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ONLINE SHOPPING BEHAVIOUR AMONG YOUNG  
CONSUMERS IN KATHMANDU, NEPAL

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# ONLINE SHOPPING BEHAVIOUR AMONG YOUNG CONSUMERS IN KATHMANDU, NEPAL

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The purpose of this thesis was to find the online shopping experience and factors driving the young consumers towards online shopping in Kathmandu, Nepal, through which, exclusive scenario of the online shopping status among the young consumer was derived, which helped the existing online companies to know their strengths and weaknesses. In addition, the influence of foreign companies over the domestic companies was also surveyed. The research also attempted to inspire young entrepreneur including the author himself to kick start their entrepreneurial journey in the field of ecommerce in Kathmandu, Nepal.

The empirical part of the thesis was conducted via quantitative research method i.e., online survey. The data collection was implemented via survey questionnaires. Website of Free online survey was used to collect the data and the obtained data was derived in Microsoft Excel format for the easy interpretation of the data.

The research revealed that the existing online shoppers in Kathmandu are price sensitive. Customers are expecting the product to be precisely as described in the website along with smooth customer and after sale service. Opinions from friends and families and the company's rating directly influence their buying behavior. Flexible payment systems are also highly expected by the customers. Also, people are inclined towards domestic companies rather than foreign companies when it comes to buying a product from online companies. Besides, the major opportunities to start online entrepreneurial journey with possible future trends were also identified to invest and thrive in the field of ecommerce in Nepal.

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# 1 INTRODUCTION

Electronic commerce (e-commerce) has grown from a standing start to a \$600 billion business-to-consumer (B2C) and a \$6.7 trillion business-to business (B2B) worldwide bringing gigantic changes in business firms, markets and consumer behavior (Laudon & Traver 2017, 7) but in the context of ecommerce in Nepal, it is difficult to gauge from outside as there is meagre available information to get the sense of actual scenario of ecommerce in Nepal.

Ecommerce in Nepal was first introduced in 1999, providing the service of sending gifts, through which Nepalese living abroad, especially in the U.S could send gifts to their friends, families and the loved ones. Although ecommerce in Nepal started in 1999, the development is in a passive pace till date. In its initial phase, the access to internet was limited to few people only and the online stores made the prices visible in Dollar (\$) only with surcharges so, basically when people were sending gifts from abroad they had to pay at a hiked price. Even the internet was rare and super expensive so basically no entrepreneurs dared to mitigate this impact, instead they were helping to create a grey market by doing businesses as an underground operation (Website of the Nep commerce 2017).

The idea for this thesis evolved when the author started realizing that development of ecommerce is growing in Nepal. In addition, the author has always dreamed of becoming an online entrepreneur and since there is a wide scope of online entrepreneurship especially in country like Nepal, where there are very few existing ecommerce companies. The author understands the complexity and difficulties of online entrepreneurship in a country like Nepal but believes there are ways to address such issues and to become successful. This thesis will give an overview of the ecommerce scenario in Nepal and the consumer behavior of the youths shopping online in Kathmandu, Nepal. With very limited resources and information concerning the ecommerce market in Nepal, the author has focused on the empirical findings to meet the objectives of the thesis.

## 2 PROBLEM SETTING AND CONCEPTUAL FRAMEWORK

### 2.1 Purpose of the thesis

The author decided to work on this thesis because the author is anxious to know the situation of ecommerce in Nepal. Although the significance of ecommerce has escalated tremendously worldwide, it looks like there haven't been significant improvements of ecommerce in Nepal. There are not ample data and statistics related to people shopping online in Nepal so with this thesis the author will be able to find the online shopping experiences and the online habits among the young consumers in Kathmandu. The author has selected Kathmandu because it is the capital city of Nepal and most of the development sadly has been centred to the capital city only. Additionally, the younger generations are smarter and have proper access to internet and they are the prime groups using online services to shop online.

The beneficiaries for this thesis are the aspiring entrepreneurs like the author himself and the existing online stores because the thesis will facilitate the existing online stores to know their strengths and weaknesses in ecommerce via the shopping behaviour of the target groups. Thus, the existing online companies will find the areas and ways to improve their ecommerce and new excited online entrepreneurs including the author will see opportunities to advent a career as an online entrepreneur.

### 2.2 Objectives

The expected outcome from this thesis is to find the online shopping experience and spotlight the buying behavior of the young consumers and through that, extract an exclusive scenario of the online shopping status among the young consumers, which will help the existing online companies to know their strengths and weaknesses. So, following are the main objectives of this research:

1. Find factors influencing the young consumers shopping behavior and cater suggestions for the existing online companies in Kathmandu, Nepal.

2. Is there any dominant influence of foreign ecommerce companies over the domestic companies?
3. Provide useful information to the aspiring young entrepreneur including the author who are planning to start their entrepreneurial journey in the field of ecommerce in Nepal.

Prime findings will be associated with the influencing factors persuading the young consumers, the impact of the online shopping and the value dimensions including the driving forces and motivating aspects of online shopping among the young consumers through which opportunities can be explored along with it, weak areas can be focused on to improve them in the future.

### 2.3 Conceptual framework

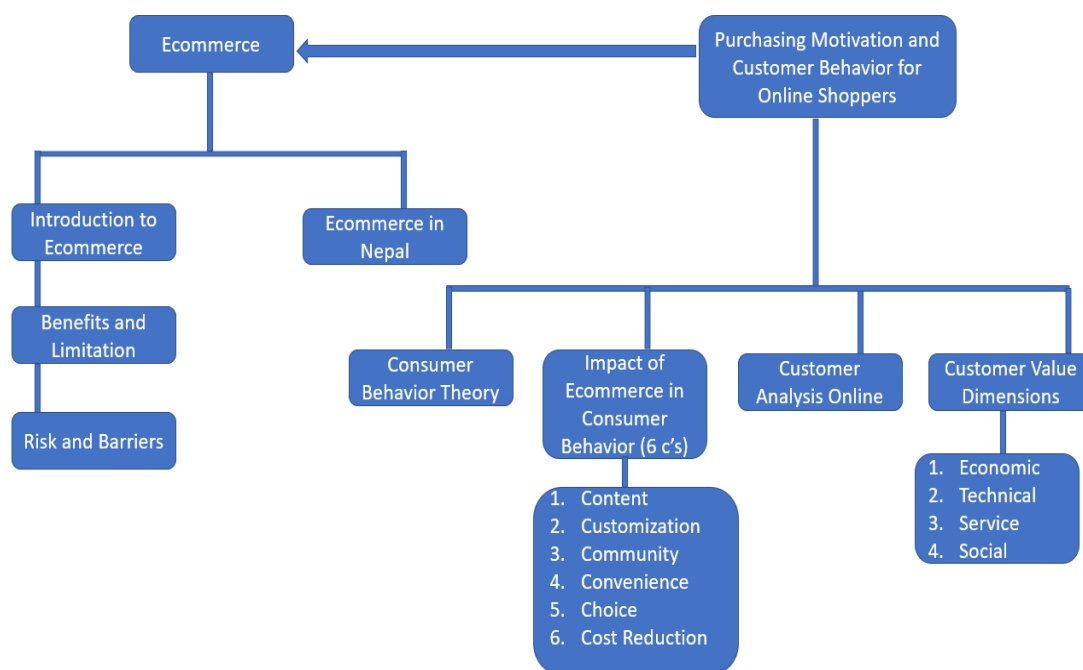


Figure 1. Conceptual Framework for the thesis concerning the Online Shopping Behavior among the young consumers in Kathmandu. (Author of the thesis)

The core of this conceptual framework is Purchasing Motivation and Customer Behaviour among the young consumers in Nepal. The concept of ecommerce in general



and especially in the context of Nepal is vital in this thesis. To know the online shopping behaviour, it is first important to realize few theoretical concepts and the plan has covered all the necessary theories to make the empirical findings as per the achieved knowledge. The relevant literature will be scanned to prepare the survey questions that will be used for this research and for the preparation of the survey questionnaire it is important to create a valid and reliable framework as shown in figure 1.

## 2.4 Research questions

This research seeks to understand the young online consumers' purchasing behavior. This study will start from consumer behavior theory, factors impacting the purchasing behavior of the customers, followed by online customer analysis and different value dimensions that stimulate the online channel choices in their purchasing journey. Since, the author's empirical study is quantitative research so survey questionnaires will be used to collect data from many respondents indulging in online shopping in Kathmandu, and from these respondents, the author is hopeful to find the answers to the following research questions.

1. What is the current situation of ecommerce business in Kathmandu, Nepal?
2. What, where, why and how young consumers do online shopping in Kathmandu, Nepal?
3. How similar/dissimilar are people opiated concerning the local and international online stores?
4. How are purchasing decisions influenced among these young online consumers?
5. How big/small variations exist in the consumption structure of young online consumers of Kathmandu?
6. How have online purchasing channels impacted the purchasing journey of young consumers?
7. Which value dimensions inspire to generate additional value for young consumers in their purchasing journey?
8. Are there any development opportunities for the existing online companies?

9. What kind of sources the existing online shoppers want to use for their convenience?

## 2.5 Boundaries

The issue of online shopping is wide and complex, so it is not possible to cover all the age groups. So, the author will be targeting on the age group between 18-30 only. Although Nepal's 2010 National Youth Policy, limits the age of the youth between 16-40 years old (Website of Youth Policy 2014) the author will further limit the age group between 18-30. The research targets the young people residing in Kathmandu, the capital city, as Kathmandu is the author's home town and all the development including technological development has been centered to Kathmandu only. So, the author is not conducting the survey among young consumers residing outside the capital city.

One of the prime reason for conducting this research is to find a scope to advent different aspiring people including the author into online entrepreneurship so, the author will not be providing any kind outline concerning the country's legislation for doing a business. This research doesn't target any kind of foreign investments. Furthermore, detailed study will not be conducted concerning the existing foreign online companies. The author tries to find out if the foreign online companies have been dominating the domestic companies, but the author will not go in detail and descriptions like, what can be done to mitigate the impact of foreign companies and promote the domestic companies and so on.

## 3 ECOMMERCE

### 3.1 Introduction of ecommerce

E-commerce includes the use of the internet, The World Wide Web (Web), mobile apps and browsers running on mobile devices to transact the businesses. To be more

precise, it is digitally enabled commercial transactions between and among organizations and individuals. (Laudon & Traver 2017, 50). We often get confused with the terms Internet and Web as they are used interchangeably but, they are two different terms. The Internet is a worldwide network of computer networks and the Web is one of the Internet's most popular services, enabling access to unlimited web pages worldwide and digitally enabled transactions include all the transactions arbitrated by digital technology (Laudon & Traver 2017, 50-51).

We also see that people use concepts e-business and e-commerce interchangeably but again they are two distinct concepts. Ecommerce is part of e-business and e-business is a wide and detailed concept which includes purchasing and selling goods, services or information over the internet and other telecommunications network. In addition, other activities such as publishing information, scheduling, distribution, advertising, payment and services are also parts of e-business. Furthermore, distinguishing factors include money related factors. Ecommerce includes all the transactions related to money and monetary items, but e-business includes monetary as well as allied activities. Ecommerce needs a website through which business can be represented. E-business requires a website, customer relationship management and enterprise resource planning to conduct the business over the internet. Ecommerce requires and uses only internet to connect with the rest of the world but e-business apart from internet, requires intranet and extranet for connecting with different parties (Albaum & Duerr 2011, 46). To make things clearly visible, following figure is constructed accordingly to show the differences between ecommerce and e-business.

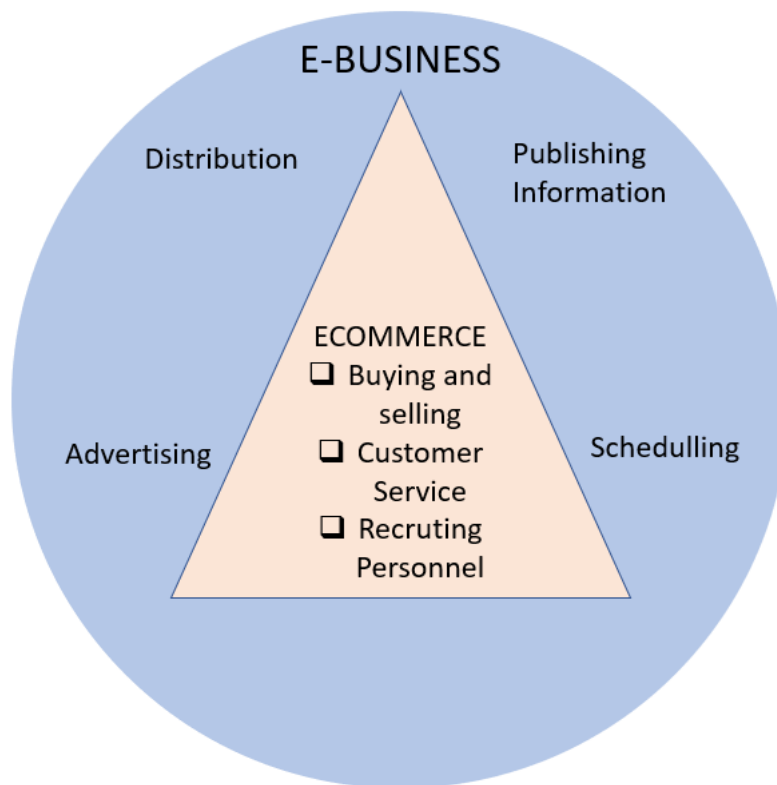


Figure 2. Relationship between E-business and Ecommerce. (Author of the thesis)

### 3.2 Benefits and limitations

Ecommerce has transformed the idea of doing businesses by providing balanced opportunities to all the businesses to mark their presence globally, easing customers with online shopping and easy transactions. There are people still advocating that traditional form of business are far more better so, following are the benefits and limitations of ecommerce to make us aware about certain aspects of evolving business, i.e. ecommerce.

#### *Benefits*

Although, empowering the business to reach the global market is the foremost benefit of ecommerce, there are other benefits as well.

1. Available round the clock

Time restrictions have been eradicated by ecommerce. It is via ecommerce that execution of business transactions is possible round the clock, i.e. 24\*7. The time factor is one of the key factors that boosts the increment in sales.

## 2. Freedom to make choices

Online stores give opportunities to customers to make choices and look for cheaper and higher quality products. With the help of ecommerce, consumers can buy specific products and find direct manufacturers to purchase the products at lower prices. Additionally, there are reviews of other consumers that eases the purchasing decisions of the new consumers.

## 3. Cost effective

Ecommerce has been proven to be immensely cost effective as it cuts down the marketing cost and improves processing, inventory management, customer care and so on. In addition, it also reduces the load of infrastructure necessary for operating a business. Collection and management of information related to customers can be collected effectively, which in return will benefit in promotional strategy.

(Jain 2010)

## *Limitations*

There are also a few limitations concerning ecommerce.

### 1. Technological and inherent limitation

The major disadvantage of ecommerce is internet limitation. Lack of knowledge limits big number of people from using the internet and comprehending the online transactions. Some people have trust issues, so they don't disclose their personal and confidential information.

### 2. Unsuitable for perishable items

Perishable items require proper storage and warehousing so perishable items are not convenient in ecommerce. People opt for doing shopping traditionally for perishable items.

### 3. Security

Security issue is always an issue when we talk about ecommerce. People don't trust online business because there have been several incidents concerning frauds and faulty payments.

