

# CONSUMER DECISION TOWARDS ONLINE SHOPPING AND CONSUMER PRIMARY WAY OF SHOP IN COMPARISON WITH BRICK AND MORTAR STORE

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## Abstract

Online Shopping is trending since past few years, providing niche for small retailer. This research is analyzing about factors influence consumer decision towards online shopping, greatest factor influence consumer decision to shop online and what is consumer primary way of shop, online or visiting brick and mortar. Online shop in this study is specified to those operated by small retailer that usually using social media as platform such as KasKus, Facebook, Multiply, and BlackBerry Messenger. There are five factors that influence consumer decision to shop online that used as independent variable in this study, those is convenience, amount of information, price, limitation, and security, and consumer decision as dependent variable. In order to finding influence of independent variables towards dependent variable, research method used in this study is multiple regression analysis with three classical assumption test: normality, multicollinearity, and heteroscedasticity. Method used in gathering data is questionnaire with undergraduate student in Faculty of Economic and Business Brawijaya University who has experienced shopping online before as population and 100 person who fulfill the criteria is choosed as sample (non random sampling). The result of this study is that each element used as independent variable significantly affecting consumer decision (dependent variable) and security is the factor with greatest influence. Conclusion in this study is that consumer decision towards online shopping is affected significantly by convenience, amount of information, price, limitation, and security. Greatest factor that influence consumer decision to shop online is security, second is price, third is convenience, followed by limitations, and lastly consumer also considering amount of information, and visiting brick and mortar store still become consumer primary way of shopping compared by shopping online eventhough all respondent has experienced online shopping before.

*Keywords : online shopping, online shop, brick and mortar, consumer decision, marketing strategy, retailing.*

## Background of the study

Massive development in information technology impact to every aspect in our life. Internet usage for new communication method creating whole new demography in

the society today, including consumer behavior to shop. Classically consumer shop with visit brick and mortar store (also called physical store, conventional store, non-online store, or traditional store), but now

there are online shopping that growing within society especially college student who can be classified as heavy internet user.

Online shopping involves purchasing products or services over the Internet. All the products in online stores are described through text, with photos and multimedia files. Many online stores will provide links for extra information about their products. They often make available, safety procedures, instructions, manufacture specification and demonstrations. Some will provide advice or how-to guides. Some online stores allow users to rate and review their products. Advice from other consumers about a product would be unavailable in brick and mortar store.

There are many advantages involved with online shopping, the most obvious is convenience. As long as have a computer, online shopping can be done from home or from work. There is no need to take the time to travel to a conventional store. Also, online shops typically operate 24 hours a day so shopping can be done in any time.

Online shopping as a new way to shop providing niche to the small retailer or entrepreneur who lack of economic of scale compared by big firms, especially young people that mostly familiar with internet access. Posting their product throughout the internet is a new alternative; Internet provides free advertising, no showroom necessary, and selling product online is taking less time.

Researcher who will meet real business life is hoping this research can give provision

with providing useful information such as the factors influence consumer decision towards online shopping, greatest factor influence consumer decision to shop online, and and will online shop beat brick and mortar store or only as a secondary way of shopping because eventough online shopping is becoming more and more widespread and accepted due to conveniences offered, there are crucial disadvantages from online shopping which is consumer cannot actually see, feel and try the items they want to buy.

The population in this research is undergraduate student in Faculty of Economic and Business University of Brawijaya Malang. University student is choosed as population because as an university student they were heavy internet user and researcher focusing in undergraduate student because younger people is more likely to try something new or in this case shopping online.

There are three problem chosed as a base in this study (1) What is the factors influence consumer decision towards online shopping? (2) What is greatest factor influence consumer decision to shop online? (3) What consumer chooses as their primary way to shop, online or visit brick and mortar store?

And the objective in this study is (1) To know the factors influence consumer decision towards online shopping. (2) To know the greatest factor influence consumer decision to shop online. (3) To know consumer primary way to shop, online or visiting brick and mortar store.

## Literature Review

### *Consumer Behavior*

Consumer behavior is a complex phenomenon, and many internal and external factors may influence an individual decision. The American Association defines Consumer Behavior as “the dynamic interaction of affect and cognition, behavior, and the environment by which human beings conduct the exchange aspects in their lives” (Peter, Jerry, Olson, 1999: 6)

Basically, consumer behavior is affected by thoughts and feelings of the experience and the action in consumption process. Consumer behavior also influenced by the environment, such advertisement, price information, packaging, product appearance, and many others. Some factors that influence the behavior of Customers in the factors of the decision process is: **a.** Cultural factors as the arrangement of the basic values, perceptions, desires a learned behavior from family members of a society and an important agency sharing.

