

SHOULD BANGLADESHI ONLINE RETAILERS ADD ONLINE BARGAINING OPTION TO THEIR SITES?

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Abstract

This study aims to examine the impact of online bargaining on consumers' intention to shop online in the context of Bangladesh. A total of 100 respondents were selected based on their interest in online shopping within the study area, and provided with the self-administrated questionnaires. Furthermore, collected data were coded into SPSS for inferential analyses such as correlation, regression in order to prove or disprove the relationship between online bargaining and purchase intention. Data confirmed that, out of 13 independent or predictor variables, only online bargaining had a significant positive effect on purchase intention. Therefore, if online bargaining option is introduced by the online retailers of Bangladesh, more consumers will be attracted and their purchase intention will be increased. Study can be further extended by incorporating more variables such as online bidding, audio visual product demonstration as independent variables.

Keywords: Online shopping, bargaining power, intention to shop, negotiation

INTRODUCTION

Due to the advancement of technology in a form of e-commerce in Southeast Asia, online retailing is getting much popularity among the young generation. This new format of selling products online has created considerable hype among young shoppers (Keh & Shieh, 2001). Unlike other developing countries, Bangladesh is experiencing enormous growth in this sector,

as it is generating employment, and increasing the standard of living. Local consumers are quite aware of the various online retailing platforms for its diverse benefits such as home delivery, product variety, quality, cash on delivery, and easy payment method. Online retailing is a natural outgrowth for a number of companies (Yang et al., 2003). Although, online retailers offer competitive price levels, consumer cannot bargain over price, as a result, some consumers are less likely to search for products online. Study found that, 61% of the consumers negotiate prices of products while 33% of the consumers bargain for expensive products (Ba & Pavlou, 2002). To attract more consumers and make the purchase more realistic, some online retailers such as eBay, Amazon.cn, taobao.cn, tmall.cn have come up with diverse options such as, price negotiator, discounted price, bidding, various promotional offers, etc. Some of the retailers have already incorporated special plugin, namely, price negotiator to provide real time bargaining environment. In China, various online retailers offer live chatting options by which consumer can contact multiple retailers regarding products details that is not available online (Li, Li, & Lin, 2008). This feature allows consumer to provide special instructions to the retailer regarding product packaging and delivery. In Bangladesh, online retailer can introduce bargaining option, allowing consumers not only to provide instruction, but also to bargain online prior to the purchase. In fact, online bargain option allows consumers to contact with the retailer and bargain over price virtually prior to purchase.

This study aims to identify the relationship between online bargain (independent variable) and purchase intention (dependent variable) in the context of Bangladesh. In other word, we wanted to know whether online bargaining is significantly affecting the dependent variable, namely, intention to shop online.

LITERATURES REVIEW

In the age of technological development, the development of internet technology is making online shopping and business to business purchasing more convenient and attractive (Lin & Chang, 2001). Therefore, unlike others, public universities students are also shifting their purchase behavior towards more on online less on off-line, although their attitude towards online shopping sites are measured as moderate level (Jin, Osman, Romle, & Haji-Othman, 2015). Shoppers prefer variety of product, convenience and credibility while purchasing necessity online (Kumar & Misra, 2015). In some cases, design of the product, trust, security feature, and price range, affecting consumers' intention towards online shopping. Website design usually has no impact on shopping intention (Khan & Ali, 2012). In Bangladesh, return policy, variety, quality, features, privacy policy and sales promotion influencing student intention to shop online (Ahmed, Jubaer, & Amin, 2014). Expansion of online business into developing countries would