#### 4. Ecommerce is not free

Ecommerce is not free. All people do not have access to internet and since it requires payments to use internet, it is not used by everybody especially in developing countries, where the access of internet is not satisfactory and as a result many small businesses are losing the battles with big businesses.

(Edukart 2013)

### 3.3 Risk and barriers

Opportunities must be even against the risks of introducing the e-business services which differ from strategic to practical risks. Starting from strategic risks, making wrong decision concerning the investment is one of the main strategic risks. Some companies in this sector have been able to take full advantage and gain a competitive advantage while others have not achieved any sort of hoped-for returns, simply because either the plan blemished, or the planned approaches used for the market were irrelevant. Likewise, practical risk concerns the failure in customer service. The consequences can be losing the customers or people opting for offline stores over online stores. Some companies just send the emails to customers without any consent of the customers, which is against the data protection laws. Additionally, lengthened delivery or missing the packages also induce to lose the customers (Chaffey 2011, 35).

As far as barriers are concerned, one of the prime barrier of ecommerce is the misuse of the data. Since, ecommerce collects personal data and data is often transferred without encryption of the data, the data can be viewed by unauthorized parties, so these data often get misused. Information technology able rapid, systematic collection, classification and use of the data so that data can be accumulated and evaluated in bulk amount but at the same time increases the abuse of the collected data (Oluwaseun 2013, 60).

Similarly, security and trust are the other barriers. The rapid evolvement of ecommerce has also raised the question of security of electronic payment system. The ecommerce security spans many areas including privacy, integrity, originality and non-repudiation. There will be a problem in case of a breach in these areas (Website of Business Insider 2016). Furthermore, cost is another important factor. It is concerned with the assessment to develop a cost benefit analysis which considers both the initial investment costs and the ongoing cost against the value created from both tangible and non-tangible benefits (Chaffey 2011, 35).

## 4 ECOMMERCE IN NEPAL

Although, developed countries have embraced ecommerce at a brisk pace, developing countries like Nepal are slowly on their way to match up the ecommerce trend and in case of Nepal, there is a big influence and arrival of new technologies from two neighboring countries-India and China. Online shopping is covering the Nepalese market at a brisk pace and is well facilitated with the introduction of new technologies, digital stores and interactive apps. Below is a detailed scenario of the Nepalese ecommerce market and existing online shoppers:

### 4.1 Nepalese ecommerce market

The history of Nepalese ecommerce dates to 1999, initially-used especially by Nepalese living in the U.S to send gifts to their friends and families living in Nepal. However, the internet access was limited and expensive. This era was one of the dark age for Nepalese ecommerce, where global ecommerce companies were reconstructing after the major internet bubble burst that took place in 1999/2000 (Website of Nep Commerce 2017).

With the introduction of ADSL (Asymmetric digital subscriber line) broadband internet by the Nepal telecom, one of the government owned telecom enterprises, people

could switch from sound making; snail speed dial-ups internet to comparatively faster ADSL broadband internet, which helped in eradicating expensive telephone bills from their monthly budget. So, after more than two decades, after the first ecommerce company was launched in the world, ecommerce in Nepal has grown almost by 1200% and there are not any negative signs to slow the development of ecommerce for the next 5-8 years. Investing in internet technologies and ecommerce is providing undoubted strengths to small/ medium enterprises and startups to make their business bigger by reaching to customers in wider geographical regions (Website of Nep Commerce 2017).

Compared to other developing countries, the internet had a late inception in Nepal. As of January 2015, there were 47 internet service providers, with about 100,224 accounts. 30% of the total accounts were commercial, as the trend of businesses using the internet to promote their products and services and communicate with foreign businesses including airlines, hotels and travel agencies is growing strongly. Although, main activities are concentrated in Kathmandu, the capital city, there are half a dozen other cities where the activities are made. Although the business activities conducted via online are relatively small, the market is advancing. As of May 2014, out of 42,748 registered websites, 30,198 were commercial websites (Website of Export. Gov 2016).

Majority of ecommerce websites are placed outside Nepal where credit card verifications are available. Credit card transfers and e-banking transfers are accepted with these ecommerce websites located outside Nepal. Unfortunately, Nepalese who don't hold any dollar account cannot make payments in foreign currency since foreign exchange is regulated and is not freely available. There are few B2B (business-to-business) websites like muncha.com, thamelmall.com and bitarak.com. These websites are primarily used to deliver gifts during religious festivals. The most frequent users are Nepalese residing abroad and the delivery of goods is done within the territory of Nepal (Website of Export. Gov 2016).

Realizing the importance of ecommerce many companies reserve a lump of their revenue to be spent on digital marketing so some of the leading enterprises have already started their operations in digital form and have started offering online shopping



through their official websites. Apart from increasing the presence of online customers, the leading companies also get the feedback from their customers instantly via different social media and other form of digital modes. Unlike developed economies, where the ecommerce industry is already mature, developing economies including Nepal have big areas to concentrate on expansion and development (Website of Techlekh 2015). Below is a graph depicting Nepalese people visiting various ecommerce websites at different time periods in a day.

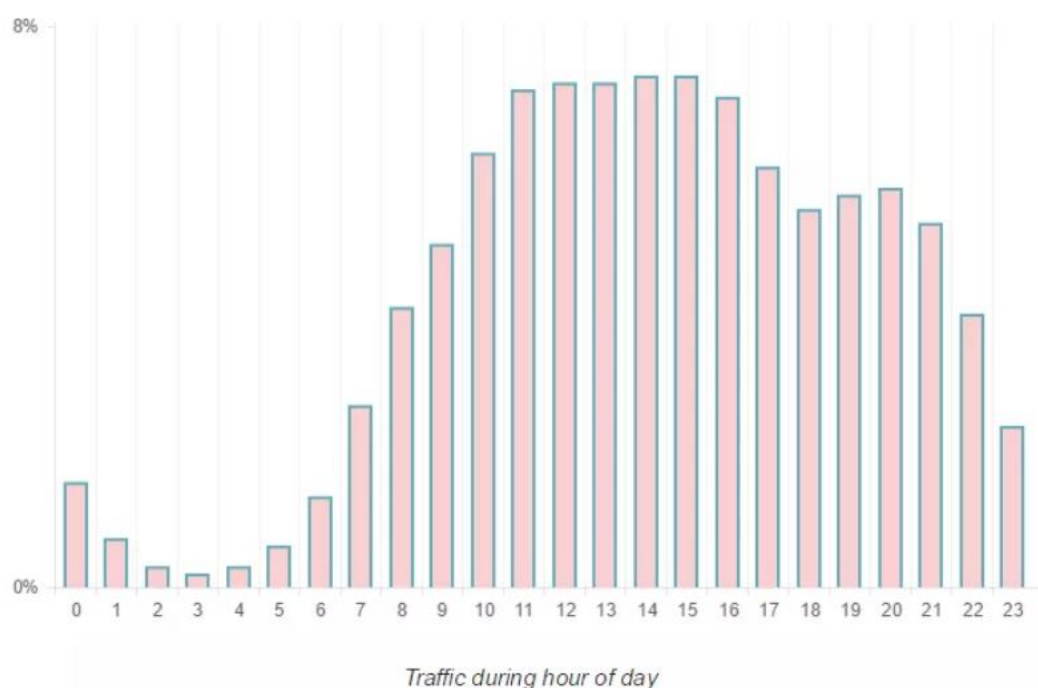


Figure 3. Nepalese visiting ecommerce websites at different time periods. (Website of Techlekh 2015)

From the above picture, we can say that most Nepalese visit ecommerce websites between 11 am to 4 pm so most of the transactions take place during these hours. However, people also visit the ecommerce websites during the evenings and then the number of visits slowly decreases until it is very small at late night.

## 4.2 Nepalese online shoppers

We can say that ecommerce industry is still in its infancy stage in Nepal. At present, major ecommerce ventures have been providing their services to few cities only including Pokhara and Kathmandu. According to the Kathmandu Post, Nepalese residing in the country are increasingly enthusiastic in shopping in the cyberspace. Rocketing internet penetration and greater awareness about different internet ventures have motivated the locals to shop for different goods and services via the virtual malls. The need of touching the actual product while shopping is changing dramatically, and people are becoming tech savvy so nowadays, information available about the brand is becoming an important factor in buying decision process among the Nepalese people (Gautam 2015).

The population of Nepal in 2017 was approximately 29 Million (Website of Population Pyramid). As of October 2017, 16.67 Million people were connected to the internet, which was almost 15.60% more compared to October 2016. The figure in October 2017 means that nearly 63% of the total population are now connected to the internet. Less than 30% of Nepalese used the internet in 2010. So, we can clearly see that the number of internet users is in a staggering growth. Cell phones are the main drivers of Nepal's internet adoption as 95.62% of the total population are accessed to mobile towers (Neupane 2018).

A research made by Kaymu, one of the leading ecommerce site in Nepal found that the younger population, aged between 18-34 years are the most active group involved in ecommerce transactions. The older generation people are less attracted towards shopping online. In case of gender, male online shoppers accounts 72%, compared to 28% female. The highest number of ecommerce activity happens in Kathmandu accounting 53%, followed by Biratnagar 23% and Pokhara 8%. The average session duration for a new visitor is 5 minutes, whereas the returning visitor spend 8 minutes. 54% were new visitors and 46% were returning visitor (Ghimire 2017, 3).

Furthermore, the results revealed that Google Chrome is the most popular internet browser in Nepal, 56% of the total online shoppers used Google Chrome to visit the ecommerce websites, followed by Mozilla Firefox with 16% and followed by other

browsers. Desktop and laptop still tops the list with 65% of the total annual traffic followed by mobiles with 30% and tablets with 5%. Although, the use of credit and debit cards along with the online transfer banking is slowly growing in Nepal, cash on delivery is still the dominant force, where 85% of the online shoppers opt for cash on delivery, followed by digital payment methods, bank transfer, Ipay and credit card with 10%, 2%, 2% and 1% respectively. The significant impact is normally on festivals, where people shop online more often than any other times. Important events are Raksha Bandhan (Brothers/Sisters Day), Valentine's day (February), Dashain (September/October), New Year (December/April), World cups and so on (Ghimire 2017, 3).

## 5 CONSUMER BEHAVIOUR THEORY

Consumer behavior is the buying behavior of the final consumers. Here, the final consumers are the individuals and households purchasing goods and services for their own use (Kotler & Armstrong 2016, 166). In addition, consumer behavior also studies all the processes included in selecting, purchasing and consuming the products and services (Solomon, Bamossy, Akegaard & Hogg 2010, 6).

According to Hawkins & Mothersbaugh (2010), the field of the consumer behavior is the study of individuals, groups, organizations and the processes they use to select, secure, consume and dispose the products, services, experiences or the ideas to fulfill the needs and the impacts that these processes have on the consumer and the society.

Numerous purchasing decisions are made each day by millions of consumers so buying decision is the focal point of the marketers. Companies are using a lot of time and effort researching the consumers buying decisions in detail to get the answers to the questions like what consumers buy, where they buy and how much they purchase, and when they buy. Many marketers study the actual consumer purchases to find out what the consumers buy, where and how much. However, unfolding to 'why's' behind the

buying behavior is not as easy as we think because the consumers themselves are not sure what influences their purchases (Kotler & Armstrong 2016, 166-167).

Following is the figure showing that marketing and other stimuli enters the consumer's "black box" and produce certain responses. So, marketers must figure out what is in the buyer's black box.

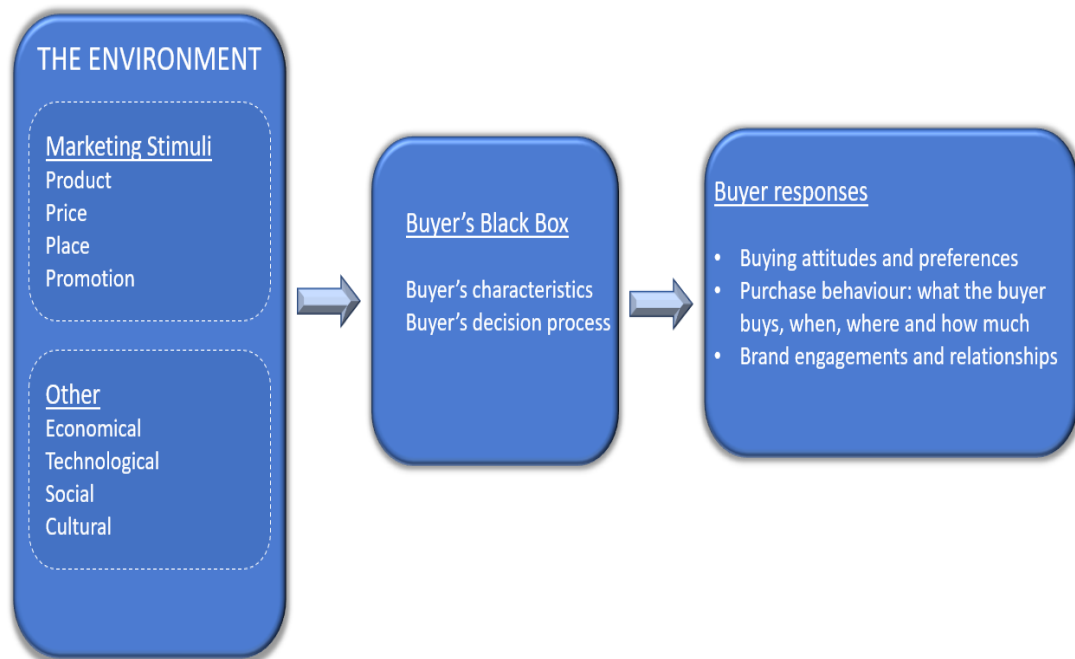


Figure 4. The model of buyer's behavior (Kotler & Armstrong 2016, 167).

The buyer's black box is termed as black box because we know that we can measure the what's, where's, and when's of consumer buying behavior but it's difficult to glimpse inside the consumer's head and figure out the 'why's' of the buying behavior. So, every marketer is spending a lot of time, effort and money trying to figure out what makes the customers tick (Kotler & Armstrong 2016, 167).

Marketing stimuli comprises of the four P's: Product, price, place and promotion. Apart from these stimuli, there are other driving forces and events in the buyer's environment and they are economic, technological, social and cultural. After these inputs get in the buyer's black box, it then turns to the set of buyer's responses- the buyer's

attitudes and choices, brand engagements and relationships, and what the customer buys, when, where and how much (Kotler & Armstrong 2016, 167).

There are five stages before the actual purchasing decisions are made by the consumers. The five stages consumer gets through during the purchasing decisions are: need recognition, information search, evaluation of alternatives, purchase decision and the post-purchase behavior. So, it is crucial for the marketers to understand this entire process instead of just concentrating on the purchase decision. However, consumers skip some of these stages in case they are frequent purchasers of a similar products. Depending on the products the consumers' buying behavior vary. Based on the effort required and the differences between brands, the buying behavior can be further categorized as complex, dissonance-reducing, habitual and variety seeking behavior (Kotler & Armstrong 2016, 182-186).

Complex buying behavior is applied in those cases where the level of consumer involvement is on a higher side, there are significant differences between the brands and when the product is expensive, risky, purchase frequently and highly self-expressive. Basically, the consumers must learn much about this product category. For instance, when buying a new car customer is eager to know about the models, attributes or what price to expect. Similarly, dissonance-reducing buying behavior applies in those situations where the consumers are highly active with an expensive, infrequent or risky purchase but glimpse little brand differences. For example, when buying carpets, customers respond to nice price and purchasing convenience (Kotler & Armstrong 2016, 182).