**b.** Personal factors such as age and stage of life cycle, occupation, economic situation, lifestyle, personality, and self-concept.

**c.** Social factors such as: groups, group dynamics are two or more people who interact to achieve individual or joint arrangement. **d.** Psychological factors such as motivation, perception, and learning.

Based on the above understanding can be concluded that consumer behavior is closely related to the decision making process in the use of goods and services to satisfy their needs.

### *Consumer Decision*

Decisions always require choices between different behaviors. The key process in consumer decision making is the integration process by which knowledge is combined to evaluate two or more alternative behavior and select one (Peter, Jerry, Olson, 1999: 150). The outcome of this integration process is a choice, represented cognitively as a behavioral intention. A behavioral intention is a plan to engage in some behavior. The integration processes involved in problem solving perform two essential tasks; the choice alternatives must be evaluated in terms of the choice criteria, and then one of the alternatives must be chosen.

In treating consumer decision making as problem solving, assumed that consumers have goals that they seek to achieve or satisfy. Problem representation may include an end goal, set of subgoals organized into a goal hierarchy, relevant product knowledge, and a set of simple rules or heuristics by which consumers search for, evaluate, and integrate this knowledge to make a choice. A problem representation serves as a decision frame-a perspective or frame reference through which the decision maker views the problem and the alternatives to be evaluated.

The process of identifying, evaluating, and choosing among alternatives during problem solving produces decision plan made up of one or more behavioral intentions. Consumer decision making also can be affected by environment by interrupting or disrupting the ongoing flow of the problem solving process.

## ***Retailing***

Retailing is the set of business activities that adds values to the products and services sold to consumer to their personal or family use. Retailing also involves the sale of services, and not all retailing is done in stores. Retailing also involved internet sales, direct sales, and catalog sales ( Levy, Weitz, 2009: 6)

A supply chain is a set of firms that make and deliver a given set of goods and services to the ultimate consumer. Manufacturers typically make products and sell them to retailers or wholesalers. Wholesalers, in contrast, engage buying, taking title to, often storing, and physically handle goods in large quantities, then reselling the goods to retailers or industrial business users.

Retailers are providing important functions : Providing an assortment of product and services, breaking bulk, holding inventory, and providing services

## ***Electronic retailers***

Electronic retailing (also called e-tailing, online retailing, and internet retailing) is a retail format in which the retailers communicate with customer and offer product and services for sale over the internet. Perspectives on electronic retailing have changed dramatically over the past 10 years. In 1998, most retail expert was predicting that a new breed of high-tech, web savvy entrepreneurs would dominate the retail industry. Everyone would be doing their shopping over the internet; stores will close due to lack of traffic, and paper catalog would become obsolete. The prospect for

electronic retailing were so bright that billion dollars were invested, and then lost, in Internet retail entrepreneurial ventures like Webvan, eToys, and garden.com-company that no longer in retail landscape (Levy, Weitz, 2009 : 55)

Even though online retail sales continue to grow much faster than retail sales through our store and catalog, we now realize that the Internet is not a revolutionary new retail format that will replace stores and catalogs. Although the Internet continues to provide opportunities for entrepreneurs in the retail industry, it is now primarily used by traditional retailers as a tool to complement their store and catalog offerings, grow their revenues, and provide more value for their customers.

Some of most well known internet based companies associated with retailing, Amazon.com and e-Bay, are not pure retailers. Amazon does sell merchandise to consumers, but a significant portion of its revenues is generated by providing Web site development and fulfillment services to other retailers, ranging from individuals consumer selling used books to large, store-based retailers such as borders. eBay is not directly involved in the transactions between buyers and sellers who participate in the auctions on its Web site. Thus, eBay is more like a mall or shopping center operator providing a platform for buyers and sellers to interact with one another.

Due to the problems of providing touch and feel information, apparent retailers experiences return rates of more than 20 percent on purchases made through

an electronic channel but only 10 percent for purchases made in stores.

### ***E- Commerce***

E-commerce (EC) is the process of buying, selling, transferring, or exchanging products, services, and or information via computer networks, including the Internet.

There are some terminologies in describing business activities that using internet (Bearden, Ingram, LaForge: 2001):

- a. Electronic business (e-business): the use of Internet to conduct business activities and as the broadest term that encompasses all business activities performed on the internet.
- b. Electronic commerce (E-commerce): the use of the Internet for buying and selling products that are transported either physically or digitally from location to location.
- c. Electronic marketing (E-marketing): the use of Internet to perform marketing activities.

There are five pillars supporting infrastructure in EC, those pillars is people; public policy; marketing and advertisement; support services; and business partnership.

