

Factors Influencing Online Buying Behaviour of Millennial Generation

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Abstract

Indonesia is the number 1 as a country in Southeast Asia with the highest e-commerce transactions. Millennials in Indonesia, whose average age is 18-25 years, occupy 69% of the total population who apply the internet as a means of online shopping. This study aims to examine the influencing factors towards online product purchases for the millennial generation. This study uses a quantitative approach by conducting a survey of 1,801 students at a private university in Jakarta, Indonesia, as a case study. The study used a questionnaire that was distributed online. The data were processed using descriptive statistics, validity tests, reliability tests, and factor analysis. The results showed that of the 20 factors tested. There were six factors that greatly influenced the online product purchasing decisions of these millennials. The six factors are available products, Promotion, Refund, consumer attitude, demography, the reputation of online stores. This finding showed that the factors that influenced purchasing behavior in consumers were very different in the millennial generation compared to respondents of different ages and backgrounds in previous studies in Indonesia.

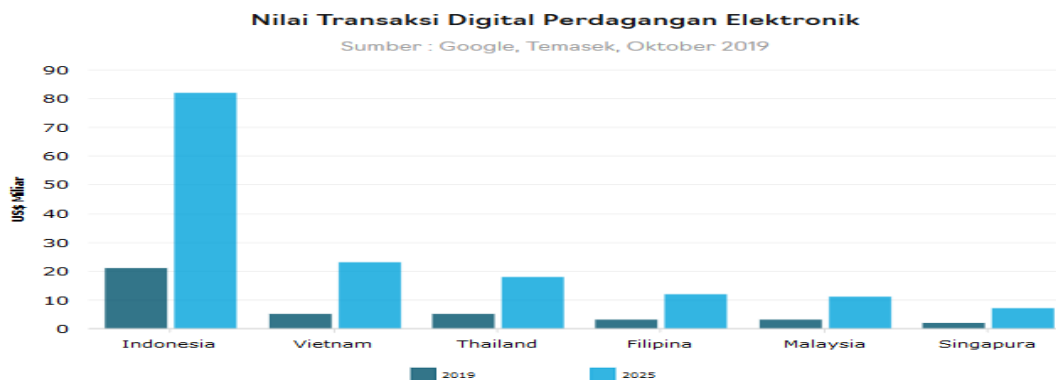
Keywords: online buying decision, the millennial generation, factor analysis, college students



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I. INTRODUCTION

The internet became a breath for all aspects of human life, from educational, political, security, social, cultural, too, of course, economic aspects. The internet has had a very crucial role in the economic sector through e-commerce (electronic commerce), whether organized through business to business, consumer to consumer, or even business to consumer. Digital transactions that occurred in e-commerce in Indonesia have increased. This could be seen in the following graph.



Source: Puspapisa (2019)

The e-Conomy S.E.A. 2019 report released by Google and Temasek revealed that Indonesia was ranked first in Southeast Asia in the growth of the digital economy, with e-commerce transactions reaching U.S.S \$ 21 billion or around Rp.294 trillion. The value is expected to multiply to U.S.S \$ 82 billion by 2025 (Puspapisa, 2019). Indonesia has an increasing level of internet penetration and mobile device users. According to We Are Social and Hootsuite data, around 90% of internet users in Indonesia have shopped online. Online shopping behavior has become a habit for many people, especially in the midst of the current conditions of the Covid 19 Pandemic (Anonymous, 2020).

The increase in online shopping behavior is certainly influenced by many factors. (Fauzi, Khalil, Aziz and Hariz, 2018) have conducted research on students and generation Y in Malaysia. The results show that subjective norms, online reviews, and prices are all factors that influence online purchasing behavior. The same thing was done in India by (Jadhav and Khanna, 2016) on 25 students. This research shows that the factors that influence online shopping behavior in students are influenced by factors of convenience, affordable prices, Promotion, comparison, convenience, excellent service, ease of use, behavior, awareness of time, trust, and variety of searches.

According to (Koththagoda and Herath, 2018), online purchase behavior refers to the process of purchasing goods or services via the internet. The process of online shopping consists of several steps that are similar to traditional shopping behavior, among others, perceived usefulness and ease of use. Many studies have measured the factors that have influenced online purchases, but no one has specifically measured these factors in the millennial generation. This has been interesting to study and research because Indonesia is the number 1 electronic transaction country in Asia, with the majority of its users being of productive age. Based on that analysis, this study aimed to analyze the factors that influenced the online shopping behavior of a product or service for the millennial generation.