Likewise, habitual buying behavior is considered when there is a need of cheap and frequently purchased items. Table salt can be an example, to purchase salt consumers go to market and simply reach for the brand and finally, when there is low involvement but with significant brand differences is perceived, consumers opt for variety-seeking buying behavior. For instance, when a consumer wants to purchase a cookie brand, he/she will hold the same belief and choose a brand without much evaluation (Kotler & Armstrong 2016, 182-183).

## 6 IMPACT OF ECOMMERCE IN CONSUMER BEHAVIOUR

The use of internet and internet facilitating ecommerce undoubtedly have a huge impact on the consumer behavior. Although, online stores lack the opportunities of impacting consumer behavior via giving the customers pleasant customer service experiences offered by humans, online stores can still create a positive impact on the level of consumer behavior by improving the technical abilities of the website, providing complete information concerning the product and services and impacting consumer behavior by expanding the choices for consumers at different levels. To be precise, consumers these days can compare various aspects of products online before making any commitment to purchase anything specific (Dudovskiy 2012).

To be able to stand out from the offline stores and other competitive online stores along with attracting the customers, the online stores need to create a clear online value proposition which will entice the customers to use their specific online stores. So, the typical benefits that lure the customers to prefer an online store over offline store can be summed up in Six C's, which are Content, Customization, Community, Convenience, Choice and Cost reduction (Chaffey 2011, 37).

### 6.1 Content

In mid-1990's it was often said that 'Content is King', which still is contextual as relevant rich is still king (Chaffey 2011, 37). As online stores have access to more in-depth content information like features, pricing, shipping methods and return policies and since ecommerce is highly interactive, online stores can easily offer detailed information regarding their products and services to the customers and on the other hand, costumers are able to provide their information including email address, preferences and choices history to online companies (Kardes, Cronley & Cline 2011, 335).

## 6.2 Customization

Companies should customize their online offering to each individual customer. The companies can make recommendations based on the customer's previous experience while purchasing. In addition, customers can be informed via email reminders about the latest offers (Chaffey 2011, 37).

The available information can also be confusing and difficult for customers to comprehend so recommendation agent, which is a decision aid helping customers to remove the inappropriate alternatives, can be used. This works out in such a way that customers purchasing history will be used to find information regarding their choices. With the help of such aids customers can make better decisions and customize large information effectively (Kardes, Cronley & Cline 2011, 335).

## 6.3 Community

The internet liberates consumers to discuss anything they wish via forums, chat-rooms and blog comments. Consumers can discuss their personal experiences concerning the products, ask questions if required from others and read recommendations from other customers from various other sources. (Chaffey 2011, 37).

According to Mintel Flagship report American Lifestyles 2015, 69% of the American consumers look out advices and opinions on products and services before they make their purchasing decisions. This means 7 out of 10 Americans seek out other's opinions before making purchases. Of those who seek advices from others, 70% are likely to visit user review websites or the independent websites, while 57% use social media for recommendations. Additionally, 72% of opinion-seekers aged between 25-34 look to social media contacts for recommendations while purchasing goods and services (Seven in Ten Americans....2015).

#### 6.4 Convenience

Convenience is one of the factors stimulating online shopping. It is the ability to select, acquire and in some cases also consume the products from your home any time: the classic 24\*7\*365 availability of a service. Online consumption of products is of course limited to digital products such as music or other kind of data services. For example, Amazon exhibited the idea of offline shopping using creative ad showing a Christmas shopper battling against a gale-swept street clutching many bags to reinforce the convenience message. Some companies provide a platform to review their products on the online store webpage and hence, instead of going to the actual store and asking personnel to advocate their product features, customers can get the information simply by visiting company's website (Chaffey 2011, 37).

#### 6.5 Choice

A wide product range is also an advantage of online stores as the online stores give a wider choice of products and suppliers than via conventional distribution channels. Through this, consumers can compare products and prices of products and services offered by different companies (Chaffey 2011, 37). E-commerce has powered the customers as the customer possess more knowledge concerning the products and services and are fully aware about the price transparency, so the companies must consider it carefully as this may lead the customer to switch from one to another store without any hesitation (Chaffey 2011, 277).

#### 6.6 Cost reduction

The internet is widely perceived as a comparatively low-cost place of purchase. Customers often anticipate a good deal online as they realize that the online traders have a lower cost base as they have lower staff and distribution costs than a retailer that administers a network of high-street stores. So, a simple price differential is a decisive approach to boosting the usage of online services. In the late 1990's, low cost airline Easy Jet inspired the limited change behavior required from booking to online booking by offering £2.50 discount on online bookings, encouraging the users to switch from



the conventional approach to modern approach by allowing them with a discount (Chaffey 2011, 39).

## 7 CUSTOMER ANALYSIS ONLINE

Today, many marketers are spending more time and money than ever just for the sake of studying the customers. Emphasis is given to learn more about the customer behavior. The company always has a competitive advantage if it has a clear picture on how the customers respond to different product features, prices and advertising. The system of customer analysis is dynamic which can architect different kinds of customer levels, known as societies, industries, market segments and individual customers. The customer analysis system is not only used to analyze the relationship between the company and its competitors in a specified industry but can be used to analyze group of customers who have similarity in various fields, including cognition, effect, behavior along with the environment (Kotler & Armstrong 2016, 188-189).

### 7.1 Customer's effect and cognition

Customer's effect refers to customer's feelings on stimuli and events. To be more precise, it is the likes and dislikes of a customer towards a certain product or service. Similarly, cognition refers to customer's thinking which includes their beliefs on a certain product. Furthermore, it is a process of understanding, evaluating, planning, thinking and deciding. It is believed that a customer is satisfied when a service meets the expectations and better still it exceeds the expectations. The quality of a service can be difficult to assess compared with product quality (Turban, King, Lee & Viehland 2006, 374-376)

Effects and cognitions are highly independent, while each system still influences the other. Customer's affective reactions to the environment can impact cognition in the decision-making process. For example, if a customer goes to shop some groceries for

himself in a bad mood and has no interest in purchasing the products. The effect impacts the cognitive process while shopping so that the customer is more likely to imagine about all the favorable qualities of the item to purchase. The maintenance of effect and cognition of customers during the online shopping process is as important as the high level of satisfaction associated with various outcomes (Peter & Olson 2005, 46).

## 7.2 Non-store customer behavior

Customer behavior are the mental and physical activities undertaken by household and business customers resulting in decisions and required actions to pay for, acquire and consume the products and services. Some instances of mental activities are being able to assess the suitability of a product or services brand, making conclusions about a product's or service's qualities from advertising information and access actual experiences with the product. Similarly, physical activities examples are visiting the stores, interacting with the sales person and issuing purchase orders. Apart from the above-mentioned activities, there are other things that can affect the customer behavior and induce a change in thoughts, feelings and actions. Such feelings and thoughts arise from comments from other consumers, advertisements, price information, packaging, product appearance and so on (Peter & Olson 2005, 501).

Customer purchases are influenced strongly by the cultural, personal, social and psychological characteristics (Kotler & Armstrong 2016, 167). However, all these factors cannot be influenced by the marketers but can be useful in identifying interested buyers and shaping the products so that these products serve the customers well. Many companies focus their marketing programs based on the local culture of the consumers. Different social factors such as a person's reference group like family, friends, social networks and so on also strongly affect the product and brand choices. The buyer's age, occupation, economic circumstances, and other personal characteristics also influence his/her buying decision. Likewise, psychological factors including motivation, perception, learning, beliefs and attitudes influence a customer's buying decision. (Kotler & Armstrong 2016, 167-181)

There are 3 main approaches for studying the customer behavior. Beginning from the first one, which is a traditional approach. It emphasizes the psychology and sociology of the buyer. Researchers take help of different surveys and experiments so that customer behavior and the customer's decision-making process can be explained well. Similarly, second approach is marketing science where the math-modelling and simulation are used for predicting the customer's choice and customer behavior and finally, the third approach is the interpretive approach, which although is newly introduced approach but is becoming one of the key approaches. This approach looks to understand the consumption and its meaning. Techniques like long interviews and focus groups are widely used in such approach (Peter & Olson 2005, 10).

### 7.3 Customer environment

The environment refers to all the physical and social aspects of a consumer's external world, that includes the physical objects (products and stores), spatial relationships (locations) and the social attitude of other people (who are around). So, the environment can impact the consumers' affective and cognitive responses along with their behavior. There are two important aspects of customer environment and they are social and physical environment, which are both equally important. Social environment comprises all the social interactions among the people. It is important because it defines the customer environment as micro and macro for marketing appropriately. Furthermore, the macro environment comprises large-scale, environmental factors like climate, economic conditions, political system and so on whereas, micro environment comprises tangible physical and social aspects that include person's immediate surroundings like filthy floor of a store, chattering sales person, unpleasant weather or families. Similarly, when we think of this case on online stores, difficulty in accessing the website, poor online chatting system, lack of proper description regarding the products and so on. Whereas, physical environment means physical aspects of the field where the customer behavior occurs. Aspects like time, weather or lightning can at times create changes in the physical environment (Peter & Olson 2005, 264-268).

## 8 CONSUMER VALUE DIMENSIONS

The world business is occupied by more demanding customers, a fierce global competition and huge technological advances so many companies are looking for a way to gain a firm competitive advantage in a consumer-centric market via superior value delivery. In other words, consumer centric market is the differences gained by the consumers by owning and consuming against the cost of buying the product (Woodruff 1997, 139-140).

According to Zeithaml (1988), “Value is low price, value is whatever I want in a product, value is the quality I get for the price I pay, and value is what I get for what I give.”

Similarly, according to Menon, Homburg and Beutin (2005), value simply is the differences between benefits and cost. Simply put ‘Value = Benefits – cost’.

Different authors and scholars have defined value using different terms, but they revolve around a similar concept. Although Woodruff (1997) and Sheth, Newman and Gross (1991) agree that value is a mix of five components but Anderson and Narus (1998) actualized the concept of value and believed that there are four components in a value, which are technical, economic, service and social. So basically, value element is an absolute way to define how the offerings can either deduce the cost of acquisition for consumers or simply add the value to what a consumer is trying to attain (Anderson, Narus and Narayandas 2009)

### 8.1 Economic value

The economic value, often termed as monetary value dimension relates the financial aspects of the offerings. Since, price is one of the key factors playing a crucial role for product acquisition for the consumers. Today’s consumers are resourceful, they have all resources available to research and select the best medium to avail the offerings so that utmost economic value can be gained during the acquisition of products and services (Trenz 2015, 12).

At several occasions, customers seem to be price sensitive, so they require monetary benefit that justifies the time and effort invested while making different via different mediums. Consumers usually are enticed to purchase when they receive the highest economic value against the product they buy. The online prices are very competitive, so the consumers are expecting loyalty points, individualized offers and discounts that deduce the overall product cost and make sure that economic value of the purchase becomes beneficial. Simply, a consumer will not buy the product if the price outpaces its value (Trenz 2015, 12).

## 8.2 Technical value

Technical value dimension refers to the core offerings and the technical aspects associated to that offering. Technical value simply is the technical value created by providing value-added services to the consumers via exceptional procedural services in the purchasing process of a consumer, which adds some additional value to the core offering and this is achieved through improved processes in operational and customized efficiencies (Mathewson and Moran 2016).

Efficiencies and reliability is something the customers are always expecting as a part of their purchasing journey, Efficiencies and reliability is important for customers especially in an online environment because the customers don't want any hassles when it comes to websites loading and functioning with ease. Furthermore, the customers expect the entire buying process, be it searching or comparing to be simple along with being risk-free. So, the website's content must be of a high quality, the websites design simple to follow and relevant along with ensuring that the payment be safe and secure (Mathewson and Moran 2016).

## 8.3 Service value

Service values are all the features concerning the services offered by the firm. These features include delivery and support, usually that takes place after the customers purchase something from the seller. It is one of the crucial factors because it makes the

purchasing experience enthusiastic when there is a desirable assistance. It also strengthens the buyer-seller relationship. The world is competitive and is unmoved by digitalization, so fast and efficient services like on time delivery and smooth after sales services provide the buyer to save time and effort and these features differentiate a company from one another as the buyer-seller relationship will get stronger and the customer would like to use the services of a company time and again (McCormick, et al. ...2014, 227-321).

One important factor in a customer's purchasing journey is time. People are busy and have their own schedules so unlike traditional offline stores, online shopping facilitates shoppers to shop at their own convenience from any geographical location. So, every company should be able to provide the services of stock availability and deliver the products anywhere despite the geographical barriers. Along with delivering the products, facilities such as warranties should be enabled as a part of the service (Mathewson and Moran, 2016).

#### 8.4 Social value

Although, money is the main driver of commercial production, trust is getting over it and is considered as the influential driving force for social production. Information about the products and services are easily available in different social media platforms these days. Millions of people share their opinions concerning the products and services and so are the sellers, who are using these platforms to write and upload their own content for others to read and make a comment. A research conducted by Forbes, found that 81% of the respondents indicated posts from their friends and family directly affecting the purchasing decisions (Johnson 2014).

Social relation builds connections among different people interacting with each other, which in results feedback loops. There are different kind of people, some can be active and can start conversations, while others revolve around them or some are passive, some are socially active and can depend on the opinions and advices from the contact lists and make purchasing decisions accordingly (Johnson 2014).

## 9 RESEARCH METHODOLOGY

Different steps of the research methodology used for creating this research are discussed in this part of the theory. Starting from relevant literature scanning fulfilling the purpose of this research. Ample resources like books, articles, journals and online resources were studied and then used as source of information. Appropriate methodology and other issues related to validity and reliability are detailed in this section of the study.

### 9.1 Research design

A research design can be defined as a framework for a study used as a guide in compiling along with analyzing the data. In general, there are three types of research design and they are exploratory, descriptive and casual. Each of the design serves a distinct end purpose and can only be used in certain ways (Zikmund, Babin, Carr & Griffin 2013, 51)

#### *Exploratory Research*

Exploratory research focuses on the analysis of different insights, contrary to accumulating statistically precise data. As far as online surveys are concerned, open-ended questions (expert interviews, small population studies, preliminary research, respondent outlet) are the most common example of exploratory research. It helps to expand the understanding of people that are being surveyed. Although, text responses may not be statistically measurable however, quality information leading to invention of new initiatives that needs to be addressed can be derived (Zikmund, Babin, Carr & Griffin 2013, 52).

#### *Descriptive Research*

Descriptive research takes the big volume of online surveying and is regarded conclusive because of its nature, i.e. quantitative. It is different from exploratory research because it is pre-planned, and the designs are well structured, so the collected results can be statistically inferred on a population. One of the prime reason behind such research is that it defines opinions, attitude or behavior held of a certain group of people very well. It also allows to measure the importance of the obtained results on the overall population along with the changes of the respondent opinions, attitudes and behaviors over time (Zikmund, Babin, Carr & Griffin 2013, 53).

### *Causal Research*

Causal research is more similar like descriptive research because it is quantitative in nature and is preplanned and contains structured designs. However, it differs in attempt to explain the cause and effect relationship between variables. It is also different to descriptive research in terms of the observational pattern. So ultimately, casual research has two main and defined objectives. The first one is to comprehend which variables are the cause and which of them are the effect and secondly, determine the nature of relationships between casual variables and the effect to be anticipated (Zikmund, Babin, Carr & Griffin 2013, 54).