For the E-commerce (EC) can be defined as:

1. Communication: from a communications perspective, EC is the delivery good, services, information, or payments over computer networks or by any other electronic means.
2. Commercial (selling): EC provides the capability of buying and selling products,

services, and information over the internet and via other online services.

3. Business process: EC is doing business electronically by completing business processes over electronic networks, thereby substituting information for physical business processes.
4. Service: EC is a tool that addresses the desire of governments, firms, consumers, and management to cut service cost while improving the quality of customer service and increasing the speed of service delivery.
5. Learning: EC is an enabler of online training and education in school, universities, and other organizations, including business.
6. Collaborative: EC is the framework for inter and intraorganizational collaboration.
7. Community: EC provides a gathering place for community members to learn, transact, and collaborate.

### **Hypothesis**

Through literature studies and previous research result, hypothesis in this study can be presented as follows :

1. Consumer decision towards online shopping is affected significantly by convinience, amount of information, price, limitation, and security.
2. Factor that most influence consumer decision to shop is whether convinience, price, and security.
3. Visiting brick and mortar store still becoming consumer primary way of shop.

## **Research Metodology**

### ***Type of Research***

Based on the formulation of the problem and research objectives, the type of study is explanatory research. Explanatory research type of research that describes the causal relationships between variables through hypothesis testing (Singarimbun, 2006: 5). Explanatory research is research used to test hypothesis about the availability of relationship between variables (causal relationship).

In the implementation explanatory research using the survey method, a method of research that attempt to explain or describe a social phenomenon by looking at the relationship of research variable (Singarimbun, 2006).

To determine the number of samples researchers used Naresh K Maholtra opinion (1993:662) who said the large number of sample size of at least four or five times the number of attributes used in the study.

In this study, there are five attributes used which is convinience (X1), amount of information (X2), price (X3), limitation (X4), and security (X5). Thus of the opinion Maholtra obtained a sample of  $5 \times 20 = 100$  which is used as respondents.

### ***The Sampling Techniques***

The sampling technique in this study is non probability sampling. Non-probability sampling is a sampling of ways in which each element of the unknown probability of being selected to be the subject population samples (Sekaran, 2009). How this is done

because the researchers did not know the number of population studies. The sampling technique used was purposive sampling. Widayat & Amirullah (2002:55) states that in this technique the sample is selected based on the assessment or the views of researchers based on the purpose and intent of the study.

### ***Research Variable***

According to Sugiyono (2008:38) the study variable is an attribute of an object or activity which may have particular variations set by the investigator to be learned and conclusions drawn.

In this study the variables used are the online shopping criteria are identified with (X) as independent variables and customer decision are identified with (Y) as the dependent variable.

Independent variable (X)

Independent variable is a variable that affects the cause of change or appears of of dependent variable Sugiyono (2008:39).

In this case which is the factors influence consumer decision to shop online is :

**a.** Convinience (X<sub>1</sub>), Comfortability (X<sub>1.1</sub>), Discretion (X<sub>1.2</sub>), Simplicity (X<sub>1.3</sub>)

**b.** Amount of infomation (X<sub>2</sub>), Product info (X<sub>2.1</sub>), Users rating (X<sub>2.2</sub>), Users review (X<sub>2.3</sub>)

**c.** Price (X<sub>3</sub>), product's price (X<sub>3.1</sub>), shipping cost (X<sub>3.2</sub>)

**d.** Limitation (X<sub>4</sub>) (Limit of shopping online which is consumer cannot see, smell, and try the actual productthey want to buy)

e. Security ( $X_5$ ), Product quality ( $X_{5.1}$ ), Fake information ( $X_{5.2}$ ), Product not send after money sent by consumer ( $X_{5.3}$ )

And the Dependent variable (Y) is a variable that is affected or become due because of the independent variables Sugiyono (2008:39).

In this study the dependent variable used is consumer decision to shop online.

### ***Data Collection Method***

Data collection method used in this study are questionnaire, according to Sekaran (2009) questionnaire is a list of written questions that have been previously defined to be participation answer, usually within a clearly defined alternative. Techniques of data collection is done by providing or distributing a list of questions to the respondent to get a to obtain information related to research.

### ***Data Analysis Technique***

Webster dictionary (Umar, 2003:147) provides an understanding of data analysis: “a separating or breaking up of any whole in toits part especially with an examination of this parts to find out their nature, proportion, function, interrelationship, etc.”

Data obtained from questionnaires subsequently processed and analyzed in classical assumption test in order for the model used to provide a representative result, the classical assumption test conducted on a model to test the hypothesis. Model developed in this study must satisfy the basic assumption that no symptoms of the normal data, multicollinearity and heteroscedatisity.

