Factors Influencing Purchase Decisions of Online Shopping among Young Customers in Nepal

Sapana Vaidya[1], Ballav Niroula[2]

[1, 2] Assistant Professor, Tribhuvan University, Patan Multiple Campus, Faculty of Management, Lalitpur, Nepal.

***Corresponding author:** Ballav Niroula

Assistant Professor, Tribhuvan University, Patan Multiple Campus, Faculty of Management, Lalitpur, Nepal.

Abstract

The purpose of this study is to investigate the effect of young consumers' Online buying decisions in Nepal. Customers can save a great deal of time by shopping online and purchasing goods and services with only a few clicks from their web browser rather than having to go to a physical store. For this research, six independent variables were used such as firm reputation, price, product quality, payment option, and product delivery and return and refund policies. The dependent variable considered for this study was purchase decisions. With the use of descriptive research design, as well as convenience and purposive sampling were used for the study. Primary data was used from 350 questionnaires distributed and 322 acquired. The data are collected through the Five-Point Likert scale. Collected data were analyzed and interpreted using descriptive, correlation, and regression analysis. The result found that the majority of the respondents are aged between (26-30) years 41.6% All the independent variables used in this study perfectly correlate with the dependent variable. The result represents price has little bearing on consumers' decisions to buy products when they shop online. Similarly, young Nepali consumers' decisions to make online purchases are not significantly influenced by a company's reputation. However, this study discovered that one of the most important factors influencing online shoppers' decisions to buy is product quality. Young Nepalese consumers' purchasing decisions are also greatly influenced by the payment method and return and refund procedures. However, the findings indicated that among young consumers in Nepal, product delivery does not significantly influence their purchasing decisions. The findings from this study provide useful insights for online business for strategy formulation of businessmen, relevant stakeholders, and policymakers to support the growth of online shopping in Nepal.

Keywords: *Online Shopping, Purchase Decisions, Product Delivery, Product Quality, Return and Refund Policies, Reputation.*

Introduction

The Internet is a global system that links electronic devices and networks, enabling communication between them through a set of standardized protocols. Shopping may be defined as the process by which a consumer peruses various goods and services that they need from a business to make an appropriate purchase. On the other hand, online shopping is a type of electronic commerce in which customers utilize the Internet to buy various goods and services straight from vendors. Online shopping can be defined as the process by which consumers use the internet to peruse various products, conduct product research, and make direct purchases by interacting with sellers through mobile and web applications. The trend of online shopping has been further aided by the quick development of mobile technology, such as smartphones, web browsers, and mobile and web applications, which make the process simpler and more convenient. Over the past ten years, online shopping has become one of the most popular consumer behaviors due to changes in consumer tastes and technological advancements.

The trend of online shopping has been further aided by the quick development of mobile technology, such as smartphones, web browsers, and mobile and web applications, which make the process simpler and more convenient. Over the past ten years, online shopping has become one of the most popular consumer behaviors due to changes in consumer tastes and technological advancements. Nepal is not far behind the rest of the world in adopting the online purchasing situation. The nation is already doing very well in this business and has a bright future (Nepalisansar, 2018). The number of online shopping platforms in Nepal has significantly increased as a result of the country's rapid technological improvements.

The rapid growth of mobile technology like smartphones, mobile and web applications, and web browsers has further helped the trend of shopping online by making the process easier and more convenient. Online shopping has grown from a newly introduced concept to one of the most popular consumer behaviors over the last 10 years due to the growth in technology and changes in customer preferences.

One of the most significant turning points in the history of Internet commerce was Jeff Bezos' 1995 establishment of Amazon as an online bookshop. After Jack Ma launched Alibaba.com in China in 1999, the marketplace continued to grow. These platforms not only changed the buyers' access to goods and services but also introduced a new model of online shopping and delivery. Following the online marketplace trend and to facilitate the aspect of online payment PayPal was established in 2006. PayPal started the service of digital wallet which allowed the users to make direct payments from their cell phones.

Online shopping sites like Thamel.com and Munchahouse.com emerged in Nepal in the early 2000s. While Thamel.com was founded as an online gift shop to buy gifts and deliver them to Nepal, Munchahouse.com was founded as an online department store. Similarly, by offering immediate online payment options in 2009, e-Sewa established the framework for online transactions in Nepal. Following the establishment of several e-commerce websites, including Daraz, Sastodeal, and Hamrobazar, among others, Nepal witnessed a sharp increase in online purchasing.

