

# An Empirical Study on the Determinants of Online Purchase Intention of Gen Z Consumers in Fashion Apparels

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**Abstract:** ecommerce in India is growing at a commendable rate. Online players are expanding based on their low pricing and high decibel advertising budgets. Most of the players selling products online in India are not profitable. This strategy of acquiring relentless market share may not work in long term as online companies are burning capital in order to acquire market share. This research paper is to find out the determinants of online shopping preferences of Gen Z. A conceptual framework has been proposed and the framework comprises of 6 factors namely Service Quality & price, Product Quality, Logistics, Technology, Demography, Socially responsible behavior and Incentives. The population under study is Gen Z from the city of Bengaluru, Karnataka in India. This study uses judgment sampling. Different statistical techniques employed are chi square, ANOVA, Principal Component Analysis and Multiple Linear Regression. The data collected was analysed and suitable strategies are recommended to the Indian corporates.

**Keywords:** Purchase Intention, Gen Z, Multiple Linear Regression, Factor Analysis, e-commerce, online shopping, apparels

## Introduction:

e-commerce or electronic commerce is among the fastest growing distribution channels in India, today. One of the oldest definition of e-commerce is 'any form of economic activity conducted via electronic connections (Wigand, 1997)'. The new millennium has expedited the growth of e-commerce especially in countries like India where internet penetration has grown and the financial and payment infrastructure has also improved drastically. Today around half the Indians are active users of Internet (The Hindu, 2023) and 'India did 89.5 million digital transactions which accounted for 46% of global real time payments in 2022 (Economic times, 2023)'. Better internet penetration along with improved financial infrastructure is the key to growth of ecommerce in India. According to 'Internet in India Report 2023' by IAMAI and Kantar, 'there are 821 mn internet users in India and out of which 294 mn users are online shoppers'. The majority of Indian internet buyers are young. It's not always easy to comprehend the requirements, interests, and inclinations of young people. In India, online buying is a quickly taking off and the younger generation is adapting to the requirements of ecommerce quickly. Because of which, the Indian e-commerce market is seeing an equal rise in the quantity of new players. There has been considerable research which has happened in this space. It include the internet usage patterns, behaviour of millenials and Gen X, issues and challenges in the use of internet and ecommerce. After a thorough literature review authors have found out a gap that a comprehensive research on Indian Gen Z has not been undertaken. This research is focused on the determinants of online purchase intention of Gen Z consumers in Bengaluru, India.

## Statement of the problem:

ecommerce in India especially fashion apparels online shopping is a burgeoning market. There are multiple companies like myntra, ajio, koovs, Tata CliQ etc in this space. Even though a huge market is available to the online companies but only a handful of them are making profits. ecommerce companies are making losses in a bid to accumulate market share and keep up the perennial growth curve. Moreover, there seems to be a lacuna between understanding of what customer wants and what companies are providing to them. The predominant generic strategy being followed in the market is that of overall cost leadership which has resulted in bleeding this entire industry.

As mentioned in the study above that most of the internet users and buyers are younger generation or Gen Z. This research is an attempt to gauge the preferences of Gen Z towards online apparel shopping.

## Objectives:

1. To identify the determinants affecting the online purchase intention of Gen Z.
2. To study the effect of the identified factors on the Online Customer Purchase Intention

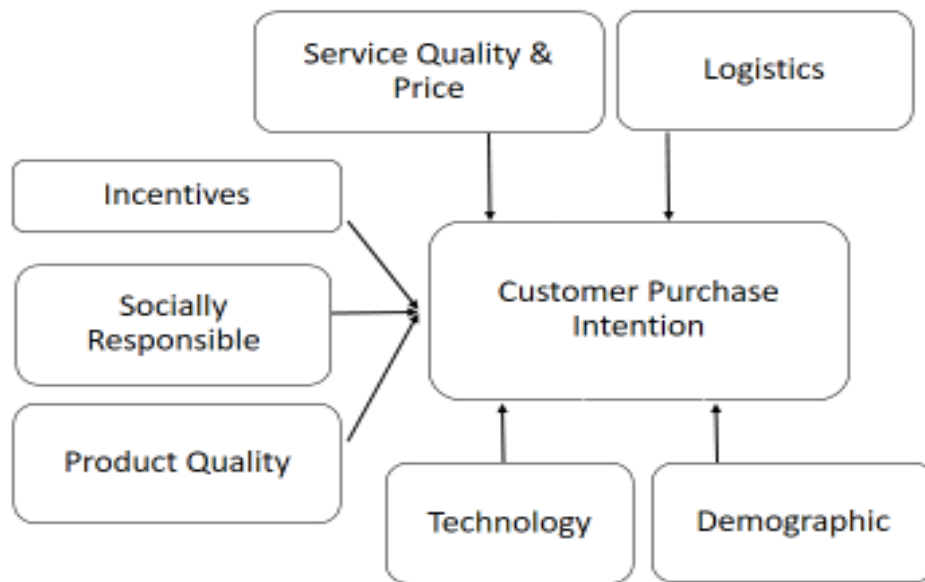
3. To understand the demographic profile of the Gen Z customers.
4. To provide recommendations based on the aforesaid study.