### ***Data Analysis Method***

#### ***Multiple regression analysis***

Model analysis of the data used in this study is the analysis of multiple regression analysis. Multiple regression analysis was used to analyze the influence of independent variables consisting of convinience ( $X_1$ ), amount of information ( $X_2$ ), price ( $X_3$ ), limitation ( $X_4$ ), and security ( $X_5$ ). Model equations of multiple regression analysis in this study can be formulated: 
$$Y = \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + e$$

In which :

Y = Customer decision

$X_1$  = Convinience

$X_2$  = Amount of Information

$X_3$  = Price

$X_4$  = Limitation

$X_5$  = Security

$\beta_1, \dots, \beta_5$  = Coeficient regression independent variable

e = Error estimation

#### ***Coefficient of determination***

The coefficient of determination ( $R^2$ ) was essentially measures how much the ability to explain variation in the dependent variable. the coefficient of determination was between zero and one. Small value of  $r^2$  which means the ability of the independent variables in explaining the variation in the dependent variable is very limited. Value near one means is required to predict the variation in the dependent variable. General coefficient of determination for the data is relatively low because of the crossection is a large variation between each observation, while for the coherent data (time series) typically have a high coefficient of determination

(Ghazali, 2007). To know the size of the independent variables in influencing the dependent variable can be determined by the value of the coefficient of determination shown by the adjusted r square (R<sup>2</sup>). r square value can be adjusted up or down when one independent variable is added to the model. The coefficient of determination is used to measure the percentage of the effect of independent variables on the dependent variable can be seen from the overall determination of the formula = R<sup>2</sup> x 100%.

### ***Hypothesis Test***

The Simultaneous Hypothesis Testing (F Test) Used to determine the relationship between independent variables and the dependent variable, whether direct evidence of convenience (X1), amount of information (X2), price (X3), limitation (X4), and security (X5) is really an effect simultaneously on the consumer decision (dependent variable / Y). And partially hypothesis testing (t-test) used to determine the relationship between independent variables and the dependent variable.

## **Findings and discussion**

### ***Research Object***

The object in this study is online shop or online store in Indonesia specifically small and middle size online retailer that growing rapidly the past five years.

### ***The Online Shop Phenomenon***

First online shopping is done by Pizza Hut Santa Cruz, California. That time they providing online order facility to the houses for testing. Eleven year later in 2007, every

branch had that option in their system. Pizza Hut success were followed by Amazon which that time appear as an online bookstore, soon after the company realizing that another product having the high demand, Amazon expand with selling numerous type of product beside book. Today, Amazon had 20,700 employees and net profit US\$ 902 million.

In Indonesia online shop growing rapidly in the past five years. Rather than creating their own site in the internet, small and middle size retailers prefer using platform or social network available such as KasKus, Facebook, Multiply, BlackBerry Messenger, and lately Instagram.

### **Platforms for online seller and buyer**

There are several platforms used by small and middle size retailer to promote and advertise their product, such as KasKus, Facebook, Multiply, and BlackBerry Messenger

### ***Characteristic of respondent***

Respondent population in this study is student of undergraduate program Faculty of Economic in Brawijaya University Malang. One hundred sample were taken randomly.

### ***Validity and Reliability Test***

The validity of the instrument is a measure that shows the levels of validity and the authenticity of an instrument. It is said to be a valid instrument, able to measure or disclose the data of the studied variables appropriately.

Validity testing is needed in the research, particularly the use of questionnaires in

testing the validity of data intended to determine the validity of understanding regarding the validity of the concept with empirical reality. Valid or not an instrument can be determined by comparing the Pearson Product Moment Correlation index with a significance level of 5% (0.05) and r values (correlation coefficient). Variable is declared valid if the significance level of less than or < 5 % (0.05) and r values (correlation coefficient) greater than or > 0.3.

Testing the validity of the resulting through SPSS program can be seen that all research items whether dependent variable or independent variable having significant value lower than 0,05. The result is showing that all statement item above is valid.

A reliability testing is conducted to determine the level of conformability or a consistent measuring tool. Reliability provides the correspondence between the results of the measurements. A reliable instrument means that the instrument is good enough to be able to uncover reliable data.

This test is used to determine the extent to which a person's answers are consistent or stable over time. Reliability shows in a sense that an instrument can be trusted enough to be used as an instrument collecting data because the instrument is proper.

In this study, reliability testing is done using the formula Cronbach - Alpha ( $\alpha$ ) to determine if the results of the measurement data which obtained reliability is qualified or not. Questionnaire instrument can be said to be reliable if it has a coefficient alpha ( $\alpha$ ) greater than or > 0.6 and vice versa.