With their global business strategy, Daraz and Sastodeal in particular have made a substantial contribution to the expansion of digital shopping in Nepal's urban and semi-urban areas. Since the advent of the internet and communication technologies, online shopping has grown in popularity and is gradually taking over as people's preferred and typical method of purchasing (Chakkambath & S.K, 2021). Online shopping has become more and more popular due to its benefits, which include the opportunity to shop whenever and wherever one wants, compare prices easily across a larger selection, and conduct necessary research. Despite these merits, online shopping in Nepal has lagged very much behind in comparison to that of other countries due to different escapes.

The major objectives of this are to examine the correlation between the factors influencing online shopping among customers and purchase decisions, and to analyze the impact of the purchase decisions of young customers engaging in online shopping in Nepal.

Hypothesis

The main objective when creating the hypothesis is to determine whether each independent variable significantly affects the dependent variable. The study's hypotheses are as follows.

H1: Firm Reputation has a significant impact on the purchase decisions of young customers engaging in online shopping in Nepal.

H2: Price has a significant impact on the purchase decisions of young customers engaging in online shopping in Nepal.

H3: Product quality significantly impacts the purchase decisions of young customers engaging in online shopping in Nepal.

H4: Payment options have a significant impact on the purchase decisions of young customers engaging in online shopping in Nepal.

H5: Product delivery has a significant impact on the purchase decisions of young customers engaging in online shopping in Nepal.

H6: Return and refund policies have a significant impact on the purchase decisions of young customers engaging in online shopping in Nepal.

Literature Review

For this research literature review has been carried out by analyzing past research related to the factors influencing purchase decisions of online shopping in Nepal among young customers.

Technology Acceptance Model (TAM)

The TAM model was developed by Fred Davis in 1989, the Technological Acceptance Model (TAM) describes how an individual accepts the use of information systems and use of technology. The theory explains that the user's intention to use the technology is generally influenced by two key factors: Perceived Usefulness and Perceived Ease of Use. Perceived usefulness refers to the degree to which an individual feels that the use of a particular technology will increase their performance and improve their overall satisfaction. Perceived ease of use refers to how much a person thinks using a technology will be free of effort.
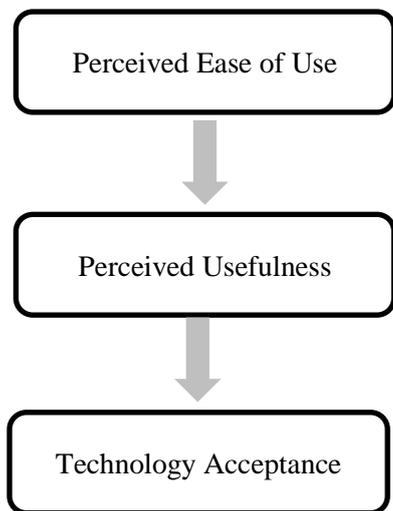
Figure 1. Technology Acceptance Model. (Ma & Liu, 2006)

This theory suggests that the two elements of perceived usefulness and perceived ease of use have a direct impact on a user's attitude toward utilizing the technology, which in turn influences their likelihood of using it and, ultimately, how they use it. (Ma & Liu, 2006).

Islam and Isamudin (2023) found that influences young Malaysian customers' trust in high-end perfumes when they purchase them online. Analyzing the data for this qualitative study revealed significant factors that affect consumer trust when buying premium perfume online. Peer customer reviews, professional advice, internet merchants' reputations, evidence of the product's originality, and experience were some of these criteria. Particularly useful for marketers in the Malaysian luxury perfume industry when creating trust-building strategies, this study included a thorough discussion of the standards of trustworthy sellers and offered significant insights into consumer motivations, risks encountered, and guidance for making a purchase decision with sufficient information.

Ultana, Tasnin, and Sarker (2024) studied to find out what influences young consumers who are accustomed to online shopping when they are looking to buy clothes. Convenience sampling was used to choose samples of 100 respondents, and multiple regression analysis and Pearson correlation were used to analyze the data. According to the survey, several criteria, including perceived security, product diversity, perceived prior experience, time and convenience, service quality, and website design, have a substantial impact on young people's decisions to buy clothes online. In keeping with that, the study demonstrated how social media positively affects consumer behavior when making purchases and how study participants' experiences on social media impact their choices to buy apparel from a certain brand. The research findings were intended to assist apparel businesses in comprehending the online purchasing decisions of young consumers and to help them implement the necessary measures and strategies to increase online sales.