carry more potentiality and be a best choice than expanding in developed countries, because of the potential growth of developing countries is more stable than developed countries. In 2013 developing country such as China with the highest online market attractiveness score of 84.0 and ranked top of the 2013 global retail e-commerce index compared to developed countries such as Japan (83.3), United States (82.8), United Kingdom (75.7), South Korea (72.2), Germany (70.4) and France (65.2) (Hana, Mike, & Parvaneh, 2012). Seock & Bailey, (2008) tested the effect of seven independent variables such as shopping enjoyment, brand/fashion consciousness, price consciousness, shopping confidence, convenience/time consciousness, in-home shopping tendency and brand/store loyalty on shopping orientations and found a significance relationship among all variables. Bangladesh online business can be a boost up, if all stakeholders take digital business at its heart and offer transactions to be widely adopted and efficient. This boost will not only be limited to the number of computers, broadband connections and mobile phones in the country; but also the ability of utilizing technology by the citizen (Howladar, Mohiuddin, & Islam, 2012) . Although, e-commerce has a great impact on manufacturing , transportation , marketing , payment method (Islam, 2015), the present scenarios and behaviors among the internet users of Bangladesh are quite critical as Bangladesh is still in its baby steps in E-commerce (Suhan, 2015). A number of online shops are being developed within a short period of time and it can be predicted that Bangladesh will be pioneer in this sector in the coming future.

METHODOLOGY

A total of 100 consumers within the selected study area were provided with the structured and self-administrated questionnaires. Study used judgmental sampling technique in which all samples were sampled based on their keen interest in shopping online and basic computer and internet skills, nonetheless, the respondents those who had lack of interest in online shopping were excluded from the study.

Research questionnaire was divided into two parts, part one and part two. Part one of the questionnaires was consisted of some basic questions related to respondents' demographic information while part two of the questionnaire was comprised of 13 categorical questions. Each chosen individual was asked to fill out the standard and structured questionnaire indicating their responses in a five-point Likert Scale ranging from Very Important to least Important.

Collected data were coded into SPSS for inferential statistics such as correlation, regression in order to prove or disprove the relationship between the Independents Variables and Dependent Variables.

ANALYSIS

Respondents' profile

Table 1: Respondents based on gender

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	66	66.0	66.0	66.0
Female	34	34.0	34.0	100.0
Total	100	100.0	100.0	

As shown in table 1, demographic data were collected from 100 consumers, out of which 66 were male representing 66% of the total sample size while 34 were female representing 34% of the sample size.

Table 2: Respondents based on location

Location	Frequency	Percent	Valid Percent	Cumulative Percent
Motijhil	7	7.0	7.0	7.0
Uttara	14	14.0	14.0	21.0
Dhanmondi	18	18.0	18.0	39.0
Gulshan-Banani	19	19.0	19.0	58.0
Others	42	42.0	42.0	100.0
Total	100	100.0	100.0	

From the data shown in table 3, it can be noticed that 19% of the consumers who shop online reside in Gulshan and Banani. In addition, 18% of the consumers live in Dhanmondi and the rest live in Motijhil and Uttara.

Descriptive Statistics of independent and dependent variables

Table 3: Descriptive Statistics

Variables	Mean	Std. Deviation	N
Intention to shop Online	3.28	1.256	100
Price	3.68	1.024	100
Security	4.24	.780	100
Quality of the products	4.47	.904	100
Product Features	4.38	.801	100
Privacy of personal information	4.31	.692	100
Advertisement	4.02	1.137	100
Distribution	4.49	.689	100

				Table 3...
Online Bargaining	4.37	.884	100	
Variety of Products	3.54	.654	100	
User friendly payment method	3.64	.734	100	
Sales promotion	4.03	.616	100	
Ease of Operation	4.15	.526	100	

From Table 3, it can be seen that the mean rating scores of all the independent variables are above 3.00 which was considered as the initial cut point set by the researcher at the beginning of this study. More elaborately, if the mean rating score is higher than 3.00 is considered as significant, conversely, any item with the mean rating score below 3.00 is considered as not significant. In order to calculate the strength of relationships among variables, we run the bivariate correlation in SPSS.

Correlations Analysis

Table 4: Correlation Analyses

Independent Variables	Intention to shop Online
Price	-.047
Security	.044
Quality of the products	-.046
Product Features	-.047
Privacy of personal information	-.054
Advertisement	.123
Distribution	.097
Online Bargaining	.252
Variety of Products	.027
User friendly payment method	-.070
Sales promotion	.115
Ease of Operation	.116

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Pearson correlation analyses were used to examine the relationship between purchase intention and a set of independent variables. Results are portrayed in table 4. From the table 4, it can be seen that out of 12 variables, only Online Bargaining is positively correlated with intention to shop online. Although the strengths of correlations is weak, the correlations is statistically significant at 0.05 level (Pearson's, 2011). Therefore, to estimate the relationship between online bargaining and purchase intention, we run regression.

