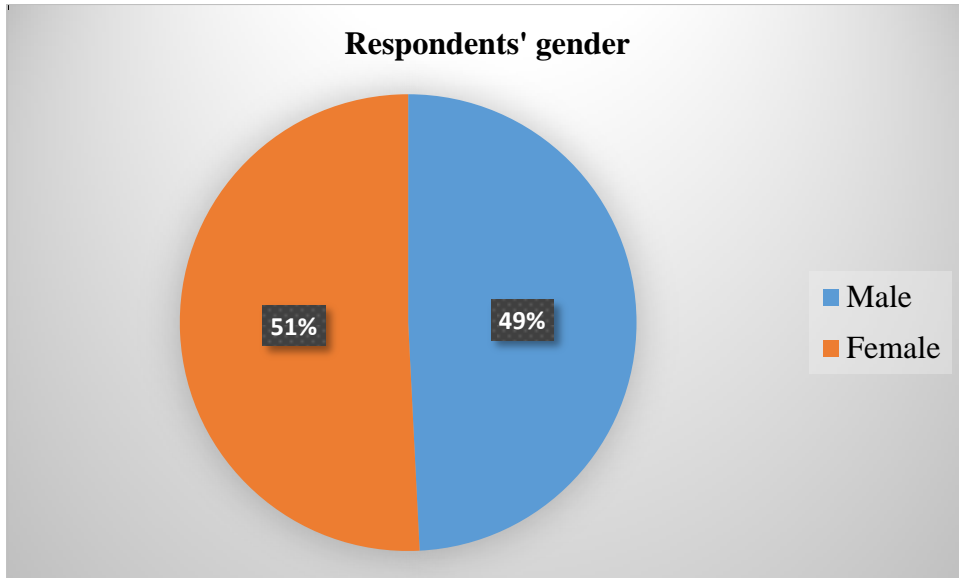


Figure 3: Respondents' gender

Source: (Own survey, 2023)

4.2.4. Respondents' age group

As per table 2, about 17.8% of the participants lays in range of 18-25 years, about 53.8% of respondents 26-35 years, while around 19.5% of respondent 36 - 45 years' age range and the age group above 46 years' accounts for the remaining 8.9%.

Table 2: Age of respondent

Age of respondent					
	18 – 25 years	26 – 35 years	36 – 45 years	Above 46	Total
Frequency	54	163	59	27	303
Percent	17.8	53.8	19.5	8.9	100

Source: (Own survey, 2023)

4.2.5. Respondents' Educational Level

In relation to educational status, as figure 3 shows, 3.3% or 10 respondents are high school and below, 11.6% or 35 respondents of them have a college certificate, while 58.4% or 177 respondents are first degree holders and the rest 23.4% or 71 respondents have second degree and above. The remaining 3.3% or 10 respondents are involved in other educational status.

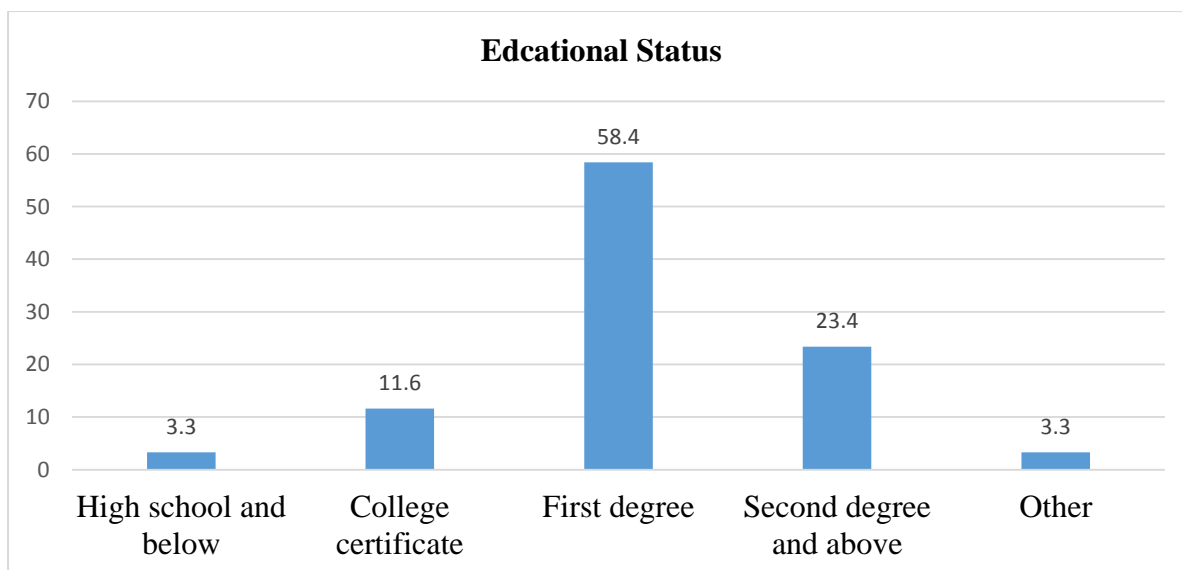


Figure 4: Educational Status

Source: (Own survey, 2023)

4.2.6. Employment Status

As shown in the below table 3, participants with various occupation have engaged in this research. Most of the respondents' occupation was government employment i.e. 35.3% or 107 respondents, whereas 10.6% or 32 of the respondents are non-governmental and UN staffs, 41.6% or 126 respondents working in private sector or self-employed, 1% or 3 of the respondents are retired, 11.2% or 34 respondents are unemployed and whereas the remaining 0.3% or 1 respondent is associated with other work.

Table 3: Employment of respondents

Employment of respondents		Frequency	Percent
Valid	Government employed	107	35.3
	NGO and UN	32	10.6
	Private Sector	126	41.6
	Retired	3	1.0
	Unemployed	34	11.2
	Other	1	.3
	Total	303	100.0

Source: (Own survey, 2023)

4.2.7. Willingness to purchase online

Table 4 demonstrates the standard deviation and mean of the respondents' willingness to use online shopping.

Table 4: Descriptive statistics of willingness to purchase

Descriptive statistics of willingness to purchase		
	Mean	Std. Deviation
Willingness to purchase	3.27	1.020

Source: (Own survey, 2023)

4.2.8. Frequency of Use

Table 5 shows how often the mean and standard deviation of frequency of use of respondents' to be 3.90 and .974 respectively.

