

Study of Factors Influencing the Consumers' Adoption of Online Shopping: Empirical Analysis from Pakistan

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Abstract

Pakistan and India, though geographically and culturally very similar, have witnessed very different economic growth patterns. Separated politically as a different nation in 1947, Pakistan remains geographically and culturally contiguous to India. Economically, however, the two nations have chartered very different growth trajectories. Retail industry is the barometer of the economic health of a country and by that count India is way ahead of Pakistan. Indian retail industry size was USD 650 billion in 2015 and poised to touch USD 800 billion by 2017 (India Retail Report, 2015). The online retailing (also called e-tailing) market in India was worth USD 6 billion approximately and is expected to touch USD 32 billion by 2020 (India Retail Report 2015). Pakistan's retail industry size was only about USD 42 billion in 2012 and expected to be worth USD 80 billion by 2017 (Sadiq 2011). Online retailing is a relatively recent phenomenon in Pakistan and its contribution to the retail industry is miniscule. This research is conducted with the purpose for investigating the factors influencing the adoption of online shopping in Pakistan. After comprehensive literature review, the most appropriate constructs which effect consumers' attitude towards online shopping were selected which are: perceived risks, psychological factors, perceived benefits and perceived cost advantage. In order to collect primary data, internet based survey was resorted to and data was collected from respondents in Pakistan by using snowball sampling technique. Regression analysis was conducted to identify the relation between independent and dependent variables. Results obtained were then interpreted by applying statistical principles. Findings revealed that perceived risk, psychological factors, and perceived benefits are the factors that have significant impact on adoption of online shopping. It was also identified that perceived benefits and psychological factors impact positively on consumer adoption of online shopping while perceived risk is negatively related with adoption by consumers of online purchasing.

Key Words: Pakistan, Online Shopping, Perceived Risks, Psychological Factors, Perceived Benefits, Perceived Cost Advantage.

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