With the introduction and in-depth knowledge of different research design, the author has used the descriptive research design because the thesis being conducted required the online surveying in a bulk amount. Since, descriptive design uses preplanned and structured designs and is conclusive in nature, the author could define the opinions of the targeted respondent, what sort of attitude do the targeted respondents have and what are the behavior possessed by the targeted respondents and it is visible that the online shoppers are the targeted respondents. The categories that the respondents can select are already pre-defined, so the results will not give a unique insight.

Furthermore, the pre-determined choices will result in statistically inferable data and the significance of the overall results changes over time. In this thesis, the attitude and behavior of the online that existed yesterday is not same today and will change over time so it is important to study the change as well and it is facilitated by the descriptive research.



## 9.2 Methodological approach: A quantitative research

Positivist paradigm, popularly known as quantitative research approach have been used in this research to collect the primary data and this is done via the questionnaires survey. Quantitative research is a distinctive research strategy that incorporates the collection of numerical data. Furthermore, unlike qualitative approach, quantitative approach employs measurement (Burns & Burns 2008, 14-15).

Quantitative research approach was selected for this research because the quantitative approach is more objective, so it will be easier to collect the data from a large sample. More importantly, the data in such method will be derived in numbers and statistics through which knowledge concerning consumer preferences along with their opinion can be derived (Collins & Hussey 2014, 50). Quantitative research approach also facilitates the researcher to accumulate data with the help of different structured instruments, where the research questions are predefined by the researcher so that these research questions meet the objectives well. Therefore, it's important to consider that all the aspects of the study prior to collecting the data (Collins & Hussey 2014, 60-63).

Based on the deductive approach, this approach begins at a general level, abstract level to achieve more concrete findings. Additionally, facts narrow the presumptions, as it looks for cause and facts based on the logical reasoning. Measurement is a crucial element in such approaches because such approaches aims on capturing the details highlighting the quality along with depth of the data (Collins & Hussey 2014, 60-63).

## 9.3 Population and Sample

Sampling is one of the essential part of the research design, so it is closely linked with the research design and the method engaged in this research. The author has been sensible in considering all the available options along with the limited limitations prior to deciding the circumstances for the sample that will be used for this research.

Among different available sampling, convenience sampling was used. This choice of data sampling was elected based on different factors like time, and other relevant resources. The respondents should first access their availability, willingness and accessibility so that convenience sampling approach can be feasible to the respondents. (Bryman 2012, 181)

The survey was released on 1<sup>st</sup> of March till 28<sup>th</sup> of March. There were few criteria's concerning the population. The respondents should fall on the age group of between (18-30) only and the people must be the young online shoppers residing in the capital city of Nepal. i.e. Kathmandu. The survey questions were sent through email to individuals via personal contacts, different Facebook group and online communities. Prior to conducting the research, the expected respondents were about 100 people but when the survey got released, the responses were overwhelming. Total of 142 people responded to this survey, which was higher turnout than expected so the responses were thrilling. The author felt that the total respondents were adequate for this research. However, only 136 respondents were analyzed and used for this research because 6 of the responses were found to be deemed incomplete and as a result those 6 respondents were not included in the results.

#### 9.4 Making the questionnaire

A questionnaire is the most widely used method used for collecting the data. Questionnaires consists of series of question. The design must be simple and logical so that it can be understood by all the respondents and is easy for them to answer. The language must be neutral and should be clear. If the questions are simple and clear, the respondents will be able to answer them accurately and assist the researcher to withdraw expected conclusions inherently. Basically, questionnaire allows the researcher to accumulate facts and opinions from the respondents based on their knowledge, their personal experience and the values on them (Matthew and Ross 2010).

The questionnaires were designed in English language and there were 18 standard questions. The questions were based on the theoretical background along with the aim and objectives of this thesis. The questions were created in close collaboration with

the thesis supervisor and had to be carefully edited several times until the final approval from the thesis supervisor was made. After the approval, it was launched in public. The author felt that the supervisor helped to improve the overall quality of the questionnaire. Questions started from demographic information and all the questions had been set in such a way that the author could focus on the research field making sure that the respondent could answer the questions promptly.

Starting from the demographics such as age and gender were important because the level of inclination of these groups towards the online shopping in Nepal is unknown. Information regarding the dominance of domestic/foreign companies with reasoning was expected, which was one of the concern regarding this thesis objective. Importantly, different factors and considerations influencing the buying behavior among young consumers was expected to be clear along with consumer value dimensions of young consumer of Nepal. So, when the online customers are pictured, the existing companies will be able to discover areas that needs to be strengthened and they can redefine their strategies to reach consumer effectively and solidify the consumer confidence. Detail can be found in Appendix 1.

## 9.5 Data Collection and analysis

In this thesis, the author has collected the required structured data via the survey method. The respondents were administered with a set of 18 standard questions, where the respondents could fill the survey and send their opinion. The aim was to reach as many people as possible and obtain data to fulfil the purpose of the study. The validity of the questionnaire will depend on its capability to serve and fulfill the purpose of the study, which had indirect relationship with the effort and time used for its creation.

The data were collected with the help of Free Online Survey Website as the questions were circulated via the website itself. Since, the responses were not in physical format, meaning the website could collect the data and show the results in the forms of graphs and pie charts through which the obtained data was analyzed, and conclusions were drawn. However, the author has used the results to derive it via Microsoft Excel to eradicate long and hassle interpretation of data and make the data presentable in simple

format and additionally, the author has been using excel for a long time now, so it was easier to use excel rather than the Website of Free Online survey. The results of the survey have been presented in the results section.

## 9.6 Reliability and validity

The validity of the study refers to measuring what is planned to measure, which means that the research design, methods and different tools should assist the researcher to comprehend the concept under study. To be more precise, it should be able to answer the research questions. For any research to be reliable, the researcher consistently must be systematic in his/her approach when collecting and analyzing the data. Transparency is something that is always needed to be kept in mind during the research. Furthermore, the process adopted by the researcher should be uncomplicated so that other people can understand the research and those researchers who wishes to reproduce the research can do it with ease (Bryman & Bell 2013, 157-160).

Reliability refers to the consistency of a measure of a concept. Reliability is also an extent to which the measurements are repeatable. Reliability and validity are interrelated as validity presumes reliability. Among different issues concerning the reliability, one of the crucial issue is the design of the survey questionnaire and collection of the data. (Bryman & Bell 2013, 157-160). As far as this research is considered, the questionnaire is an important and reliable tool because the construction of the questionnaires used in this research is based on the proper literature scanning, improved with the help of the supervisor and then tested by the author.

The author of this research has strongly emphasized on various aspects of this research to ensure that the research is reliable and valid. Starting from the questionnaire design, the questions were designed and edited several times including edits made by the thesis supervisor before the final outlook was released for surveying, which looked clear and prompt. After this, it was pretested among a small group of 6 people that met the characteristics required for the respondent pool. After realizing that the pretest was unwrinkled, the distribution of the questionnaires was made to the respondents.

The survey was released on 1<sup>st</sup> of March 2018 and the author waited till 31<sup>st</sup> of March 2018 to receive the response from the respondents. At the end of 31<sup>st</sup> March of 2018, there were altogether 142 respondents. Among the 142 respondents, 6 of them were excluded from the final sample as 6 questionnaires were deemed incomplete. So, 136 respondents were only used for this research to meet the purpose of this study. The data of the research was duly analyzed with the help of the Website of Free Online survey and the responses were abstracted in the excel form to analyze and draw the conclusions.

## 10 RESEARCH RESULTS

The result part of this thesis are the empirical findings of this research. The results here depict the data obtained from the survey. The data of this study includes the background of the survey respondents, use of domestic/foreign online stores for shopping. Followed by factors affecting the buying behavior of these respondents, impact of ecommerce on these respondents, and the consumer value dimensions. Moreover, improvement areas for existing online companies is also covered in the results section of this theory.

Although, 142 people responded to this survey, only 136 respondents were analyzed for this survey because 6 respondents survey were found to be deemed incomplete and as a result, those 6 respondents survey were eliminated from the results.

### 10.1 Background

According to the survey results, starting from the age group, age group of 21-23 were the maximum with 46 respondents, this accounts to 34% of the total respondents. This was followed by the age group of 24-26 with 44 respondents, accounting to 32% of the total respondents. So, we can say that the age group of 21-26 dominates the survey with the total of 66% of the total respondents. Similarly, there were 24 respondents of

the age group 27-30, which is 18% of the total respondents and finally, the least respondents were between the age group of 18-20 with 22 respondents, which is 16% of the total respondents. Although, the survey was administered to people between 18-30, more precise age groups were abstracted via this survey. The graphical presentation concerning the age groups of the respondent is given below:

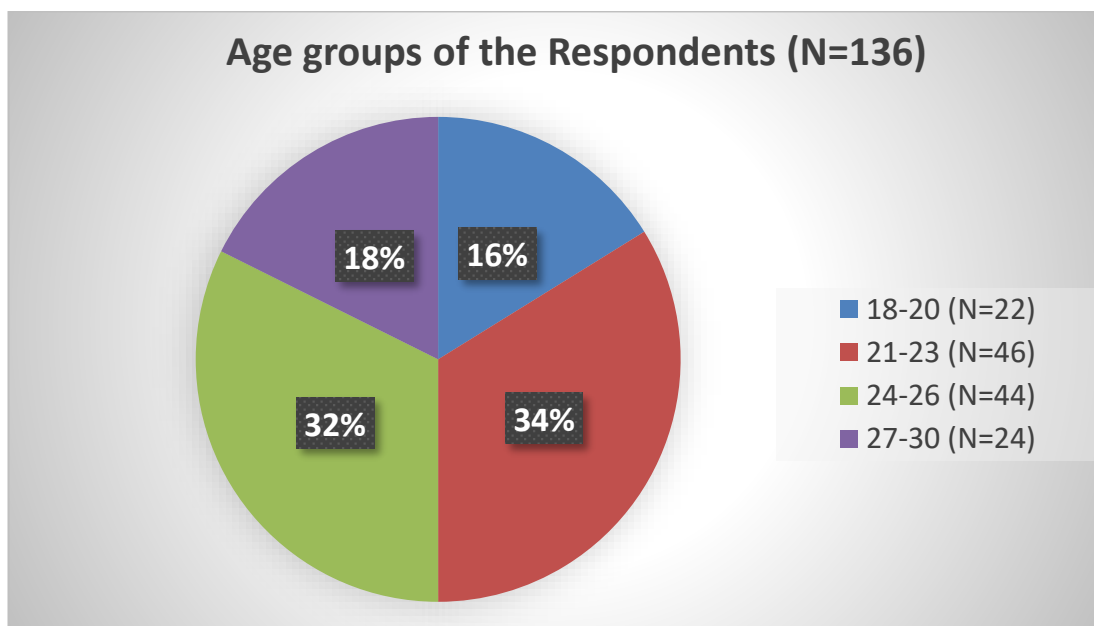


Figure 5. Different age groups of the respondents.

The survey results also revealed that 92 (68%) of the respondents were male whereas, 44 (32%) of the respondents were female. So, we can clearly see the dominance of male respondents over female respondents in this survey, as given below:

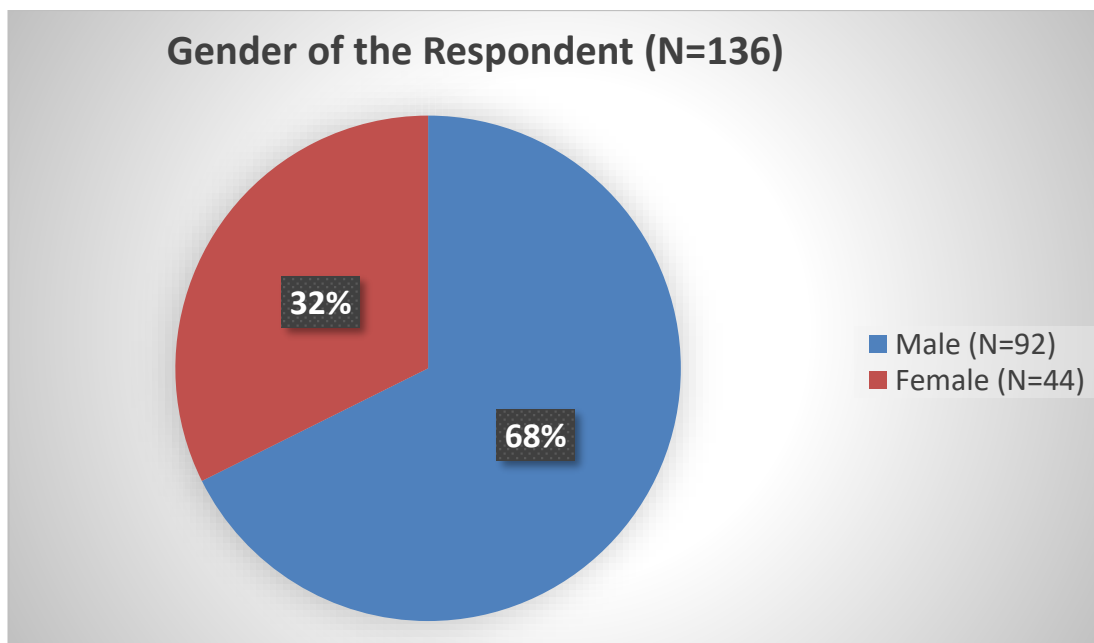


Figure 6. Gender of the respondents.

Likewise, if we look at the status of the respondents in their life, there is clear dominance of students and employed people. To be precise, 55 (41%) of the respondents were students, which was the most in terms of number, followed by employed people accounting to 44 (32%) respondents. Similarly, 29 (21%) respondents were unemployed and very few entrepreneurs, numbering 8 (6%) respondents. The graphical presentation is given below:

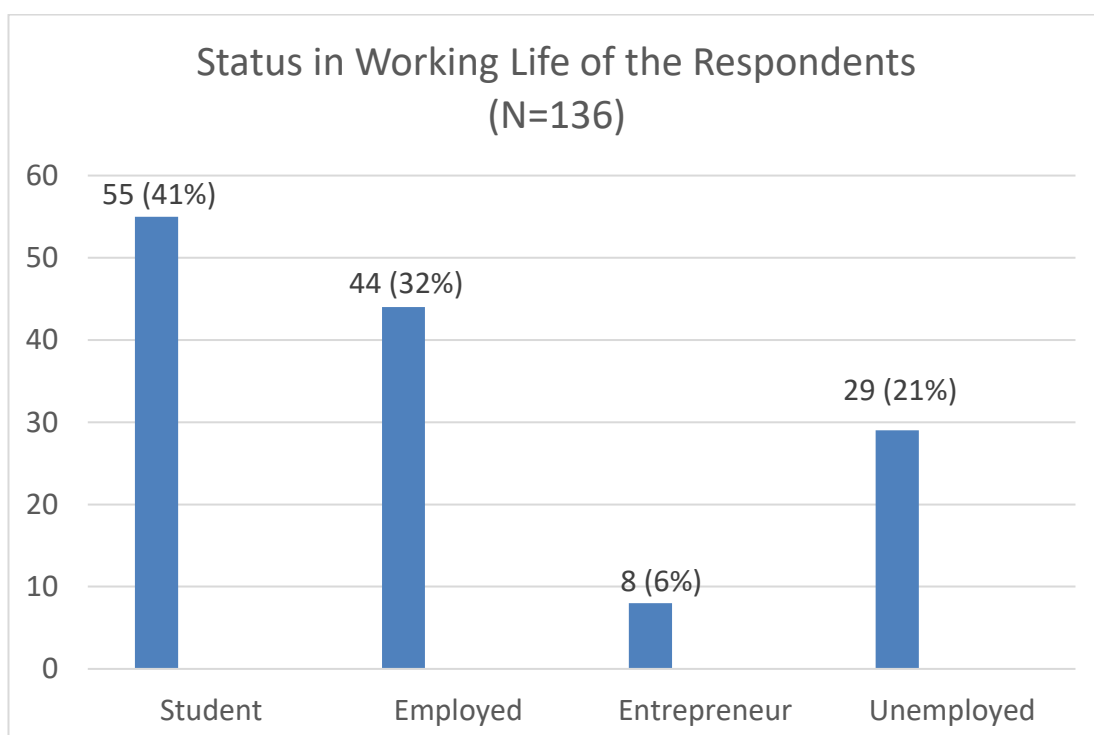


Figure 7. Status in working life of the respondents.

