

# INTERNATIONAL CONFERENCE ON MARKETING MANAGEMENT ICMM 2022



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INTERNATIONAL CONFERENCE ON MARKETING MANAGEMENT



**SLIM**  
Sri Lanka Institute of Marketing

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## MESSAGE FROM THE SLIM PRESIDENT

**Mr. Nuwan Gamage**



Due to the prevailing vicissitudes that the Sri Lankan economy faces, companies are met with unprecedented disruptions. The impact has blurred lives, as employees have to face various hardships. Currently, there are challenges affecting every aspect of their business; from marketing and sales to operations, management, and finance.

Today, no brand will be able to maintain its competitive advantage by simply staying on the course. The impacts of the current crisis will be long-lasting, and if an organization wants to survive, it will have to become more agile, and able to quickly interpret and respond to change; Which means being reactive, when appropriate, and proactive, when the opportunity to lead presents itself. Simply, businesses need to learn to adapt and keep pushing forward, or else will be less competitive in the industry.

We, as a national body for marketing firmly believe that marketers have a larger role to play in uplifting the national economy. That's why we have initiated a national initiative to establish marketing as the main force to develop our nation's branding blueprint to position Sri Lanka globally for travel, Invest and Live. I think as marketing professionals in the country, we all have the responsibility of uplifting the Sri Lankan brand, which is a direct solution to moving out of this tragic situation.

When the entire world was controlled by the Covid-19 global pandemic, marketers adopted digital platforms to deliver goods and services and even advertising. The entire advertising industry adapted to the new challenges and significant spending on companies marketing budget was allocated to digital platforms.

Moreover, research indicates that consumers' expectations about their customer experience will continue to change radically over the next few years. They often want products at a lower price point, delivered faster and with greater convenience at no extra cost. This challenge has already been embraced by marketers by providing facilities such as "smart dressing rooms", the use of big data and analytics to provide deeper insights into

consumer behavior, and the use of alternative advertising media such as Tik Tok, mobile wallet, marketing automation, etc.

Finally, it is a proven fact that the companies which could not adapt to the changes in the marketing environment were wiped out of the industry hence, paving the pathway for companies that quickly adapted to the changes and requirements of consumers.

Conclusively, I would like to convey my sincere gratitude to the Conference Chair, Co-Chairs, Project Chairman, Secretary of the conference, authors, researchers, and SLIM Research Bureau for the valuable support given in making the International Conference on Marketing Management 2022 a success.

## **MESSAGE FROM SECRETARY, CHAIRPERSON – MARKETING EDUCATION AND RESEARCH, SLIM**

**Prof. Dewasiri N. Jayantha**



It gives me great pleasure to express my sincere admiration for the 3rd International Conference on Marketing Management, (ICMM 2022) organized by the SLIM Research Bureau, capturing the theme of “Embracing change and transformation through marketing”. As the national institution for marketing, SLIM has immensely contributed to national development by spearheading the development of marketing education through the continued progression of practitioners, researchers, graduates, and academics to equip them with the ability to build the local arena while facing global challenges.

With the introduction of ICMM, the marketing community is encouraged to adopt a research culture by providing an excellent international forum for researchers, academics, practitioners, businesspeople, and policymakers to exchange ideas and work together. This conference would bring together both local and international marketing communities on one platform to explore, discuss and pave the way for a more robust network, better understanding, and an overall enriching experience. Moreover, high-quality research work could open thousands of avenues for any citizen to boost the economy in challenging conditions following the mandate of SLIM. I believe that SLIM is not just conducting a Conference; it is a Conference with a global presence and ample opportunities for research and development, especially in the marketing domain.

As the founding chair of the ICMM, I take this opportunity to welcome and thank all keynote speakers, distinguished guests, researchers, academics, and partners for their valuable contributions to the 3rd ICMM 2022. I also want to express my sincere gratitude and admiration to all the scholars who have written outstanding research papers and taken the initiative to investigate and publish their important results on this global stage. I would also like to use this occasion to convey my gratitude to the project chair, co-chairs, reviewers, management of the SLIM Research Bureau, and other organizing committee members for their efforts in making this conference a success.



I wish you all the best!

Prof. Dewasiri N. Jayantha

Chairman - Marketing Education and Research Committee / Honorary  
Secretary (SLIM) - 2022/23

Co-Editors-in-Chief: South Asian Journal of Marketing

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MIM (SL).

**MESSAGE FROM THE CHIEF EXECUTIVE  
OFFICER / EXECUTIVE DIRECTOR**

**Mr. Sanath Senanayake**



As the national establishment for marketing in Sri Lanka, SLIM has been contributing to the local economy in numerous ways over the decades. In partnership with the International Conference on Marketing Management 2022, highlighting the theme “Embracing Change and Transformation through Marketing” we look ahead to sharing a meaningful insight which could lead to a commercial progression in the country.

Sri Lanka Institute of Marketing works to promote the marketing as a profession in Sri Lanka through academic and commercial interventions. Assisting marketers, small and medium-sized entrepreneurs and business leaders to make informative and insightful decisions through academic and commercial marketing research solutions is substantial to lead the nation's efforts towards economic prosperity. And we have a dedicated unit, the SLIM Research Bureau to support them. Organizing various national level events and award shows has been encouraging research in multiple ways. The institute ensures that scholarly literature is readily available for students via the non-commercial avenue providing the South Asian Journal of Marketing (SAJM) which is a peer reviewed, open-access and a bi-annual journal, issued in July and December. Creating a space for marketing as a leading profession in the country, we are constantly committed to maintaining the local marketing standards in line with the needs of the global market and we continue to safeguard the stability of the Sri Lankan economy in the face of international competition. Enhancing marketers' knowledge by imparting a well-structured marketing education and encouraging professional memberships are two of the key areas in which the institute focuses. I would like to convey my sincere gratitude to the Conference Chair, Co-Chairs, Project Chairman, Secretary of the conference, authors, researchers and SLIM Research Bureau for the valuable support given on making International Conference on Marketing Management 2022 a success.

## MESSAGE FROM THE PROJECT CHAIR

**Dr. Maduka Udunuwara**



It is our pleasure to warmly welcome you to the third International Conference on Marketing Management (ICMM 2022), organised by the Research Bureau, Sri Lanka Institute of Marketing (SLIM) on the theme 'Embracing Change and Transformation through Marketing'

This endeavor was initiated with the intention of creating a platform for researchers and practitioners to showcase their research findings exclusively in the domain of Marketing. It can be considered a unique platform as the only research conference exclusively in the discipline of Marketing. Thus, it provides the opportunity to network with fellow researcher in Marketing and academics from all universities. I consider this as a unique platform to identify and discuss the gap between the academic research and the practitioner requirements with industry experts and scholars in respective fields of Marketing.

This year the conference is enlightened by three scholars for three different countries—India, Singapore and Sri Lanka on our selected theme. Senior Professor K.S. Chandrasekar, Dean, Faculty of Management Studies, Professor and Head, Institute of Management, Kerala, University of Kerala is one of the keynote speakers representing Marketing fraternity in India. We also have professor Hooi Den Huan form Nanyang Technological University, Singapore representing the Marketing fraternity in Singapore. Representing the Marketing scholars in Sri Lanka we are also delighted of having Professor. Nalin Abeysekara, Dean, Faculty of Management Studies (FMS), at the Open University of Sri Lanka as one of the keynote speakers. We are so grateful to the keynote speakers for accepting our invitation despite their busy schedules.

This year the conference includes fifteen papers selected through a blind review process presenting numerous areas in Marketing. While we congratulate the researchers representing various universities and the corporations for being selected to be a part of our conference, we would like to extend our sincere gratitude to all those involved in making this conference a success. The President, Mr. Nuwan Gamage, The Chief Executive Officer/Executive Director Mr. Sanath Senanayake, Conference

Co-chairs Dr. Nuresh Eranda and Dr. Thesara Jayawardena, Chairpersons of tracks and scholarly members of the reviewing panels, SLIM Research Bureau headed by Mr. Panchala Perera, and all who extended their support in making this event a success. Special thanks goes to Prof. Dewasiri N. Jayantha, Secretary/Chairperson of SLIM Marketing, Education and Research Committee 2022/23.

I hope you will have a fruitful experience in the ICMM 2022 and wish all participants success in their research journey!

Dr. Maduka Udunuwara  
Project Chair  
Executive Committee Member 2022/2023  
Senior Lecturer  
Department of Marketing  
Faculty of Management and Finance  
University of Colombo

## MESSAGE FROM THE CONFERENCE CO-CHAIRS

**Dr. Thesara Jayawardena**  
**Dr. Nuresh Eranda**



It is indeed with great pleasure that we write this message as the conference Co-chairs for the proceedings of the third international conference on Marketing Management organized by the Sri Lanka Institute of Marketing under the theme of “Embracing Change and Transformation through Marketing”. The outcome of the research in this conference will undoubtedly contribute to uncover the solutions with a novel approach in this unprecedented time. Moreover, the research papers stem from various aspects in marketing management which trigger the professional marketers to uncover agile practices to strengthen the competitiveness of organizations while being sustainable.

The conference proceedings consist of fifteen manuscripts of researches carried out with respect to marketing management. These research papers induce the intellectual curiosity where we believe that ICMM 2022 provides the platform for sharing the research findings to benefit the wider community.

We herewith extend our sincere appreciation to all authors for their generous contributions made by sharing their research findings at ICMM 2022. Also, our sincere gratitude is extended towards all the reviewers for their valuable feedback to improve the academic rigor of the research papers. Moreover, the services extended by the research team at SLIM is highly commendable. Finally, we hope that the attendees of ICMM 2022 and readers of the conference proceedings will share their thoughts to uplift the knowledge required for embracing change.

Dr. Thesara Jayawardena  
Conference Co-Chair  
Executive Committee Member 2022/2023  
Senior Lecturer  
Department of Industrial Management  
Faculty of Business  
University of Moratuwa

Dr. Nuresh Eranda  
Conference Co-Chair  
Senior Lecturer  
Department of Marketing  
Faculty of Management  
University Of Peradeniya

## KEYNOTE SPEAKERS

### **Prof. K.S. Chandrasekar**



Prof. K.S. Chandrasekar is the Dean of the Faculty of Management Studies at the University of Kerala, as well as the Professor and Head of the Institute of Management in Kerala at the University of Kerala. He is also the University of Kerala's Campus Director. He has over 28 years of experience in teaching, research, and consulting. He has a B.Pharm (Hons) from BITS Pilani, an MBA with distinction from Bharathiar University's BSMED, and a Ph.D. in Management from Alagappa University in Karaikudi. He also finished a year of CPET at the Indian School of Business in Hyderabad. He has contributed more than Rs.157 crore through funding from the Kerala government, DST, UGC, AICTE, SBI, KILE, and others. For three years, he was Vice Chairman of the Centre for Management Development, Government of Kerala. He was formerly the Registrar and Acting Vice Chancellor of the University of Kerala. 54 scholars have completed their Ph.D. under his guidance. He has published ten leading management books and 215 scholarly articles. Widely traveled across the world, he has chaired and presented papers in international and national seminars. He was involved in structuring many innovative PG management programs like pharmaceutical management, public health, hospital management, energy management, etc.

## KEYNOTE SPEAKERS

### **Prof. Hooi Den Huan**



Professor Hooi Den Huan is an Associate Professor of Marketing and former Head of the Marketing Division and Associate Dean at the Nanyang Business School and a past Director of the Nanyang Technopreneurship Center, Nanyang Technological University, Singapore. Together with Philip Kotler and Hermawan Kartajaya, they have co-authored 7 books (one also with Sandra Liu and another also with Jacky Mussry). Professor Den was a Visiting Scholar at the Sloan School of Management; MIT and he is an advisory board member of the Asia Marketing Federation Foundation.

## KEYNOTE SPEAKERS

### **Prof. Nalin Abeysekera**



Professor Nalin Abeysekera, the Dean of the Faculty of Management Studies (FMS), at the Open University of Sri Lanka is a graduate of the University of Sri Jayewardenepura with a B.Sc. Marketing (Special). He is a product of Ananda College. Professor Abeysekera is a Chartered Marketer and Member of the Sri Lanka Institute of Marketing and a Consultant with over fifteen years of experience. He is a Senior Lecturer for Strategic Management, Marketing, and Research Methodology with lecturing exposure in Dubai, Oman, and Qatar. He is serving as a visiting lecturer for MBA at leading National and International Universities based in Sri Lanka. Currently, he is a Coordinator for the MBA program at the Open University of Sri Lanka. In 2012 Professor Abeysekera has been nominated as “Best Asian Researcher” by the Philippine Association of Institutions for Research, Philippines. Professor Nalin Abeysekera is the author/co-author and reviewer for many international journal articles, conference papers, and books. He is the recipient of three gold medals (Strategic Management, Marketing Management, and Dissertation) for his performance in his degree of Masters from the University of Colombo, Sri Lanka. He completed his Ph.D. in the year 2013 in Leadership and Marketing. Professor Abeysekera in his attempt to socialize knowledge has contributed many articles to leading magazines and national newspapers in Sri Lanka on current issues covering Economics, Education, and Tourism. He is serving as a supervisor for Ph.D. students in Management and Marketing. Professor Abeysekera has been featured extensively in TV programs to lead and moderate discussions related to education, issues on children, and entrepreneurship. He has also served many panels such as Ph.D. colloquium, Media and IT, and Tourism.