Reliability test results are produced by SPSS program from the test result, known that alpha crobach value in both dependent and independent variable is greater than 0,6 so all the variables is reliable.

### Result of Clasical Assumption Test

#### Normality Test

Regression model is fulfilling normality assumption if residual caused by regression model is normally distributed. For testing this assumption, Kolmogorov-Smirnov method is used.

Hypothesis :

Ho : Normally dstrubuted residual.

H1 : abnormally distributed residual.

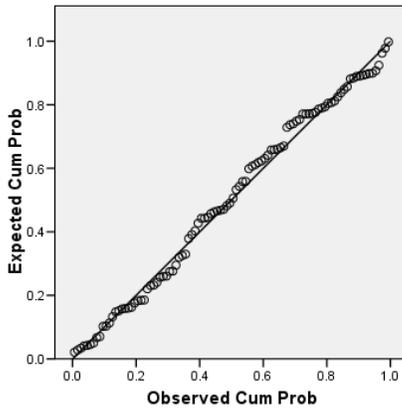
**Table 1**  
**Normality Assumption test**

Kolmogorov -Smirnov Z	Significan t	Explanatio n
0,640	0,807	Spread Normally

Source : researcher 2013

Based on Kolmogorov-Smirnov test above, known that *significant* worth 0,807 where the number is bigger than  $\alpha = 0,05$ . Due to the significance value worth motre than  $\alpha = 0,05$ , so that Ho is accepted and can be concluded that normalty residual assumption is fulfilled. If PP-Plot graphic is used, can be seen that spots from the data is approaching diagonally and can be said that the model is spread normally. The test result is can be seen in Figure 1 below :

**Figure 1**  
**Normality Test Using Normal PP Plot**



Source : researcher 2013

With using normal pp plot in the picture above, found that majority data spots is diagonal line of regression, so its stated that residual spread normally and normality assumption fulfilled whether tested statistically, histogram or normal pp plot found that residual spread normally and normality assumption test is fulfilled.

### Multicollinearity Test

For detecting if there is any multicollinearity or not, can be seen from Variance Inflation Factor (VIF). If the value of VIF >10 thats showing the indication of multicollinearity and vice versa, if VIF < 10 non multicollinearity is indicated.

Table 2

### Multicollinearity Assumption Test

Independent Variable	VIF	Explanation
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X <sub>1</sub>	1,610	Non Multicollinearity
X <sub>2</sub>	1,954	Non Multicollinearity
X <sub>3</sub>	1,675	Non Multicollinearity
X <sub>4</sub>	1,087	Non Multicollinearity
X <sub>5</sub>	2,241	Non Multicollinearity

Based on the calculation on the table above, each independent variable showing VIF value is less than 10, so that assumption of non multicollinearity is fulfilled.

### Heteroscedasticity Test

Heteroscedasticity can be detected by seeing graphic plot between the value of dependent variable prediction ZPRED with its residual SRESID. Detection of the availability of heteroscedasticity can be done by seeing if there is certain pole in scatterplot graphic between SRESID and ZPRED where Y-axis is predicted Y , and X-axis is residual ( Y-axis prediction – the actual Y).

Figure 2

### Heteroscedasticity Test Scatter Plot

Scatterplot



Source : researcher 2013

Based on the scatterplot graphic above, seen that the spots spread randomly with no specific pole such as up and down or clumped together, the spots is spreading randomlu whether above or under 0 number in Y-axis. With this, can be concluded that there are no heteroscesdaticity problem occur.

#### 4.5 Multiple Regression Analysis

In analysing data with multiple regression analysis, there are several stages to find out the correlation between dependent and independent variables. Based on data processing using SPSS software, found an epitome in the Table 3 below.

Y is the dependent variables while the independent variables is  $X_1$ ,  $X_2$ ,  $X_3$ ,  $X_4$ , and  $X_5$

**Table 3**

#### Epitome Of Multiple Regression Analysis Result

The regression model found is :

$$Y = 9,595 + 0,266 X_1 + 0,169 X_2 - 0,285 X_3 - 0,243 X_4 + 0,244 X_5 + e$$

whereas :

- Y : Customer Satisfaction
- $X_1$  : Convenience
- $X_2$  : Amount of Information
- $X_3$  : Price
- $X_4$  : Limitation
- $X_5$  : Security

Interpretation of the regression models in Table 3 are as follows:

1. Convinience,  $\beta_1 = 0.246$

Regression coefficient indicates that there is a positive effect between variables

$X_1$  to variable Y, which means that if the higher convenience customer more likely to decide to shop online, and vice versa.

