

# Impact of e-commerce on Consumer Behavior: A Study of Online Shopping Trend among Youth in Lahore City

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**Abstract:** The present study is aimed to explore that how consumer's behavior is being changed due to latest trends in e-commerce. The 21<sup>st</sup> century is revolutionized with the advent of modern internet technologies, and e-commerce is also growing subsequently. With the adoption of new technologies, the consumer's behavior has also been changed rapidly. This study was conducted to analyze the consumer's buying behavior associated with the latest features provided by e-commerce as consumer's behavior leads towards the buying decision. It was a quantitative research, in which survey method was used and data was collected through close ended questionnaire designed on 5 point Likert Scale. The sample was selected by applying purposive sampling techniques. The results of this research indicate that there is a strong effect of e-commerce on consumer's buying behavior. The easy access, fast connectivity and variety of choices have a significant impact on decision making and buying behavior of consumers. The results also proved that e-commerce influences the consumers to switch from retail shopping to online shopping because of greater product range, more convenience and accessibility with fewer restrictions.

**Keywords:** E-commerce, Consumer behavior, Online shopping

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## 1.1 Introduction:

Since, the 21<sup>st</sup> century is considered as an era of internet and latest technologies, the field of commerce is also changing rapidly with it. The people's attitude towards purchasing and consuming goods is also changing as subsequently. In last few years, the commerce has been upgraded to e-commerce with the rapid adoption of latest technology at both seller and buyer end (Fu, 2021). Many people are switching from retail markets to online platforms. Consumer buying behavior has been changing due to e-commerce. "The study of individuals, groups, or organizations and the processes they use to select,

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secure, use, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society” (Perner, 2012 as cited in Hayat, Ghayyur & Siddique). Consumer’s decision-making in buying is dependent on personal opinions, beliefs and behavior. It is greatly influenced by the psychology, economics and the sociology of consumers.

From traditional local trade on a small scale to a large scale shopping in the era of industrialization, consumerism is an on-going process. Consumer behavior has been re-shaped with an emerging trend of online buying of goods and services, ranging from basic necessities to luxuries. More than 5.4 billion people are linked to the Internet and Internet is becoming effective medium for selling & purchasing goods and service (Internet World Stats 2022). Due to fast delivery and convenient in ordering, consumers are more satisfied with online shopping (Chang and Wang, 2011).

Online shopping has opened doors of opportunity for traders to sell the products in open market and customers have a free access to worldwide market. Hsieh et al., (2013) stated that in present times, internet has a strong impact on people’s daily life as compared to past. There is a rapid change in physical activities due to online activities. The shopping trend has been transformed from traditional market to online stores (Saleem, 2016).

The e-commerce industry is rapidly adopting new technologies in order to facilitate the customers, especially the youth, who are more focused on improving their living standards. Youth is more technology friendly and this is the reason that online shopping and internet based transactions has been increased significantly (Prashar, Vijay, & Parsad, 2017).

Yuan (2022) explored in his research that e-commerce platforms are more aligned with the needs and choices of customers on big annual sales of China's Double 11 and Black Friday. The e-commerce platforms design promotions and marketing strategies to attract maximum number of customers.

E-commerce trend is increasing very fast. It has also authorized the consumers to have more choices. Hence, these ecommerce trends have shaped the behaviors, including the consumers’ perspective to see the world.

Therefore, this research is aimed to find out that how and why online shopping trend is increasing among youth and the level of acceptance of online shopping among people.

### 1.2. Research Objectives:

Following are the main objectives of this research:

1. To examine the impact of e-commerce on consumer’s behavior.
2. To investigate the effects of consumer reviews on seller’s attitude
3. To identify the consumer’s preference when buying online.

The never-ending changes in technology are making jobs easier for consumers. To look in to shortcuts is always preferable for majority of people. This advancement in technology has erased the obstacles of geographical distance. Social media has emerged as a new platform for both sellers and purchasers by giving all-in-one package. The continuous virtual ties on social media platforms have minimized distances. Customers don’t need to travel to explore the markets for new arrivals and reviews. This is one of the basic factors of emerging trend of digital buying (Saleem 2016). Social media provide an opportunity to sellers to access millions of customers all over the world. (Sin, Nor, & Al-Agaga,

2012). Online shopping facilitates customers to select and purchase product or service of their choice within seconds. The offer becomes super with free delivery sometimes.