Chandra Sekhar Patro (2023) conducted a study on the factors influencing consumers' digital buying experiences to learn more about the factors influencing consumers' decisions to buy in the Indian context of digital shopping. He made the point that although digital buyers have benefited from several advantages, they nevertheless encounter certain problems when they shop online. A total of 365 samples were chosen for the study, and the responses from customers who frequently visit online shopping websites were gathered using an online questionnaire. A 5-point Likert scale, ranging from "strongly agree" to "strongly disagree," was included in the questionnaire, which was distributed by email. SPSS was also utilized for data analysis. Descriptive statistics were employed in the study to examine online shoppers' behavior and experiences. Patro established seven independent variables—website aesthetics, accessibility, trust, pricing offerings, quality, security, and delivery—and the dependent variable, purchase decision, based on the results of a prior study. According to the study's findings, out of the seven characteristics, delivery was thought to have the biggest impact on consumers' decisions to buy, followed by accessibility and website aesthetics. The survey also demonstrated that other aspects, such as quality, price, trust, and security, had a big influence on online shoppers' decisions to buy.

Khan, Sekar, Birla, and Aarif (2023) researched that there were several ways to classify the quality of e-services, including website design, navigation, product information, payment security, customer assistance, and delivery. A well-designed website with well-organized navigation makes it easier for customers to find products and gives them a positive buying experience. If the website has accurate and comprehensive product information, the buyer may make an informed decision about what to buy. The availability of payment options, as well as the security and dependability of these methods, boosts consumer trust and confidence in online shopping. Similarly, elements like prompt product delivery and return guidelines also contribute to higher customer satisfaction. According to the report, consumers are more inclined to make repeat purchases if they have a satisfying online shopping experience and peruse more of the platform's offerings. Customers typically spend more money when they shop online, which helps the firm expand and succeed. As a result, offering outstanding e-service quality not only raises customer satisfaction but also contributes to brand building, customer acquisition, and long-term viability in the competitive online market.

Sah (2021) investigated the variables affecting the Kathmandu Valley's boutique product buyers' online buying habits. Using a descriptive and causal research design, convenience sampling was used to collect data from 325 respondents in the Kathmandu Valley. While the association between price and online purchasing behavior was shown to be small, the results showed that company reputation, trust, and simplicity of use are key factors influencing shopping behavior. The study concluded that the two elements that seemed to have the biggest effects on consumers' decisions to buy boutique products online were firm reputation and simplicity of use. Boutique firms can use this data to design different strategies based on the needs of their customers.

Punithamalar and Sasikala (2024) researched the many elements affecting consumer satisfaction with internet buying. Descriptive statistics were used in the study, which identified several variables affecting consumer perception. According to the study's findings, consumers think that shopping online offers them a more comfortable and cost-effective experience. Respondents praised features, convenient delivery options, and the availability of a large variety of products and brands, indicating that convenience was a significant factor. Furthermore, it was discovered that online shoppers' judgments were influenced by competitive pricing and exclusive deals. The ability to return items and the availability of 24-hour shopping malls affected customers' intentions to purchase

online. This study also emphasized the many facets of consumer preferences and the various factors influencing consumers' online purchasing decisions.

Nandasena and Wickramasinghe (2024) sought to identify the main determinants of Sri Lankan internet shoppers. Online questionnaires were used to collect data for the study from nine Sri Lankan provinces. Convenience sampling was used to get the data from 365 online shoppers. In Sri Lanka, it was discovered that the following factors significantly influenced online customer satisfaction: product quality, ease, payment options, post-purchase support, and data security. The study gave online retailers important information about how to prioritize the creation of user-friendly platforms, high-quality products, easy payment methods, data security, streamlined return policies, and post-purchase support to guarantee customer satisfaction.

E-commerce's growth has revolutionized retail, particularly in the apparel sector. The preferences and perspectives of consumers engaged in online garment purchasing in Mysuru, Karnataka, India, were investigated in this study. Data for this study was gathered via surveys and interviews with a varied sample of consumers. The study identified several factors that affect consumers' online garment purchasing decisions. The study discovered that while product quality, sizing accuracy, and the customer's purchasing experience were the key obstacles, convenience was the primary factor affecting online apparel behavior. Furthermore, it was discovered that social media, return and exchange policies and seller trust all significantly impacted the buyer's decision to buy. The study also emphasized how, in the context of online apparel shopping, consumer attitudes, technology developments, and market conditions are intricately related. The report advises online merchants and legislators to enhance online buying, improve consumers' overall online shopping experiences, and increase consumer confidence (B U & S, 2024).