## CONTENTS

KEY PERSONAL – ICMM 2022 .....	iii
SESSION CHAIRS AND PANELISTS – ICMM 2022 .....	iv
REVIEWER PANEL – ICMM 2022.....	iv
MESSAGE FROM THE SLIM PRESIDENT .....	v
MESSAGE FROM SECRETARY, CHAIRPERSON – MARKETING EDUCATION AND RESEARCH, SLIM.....	vii
MESSAGE FROM THE CHIEF EXECUTIVE OFFICER / EXECUTIVE DIRECTOR .....	ix
MESSAGE FROM THE PROJECT CHAIR.....	x
MESSAGE FROM THE CONFERENCE CO-CHAIRS .....	xii
KEYNOTE SPEAKERS .....	xiii

## ICMM 2022 TECHNICAL PAPERS

<b>IDENTIFYING THE POTENTIAL GROWTH OF MEDICAL TOURISM IN SRI LANKA: A CASE OF ALPHA HOSPITALS, COLOMBO</b>	1
<i>P.H. T. Devindi de Silva</i>	
<b>IMPACT OF E-MARKETING PRACTICES ON PURCHASING DECISIONS OF GENERATION Y &amp; Z FOR THE FAST FASHION INDUSTRY IN SRI LANKA</b>	14
<i>Gunathilake M. D. M. M., Samarasinghe G. D. and Kuruppu G. N.</i>	
<b>FACTORS AFFECTING CONSUMERS' PURCHASE INTENTION TOWARDS INSTANT NOODLES IN THE CONTEXT OF WESTERN PROVINCE, SRI LANKA</b>	33
<i>Wijayasinghe K. D. and Jayasuriya N.</i>	

<b>CRITICAL FACTORS INFLUENCING THE PURCHASE INTENTION ON ONLINE FOOD DELIVERY SERVICES (OFDS) COLOMBO, SRI LANKA: AN APPLICATION OF THE UNIFIED THEORY OF ACCEPTANCE (UTAUT) MODEL</b>	46
<i>Rathnayake R.A.S.D.</i>	
<b>CONSUMER WILLINGNESS TO PAY FOR HIGH QUALITY LEAFY AND SMALL LEAF TEAS IN THE WESTERN PROVINCE, SRI LANKA</b>	68
<i>Rosa. S.S., Mahindarathe. M.G.P.P. and Amarakoon. A.M.C.</i>	
<b>FACTORS AFFECTING ONLINE PURCHASE INTENTION IN THE RETAIL CONTEXT: FROM THE PERSPECTIVE OF THE THEORY OF PLANNED BEHAVIOR</b>	87
<i>Hewage M.N.</i>	
<b>TECHNOLOGY ACCEPTANCE OF CARD-LESS CASH WITHDRAWAL SYSTEM AMONG THE UNIVERSITY STUDENTS IN COLOMBO DISTRICT</b>	117
<i>Kodithuwakku M. and Wijewardene U. P.</i>	
<b>UNLOCKING THE POTENTIAL OF THE EPHEMERAL CONTENT SHARED ON INSTAGRAM TO STIMULATE CUSTOMER PURCHASE INTENTION: EMPIRICAL EVIDENCE FROM THE FASHION INDUSTRY IN SRI LANKA</b>	136
<i>Bulumulla D. S. K. and Gamage T. C.</i>	
<b>EXPLORING THE DETERMINANTS OF DIGITAL NATIVES' PERCEPTIONS TOWARDS ARTIFICIAL INTELLIGENCE-ENABLED MOBILE BANKING SERVICE ADOPTION IN SRI LANKA</b>	147
<i>Epa U.I. and Gamage T.C.</i>	

<b>THE IMPACT OF MARKETING MIX ADAPTATION BY GLOBAL FAST-FOOD CHAINS OPERATING IN SRI LANKA ON SRI LANKAN CONSUMERS' PURCHASE INTENTION</b>	157
---	-----

*Bandara N. B. and Karunaratne K.M.M.M.*

<b>IMPACT OF THE PERCEIVED GLOBAL BRAND CRISIS ON PURCHASE INTENTION OF GLOBAL BRANDS AND INTENTION TO SWITCH TO LOCAL BRANDS, WITH SPECIAL REFERENCE TO CRISIS-LED GLOBAL FMCG BRANDS IN SRI LANKA</b>	169
---	-----

*Perera K.A.D.C. and Karunaratne K.M.M.M.*

<b>THE ROLE OF CHATBOT MARKETING EFFORTS IN DEVELOPING CUSTOMER BRAND RELATIONSHIPS: TESTING THE MEDIATING EFFECT OF COMMUNICATION CREDIBILITY AMONG HIGH-END STAR HOTEL CONSUMERS IN SRI LANKA</b>	185
---	-----

*R.M.U.R.K. Rathnayaka and K.D.M.K. Weeratunge*

<b>IMPACT OF SOCIAL MEDIA MARKETING ON FAST-FOOD PURCHASE INTENTION AMONG GENERATION Y CONSUMERS: WITH SPECIAL REFERENCE TO THE WESTERN PROVINCE IN SRI LANKA</b>	201
---	-----

*Nisansala P. H. C. and Rathnasiri M. S. H.*

<b>FACTORS INFLUENCING CONSUMERS' PURCHASE INTENTION TOWARDS ECO-FRIENDLY PACKAGED FAST-MOVING CONSUMER GOODS: WITH SPECIAL REFERENCE TO THE WESTERN PROVINCE IN SRI LANKA</b>	216
--	-----

*Swarnika I. A. P. and Rathnasiri M. S. H.*

<b>CONCEPTUALIZING THE INFLUENCE OF IN-STORE ENVIRONMENTAL CUES ON STORE LOYALTY: WITH REFERENCE TO SUPERMARKET CUSTOMERS</b>	231
---	-----

*Maduwanthi K. D. B. N., Buddika H. A. M. and Hettiarachchi W. N.*

## **IDENTIFYING THE POTENTIAL GROWTH OF MEDICAL TOURISM IN SRI LANKA: A CASE OF ALPHA HOSPITALS, COLOMBO**

**De Silva D. P.H. T.**

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### **ABSTRACT**

Medical Tourism is the process of patients travelling outside their native country to host countries for their medical requirements. Its potential as a tourism niche is now been discussed widely. In Sri Lanka, there are many private hospitals that are trying to attract international patients. They have equipped themselves with the technologies and skilled medical professionals and have the ability to direct their excess facilities to International Patients. The purpose of this study was to explore the potential growth of the Medical Tourism Industry of Sri Lanka. The study was based on a leading private hospital in Sri Lanka. Adhering to ethical guidelines the hospital was given the name 'Alpha'. It is one of the most famous and experienced Hospitals catering to both local and foreign visitors. Data were collected through individual interviews consisting of six participants from the Alpha Hospital. Additionally, four external Participants from tourism-related Authorities and Institutes were also recruited for data collection. Data were analyzed using the NVivo software, under four main themes; Medical Tourism, Medical Tourism at Alpha Hospital, Opportunities to increase the potential, and suggestions to increase the potential. The research findings revealed an unrecognized potential for Medical Tourism in Sri Lanka, which needs a strong national plan to develop as an industry and the requirement for stakeholder participation and a national plan for harnessing this high-potential tourism niche.

**Keywords:** Medical Tourism, Sri Lanka, Tourist

## **1. INTRODUCTION**

### ***1.1 Background***

Providing Medical Facilities to International Patients who are seeking treatments outside their native countries can simply be identified as Medical Tourism. Patients are considering healthcare services outside of their native country for different reasons, such as price, technology, facilities, etc.

Healthcare providers who have identified this as an opportunity have utilized their resources and promote themselves as the key service provider for this segment.

Many Asian countries have captured the attention of medical tourists around the world. Wong et al. (2014), stated that Thailand as the Market leader in this segment and the future potential for Thailand and Malaysia in Medical Tourism, as they have incorporated Ayurvedic traditional medicine into western medicine. In the same study, India was also considered as a main destination for Medical Tourism and has identified that its cheap facilities are attracting more patients. With the effects of Covid 19 and technological enhancements, Singapore has become the market leader of Asia in 2021. In 2020, Medical Tourism market size was USD 11.56 billion. And it is projected to be USD 53.51 billion by 2028 (Insights, 2022).

International Trade Centre (ITC) in 2014, has conducted case study research about Sri Lanka in relation to medical tourism and found that despite the potential Sri Lanka have not got the required attention for medical tourism. It was notable that there are no statistics about the Medical Tourism industry of Sri Lanka. Therefore, this study was carried out in order to investigate the industry perspective on the potential of medical tourism. For the purpose of data collection, a hospital in Colombo was chosen. Additionally, interviews with industry(tourism) experts were also conducted.

### ***1.2 Research problem***

Private Hospitals in Sri Lanka, including Alpha Hospitals are Marketing their Medical facilities to attract international Patients as well. But yet, Sri Lanka as a Country haven't earned the recognition in the MEDICAL TOURISM industry. Objective of this research is to identify the potential growth of Sri Lankan Hospitals in the Medical Tourism Industry.

### ***1.3 Objectives of the study***

1. To explore internal and external factors impacting to the potential growth of Medical Tourism in Hospitals.
2. To explore opportunities that Hospitals have in Medical Tourism Industry.
3. To recommend strategies to attract International patients.

### ***1.4 Significance of the study***

This study revealed the potential of medical services providers of Sri Lanka and the opportunities they have in the Medical Tourism Industry. Internal factors like technologies, facilities, skills and prices can affects to the Potential growth of Healthcare providers. While Government support, international competition, culture, economy, social and legal factors would

have an influence as external factors to Healthcare providers. Sri Lanka has opportunities in terms of cheap Medical facilities. Further, Sri Lanka has a potential in Medical Tourism through incorporating western and Ayurvedic Medicines. Findings of this research can be used to develop Medical Tourism Industry of Sri Lanka. Healthcare providers can Market themselves in a more strategic way. Government and Healthcare Providers can start positioning the country and gain recognition in the international market. Development of the Medical Tourism industry will increase job opportunities and bring benefits to parallel industries as well; like Tourism and Healthcare.

## **2. LITERATURE REVIEW**

The International Trade Centre (ITC) in 2013, has conducted a case study research to understand the potential of Sri Lankan Healthcare services in Health Tourism industry. It has a crucial significance in this research, since it has many similarities with this study in terms of methodology and scope. ITC case study has recognized industry drivers as; low costs, shorter waiting periods, improved or advanced quality healthcare, affordable international travelling and convenience in communication methods with the development of the internet facility.

### ***2.1 Medical tourism***

Medical Tourism does not have a one set definition. Perkumiené et al.(2019), identified that Medical Tourism and Wellness tourism as Components of Health Tourism. On the other hand, Medical Tourism was defined as the “phenomenon of people travelling outside their home country primarily for the purpose of seeking medical treatment” (Lee & Taggart, 2013). In Gaines and Lee (2019), Medical Tourism was identified as the “growing healthcare market where group of Travelers, represents unique challenges for public health and clinical medicine”.

Despite of the benefits to host countries, there are number of concerns as well. Such as; legal, social and ethical criticisms and other challenges (Gupte & Panjamapirom, 2014). Thirumalaikolundusubramanian, et al. (2015), described web-based Medical Tourism facilitators as the bridge between patients and host countries. “Patients or their guardians will get attracted by prices, perceived quality of service, additional support services, social websites (reviews, ranks, comments, etc.) and after reading patient blogs”. Since patients are attracted towards the benefits, there are concerns about the legal background of the treatments.

### ***2.3 Factors affecting to medical tourism***

According to Kahveci and Okutmuş (2017), Medical Tourism potentiality is affected from factors like; workforce, climate, accommodations, cultural and

religious similarities, travel duration, closeness to Airport, competitive prices, facilitators, quality of the service, international accreditations, accessibility to service, investments to increase service quality and technologies, etc. Kelley (2013), found that among the drivers of Medical Tourism industry, 40% of Medical Travelers are attracted to advanced technologies. Sultana et al. (2014), identified that needs and expectations of patients are in two levels. In the bottom-line tourists are seeking for medical and infrastructural facilities. When it drives up with expectations, they start seeking amusement, entertainment and shopping as usual Tourists. Kazemi (2008), as cited in Kumar and Hussian (2018), identified factors of Medical Tourism destination selection as; policies of the Government, steps taken by Healthcare providers, Corporation between Organizations, diversified medical services, service quality, pricing, advertising, geographical location, security, religious similarities and other issues that can be find in Medical Tourism Industry (Information, etc.). The findings of Kumar and Hussian (2018), show the need of multilingual communications. Wang et al. (2020), studied Tourism attraction and re-visit intention, and found that Tourism attraction has no impact on revisit intention. Suvattanadilok (2022), safety skills of the Medical Staff, interpersonal assistance and costs were identified as impactful in decisions of Medical Travelers. In terms of price, Patients were found to be more quality conscious.

Lack of high-quality healthcare, price sensitivity, affordability and availability of healthcare have increased the potential Patients in the Medical Tourism Industry (Medical Tourism, connecting health with leisure, 2018). In Gholami et al. (2020), policy making, planning and informing about the capabilities found as important. Information and Marketing, found to have an impact on attracting Patients. Perceived quality, costs and infrastructural facilities were also recognized as having a considerable influence. International Trade Centre (ITC) (2014), has recognized Medical facilitators as a factor, since they are helping Patients through Medical packages, pre and post procedure recovery and travelling. Oberoi and Kansra (2019), described two main categories of factors; Individual related and Provider related factors.

In relation to Marketing, Parsaei (2018), shows that there is a relationship between digital marketing and Medical Tourism. SevenPs were also found to have an importance in Medical Tourism. In Veerasoontorn and Beise-Zee (2010), factors like “innovation, organizational efficiency, emotional service quality and Doctor-Patient relationship” were found to be considered by Patients.

Wong et al. (2014), identified that Malaysia and Thailand have incorporated wellness element to Medical Tourism, which has resulted them to become an excellent Medical Tourism destination.

FUJITA et al, has recognized that there is a high growth rate in the global Medical Tourism industry. It was revealed that Thailand is promoting medical tourism as a national strategy throughout their ministries and marketing and promoting strategies. The tourism industry of Thailand is about 12-14% of the GDP. And the Medical Tourism expenditure is 1%. Therefore, Medical Tourism in Thailand was found to have a better potential for development. According to Syah et al. (2022), even though the development of Medical Tourism would positively impact to the government's economic initiatives, still there are negative externalities of Medical Tourism development towards local wellbeing. Rokn et al. (2017), identified that South Korea is among the top Medical Tourism destinations. But Medical travelers coming to Korea is showing decreasing trend. Findings of this research shows that lack of government support as a key barrier to Medical Tourism development.

Connell (2016), as in Anon. (2014) and Suzana et al. (2015), described Sri Lanka as a Medical Tourism destination that has successfully attracted Maldivian Patients even with a limited modern healthcare system.

### **3. METHODOLOGY**

This research was conducted to identify the potential growth of Medical Tourism in Sri Lanka. In order to narrow down the study, AH was selected. This research was a qualitative case study research. The International Trade Centre in 2013, conducted a case study to about Health Tourism in Sri Lanka. This was a similar study, but this study has chosen AH to look in to the industry. Data collection was done by interviewing suitable participants. There were no statistics to be referred about Medical Tourism in Sri Lanka. Therefore, this study was solely based on the data collected through interviews.

Judgmental sampling was used. Internal Participants were selected by AH, based on a description given by the researcher. External Participants were selected from the Authorities and institutes that are indirectly related to the industry. However, none of them are Medical Tourism Experts. Participants from AH, were interviewed in Hospital premises. External participants were interviewed through physical, online or phone meetings. Only one external participant was interviewed physically. Interviews were conducted using an interview guide. External participants consented to voice record their interviews. Since the hospital didn't wanted interviews to be recorded, a notetaker has taken notes of the interviews. After reviewing findings, Ethical Committee of the Hospital granted permission to submit the report after replacing the name of the Hospital in to a Hypothetical name. Therefore, name of the hospital was changed as Alpha Hospitals.



## 4. DATA ANALYSIS

After finishing the interviews, data were transcribed by the researcher and was analyzed by using the NVivo, Version 12 Software. Thereafter, thematic analysis was used to interpret the data. There are 4 main themes, and under each theme there were different aspects discussed.

## 5. DISCUSSION OF THE FINDINGS

### 5.1 Quantitative findings

**Table 1**

*Information about participants*

Number of Participants	Gender	Experience in the Industry	Experience in the Organization
Internal Participants	Male	Internal Participants	Internal Participants
6	5	3-33 years	4-18 years
External Participants	Female	External Participants	External Participants
4	5	12-23 years	11-23 years
Total	10		

*Source:* Author's work

6 out of 10 participants are from Alpha Hospital. Other 4 participants are from external authorities and institutes. Highest experienced participant has gained experience in the particular organization for 23 years. 6/10 participants have experience over 10 years.

### 5.2 Qualitative findings

#### 5.2.1 Theme 1: Defining medical tourism

Medical Tourism was defined by participants in many different ways. Dr. Orange, AH, has defined Medical Tourism as, "People from other countries seek medical treatments". Mr. Brown, AH, also believes that having Patients from overseas is Medical Tourism. Meanwhile, Ms. Pink, SLCB, defined Medical Tourism within the scope of Western Medical treatments; "...the people who come purely for the sick in the professional western medical practices". However, Mrs. Purple relate Medical Tourism with typical

tourism. She said, "...first thing that came to my mind is the Hospitals that provide packages for the people who wants to get their treatment, and while having their treatments they go around and get a leisure experience as well". Mrs. Purple and Mr. Black defined Medical Tourism with relation to Wellness Tourism as well. Mrs. Purple, SLTDA, said; "...it's not only physical wellness but mental wellness as well, where the spiritual tourism also comes as a part of Wellness Tourism". Further, Mr. Black from SLTPB identified Medical Tourism under two categories; "Medical Tourism, there are two types... Medical Tourism is one under Wellness Tourism..., Medical Tourism basically target cure, not Wellness".