As information technology is getting powerful day in day out, simultaneously the traditional advertisers and marketers have switched and gone deeper in influencing decision-making consumers' behavior effectively through media. (Cohen, 1988) defined advertising as "a business activity, employing, creative techniques, to design persuasive communication in mass media that promote ideas, goods, and services in a manner consistent with the achievement of the advertiser's objective, the delivery of consumer satisfaction and the development of social and economic welfare". The advertisers are targeting the consumers through focusing on the social demands, emotional demands, action demands, and self-image demands. (Jusoh & H, 2012) suggested that there is an important relationship of e-commerce experience, product perception and customer service with attitude towards e-commerce purchase through online shopping. According to them, online consumers are more likely to buy clothes, book and make travel booking.

Digital media advertising is playing a key role in transforming the behaviors. Social Media, like Facebook is providing advertising campaigns to retailing organizations to attract more of its customers through sponsored ads. After watching those ads, consumer starts developing the urge to know more about the brand or product and he purchases the product eventually because they are well aware of the functionality of technology-driven systems. Palalic et al., (2020) concludes in his research that young customers have more complicated buying behaviors as compared to the middle age customers.

It is believed that everything comes at a price; therefore, this high & inescapable trend does have some disadvantages; consumers can neither touch nor see the real products, the medium of the internet is impersonal and many people doubt the safety and privacy of online shopping (Katinka, 2005). Some consumers have shown interest in purchasing from the retail store rather than online stores due to the deceptive advertising & marketing. Generally, the most possible problem with online store shopping is the nature of its own virtual world. Spam companies, fraud transactions, and fake display of items to do online robbery are something that is getting very common. Unlike, in-store shopping does not have such strings attached, as they can be reliable due to real purchase. Few have shown interest in both kinds of shopping ways depending upon the product they are willing to acquire.

Briefly, with all the above-mentioned details, we can infer that the ecommerce and technology is a driven force, of which nothing could escape because of the extensive use of it in all public to private, educational to economic sectors. On the contrary, we do see different opinions based on security, price and genuine product purchase.

#### **1.4 Significance**

Consumers are tending to show interest in online shopping according to their desires and ease. The attitude of consumers has drastically subjected with the environments they are dwelling on. Factors like, social impact, economic impact, and advertising are being driven ultimately by the ecommerce/technology. This study will be helpful for the ecommerce retailers, who can use advertising & e-marketing tools & social marketing strategies for their targeted customers. The study also explored the association of ecommerce with the consumer's behavior that how people think it is beneficial to them and the disadvantages they feel about it. This may help to improve the ecommerce business.

### 1.5 Hypothesis:

H1: The emerging trend of E-commerce is persuading the consumers towards online shopping.

H2: There is a strong effect of the E-commerce on consumer buying behavior.

### 1.6 Variables:

#### 1.6.1. Independent Variable:

The variable, which can be manipulated to affect the dependent variable, is defined as independent variable. The independent variable in the hypothesis is E-commerce.

#### 1.6.2. Dependent Variable:

The variable, which is affected by independent variable, is termed as dependent variable. This variable is measured in research. From the hypothesis, Consumers Behavior is taken as the dependent variable.

### 1.7 Research Methodology:

The present study was a survey research. A well-structured survey questionnaire was designed on 5 point Likert scale. It was divided into three parts, which included demographics, lifestyles and preferences and the attitude measurement towards online shopping/ecommerce.

A sample of 180 university students in Lahore was studied in this research. Purposive sampling technique was adopted to select this sample. The data was analyzed to know the attitude of young consumers towards e-commerce. Response was transferred to MS Excel for measuring the data. Results were generated in graphical form, tubular form with numbers and percentages.

Statistical test of Chi Square was applied to find out the relationship between two variables mentioned in the hypothesis.