Key ideas and theories about the elements influencing young customers' decisions to make purchases when they buy online in Nepal are covered in the conceptual review below. In Nepal, online shopping is a significant component of electronic commerce that enables customers to purchase goods and services straight from sellers via the Internet. The purchase is completed online by accessing the seller's updated goods and service information through a website or application. The e-commerce industry has seen huge growth in Nepal with the growth of technology and the digital age (Chalise & Manandhar, 2023).

The internet affects prices in two ways. In the first, the internet has become the primary source of price information, and in the second, it is now the primary means of conducting transactions (Ratchford, 2009). Dahlan and Agitha (2023) assert that consumers weigh a variety of considerations, such as price and trust, before deciding which products to buy. A competitive advantage is mostly dependent on the quality of the product. When a product is of exceptional quality, it fulfills the expectations of the customer and increases customer satisfaction, which in turn increases customer loyalty. (Muhammad & K, 2019).

Bulut and Cetindas (2024) emphasized that while shopping online, delivery time and quality were extremely important factors. Customer loyalty and satisfaction are significantly impacted by these factors. Online retailers usually employ one of two delivery strategies: either they work with third-party courier services or they manage the delivery themselves. A return policy is a procedure whereby consumers can exchange a product if it is damaged. The return policy should be simple since a hassle-free return policy can result in favorable customer reviews and assist in establishing consumer trust, both of which are critical for the expansion of the firm. Online retailers must concentrate on developing a workable return policy and successfully incorporating it into their business strategy (Ridwan, Mukta, & Rahman, 2021).

Conceptual frameworks show how different variables firm reputation, price, product quality, payment option, product delivery, and return and refund policy influence the dependent variable purchase decisions of young online shoppers in Nepal.
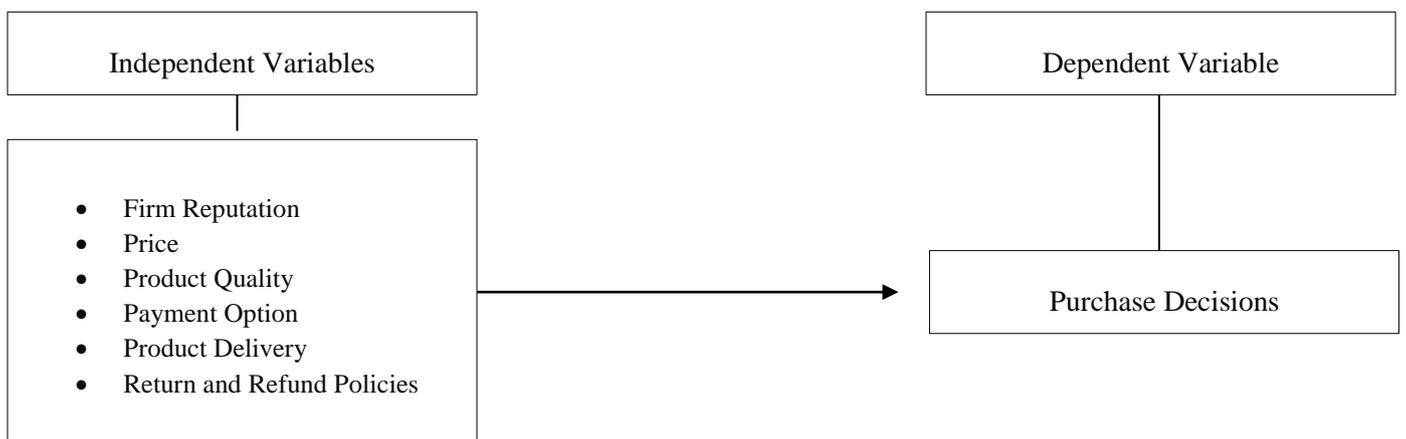

Figure 2. Conceptual Framework. (Nandasena & Wickramasinghe, 2024)

Methods

The research methodology for this study used a descriptive and casual-comparative research design to gather and analyze data that helped understand the factors influencing purchase decisions among young customers in Nepal who engage in online shopping. The data is collected with the help of structured questionnaires which are distributed among young customers who carry out online shopping. The questionnaire method was chosen to gather information from a large number of responders. The data is analyzed using a variety of technologies to investigate how different factors influence respondents' purchasing decisions. This study ensures that the conclusions are supported by empirical data, which aids in understanding how people behave when they shop online. Advanced statistical tests, including regression analysis, correlation analysis, and even hypothesis testing, were conducted using the SPSS application after the data was gathered.