### *5.2.2 Theme 2: Medical tourism in Alpha hospital*

Ms. Pink, SLCB, expressed that AH has marketed themselves as treating to International Patients. However, Prof. White, OU, said that AH is offering treatment facilities to foreign Patients without taking any strategical moments. Potential patients of AH were described by both external and internal Participants. Mr. Brown, AH, said; "... We have Tourists from Maldives, some Patients from Europe and China...". Dr. Red, AH also said; "...from seashells and Maldives. 10 out of 1 European patient are coming for cosmetic surgeries". Even Prof. White, said that AH is having patients from Maldives and India. According to participants, AH has already positioned themselves as a Medical Tourism provider. However, compared to other international hospitals, neither AH or Sri Lanka has gained the recognition in the Medical Tourism industry.

Mr. Green, AH, has identified the customer segments as; Expats, Diplomats, Community, International Cooperates and Tourists. There can be prospective Patients within the country, who are not typical Medical Travelers. Dr. Red, AH, describe the procedure. "I will direct them to those consultants and draft a management Plan. ...decide how long they will ...stay... Depending on their situation we will let them know about the approximate cost". Further, she, said that AH is introducing Patients to Travel agents to fulfill their travelling desires. She identified potential patients as; "Old Patients between 40-60...".

Dr. Gold, AH, as a Doctor at AH said, "...Our staff is much much better than the Government Hospitals. And also compared to other Private Hospitals, our staff is the best". Additionally, Mr. Green, AH, highlighted that most of their Doctors are UK and USA qualified Doctors. Whereas, Dr. Red pointed out language skills; "...fluent in English, French and Dhivehi".

Dr. Orange, AH, expressed her concern in technological limitations; "Some people are coming for tests that are not taken by locals. We don't have facilities to provide those kinds of tests". Mr. Green, AH, explained the limitations in facilities; "We are utilizing our resources to cater international Patients, while serving locals as well". Mr. Blue, AH, emphasized their

capabilities in relation to technology; “We are not technologically compared to the Western countries. ...Our competitor is India. Their facilities are good. Even local people go to India”. Mrs. Purple, SLTDA, said; “... We have good facilities but specifically there should be good packages..., when it comes to Ayurveda and indigenous medicine...,we have a unique product, as well as...untouched potential,...”. Her perspective is important, since she has previously experienced a Medical Tourism package in South Korea. Furthermore, she suggested to increase facilities in dental clinic; “..., dental treatments are very expensive in other countries,”. Mr. Brown, AH, believes that AH have to increase facilities for transplants and Cosmetic surgeries.

AH and other hospitals in Sri Lanka, will have to develop facilities & technologies. And they must present the Services in Sri Lanka in a different manner. In order to do this, there must be a proper STP strategy.

### *5.2.3 Theme 3: Opportunities to increase the potential*

When it comes to Medical Tourism, the primary concept is seeking affordable and available healthcare facilities. Dr. Gold, AH, said that private hospitals in Sri Lanka doesn't have waiting lists due to free medical facilities. Besides, she thinks Travelers are coming to Sri Lanka for cheaper healthcare facilities; “...we get Patients from other countries...We have all the facilities for cheaper rates”. Compared to other countries, Sri Lanka has facilities at a low price. Mr. Blue, AH, thinks price is not affecting to Alpha Hospital, since they have facilities at a cheaper Price. Mrs. Purple, SLTDA, said; “...they have to have a good pricing strategy to be competitive in the medical tourism”. Further, she said; “...if somebody is interested in coming for tourism to invest in a facility for Medical Tourism for an example, I think we can offer a land or a suitable place”.

Participants believe location of the Hospital affects to Medical Tourism attraction. Ms. Pink, SLCB, said; “Location wise also it is very closed to the Airport....And there are several hotels nearby,....other facilities in Colombo, is freely accessible from Alpha Hospital”. Dr. Orange said; “Since Travelers are looking at the cost effectiveness, Sri Lanka and India has the potential in this region”. According to Mr. Green, AH, they currently have the capacity to serve international Patients. But Alpha Hospital will need to enhance technology with time to face the competition.

Prof. White, OU, thinks that Alpha Hospital can use their fame & history in the industry to promote the Hospital. Dr. Red, AH, and Prof. White, OU, has identified the opportunity of showing benefits to get the contribution from the Stakeholders. According to Dr. Red, AH; “It's a revenue not only for the Hospital but also for the country. ...it earns foreign currency..., what we are doing is advantageous to Hospital, Government and the Patients”.

Professor White, OU, said; “...we are depending more on these traditional exports and all...importantly we are looking for tourism. So Medical Tourism

we have a huge potential”.

Most of the participants believe, Alpha Hospital should direct their services in the Asian region. Dr. Red, AH said; “We must target Asian region...It’s a very big market. Maldives and seashells seem to be the most effective markets”. Mr. Green, AH said, they are targeting Patients from Maldives, Bangladesh and Seashells. Ms. Pink, SLCB, also said; “If you take a country like Maldives, their per capita income has gone up and...they have money. So, especially with the medical sector they don’t have expertise there”. According to participants, most of the Patients are coming from Maldives and Seashells. However, Mr. Green emphasized that the number of flights between Sri Lanka and Seashells could discourage Patients from Seashells to come. External factors outside the Hospital’s control can also affect to their Medical Tourism potential, which is why there should be collective efforts as a Country to promote Medical Tourism.

#### *5.2.4 Theme 4: Suggestions to increase the potential*

Prof. White, OU, suggested to conduct a comprehensive study. “Alpha Hospital should conduct research by using two different segments. Not only... Tourists, all the stake holders...”. Further, Prof. White, and Mrs. Purple, SLTDA, suggested to study the best practices of successful countries. Mr. Brown thinks, Alpha Hospital should start Unique surgeries. Dr. Orange, AH, said; “...We must offer them something that others don’t”. Mr. Blue, AH, suggested to go for a Market expansion. While, Mr. Black, SLTPB, suggested to get specialized in to a particular service.

In Prof. White, OU’s perspective, potential in western medicine is very limited; “...To get the competitive advantage in the international Market definitely we will have to concentrate on our origins”. Ms. Pink, SLCB, said, Alpha Hospital can get specialized in particular areas, like dental tourism and cancer-surgeries.

Mr. Green, AH, emphasized about having a national campaign. On the other hand, getting the government recognition as an industry was pointed out; “We must first present our capabilities to Government and get the support of the authorities and policies”. Mr. Black, SLTPB, said; “If we are going to the market Medical Tourism, the first one is to collaborate all the things together, and do a promotional campaign. And we have to increase...Facilities”. Dr. Orange, said; “When it comes to Maldivians, they are Muslims. So, we can have more Muslim Staff to make the environment more friendly”. Mrs. Purple, SLTDA, explained her experience; “They don’t treat you as a patient but as a tourist as well”.

Dr. Red, AH, said “...Medical Tourism should be done holistically like a package of tourism and Medical facilities”. Mr. Blue, AH identified Technology, Communication, advertising, and infrastructural costs as factors that determines the attractiveness to Medical Travelers. He said that

they need to provide lodging, and suggested to provide family lodging. Further, he suggested to have a customer-oriented service. Ms. Pink thinks that SL should have a proper marketing campaign. And Dr. Gold, AH, believe they'll have to promote benefits to Medical Tourists.

Perspective of the Hospital was related to some areas which weren't recognized by external participants; Procedure, Demographical factors, Segments, local competition, staff, waiting lists, economic advantages, socio-cultural factors, insurances, travel agents, accreditations, ownership of Hospital, benefits they can promote and how they're catering to needs of Medical Traveler's. However, when it comes to external participants, their perspectives were about; conducting a study, incorporating local Medicines, how authorities can contribute, how Alpha Hospital can use the fame in the industry and the current situation of the industry.

### ***5.3 Discussion***

According to findings, Sri Lanka has both opportunities and barriers in the Medical Tourism industry. As identified by Kahveci and Okutmuş (2017), Kazemi (2008), Gholami et al. (2020) and Medical Tourism, connecting health with leisure (2018), price is an important factor for Patients when they seek treatments. Since Sri Lanka has cheaper Medical facilities, there is an opportunity among price sensitive Patients. Dental facilities in Sri Lanka found to have a great potential since many countries are having expensive dental facilities. Even though Kelly (2013) and Kahveci and Okutmuş (2017), identified technology as a key driver of Medical Tourism, findings revealed that Sri Lankan Healthcare services cannot be technologically compared to other international hospitals.

As in Fujita and Sato (2022), findings revealed the importance of developing the industry in National level through all related ministries, institutes and hospitals. Many participants highlighted the need of having a National plan to gain the international recognition as a Medical Tourism destination. As in Kazemi (2008), in this research also findings show the need of differentiation to face the competitiveness. As in Wong et al. (2014), incorporating wellness elements to Medical Tourism would increase the attractiveness as a Medical tourism destination.

Findings revealed the importance of cultural similarities to create the attractiveness of the services. As in Kahveci and Okutmuş (2017), participants identified the importance of making a patient friendly environment and as in Kumar and Hussian (2018), effect of language skills can be identified, specially when attracting patients from Muslim countries.

As in Connell (2016), the findings of this research also showed that Sri Lankan Healthcare providers are attracting a Maldivian Patients considerably.

Even though, participants haven't specifically recognized negative effects of

Medical tourism, Government has identified that Transplants are having a negative social impact. On the other hand, hospitals will face the challenge of utilizing their resources to both local and foreign patients. Since, there are no international hospitals they can't priorities international patients. Which means development in Medical Tourism may result many Social, legal and ethical concerns as well. Therefore, as in Gupte and Panjamapirom (2014), development of the industry will cause more social, ethical and legal concerns, which will need monitoring over time. Therefore, a separate institute to monitor and direct Medical Tourism as a country can be suggested to limit negative effects of Medical Tourism and direct marketing efforts in a more strategical way.

## 6. CONCLUSION AND CONTRIBUTION

Objective of this research was to identify the Potential growth of Medical Tourism in Sri Lanka. In order to narrow down the study, Alpha Hospital was selected. It is evident that Sri Lanka has not earned the recognition as a Medical Tourism destination. In order to get the recognition, Stakeholders must first make a national plan and promote the services. Alpha Hospital have a skilled, well-trained staff. Location of the hospital is also quite attractive. However, their facilities, technologies and bed capacity are limited. In order to attract more patients Alpha Hospital will have to improve facilities and offer more benefits than competing countries. To become competitive, they can differentiate and specialize their treatments.

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**IMPACT OF E-MARKETING PRACTICES ON PURCHASING DECISIONS OF GENERATION Y & Z FOR THE FAST FASHION INDUSTRY IN SRI LANKA**

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**ABSTRACT**

This research study aims to identify the impact of e-marketing practices on purchasing decisions of generations Y and Z for the fast fashion industry in Sri Lanka. The quantitative research methodology was utilized in this research study. The findings of the study showed that there is a relationship between search engine optimization, social media marketing, mobile marketing, and search engine marketing in purchasing decisions of generation Y and Z. Further, the findings confirm that Gen Y and Gen Z are influenced by government support, technology turbulence, and competitive rivalry that will ultimately influence their purchasing decisions due to e-marketing practices. This research study was assembled to provide improved solutions for the identified research gaps by analyzing the managerial problems in the fast fashion industry in Sri Lanka. This would result in fast fashion industry SMEs more readily performing while expanding their sales, and profits. This will further initiate them to learn present-day modern technologically advanced techniques and procedures such as e-marketing practices while digitalizing their marketing concepts.

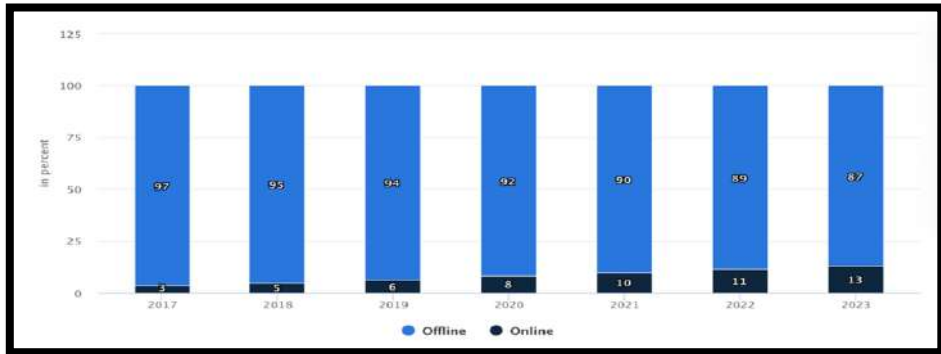
**Keywords:** E-marketing practices, fast fashion industry, generations Y & Z, Purchasing decisions, social media

## 1. INTRODUCTION

Today, social media (SM) play an important role as it allows the mode of communication to become much simpler, easier, and faster in the recent decade. As a result, many individuals can communicate with any person across the globe within a few seconds (Tuten, 2021). Moreover, the generations Y and Z have become the main consumers of SM during the last two decades (Tuten, 2021). In line with global trends, Sri Lankan industries are also into an advancement in the digitalization of administrations at present. Thus, the Fast Fashion industry is also having the same opportunity to use these modern technologically advanced concepts. Mainly, this would allow fast fashion industry SMEs to better perform while increasing their sales, and profits (Kumar & Sekhar, 2019). However, as per the scholars, it was identified that the detailed transformation of e-marketing practices on generation Y & Z purchasing decisions for the fast fashion industry in Sri Lanka would be a challenge now (Reinartz et al., 2019). Though the world is continuing with new technologies, Sri Lankan fast fashion industry SMEs cannot compete in the market. As a result, the Sri Lankan local market was heavily affected by the loss of sales during the festive seasons and the COVID-19 pandemic situation (Amaratunga et al., 2020; Gunawardena, 2020).

Furthermore, the fast fashion industry in Sri Lanka currently experiencing several challenges such as the lack of technical know-how within the industry (Samsudeen et al., 2021); lack of technological capabilities such as computer literacy due to low levels of education and language literacy (Gunawardana, 2007); lack of awareness of digital marketing and e-marketing concepts, and their benefits to the business development (Samsudeen et al., 2021); lacks the commitment to implement the modern technologically advanced e-marketing practices and concepts (Lugoda, 2020); the external factors such as government support, technology turbulence, and competitive rivalry (Jayarathne et al., 2021).

For instance, Figure 1 reveals that according to Statista Market Forecast (2021), the Sri Lankan fast fashion industry is mainly focusing on offline sales channels where 90% of the sales channels are offline, whereas only 10% account for the online sales channel in 2021. Thus, the evidence confirms that these textile industry sectors lack awareness of digital and e-marketing concepts. Therefore, it is vital to identify the impact of e-marketing practices on purchasing decisions of generations Y and Z for the fast fashion industry in Sri Lanka.

**Figure 1**

*Online and offline split for sales channels in the fast fashion industry*

Source: Statista Market Forecast, 2021

Thus, the objective of this study is threefold; firstly, *to investigate the current attitudes towards using e-marketing practices on SMEs in the fast fashion industry in promoting their products*. Secondly, *to explain the impact of e-marketing practices on SMEs in the fast fashion industry on purchasing decisions of generations Y and Z*. Finally, *to examine the moderating effect of government support, technology turbulence, and competitive rivalry on the relationship between e-marketing practices and generation Y's and Z's attitudes towards purchasing decisions for the fast fashion industry*.