Table 5: Descriptive statistics of Frequency of Use

Descriptive statistics of Frequency of Use		
	Mean	Std. Deviation
Frequency of use	3.90	.974

Source: (Own survey, 2023)

4.2.9. Descriptive Statistics of Independent Variables

The table below (table 6) indicates the mean and standard deviation of the independent variables as follows,

Table 6: Descriptive Statistics for independent variable

Descriptive Statistics for independent variable		
	Mean	Std. Deviation
E payment	3.45	.867
Trust	3.34	.837
Website use of use	3.90	.850
Delivery service	3.86	.902
Cash on delivery	3.58	.686

Customers' review	3.82	.908
Return policy	3.87	1.007

Source: (Own survey, 2023)

4.3. Qualitative Analysis

Three key informants were selected based on their frequency and willingness to purchase as well as a retailer that is successfully selling online. The qualitative analysis includes three questions which are, do you believe the mentioned factors affect the willingness of customers to purchase online? Which factor do you believe is the most significant factor? and is there any other factor that affects customers' willingness to shop online.

- Do you believe the mentioned factors affect willingness of customers to purchase online?

For this question, the informants have agreed with the factors e payment, trust, delivery service cash on delivery and return policy. These factors affect people's choice in involvement with the e market. Based on this analysis, e payment is found to be one of the significant factor to affect customers' willingness. People would like to have the freedom to pay from anywhere and anytime for the goods or services they desire to purchase. They believe one of the differences of e commerce or e market from the normal walk in sales is e market allows its customers to check the goods and able to pay online. Therefore, this mode of payment gives this privilege for those customers residing in Addis Ababa. The respondents have also mentioned that the limitation in accessing hard currency beyond the set amount in the country is one of the key challenge they are facing when they consider walk in or the typical trading approach. One of the key informant has said,

“It is difficult to get the cash if the payment amount is larger than the value allowed for a person to withdraw from a bank in a day. Hence, this payment method is very critical to have the liberty to buy anything without the concern of cash withdrawal”.

This has made e payment to be considered one of the primary determinant of online transaction.

Trust is also mentioned as the key factor in the online market that customers would like to have confidence on. Respondents have acknowledged that they need to have this sense of security prior to their willingness to shop online. When they mentioned trust, it is not only to have a confidence on the seller that their personal information will be protected but will also

deliver exactly as per the description of the goods show on the media. Retailers must gain the trust of their clients if they want their business to prosper.

It is more preferable if sellers provide delivery service along with product or services to avoid confusion of customers in finding their shop location. This will help reduce the difficulties clients face in trying to buy online. One of the key informants has mentioned saying that,

“It is pointless if online sellers don’t provide delivery service because anyone can go and buy their needs and doesn’t actually need e commerce as long as there is promotion. One of the biggest difference between walk in sales and online sales is the fact that the goods or services can be provided at your door steps.”

Hence, delivery service is believed as one of the significant factor.

Customers who prefers to check the goods and pay cash while the goods are on their hand is also seems to be critical issue.

“Buyers not only want to have the option of paying online but also have the freedom to actually inspect the goods first before paying. This way the confidence and integrity of the seller can be shown. This actually gives people more trust in the seller and will ease their fear of being tricked or cheated on and enable them to order freely.”

The cash on delivery option gives the customer the ease of mind to order freely and hence is believed to be a significant factor.

Return policy is also helpful for buyer in having the confidence on the seller. When a retail puts a return policy within its regulation, it instantly shows the confidence of the seller on its products and the satisfaction and sincerity the seller seeks for its customers. This return policy is very crucial because people can actually inspect the goods whether it is exactly what they have ordered and then make the choice to buy or not. The idea gives the same sense of security and relaxed feeling when buying with in walk in sales approach. If this policy is provided, it is showing that the customer should not have any fear and feel free like a walk in sales, which is the usual mode of transaction.

However, for website ease of use and customers' review, the significance is not that much believed to be as significant as the other factors. One of the key informants have mentioned that,

“Not many people, especially those who seek to buy apparel and simple products choose to visit an actual website developed by marketers. It is preferred that the customers use the platform they are already familiar with to dig in and look for what they want. This way, they don't feel exhausted or drained looking for what they desire rather feel entertained and find their needs on the way.”

Telegram, Tik Tok, Instagram and Facebook are the most common social media platform people use. Retailers are also interested to promote their products on these social media platforms. Therefore, this factor seems to have less significance when compared with the other factors.

As for the customers' review, when using the aforementioned media platforms, there is not much review that helps to attract customers to buy online. From the information gathered from one of the key informant, *“The comments are mostly to ask location, price and so on”*.

Therefore, it is not seeming to be significant like the other factors which in deed attracts buyers to e commerce. The other reason is that people believe that there are many ways to trick customers and play on their mindset. Positive review is likely to be taken as optimistic comments that the retailer or close relative has given on and negative review are taken as insults that are not actually focused on a product or service.

- Which factor do you believe has the most significant factor?

Cash on delivery and return policy are found to be the most significant factor compared to the rest of factors mentioned above. This is due to how this two factors go hand in hand. As mentioned above, this factor gives the customers the same sense of walk in sells. When a customer is exposed to the environment similar to its usual trend, they tend to become more open in choosing e commerce as their mode of transaction. This factor is recognized significant both from retailer as well as customer side. Retailers also believe that this factor is very important to have and that all members involved should work on including the government.

- Is there any other factor that affects customers' willingness to shop online?

Other factor mentioned by the key informants are delivery time. Not only do customers need delivery service but the delivery time is also just as important. According to one of the key informant,

“if retailers provide delivery service but fail to deliver based on the scheduled time and date, then the whole service will be pointless.”

Delivery time must also be retailer's concern and be able to provide to the customer on time to have the customer fully satisfied.

4.4. Regression Analysis

The second analysis is regression analysis. Since there are multiple predictors and the research had no prior notions about which factor creates the best prediction equation, multiple regression is chosen as the best fit regression method. Nevertheless, prior to directly moving to regression analysis, assumption testing is done to find out if the variables are eligible for multiple regression.

4.4.1. Assumption Testing

Brooks (2008) observes that certain fundamental presumptions, namely linearity, normality, homoscedasticity, multicollinearity, and absence of autocorrelation, must be met prior to performing regression analysis, in order to ascertain whether the regression methodology has the requisite attributes.

Linearity

According to Brooks' (2008) explanation, linearity is the quality of a function that can be represented by a straight line, with both variables being the parameters of said line. The resulting set of seven figures depict the outcomes of the undertaken experiment.