The entire population for this study is young customers in Nepal who carry out online shopping. Convenience sampling and purposive sampling techniques are used for selecting the participants for the survey. This method involves gathering data from a selected group of individuals who fit specific criteria like young online shopping customers from Nepal who are easily accessible to participate in the study. To ensure sufficient data is available for analysis, the data is collected from 322 respondents, Out of 350 respondents. The primary data is used to collect from the respondents through the Google form. Information about the respondent's gender, age, education, and occupation was gathered in the first section of the questionnaire. The dependent and independent variables about the elements impacting young Nepalese consumers' online purchasing behavior were the subjects of the second questionnaire. Likert scale and multiple-choice items made up the majority of the questionnaire.

Results

Correlation analysis is a type of data analysis used to examine the relationship between two or more variables.

Table 1. *Correlation Analysis between the Variables.*

Variables		PD	FR	PP	PQ	PO	PD	RR
PD	Pearson Correlation	1						
	Sig. (2-tailed)							
FR	Pearson Correlation	.602**	1					
	Sig. (2-tailed)	0						
PP	Pearson Correlation	.598**	.644**	1				
	Sig. (2-tailed)	0	0					
PQ	Pearson Correlation	.751**	.678**	.666**	1			
	Sig. (2-tailed)	0	0	0				
PO	Pearson Correlation	.688**	.554**	.574**	.638**	1		
	Sig. (2-tailed)	0	0	0	0			
PD	Pearson Correlation	.687**	.636**	.632**	.762**	.625**	1	
	Sig. (2-tailed)	0	0	0	0	0		
RR	Pearson Correlation	.743**	.563**	.565**	.723**	.673**	.772**	1
	Sig. (2-tailed)	0	0	0	0	0	0	

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

Where, FR: Firm Reputation, PP: Product price, PQ: product Quality, PO: Payment Option, PD: Product Delivery RR: Return and Refund Policies and PD: Purchase Decision

Relationship between Firm Reputation and Purchase Decisions
The correlation coefficient between the firm reputation and purchase decisions is 0.602, which denotes that the two variables are positively correlated with a p-value of 0.000 which is less than a significant level of 0.01, the correlation coefficient between the price and purchase decisions is 0.598, which denotes that the two variables are positively correlated with p-value 0.000 which is less than 1 percent significance level. The correlation coefficient between the product quality and purchase decisions is 0.751, which denotes that the two variables are positively correlated with a p-value of 0.000 which is less than a 1 percent significance level The correlation coefficient between the payment option and purchase decisions is 0.688, which denotes that the two variables are positively correlated with p-value 0.000 which is less than 1 percent significance level. The correlation coefficient between the product delivery and purchase decisions is 0.687, which denotes that the two variables are positively correlated with a p-value of 0.000 which is less than a 1 percent significance level. The correlation coefficient between the return and refund policies and purchase decisions is 0.743, which denotes that the two variables are positively correlated with a p-value 0.000 which is less than 1 percent significance level with p-value 0.000 which is less than 1 percent significance level. Among the different variables product quality and product decision have a highly positive correlation with the value of .0751 and the least correlated with price and purchase decision with the value of 0 .598.

Regression in this study is used to determine how changes in one or more independent variables affect the dependent variable and to understand the key influencing factors.

Table 2. Model summary of all variables

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.825	.681	.675	2.50951

Table 2 represents the value of R Square, i.e. 0.681 which explains that 68.1% of the total variation in the dependent variable, i.e. purchase decisions is explained by six independent variables, i.e. firm reputation, price, product quality, payment option, product delivery, and return and refund policies. However, the remaining 31.9 % (100% - 68.1%) is still unexplained in this research. The value of adjusted R Square is 0.675 which means 67.5% in the purchase decisions is explained by the independent variables after adjusting the degree of freedom. The model summary also represents the standard error of the estimate of 2.50551 which shows the variability of the observed value of purchase decision.