The significance of this study can be addressed threefold, firstly the study contributes to the SMEs in the fast fashion industry to identify its weaknesses and gaps which will further assist them to promote their business processes and concepts by increasing their marketing presence. The study fills the theoretical gaps while addressing the interrelationship between the impact of e-marketing practices on generation Y and Z purchasing decisions for the fast fashion industry in Sri Lanka. Further, the findings of this study can be applied to identify the essential marketing concepts and develop strategies for any business firm in the modern marketing era. Secondly, according to the author's best knowledge, this research study was not previously tested/researched for the fast fashion industry sector where this research study has introduced new variables including the moderating variables that add value and new insights to the fast fashion industry as well as any other industry sector that further enhance the important aspects for practitioners and industry experts. Finally, the study contributes to the consumers such as generation Y and Z where it allows them the opportunity to select the best quality product(s) according to their requirements by allowing them to gather information from a product range/variety by comparing, contrasting, reviewing, etc. each product range via these e-marketing platforms and services.

## 2. LITERATURE REVIEW & CONCEPTUALIZATION

### 2.1. *Theoretical perspectives on how consumer purchasing decisions affected by digital marketing tools*

Based on the digital marketing tools utilized by marketers and consumers in the present era, the theoretical perspectives on consumer purchasing decisions can be summarized using the two cognitive theories where the *Theory of Reasoned Action* further expanded as the *Theory of Planned Behavior* where both theories provide a conceptual framework to figure out the human way of behaving in unambiguous settings (Dillard & Pfau, 2002; Peña-García et al., 2020). The *Theory of Social Presence* can be further defined by Gunawardena (2007), as "how much an individual is seen as a 'genuine individual' in the interceded correspondence."

### 2.2. *Conceptualization*

Online shopping delivery has become a modern trend for generations such as Gen Z due to its convenience. Consumers mainly purchase products and services according to the degree of their trust in these products and services. Thus, shopping online has turned into a modern way of retail searching where Search Engine Optimization (SEO) comes into play. As a result, this concept of SEO has been embraced globally to identify the purchasing decisions of generations Y and Z in the present era (Sharma et al., 2019; Tiwari & Joshi, 2020). Thus, the first hypothesis of the study is,

H<sub>1</sub>: There is a significant positive relationship between the SEO and purchasing decisions of generations Y and Z.

It is noticeable that social media is recognized as one of the primary techniques to reach consumers of generations Y and Z. According to Kemp (2018), more than half of the individuals on Earth are continually associated with virtual organizations or networks where these social media networks have turned into a significant part while formulating advertising tools, techniques and sales strategies within a business (Tuten, 2021). Hence, the second hypothesis of the study is,

H<sub>2</sub>: There is a significant positive relationship between social media marketing and purchasing decisions of generations Y and Z.

The present teens are rapidly turning into the most dynamic class of mobile device platforms and applications. To effectively offer products and services to the target audience of Gen Y and Z, marketers must think ahead and adjust their mobile marketing strategies ahead of time based on the propensities and necessities of youthful consumers of internet users such as Gen Y and Z (Khomych, 2020; Tong et al., 2020). Hence, the third hypothesis of the study is,

H<sub>3</sub>: There is a significant positive relationship between mobile marketing

and purchasing decisions of generations Y and Z.

Indeed, two clients may not search in the very same manner. The way to effectively utilize search engine marketing is mainly based on different generations having a clear understanding of what different generations searching for and where they would most probably be searching for it. Thus, this will assist marketers with making content that reverberates with the right target audience perfectly located brilliantly at the ideal time (Hammock, 2019). Therefore, the fourth hypothesis of the study is,

H<sub>4</sub>: There is a significant positive relationship between the SEM and purchasing decisions of generations Y and Z.

The government provides tax-free benefits to import selected raw materials and machinery for the fast fashion industry which will positively affect its business. On the other hand, the government may impose rules and regulations such as trade restrictions, labor laws, consumer rights laws, and environmental laws that may negatively affect a business (Chavan, 2018). Hence, the fifth hypothesis of the study is,

H<sub>5</sub>: Government support moderates the relationship between e-marketing practices and purchasing decisions of generations Y and Z.

Due to the cutting-edge innovation capacities in the fast fashion industry, there can be modernized cutting-edge innovations/technologies that can be integrated into the fast fashion industry as these modern technological capabilities lead this industry sector to move to the next level while competing with its competitive market which will positively affect its business. However, the identified modern advanced technology can be highly expensive to implement into its business which will negatively affect this industry sector (Jayarathne et al., 2021). This leads to the sixth hypothesis in the study,

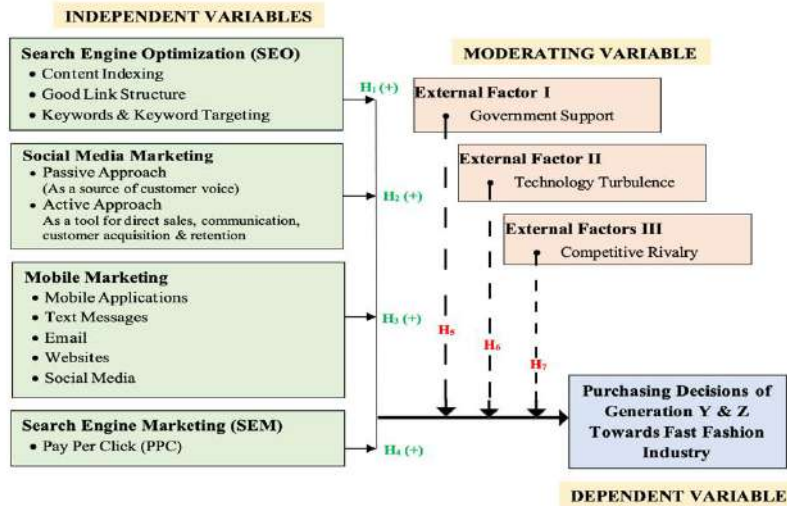
H<sub>6</sub>: The technology turbulence moderates the relationship between e-marketing practices and purchasing decisions of generations Y and Z.

Extraordinary competition can restrict benefits and result in competitive movements that include cost-cutting, higher monetary allocation on the developments and enhancements of products/services, or expansions in promoting consumption. Therefore, competitive rivalry can be supportive of most business processes. However, due to excessive use of competitive rivalry, a business may cause challenges to its processes such as in the fast fashion industry (Jayarathne et al., 2021). Therefore, the final hypothesis of the study is,

H<sub>7</sub>: The competitive rivalry moderates the relationship between e-marketing practices and purchasing decisions of generations Y and Z.

Therefore, based on the developed hypotheses, the below conceptual model is developed.

**Figure 2**  
*Conceptual framework of the study*



Source: Author developed based on literature

Considering the past studies on e-marketing practices and generation Y and Z purchasing decisions, the review has distinguished independent, dependent, and moderating variables that are used to develop hypotheses that fill the hypothetical/theoretical gap while empirically investigating the reality of the fast fashion industry sector in Sri Lanka. SEO, social media marketing (SMM), mobile marketing (MM), and SEM of the fast fashion industry are assumed to be identified as the independent variables (Dwivedi et al., 2015; Sharma et al., 2019; Tong et al., 2020) which in turn, impacts and influence the purchasing decisions of generations Y and Z which is the dependent variable (Kumar & Sekhar, 2019). Moreover, government support (GS), technology turbulence (TT), and competitive rivalry (CR) (Chavan, 2018; Jayarathne et al., 2021) can be assumed as moderating variables that moderate the relationship between digital marketing/ e-marketing practices and purchasing decisions of generations Y and Z in the fast fashion industry sector in Sri Lanka.

### **2.3. Operationalization plan of the constructs**

All the indicators of the operationalization plan are measured using a 5-point Likert scale.

#### **2.3.1. Independent variables**

The *SEO* measures through three indicators content indexing (Organic Click Through Rate (CTR) on the search console; organic impression such as the search console; monitoring the bounce rate of the site); Good link structure

consists (identifying the exit pages for organic traffic; the percentage increase in search traffic); and Keywords & Keyword Targeting (percentage increase in organic conversions and analyzing non-branded search traffic) (Lewoniewski et al., 2021). Next, the *SMM* measures through the passive approach (the public domain of social media can be used as a mode of potential consumer voice) and the active approach (providing a tool for direct sales, communication, customer acquisition and retention) (Dwivedi et al., 2021). The *MM* is measured through five categories- mobile applications (customer engagement); text messages (interaction rate); Emails (customer engagement rate); Websites (retention rate); the *SM* (social metrics rate). Finally, the *SEM* measures using the number of clicks and cost per click (Lewoniewski et al., 2021).

### 2.3.2. *Dependent variables*

Purchasing decision measures through *product options* (quality, variants, and requirements); *brand choice* (popularity of the brand, reviews, recommendations, self-efficacy, and online purchasing habits); *available payment options* (safe and secure pay, cash on delivery method, and debit/credit card payment options); *duration of the product purchase* (purchase of products once a month, products during seasonal offers, and discounts) (Oentoeng & Muslih, 2021).

### 2.3.3. *Moderating variables*

The *GS* consists of indicators such as infrastructure development availability, digital transformation, and tax rates for online data charge charges (Kamburawala, 2020). The *TT* consists of encouragement of rapid change of new technology and rapid phase of new technologically advanced devices. The *CR* consists of industry growth/ digital tools and the availability of differentiated products, etc (Chatterjee et al., 2022).

## 3. METHODOLOGY

The methodology of the study was guided by the positivistic research tradition as per the nature of the research objectives and a priori-based conceptual model. This study used a quantitative research approach and was designed as a Self-Administrative Questionnaire from both the fast fashion stores/companies and from generation Y and Z consumers. The target population consists of two groups such as e-commerce fast-fashion stores (independent variable = 50 respondents/fast-fashion stores) and end-users who visit these e-commerce stores (dependent variable = 75 respondents of Gen Y and 75 respondents of Gen Z = a total of 150 respondents of Gen Y and Gen Z) that are in the concept of Dyadic Data Analysis. The sampling method utilized in this research study is the *Non-Random Sampling Technique*. This was comprised of judgmental and convenience sampling techniques. A



70.5% response rate was recorded.

To confirm the validity of the key constructs, a face validity was checked. Therefore, a *Pilot Study* was conducted before carrying out the questionnaire. The face validity was checked by giving the questionnaire to some of the industry experts. Based on the results, a few little modifications were made to the initially designed questionnaire such as revamping some questions and their question styles. The scales of the face validity scale were obtained as the research constructs were derived from the identified literature with the utilization of scales already presented in the study. Further, the validity of the study was ensured using exploratory factor analysis.

Descriptive and Inferential Statistics Techniques were utilized to test the hypotheses using Statistical Package for Social Sciences (SPSS) software. The parametric statistical tests were utilized as the sample size is greater than 30 (>30).

#### **4. DATA ANALYSIS, RESULTS & DISCUSSION OF THE FINDINGS**

Initially, the attributes of tested samples are dissected by Descriptive Statistics. The reliability/dependability was examined to evaluate the legitimacy/validity of the review instruments. Then, at that point, the conceptual framework variables were analyzed using the mean and standard deviation. The Pearson correlation analysis was utilized to measure the relationships between the dependent, independent, and moderating variables. To investigate the connections between these two variables, the regression analysis was led, where the discoveries from these two insightful strategies were further compared and analyzed. Finally, single, and multiple regression was conducted to analyze the moderating factors/variables of this research study.

This section presents the interpretation of the study's empirical findings.

##### ***4.1. Reliability and validity***

As per the findings, all the variables score Cronbach's Alpha value greater than 0.6 and hence reliability of the variable was satisfied. Factor analysis results have shown factor loadings greater than 0.5. Hence, the variables were considered valid measures.

##### ***4.2. Descriptive analysis***

Table 1 illustrates the mean values and standard deviation of each variable in the sampled data set. The highest mean value is for Websites (mean = 4.6100) when compared to other independent variables. The independent variables such as Content Indexing, Active Approach, Mobile Applications, Websites, and social media are within Agree point or slightly above the



Agree point. These values are at a satisfactory level when utilizing each variable within the Sri Lankan context. The independent variables such as Good Link Structure, Keywords & Keywords Targeting, and Passive Approach is closer to the Neutral point or slightly above the Neutral point where these values are not at a satisfactory level when utilizing each variable within the Sri Lankan context. Furthermore, the Emails are slightly above the Disagree point where it is also not at the satisfactory level when utilizing each variable within the Sri Lankan context. Therefore, the data reveals that fast fashion stores and related marketers must carefully observe customer retention strategies while further improving their e-marketing practices to reach a wider audience to increase their sales and profits.

The highest mean value is for Product Purchase Duration (mean = 4.63) when compared to other dependent variables. The dependent variable which is the Available Payment Options are slightly above the Neutral point. Therefore, this shows that all the dependent variables such as Product Options, Brand Choice, and Product Purchase Duration are at a satisfactory level when utilizing each variable within the Sri Lankan context. However, fast fashion stores and related marketers must improve the Available Payment Options within the Sri Lankan context. Thus, the data reveals that fast fashion stores and related marketers must carefully observe customer retention strategies while further improving their e-marketing practices to reach a wider audience to increase their sales and profits.

Based on the five-point Likert scale, most variables are slightly above the Agree point. The highest mean value is for Technology Transfer (mean = 4.43) when compared to other moderating variables. The moderating variable which is the Government Support is closer to the Disagree point. Therefore, this shows that all the moderating variables such as Technology Transfer, and Competitive Rivalry are at a satisfactory level when utilizing each variable within the Sri Lankan context. However, fast fashion stores and related marketers must try to improve Government support within the Sri Lankan context. Thus, the data reveals that fast fashion stores and related marketers must carefully observe customer retention strategies while further improving their e-marketing practices to reach a wider audience to increase their sales and profits.

**Table 1***Descriptive statistics for independent, dependent & moderating variables*

	Minimum	Maximum	Mean	Std. Deviation
ContextIndexingF	2.00	5.00	4.1800	0.81981
GoodLinkSF	1.00	5.00	2.9600	1.01750
KeywordsKTF	2.00	5.00	3.4467	0.75265
PassiveAF	1.00	4.50	2.7500	0.75251
ActiveAF	4.00	5.00	4.6000	0.40134
MobileAF	4.00	5.00	4.5900	0.37124
TextMF	2.50	5.00	3.9400	0.75512
EmailsF	1.00	4.50	2.4800	0.68757
WebsitesF	4.00	5.00	4.6100	0.40908
SocialMF	4.00	5.00	4.5700	0.43747
PayPerCF	2.00	5.00	3.8300	0.87820
ProductOptionsF	3.67	5.00	4.4644	0.34303
BrandChoiceF	3.00	5.00	4.2900	0.57717
AvailablePOF	1.67	5.00	3.5911	0.61929
ProductPDF	3.50	5.00	4.6333	0.37839
Government S F	1.00	3.00	1.9600	0.63330
Technology T F	2.40	5.00	4.4280	0.60602
Competitive R F	2.25	5.00	4.0450	0.71247

*Source:* Author developed through data analysis

#### **4.3. Regression analysis**

Table 2 reveals that the adjusted  $R^2$  is 0.129 which shows that a 12.9% variance of the dependent variable was identified by four independent variables: SEO, SMM, MM, and SEM. This identifies that the model fit is significantly good.