### **Literature Review:**

Abundant studies have examined the determinants of consumers' intentions to make online purchases, emphasizing the roles of perceived risk, product, price, place, promotion, customer happiness, trust, website quality, and technology. Since online transactions can include high levels of perceived uncertainty, early research, such that done by Doney and Cannon (1997), emphasizes the need of trust in buyer-seller relationships. Trust is an important component of consumer confidence, especially in situations when buyers and sellers interface in the virtual world (Pavlou, 2003). According to Kim and Lennon (2013), trust is built with the help of organization reputation and website quality, which reduces perceived risks associated with online shopping. This insight aligns with Constantinides et al. (2010) findings, who believe that consumer choice is impacted by his web experience. Hence, website quality is often cited as one of the fundamental determinants of customer purchase intention online (Flavian et al., 2009). Wu et al (2014) research's demonstrated the impact of perceived value, customer satisfaction, and company image on purchase intentions in service contexts. The combination of perceived value, website quality, and trust helps understanding online shopping behavior, where all the elements must cooperate to produce a favorable environment for purchases (Muljono et al., 2021).

According to studies on smart retailing technologies by Ng et al. (2021), Gen Z places a high importance on social validation. Peer reviews, recommendations, and interactive features like chatbot's and real-time feedback. This greatly increases confidence and reduces doubts about online shopping for these groups. This is consistent with research by Akroush and Al-Debei (2015), who emphasized how crucial it is to match e-commerce tactics with customer expectations for transparency and interaction, particularly in societies where building interpersonal trust is highly valued (Gong et al., 2013). Additionally, online purchases lately are changing due to advancements in technology. In the context of COVID-19, studies by Vieira et al. (2020) and Jílková et al (2021) have found that e-commerce platforms that use analytics, AI, and personalized suggestions have higher engagement rates and customer loyalty. Platforms can now offer a more customized purchasing experience thanks to advanced technologies, meeting the needs of tech-savvy customers. Hsu et al. (2015) further emphasized that the integration of technology through personalized content and targeted marketing increases user satisfaction and subsequent purchase intentions. According to Chan and Swatman (2000) e-commerce is a complex model in which personalized service can become a competitive advantage, resulting in increased customer retention and repeat purchase intention. Bai et al. (2008) demonstrated that customer purchase intention is influenced by customer satisfaction, which in turn gets positively impacted by website quality. According to their research, a positive online purchasing experience is influenced by factors including information quality, visual appeal, and ease of navigation of the website. Jain and Sharma (2021), established that prompt delivery, post-purchase assistance and the availability of product information greatly enhances customer satisfaction and builds brand loyalty. Similar to this, Hendrapawoko et al. (2020) talks about how satisfying the "Net-Generation's" expectations in terms of speed, convenience, and dependability is essential to creating satisfying shopping experiences. They contend that in order for e-commerce platforms to remain relevant, they must constantly adjust to changing customer preferences.

Finally, Sarkar and Khare (2017) found that price perception and value for money continue to play a significant role in influencing online purchase intentions. They contend that different customer demographics have different levels of price sensitivity, with younger consumers frequently demonstrating a greater willingness to pay for upscale experiences as long as they obtain value in exchange. Furthermore, Mou et al. (2020) researched into how product description and involvement affect purchase intention. They found out that informative content enhances perceived value and drives consumer engagement. When consumers perceive they are getting value for money, their likelihood of making a purchase increases significantly, reinforcing the belief that pricing strategies and product presentation are essential components of online purchase intentions.