Table 3. *The ANOVA of Regression Analysis of all variables.*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4219.55	6	703.258	112.027	.000[b]
	Residual	1977.44	315	6.278		
	Total	6196.99	321			

a.   Dependent Variable: Purchase Decision
b.   Predictors: (Constant), Return and Refund, Firm Reputation, Payment Option, Price, Product Delivery, Product Quality

Table 3 reveals the ANOVA table for the regression analysis conducted in this study. The F-value is 112.027 and the significance value is 0.000, the significant level associated with the F-statistics is less than 0.05 which shows the regression model is highly significant in explaining the variation in the dependent variable. Therefore, based on the significant level, the regression level, the regression model is considered fit for analysis.

Table 4. *Beta Coefficients of Regression Analysis*

Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
(Constant)	1.309	0.924		1.416	0.158
FR	0.086	0.064	0.063	1.333	0.183
PP	0.074	0.073	0.048	1.014	0.311
PQ	0.472	0.088	0.311	5.387	0.000
PO	0.336	0.072	0.218	4.700	0.000
PD	0.021	0.093	0.013	0.227	0.821
RR	0.464	0.087	0.299	5.354	0.000

a.   Dependent Variable: Purchase decision

Source: Research Survey (2024)

Table 4 summaries the values of (β1, β2…. B6) and the constant α with the estimated equation for the impact of independent variables. Using the values of unstandardized beta coefficients and constants the equation is as follows. Firm Reputation (FR), Price (PP), Price Quality (PQ), Payment Option (PO), Product Delivery (PD), and Refund and Return Policies (RR), are the independent variables.

$$Y = \alpha + \beta_1 FR_1 + \beta_2 PP_2 + \beta_3 PQ_3 + \beta_4 PO_4 + \beta_5 PD_5 + \beta_6 RR_6 + E$$

Regression coefficients of firm reputation, price, product quality, payment option, and product delivery and return and refund policies are (0.086, 0.074, 0.472, 0.336, 0.021, 0.464) respectively. The regression coefficient of firm reputation β_1 is 0.086 and the corresponding p-value is 0.183 which is higher than the level of significance (α) = 0.05 signifying that firm reputation does not substantially affect online purchase decisions among young customers in Nepal. The regression coefficient for price β_2= 0.074 and the p-value is 0.311 which is higher than the level of significance (α) = 0.05 representing that price may not be a significant factor for purchase decisions among young customers in Nepal. The regression coefficient of product quality β_3 is 0.472 and the p-value is 0.000 which is less than the level of significance (α) = 0.05 representing that product quality is a crucial factor that affects purchase decisions among young customers in Nepal. The regression coefficient of payment option β_4 is 0.336 and the corresponding p-value is 0.000 which is less than the level of significance (α) = 0.05 indicating that payment option significantly affects purchase decisions among young customers in Nepal. The regression coefficient of product delivery β_5 is 0.021 and the corresponding p-value is 0.821 which is higher than the level of significance (α) = 0.05 representing that product delivery is not a significant determinant of purchase decisions among young customers in Nepal Furthermore, the regression coefficient of return and refund policies β_6 is 0.464 and the corresponding p-value is 0.000 which is less than the level of significance (α) = 0.05 representing that having clear return and refund policies considerably affect purchase decisions among young customers in Nepal .among six variables.

Result of Hypothesis

In this study to investigate the relationship between each characteristic and the online buying decisions of young Nepali consumers, six hypotheses were created. The table below displays the study's hypothesis.

Table 5. *Result of Hypothesis Testing*

Hypothesis	P value	Results
H1: Firm Reputation has a significant impact on the purchase decisions of young customers engaging in online shopping in Nepal.	0.183	Rejected
H2: Price has a significant impact on the purchase decisions of young customers engaging in online shopping in Nepal.	0.311	Rejected
H3: Product quality significantly impacts the purchase decisions of young customers engaging in online shopping in Nepal.	0.000	Accepted
H4: Payment options have a significant impact on the purchase decisions of young customers engaging in online shopping in Nepal.	0.000	Accepted
H5: Product delivery has a significant impact on the purchase decisions of young customers engaging in online shopping in Nepal.	0.821	Rejected
H6: Return Hand refund policies have a significant impact on the purchase decisions of young customers engaging in online shopping in Nepal	0.000	Accepted

Table 5 shows the hypothesis testing result firm reputation, price and product delivery three variables' findings, p-value are greater than 0.000, so H1, H2 and H5 Hypothesis are rejected. On the other hand, three variables product quality, payment options and return and refund policies three variables' findings p-value are 0.000 which is less than 0.01. Hence three hypotheses are accepted.