**Table 2***Model summary for independent variables and dependent variables*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.390 <sup>a</sup>	0.152	0.129	0.25044

Source: Author developed through data analysis

Table 3 shows the beta value for Social Media Marketing (SMM) is -0.172. Therefore, when the SMM is higher, it resulted in negative purchasing decisions of generations Y and Z toward the fast fashion industry. The beta value for SEO, MM, and SEM is 0.90, 0.121, and 0.299 respectively. Therefore, if the purchasing decisions of generation Y & Z towards the fast fashion industry are required to be increased, SEO, MM, and SEM must be increased by the stores respectively. The significance value of SEOF is 0.281 where the significance value is  $< 0.05$ . Therefore, accept the null hypothesis and reject the alternative hypothesis – H<sub>1</sub>: there is a significant positive relationship between the SEO and purchasing decisions of generations Y and Z. The H<sub>1</sub> hypothesis was further confirmed (Tiwari & Joshi, 2020). The significance value of SMMF is 0.044 where the beta value is -0.172 which is negative. As SMMF has changed its direction. And reject the null hypothesis and accept the alternative hypothesis – H<sub>2</sub>: there is a significant positive relationship between SMM and purchasing decisions of generations Y and Z. According to Tuten (2021), the H<sub>2</sub> hypothesis was further confirmed. The significance value of MMF is 0.162 where the significance value is  $< 0.05$ . Therefore, accept the null hypothesis and reject the alternative hypothesis – H<sub>3</sub>: there is a significant positive relationship between mobile marketing and purchasing decisions of generations Y and Z. The significance value of SEMF is 0.001 which is  $> 0.05$ . Therefore, reject the null hypothesis and accept the alternative hypothesis – H<sub>4</sub>: there is a significant positive relationship between the SEM and purchasing decisions of generations Y and Z. Thus, this reveals that this finding is consistent with their previous study based on past literature (Hammock, 2019).

**Table 3***Coefficients for independent variables and dependent variables*

Model	Unstandardized Coefficients		Standardize d Coefficients	t	Sig.
	B	Std. Error	Beta		
1	(Constant)	3.719	0.290	12.817	<0.001
	SEOF	0.040	0.037	0.090	1.083

SMMF	-0.109	0.054	-0.172	-2.030	0.044
MMF	0.108	0.077	0.121	1.406	0.162
SEMF	0.091	0.025	0.299	3.631	<0.001

*Source:* Author developed through data analysis

Table 4 reveals that the adjusted R<sup>2</sup> is 0.244 which shows that a 24.4% variance of the dependent variable was identified by moderating variables. This identifies that the model fit is good.

**Table 4**

*Model summary for moderating impact of government support*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.538 <sup>a</sup>	0.289	0.244	0.23336

*Source:* Author developed through data analysis

Table 5 shows the standardized coefficients of beta where the beta is the predictive power. The beta value for SEOFXGSF is 1.508 where the beta value is positive, and the direction is also positive. The significance value is 0.005 (> 0.05). Therefore, government support positively moderates SEO and purchasing decisions of generations Y and Z towards the fast fashion industry. The beta value for SMMFXGSF is -2.671 which consists of a negative moderation. The significance value is 0.005, > 0.05. Therefore, reject the null hypothesis and accept the alternative hypothesis - when government support for SMM applies, the SMM and purchasing decisions of generations Y & Z toward the fast fashion industry decrease. The beta value for MMFXGSF is 3.231 which consists of a positive moderation. The significance value is 0.012, > 0.05. Therefore, reject the null hypothesis and accept the alternative hypothesis - the GS positively moderates MM and purchasing decisions of generations Y & Z towards the fast fashion industry. The beta value for SEMFXGSF is 0.754 which consists of a positive moderation. The significance value is 0.080, < 0.05. Therefore, accept the null hypothesis and reject the alternative hypothesis - the government support positively moderates SEM and purchasing decisions of generations Y & Z towards the fast fashion industry. Thus, the H<sub>5</sub> hypothesis reveals that this finding is consistent with their previous study based on past literature (Chavan, 2018).

**Table 5***Coefficients for moderating impact of government support*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	5.522	0.986		5.598	<0.001
SEOFXGSF	0.150	0.053	1.508	2.851	0.005
SMMFXGSF	-0.266	0.094	-2.671	-2.838	0.005
MMFXGSF	0.327	0.128	3.231	2.558	0.012
SEMF	0.067	0.038	0.754	1.763	0.080
SEOF	-0.230	0.104	-0.523	-2.211	0.029
SMMF	0.459	0.205	0.724	2.243	0.026
MMF	-0.469	0.252	-0.526	-1.865	0.064
SEMF	-0.061	0.079	-0.199	-0.768	0.444
GovernmentSF	-1.142	0.493	-2.695	-2.316	0.022

Source: Author developed through data analysis

Table 6 reveals that the adjusted R square is 0.194 which shows that a 19.4% variance of the dependent variable was identified by moderating variables. This identifies that the model fit is significantly good.

**Table 6***Model summary for moderating impact of technology turbulence*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.493 <sup>a</sup>	0.243	0.194	0.24086

Source: Author developed through data analysis

Table 7 shows the beta value for SEOFXTTF is -0.261 which consists of a negative moderation. The significance value is 0.805, > 0.05. Therefore, accept the null hypothesis and reject the alternative hypothesis - the TT negatively moderates SEO and purchasing decisions of generations Y & Z towards the fast fashion industry. The beta value for SMMFXTTF is 0.765 which consists of a positive moderation. The significance value is 0.459, > 0.05. Therefore, accept the null hypothesis and reject the alternative hypothesis - the TT positively moderates SMM and purchasing decisions of generations Y & Z towards the fast fashion industry. The beta value for

MMFXTTF is 2.249 which consists of a positive moderation. The significance value is 0.113, > 0.05. Therefore, accept the null hypothesis and reject the alternative hypothesis - the TT positively moderates MM and purchasing decisions of generations Y & Z towards the fast fashion industry. The beta value for SEMFXTTF is 0.346 which consists of a positive moderation. The significance value is 0.640, > 0.05. Therefore, accept the null hypothesis and reject the alternative hypothesis - the TT positively moderates SEM and purchasing decisions of generations Y & Z towards the fast fashion industry. Thus, the H<sub>6</sub> hypothesis reveals that this finding is consistent with their previous study based on past literature (Jayarathne et al., 2021).

**Table 7**

*Coefficients for Moderating Impact of Technology Turbulence*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	7.964	1.746		4.562	<.001
SEOF	.091	.333	.206	.272	.786
SMMF	-.425	.378	-.671	-1.123	.263
MMF	-.830	.537	-.932	-1.546	.124
SEMF	.023	.198	.074	.114	.910
SEOFXTTF	-.018	.073	-.261	-.247	.805
SMMFXTTF	.062	.083	.765	.743	.459
MMFXTTF	.191	.120	2.249	1.596	.113
SEMFXTTF	.021	.044	.346	.469	.640
TechnologyTF	-.842	.394	-1.902	-2.136	.034

*Source:* Author developed through data analysis

Table 8 reveals that the adjusted R square is 0.121 which shows that a 12.1% variance of the dependent variable was identified by moderating variables. This identifies that the model fit is significantly good.

**Table 8***Model summary for moderating impact of competitive rivalry*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.417 <sup>a</sup>	0.174	0.121	0.25163

Source: Author developed through data analysis

Table 9 shows the standardized coefficients of beta where the beta is the predictive power. The beta value for SEOFXCRF is -0.179 which consists of a negative moderation. The significance value is 0.827, > 0.05. Therefore, accept the null hypothesis and reject the alternative hypothesis - the CR negatively moderates SEO and purchasing decisions of generations Y & Z towards the fast fashion industry. The beta value for SMMFXCRF is -0.812 which consists of a negative moderation. The significance value is 0.385, > 0.05. Therefore, accept the null hypothesis and reject the alternative hypothesis - the CR negatively moderates SMM and purchasing decisions of generations Y & Z towards the fast fashion industry. The beta value for MMFXCRF is 0.029 which consists of a positive moderation. The significance value is 0.977, > 0.05. Therefore, accept the null hypothesis and reject the alternative hypothesis - the CR positively moderates MM and purchasing decisions of generations Y and Z towards the fast fashion industry. The beta value for SEMFXCRF is 0.180 which consists of a positive moderation. The significance value is 0.849, > 0.05. Therefore, accept the null hypothesis and reject the alternative hypothesis - the CR positively moderates SEM and purchasing decisions of generations Y & Z towards the fast fashion industry. Thus, the H<sub>7</sub> hypothesis reveals that this finding is consistent with their previous study based on past literature (Jayarathne et al., 2021).

**Table 9***Coefficients for moderating impact of competitive rivalry*

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.726	1.592		1.712	0.089
SEOF	0.081	0.233	0.184	0.347	0.729
SMMF	0.154	0.305	0.243	0.505	0.615
MMF	0.076	0.321	0.085	0.237	0.813
SEMF	0.016	0.193	0.051	0.081	0.936
SEOFXCRF	-0.012	0.056	-0.179	-0.218	0.827
SMMFXCRF	-0.068	0.078	-0.812	-0.872	0.385

MMFXCRF	0.002	0.081	0.029	0.029	0.977
SEMFEXCRF	0.009	0.047	0.180	0.191	0.849
Competitive RF	0.324	0.421	0.859	0.768	0.444

*Source:* Author developed through data analysis

## 5. CONCLUSIONS & CONTRIBUTIONS

This research study was assembled to provide improved solutions for the identified research gaps by analyzing/examining the managerial problems in the fast fashion industry in Sri Lanka. This would result in fast fashion industry SMEs more readily performing while expanding their sales, and profits. This will further initiate them to learn present-day modern technologically advanced techniques and procedures such as e-marketing practices while digitalizing their marketing concepts/techniques which will provide sufficient information on the advantages of these instruments for additional improvements of the businesses. Therefore, the information gathered from this research study reveals that the fast fashion industry can use e-marketing practices, essential digitalized technologically advanced concepts and techniques while taking into consideration their unique business characteristics such as their creativity, vivid artworks, designs, etc. as these can be outwardly promoted/marketed using web-based platforms such as websites and social media to increment client mindfulness while subsequently increasing their sales and profits. Based on this research study, further confirms that Gen Y and Gen Z are the upcoming generations that are influenced by modern technologically advanced practices/concepts that will ultimately influence their purchasing decisions due to e-marketing practices.

### 5.1. Recommendations

After broadly analyzing this research study, the following recommendations can be given:

Increase technology know-how within the fast fashion industry, especially on how to incorporate ICT into their businesses to promote their business activities. Mainly, IT firms or website-developing companies need to analyze the issues identified in this research study and inform their target groups on the benefits of incorporating ICT into their business processes. Educate society on the benefits of basic educational levels and language literacy. Then the technological capabilities such as basic computer literacy levels can be achieved by both the stores as well as the consumers to fulfill their daily tasks and requirements. The IT firms must increase their awareness of how to adapt to digital marketing and e-marketing concepts such as SM



platforms to the fast fashion industry sector while providing adequate knowledge on these tools and techniques that can benefit business development. Increase commitment by SMEs of the fast fashion industry to implement modern technologically advanced e-marketing practices and concepts. SMEs can start their businesses and promote their products to the target market with low-cost concepts/platforms.

### **5.2. Limitations and future research**

Though this study contributes theoretically and practically, there are some limitations to this study. Firstly, this study was limited to two generation categories, Gen Y and Gen Z, and geographically, only to the Western Province of Sri Lanka due to limited resources and time. Hence, future studies can increase the scope of the study while accessing other generations and more geographic areas. Hence, there might be many areas that can be focused on for further analysis as this research topic covers a vast area due to the rapid advancements in technology.

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**FACTORS AFFECTING CONSUMERS' PURCHASE INTENTION  
TOWARDS INSTANT NOODLES IN THE CONTEXT OF WESTERN  
PROVINCE, SRI LANKA**

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**ABSTRACT**

This study is focused on identifying the Factors affecting consumers' purchase intention towards instant noodles in the context of Western Province, Sri Lanka. The Fast-Moving Consumer Goods industry is one of the most competitive industries in the world and even in the local context. Since Brand X has been demonstrating a continuous drop of sales over the period from 2016 to 2020 in such a competitive industry, and since previous studies have identified that purchase intention of a consumer has an imperative impact on the process of making a purchase decision, this investigation is conducted in order to pay genuine consideration to distinguish the variables and factors affecting the diminishing purchase intention towards Brand X products and feeble sales performance of the brand. The purpose of the study is to observe the effects of the independent variables of brand equity, price, perceived value and product attributes that were separately identified through the review of literature, on the dependent variable of the study which is purchase intention.

A quantitative approach has been utilised for this study wherein a survey has been conducted by administering a questionnaire to 100 respondents selected based on the convenience sampling mechanism. The analysis of the findings made up of inferential statistics including correlation and regression analysis, has pointed out certain relationships between independent variables such as price, perceived value and product attributes, with purchase intention, while managerial implications have been drawn and recommendations have been provided based on these findings.

**Keywords:** Brand Equity, Perceived Value, Price, Product Attributes, Purchase Intention

## 1. INTRODUCTION

The current study is conducted to investigate the factors affecting consumers' purchase intentions towards instant noodles in the context of Sri Lanka. According to prior studies, it is identified that purchase intention of a consumer has an imperative impact on the process of making a purchase decision. According to Hsu (1987), as cited in Lin and Lu (2010) purchase intention represents the probability for clients to buy a certain product.

This investigation is narrowed down to analysing consumers' purchase intentions towards a specific instant noodles brand and only covers consumers in the Western Province of the country. Owing to ethical considerations of research, the instant noodles brand that is examined will be hereon referred to as 'Brand X' while the company manufacturing and marketing the product will be termed as 'XYZ PLC'.

Being an internationally recognised instant noodles brand, XYZ PLC has never seized to make continuous improvements to Brand X products mainly in terms of quality, flavour and so on. Nevertheless, during the time frame from 2016 to 2020 the classic and hot ranges of Brand X instant noodles have confronted a critical drop in net sales volumes (21.4% decline in classic range, 27.5% decline in hot range) while the market share of Brand X also has decreased by 18.7%, threatening the competitive edge of XYZ PLC (XYZ PLC, 2021). Under such circumstances, a continuous drop in sales for Brand X is grievous since they are simultaneously losing a bigger share of the market.

Accordingly, genuine consideration should be paid to distinguish the variables and factors affecting the diminishing purchase intention towards Brand X products and the feeble sales performance of the brand, while giving higher consideration towards the drivers of purchase intention. Subsequently, the following objectives were set for the current study.

1. To identify the factors affecting consumers' purchase intention towards Brand X instant noodles in Western Province, Sri Lanka.
2. To examine the impact of the identified factors on consumers' purchase intention towards Brand X instant noodles.
3. To compare and identify the factors with the most significant impact on consumers' purchase intention towards Brand X instant noodles.
4. To provide recommendations and suggestions to improve consumers' purchase intention towards Brand X instant noodles.

A range of factors could impact consumers' purchase intention towards a particular brand while most scholars contend that such factors vary enormously upon the country, industry context, customer group etc. (Sagheb et al., 2019). Although there are vast amounts of research into areas related to consumers' purchase intentions, less attention has been paid to Fast-Moving Consumer Goods (FMCG) and food products in Sri Lanka since even the limited studies available are restricted to organic and green products (Wijesinghe & Aththanayaka, 2021). Simultaneously, there is a significant gap in research related to purchase intentions towards instant noodles in the local context, which the current study has attempted to address.

## **2. LITERATURE REVIEW**

### ***2.1 Fast-moving consumer goods and the instant noodles industry***

As indicated by Buckley et al. (2007) the Fast-Moving Consumer Goods (FMCG) market is consistently developing. These kinds of food items have assumed responsibility of and influence a major part of an overall consumer's regular day to day existence. Noodles is one of the staple food varieties devoured in numerous Asian nations. The properties of instant noodles like taste, convenience, safety, reasonable cost, longer expiry period, and quality elements significant for instant noodles such as flavour, colour, texture, cooking quality and so on have made such instant food products well known worldwide (Gulia et al., 2014).