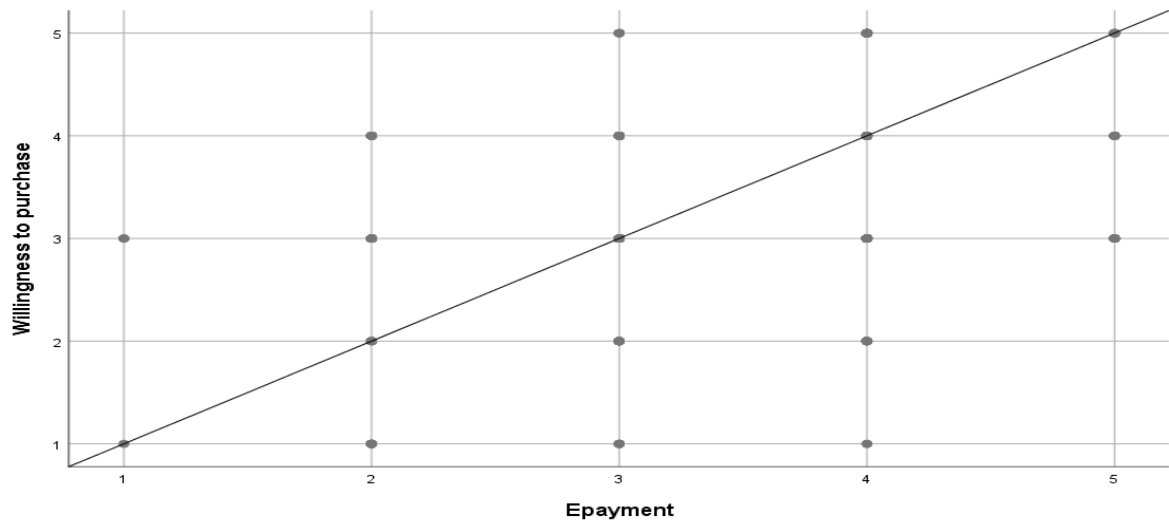


Figure 5: Linearity Test for E payment

Source: (Own survey, 2023)

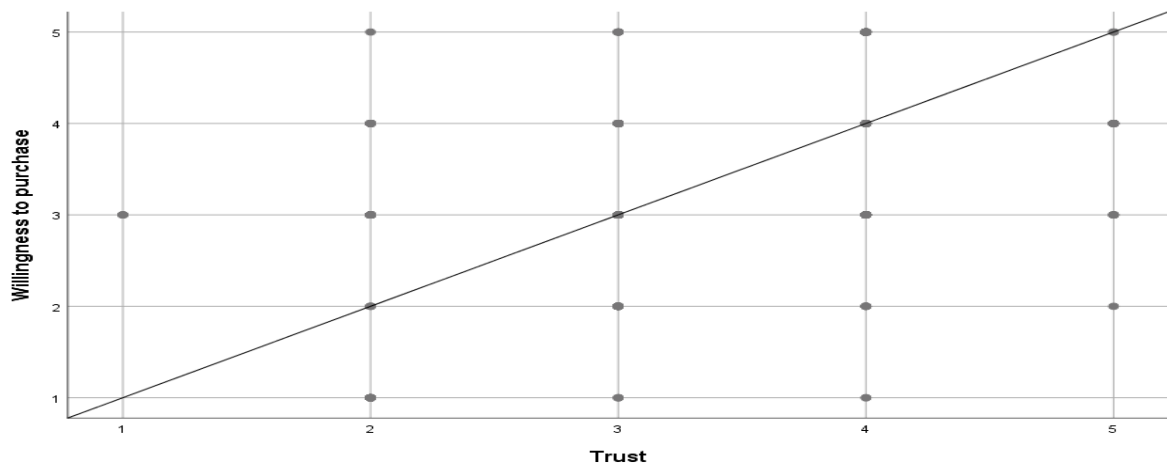


Figure 6: Linearity Test for Trust

Source: (Own survey, 2023)

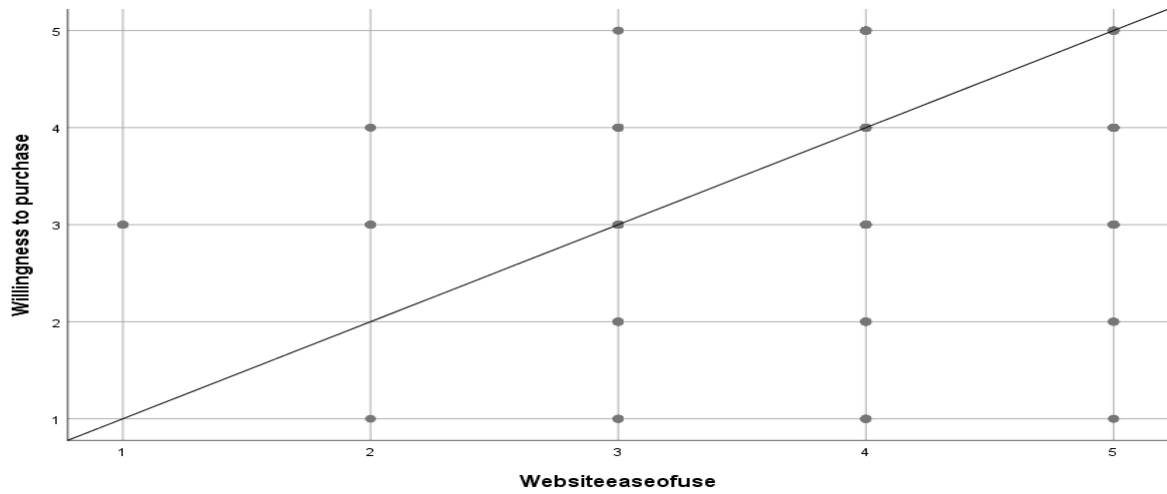


Figure 7: Linearity Test for Website ease of use

Source: (Own survey, 2023)

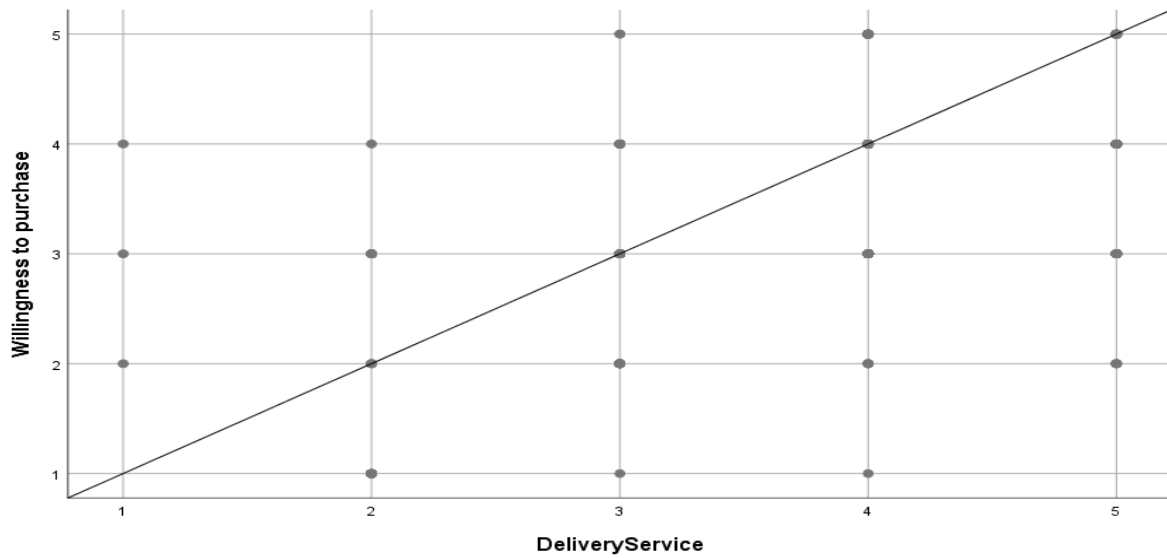


Figure 8: Linearity Test for Delivery Service

Source: (Own survey, 2023)