Regression Analysis

Table 5: Regression Result

Variables Entered/Removed ^a			
Model	Variables Entered	Variables Removed	Method
1	Online Bargaining		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

a. Dependent Variable: Intention to shop Online

As shown in table 5, only one out of 12 independent variables that is significantly affecting the dependent variable, namely, intention to shop online. The rest were eliminated due to not having any influence on the dependent variables.

Table 6: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.252 ^a	.063	.054	1.222	.063	6.620	1	98	.012	1.500

a. Predictors: (Constant), Online Bargaining

b. Dependent Variable: Intention to shop Online

From the table 6, it can be seen that there is only one model existed in the real life confirming online bargaining as the predictor and intention to shop online as a predicted variable. From the data shown in table 6, it can be concluded that only 6% of the purchase intention can be explained by online bargaining since the calculated R^2 value is 0.06. It can also be seen that two variables are correlated, though the strength is weak in measure. However, the model is significant since the calculated p value is less than 0.05. All non-significant contributors have been excluded automatically from the model. Basically, this model can be known as one predictor one criterion model, and the model is significant at 0.012 levels ($p < 0.05$).

Table 7: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9.882	1	9.882	6.620	.012 ^b
	Residual	146.278	98	1.493		
	Total	156.160	99			

a. Dependent Variable: Intention to shop Online

b. Predictors: (Constant), Online Bargaining

Table 8: Standardized Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
(Constant)	1.718	.619		2.773	.007					
Online Bargaining	.358	.139	.252	2.573	.012	.252	.252	.252	1.000	1.000

a. Dependent Variable: Intention to shop Online

Form the above table 8, it can be summarized that Standardize coefficients of online bargaining is 25 % (Beta =0.252) which is a positive value. Standardized coefficient tells us the relationship between the predictor variable and predicted variable. It can be concluded that if online bargaining option is introduced in Bangladesh, purchase intention of our consumers will be increased 25%. Moreover, 13 different variables were entered into stepwise regression, 12 of which were excluded due to the values not being significant, a single variable, namely, online bargaining was significant and constructed the model, though all variables entered are correlated either positively or negatively. However, data were totally free from multicollinearity issue as the calculated VIF value is less than 3.

DISCUSSIONS

Online bargaining can be defined as an activity by which buyer and seller can negotiate for a variety of different goods over price online. In a traditional outlet in which buyer and seller establish price through face to face bargaining. Similarly, some intermediaries have also altered price setting process online (A & Thierry, 2007). In Bangladesh, male consumers are more likely to shop online than female consumers. People who live in Banani and Gulshan are more aware of different online shopping sites as delivery activities in these areas are more convenient for the retailers. Consumers seek innovative products online, are more price sensitive, require quality products and privacy of their personal information. In addition, consumers respond to different integrated marketing campaigns and eagerly waiting for the bargaining option to be activated. Although, this option is not being offered by many sites globally, Bangladeshi retailer can avail this option by installing a plugin, namely, price negotiator with their site in order to provide a real time bargaining environment virtually. This study found that if bargaining option is incorporated, retailer can attract more consumers online. Although this study tested 12 more variables such as, price, security, quality, feature, privacy, advertisement, distribution, variety,

payment method, sales promotion, ease of operation, all were excluded because of not having significant effect on the dependent, only bargaining option remains significant.

CONCLUSIONS AND FUTURE RESEARCH

Through this study, we wanted to identify the relationship between online bargaining and intention to shop online. Study surveyed one hundred respondents via self-administrated questionnaire within the study area. Finally, all collected data were encoded into SPSS for statistical analysis. Data confirmed that out of thirteen variables entered; only one variable, namely, online bargaining had a significant positive effect on intention to shop online in Bangladesh. A total of 12 variables were excluded, 6 of which are positively correlated, rest are negatively correlated, but none of these are statistically significant. Study confirmed that online bargaining is directly influencing consumer intention to shop online. This study can be an important input for the retailers who are intended to incorporate different plugin with regard to price negotiation. In addition, future research could further explore the impact of online bidding, audio visual product demonstration on intention to shop online.

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