Table 1 Measuring scale for H1

Response	Value
Always	5
Most of the times	4
Sometimes	3
Rarely	2
Never	1

Note. Smallest Value=9, Highest Value=35

Table 2 The values of tend

Category	Score
No or low trend	9-18
Medium trend	19-27
Strong and prominent trend	28-35

Table 03 Measuring Scale for H2

Response	Value
Strongly Agree	5
Agree	4
Somewhat Agree	3
Disagree	2
Strongly Disagree	1

Note. Smallest Value= 6, Highest Value=

Table 4 The values of effect

Category	Score
No to low effect	6-14
Medium effect	15 - 22
High effect	23 - 30

### 1.8. Data Analysis:

Questionnaire was presented in multiple grid scale; respondents were required to make a mark between the two opposite values. Correlation technique was used between ecommerce shopping and consumers buying behavior.

The data was later collected and measured in MS Excel then shown in tubular and graphical form of simple charts to display the data of respondents.

#### 1.8.1 Demographics:

##### **GENDER:**

About 70% of the respondents were females and 30% were males.

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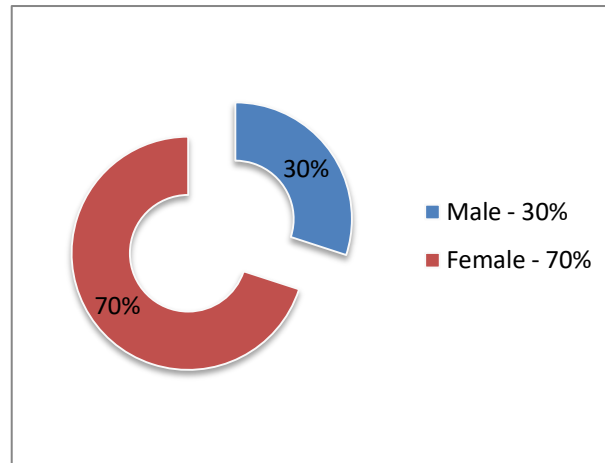


Fig 1. Gender

### 1.8.2 Lifestyle & Shopping Preferences:

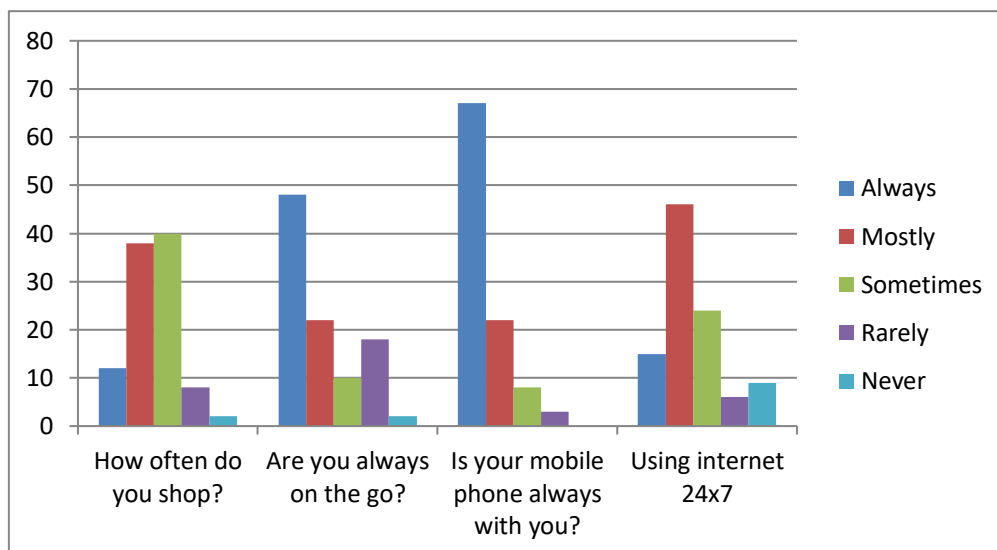


Fig 2. Lifestyle & Shopping Preferences

Figure 2 shows that majority of the respondents always carry their mobile phones with them with a continuous internet facility.

### 1.8.3 How often do you use the following social network sites?

Figure3 shows the interest of respondents on social media network. People are more active on Facebook and Instagram than any other forums.