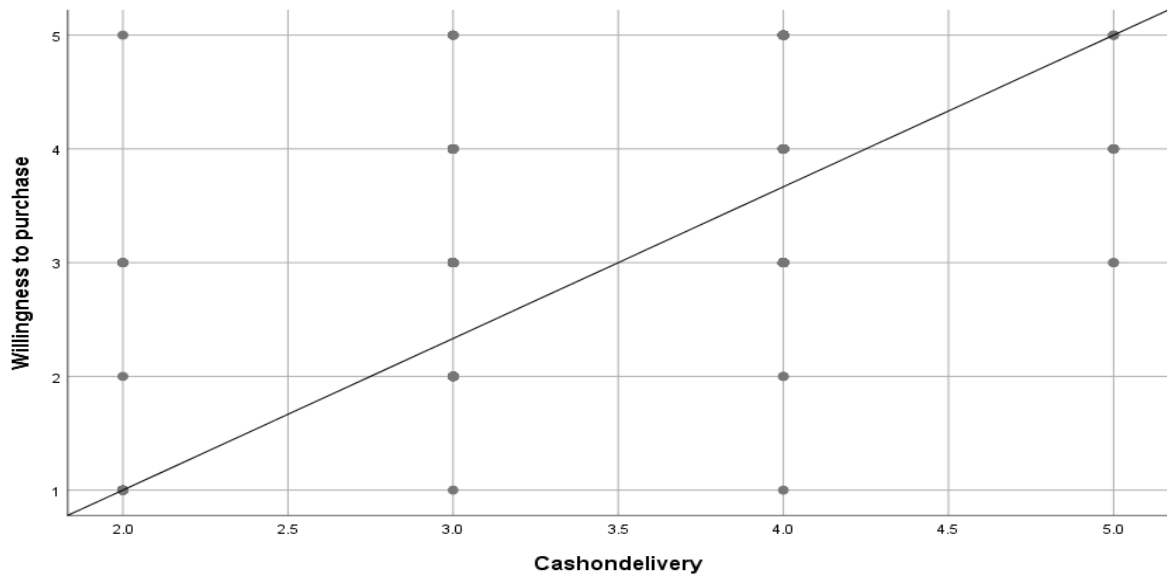


Figure 9: Linearity Test for Cash on Delivery

Source: (Own survey, 2023)

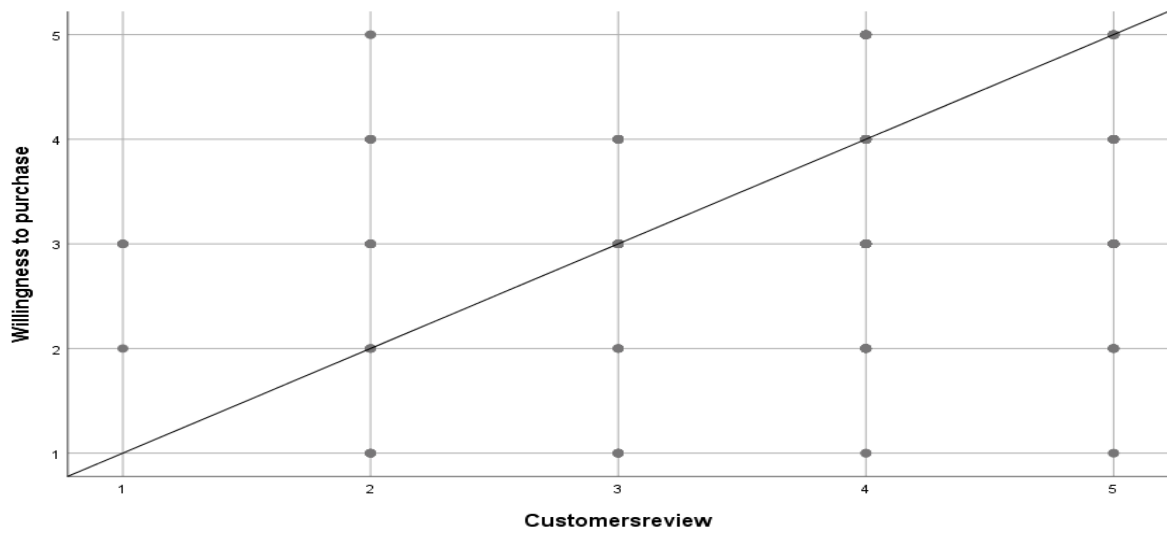


Figure 10: Linearity Test for Customers' Review

Source: (Own survey, 2023)

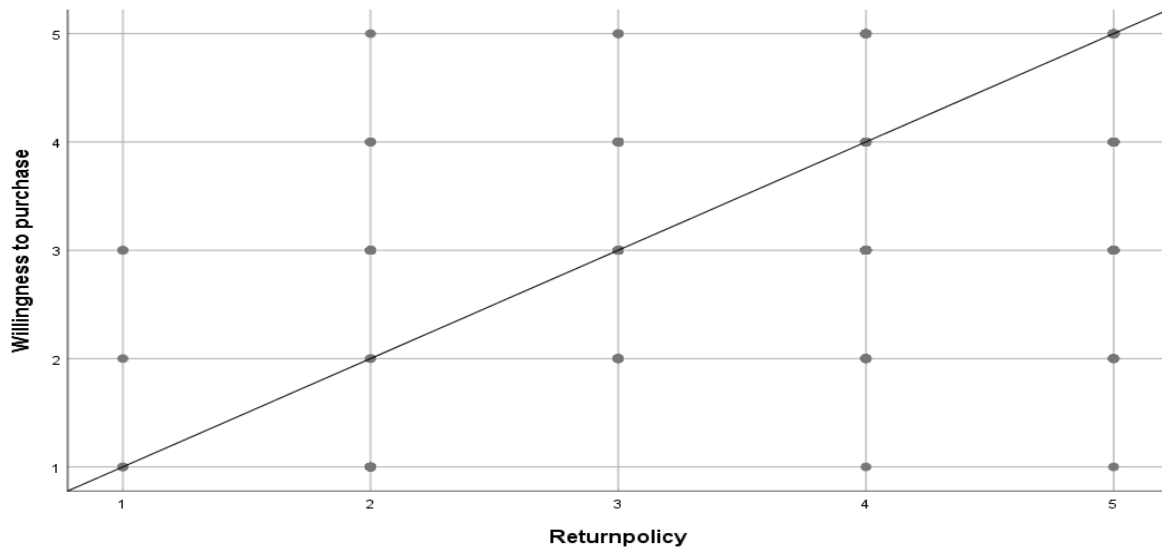


Figure 11: Linearity Test for Return Policy

Source: (Own survey, 2023)

With regards to the attribute of linearity, it has been asserted that all seven variables possess this property and that the dataset pertaining to said variables is deemed valid.