Discussion

This study aims to examine the factors that influence the purchase decisions of online shopping in Nepal among young customers. For this research, six independent variables and one dependent variable were used. The independent variables used for this study were firm reputation, price, product quality, payment option, and product delivery and return & refund policies. The dependent variable considered for this study was purchase decisions. With the use of correlation analysis, the results indicated that there is a positive correlation between all independent variables: firm reputation, price, product quality, payment option, product delivery, and return and refund policies and the dependent variable: purchase decisions. Among the different variables product quality and product decision have a highly positive correlation with the value of .0751 and the least correlated with price and purchase decision with the value of 0 .598. Hence three hypotheses are accepted.

After analyzing the regression analysis this study found that three variables product quality, payment options and return and refund policies three variables have a significant impact on young customers. The result is consistent with Nandasena and Wickramasingle (2024). The result found that product quality, payment method, convenience, security, and sales service were significant predictors of online shopping customers' satisfaction in Sri Lanka. On the other hand, Islam and Isamudin (2023) on factors influencing young customers' trust in online purchase of luxury perfume in Malaysia. The findings of this study were the reputation of online sellers, peer customer reviews, experience, and recommendations from experts have highly influenced customer trust in purchasing luxury perfume.

Punithamalar and Sasikala (2024) found out that competitive pricing, and special offers as well as easy delivery options had an impact on online buyer's decision. Hence present study has slightly different from the result of this study.

Muthamma and Ranjithkamar (2024) examined the perception and online shopping of the cloths in Mysuru City. The result found out that the role of social media, role of returns and exchange policies, and have significantly impact in purchase decision. Which is similar to the result of this study.

Conclusion

As stated earlier, the habit of online shopping has also gradually increased in Nepal, especially among younger generations. This study is based on factors influencing purchase decisions of online shopping in Nepal among young customers. With the use of descriptive research design, primary data was used from 350 questionnaires distributed and 322 acquired. Among 322 respondents, 173 respondents were male and 149 respondents were female. The results showed that the majority of the respondents were (26-30) years old. Considering the education level of respondents, the highest number of respondents had a bachelor's degree.

Among different influencing factors product delivery has highly influenced purchase decisions of online shopping in Nepal among young customers which has the highest average mean 3.997 and the least influencing factor is firm reputation which has the lowest average mean (3.72). The result represents price has little bearing on consumers' decisions to buy products when they shop online. Similarly, young Nepali consumers' decisions to make online purchases are not significantly influenced by a company's reputation. However, this study discovered that one of the most important factors influencing online shoppers' decisions to buy is product quality. Young Nepalese consumers' purchasing decisions are also greatly influenced by the payment method and return and refund procedures. However, the findings indicated that among young consumers in Nepal, product delivery does not significantly influence their purchasing decisions.

With the use of correlation analysis, the results indicated that there is a positive correlation between all independent variables: firm reputation, price, product quality, payment option, product delivery, and return and refund policies and the dependent variable: purchase decisions. Among the different variables product quality and product decision have a highly positive correlation with the value of .0751 and the least correlated with price and purchase decision with the value of 0 .598

The value of R Square, i.e. 0.681 explains that 68.1% of the total variation in the dependent variable, i.e. purchase decisions is explained by six independent variables, i.e. firm reputation, price, product quality, payment option, product delivery, and return and refund policies. However, the remaining 31.9 % (100% - 68.1%) is still unexplained in this research. The value of adjusted R Square is 0.675 which means 67.5% in the purchase decisions is explained by the independent variables after adjusting the degree of freedom. The model summary also represents the standard error of the estimate of 2.50551 which shows the variability of the observed value of purchase decision.

The ANOVA table for the regression analysis conducted in this study. The F-value is 112.027 and the significance value is 0.000, the significant level associated with the F-statistics is less than 0.05 which shows the regression model is highly significant in explaining the variation in the dependent variable. Therefore, based on the significant level, the regression level, the regression model is considered fit for analysis. The hypothesis testing results in firm reputation, price, and product delivery three variables findings, p-value are greater than 0.000 so H1, H2, and H5 Hypothesis are rejected. On the other hand three variables product quality, payment options and return and refund policies three variables findings p-value are 0.000 which is less than 0.01. Hence three hypotheses are accepted.