Conceptual Framework: Determinants of Online Purchase Intention for Gen Z.

**Methodology:**

The current research is both an exploratory and descriptive research. The research started with exploring the variables which influence the online purchase intention of Gen Z for clothing and apparels website followed by a quantitative analysis of each of those variables. This was a cross-sectional study which involved one-time interaction and data collection with the respondents. The authors identified 34 variables with the help of the literature review and focus group discussion. A questionnaire was prepared for the survey and good internal consistency was established with the help of reliability testing on the questionnaire. The 34 variables identified were subjected to factor analysis and 6 factors were extracted from these 34 variables namely Service Quality & Price, Product Quality, Logistics, Technology, Incentives and Socially responsible.

A multiple linear regression was performed with the above 6 factors as independent variables and purchase intention as the dependent variable. The survey in the form of questionnaire was conducted with a sample size of 205 respondents over a period of 3 months. The data thus collected was subjected to analysis.

**Data Analysis and Discussion:**

Demographic Analysis: The demographic data of the respondents is as follows

**Table 1**

Age	(%)	Gender	(%)	Annual Household Income	(%)	Frequency of Buying	(%)	Occupation	(%)
24 – 27	27%	Male	58%	< 3 lacs	21%	Fortnightly	4%	Private Job	12%
21 – 23	40%	Female	42%	3 lacs – 6lacs	22%	Monthly	30%	Professional	18%
16 – 20	33%			6 lacs – 10 lacs	21%	Quarterly	47%	Business	9%
				10 lacs – 15 lacs	15%	Yearly	19%	Student	54%
				> 15 lacs	21%			Unemployed	7%
Total	100%	Total	100%	Total	100%	Total	100%	Total	100%

**Factor Analysis:**

Factor Analysis was conducted on the identified variables. Table 2 shows the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's test (Field 2005, Ch11 and Ch12). The KMO measure of sampling adequacy is 0.930 which is more than 0.5. Since KMO shows whether the sample for the study is adequate or not, KMO value of 0.930 shows that the sample for the study was more than adequate.

An exploratory factor analysis was conducted and six factors were extracted, which accounted for 63.059% of variance in the data. The communalities of all the variables ranged from 0.500 – 0.726 which indicates that good amount of variance of a variable is explained by common factors. The six factors extracted are F1 – Service Quality and Price, F2 – Logistics, F3 – Technology, F4 – Product Quality, F5 – Socially responsible, F6 – Incentives. The first factor (F1: Service Quality) contains thirteen components with factor loadings ranging from 0.481 – 0.764, explains 19.914% of the variance and is considered an important factor in predicting customer purchase intention online. The second factor (F2: Logistics) contains seven components with factor loadings ranging from 0.397 – 0.657, explains 12.625% of the variance. The third factor (F3: Technology) contains three components with factor loadings ranging from 0.504 – 0.625, explains 9.599 % of the variance. The fourth factor (F4: Product Quality) contains five components with factor loadings ranging from 0.450 – 0.727, explains 8.813% of the variance. The fifth factor (F5: Socially Responsible) contains four components with factor loadings ranging from 0.622 – 0.762, explains 6.695% of the variance. The sixth factor (F6: Incentives) contains two components with factor loadings ranging from 0.622 – 0.762, explains 5.413% of the variance

The reliability results were satisfactory. Cronbach's alpha coefficients of the extracted factors ranged from 0.601 to 0.932. This is greater than the cutoff value of 0.60, which indicates good scale reliability (Hair et al. 2006). Hence the factors are internally consistent and the scale is reliable. Finally, the Cronbach's alpha value for the factors determining online shopping behavior is 0.909 and specifies its high reliability.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.930
Bartlett's Test of Sphericity	Approx. Chi-Square	4278.640
	Df	561
	Sig.	.000

		Component						Commuality
		1	2	3	4	5	6	
Service Quality and Price	Easy exchange	0.764						0.721
	Friendly Staff	0.753						0.693
	Trustworthy Staff	0.726						0.698
	Good Reputation	0.715						0.708
	Return Pickup	0.709						0.737
	Product Pics	0.671						0.684
	Quality Services	0.547						0.700
	Tell my friends	0.533						0.570
	Mobile App	0.53						0.597
	Refunds	0.52						0.573