Normality

The dataset that is most suitable for regression analysis is obtained from a population that follows a normal distribution, as stated by Brooks (2008). There exist several techniques that are employed to evaluate the normality of a dataset, such as the Q-Q plot, histogram, or goodness fit. As per Brooks (2008), the Q-Q test for a normally distributed dataset should fall on the line. If it deviates from the line, it is considered to be non-normally distributed. The present study has utilized the Q-Q plot method to exhibit the normal distribution of the population.

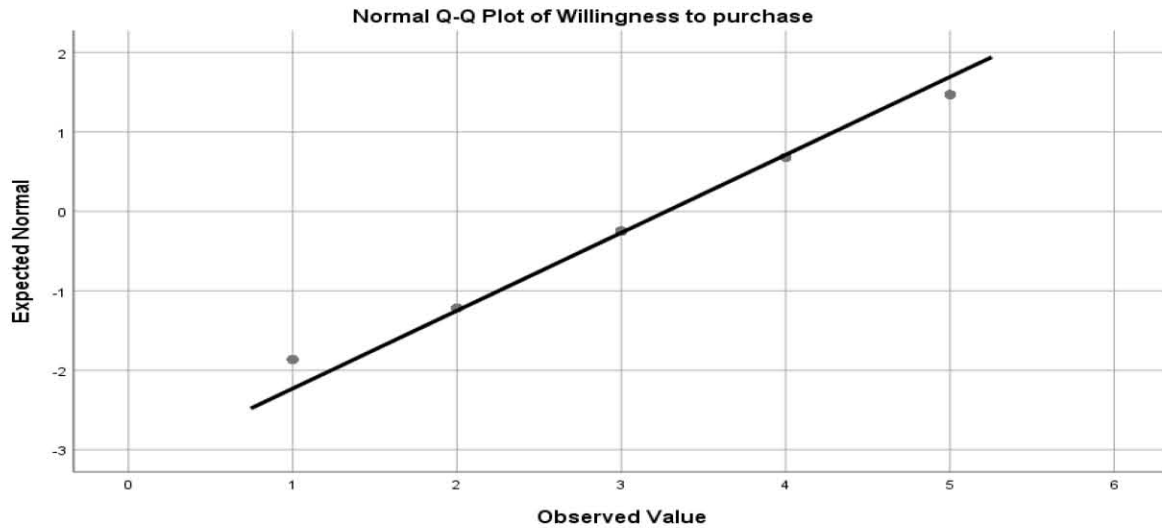


Figure 12: Normal Q-Q Plot of Willingness to Purchase

Source: (Own survey, 2023)

Homoscedasticity

Brooks (2008) presents the definition of homoscedasticity as the constancy of variance in the error terms. The revelation of homoscedasticity in a dataset can be attributed to the constancy of the error term, which does not spread up or down across the board. The researcher employed a scatter plot of the dependent variable against the Z-residual to test homoscedasticity. The results shown in Figure 11 indicates the dataset to be homoscedastic and the error term remained uniformly distributed throughout the term.

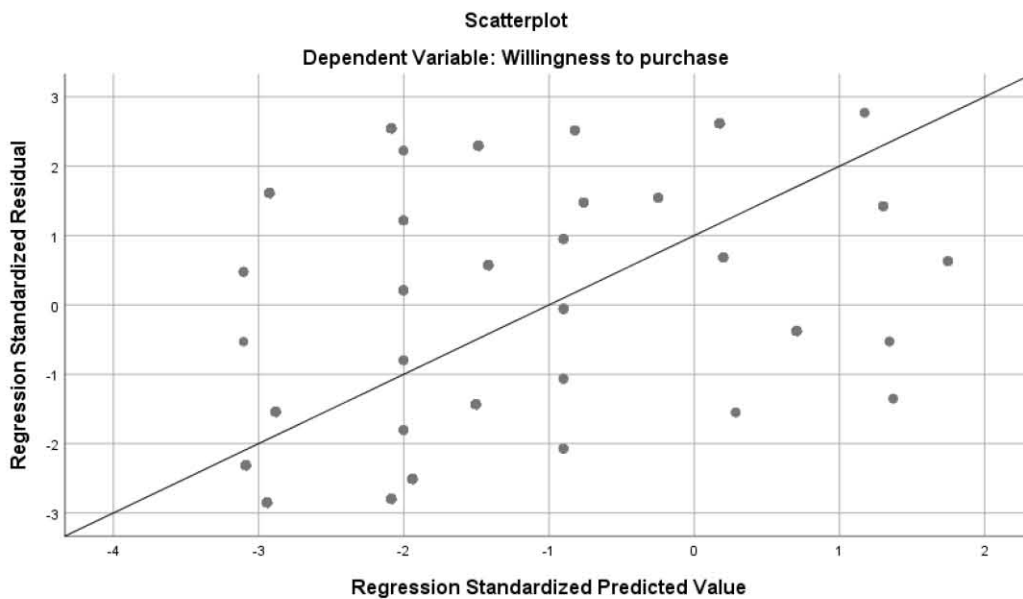


Figure 13: Test for Homoscedasticity

Source: (Own survey, 2023)

Multicollinearity Test

If the independent or predictor variables exhibit a high level of correlation, this phenomenon is referred to as multicollinearity (Ho, 2006). The presence of multicollinearity has the potential to result in unstable estimates of regression coefficients, indicating that one of the variables may be using redundant information (Raykov and Marcoulides, 2006). The strong correlation arises due to a similarity among independent variables. To ensure the development of a sound regression model, it is essential to conduct a multicollinearity test prior to a regression analysis.

Kline (2005) suggests that tolerance and its inverse, variance inflation factor (VIF), are the indicators of the issue of multicollinearity. Robinson et al. (2009) assert that a VIF value that is either less than 1 or greater than 10 indicates the presence of multicollinearity. In addition, when the simultaneous tolerance value is less than 0.1 and the VIF value is 10 or higher, multicollinearity is an issue. However, a VIF value that falls between 1 and 10 denotes the absence of multicollinearity.