If we look at the education level of the respondents, the education level was impressive. Respondents with high school level education were the highest in number with 52 (39%) respondents, followed by bachelor's level education with 48 (35%) respondents and lastly those with the education level of master's or higher were 35 (26%) respondents. So, we can say that there is group of highly educated online shoppers in Kathmandu. The education level when compared to the entire country education is incredible. So, in a way we can say that there are high conscious online shoppers at present in Kathmandu. The different education level of the respondents graphically is presented below:

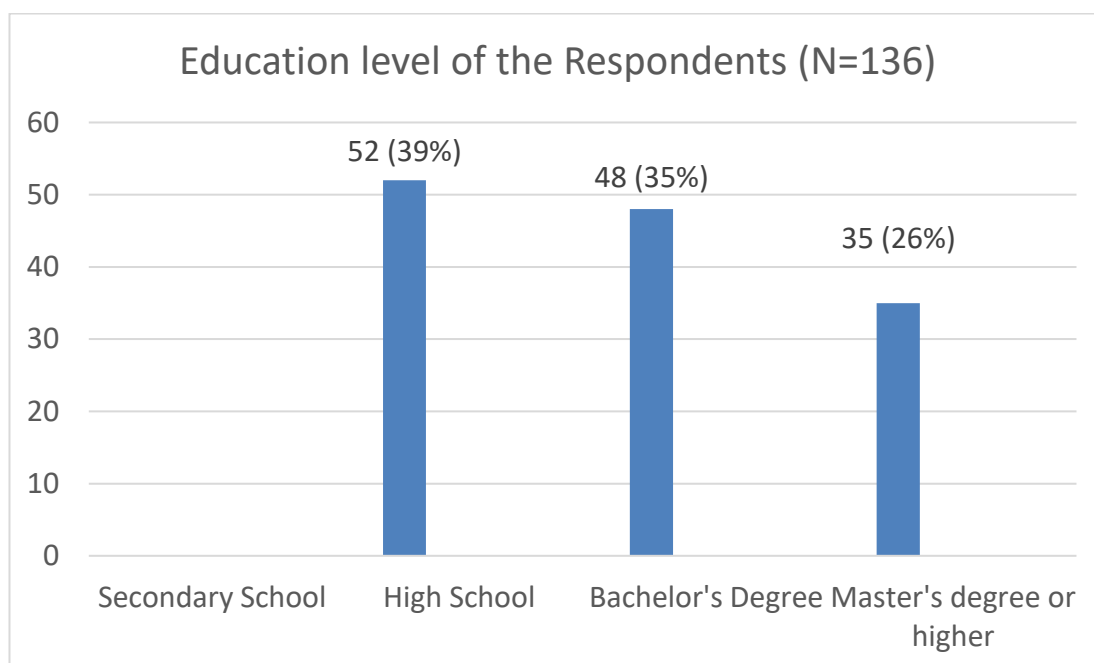


Figure 8. Education level of the respondents

## 10.2 Use of domestic/foreign online companies

One of the objectives of this survey was to see if there was any kind of dominance of foreign online companies over the domestic online companies. The results were surprising as the results showed that majority of people preferred domestic companies over foreign companies. In terms of number, 75 (55%) of the total respondents used domestic companies only. Whereas, 22 (16%) of the total respondents used foreign



companies only and the number of respondents who used both the domestic and foreign companies were 39 (29%).

So, the results clearly showed that the people use domestic companies slightly more often than foreign companies. The number of people using both domestic and foreign companies is increasing. There might be several reasons including foreign companies hesitating to ship products to Nepal due to few reasons like unsystematic postal addresses, unviable payment systems and so on but due to constant increase in the online shoppers and increasing competition, few foreign companies are making strategies to enter the Nepalese market. So, in the future we can expect tighter competition. The status of respondents using domestic/foreign companies at present to shop online is given below:

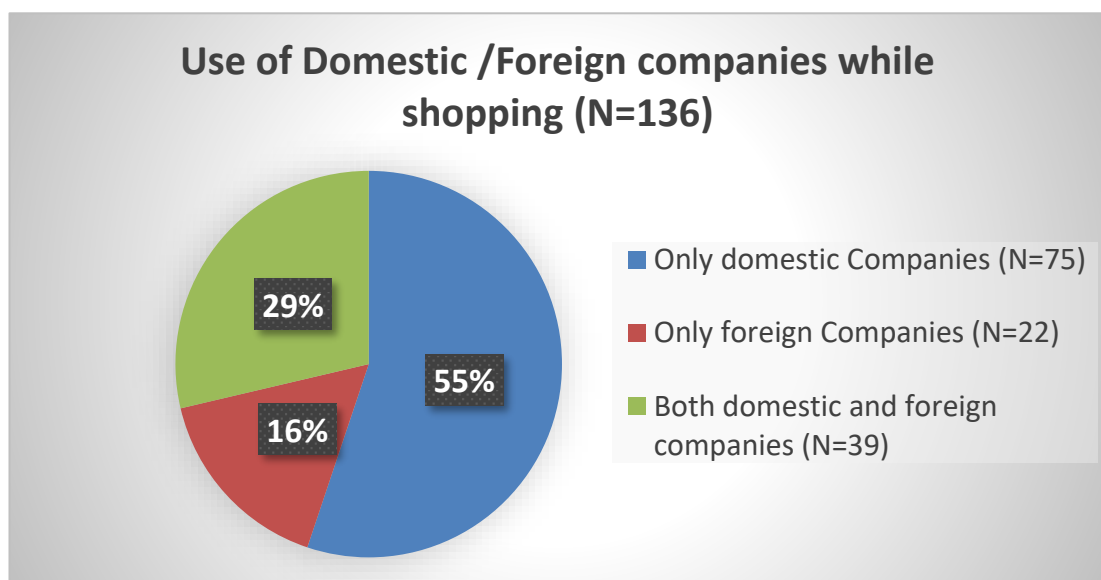


Figure 9. Use of domestic/foreign companies while shopping

Although, majority of people use domestic companies, there were few reasons on some people still opting to use foreign companies only or both the domestic/foreign companies. Among the total of 61 respondents, 21 (35%) of the respondents felt that the prices are cheaper in foreign companies, followed by 19 (31%) respondents felt that there is a wider range of products in foreign companies. Likewise, 13 (21%) respondents think that foreign companies have high security and 8 (13%) respondents opted foreign companies due to good reputation, as presented in the following figure:

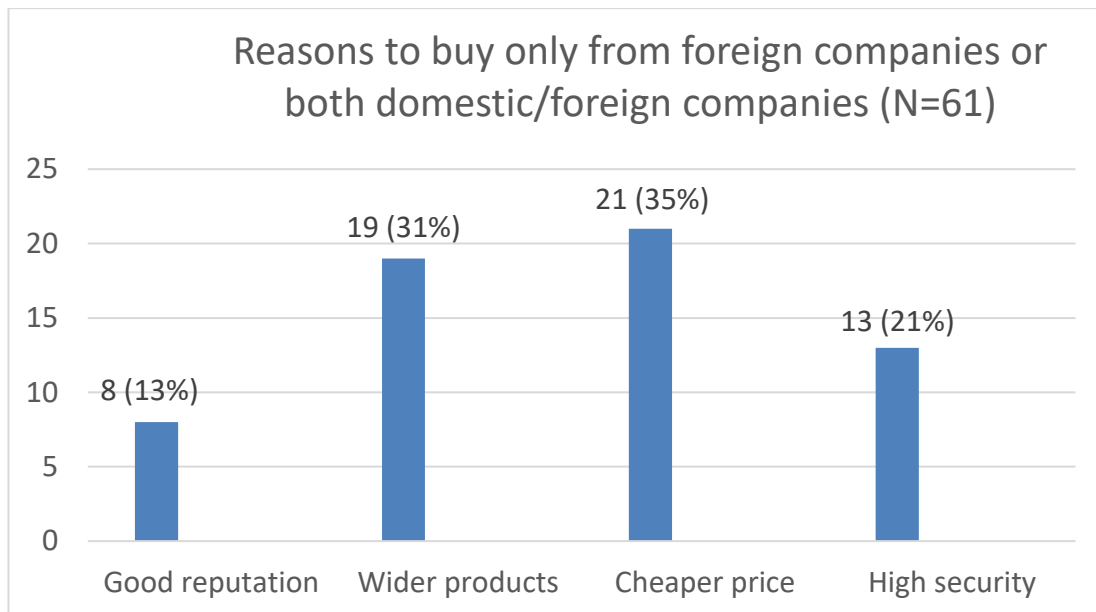


Figure 10. Reasons to buy only from foreign or both domestic and foreign companies.

### 10.3 Consumer behavior

Before starting the actual consuming behavioral pattern of the survey respondents, it is important to see how easy or difficult is it for the people to connect to the internet because internet connectivity enables them to surf online and indulge in online shopping. According to the survey results, 59 (43%) of the respondents felt that it is easy to get connected to the internet, whereas 77 (57%) of the respondents responded that it is medium for them to get connected to the internet. So, the results are positive as there were no one feeling the internet connectivity to be difficult.

A report published on October 2017 revealed that 16.67 Million of the total population of Nepal were connected to the internet, which means that nearly 63% of the total population is now connected to the internet. Less than 30% of Nepalese used the internet in 2010. So, we can clearly see internet users are in a staggering growth. Cell phones are the main drivers of Nepal's internet adoption as 95.62% of the total population are accessed to mobile towers (Neupane 2017). So, when the figure of this survey is compared to the entire internet connectivity, the figures are excellent, so youths of Kathmandu have good access to the internet.

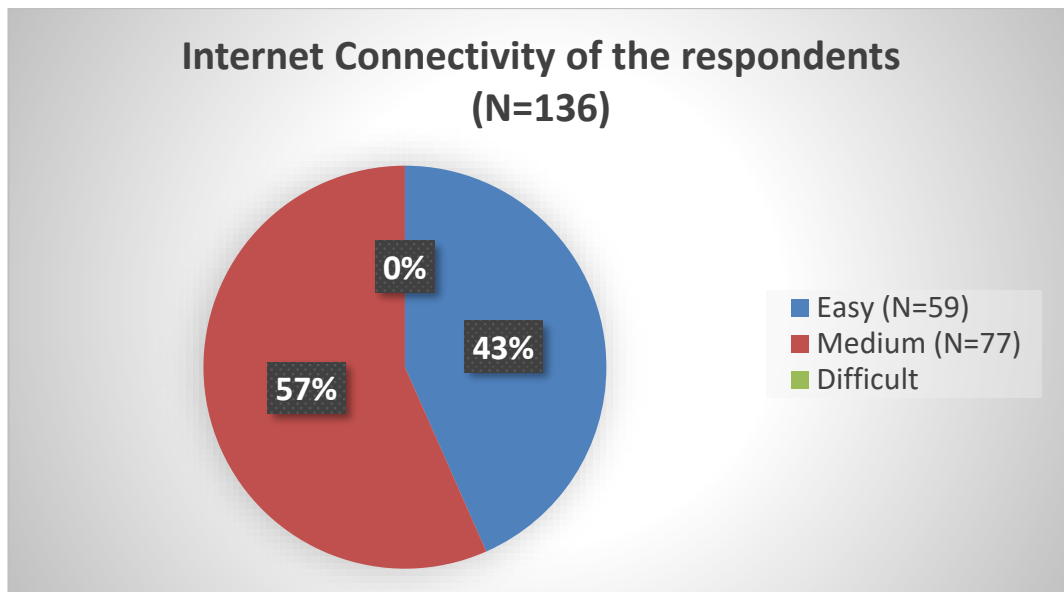


Figure 11. Internet connectivity of the respondents

Likewise, the respondents that shop once a month were in the highest number, where 74 (54%) of the total respondents responded that they shop at least once a month. This is followed by people shopping more than once a year 32(24%) of the respondents, people shopping two to three times a month 18(13%) of the total respondents and the least one 12 respondents (9%) of the total respondents. So, we can say that people are yet to take online shopping as a daily consumption way. However, people are slowly inclining towards such consumption way. Following is the detailed picture of, how often people shop online.



Figure 12. How often the respondents shop online

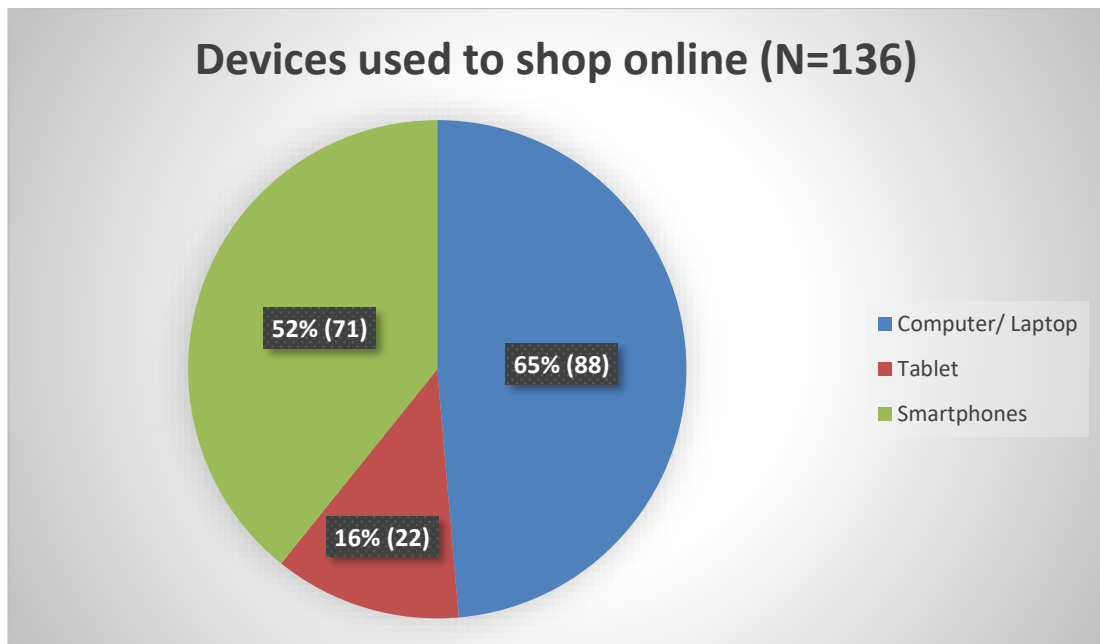


Figure 13. Devices used by the respondents to shop online

From the above figure, we can see that computer/laptop was the most used devices to shop online. Here, since the respondents had multiple options, it is not 88 people responding but 88 were the responses. So, we can say that 65% of the total people shop online via computer/laptop. This is followed using smartphones, which is 52% and finally the use of tablets, which is 16%. Although, laptop/computers have dominated the shopping devices the reach of mobile phones with internet is reaching nook and corner of the country, so it is expected that the use of smartphone will overcome the use of laptop in near future.