### ***2.2 Theory of planned behaviour***

The theory of planned behaviour is a development made to the theory of reasoned action. As indicated by the theory, perceived behavioural control, along with intention, can be utilised straightforwardly to anticipate behavioural accomplishment (Ajzen, 1991). According to the theory of planned behaviour, execution of a behaviour is a collective action of intentions and perceived behavioural control, and the extension of the original theory tends to focus more on the impact of perceived behavioural control on intention and behaviour since the theory of reasoned action has already highlighted the importance of attitudes and subjective norms.

### ***2.3 Purchase intention***

Based on the theory of planned behaviour, it was previously identified how intention portrays a major role in influencing human behaviour as a mediating variable. According to Hsu (1987), cited in Lin and Lu (2010) purchase intention is alluded to certain trade behaviours engaged in after the customers' overall assessment of a product. As stated by Mirabi et al. (2015) in the present aggressive and dynamic business climate in which the force of retailers and the customers' demand levels are consistently

expanding, extending long term relationships with consumers is fundamental and vital for the survival and prosperity of business firms. Accordingly, the examination of consumer purchase decisions, intentions and the factors affecting them is viable and quite imperative in recognising the direction of consumer behaviour as a whole (Mirabi et al., 2015; Thapa, 2011).

#### ***2.4 Factors affecting consumers' purchase intentions***

The concept of consumers' purchase intention is rather subjective while most scholars contend that the factors affecting purchase intentions rely enormously upon the country and industry context on the grounds that each stratum of consumers have their own exceptional qualities (Sagheb et al., 2019). However, based on quantitative studies of Mirabi et al. (2015) and Jaafar et al. (2012), four main factors that could affect purchase intention of consumers which are deemed to be most relevant to the current study were identified as Brand Equity, Price, Perceived Value and Product Attributes.

##### ***2.4.1 Brand equity and its' impact on purchase intention***

Aaker (1992) states that brand equity can be in simple terms defined as the value of a brand. Keller (1993) through the Keller's Brand Equity Model clarifies that when there is strong brand equity, customers tend to buy more, suggest the brand to others, while being loyal, and less receptive to efforts of competitors in the market.

Mirabi et al. (2015) state that there is a critical connection between brand equity, consumer purchase intentions and the eagerness to recommend a brand to other people. Divolf (2005), as cited by Mirabi et al. (2015) states that it is probable that high brand awareness leads to higher brand association in the customer's minds. Thus, all things considered, brand awareness prompts the increment of customer choice to purchase a particular brand. Hernández and Küster (2012), cited by Mirabi et al. (2015) likewise recommend that attitudes of a consumer toward a brand altogether affects their purchase intention. Accordingly, it is clear as to how brand equity which is a blend of numerous concepts including brand awareness, preference, loyalty, image, association etc. could greatly impact consumers' purchase intentions.

#### ***H<sub>1</sub>: Brand equity has a significant impact on purchase intention***

##### ***2.4.2 Price and its' impact on purchase intention***

Kotler and Armstrong (2011) characterise price as what customers trade to acquire a specific product or service, or the worth they get. Various individuals interpret price diversely and consequently understanding how consumers decide their perceptions on price is a significant need in relation to marketing activities (Kotler & Keller, 2016).

Khraim (2011), cited by Mirabi et al. (2015) elucidates as to how price could

majorly impact brand loyalty while directly and also indirectly affecting consumers' purchase intentions towards a particular product. Concurrently, Tarkiainen and Sundqvist (2005) declared that there is a relationship between price and purchase intentions originating from the fact that price is an obstacle for the consumption and the purchase of food products.

***H<sub>2</sub>: Price has a significant impact on purchase intention***

*2.4.3 Perceived value and its' impact on purchase intention*

In current contexts, customer loyalty and commercial profits are unequivocally connected to the value created for consumers, and the idea of perceived value has grown to be a fundamental aspect in relation to marketing operations (Sánchez-Fernández & Iniesta-Bonillo, 2007). Notwithstanding this wide interest, the idea of 'perceived value' has not been precisely characterised nor defined in investigations relevant to the field.

By and large, perceived value can be identified as the assessment of the consumer in regard to the worth of the item to him or to her. The investigation by Dodds et al. (1991) on the connection between price, perceived value and several other factors with purchase intention suggests that the relationship model of price and perceived value which may include quality, assume a fundamental part in impacting consumers' purchase intentions. The examination likewise expresses that perceived value is a definitive factor in the consumer's decision-making process, and how shoppers will consistently favour purchasing a product with a greater perceived value.

***H<sub>3</sub>: Perceived value has a significant impact on purchase intention***

*2.4.4 Product attributes and its' impact on purchase intention*

Based on certain studies, it has been identified that currently, consumers choose to purchase conventional food items basing their choice on a multi-attribute framework of product attributes that could be ordered into the two fundamental categories of intrinsic and extrinsic product attributes. Intrinsic characteristics would include colour, smell, flavour, appearance and extrinsic qualities include features such as brand, personal reinforcement, country of origin etc. (Espejel et al., 2007). At the same time, scholars have also identified that focusing on intrinsic (tangible) product attributes alone, is not adequate to meet the necessities of the present dynamic business environment.

Waheed et al. (2018) identify product attributes as characteristics that define a certain product while creating an impact on the consumers' purchase decision. Their investigation infers that packaging and bundling material have the most grounded effect on customer purchase intentions.

***H<sub>4</sub>: Product attributes have a significant impact on purchase intention***



### **3. METHODOLOGY**

#### ***3.1 Research design***

Based on the concept of the research onion drafted by Saunders et al. (2009), the philosophy of positivism is selected for this study as the research is independent and depends on quantifiable observations that lead to statistical analysis. Simultaneously, the deductive approach is followed in this examination where an already existing theory is tested rather than creating a new theory. A survey strategy is typically connected with a deductive research approach and gives the researcher an economical method to gather tremendous measures of quantitative information. Hence, utilising a questionnaire appeared to be most relevant for this study based on the research approach as well as the insights provided in previous studies such as of Mirabi et al. (2015); Jaafar et al. (2012).

#### ***3.2 Population and sampling***

The population of the current study included consumers of the Western Province of Sri Lanka purchasing Brand X instant noodles. A sample of 100 respondents was selected for this study to adequately represent the characteristics of the entire population. As there is no list of the entire population of instant noodles consumers in the Western Province of the country as the product falls under the FMCG category, the non-probability sampling technique of convenience sampling was utilised. Consequently, sample of 100 respondents was firmly observed and picked inside the Western Province for this investigation.

#### ***3.3 Approach to data collection***

The primary data collection source was the survey conducted by administering a questionnaire to the selected sample of 100 respondents. The self-administered questionnaire was hence used as the research instrument, which consisted of 25 questions. Simultaneously, secondary data was collected through a rigorous review of literature including research articles published in indexed journals, book chapters of edited collections mainly in terms of identifying the factors affecting consumers' purchase intentions.

#### ***3.4 Goodness of measures***

##### ***3.4.1 Validity***

In this current study, purchase intention was identified as the dependent variable while brand equity, price, perceived value and product attributes were considered as the independent variables which affect purchase intentions. Each variable used for the study has been measured using 4 indicators.

Similar indicators have been utilised in studies of Mirabi et al. (2015); Jaafar

et al. (2012); and Nagy (2018) to measure the impact of factors affecting consumer's purchase intentions in very much alike contexts, and hence using such previously applied indicators in the current study has ensured the content validity of the data gathered for the study.

### 3.4.2 Reliability

The reliability analysis depicts the consistency of the indicators across time and across settings (Sekaran & Bougie, 2017). Reliability of data can be examined by analysing the Cronbach's alpha value which ought to be greater than 0.7 to fulfil the standards of the reliability test.

**Table 1**

*Summary of reliability results*

<b>Variable</b>	<b>Cronbach's Alpha</b>	<b>N of Items</b>
Brand Equity	0.927	4
Price	0.885	4
Perceived Value	0.909	4
Product Attributes	0.909	4
Purchase Intention	0.894	4

Based on the above data, the Cronbach's Alpha figure is greater than 0.7 and is between 0.8 and 0.9) for all variables. Therefore, it can be stated that there is good reliability, or a consistency of the indicators used to measure the independent variables of brand equity, price, perceived value and product attributes as well as the dependent variable of purchase intention.

## 4. DATA ANALYSIS & RESULTS

The hypothesis was tested using the Correlation Coefficient and the Regression Analysis under the significance level of 0.05.

**Table 2**  
*Summary of correlation coefficients*

Correlations						
		Purchase Intention	Brand Equity	Price	Perceived Value	Product Attributes
Purchase Intention	Pearson Correlation	1	.142	-.287**	.426**	.303**
	Sig. (2-tailed)		.159	.004	.000	.002
	N	100	100	100	100	100
Brand Equity	Pearson Correlation	.142	1	-.263**	.170	.446**
	Sig. (2-tailed)	.159		.008	.091	.000
	N	100	100	100	100	100
Price	Pearson Correlation	-.287**	-.263**	1	-.557**	-.366**
	Sig. (2-tailed)	.004	.008		.000	.000
	N	100	100	100	100	100
Perceived Value	Pearson Correlation	.426**	.170	-.557**	1	.538**
	Sig. (2-tailed)	.000	.091	.000		.000
	N	100	100	100	100	100
Product Attributes	Pearson Correlation	.303**	.446**	-.366**	.538**	1
	Sig. (2-tailed)	.002	.000	.000	.000	
	N	100	100	100	100	100

**Table 3**  
*Regression analysis*

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.439 <sup>a</sup>	.193	.159	.91024

a. Predictors: (Constant), Product Attributes, Price, Brand Equity, Perceived Value

R-

squared ( $R^2$ ) value is equal to 0.193 which means that the variance of the independent variables can explain only 19.3% the variance of dependent variable.

**Table 4**  
*ANOVA table*

ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	18.780	4	4.695	5.667	.000 <sup>b</sup>
Residual	78.710	95	.829		
Total	97.490	99			

**Table 5**  
*Coefficients table*

Coefficients<sup>a</sup>

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.382	.763		3.123	.002
	Brand Equity	.037	.122	.032	.301	.764
	Price	-.054	.109	-.056	-.497	.621
	Perceived Value	.322	.117	.345	2.761	.007
	Product Attributes	.086	.125	.083	.686	.494

a. Dependent Variable: Purchase Intention

Significance value according to the ANOVA table is lower than 0.05 (Sig.= 0.000) shows that this model is significant to predict dependent variable (Purchase Intention) and that the relationship between the independent variables and dependent variable is statistically significant.

Based on the figures the highest beta value is with perceived value (0.345) which gives the strongest unique contribution in explaining the dependent variable. The fact is also proven as the only perceived value (0.007) has a significant value that is less than 0.05.

## 5. DISCUSSION OF THE FINDINGS

Based on the hypothesis test, there is a weak positive relationship between brand equity and purchase intention. But the relationship is said to be statistically insignificant because of the higher  $p$  value. Nevertheless, the hypothesis test statistically proved that there is a weak negative relationship between price and purchase intention proving the findings of past literature such as of Tarkiainen and Sundqvist (2005) who cited that there is a relationship between price and purchase intentions originating from the fact that price is an obstacle for consumption and the purchase of food products in this case as a higher price has the capability to reduce the consumers' capacity of purchasing the product.

According to the results of the hypothesis test there is a moderate positive relationship between perceived value and purchase intention reinforcing the findings of the literature review such as the conclusion put forward by Dickson and Sawyer (1990) with the use of the utility theory as to how perceived value could behave in a positive relationship with the consumer's purchase intention. The impact of perceived value on purchase intentions was further signified through a study of Jaafar et al. (2012) and was reinforced through the current investigation since the independent variable of perceived value gave the strongest unique contribution in explaining the dependent variable.

It was also proven that there is a moderately positive relationship between product attributes and customer's purchase intention aligning with findings of previous studies such as of Wekeza and Sibanda (2019), Younus et al. (2015), Shafiq et al. (2011). Accordingly, all aspects including packaging, ingredients, flavour and taste of Brand X products should be improved to enhance purchase intentions and to gain a higher market share.

The regression analysis was used to analyse and conclude as to how the current model explains only 19.3% of the dependent variable and there is a balance of 80.7% which is not explained by this model. Variance of the independent variables (Brand Equity, Price, Perceived Value, Product Attributes) can only explain 19.3% the variance of dependent variable (Purchase Intention). The contradiction in terms of this variance in comparison to previous investigations can be mainly attributed to the fact that earlier studies were conducted in different geographic locations and contexts, customer groups etc., impacting the generalisation of results.

## 6. CONCLUSION & CONTRIBUTIONS

The ultimate purpose of this research was to identify the factors affecting consumers' purchase intention towards Brand X instant noodles in Western Province, Sri Lanka. While fulfilling this purpose, the study was also able to

obtain insights as to what customers want and an idea of how they think and perceive instant noodles products. The conceptual model was hence developed and applied to identify the relationship between the factors of brand equity, price, perceived value and product attributes on purchase intention through regression analysis. The regression results suggested that perceived value is the main factor with the most significant impact on purchase intention towards Brand X instant noodles.

The analysis of the regression model also demonstrates how the model includes independent variables that explain 19.3% of the dependent variable of purchase intention. This indicates that brand equity, price, perceived quality and product attributes do have an effect on the customers purchase intention and that Brand X should focus on these factors if they are to surpass the competition in the market in order to regain their position as the market leader. Although the relationship between brand equity and purchase intention towards Brand X cannot be clearly concluded, it does not mean that brand equity could be ignored as literature critically suggests the relationship and because the descriptive statistical findings highlight its importance for the growth of the brand. Perceived value is said to have the strongest impact on the customer's purchase intention towards Brand X and hence higher attention should be directed towards product quality improvements and delivery of maximum benefits while maintaining the given price rates.

It is also evident that extensive research needs to be further conducted to identify additional factors that could affect the broader concept of consumer purchase intentions. Future studies can be carried out with a larger sample to adequately capture data from the entire island so that the organisational issue can be comprehensively explored. At the same time, conducting a mixed method research too can be recommended.

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**CRITICAL FACTORS INFLUENCING THE PURCHASE INTENTION  
ON ONLINE FOOD DELIVERY SERVICES (OFDS) COLOMBO, SRI  
LANKA: AN APPLICATION OF THE UNIFIED THEORY OF  
ACCEPTANCE (UTAUT) MODEL**

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**ABSTRACT**

In current years it can be clearly seen that online food deliveries have change the game in the F&B industry (Chai et al., 2019). Mobile app users are expanding significantly. The industry will continue to develop, and the competition will grow rapidly. According to Uber SL news, in the food delivery market the local community has symbolized the power of online food delivery, with Uber Eats becoming very popular across Sri Lanka, further recently, researchers showed great enthusiasm in exploring the adoption of mobile food delivery applications among customers. Although most of the previous research have focused on online shopping behavior, not much light has been shed on this arena of online food delivery business. Therefore, still there is a lack of understanding of consumer behavior when it comes to online food shopping. To achieve this purpose, the study has used a UTAUT model by Venkatesh, and theoretical outcomes of prior literature related to Online Food Delivery Services. A quantitative study was carried out under the Research strategy, using the Survey method. Based on data collected from 242 residents in Colombo district in Sri Lanka, the authors empirically test the conceptual model using single regression analysis. Validity and reliability were well established in this specific study according to the SPSS Analysis. The study identified that the Effort Expectancy and Social Influence have a significant impact towards purchase intention of OFDS, and Effort Expectancy being recognized as the most significant factor towards purchase intention of OFDS.