Table 7: Multicollinearity test result

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	E payment	.650	1.538
	Trust	.663	1.507
	Website ease of use	.606	1.650
	Delivery Service	.533	1.878
	Cash on delivery	.840	1.191
	Customers' review	.572	1.749
	Return policy	.542	1.845
a. Dependent Variable: Willingness to purchase			

Source: (Own survey, 2023)

Table 15 shows the VIF values of 1.508, 1.426, 1.783, 1.584, 1.060, 1.783, and 1.736 that are attained from each predictors. Since the VIF values lies between 1 and 10 and the tolerance is greater than 1, then it can be concluded as there is no multicollinearity problem.

Autocorrelation

Brooks (2008) explains the phenomenon of autocorrelation, which occurs when two or more observations have related error terms. In the presence of autocorrelation, the interdependence of correlated variables will manifest as the change in one observation is mirrored by the other. Should a dataset exhibit autocorrelation, the T-test value and F-test value will tend to increase, rendering them no longer acceptable.

The Durbin and Watson (DW) score is capable of ranging between 0 to 4. A score of 2, specifically, denotes the absence of autocorrelation and thereby warrants acceptance of the null hypothesis, which suggests the absence of autocorrelation. On the contrary, a DW score greater and less than 2 denotes negative and positive presence of autocorrelation.

Table 8: Summary of the model – Durbin - Watson

Summary of Model - DW	
Model	1
R	0.641
R - Square	0.411
Adjusted R- Square	0.397
Std. Error of the Estimate	0.792
Durbin-Watson	1.815

Source: (Own survey, 2023)

The table's results demonstrate that there was no autocorrelation among the observations because they are close within the permitted range.

4.4.2. Regression Result of the Model

Table 9: Regression result of the Model

Regression result of the Model	
Model	1
R	0.641
R - Square	0.411
Adjusted R- Square	0.397
Std. Error of the Estimate	0.792

Source: (Own survey, 2023)

The R square value is a measure of the extent to which the independent factor in the model elucidates the dependent factor. The model summary table indicates that the model accounts for 41.1% of the variability in the willingness to purchase, while the remaining 58.9% is attributable to other factors that were not incorporated in this study.

When conducting studies with a limited sample size, it has been noted by Kline (2005) that the R square metric has a propensity to overstate the true value in the population, resulting in a rather optimistic outlook. However, in this particular study, enough samples have been taken to ensure that the R square value is not an overestimation.

Table 10: ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	129.133	7	18.448	29.396	.000 ^b
	Residual	185.131	295	.628		
	Total	314.264	302			
a. Dependent Variable: Willingness to purchase						
b. Predictors: Return policy, Cash on delivery, E payment, Website ease of use, Trust, Customers' review, Delivery Service						

Source: (Own survey, 2023)

From the one-way ANOVA result, it is shown that the regression model is significant, $F = 29.396$, $p < .000$. The independent variables strongly predict customers' willingness to purchase online at high degree of significance, with a F value of 29.396.

4.4.3. Regression Result of Independent Variables

The table below helps to determine the variables that contributed to the dependent variable's prediction by looking at "Beta" under standardized coefficients.

Table 11: Coefficients of Independent Variable

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.722	.330		-2.188	.029
	E payment	.152	.065	.129	2.332	.020
	Trust	.143	.067	.117	2.140	.033
	Website ease of use	-.062	.069	-.052	-.907	.365
	Delivery Service	.247	.069	.219	3.571	.000
	Cash on delivery	.509	.073	.342	7.019	.000
	Customers' review	-.023	.066	-.021	-.348	.728
	Return policy	.142	.062	.140	2.302	.022

a. Dependent Variable: Willingness to purchase

Source: (Own survey, 2023)

As shown in table 11, the predictors (constant) are, Return policy, Cash on delivery, E payment, Website ease of use, Trust, Customers' review, Delivery Service. The determination of the independent variable's coefficient is accomplished through the acquisition of the unstandardized coefficient, beta.

$$\text{Willingness to purchase} = -.722 + .152 \text{ e payment} + .143 \text{ trust} + .247 \text{ delivery service} + .509 \text{ cash on delivery} + .142 \text{ return policy}$$

The above table reveals that five independent variables are significant. The standardized beta coefficient indicates the degree of impact of the predictors on the dependent variable. Consequently, the independent variable with the most substantial impact is cash on delivery, with a value of .342. Following this, delivery service holds the second spot with a value of .219. Return policy holds the third position, with e-payment and trust following, with values of (.129) and (.117), respectively.

E payment

The table of multiple regression indicates that the existence of e-payment has significantly predicted the willingness of customers to make purchases online ($p=.020$, $\beta = 0.129$). This outcome suggests that a customer's readiness to buy online will increase by .129 in the event of the presence of e-payment. Consequent to this, the null hypothesis which suggests there is a constructive and significant relationship between e payment and customers' willingness to purchase online, has been accepted. This is consistent with the research carried out by Firdaus (2019), which shows that e-payment has an impact on purchasing decisions. In contrast, the discoveries of this analysis refute the results established by Yonas (2019). Furthermore, within the same study conducted by Yonas (2019), it was found that the e-payment had a lesser impact on the customers' decision to purchase accommodations online. This research contradicts the findings of Yonas and acknowledges e-payment as a significant factor positively associated with customers' willingness to purchase. This may be due to the customers' desire to have the option of making online payments, as it saves them the inconvenience of obtaining cash to pay for a service.

Trust

The results demonstrate that trust is significantly and positively associated with the willingness to purchase goods and services online ($p\text{-value} = 0.033$, $\beta = 0.117$). This finding aligns with the research undertaken by Mahliza (2020), which highlights the constructive impact of trust on the willingness to purchase items online with $\beta = 0.771$ and $p = 0.000$. The study's findings reveal that customers' willingness to purchase online increases by 0.117 when they have trust in both the e-retailer and the product. Trust is established through the customer's confidence in the reliability and integrity of the service provider as explained by Kim (2009). This trust instills in consumers a sense of security and reduces cognitive risk, thereby facilitating the maintenance of long-term relationships with service providers, according to Gefen (2000). Consequently, the null hypothesis, which suggests trust has a positive and substantial effect on customers' willingness to purchase online, is accepted.