One of the important areas in consumer behavior is what people like spending on or let's say what are the products/services people usually purchase and since this was also given as an option to select more than one item, the results from the survey revealed that Clothes/fashion and electronics/appliances were the most purchased items. Clothes/fashion accounted to 72% of the total purchases made which was followed by electronics/appliances accounting to 65%. Similarly, 58% of the purchases were food and beverages, followed by 41%, which were travel and reservations. Likewise, personal care and beauty products accounted to 32% and furniture and house were accounted to 17%. So, we clearly could see the dominance of clothes/fashion online companies and electronics/appliances. Following is the detail picture of the products/services people purchase online.

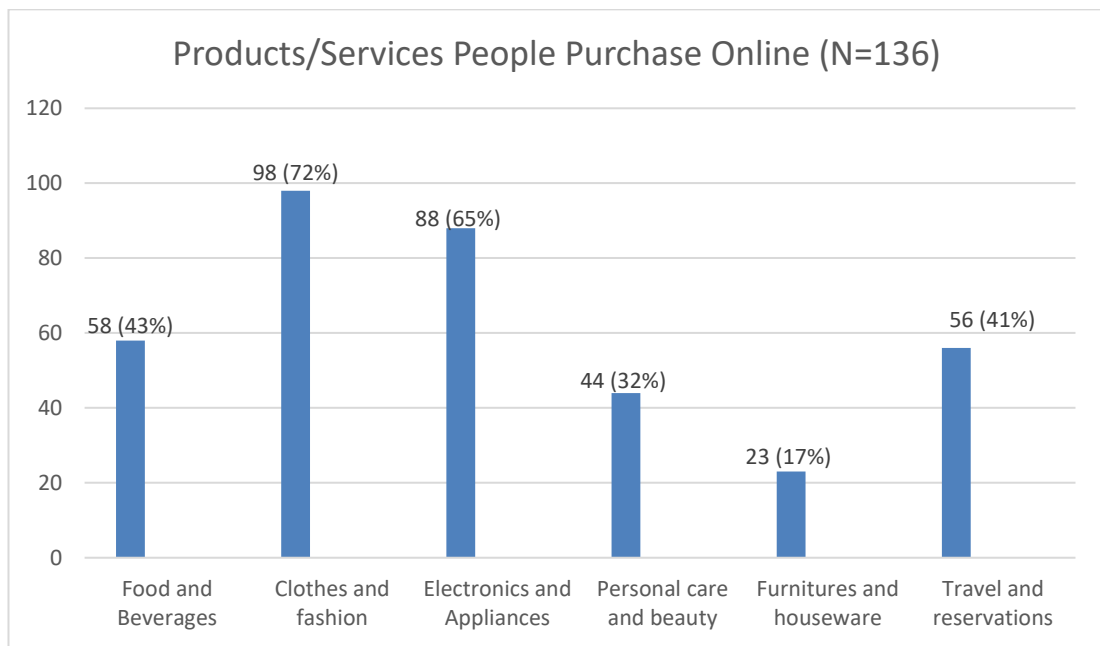


Figure 14. Products/services respondents usually purchase online.

As far as the payment method used by the online shoppers were concerned, the survey results showed that cash was the predominant method of payment, which accounted to 66%. The use of debit/credit accounted to 21% and bank transfer accounted to 13%. Although, online banking and use of debit/credit has grown strongly in last few years in Nepal, the use of cash is still the dominant. There are few reasons behind this. One of the reason is the trust issue, trust issue concerns the fraud of the products or insecure payment methods, but the idea and concept is slowly changing. Below is the figure demonstrating the payment mode of online shoppers.

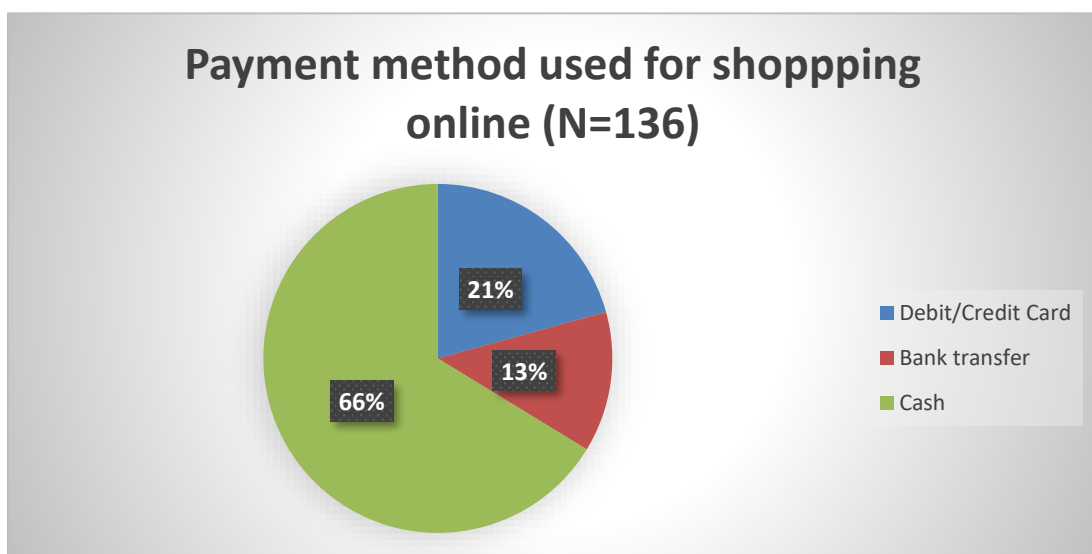


Figure 15. Payment method of the respondents

#### 10.4 Impact of ecommerce

After having learned and known about the online consumer behavior of the online shopper, the author was also keen to know the impact of online shopping among the young consumer. The respondents were asked about the impact of ecommerce. Starting from the prime reason to shop online, most responses were on easy to compare prices online, since respondents were asked that they could select multiple options, 123 responses were on the easiness to compare the prices, this was followed by responses concerning online shopping being easy which accounted to 109, further followed by online saving time, this accounted to 102 responses and online shopping offering abundant varieties of products which accounted to 96 responses. The impacts were slightly opposing to the authors opinions as there were no responses concerning high website security and the product being available in online stores only, meaning the goods or products not being available in the conventional stores, i.e. physical stores. The detailed figure of the reasons for online shoppers to shop online in Kathmandu, Nepal Is shown in figure 16.



Figure 16. Reasons to shop online

Furthermore, the respondents were also asked about the degree of their agreement of disagreement with different statements concerning the impact of ecommerce. In accordance with the survey results, 78 of the respondents strongly disagreed to the statement 'I buy products recommended by the seller', this is 57% of the respondents whereas, 23 (17%) of the respondents somewhat disagreed, followed by 35 (27%) respondents who somewhat agreed, so we can say that seller recommended products are not actively perceived by the buyers.

Similarly, 95 (70%) of the respondents strongly agreed to the statement, 'My experience with a company affect my buying decision to buy', followed by 13 (9%) respondents who somewhat agreed to the statement, followed by 28 (11%) neutral respondents. Likewise, 96 (71%) of the respondents strongly agreed to the statement, 'The opinions of my family and friends can affect my buying decision' whereas, 26 (19%) felt that the opinions of their family and friends somewhat affected the buying decision and 14 (10%) remained neutral to the statement.

Furthermore, 93 (68%) of the total respondents totally agreed to the statement, 'I read reviews before making the purchasing decision', followed by 13 (10%) who felt that somewhat affected their purchasing decision, further followed by 10 (7%) who remained neutral whereas, 20 (15%) of the respondents somewhat disagreed to the statement. Likewise, 42 (31%) respondents strongly agreed to the statement, 'I compare a lot before buying, 33 (24%) of the respondent somewhat agreed to the statement, 12 (9%) of the respondents remained neutral, 19 (14%) of the respondents somewhat disagreed and 30 (22%) respondents completely disagreed.

In addition, 55 (40%) of the respondents strongly agreed to the statement, 'I always know what I need to buy', followed by 19 (14%) respondents who somewhat agreed to the statement. 10 (7%) of the respondent remained neutral to the statement whereas 17 (13%) somewhat disagreed to the statement and 35 (26%) of the respondent completely disagreed to the statement.

Finally, 95 (70%), of the respondents strongly agreed to the statement, 'For me, online shopping is an important consumption way', whereas, 13 (10%) of the respondents somewhat agreed to the statement and 28 (21%) respondents remained neutral, which

proves that buyers are conscious and aware, they know what they need, and they look and compare before the final decision.

Most respondents strongly agreed on their experience with a company affecting their buying experience, the opinions of their family and friends affecting their buying decision, respondents reading reviews before making buying decisions and online shopping being an important consumption way. Likewise, most people disagreed on buying the products recommended by the seller and there were mixed decisions concerning making comparisons before buying and knowing what exactly to buy from the online shopping sites.

The detail figure for all the statements as responded by the buyers are given below:

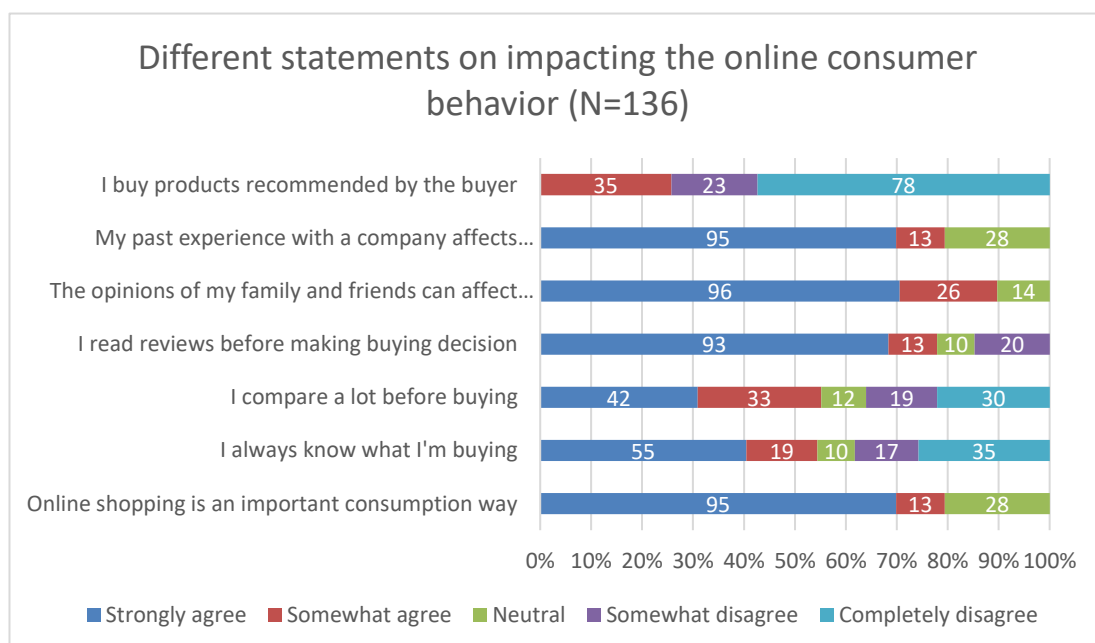


Figure 17. Different statements on impacting the online consumer behavior

### 10.5 Consumer value dimensions

It was important to know the factors influencing the buying decision of the buyers so according to the data obtained from the survey concerning value dimensions, starting from the company's reputation, 109 (80%) respondents responded that it is an extremely important factor for them and 12 (9%) responded that reputation is very important and 15 (11%) responded as somewhat important.



Likewise, 128 (94%) responded that price is an extremely important factor, followed by 8 (6%) of the respondents responding that price is very important. So, as expected by the author, the respondents are highly price sensitive, but they are also aware of the quality to be delivered. As far as quality is concerned, 101(74%) respondents responded as quality being an extremely important factor in the buying process, followed by 35 (26%)respondents responding that quality very important for them.

Furthermore, 128 respondents felt that customer service is an extremely important factor, followed by 8 respondents feeling customer service as very important factor. So, apart from buying and selling the products, customer service needs to be smooth. Concerning the payment facilities,93 (68%) respondents responded payment facilities as an extremely important factor whereas 26 (19%) considered that payment facility is very important factor and 17 (13%) considered it to be somewhat important. This means that the customers are wanting new payment methods and facilities.

In addition, 110 (81%) respondents responded delivery system as an extremely important factor, whereas 26 (19%) respondents felt that delivery system is very important factor during the buying process. Today, the delivery system is an integral part of the buying process. Customers don't want the delivery to be lengthy. So, if it remains lengthy then there is no point in customers switching to online stores as the goods in physical stores will be available when wanted. As far as after sale service is concerned, 60 (44%) respondents responded as extremely important factor, followed by 36 (26%) respondents who felt that after sale service is very important factor whereas 40 (29%) respondents considered it to be somewhat important.

Regarding promotions and advertisements playing a role in customers purchasing journey, 55 of the respondents felt that promotions and advertisement is an extremely important role in the influencing factors of the customers in the purchasing journey, followed by 65 respondents feeling it is very important factor while, 16 respondents responded as somewhat important factor. So, online companies need to invest in promotions and services to entice more customers and make customers buy something that was not really intended initially.

Survey results also suggested that customer rating is very important as 128 respondents considered customer rating as the most important factor influencing the buying decision of the customer, followed by mere 8 respondents considered as an important, which is clear evident that customer rating is very crucial in affecting a customer's perspective for a certain product and can play a direct role in influencing the buying decision of a customer.

So, we can say that company's reputation, price, quality, customer services, payment facilities, delivery services and customer's rating are extremely important that directly influences the buying decision of the respondents. In addition, other factors like after-sale service and promotions/advertisements also plays an important role for the respondents influencing their buying decisions.