	Navigation	0.513						0.601
	Comparison	0.506						0.556
	Transparent Prices	0.481						0.557
Logistics	Previous Choices		0.657					0.714
	Exchange Opinions		0.632					0.505
	Customer Reviews		0.577					0.605
	Shipping		0.572					0.552
	Convenient timings		0.519					0.500
	Payment Methods		0.516					0.723
	Value for Money		0.397					0.547
Technology	Fast Loading			0.625				0.590
	Same Product			0.61				0.659
	Payment Safety			0.504				0.587
Product Quality	Customize				0.727			0.635
	Give Reviews				0.666			0.615
	Wait Time (CC)				0.565			0.59
	Quality of Products				0.536			0.703
	Satisfactory response (CC)				0.450			0.588
Socially Responsible	Environment					0.771		0.726
	Socially responsible					0.764		0.706
	Personal Data					0.605		0.648
	Product Description					0.414		0.528
Incentives	Personalized Msg						0.762	0.692
	Cashbacks						0.622	0.631
	Cronbach Alpha	.932	.870	.745	.798	.714	0.601	
	% of Variance	19.91	12.625	9.599	8.813	6.695	5.413	
	Cumulative %	19.91	32.539	42.138	5.951	57.646	63.06	

## Regression Analysis

Table 4: Model using regression										
Model	Dependent Variable	Predictors	Unstandardized B	Standardized Beta	T	Sig.	F	R <sup>2</sup>	R	Overall p value
1	Customer Purchase Intention	Service Quality and Price	0.578	0.646	14.695	0.000	53.962	0.625	0.791 <sup>a</sup>	0.000
		Logistics	0.104	0.116	2.650	0.009				
		Technology	0.290	0.324	7.373	0.000				
		Product Quality	0.134	0.147	3.340	0.001				
		Socially Responsible	0.159	0.177	4.022	0.000				
		Incentives	0.189	0.212	4.813	0.000				
a. Dependent Variable: I would like to purchase products from the online retailer										

Multiple R = 0.791<sup>a</sup>, F = 53.962, df (6, 194), p < .01, R<sup>2</sup> = 0.625

$$Y = 3.674 + (0.578)x_1 + (0.104)x_2 + (0.290)x_3 + (0.134)x_4 + (0.159)x_5 + (0.189)x_6$$

Where Y = Customer Purchase Intention of Gen Z towards online apparel shopping

The above equations predicts the factors having significant impact on the Customer purchase intention of Gen Z. From table 4, we can deduce that if Service Quality and Price changes by a unit, customer purchase intention will increase by 0.578 units for Gen Z. Finally, the conclusion of the t-test reveals that the calculated significance of the partial regression coefficient 14.695, 2.650, 7.373, 3.340, 4.022, 4.813 is valid at 1% level. The multiple R = 0.791 which reveal that there is a relationship of 79.1% between the factors affecting the online apparel purchase of the Gen Z and customer purchase intention. The value of R<sup>2</sup> = 0.625 which implies that the significant factors (independent variables) account for 62.5% of the variation in the customer purchase intention of Gen Z (dependent variable). The f-test shows that the explained difference was highly significant at the 1% and 5% levels. From the above coefficient table, it has been concluded that the factors influencing online purchase intention of Gen Z customers (i.e., Service Quality and Price, Logistics, Technology, Product Quality, Socially responsible, incentives) are statistically significant in influencing the customer purchase intention.

### Conclusion and Implications

The research to find out the factors which influence online shopping preferences of Gen Z is being conducted. A conceptual framework has been proposed and the framework comprises of 6 factors namely Service Quality & price, Product Quality, Logistics, Technology, Demography, Socially responsible behavior and Incentives. All 6 factors under study were found to be significant. From table 4, we can deduce that if Service Quality and Price changes by a unit, customer purchase intention will increase by 0.578 units for Gen Z, Similarly, if the Logistics, technology, product quality, socially responsible and incentives changed by a unit the customer purchase intention will change by 0.116, 0.324, 0.147, 0.177 and 0.212 respectively.

Even though all 6 factors are significantly important but their importance in the eyes of the customer varies. The standardized beta coefficients rate the factors in order of priority i.e. the most important factor among the six is Service

Quality and Price followed by Technology followed by Incentives. Socially responsible, product quality and logistics were ranked 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> respectively.

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