Website ease of use

This study found the relation of website ease of use and customers' willingness to purchase online relationship to be negative and insignificant ($p=.365$, $\beta=-.052$), indicating that this factor has minimal impact. Thus, the null hypothesis, which hypothesizes a positive and

significant effect of website ease of use on customers' willingness to purchase online, has been rejected. Conversely, Osman et al. (2010) discovered a significant impact of website quality and attitude on online purchasing behavior among respondents ($r=0.343$, $p\leq 0.01$). Consistent with previous research, Liang & Lai (2001) categorized website quality into "motivator, hygiene, and media richness factors" and found that it influenced internet buying behavior. Although numerous websites exist for conducting online transactions, the prevailing platforms utilized by Addis Ababa customers do not necessitate an exceptional degree of attraction. Based on the results of the qualitative survey, social media platforms are more prevalent than those limited to e-commerce. This could account for the insignificant outcome of this variable. It was ascertained that individuals desire to view the most fashionable products or services from their social media accounts whilst using their mobile devices for amusement purposes. Consequently, they are more willing to purchase items that surface on their pages without the need to search extensively for their requirements. As a result, this discovery is deemed insignificant and, thus, is refuted.

Delivery Service

The delivery service variable, $\beta = 0.291$ and $p = .000$, is the second highest variable and plays a crucial role in determining customers' willingness to purchase online. Consequently, the null hypothesis, which hypothesizes that delivery service has a positive and significant impact by increasing customers' willingness to purchase by 0.291 when delivery service is available, has been accepted. When sellers provide free delivery, customers tend to buy online and avoid travel expenses associated with walk-in sales methods. As previously noted by Ahn et al. (2004), reliable and timely delivery service greatly contributes to customers' satisfaction and willingness to purchase. This research aligns with prior studies that recognize delivery service as a critical factor in customers' willingness to purchase.

Cash on delivery

The results presented in the multiple regression table indicate that cash on delivery has a statistically significant impact on customers' willingness to make purchases online ($p=.000$, $\beta = 0.342$). This finding suggests that the variable in question is the most influential predictor of the dependent variable. These results confirm the conclusions drawn from this study, which highlight the substantial impact of cash on delivery as a payment method on customers' willingness to purchase, with an increase of .342. This study contradicts the findings of Khanna and Awal (2019) who demonstrated that the availability of cash on

delivery option has insignificant impact on purchase decisions ($p = 0.598$). Therefore, the researcher has accepted the null hypothesis, which states that cash on delivery service has a constructive and significant effect on customers' willingness to purchase online.

Customers tend to feel more comfortable purchasing goods or services from shops that offer a cash on delivery system. This is because they have the opportunity to inspect the item before making a payment. This sense of security increases their trust and willingness to pay. As a result, customers become more confident in placing online orders.

Customers' Review

Customers' review has shown negative and insignificant relationship with customers' willingness to purchase online ($p = .728$, $\beta = -.021$). As a result, the null hypothesis which states customer review has a constructive and significant effect on customers' willingness to purchase online has been rejected. The finding is to be taken as same as zero. However, Wei, et al., (2013) demonstrated that the online purchasing decision is significantly influenced by positive consumer reviews. In addition, Yoans (2019), reveals that the analysis of customers' reviews provides the strong and unparalleled explanation of the dependent variable. The reason behind the contradiction between the aforementioned studies versus the current study findings can be the result of customer's distrust with the reviews by others. It is gathered that; buyers tend to be suspicious when the review is more positive. The lack of honest and unbiased reviews on websites used for online shopping, as noted above, is the cause of the conflict. If the reviews are positive on social media, people are likely to be skeptical. The other reason that is a factor for the finding to be rejected is the platform used by the customers. Nowadays, instead of using websites that are built for the purpose of shopping transaction, people actually tend to use Telegram, Facebook page, Tik Tok and etc to buy their needs. They find it easy and also entertaining to be able to use their social media platform for the use of online shopping. Hence, retailers are more focused on creating these pages and channels to attract customers. In this platform, customers' review is in very low rate. The social media by itself doesn't that much accommodate online reviews rather creates some comments to be left which is mostly to ask for location and details of the goods or services. Therefore, unlike the study conducted by others, this research has found customers' review to be insignificant.

Return Policy

Return policy positively and significantly relates with customers' willingness to purchase online ($p = .022$, $\beta = .140$ ($p = .022$)). The researcher has accepted the null hypothesis which states availability of return policy has constructive and significant effect on customers' willingness to purchase online. When return policy is applied by retailers, customers' willingness to buy online will increase by .222. Given that a vast majority of consumers want, a clear retail policy can aid in boosting sales. Customers tend to view this as a promise that shows how much faith merchants have in the goods they offer. Customers will feel confident ordering online and secure in the knowledge that their money won't be misplaced when they know they may return items if they discover they have not received what they ordered. Therefore, this finding is in line with the aforementioned study.

Hypothesis Testing

Table 12: Hypothesis test summary

S/No	Hypothesis	T	Result
1	Hypothesis 1: There is a constructive and significant relationship between E-payment and customers' willingness to purchase online.	2.332	Accepted
2	Hypothesis 2: Trust has a positive and substantial effect on customers' willingness to purchase online.	2.140	Accepted
3	Hypothesis 3: The ease of use of a website has a constructive and significant effect on customers' willingness to purchase online.	-.907	Rejected
4	Hypothesis 4: Delivery service has a constructive and significant effect on customers' willingness to purchase online.	3.571	Accepted
5	Hypothesis 5: Cash on Delivery service has a constructive and significant effect on customers' willingness to purchase online.	7.019	Accepted
6	Hypothesis 6: Customer Review has a constructive and significant effect on customers' willingness to purchase online.	-.348	Rejected

7	Hypothesis 7: Availability of return policy has constructive and significant effect on customers' willingness to purchase online.	2.302	Accepted
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CHAPER FIVE: CONCLUSION AND RECOMMENDATIONS

The objective of this research was to identify and analyze the impact of various factors that influence the willingness of consumers to procure products via the internet, specifically in Addis Ababa, Ethiopia. Thus, this particular section encompasses the final deductions and suggestions that are derived from the major findings.

5.1. Conclusion

During the purchasing of goods and services, customers take numerous factors into consideration. The researcher examined consumers' willingness to buy online choices from different viewpoints, including the e-payment system implemented by retailers, the trust that consumers would like to have, the quality of website that the retailers use on their webpage, the delivery service provided, the cash on the delivery option, the reviews posted by online customers, and the return policy given by the sellers.

Cash on delivery is found to be the most crucial factor as most customers pay attention to and take it into account when choosing a product. The majority of customers responded positively to the cash on delivery payment method and have indicated their willingness to use it.

The second most important thing that buyers pay attention is the delivery method. Customers have demonstrated that availability of delivery services is one of the fundamentals of online shopping and has a substantial impact on their choice, as well as significantly lowering costs in minimizing travel and logistics hassle.

The return policy is the third important aspect that influences the decision a customer makes to purchase. Customers are able to shop online without concern due to return policies because they know that the sellers are confident in their products.