II. LITERATURE REVIEW

According to Charles, e-commerce is a tool for reducing the costs of administrative and cycle times, streaming processes of business, and improving relationships with both business partners and customers (Akbar and James, 2014). E-Shopping or online shopping is a type of e-commerce that allows clients to directly acquire products or services by any retailer through the internet using websites, Bourlakis et al. (Ahmed, Ling, Rafique, Khan and Jamil, 2018). Consumers must be satisfied with their experience in e-commerce shopping before acquiring more online goods and services. Many studies have been conducted to identify the satisfaction of consumer antecedents

towards online purchasing (Xiaoying, Kwek, and Min, 2012). From the perspective of the buyer, e-commerce also offers many real advantages. For example, buyer's sorting out time, better decisions of the buyer, less time is spent in resolving invoice and order differences, and ultimately increased opportunities for purchasing alternative products (Jusoh and Goh, 2012). Consumers frequently use social information when they make their decisions, especially in unsettled situations (Cheol, Yao, Ying, and You, 2011). According to the studies by He et al., the deficiency of intention to buy online is the main drawback in the electronic commerce development (Yi, Osman, Salahuddin, Romle and Abdullah, 2015).

In the traditional consumer behavior research area, Zeithaml found that consumers usually choose to buy an item because they feel the benefits of obtaining the item because they perceive the benefits of obtaining the item to be greater than the cost. It is the perceived value. After the internet boom, Zeithaml had found the research that there was a relationship between an online consumer's perception of value and quality of product and the consumer's intentions to return and purchase again (Hui, 2012). In Sen Rahul's findings revealed that the factors of cost, the factors of convenience, the factors of product and seller related factors are the four important factors that influence the online purchase of products in (Gupta and Bansal, 2016). Consumers often indirectly evaluate a product based on the information that is available when shopping (Rungsrisawat, Joemsittiprasert, and Jermittiparsert, 2019). Liang & Lai, as quoted by Kertawetawarks & Cheng in the research (Indriani, 2016) finds that 20 factors influencing online product purchases consist of the factor of convenience, the information of product, the availability of products, the efficiency of time and cost, the factor of prices, the quality of the website, the loyalty of brand, the factor of promotions, the recognition of the brand, the factor of refunds, the privacy of information, perceived ease of use, the satisfaction of consumer, demography, online store reputation, times delivery, perceived risk, the characteristics of the vendor, and the characteristics of personality. If the respondents in the previous study were multi-ages with various backgrounds, this study would specifically measure online purchasing behavior with a sample of the millennial generation.

III. RESEARCH METHODOLOGY

This study adopted research by using surveys to collect primary data for quantitative. The researcher used probability sampling by using Slovin formula to gain 1.801 students as a sample in one of the private universities in Jakarta, Indonesia. Questionnaires were sent out to the respondents by online method. In order to measure construction, the five-point Likert scale is based on one means strongly disagree, two means disagree, three means neither agree nor disagree, four means agree, and five means strongly agree. This five-point Likert scale was used in the questionnaire. Data from the returned questionnaires were analyzed by using S.P.S.S software version 24. The main analysis of statistics was the statistics of descriptive. For instance, frequencies, percentages, and means were calculated to describe the background of respondents and the pattern of internet usage and online purchases. The analysis of different statistics were performed, for example, the analysis of descriptive, the measurement of scale (reliability and validity), and the analysis of factor. Research has been carried out from April to June 2020.

IV. FINDING AND DISCUSSION

4.1. Descriptive Data

According to the research, the respondents of the man have the representative 17.8 percent of the total respondents, while the respondents of the woman have the representative 82.2 percent. From the age distribution, the respondents' majority was between the ages of 18 to 25. A lot of respondents have used the internet for their online shopping or for more than three years.

Respondents were also asked to determine what products were purchased on the internet, such as clothes, bags, herbal medicines, electronic goods, beauty products, bags, accessories, and so on. As many as 67.5 percent of the majority of respondents chose to buy clothes. Online purchases are made in almost all marketplaces such as Olx, Blibli, Shopee, Lazada, and so on. As many as 86 percent choose

Shopee as their chosen marketplace. Respondents were also asked to choose a payment method such as C.O.D.D, at 53 percent, respondents chose C.O.D.D.

4.2. Validity Test

The results of the instrument test from the research questionnaire were conducted by testing validity and reliability. Validity testing is used to assess the accuracy or validity of the instrument. The test is valid if the calculated r value > the r table value for the degree of freedom ($df = n-2$, Sugiyono (2017).