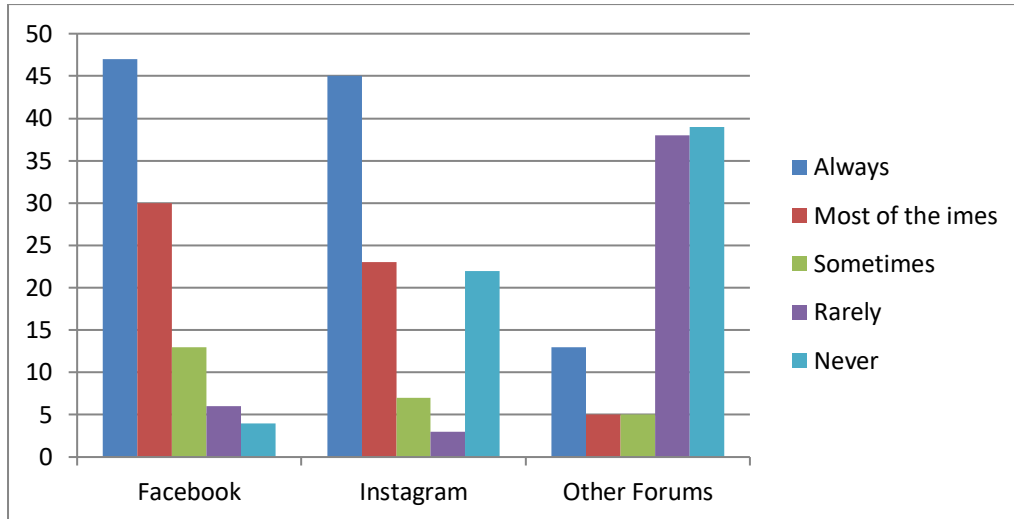


Fig 3. Social Media Usage

1.8.4 What shopping medium do you prefer?

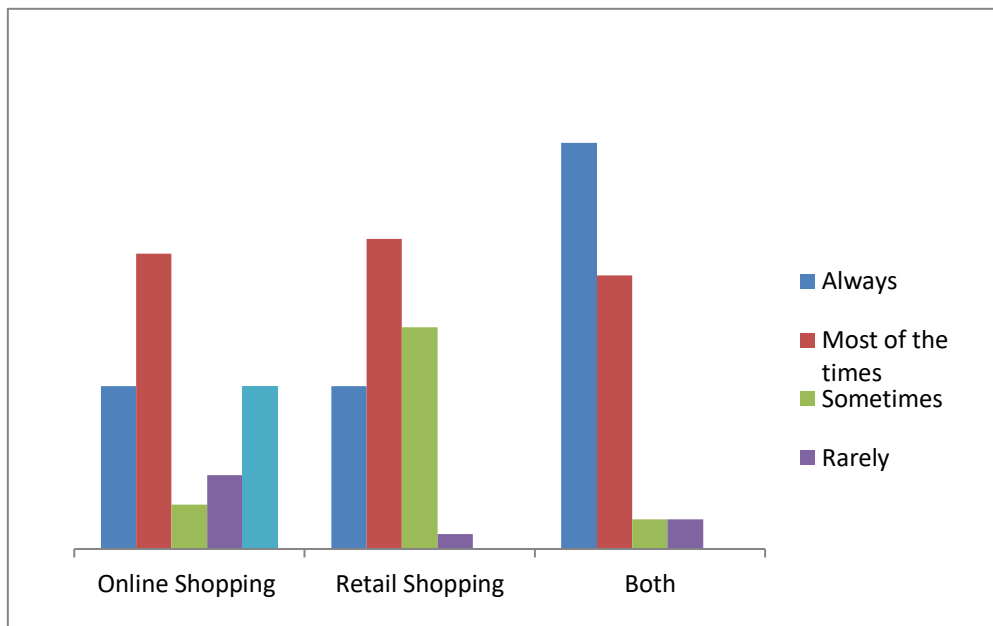


Fig 4. Preferred Shopping Medium

The figure 4 shows that about 50% of the sample population prefers online and retail shopping. Remaining has balanced preference between online shopping & retail shopping.

1.8.5. Consumer's Behavior on Online Shopping:

In this part of the questionnaire, respondents were asked about their choices in online shopping, how they use internet when selecting a product. This part has been subdivided into two parts.

- 1 Product Selection
- 2 Impact of Online Shopping

### 1.8.5.1. Product Selection

When asked about selecting a product, respondents are using internet widely as they are getting more benefits in one pot.