Implications

This research aims to study six factors: firm reputation, price, product quality, payment option, and product delivery and return & refund policies related to online shopping purchase decisions. Thus, the study explores additional factors to gain a more comprehensive understanding of the factors influencing purchase decisions in Nepal. As mentioned earlier, this study was conducted by taking a limited sample of specific age groups among young customers. Future researchers can further explore purchase decisions in online shopping by including a sample from different age groups.

The findings of this study showed that Online retailers and business firms should prioritize improving product quality, develop various strategies and tools to make online payments easy for customers, and focus on providing clear and easy return and refund policies because these factors have a significant impact on purchase decisions. The government must create rules and regulations regarding online shopping in Nepal and support relevant stakeholders by creating the necessary rules and regulations related to online payment security, quality benchmarking, and returns.

References

1. Bulut, A. D., & Cetindas, A. (2024). The Effect of Website/Application Quality, Product Quality, and Last Mile Delivery Quality on Customer Satisfaction and Loyalty in Online Grocery Shopping, *1*.

2. Chakkambath, R. S., & S.K, J. (2021). A study on customer attitude towards various modes of payment in online shopping. *Universe International Journal of Interdisciplinary Research, 2(1), 87-96. doi:08.2020-25662434*

3. Chalise, M., & Manandhar, R. B. (2023). Digital Retail Trends: Analyzing Online Shopping Behaviour among College Level - Students in Nepal. *Quest Journal of Management and Social Sciences, 5(2), 291-301. doi:10.3126/jess.v5i2.60832*

4. Dahlan, K., & Agitha, A. (2023). The Effect of Price Competition and Trust On Electronic Product Purchase Decisions On Outlet Offline and Online Retail. *Journal of Social Science (JoSS), 927-942. doi:10.57185/joss.v2i10.145*

5. Islam, B. I., & Isamudin, N. F. (2023). Factors Influencing Young Consumer Trust in Online Purchase Decision of Luxury Perfume in Malaysia: A Preliminary Qualitative Study. *doi:10.31436/ijema.v31i2.1062*

6. Khan, S. D., Sekar, S., Birla, P., & Aarif, M. (2023). The Impact of Customers' Perceptions of the Quality of E-Services on Their Gratification and Intention to Make Future Purchases in the Context of Online Shopping. *Journal of Informatics Education and Research, 3(2), 1211-1219.*

7. Ma, Q., & Liu, L. (2006). The Technology Acceptance Model. Journal of Organizational and End User Computing, *16(1), 59-72. doi:10.4018/joe.2004010104*

8. Muhammad, F., & K, M. (2019). The influence of service quality, product quality, and product innovation on satisfaction to increase customer loyalty. *E-Journal of Management, 8(11), 6741-6761. doi: https://doi.org/10.24843/ejmunud.2019.v08.i11.18*

9. Muthamma B. U., & Ranjitthkumar S., (2024). Perception of Online Clothing Shopping by Customers in Mysuru City. *SSRN Electronic Journal. doi:10.2139/ssrn.4727589*

10. Nandasena, A., & Wickramasinghe, M. (2024). Factors Affecting Customer Satisfaction in Online Shopping in Sri Lanka. *International Journal of Research and Innovation in Social Science, 8(2), 2083-2109. doi:10.47772/IJRISS.2024.802148*

11. Patro, C. S. (2023). Consumers' Digital Shopping Experience: A Study of the Factors Influencing Purchase Decision. *International Journal of E-business Research, 19(1), 1-17. doi:10.4018/ijebr.318475*

12. Punithamalar, M., & Sasikala, V. (2024). An investigation on factors influencing customer satisfaction by utilizing online shopping. *International Journal of Professional Business Review, 9(5). doi:10.26668/ businessreview /2024.v9i5.4707*

13. Ratchford, B. T. (2009). Online Pricing: Review and Directions for Research. *Journal of Interactive Marketing, 23(1), 82-90.*

14. Ridwan, O. G., Mukta, M., & Rahman, T. S. (2021). Impact of Return Policies on Customer Satisfaction in E-Commerce Platform: Bangladesh. Supply Chain Insider, 6(1), 9-20.

15. Sah, G. K. (2021). Factors Affecting Online Shopping Behaviour of Boutique Products in Kathmandu Valley. *Distikon a Multidisciplinary Journal, 11(1), 61-73. doi:10.3126/ dristikon.v11i1.39134*

16. Tang, J., & Yousefi, A. (2013). E-commerce: Consumer online shopping in Canada. *Communication in Computer and Information Science, 332*.