Variable	Unstandar dized $\beta$	Stand- ardize d $\beta$	$t_{arithmathi}$ c	<i>Sig</i> <i>nif</i> <i>ican</i> <i>ce</i>	Expl
Constant	9,595		8,081	0,0 00	Signific ant
$X_1$	0,266	0,246	3,778	0,00 0	Signific ant
$X_2$	0,169	0,180	2,511	0,01 4	Signific ant
$X_3$	-0,285	-0,283	-4,259	0,00 0	Signific ant
$X_4$	-0,243	-0,204	-3,810	0,00 0	Signific ant
$X_5$	0,244	0,293	3,804	0,00 0	Signific ant
$\alpha$	= 0,05				
Adjust ed ( $R^2$ )	= 0,739				
F- arithm atic	= 56,922				
F- Table	= 2,311				
<i>Signfic</i> <i>ance</i>	= 0,000				
t-table	= 1,986				

2. Amount of Information,  $\beta_2 = 0.180$

Regression coefficient indicates that there is a positive effect between variables Cosmos  $X_2$  Y variables, which means that if the good amount of information provided to consumers, customer more likely decide to shop online, and vice versa.

3. Price,  $\beta_3 = -0.283$

Regression coefficient indicates that there is a negative effect between variable  $X_3$  towards variable Y, which means the higher the price the customer customer more likely decide to not shop online, and vice versa.

4. Limitation,  $\beta_4 = -0.204$

Regression coefficient indicates that there is a negative effect between variable

X<sub>4</sub> towards variable Y, which means that more limitation found on shopping online, customer more likely decide to not shop online.

5. Security,  $\beta_5 = 0.293$

Regression coefficient indicates that there is a positive effect between variables X<sub>5</sub> towards variable Y, which means if the higher value of security offered customer more likely decide to shop online, and if the security is low the customer more likely decide to not shop online.

***Determination Coefficient***

Based on Table 3, the regression model has an adjusted determination coefficient ( $R^2$ ) equal 0.739. This means that the regression model obtained was able to explain the influence of the variables X towards Y by 73.9% and the remaining 26.1% of the variable Y is influenced by other variables that are not observed in this study.

***The Simultaneous Hypothesis Testing and partially hypothesis testing***

Simultaneous testing is done to show whether all the variables used in the regression model had a significant effect on Y. All variables were tested simultaneously by using the F test or ANOVA. Based on the test, models hypothesis testing simultaneously or synchronously using F test. In the F distribution table, founded that the value of  $F_{table}$  with degrees of freedom (df)  $n_1 = 5$  and  $n_2 = 94$  is equal to 2.311.

If the F calculation results in Table 4 compared to the  $F_{table}$ , then  $F_{arithmethic}$  is greater than F table ( $56.922 > 2.311$ ). It also obtained a significant value as big as 0.000. If significant compared with  $\alpha = 0.05$  and

then significantly smaller than  $\alpha = 0.05$ . From the second comparison can be taken a decision H<sub>0</sub> is rejected at level  $\alpha = 0.05$ , concluded that there is significant simultaneously influence between variables X<sub>1</sub>, X<sub>2</sub>, X<sub>3</sub>, X<sub>4</sub>, and X<sub>5</sub> towards variable Y.

The partially hypothesis testing is used to determine whether each independent variable that forming regression model have individual significant influence on customer satisfaction or not. To test those influences, the t test is used, by comparing  $t_{arithmethic}$  with  $t_{table}$ . An independent variable that forming regression model is called influential if  $t_{arithmethic} > t_{table}$  or significant  $< \alpha = 0.05$ . The test of partially regression model is as follows:

**a. Variable X<sub>1</sub> (Convenience)**

Variable X<sub>1</sub> having regression coefficient worth 0,266. Based on the testing result, found that  $t_{arithmethic}$  as big as 3,778 with significance worth 0,000. Value of statistic testing  $|t_{arithmethic}|$  was greater than  $t_{table}$  ( $3,778 > 1,986$ ) and smaller significance than  $\alpha = 0,05$ . This test showing that H<sub>0</sub> rejected and can be concluded if there is significant influence from X<sub>1</sub> (Convenience) towards variable Y (Customer Satisfaction).

**b. Variabel X<sub>2</sub> (Amount of Information)**

Variable X<sub>2</sub> having regression coefficient as big as 0,169. Based on the test result, found that  $t_{arithmethic}$  equal with 2,511 with significance equal 0,014. Value of statistically testing  $|t_{arithmethic}|$  were greater than  $t_{table}$  ( $2,511 > 1,986$ ) and significance smaller than  $\alpha = 0,05$ . This test showing that H<sub>0</sub> rejected and can be concluded if there is significant influence from X<sub>2</sub> (Amount of Information) towards variable Y (Customer

Satisfaction).