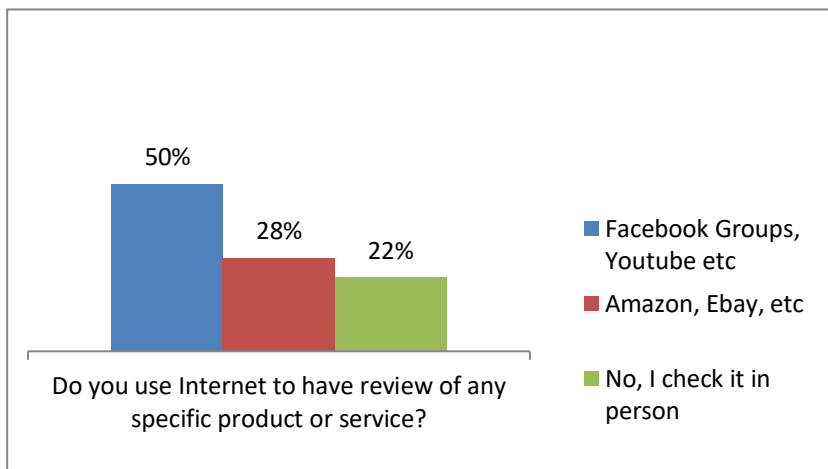
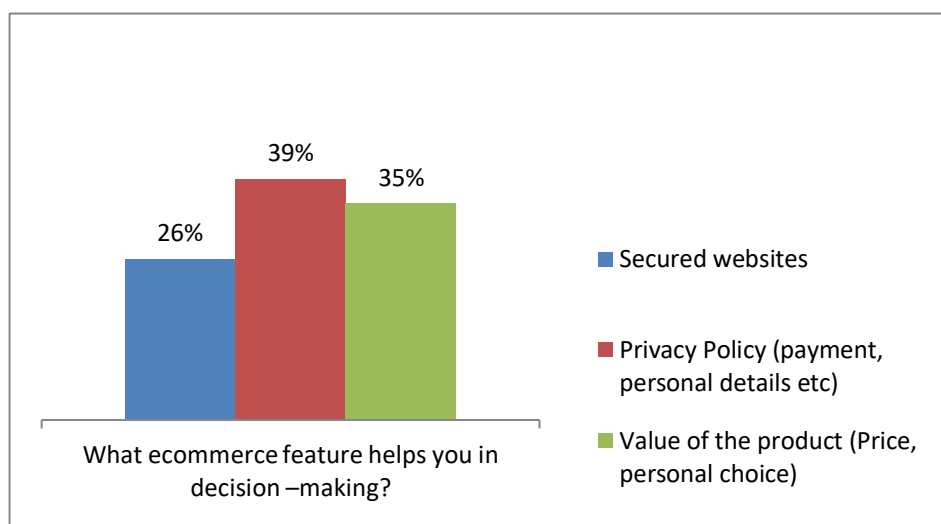


Fig 5. Product Review

### 1.8.5.2. What ecommerce feature helps you in decision -making?

To know more about product selection, respondents were asked about the features that urge them to buy online. 39% of the sample population opted for privacy concerns – regarding their personal details and payments terms.

Fig 6. Important Feature in Ecommerce Decision-Making





1.8.5.3. What is the best advantage of online shopping for you?

The sample population considered range of products to be the best advantage in online shopping with 44%, followed by time saver & convenience advantage 34%.

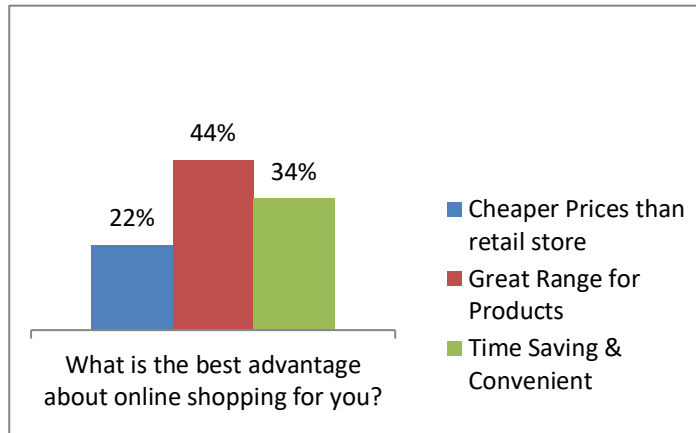


Fig 7. Advantages of Online Shopping

1.8.6. Impact of e-commerce:

In this part of the questionnaire, 63% of the sample population agreed that they are attracted by the advertisements on social media, 19% were somewhat attracted, while 18% disagree.