The entire picture of all the factors influencing the customers buying decision is given below:

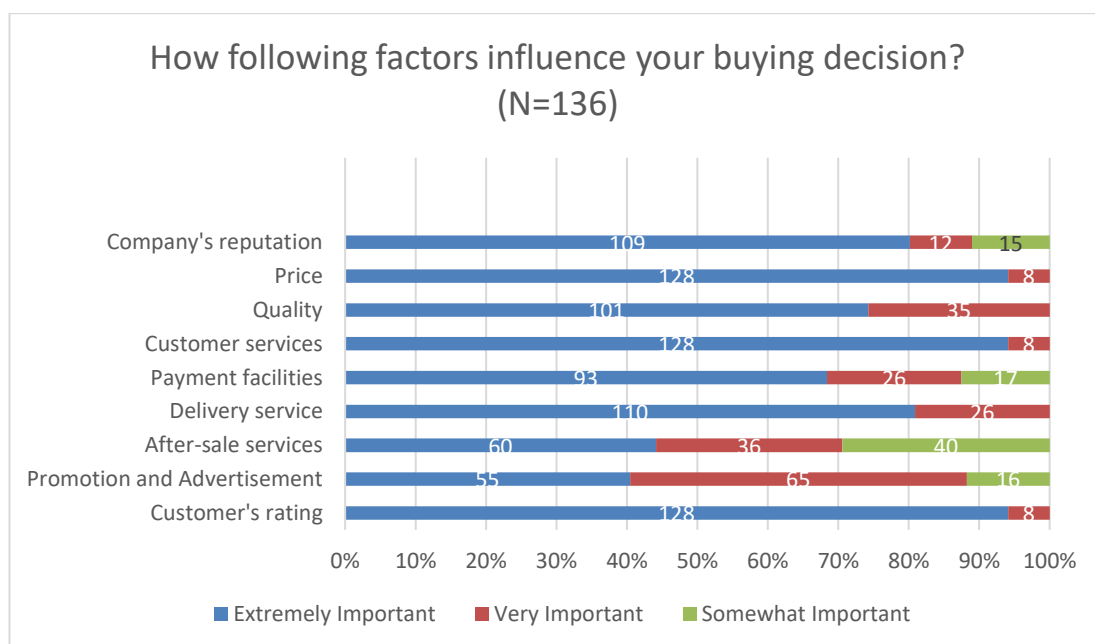


Figure 18. Factors influencing the respondents buying decision

Concerning the features that customers expect then shopping online, 13 (10%) of the respondents considered full websites fitting on the screen, not needing to scroll down along with attractive graphics, followed by 24 (18%) respondents who considered that it is very important, further followed by 50 (37%) respondents considering it to be important and 49 (36%) respondents considering slightly important only. So, this is

something that the customers are not expecting immediately but the essence cannot be totally neglected.

Also, from the survey results, 68 (50%) respondents felt that the website loading quickly is extremely important, followed by 40 (29%) respondents considering that website loading quickly is very important and 28 (21%) respondents considered it important. As far local store locator is considered, 18 (13%) respondents regarded the essence of local store locator to be extremely important, followed by 54 (40%) respondents rated as very important, 35 (26%) respondents regarded as important and 29 (21%) respondents considered it to be not important at all, so there is a mixed opinion on the availability of the local store locator.

The results from survey also revealed that 68 (50%) respondents viewed one-click order as extremely important features when shopping online, followed by 40 (29%) respondent considering one-click order as an important factor, 28 (21%) respondents regarding one-click order as an important factor. The survey results also revealed that 88 (65%) respondents considered click to call option extremely important features for online shopping, followed by 12 (9%) responded regarding as very important features, 16 (12%) respondents viewing click to call option as an important feature and 20 (15%) respondents sensed click-to call option slightly important. So, one-click order is being viewed as one of the important feature to be considered for customers to shop online. The graphical illustration of the features customers is considering when shopping online is given below:

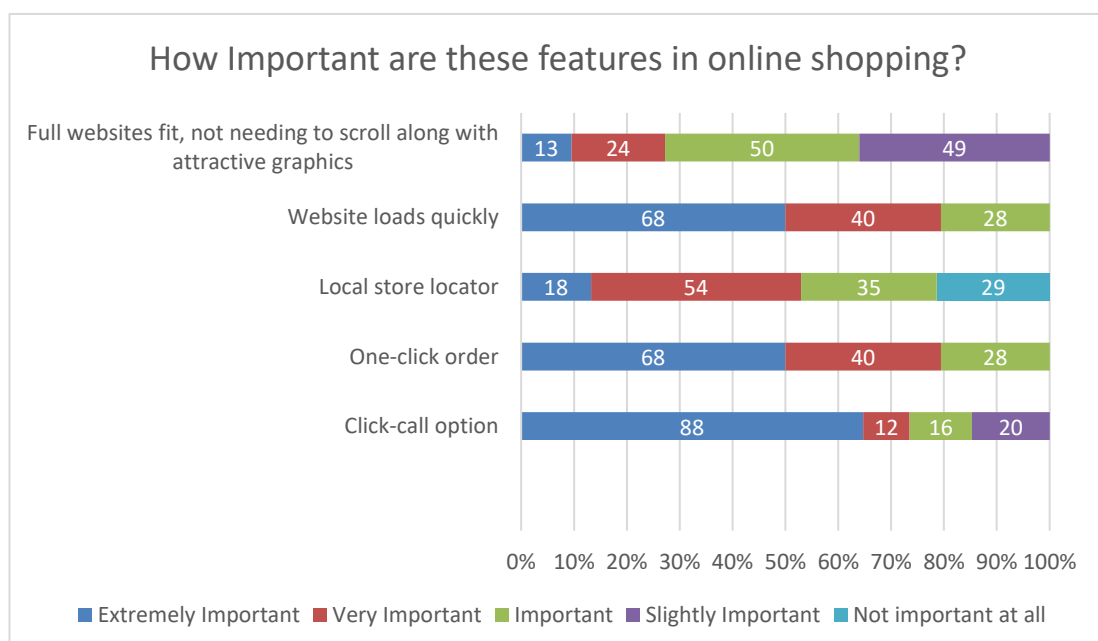


Figure 19. Important features that the respondents want.

#### 10.6 Improvement areas for existing online companies

One of the questions addressing the objective concerned the improvement areas for the present online companies, so it was important to know how often the respondents are facing difficulties and what are those areas that can be addressed so that the problem can be mitigated.

Starting from the problems experienced during online shopping, the survey results exhibited that 30 (22%) respondents often faced difficulties, followed by big number of 94 (69%) respondents who faced the problem few times and there were 12 (9%) respondents, who hadn't faced any difficulties till date in their online purchasing journey. The graphical illustration can be found below:



Figure 20. How often respondents face problems while shopping online?

Likewise, respondents were also asked to identify the cause of the problems. The survey results revealed that 82 (60%) responses faced poor product from the seller. Similarly, 108 (79%) responses were concerning product differing from the product description. Likewise, 54 (40%) responses were about weak payment systems, followed by 78 (57%) responses concerning slow delivery system provided by the online sellers.

In addition, there were 45 (33%) responses concerning the poor after sale service and 42 (31%) responses were about the poor customer service. So, we can see there is a massive response concerning the product differing from the actual description along with the product being poor quality and if this happens the customer will not opt to buy from the same online company. Customers are also expecting nice customer services and after sale services to be smooth. Customer are also not content with the payment facilities, they are expecting some strong and trustworthy payment systems.

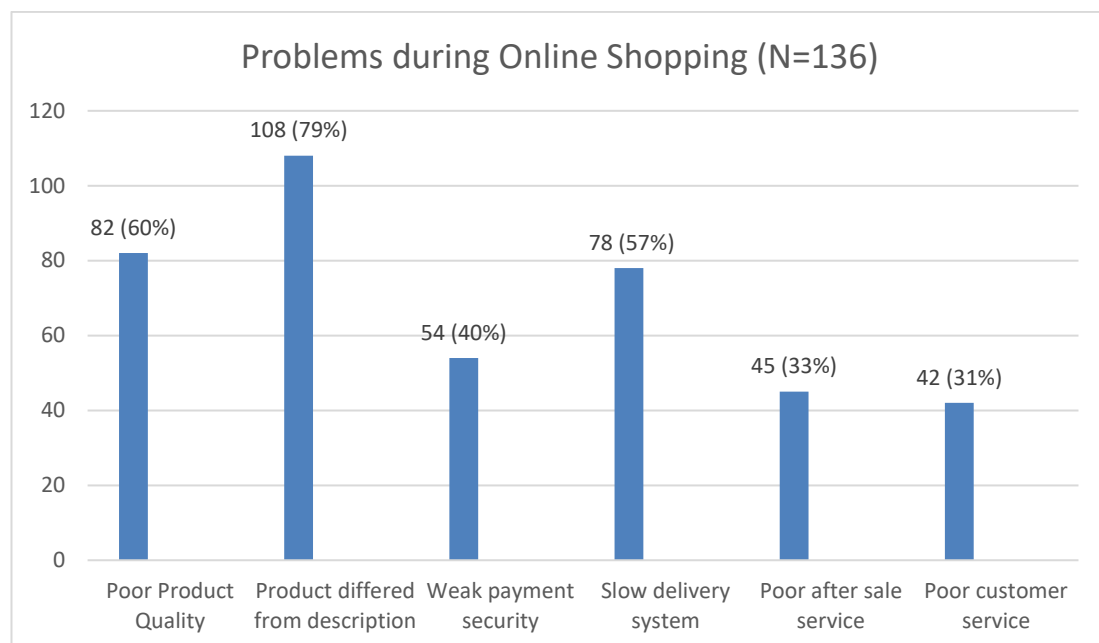


Figure 21. Online shopping problems

The respondents were also told to list the improvement areas for the existing online companies. Although the survey questionnaire listed in Appendix 1, asks the respondents to answer on a scale from 1 to 5, 1 being strongly agree and 5 being strongly disagree, the results however are mentioned just strongly agree because it caters the existing online companies to know straight away the areas to be focused and improved. It is also easier to comprehend and implement when you know exactly what is required to be improved.

According to the survey results, 118 (87%) respondents wanted the availability of the easy comparison of the prices, allowing to sort the lowest prices easily. 98 (72%) responses were concerned on the enabling minimum risk on the buyer's side and the buying should be easy in this process. 122 (90%) responses from the survey results

strived for free and fast shipping nationwide. Similarly, there were 28 (21%) responses on the availability of interaction with other buyers through different available social medias. In addition, 118 (87%) responses were received concerning the easiness of the website and availability of the ecommerce site in the mobile app. Survey also included 128 (94%) responses on the availability of more payments systems.

So, we can see clearly see that respondents are focusing a lot of areas, especially in the field of payment systems, free shipping, sorting the prices and the accessibility of the ecommerce sites in app store. The graphical picture of the improvement areas is presented below:

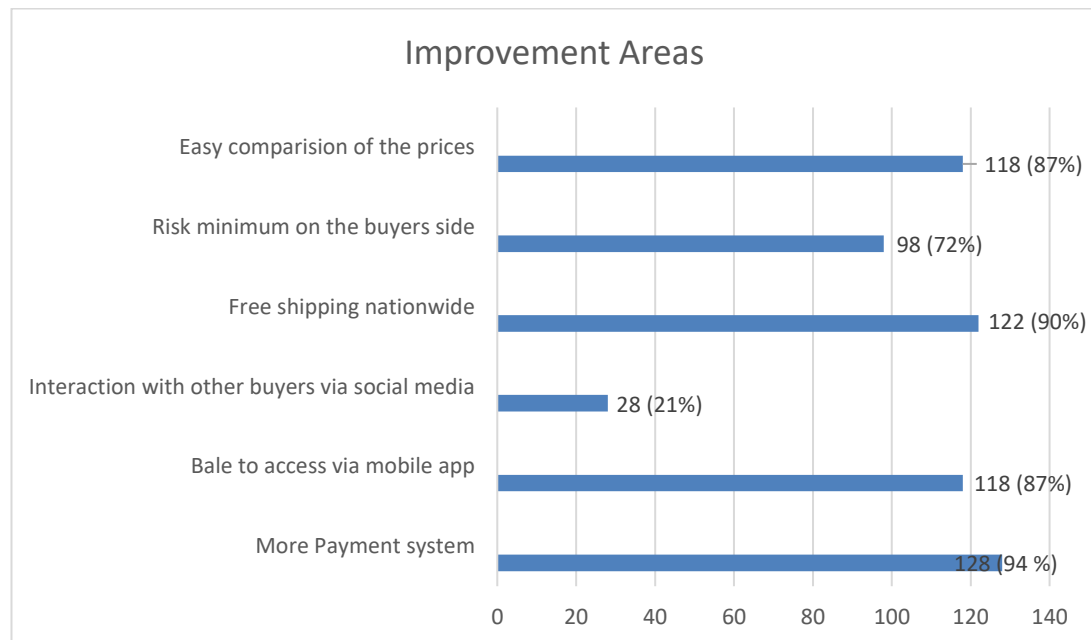


Figure 22. Improvement areas for the existing companies

## 11 SUMMARY AND CONCLUSIONS

### 11.1 Summary of the theoretical frame

To sum up the theoretical parts detailed in this thesis, the author has started off by underlining the concept of Ecommerce. Ecommerce simply are the commercial transactions concluded electronically in the internet. As far as ecommerce in Nepal is concerned, it is still in its infancy stage.

Furthermore, Consumer behavior theory is the buying behavior of all the individuals and households purchasing goods and services for their own consumption. Answers to questions like what consumers buy, where they buy and how much they buy is easy to understand and find but finding answer to why consumer buy is a tricky question because the consumers themselves aren't sure the reasons behind their purchases. The theory of buyer's behavior helps to simplify dynamics of consumer behavior. Different marketing stimuli and other factors enter the buyers black box which produces certain buyer's responses.

Although online stores may lack the opportunities of impacting consumer behavior with warm customer services offered by humans, it still can a positive impact on the consumer behavior. So, the typical benefits that lure the customers to opt online stores over offline stores can be summed up in 6c's and they are Content, Customization, Community, Convenience, Choice and Cost reduction.

Similarly, Customer analysis system is not only used to analyze the relationship between the company and its competitors in a specified industry but can be used to analyze group of customers who have similarity in various fields including cognition, affect, behavior along with the environment.

Lastly, Consumer value dimension is an important retail strategy which centers the focus on what a consumer wants and thinks he receives the product considering different circumstances within which they think about the value. Value simply is the differences between benefits and cost. In addition, Value is a mix of 4 components and they are Economic, Technical, Service and Social.

## 11.2 Conclusions

In this thesis research, the author endeavored to examine the online shopping experiences among the young consumers in Kathmandu, Nepal through different studies concerning the consumer behavioral theories, The impact of the ecommerce in the consumer behavior, the online analysis of the customer along with the important value dimensions of the customers. The researcher sought to invent what are the real shopping patterns, the dominance of foreign/domestic companies. Additionally, the problems that is existing in the present online shopping journey has been strongly kept in the limelight.

The research revealed that the presence of the young online shoppers is in a whopping number, so the importance of knowing the online shoppers is extremely important. As expected from the author, the dominance of male shoppers is still prevalent however, the presence of the female online shoppers can still not be neglected and since the education level of the respondents seems impressive, the online shoppers know exactly what can be expected and they know what they want.

The results concerning the use of foreign/domestic online companies seemed little surprising from the author's perspective because the results revealed that the use of domestic companies is in higher number than compared with the foreign companies. There are several reasons behind this. First being, all the foreign companies have dollar payment system and since foreign exchange is not freely available, people residing in Nepal and holding a Nepalese bank account cannot order any products from abroad. In addition, even if they want to shop online from a foreign bank account, the online companies don't ship the products to Nepal.

The foreign companies are hesitant to ship the products to Nepal because of unsystematic postal addresses, meaning the products cannot be delivered directly to your home address. It is also difficult for foreign companies to compete with the domestic companies in terms of price ranges. But, the author thinks that the collaboration can be done between Nepalese and foreign online entrepreneurs to ease the complex process that is existing today and provide more options to the customers.



Customers are easily connected to the internet today in Nepal and connectivity is growing tremendously each day, especially for people living in Kathmandu. Today internet has become an integral part of people's daily life. Even in the thesis survey, no one responded that the connectivity is difficult. The results also showed that people are transforming themselves and are getting attracted to online shopping. The question of people taking online shopping as a daily consumption way is still in doubt, but the attraction is no less among the young consumers. Although, survey suggested that use of mobile phones is not the dominant devices used for online shopping however, the results are impressive, and it is expected to replace the computer/laptop use as the most dominant devices used to shop online. Since, the users of mobile phones are way bigger in number than laptop users, it can be easily assumed that people are surfing via mobile but ending in buying via laptop/computers. A lot of online companies do not have their own app, so the use of mobile might not have been the highest but with the way, the number of mobile phone users has grown in last few years, the affect is inevitable. The mobile phone allows one to interact with friends and family, so it is more social, and it is expected to help customers make purchase decision in the future.