E payment and trust are the fourth and fifth important factors, respectively. E-payment allows customers to buy safely and easily while cutting down on transaction costs when making a purchase of a good or service online. When customers feel their personal information is secure and they receive the products or services they bought, they are more likely to trust a company.

The other two factors, the use of websites and customer reviews, have a smaller impact on customers' purchasing decisions. This could be due to the social media platform the

customers prefer to use. As stated in the result and discussion section, the most used social media in Addis Ababa is found to be Telegram. Other than this, people also use Facebook, Instagram, Tik Tok etc. Those reviews posted in these media are not that much attractive and trustworthy. People don't use comments to actually give reviews about the product or service.

5.2. Recommendation

The following recommendations are drawn from the mentioned findings. Though many factors influence a customer's online shopping decision, the above-mentioned predictors also play an important role in the willingness to purchase online.

- As cash on delivery system is one of the most significant factor, online marketers should offer the option of paying cash on delivery in their systems for sales transactions. The seller should provide a trustworthy deliverer and system where payer can pay for the goods and services and have a proof of payment afterwards.
- From the finding it is shown that delivery service is also the other significant factor. Hence online merchants ought to include free shipping with their goods and services. Motorbikes, Vans, and other mode of transport should be available at any time ready to move to deliver ordered product.
- Retailers must also permit a return policy in order to make online purchases relatively simple. The seller must display if the return policy is free of charge or not and show the customers how it can be returned with clearly written return policy, rules and regulation that can easily be understand.
- Retail businesses must offer very simple, secure, and safe electronic payment transaction channels to make easy online transactions. By working with all the different banks and utilizing their payment transaction methods, they may easily supply payment systems. More promotion on how to use e payment to pay for services should be done.
- Retail businesses should therefore be able to increase their clients' perception of trust. Offering a method that solely allows the vendor and buyer to engage without the involvement of a third party is one way for marketers to gain the trust of their

audience. Free gift and give away can help gain more attraction and help to have clients' trust.

- The government should encourage businessmen and women by lowering tax policies, giving free place to promote e marketers' in business expo and exhibitions gatherings and allowing them to import different goods so that they will be able to provide their customers variety of choice and give them the satisfaction they require without the fear of business failure and bankruptcy.

Recommendations for further research

1. Due to the limitation of time, only respondents in Addis Ababa were contacted. The researcher advises for the research to go beyond the capital city and see the effects of the factors around all regions in Ethiopia.
2. This study has found website ease of use and customers' review to be insignificant which in in contradict to other studies carried on. Hence it is advisable if other researchers do more studies to find out the reason behind this contradiction.
3. As per the study conducted by quantitative method, it is mentioned by customers that delivery time is the other factor that affects customers' willingness to purchase. Hence, it is better if further research is undertaken in including delivery time as another factor.

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ANNEX

**ADDIS ABABA UNIVERSITY
COLLAGE OF BUSINESS AND ECONOMICS
INTERNATIONAL BUSINESS MASTERS PROGRAM**

Dear Respondents,

I am a student at Addis Ababa University College of Business and Economics studying a postgraduate program in international Business. You are selected to participate in a study designed to identify “*factors affecting customers’ purchasing decision*” **the case of online shopping in Addis Ababa**. Appreciating your participation in the study, the research output is used to fulfill the partial requirement of Master of International Business and only for academic purpose. Accordingly, your authentic information will greatly help in achieving the objective of the investigation. Your responses and anonymity will be kept confidential. Notice that, your involvement is voluntary and you may refuse to answer any question you feel uncomfortable.

Hospitality regards,

Rediet M. nan.mulugeta@gmail.com Cell phone number: +251 910 58 96 88

The questionnaire has three parts.

Part I- introductory questions

Part II- factors of online customer’s purchasing decision

Part III- overall decision making

Part I: General information

Direction: Please put tick mark (√) in the box of your answer.

1. Gender Male Female
2. Your Age, 18-25 26-35 36-45 Above 45
3. Educational Level, High school and below College certificate
 - a. First degree Second degree and above Other
4. Employment Status,
 - i. Government employed Self-employed Unemployed
 - ii. Retired Other

5) How willing are you to purchase online?

- 1. Strongly unwilling
- 2. Strongly willing
- 3. Neutral
- 4. Willing
- 5. Strongly willing

6) How often do you shop online?

- Always Often Sometimes
- Rare Never

Part II:

Please read each question and indicate your level of agreement or disagreement by marking the appropriate response category: 1 = strongly disagree, 2=disagree, 3= neutral, 4 = agree, 5 = strongly agree. There is no right or wrong answer; all that the researcher interested in is a number that best shows your perception about online shopping.

	QUESTIONNAIRE ITEMS	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	E-payment	1	2	3	4	5
1	I believe e-payment system is safe and convenient to while I shop online					
2	I believe electronic payment reduces transaction costs while purchasing a product or service					
3	I prefer e-retailer that emplace easy and speedy payment system.					
4	I prefer online E retailer that facilitate e payment system through third party than E retailer with no e payment system.					
5	There is well established e payment system in Addis Ababa, Ethiopia					
	Trust					
1	I am full confident that I will receive goods same as what I ordered online					

2	I make sure the retailer protects the personal information I give online before I purchase.					
3	I tend to purchase more from a retailer that I believe my personal data will be protected.					
	Website ease of use					
1	I am more attracted with E-retailer's website that is designed to be user friendly.					
2	I expect E-retailer's website to have relevant information and synchronized links with other products and services.					
3	I expect E-retailer's website to facilitates a payment system to make easier purchase.					
	Delivery Service					
1	Delivery access is one of the basic thing in online shopping					
2	Delivery Service has a positive impact on customers satisfaction and purchase					
3	Availability of delivery service significantly reduces cost by avoiding travel and logistics stress					
	Cash on Delivery (COD)					
1	I prefer an e-retailer that accepts Cash on delivery					
2	I will pay cash up on delivery despite any variance between what I ordered and what has actually been delivered product.					
3	I feel free to purchase online from a retailer that has COD service.					
	Customers' Review					
1	I prefer to shop from online shops that has positive Customers' positive review.					
2	The ratings given by other customers will affect my decision to buy or not to buy for the items I want to purchase.					

3	I would be more confident to purchase items with more customer reviews than with no review					
	Return Policy					
1	I will be more satisfied and want to purchase more if I learn the online retailer has free returns policy.					
2	I trust retailers with free returns without any hustle can while online shopping.					
3	I believe the retailer has confidence on the quality product when they have free return policy.					

Checklist for Key Informant Interview

1. Do you believe the above 7 mentioned factors does affect customers’ purchasing decision and how?
2. Which of the above mentioned factors do you believe most affects purchasing decision and how?
3. Is there any other factor that affects customers’ purchasing decision that is not mentioned in the questioner? If so, how?