82% of the respondents find online prices cheaper than in the retail store, whereas 05% have mixed responses and 13% disagreed on the prices. 74% of the population is satisfied with the payment methods of online stores, while 19% are somewhat satisfied, whereas 13% are not satisfied.

When asked about the imported products, 38% agreed that imported products are easily available and purchased on online stores, whereas 11% has mixed opinion, and 51% do not agree.

74% liked the delivery services of online stores with respect to convenience and easy usage. 16% agreed to some extent with the delivery services and 09% disagrees.

Upon asking about the recommendation, 18% somewhat agree to recommend others about online shopping, while 71% completely agreed. 11% disagree in recommending online shopping medium to others.

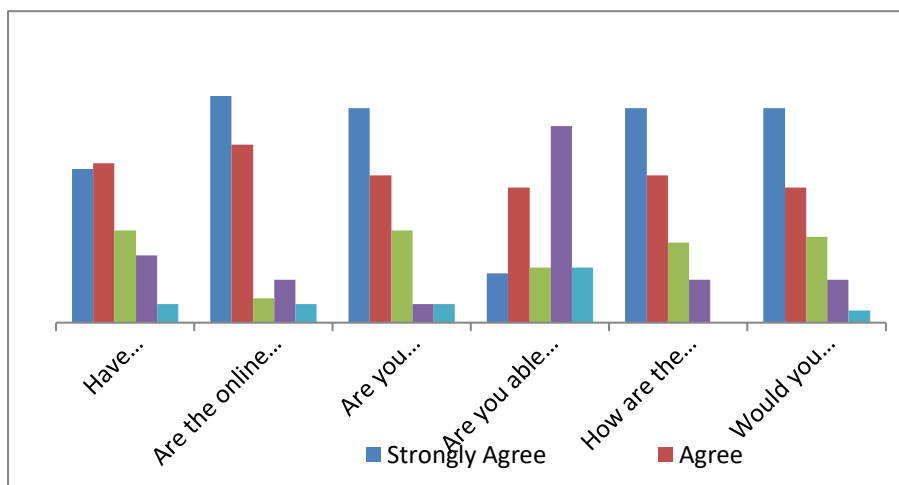


Fig 8. Impact of Ecommerce

### 1.8.7. Bivariate Analysis

#### Hypothesis Testing - Results

The  $X^2$  value result for hypothesis is synopsised in this segment.

##### 1.8.7.1 The emerging trend of e Commerce is persuading the consumers towards online shopping.

$X^2$  value in the Table 5 below shows that  $H_0$  is rejected at 5% level of significance. So, a hypothesis of significant association between e Commerce and consumer behavior is proved. Table 6 shows that there is a significant difference between consumers preferring online shopping (64%) and consumers not comfortable with online shopping (22%). So, there is a significant level of association between trend of e Commerce and trend of online shopping among consumers.

Table 5 Level of association between e-commerce and online shopping

Variables	Chi-Square	D.F	P Value	Conclusion
Pearson's Chi-Square	36.683	4	.000	Significant
Total Respondents	180	-	-	-

Table 6 Level of effect

Level of effect	Consumer Behavior
High Effect	64%
Medium Effect	14%
Low Effect	22%
Total	100

##### 1.8.7.2: There is a strong effect of the e Commerce on consumer buying behavior.

$X^2$  value in the Table 7 shows that  $H_0$  is rejected at 5% level of significance. So, a hypothesis of significant association between e Commerce and consumer behavior is proved. Table 8 shows that there is a significant difference between consumers having strong effect (67%) and consumers with low effects (18%). So, there is a significant level of association between trend of e Commerce and changing consumer's behavior.