**c. Variabel X<sub>3</sub> (Price)**

Variabel X<sub>3</sub> having regression coefficient as big as -0,285. Based on the testing result, founded that  $t_{\text{arithmethic}}$  worth -4,259 with significance equal with 0,000. Statistical testing value  $|t_{\text{arithmethic}}|$  were greater than  $t_{\text{table}}$  ( $4,259 > 1,986$ ) and significance were smaller than  $\alpha = 0,05$ . The test is showing that  $H_0$  rejected and can be concluded if there is significant influence from variable X<sub>3</sub> (Price) towards variable Y (Customer Satisfaction).

**d. Variabel X<sub>4</sub> (Limitation)**

Variable X<sub>4</sub> having regression coefficient as big as -0,243. Based on the test result, founded that  $t_{\text{arithmethic}}$  as big as -3,810 with significance equal with 0,000. Statistical testing value  $|t_{\text{arithmethic}}|$  were greater than  $t_{\text{table}}$  ( $3,810 > 1,986$ ) and significance were smaller than  $\alpha = 0,05$ . The test is showing that  $H_0$  rejected and can be concluded if there is significant influence from variable X<sub>4</sub> (Limitation) towards variable Y (Customer Satisfaction).

**e. Variabel X<sub>5</sub> (Security)**

Variable X<sub>5</sub> having regression coefficient as big as 0,224. Based on the test result, founded that  $t_{\text{arithmethic}}$  as big as 3,804 with significance equal with 0,000. Statistical testing value  $|t_{\text{arithmethic}}|$  were greater than  $t_{\text{table}}$  ( $3,804 > 1,986$ ) and significance were smaller than  $\alpha = 0,05$ . The test is showing that  $H_0$  rejected and can be concluded if there is significant influence from variable X<sub>5</sub> (Security) towards variable Y (Customer Satisfaction).

***Determination of the Most Dominant Variables***

To determine the independent variables that most affect the variable Y, can be done by comparing the regression coefficient (Beta) between each variables with. The independent variables were the most dominant influence on the variable Y is the variable that has the greatest regression coefficient.

Based on table 3 it can be seen that the variable X<sub>5</sub> (Security) is a variable that had biggest regression coefficient (beta), which is equal to 0.293. That indicates, the variable Y (customer satisfaction) is more influenced by security variable (X<sub>5</sub>) than other variables (convenience (X<sub>1</sub>), amount of information (X<sub>2</sub>), price (X<sub>3</sub>) and limitation (X<sub>4</sub>)). Coefficient owned by variable X<sub>5</sub> (security) is positive, it means the more security provided will lead to higher customer satisfaction.

***Discussion***

Online shop provide convinience and other benefit but there are one crucial disadvantages which is consumer cannot see, smell, and touch the product. Consumer expectation available is based on consumer personal interpretation from the product information.

This research is try to find out the answer of three problem statement, firstly is to know the factor influence consumer decision towards online shopping; secondly is to know what is the greatest factor influence consumer decision towards online shopping; and lastly is to know consumer primary way to shop online or visiting brick and mortar store. The result is showing that all hypotheses formulated is accepted. First

all independent variable (convenience, amount of information, price, limitation, and security) is affecting dependent variable (consumer decision) significantly. Second security is showed as factor that most influence consumer decision to shop; and lastly visiting brick and mortar store still becoming consumer primary way of shop.

Each factors (independent variable) will be explained comprehensively below:

### 1. Convenience ( $X_1$ )

Convenience in this study refers to comfort, unhampered and ease. In online shopping consumer visiting the site or page of the store without time limitations, consumer also may compare prices between one store and another with less effort and energy compared with visiting each physical store that will need much more energy and cost. This factor is considered as one of the advantages of online shopping.

The research in this study showed that there is positive effect between convenience to consumer decision, the higher convenience consumer more likely decide to shop online, and vice versa. This result is supporting previous research by Loo Lee Sim (2002)

From the other factors that affecting consumer

satisfaction, convenience is ranked number three from five.

### 2. Amount of Information ( $X_2$ )

Eventhough amount of information ranked last between others factors, research result showing that amount of information still affecting consumer decision significantly. Amount of information become one advantages for online store compared by brick and mortar store. In online store, there are product review from previous user and user rating that is unavailable in physical store. Due to the limitation in online shopping that consumer cannot see, smell, and touch the product; an online store should providing as clear information as possible. The research result showing that there is positive effect between amount of information and consumer decision, the more amount of information provided to consumers, consumer more likely to shop online and vice versa. This result is supporting previous research by Ming-Hsiung Hsiao (2008)

### 3. Price ( $X_3$ )

Our society were very sensitive about price,

majority multinational company were differentiate their product quality for sale in Indonesia in order to lowering the product price. After security, price is second greater factor that causing big impact towards consumer decision. As we discuss before that in online shopping consumer can easily compare prices between one store and another, so that an online store owner must be very careful in pricing. Online store did not need location, physical lay out, and the salesperson time is can be adjusted eventhough there are shipping cost needed, online store may press the cost to be lower compared with brick and mortar store and this is becoming another advantages of online shopping.

