

CHAPTER I

INTRODUCTION

1.1 Background

The Internet has revolutionized the world of computers and communications like anything before and has been widely used every day in lifestyle. It combines the functionality and convenience of using the phone with radio and TV. People can get over great distances to communicate with other people in a second almost immediately, but at the same time content and advertising can reach millions of people through the blink of an eye. Of course, despite the many advantages that have been brought to the lives of individuals, their flaws have been discussed for a long time, such as the virus threat, personal information theft, spam, scam, etc. However, people cannot resist bringing it to the center of their lives.

Since the beginning of the Internet, people have shown interest in the Internet. According to global statistics, "there are more than 2 billion people connected to the Internet in 2012. This figure shows that 30 percent of the world's population uses the Internet." Although e-shopping was not established in any organized and objective way until the mid-1990s, nearly thirty years before the retail scene finally exploded, Dodi and Davidson (1967) presented a strong vision of the future of retailing consumers directly using computer terminals from the central warehouses.

The Internet has emerged as a very different and powerful conduit: universal access, accessibility, enhanced interaction, flexibility, speed and ability to communicate in large amounts of information, cost efficiency and ease of maintenance (Jones & Visayasathy, 1998). These capabilities will soon be harnessed in a wide range of sectors, such as defense, banking, manufacturing, health care and education. However, it has been quickly recognized among retailers that the most important influence of the Internet is likely to be experienced (Doherty & Elswedwick, 1999). As a result, retailers soon realized

the potential of the Internet to provide information, facilitate two-way communication with customers, collect market research data, promote goods and services, support the online demand of goods in the end, and provide a rich retail and flexible new channel. It can be used for competition by organizations, which is actually a very strong source (Hamel, 1997).

In other words, the Internet has created a new market for both customers and organizations, and has been an alternative market for the traditional market. Web sites provide an (B2C) e-commerce and consumers use the Internet for many reasons and purposes such as: searching for product features, prices or reviews, choosing products and services through the Internet, setting up the system, making payments or any other means followed by delivery of opportunity to search for information about products / services, suspend or give orders (Hoffmann and Novak, 1996). Therefore, previous marketing experiences have turned into a different segment. Now organizations take into consideration to provide various payment methods, different shipping alternatives and even different web interfaces for different geography, to differentiate their products and services to compete against their competitors. In business cycle customers require products through the Internet (Sinha, 2010).

Online shopping behavior (also called online purchasing behavior and online shopping behavior / purchase) refers to the process of purchasing products or services online. The process consists of five steps similar to those associated with traditional shopping behavior (Liang and Lai, 2000). In typical online shopping, when potential consumers realize the need for some goods or services, they go to the Internet and look for information about the need. However, rather than actively researching, sometimes potential consumers are attracted by information about the products or services associated with the need they feel. They then evaluate the alternatives and select alternatives that fit their criteria to meet concrete needs. Finally, transactions and after-sale services are made. This research will then analyze factors that will impact the intentions of customers to buy or not to buy products through an online shop. By doing this,

this research can help organizations identify negative factors that can prevent online purchase and try to minimize it. At the same time it also focuses on the positive factors and emphasizes the strategies to capture the online market.

1.2 Problem Statements

Since the rapid increase in retail and especially in the fast online store in Palestine, e-commerce should give more attention to the lifestyle of the consumers and effects of internet on online purchase intentions to make a future shopping decision. Therefore, this research is expected to help the concerned parties to analyze the relationship between online purchase intentions and the factors that affect the online purchase intentions and to include some problems and answer questions formulated in this research:

RQ1: Does convenience have impact on online purchase intentions?

RQ2: Does trust have impact on online purchase intentions?

RQ3: Does web quality have impact on online purchase intentions?

RQ4: Does social influence have impact on online purchase intentions?

Compared to physical stores, online stores have many advantages.

They are convenient it saves time and there is no need to travel further and wait in lines. They are open all the time and can be accessed anytime, anywhere. These stores provide consumers with free and rich information on products and services. They also have some online tools to help consumers compare and make purchasing decisions between different products and services. Hoffman and Novak (1996) noted that interaction is the main distinguishing feature of marketing communications on the Internet and traditional media.

With the rise of technology, everyone can access the Internet anywhere and anytime from their grasp and a large part of the business activities have taken place on the Internet.

Since the main objective of business activities is selling products and services and it is the customers who buy the products and services, the analysis of consumer behavior is vital (Dayton and Mulbauer, 1980, Solomon, 2006, Wright et al, (2008) (Dayton & Mulbauer, 2008) Given the lack of face-to-face interaction in the online business, it becomes important to understand the key features of consumer behavior. Moreover, in order to develop and apply effective marketing strategies, factors affecting customers intention should be well considered. An online retailer can understand the needs of the consumer better by analyzing interaction between customers and online shops directly.

1.3 Research Objectives

The aims of this study are to investigate the factors that affect online purchase intentions.

RO1: To examine the relationship between convenience and customers online purchase intentions in Palestine.

RO2: To examine the relationship between perceived trust and customers online purchase intentions in Palestine.

RO3: To examine the relationship between perceived web quality and customers online purchase intentions in Palestine.

RO4: To examine the relationship between social influence and customers online purchase intentions in Palestine.

1.4 Significance of Study

The results of this study would contribute to the organizations which sell their products online to better understand the behavior and purchase intentions of online shoppers. Thus, allowing them to plan better strategies in their online marketing mix. It can also be part of the study on international customer behavior towards online shopping.

1.5 Research writing structure

To give a clear illustration about this research, the writing were drafted systematically to give the information which contains about the materials in each chapter as follows :

CHAPTER I.:Introduction

This chapter consists of background of the research,problemstatement, significance of study, research objectives, methodology and the research writing structure.

CHAPTER II. :Literature Review

This chapter focuses on all sources related to the study, a theoretical concept for analyzing the problems that are faced in this research, framework, and hypothesis for this study.

CHAPTER III.:Research Methodology

This chapter contains the research variables and operational definitions, population, sampling method,research methodology, sources of data, types of data, data collection methods, data processing methods, and methods of data analysis.

CHAPTER IV.:Data Analysis and Discussion

This chapter consists of the overall results and the findings from the analysis of the data that have general description of the product, analysis of data, the instrument of test, the hypothesis test, and the discussions about the research. The program which was used to process the data is Statistical Package for Social Science or called SPSS.

CHAPTER V.:Conclusion

This chapter consists of the conclusions of the research, implications about the research, and also limitation of the research to make improve ment in the future research.