Table 7 Level of association between trend of e-commerce and changing consumer's behavior

Variables	Chi-Square	D.F	P Value	Conclusion
Pearson's Chi-Square	50.111	4	.000	Significant
Total Respondents	180	-	-	-

Table 8 Level of effect

Level of effect	Consumer Behavior
High Effect	67%
Medium Effect	15%
Low Effect	18%
Total	100

### 1.9 . Discussion

The present study was to figure out the impact of e-commerce on consumers' behavior. The practice of buying and selling products over the internet is related to the concept of e-commerce, and it has a great impact on consumer behavior (Dudovskiy, 2012).

Thus, the research supports the hypothesis that due to the emerging trend of e-commerce, trend of online shopping is increasing among consumers (H1). The research also proves that there is a significant effect of the e-commerce on consumer buying behavior (H2).

The survey questionnaire was formed to analyze the consumer's behaviors. In the first part of the questionnaire, demographic data was extracted, in order to have accurate data of the respondents. Majority of the sample population was female (70%) and 30% were the male, out of which most of them 86% were full time students, 14% were having part time jobs.

In the second part of the questionnaire, was about analyzing their lifestyles & preferences when it comes to shopping and their daily dose of internet usage. The results showed that 50% of the respondents are frequent shoppers, whereas 8% rarely go for shopping. The use of mobile and internet has been incredible, 89% of the people are always using mobile and 61% of the population uses internet all the time. Thus, the consumers are more inclined towards their mobile gadgets and internet, wherever they are.

Since, the consumption of internet was 61%, people have major impact of social media on their lives, and especially Facebook and Instagram were the most chosen networking sites. These social networking sites facilitates the people not only to interact and socialize virtually, but also have a strong impact on social lives of people (Distaso and Mccorkindale, 2012). This platform is creating very strong awareness about the products and services among the consumers.

The study revealed that respondents have preferred both mediums for shopping; online and retail.

The last part of the questionnaire was regarding the consumer's behavior on online shopping, which was subdivided into two parts; people's behavior toward product selection and impact of online shopping that includes the benefits consumers enjoy. The distinctive features of social media and its immense popularity have reformed marketing practices such as advertising & promotion (Vinerean, 2013). The respondents have shown indirect impact of social media on their product selection choices, half of the consumers take on review of any specific product or services from Facebook Groups, Instagram, Youtube and other networking sites. Moreover, e-commerce is providing better features at home for the consumers, which makes decision-making easier for the consumers. 39% of the

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population has privacy policy, 35% go with the value of the product (price/manufacture etc) and 26% looks for secured websites. Apart from decision-making, respondents find many other advantages in online shopping, such as product range is vast (44%), Time saving & convenient (34%), and cheaper prices than retail (22%).

In the final part of the questionnaire, people were asked different questions relative to advertisements, wherein 63% agreed that the ads on social media do attract them. Various questions were asked relative to online shopping's basic benefits, 82% respondents find online prices cheaper than retail store and 05% somewhat find the same. 74% of the people are satisfied with the payment methods, while 13% strongly disagree with the payment terms. Regarding imported products, 38% agreed that purchasing imported product is easier on online stores, 30% somewhat agreed. 74% found delivery services convenient and easy to use, while 16% somewhat agreed, 09% clearly disagreed.

Upon these questions, the final response was taken on recommending online shopping to others and it showed a very positive result, 71% people agreed & 18% somewhat agreed in recommending online shopping to other non-e-commerce consumers.

### 1.10 Conclusion

Since the sample population leads a contemporary lifestyle, this proves that the continuous connectivity on Social Media, has played an important role in decision making process and consumer's behavior. Hence proven, consumer behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, use, and dispose of products, services, experiences, or ideas to satisfy needs.

Though, people prefer both mediums of shopping i.e. retail & online, but the second medium preference is Retail Shopping.

The study also presents that e-commerce persuades the consumer to do online shopping because of the greater product range, convenience without restrictions, and accessibility.

### 1.11 Recommendations

As we all are aware that people spend more time on social media especially Facebook & Instagram, therefore it is recommended that the ecommerce store must provide more secured websites; which can control transaction fraud cases, data infringement, network security etc.

As for the advertising companies, they must create digital marketing strategies, which can attract the consumers more, displaying creatively the product feature.

The findings may not be the complete answer to the question of how technology/ecommerce is influencing the consumers as it has vast causes and different social & personal influences as well, but the research is recommended to test the ways of getting effected by the ecommerce.

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