**Keywords:** Food Delivery Applications, Online Food Delivery Services (OFDS), Purchase Intention, UTAUT

## **1. INTRODUCTION**

### ***1.1 Background of the study***

Presently consumer behaviour has shifted dramatically as a result of hectic lifestyles and technological advancements. The affordability of smart devices, improvements in telecommunication infrastructure, rising purchasing power, a lack of time, and additional convenience have forced businesses to integrate technology into their operations and cater to people's growing needs, allowing the rapid growth of this new business model of online food ordering (Bezerra et al., 2013). The emergence and use of food delivery applications and platforms have altered the way food suppliers and consumers connect all around the world.

Zomato, Uber Eats, Food Panda, Swiggy and Grubhub are some of the world-famous leading online food delivery applications. The convenience factor is the most significant factor that people tend to move towards online food delivery applications, further energy saving, cashless payment methods also have influenced consumers to move more and more towards online food delivery applications. This trend started growing rapidly with the beginning of the Covid 19 pandemic. Since people were restricted to visit restaurants, they started ordering food via online platforms.

Now with growing internet and social media usage Sri Lankan consumers are also experimenting online purchasing. The concept of online purchasing is now gaining fast popularity in Sri Lanka, where it is imperative that the internet marketers and retailers clearly identify the imperative for developing E-Commerce for the Sri Lankan consumer (Indujeeva, 2020).

### ***1.2 Problem statement***

Among other industries, Food services, hotels, and real estate have shifted from offline to online services. (Du et al., 2014). Customers' use of online food ordering has dramatically over time around the world. A great number of online food delivery start-ups have formed as a result of technological disruptions in the Smartphone app market, and local consumers have developed a growing thirst for these start-up apps (Kapoor & Vij, 2018).

In Sri Lanka after Covid 19 pandemic consumers showed a deep interest towards online food ordering. During the pandemic delivery services strengthen their safety guidelines of delivering food, therefore the risk was reduced and people tend to use more and more food delivery services. It has been reported that when it comes to Sri Lanka, Uber Eats is celebrating its second anniversary in the country, having successfully delivered over 10 million orders (Weerasooriya et al., 2021). Sri Lankan, mainly in urban areas such as Colombo District tends to order food mainly from Uber eats and Pick Me foods considering the convenience factor. Most of the OFDS such as Uber Eats and Pick Me food operate in Colombo and its suburbs. Therefore,

urban crowd in Sri Lanka has a better engagement and interaction with the OFDS. With reference to the statisita.com Data, revenue in the Sri Lankan Online Food Delivery market is projected to reach US\$511.60m in 2022. Revenue is expected to show an annual growth rate of 24.15%, resulting in a projected market volume of US\$1,509.00m by 2027.

Considering the growing demand towards OFDS and the consumers' behavioral change on moving from offline to online food purchasing it's important to identify the factors influencing the purchase intention of OFDS of consumers. Further, as a less tech savvy developing country, it's important to identify the technological acceptance of the consumers when interacting with the so called mobile apps. According to DataReportal statistics even though the numbers are growing comparatively Sri Lanka is in a low position than other countries when its' comes to digitalization. This research will fill a gap in literature by providing relevant insights and recommendations mainly to the marketers and the food suppliers and distributors. There is less or no research on in the Sri Lankan context. Therefore, there's a clear requirement to examine on the on the online food delivery services in the context of Sri Lankan culture.

### ***1.3 Research aim***

The aim of this research is to examine, analyses, assess and evaluate the critical factors influencing the purchase intention of online food delivery services utilizing UTAUT model to fill the gaps in the existing literature. Each critical factors under UTAUT model will be thoroughly examine by the researcher to find out the relationship between the factors and purchase intention.

### ***1.4 Research questions***

The study aims to answer the following research questions.

RQ 01: What is the relationship between performance expectancy and purchase intention of online food delivery services?

RQ 02: What is the relationship between effort expectancy and purchase intention of online food delivery services?

RQ 03: What is the relationship between social influence and purchase intention of online food delivery services?

RQ 04: What is the relationship between facilitating conditions and purchase intention of online food delivery services?

## **2. LITERATURE**

### ***2.1 Contextual literature***

#### *2.1.1 Online shopping*

In 2020, approximately two billion people will have bought products or services via online, with global e-commerce sales exceeding 4.2 trillion dollars. Global retail e-commerce sales increased by more than 25% in the year of the pandemic, (E-commerce worldwide, 2021). When it comes Sri Lankan context, Western province owns the largest online order share with 50%. Colombo and Gampaha lead the district wise order share with 31% and 15% respectively. It is an evident that more consumers from Colombo districts are engaging in online shopping activities. Out of the total online shoppers in Sri Lanka, 85% claim to have shopped on Daraz with rate of 94%. (Daily Mirror, 2020)

#### *2.1.2 Food delivery industry*

The food industry, like many other industries has also benefited from the e-commerce boom. That is, by making food accessible on online channels, the growing number of food distribution apps and websites has transformed the landscape of the food industry This game-changing trend has brought great opportunities to increase food accessibility and availability (Cho et al., 2019; Yeo et al., 2017).

The introduction of appealing, user- friendly applications and technology enabled driver networks, instant food delivery has emerged as a key industry as well as changing consumer expectations. Early during the lockdowns and social distancing rules provided the sector a huge boost, with delivery being a helping hand for the struggling restaurant industry.

#### *2.1.3 Online food deliver services (OFDS)*

If define food delivery applications (FDAs), they are a type of online-to-offline mobile service that allows customers to order goods and services online and have them delivered to them offline (Muangmee et al., 2022) OFDS offers a wider range of choices and allows customers to order from a host of restaurants, directly from a mobile phone. International food delivery platforms such as Uber Eats, Grubhub, Deliveroo, Just Eat, DoorDash, Swiggy, and Postmates have developed websites and mobile apps that aggregate supplies from multiple restaurants. This is to give the consumers the flexibility to browse, choose, order, track, and fulfill food orders (Gunden et al., 2020).

Because of the development of many food delivery service providers via the internet and mobile apps, food delivery services have been evolved By using food supply applications, customers will have access to order food from their selection of restaurants a suitable times and locations online technology

enables companies to position orders accurately with high effectiveness and efficiency in the operational processes of the last miles (Frey & Xu, 2017). Academics, marketing experts, and even the retail industry are all working to improve OFDS in order to reduce costs while increasing the number of users (Prasetyo et al., 2021).

#### *2.1.4 Online foods applications*

Online food delivery applications (OFDA) are an emerging area of an online-to-offline (O2O) service delivery platform. Evaluating the end-to-end service quality is an important issue starting right from the interaction with the OFDA apps for searching and ordering food to the last mile consumer experience with the delivery quality and food quality. The initial experience with the OFDA apps is captured through three mobile app attributes: visual design, navigational design, and information design (Pal et al., 2021) According to Kim et al. (2015) Customer relationships with products and brands have evolved as a result of the rapid adoption of smartphones and the proliferation of mobile applications.

New users of OFDS apps are mostly attracted by the benefits that these apps give. Practically customers do not need to go out on their own or contact the restaurant to place an order. Customers can use these apps to check up all nearby restaurants, view menu options, and order the food or beverages they want (Kapoor & Viji, 2018). To make purchasing even convenient, OFDS apps are now implemented with digital payment methods. Now availability on many restaurants are high on OFDS apps as a result of this new habit, in order to attract customers and enhance brand visibility (Chai & Yat, 2019).

#### *2.1.5 OFDS in Sri Lanka*

There are limited number of key players in the Sri Lankan online food delivery app market Currently in Sri Lanka the most famous online food delivery app duo are Uber eats and pick me foods. And also further notable mentions are pizza hut online delivery, dominos online delivery and mc delivery. Covid 19 pandemic gave a great chance for FDAs to grow within Sri Lanka. The move from cash-on-delivery, which was widespread between 2016 and 2018, to mobile payment, digital wallets, and card payments, which are dominant amid the COVID-19 pandemic, is also helping FDAs (Muangmee et al., 2021). People tend to order food mainly through OFDS during the Covid pandemic in Sri Lanka using cashless payment methods.

Uber Eats have successfully delivered over 10 million orders – giving them access to 34 available cuisines at the touch of a button, with an average

delivery time of 30 minutes (Uber Sri Lanka, 2021) witnessing the growing popularity of OFDS in Sri Lanka.

## **2.2 Theoretical literature**

### *2.2.1 UTAUT model*

The UTAUT is a theory that was developed to examine how people accept the technology. Users' behavioural intentions on new technologies are predicted by the unified theory of use and acceptance of technology (UTAUT). Performance expectancy, effort expectancy, social influence, and facilitating conditions are all significant components in the theory that impact user behaviour and acceptance. As a result, the UTAUT model can be used in conjunction with other variables to determine the elements that influence FDA users' behaviour and acceptance of OFD technology (Muangmee et al., 2021). The model provides empirical insight into technology acceptance by comparing prominent technology acceptance theories, which often offer competing or partial perspectives on the subject. UTAUT offers a stronger predictive power compared to the rest of the models that examine technology acceptance (Davis, 1993; Sheppard et al., 1988)). Sri Lanka, is a less tech savvy country and it's important to identify the technological acceptance when considering the purchase intention of OFDS. Therefore, UTAUT model has been specifically used for this cause.

#### *2.2.1.1 Performance expectancy*

In the research indicator of performance, an "individual believes that using the system will help him or her to attain gains in job performance" (Venkatesh et al., 2003, p. 447), it is said that Customers' performance expectations are the most significant factor that impacts their adoption of FDAs. (Muangmee et al., 2021). The user's level of belief that the technology would improve performance in specific activities is referred to as performance expectancy in the UTAUT paradigm Individuals believe that their performance can increase by using a given technology are defined as performance expectancy or usefulness. (Venkatesh et al., 2012).

#### *2.2.1.2 Effort expectancy*

Effort expectation is defined as "Ease associated with the use of the system" (Venkatesh et al., 2003, p. 450). Another determinant variable in the UTAUT theory is effort expectations, which refers to the degree to which consumers are connected with the usage of a certain technology. In the present context, effort expectancy refers to the ease and convenience that consumers feel while purchasing. The effort expectancy can be used to predict whether or not a technology will be utilized again depending on how easy it is to use.

FDAs are frequently simple to use because they require few steps and provide a variety of payment options. However, improving consumers' familiarity with new technologies does not have a direct impact on their ongoing use in the long run. (Muangmee et al., 2021).

#### *2.2.1.3 Facilitating conditions*

Individual beliefs within the presence of organized technological assistance for the use of a system are referred to as facilitating conditions (San Martin, 2012). This comprises a user's expectation that he or she will have access to guidance, training, and assistance while attempting to acquire technology. (Shao, 2011). Users who have suitable facilitating conditions are less likely to utilize a new service, which strengthens their intent to use it. (Venkatesh, 2012). Lewis et al. (2013) Individuals typically seek assistance when attempting to use new technologies, according to the argument.

#### *2.2.1.4 Social influence*

Social influence is defined by Venkatesh et al. (2003, p. 451) as “an individual perceives that important others believe he or she should use the new system,” Another factor of behaviour and intention to use new technology is social influence. The perception of someone who believes advice from others to be essential in determining which technology to employ is known as social influence. (Venkatesh et al., 2003). Users get the willingness to explore new technologies from others, such as friends, colleagues, and families, through social influencers.

Performance expectancy is one of the major constructs in the UTAUT and it is considered as the individual user believes that the use of new technologies will enhance his or her job performance (Venkatesh et al., 2003). There were 116 research (Williams et al., 2015) that examined the link between performance expectancy and purchase intention, and 80% of them found the link to be significant. This link has been established in a number of instances, including the acceptance of internet banking. It has been said that performance expectancy is the strongest predictor of attitude toward the use and behavioral intentions (Jeng & Tzeng, 2012). Accordingly, consumers' expectation of the e-commerce platforms' performance affects the willingness to purchase. It's said that a greater improvement in the efficiency of performance bring by the e-commerce platforms will make the consumers more inclined to use the platform. Further it has been repeatedly confirmed in studies on the factors that influence the acceptance and use of new products and technologies (San Martin, 2012). Therefore, we hypothesize that performance expectancy positively impacts purchase intention.



**H1: Performance expectancy significantly impacts purchase intention of online food delivery services**

Effort Expectancy can be defined as a technology's expected complexity and the amount of work effort that need to put to use it. In Davis' Technology Acceptance Model (TAM), the effort expectancy elements in the UTAUT are equivalent with perceived ease of use (1989). In 58% of investigations a substantial relationship between effort expectation and purchase intention has been identified (Williams et al., 2015).

The link between Effort Expectancy and Purchase Intention has been found to be significant in a range of cases, including customer adoption of information technology in Canadian businesses. (Neufeld et al., 2007), University students in the north eastern United States enjoy digital libraries (Nov & Ye, 2009), Employees from four Taiwanese distribution service companies have implemented CRM systems (Pai & Tu, 2011) and mobile banking adoption in Pakistan (Abbas et al., 2018). And Shih et al. (2013), show that the degree of convenience expected by the consumers is positively correlated with consumers' online shopping attitudes. Therefore, we hypothesize that effort expectancy positively impacts purchase intention.

**H2: Effort expectancy significantly impacts purchase intention of online food delivery services**

Social influence refers to the extent to which other people in a customer's social circle convince them to use online meal delivery services. Marketing researchers looked at the relationship between social influence and behavioural intention and found it to be relevant in 75% of cases (Williams et al., 2015). Previous studies have discovered that there is a link between social influence and purchasing intent in a range of settings. Such as Qatar's introduction of e-government services (Al-Shafi & Weerakkody, 2009), Users in Taiwan are embracing kiosk-based e-government services (Hung et al., 2007), the behaviour of mobile Internet users in Greece has changed. (Kourouthanassis et al., 2010), Chinese students' adoption of a C2C auction platform (Pahnila et al., 2011) and End-users of university libraries in Uganda accept information communication technology (ICT) services. (Tibenderana et al., 2010). Therefore, we hypothesize that social influence positively impacts purchase intention.

**H3: Social influence significantly impacts purchase intention of online food delivery services**

According to a previous study the relationship between conducive conditions and purchasing intent and found that 69% of people thought it



was important (Williams et al., 2015). In many circumstances, research has revealed a link, such as the adoption by Facilitating Conditions and Purchase Intention, which has been found to be important (Schaupp et al., 2009), Internet banking is getting more popular in Kuala Lumpur (Sok & Chan, 2011). Teachers in Singapore have expressed an interest in incorporating technology into their classrooms (Teo, 2011), Undergraduate university students in South Africa accept mobile phones (Biljon & Kotzé, 2008), and there has been a change in Taiwanese perceptions about 3G mobile phone users (Wu et al., 2007). One of the facilitating conditions is a person's belief that the infrastructure is in place to facilitate the usage of online food delivery services. As a result, the following hypothesis is stipulated. Therefore, we hypothesize that facilitating conditions positively impacts purchase intention of OFDS

**H4: Facilitating conditions significantly impact purchase intention of online food delivery services**

### **3. METHODOLOGY**

Researcher has used Positivism as the research philosophy because, this study is based on research questions which are going to be tested and confirmed by relevant hypotheses. Accordingly, this study has utilized the Deductive research approach. A quantitative study will be carried out under the Research strategy, using Survey method. An online questionnaire (Google Form) was circulated among the participants to collect data relevant to the study. The time horizon for the study is considered as single cross sectional. In order to conduct this study a quantitative Approach will be employed as it is the best suited method for conducting a study of this nature. Using 1-5 Likert scale the 04 dimensions were operationalized taking indicators established by Lima and Baudier (2017) into consideration.