Based on the calculation of the validity test using S.P.S.S. 24, the following data were obtained:

Table 1. Validity Test Result

Variable	Statement	Sig	Status
20 Variables as Factors	60 Statements	1.000	Valid

Source: Processed Data of 2020

4.3. Reliability Test

According to Arikunto, reliability is used to assess the consistency of respondents' answers. The test is said to be reliable if the Cronbach Alpha value is > 0.60. In this research, the Cronbach Alpha for the variable of work discipline was 0.619, and the Cronbach Alpha for the performance variable was 0.819. The two Cronbach Alpha variables have a value greater than the required Cronbach Alpha (0.60), so it could be concluded that all of the research variables are stated reliable, Sugiyono (2017).

The Following parts are the reliability test results by using S.P.S.S. 24:

Table 2. Reliability Test Result

Variable	Statement	Alpha Cronbach	Status
20 Variables as Factors	60 Statements	0.970	Reliable

Source: Processed Data of 2020

4.4. Factor Analysis

Factor analysis testing begins by testing the sample adequacy through the Kaiser-Meyer-Olkin (K.M.O.O) The measure of Sampling Adequacy and the significance value of Bartlett's Test of Sphericity is used to examine the using factor analysis appropriateness. If the Kaiser-Meyer-Olkin

K.M.O.O) value is between 0.5 - 1, and the significance of Bartlett's Test of Sphericity is less than the significance level (α) used, it means that factor analysis is appropriate. Through the calculation of S.P.S.S 24, the resulting Kaiser-Meyer-Olkin K.M.O.O) value is 0.974, and the significance value of Bartlett's Test of Sphericity is 0.000, with Chi-Square 67604, 92 and the degree of freedom of 1770. These results indicate that factor analysis is appropriate to simplify the collection of 60 variables.

After the K.M.O.O and Bartlett's tests were carried out, the next step was to calculate the communality to find the basic structure of the relationship between these initial variables. There are 20 variables that have been assessed to meet the communality qualifications, where the factor value must be greater than 0.5 (communality > 0.5). If the values in the Extraction Communalities table are <0.5, the variable does not meet the eligible community requirements. In the table below, only six variables have the highest community value with the extraction value above 0.700, namely Available Products (0.771), Promotion (0.701), Refund (0.788), Consumer Attitude (0.751), Demography (0.759), Reputation of Online Store (0.705).

Table 3. Communalities

The Best Variables	Initial	Extraction
Available Products K.P.P)	1.000	0.771
Promotion (P)	1.000	0.701
Refund (P)	1.000	0.788
Consumer Attitude (SK)	1.000	0.751
Demography (D)	1.000	0.759
The reputation of Online Store R.T.O.O)	1.000	0.705

Extraction Method: Principal Component Analysis

Source: Processed Data of 2020

V. CONCLUSION AND FURTHER RESEARCH

This study has tested 20 (twenty) factors that influence consumer purchasing decisions online, which include: Convenience, The Information of Product, Products Availability, The Efficiency of Time and Cost, Prices, The Quality of Website, The Loyalty of Brand, Promotion, The Recognition of Brand, Refunds, Information Privacy, Perceived Ease of Use, The Attitude of Consumer, The Satisfaction of Consumer, Demography, Online Store Reputation, The Time of Delivery, Perceived Risk, Vendor Characteristics, and Personal Characteristics. This study has six variables with the highest community value, namely Available Products, Promotion, Refund, Consumer Attitude, Demography, Reputation of Online Store.

Recommendations that can be conveyed based on the results of this research are: 1) The company must strive for the availability of products both in terms of quantity and diversity. 2) Continuous Promotion is carried out either to find new markets, develop existing products, or introduce new products. 3) Refund, providing cashback or compensation to consumers if there is an error in the delivery of goods ordered by the consumer. 4) Consumer behavior needs to be well understood by the company so that consumer needs can be met so that consumers are loyal to the company. 5) Demographics, the company always maintains the quality of its products and services in all consumer categories. 6). The reputation of the Online Store, the company must maintain its reputation properly so that consumers do not leave it.

Suggestions for further research, 1) Make comparisons of online companies in the same sector but in different countries. The research can show that in 2 different countries, the factors that influence online purchases are the same or different. 2) The research is carried out continuously in a time series.

The limitation of this study is only to measure online purchasing behavior among millennials in 1 (one) country. Future research will be expected to conduct a comparative study with millennial generations from other countries so that business people in these two countries will make the right business strategy to win millennial generation buying interest in online purchases.

VI. GRATITUDE

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