People shop online for variety of purposes, but it was important for the author to know what the items are, people like to spend on online shopping. Since, majority of the respondents are shopping for fashion and electronics, these are something that changes over time, so it is important that the latest fashion and electronics must be offered before they are easily found on the offline stores and since, it takes more time for products to be released in Nepal compared to western world, online shopping can be proved to be a gateway to offer latest fashion and technology to the online shoppers.

Still today, cash has been used as a prime method of payment, which is more than two third of the entire payment transaction, but the good thing is that the use of online banking and use of debit/credit cards are getting more accessible because of more people getting connected to the internet. However, people still are reluctant using these facilities. Few issues must be addressed so that people can start using the cards more often, that makes the online companies to reduce their cost because today to deliver a product every time a person along the item is sent to deliver, companies are not being able to send items in a mass, which becomes expensive for online companies to sell a product. Security is a key issue, people are afraid that the card information they provide

is stored for a longer time and they are not sure what happens to their information in the future. So, online companies should mitigate this fear among the online shoppers.

People today are more powerful, knowledgeable and they have more access for research. More people are opting online stores over offline stores because price comparison is easy and can be done from anywhere which saves time and money. If the same thing must be done visiting all the physical stores this would be very expensive for the customers. The results showed that respondents don't think that the goods are only available in online stores. The survey results clearly showed that the respondents aren't really attracted to the products recommended by the sellers only, instead the experience that they have while shopping online can have a long-lasting impact on a customer's mind. Additionally, the opinions of their friends and families matters them very much and this directly affects their buying decision in the future.

People are becoming socially active these days. The growing impact of social media use has allowed the buyers to see what other customers have written about the product and what are their previous experiences with the seller. So, the rating received by the seller and the product play an important role for the buyers to buy from that seller. Furthermore, researching products online have been crucial these days because buyers use numerous channels to make a single purchase. They have information both from online and offline stores, so it is not easy to stand out easily among the customers without much effort invested by the seller.

Among different value dimensions, company's reputation is one of the important dimensions buyers are considering before making purchase decisions. So, like mentioned earlier, it is important to have nice rating's which automated for a nice company's reputation. However, the most important value dimension for the buyers was found to be cost. The buyers are price sensitive. They can easily compare the prices and hold a strong price bargaining power. This was expected as Nepal being a developing country, not every people can easily spend on the shopping. But apart from price with high quality, buyers are considering nice customer service, smooth after sale service and timely delivery service. So, the concept of buying is not just limited to buy from the seller, but different aspects are being important aspects to consider today in the buying-selling process.

As mentioned earlier, the buying-selling process is getting more dynamic, buyers these days expect more features and at the same time sellers are also investing more time and effort in the marketing and promoting themselves. In this regard, the survey results revealed that buyers expect the ecommerce sites to load quickly, which means the content must not be very high or let's say the page should be easily accessible with the internet available in the country. More importantly, buyers are considering click-call option highly so that they can feel the vibe of going to the stores and interact with the sales man directly. The buyers are also expecting one-click order more than following unnecessary hassle to complete the buying process.

When it comes to the question of facing problems related to online shopping, majority of the respondents faced problems few times so there are some areas to be addressed by the online companies to make the process further smooth. Majority of respondents responded the different product from the description along with slow delivery systems. Some companies offer 24-hour shipping, but the additional incurred cost makes no differences compared to buying from the physical stores. There were few issues related to weak payment systems, poor after sales service and customer service. The buyers are highly expecting improvements on availability of price comparison feature along with enabling minimum risk on the buyer's side. Buyers are also expecting free and fast shipping. Buyers are also expecting more payment systems from the current online companies.

To sum up, prior to the start of this thesis, the author had three main objectives to concentrate on. Starting from the factors influencing the young consumers shopping and providing suggestions for the existing online companies. The young online shoppers are in a gigantic number, so it is important to think from their perspective and since they are resourceful, they know what they want. Price with high quality is the most important factor among the young consumers, they have a stipulated budget for shopping, so they want goods to fit in their budget. Opinions from their friends and families directly influence their buying decisions. Also, the ever-growing use of social media has enabled the buyers to glimpse the product and seller rating, which is one of the factor influencing the buying decision of the customers. Likewise, company's reputation is one of the key driving force influencing the buying decision. In addition,

nice customer service, after sale service and prompt delivery service are important drivers influencing the buying decision of the customers.

As far as suggestions for the existing online companies are concerned, Customers want the product to be detailly described and not differ from the online descriptions. This really turns off the customers. Delivery systems should also be boosted with fast pace, existing companies aren't really fulfilling the delivery due date. Customers also want more options in the payment systems. There are limited payment options available now. Additionally, customer service and after sale service is something the existing online companies should reckon and work on.

The second objective set by the author was to know the influence of Foreign online companies over the domestic online companies. To the authors astonishment, there were too little influence of foreign companies. In fact, people use domestic online companies more often than the foreign companies which is a good sign as competing with foreign companies being an infant company is always threatening.

Finally, the third objective was to motivate hopeful entrepreneur including the author himself to advent a career concerning ecommerce in Nepal. There are immense opportunities in the field of ecommerce in Nepal because ecommerce hasn't fully grown, and the worldwide trends are yet to be at the peak level in Nepal. The present opportunities remains in the field of electronics and fashion industry. As mentioned earlier, the trends are not updated promptly in Nepal. Customers are waiting the products to be released in Nepal simultaneously when released in the entire world. Features like click-call option, excellent customer service, after-sales service, offline shopping and more payment options, which is yet to be implemented by majority of present online companies can be used along with the availability of the ecommerce site in the google and apple stores to be feasible in Mobile phone should be implemented. Business collaboration with foreign online companies offering the customers to pay in Nepalese currency can be an excellent way to start an entrepreneurial journey.

The future of online shopping is in social networks so thinking of social networks to market the products along with customer loyalty can be considered seriously. Thinking

of creative efforts to reward and incentivize the customers is also important when considering of entrepreneurial effort. Entrepreneurs should not be afraid to experiment tech innovations like wearable tech world, augmented reality to provide a unique shopping experience to the customers. Entrepreneurs should think of different ways to manage the risks and protect the customers to be able to thrive in ecommerce industry. Realizing the potential of Nepalese ecommerce shoppers, a recent news flashed with Alibaba, one of the major ecommerce company buying Daraz, one of the company with highest market share in Nepal can explain itself how much potential there is. So, it's an interesting and full of potential market to investors to invest in Nepalese ecommerce industry.

## 12 FINAL WORDS

In this way, the author's thesis finally came to an end. Overall, the topic was interestingly perceived by the author and the author felt that the thesis was fruitful in the end. Concerning the time frame, the thesis continued to be longer than the scheduled time frame due to unforeseen circumstances, but each topic were carefully studied and written.

There were few surprises in the thesis process including the responses, which were in a whopping number. The thesis was on its right way. In addition, constructive suggestions from the supervisor and the creative ideas from the opponent added icing on the cake. The author is hopeful that the thesis will assist the people wanting information concerning the Nepalese online consumer behavior. The purpose and the objectives of the thesis were made simple, clear and visible and was kept constant throughout the entire process. Boundaries were set initially to make sure that the objectives and the aim didn't exaggerate too much. The thesis was greatly assisted with relevant theories derived from different books, literatures, websites, weblogs, dissertation and newspaper articles.

After scanning all the relevant literatures, empirical findings were kept on the spotlight. First, proper research approach was selected. Quantitative approach was used so that the primary data were collected via the survey questionnaires. Quantitative approach was selected because quantitative research incorporated numbers and numbers could be analyzed statistically to give out concrete conclusions, which was contextual in this thesis. After receiving the questionnaires answered, the data were collected, coded and then quantified. To make sure that study was reliable and valid, pretest was conducted initially.

There were few things that the thesis author learned which can be helpful for people writing thesis soon. Prior to this thesis, the author had heard that it takes some time to write a thesis, but it was more than anticipated, so make sure that your schedule is not too tight and stressful. Draft of the introduction can be written without really knowing the results. Also, methodology doesn't always depend on the results, so it is important to create an excellent framework for the results prior to running all the statistical test. Another important approach can be treating your thesis as a full-time job but make sure that your schedule suits you. Clarity of thought is very important, so keep it simple and clear so that your supervisor and other people can easily read and understand your thesis.

It is also important to learn when and what makes us productive. It depends on person to person. For the author, writing several hours with frequent breaks in the middle was productive. Also, make sure that you leave something yourself to get started next day so that when you wake up you know exactly where to start from. Thoughts on doubting yourself can come at different time of the thesis stage so just crack on with the research and be confident about yourself. You have the hands of supervisor and opponent to correct you when required. So, always keep the motivation that you can achieve the result. In a nutshell, writing thesis was fun from author's perspective and the achievement of objectives made this thesis fun and worthwhile for the author.

*Further research opportunities*

The present thesis attempted to meet the defined objectives of the author. During, the final stages of the thesis, the author identified few future areas of research. As stated before, the concept of consumer behavior is a complex and wide issue so all the concepts concerning the consumer behavior didn't fit in this thesis. Among few future research challenges, one of them would be to study the thesis topic from a wider perspective, focuses can be further expanded among the people of the entire country. This thesis only focused among the residents of Kathmandu.

Thesis topic can also be studied from a different angle, more value constraints can be considered so relationship among different value dimensions can be abstracted so that study can be made among broader group of respondents. This thesis included the respondents of age group (18-30) only. The country's legislation concerning business investment is not shown in this thesis, so future paper can concern the legislation of the country concerning investments. Future research can also be made on foreign companies willing to establish a market in Nepal along with all the available possibilities.

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## APPENDIX 1: QUESTIONNAIRE

Dear Respondent,

Please, could you kindly spare some time from your busy schedule and answer the following questionnaire if you are between the age group of (18-30) and residing in Kathmandu. The prime purpose of this survey is to know about the online shopping experience and buying behavior among young consumers in Kathmandu, Nepal. The data of this survey is collected for the bachelor's thesis under Degree Program in International Business at Satakunta University of Applied Sciences (SAMK), Rauma, Finland. The survey is anonymous and will take approximately 10 minutes. The information's provided by you will only be used for this thesis purpose. Your opinion is important to us!

1. How would you describe your access to Internet?

- ☐ Easy
- ☐ Medium
- ☐ Difficult

2. How often do you shop online?

- ☐ At least once a week
- ☐ Two to three times a month
- ☐ Once a month
- ☐ Less often than once a month, but more than once a year
- ☐ Once a year or less often
- ☐ I don't shop at all

3. What devices do you use to shop online? (You can choose several alternatives)

- ☐ Computer/Laptops
- ☐ Tablets
- ☐ Smartphones

4. Your reasons to shop online (You can choose several alternatives)

- ☐ Online shopping saves time
- ☐ Online shopping offers abundant varieties of products
- ☐ Online shopping is easy
- ☐ It is easy to compare prices in online shopping
- ☐ High Website Security
- ☐ Not available in physical stores
- ☐ Others; specify: \_\_\_\_\_

5. What products or services do you usually purchase online? (You can choose several alternatives)

- ☐ Food and Beverages
- ☐ Clothes and Fashion
- ☐ Electronics and Appliances
- ☐ Personal Care and Beauty
- ☐ Media, Toys and Games
- ☐ Furniture's and Housewares
- ☐ Travel and Reservations
- ☐ Others; specify: \_\_\_\_\_

6. When shopping online, do you buy from Domestic or Foreign companies?

- ☐ Only domestic Companies
- ☐ Only foreign Companies
- ☐ Both domestic and foreign companies

7. If you buy only from foreign companies or both foreign and domestic companies, what are the reasons that you like to buy from foreign online companies? (You can choose several alternatives)

- ☐ Good Reputation of foreign companies
- ☐ Wider products only in foreign companies
- ☐ Cheaper prices in foreign companies
- ☐ High Security on foreign company's website
- ☐ Other reasons, please specify:

8. When purchasing online, how important are the following factors for your buying decision? (Use a scale from 1 to 5, where 1 = extremely important, 2 = very important, 3 = somewhat important, 4 = not very important, 5 = not at all important)

	Statements	Scale
a.	Company's reputation	
b.	Price of the product or service	
c.	Quality of the product or service	
d.	Customer service	
e.	Payment methods	
f.	After-sales service	
g.	Promotion and advertisements	
h.	Customer's rating	
i.	Other reason, please specify _____	

9. What is the payment method, you use when shopping online? (You can choose several alternative)

- ☐ Debit and Credit Cards

- ☐ Bank transfers
- ☐ Cash
- ☐ Wallet (Payment mode provided by the online sites)
- ☐ Others; specify: \_\_\_\_\_

10. Do you agree or disagree with the following statements? (Please give your answer on a scale from 1 to 5, where 1 = strongly agree, 2 = somewhat agree, 3 = neither agree nor disagree, 4 = somewhat disagree, 5 = strongly disagree)

	Statements	Scale
a.	For me online shopping is an important consumption way	
b.	I always know what I need to buy	
c.	I compare a lot before buying	
d.	I read reviews before making the decision to buy	
e.	The opinions of my family and friends can affect my buying decision	
f.	My past experiences with a company or product affect my buying decision	
g.	I buy those products recommended by the seller	

11. How important are the following features to you, when shopping online? (Use a scale from 1 to 5, where 1 = extremely important, 2 = very important, 3 = somewhat important, 4 = not very important, 5 = not at all important)

	Statements	Scale
a.	Full website fit on the screen, no need to scroll down	
b.	Website has attractive graphics	
c.	Website loads quickly	
d.	Local store locator	
e.	One click-order	
f.	Click to call option	

g.	Other, please specify _____	
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12. Have you experienced any problems, when shopping online?

- ☐ Yes, often
- ☐ Yes, few times
- ☐ No

13. If you have experienced problems when shopping online, please specify what has been the cause of the problem. (You can choose several alternatives)

- ☐ Poor product quality
- ☐ Product has differed from the description
- ☐ Weak payment security
- ☐ Slow deliver services
- ☐ Poor after sales services
- ☐ Poor customer services
- ☐ Others; specify: \_\_\_\_\_

14. Do you agree or disagree with the following statements? (Please give your answer on a scale from 1 to 5, where 1 = strongly agree, 2 = somewhat agree, 3 = neither agree nor disagree, 4 = somewhat disagree, 5 = strongly disagree)

	Statements	Scale
a.	Comparison of prices in online shopping should be easy to find the lowest price	
b.	Buying should be easy and the risk should be minimum from buyer's side	
c.	Fast and free shipping must be made country wide	

d.	Buyers should be able to interact with other buyers via social media	
e.	Websites should be easy to use	
f.	Smartphone users should be able to use websites via mobile apps	
g.	More payment systems should be added to online shopping	
h.	Other improvement, please specify _____	

15. Age \_\_\_\_\_

16. What is your gender?

- ☐ Male
- ☐ Female

17. What is your status in working life?

- ☐ Student
- ☐ Employed
- ☐ Entrepreneur
- ☐ Unemployed
- ☐ Other, please specify \_\_\_\_\_

18. What is your education level?

- ☐ Secondary School
- ☐ High School
- ☐ Bachelors
- ☐ Masters and above