Research in this study showing that there are negative effect between price towards consumer decision, which means the higher the price the customer more likely decide to not shop online, and vice versa. This result is also supporting previous research by Loo Lee Sim (2002)

#### 4. Limitation (X<sub>4</sub>)

In buying product online, there is extra time

needed for delivering the product to consumer hand; and as discussed before, in online shopping consumer cannot actually see, touch and smell the product they want to buy but consumer were aware with this fact and limitation ranked number four in five factors that influence consumer decision. This factor were considered as disadvantages of online store.

Negative effect is found in limitation, means more limitation found on shopping online consumer more likely decide to not shop online and vice versa. This result is supporting previous research by Ming-Hsiung Hsiao (2008)

#### 5. Security (X<sub>5</sub>)

Compared by other factors, security had the greatest influence towards consumer decision. Security in this case means eeriness in deceived and lossing money they sent to the fake online store. This fact is understandable since there are still many fraud happended in our society and consumer becoming very aware about this. Straight online store become victim with the existing rampant fraud. Consumer of online

store is more possible to be deceived compared than if they visiting brick and mortar store, so that this is become another disadvantages of online shopping. Research in this study showing that the stronger the security of an online shop, consumer will more likeli decide to shop online and vice versa. This result about security also supporting previous research by Singaporean researcher Loo Lee Sim (2002)

The research result showing us several things included strategy in managing online store. Firstly, security; on online store owner should giving exact information and maintaining good business ethic never deceive any consumer and braiding good communication with customers this may providing word of mouth that strengthen other consumer trust to the store. Secondly, price; consumer can easily compare online store prices one and another so that online store owner should very carefull and better if they retail product that come directly from manufacturer or as a first hand. Thirdly, convenience; online store provide convenience not only for the consumer but also owner, owning online store we can adjusting our time for response comments and orders which is perfect for a newly started entrepreneur. Fourthly, limitation; due to the limitation in selling product online its more recommended to sell standardized product such as cassette, books, DVD's and branded product that consumer assumed to be already knew the quality of

the products. Lastly, amount of information; in online store there is users rating and user review that provide information from the previous customer to the new one, in order to achieving good rating and reviews owner have to providing good quality product, provide as clear as possible actual information and maintaining good business ethic.

This research show that visiting brick and mortar store still become primary in consumer way of shopping. From hundred respondent that had experienced shopping online, only one percent using online shopping as their primary ways of shopping and ninety nine percent rest prefer visiting brick and mortar store with specification 68% less than three times, 27% between three untill ten times, and 4% more than ten times. Five independent variable as factors that examined in this study influence this for 73% and the 26% rest is from many other aspect that not researched, it may influenced by habit of visiting brick and mortar store for shopping, going to malls and store considered as an refreshing entertainment, or any other factors.

### ***Conclusion***

Understanding consumer decision towards online shopping can lead online store marketer to create the best strategy. This study about consumer decision towards online shopping and what consumer primary way of shopping in comparison with brick or mortar store can be concluded as follows :

1. Consumer decision towards online shopping is affected significantly by convenience, amount of information,

price, limitation such as cannot see-feel-touch and extra time needed to get product on hand before purchase product in online shop, and last is that they were afraid of being deceived when purchasing product online, consumer decision is highly affected with security.

2. Greatest factor that influence consumer decision to shop online is security, second is price, third is convenience, followed by limitations, and lastly consumer also considering amount of information.
3. Visiting brick and mortar store still become consumer primary way of shopping compared by shopping online eventhough all respondent has experienced online shopping before.

### **Recommendation**

Based on the theory examined and research result, author had several recommendation for those who utilize the result of this study and for the following research.

Online store is perfectly used an alternative for retailer who did not had full time for managing brick and mortar store or as a support for an existing physical store due to majority consumer still prefer to visiting brick and mortar store as their primary shopping way. Product sale in online shopping should be one who were highly standardized such as cassette, books, DVD's and well known brand products so that consumer expectation close with the actual product.

Following research may using more general population, not only student in economic and business faculty Brawijaya University but Malang or maybe Indonesian citizen. Future research can also analyze not only internal factors that influence consumer decision to shop online but also external factor such as consumer's family, and psychological aspect, also may analyze wider factors that supporting an online store's success such as web design, fast response, up date information, et cetera.

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