Population of this study will be the whole population lives in Colombo District, Sri Lanka which is 2.25 MN according to the Department of Census and Statistics (2021). Gender, age, income level, education and occupation are some of the most commonly used demographic factors to get an understanding about the sample of the research. Researcher have selected an adequate convenient sample of size 242. According to Comrey and Lee (1992) define the efficiency of samples according to their sample size, whereas a sample size of 100 people is considered poor, 200 is fair, 300 is good, 500 is very good and lastly,1000 is considered to be excellent.

Regarding the principal component analysis, Hair et al. (2005), recommend a sample size superior to 200 participants

### **3.1 Goodness of measurement**

With reference to the Rotated Component matrix expect the indicator “FC4” (I could get help from others when I have difficulties using Online food delivery services) other indicators are well established. Therefore, all the remaining indicators will be carried forward for further analysis.

Cronbach's alpha is used to examine the reliability, and the reliability is established well in the study.

#### **3.1.1 Reliability analysis**

**Table 1**

<b>Dimension</b>	<b>Cronbach's</b>	<b>No of indicators</b>
Performance Expectancy	0.898	4
Effort Expectancy	0.906	4
Social Influence	0.878	3
Facilitating Conditions	0.812	3
Purchase Intention	0.833	3

*Source:* SPSS Data

Accordingly construct validity, convergent validity and discriminant validity is well established in the study.

### 3.1.2 Validity analysis

**Table 2**

Variable	Dimension	Test with Standard			
		KMO	BTS Sig	AVE	CR
		>0.7	<0.5	>0.5	>0.7
Independent Variables	Performance Expectancy	0.817	0.000	0.614505	0.982383
	Effort Expectancy	0.842	0.000	0.626573	0.985476
	Social Influence	0.718	0.000	0.5382	0.964187
	Facilitating Conditions	0.716	0.000	0.5006	0.96682
Dependent Variables	Purchase Intention	0.717	0.000	0.52	0.958724

Source: SPSS Data

Skewness and Kurtosis values range from -2 to +2 and the recommended value range of Skewness and Kurtosis for normal distribution of data is +2 to -2 (Hair et al., 2014). As depicted in the Table 4.9, only Skewness values are between of -2 to +2. However, Performance expectancy, Effort expectancy Facilitating condition variables' Kurtosis value is not between the recommended value ranges. But considering the majority it can be concluded that data is normally distributed and qualified for the further studies for the research.

### 3.2 Hypothesis testing

Four hypotheses are generated for this study as stated earlier. For all hypothesis were tested using the Multiple Regression Analysis.

#### 3.2.1 Multiple regression model summary

Adjusted R<sup>2</sup> value of the model is 0.460 and it indicates approximately 46% of the dependent variable which is purchase intention on online food delivery services is explained by the independent variable namely performance expectancy, effort expectancy, social influence and facilitating conditions. Since R<sup>2</sup> value is less than 50%, it can be concluded that there can be other variables rather than considering variables of the study that would explain the dependent variable which is, purchase intention towards online food delivery services in Colombo, Sri Lanka.

### 3.3 Multiple regression model summary

**Table 3**

Model Summary <sup>b</sup>				
Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	0.685 <sup>a</sup>	0.469	0.460	.54951

a. Predictors: (Constant), FC, SC, PE, EE

b. Dependent Variable: PI

Source: SPSS Data

#### 3.3.1 Multiple regression Anova test

According to Table 4.19, the significance level is less than 0.05 (sig. value = 0.000) at 52.370 of F statistic. Therefore, it can be concluded that the regression model is significant.

### 3.4 Anova test

**Table 4**

ANOVA <sup>a</sup>						
Model		Sum Squares	of df	Mean Square	F	Sig.
1	Regression	63.254	4	15.814	52.370	0.000 <sup>b</sup>
	Residual	71.565	237	0.302		
	Total	134.819	241			

a. Dependent Variable: PI

b. Predictors: (Constant), FC, SC, PE, EE

Source: SPSS Data

### 3.2.3 Multiple regression coefficients

According to Table 4.20, Effort Expectancy and Social Influence variables significance values are less than 0.05. So, which can be considered these two variables have the significant impact towards dependent variable purchase intention of OFDS in Colombo, Sri Lanka. Performance Expectancy and Facilitating Conditions variables significance values are higher than 0.05, which can be considered these two variables do not have the significant impact towards dependent variable purchase intention of OFDS in Colombo, Sri Lanka.

Effort Expectancy, B value (0.309) is higher than Social Influence variable B (0.209) value. So that it can be concluded that the most impactful credibility factor towards purchase intention of OFDS in Colombo, Sri Lanka.

### 3.5 Multiple regression coefficients

**Table 5**

<b>Coefficients<sup>a</sup></b>						
Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	0.755	0.239		3.157	0.002
	PE	0.105	0.071	0.106	1.469	0.143
	EE	0.309	0.088	0.304	3.528	0.001
	SC	0.201	0.052	0.224	3.880	0.000
	FC	0.190	0.100	0.169	1.912	0.057

a. Dependent Variable: PI

Source: SPSS Data

## 4. RESULTS AND FINDINGS

### 4.1 Main findings

#### 4.1.1 *Impact of performance expectancy on purchase intention of online food delivery services*

Performance expectancy that comes under the UTAUT model involves the user's level of belief that the technology will improve performance in specific activities. The performance expectancy can therefore be used to determine the user's likeliness to adopt new technology. (Chaiyasoonthorn et al., 2019). Thus, using performance expectancy to determine users' acceptance intention of OFDS indicates greater intentions (Wei et al., 2021).

In a research conducted on consumers' purchase intention of using a fresh e-commerce platform (Chen et al., 2021) In addition to this previous research has also shown that performance expectancy have a beneficial effect on the purchase intention (Farah et al., 2018; Nawi et al., 2017; Singh & Matsui, 2018; Tarhini et al., 2018)

But in this specific research it was explored that performance expectancy has no significant impact on the purchase intention of OFDS in Colombo Sri Lanka according to the multiple regression analysis This is in contrast with many previous research. But in a specific research on purchase intention of OFD on students in a private university, it has been explored that performance expectancy is not important for them to choose online food delivery (Lee et al., 2019). This finding perfectly aligned with the findings of this particular research. Some other studies too showed results which demonstrated that effort expectancy does not determine the intention to use (Oliveira et al., 2016; Verkijika, 2018).

Therefore, taking the regression analysis results into consideration, this research demonstrates that there's no significant impact of Performance Expectancy towards the Purchase Intention of OFDS in Colombo, Sri Lanka.

#### 4.1.2 *Impact of effort expectancy on purchase intention of online food delivery services*

Effort expectancy is another important driver of purchase intention in the UTAUT, and it is defined as a user's expectation that using technological applications will not be tough or challenging (Venkatesh et al., 2003). Previous research has also demonstrated that effort expectation has a positive significant impact on purchase intention (Alalwan et al., 2017; Farah et al., 2018; Pascual Miguel et al., 2015).

Similarly in this specific research it has been revealed that effort expectancy have a significant positive impact on purchase intention of OFDS in Colombo, Sri Lanka. The findings on that effort expectancy have a significant impact on purchase intention to order food online backs up by previous research that found that effort expectancy is a significant predictors of purchase

intention (Alalwan et al., 2018; Chopdar et al., 2018; Escobar-Rodriguez & Carvajal-Trujillo, 2014; Oliveira et al., 2016). Also, further it has been confirmed that effort expectancy had a beneficial impact on the intention to buy food online (Dedeke, 2016; Kim & Shim, 2017).

But in align with majority of the research findings, this specific research reveals that effort expectancy has a significant impact towards purchase intention of OFDS in Colombo, Sri Lanka, and Effort Expectancy is the most impactful factor towards Purchase Intention of OFDS in Colombo, Sri Lanka, based on the multiple regression analysis.

#### *4.1.3 Impact of social influence on purchase intention of online food delivery services*

Social Influence refers to the extent to which other people in a customer's social circle convince them to use online food delivery services. Previous study has discovered that there is a link between social influence and purchasing intent in a range of settings.

As mentioned in purchase intention of using a fresh E-Commerce platform (Chen et al., 2021) and many other previous research findings, the social influence exerts a significantly positive effect on consumers' purchase intention (Dwivedi et al., 2019; Jeng & Tzeng, 2012; Lunney et al., 2016; Tan & Ooi, 2018; Tao et al., 2020; Yan & Or, 2019), which reveals a potential manner of peer effect in the context of emerging information technology. It implies that making the platform prevalent and fashionable (through advertising, promotion, etc.) is crucial to maintain a customer base as well as to attract new users.

When it came to choosing which app to use, users were found to be heavily influenced by their peers, implying that delivery app providers must be diligent in seeking word-of-mouth marketing. Given that users in their 20s and 30s make up a significant portion of delivery app users and are frequent social network users, there is a need to aggressively use social media to reach these age groups as a core user base.

In this specific research it has been revealed that Social Influence has a significant impact towards Purchase Intention of OFDS in Sri Lanka.

#### *4.4.1 Impact of facilitating conditions on purchase intention of online food delivery services*

Customers' requirements for the resource and support required to execute a behavior is referred to as Facilitating Conditions. (Brown & Venkatesh, 2005; Venkatesh et al., 2003). This specific research reveals that facilitating conditions has a positive impact towards the purchase intention of OFDS in Colombo, Sri Lanka according to Pearson's' Correlation. But according to the multiple regression analysis it has been revealed that there's no significance among facilitating conditions and the purchase intention of OFDS.

Similarly, several researchers discovered that facilitating conditions was not significant determinants in predicting delivery app purchase intent. This is due to advancements in smartphone and ICT technology, which have brought app implementation to a point where customers have minimal problems utilizing them. The short process from search to order, which leaves consumers with little time for enjoyment, may be to blame for the hedonic motivation effect. Finally, because there are no variations in tangible benefits between making an order through phone/smartphone or delivery app, buyers do not perceive a price-value gain.

Therefore, considering the regression analysis results into consideration, this research demonstrates that there's no significant impact of Facilitating Conditions towards the Purchase Intention of OFDS in Colombo, Sri Lanka.

#### **4.2 Other findings**

- All the respondents (242) are using the online food delivery services.
- Among Uber Eats and PickMe Foods majority of the 160 respondents (66.12%), are using Uber Eats and it can be seen that the most preferable OFDS is Uber Eats. The minority of 02 respondents (0.03%) are using other OFDS such as Pizza hut delivery and dominos delivery.

### **5. CONCLUSION AND CONTRIBUTION**

It was identified that Performance Expectancy and Facilitating Conditions do not have a significant impact towards purchase intention of OFDS in Sri Lanka, but Effort Expectancy and Social Influence have a significant impact towards purchase intention of OFDS in Sri Lanka. Effort Expectancy was identified as the most significant/salient factor towards purchase intention of OFDS in Sri Lanka. Based on these findings stakeholders can move forward with precise accurate timely decisions.

In terms of marketing initiatives aimed at increasing OFDS in restaurants, the knowledge on characteristics that influence the purchasing intention to use an online food delivery service is useful. Restaurants can reap benefits such as lower maintenance and labor costs by installing OFDS. In conclusion, food service companies will gain a competitive edge through marketing strategies that promote the adoption of new SST. According to the findings, the most crucial element affecting a consumer's decision to use online meal delivery services is effort expectancy. The ease associated with the use of the system is largely connected with effort expectancy. Optimizing the operational processes and search systems of the platform will increase consumer adoption and ease of use of the platform, thereby increasing consumer purchase intention. As a result, food service operators must guarantee that OFDS are helpful and simple to use in order for ordering and payment systems to have a less effort on the food ordering process.



Customers must be able to customize their menus and specify additional particular requirements via OFDS. A sufficient number of OFDS should be available to reduce the amount of time people have to wait to use them. For clients, promptness is a key element of OFDS that helps them avoid being inconvenienced. A rapid knowledge of user instructions is necessary to reduce the amount of time it takes an individual to utilize OFDS. As a result, on the start screen, user instructions for menu location, special orders, and payment must be explicit and descriptive for easy comprehension in busy locations, smartphone-enabled self-ordering systems are necessary (e.g. Starbucks' Siren Order, which allows customers to place an order on the way to a store). This will help food service providers, restaurants, and online delivery services to develop their marketing strategies to catch the target market. As well service providers can think of new methods to attract potential customers through online food delivery service development.

Social Influence being a significant factor towards purchase intention of OFDS marketers who advertise OFDS must consider in influencing the peers of the consumers through an emotional, empathetic advertising and promotional methods.

### ***5.1 Limitations and potential for further research***

One drawback is that the current study a limitation of this study lies in the skewed sample of our study, which might raise a major concern about the generalizability of our findings. The sample employed in this study is dominated by young (aged 24 to 29) and comparatively low-income respondents. Employ of diverse samples in terms of age and income is a possible direction of future research. This research is limited to a specific geographical and a cultural area. Results Less tech savvy and developing country like Sri Lanka will be totally different form European or an American country, therefore there are enough of avenues to explore more on OFDS.

Further data collection during the Covid-19 Outbreak was challenging at the time, a web-based survey (Google form) was used to obtain information. As a result, gathering data from the relevant sample was a little difficult, and the results may be skewed as a result. On the other hand, when filling out the questionnaire on the spot, it was unable to clarify any doubt s that respondents had about a particular question. So that future researchers can physically obtain important data from each response. Researchers may incorporate mediating variables into the theoretical model in future studies to better understand how intermediate variables influence the theoretical model. Finally, additional qualitative data may have been collected in future research by including novel data collection approaches such as case studies and in-depth interviews with target clients.

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## **CONSUMER WILLINGNESS TO PAY FOR HIGH QUALITY LEAFY AND SMALL LEAF TEAS IN THE WESTERN PROVINCE, SRI LANKA**

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### **ABSTRACT**

The “Quality” of tea, which is determined by a tea taster, is the determinant of the price of tea. When tea culture was introduced to the world, only the wealthy could afford it, as quality tea was expensive. Later, to make people of all classes and social ranks practise it, teas were made at affordable prices, sacrificing quality over quantity, and making tea a beverage consumed by people in their daily life. Sri Lanka is considered as the country which produces the highest quality orthodox teas in the world. The brand “Ceylon Tea” under which Sri Lanka’s teas are sold and exported, has come to be associated with a “Symbol of Quality.” Despite this global recognition for quality, domestic consumers believe that the teas available in the local market are of a very poor quality. Hence, an investigation on new market opportunities for high quality teas within the local market is worthwhile. This research was conducted to identify consumer willingness to pay for high quality teas in the Western Province, the province that has the highest household income among the nine provinces of Sri Lanka, by understanding consumer beliefs and marketing mix factors which would influence customer willingness to pay. Using a self-administered online questionnaire, the survey was conducted with the participation of 209 tea consumers from the Western Province. The results obtained by analysing the data using the Ordered Logistic Regression Model revealed that consumer perceived behaviour, attitude, gender and marketing mix factors significantly affect consumer willingness to pay for high quality leafy and small leaf teas in the local market.

**Keywords:** Marketing mix, ordered logistic regression, Quality teas, Sri Lanka, Willingness to pay

## 1. INTRODUCTION

The bond between the Sri Lankan people and this herbal beverage brewed from the leaves of *Camellia sinensis* is very strong. Over 85% of Sri Lankans consume Black Tea regularly (Abeygoonaratne & Kularatne, 2015). Also, plain tea and milk tea are the two beverages which have the highest average monthly per household consumption, with 5.91 and 1.92 units respectively (Department of Census and Statistics, 2022). Even though a significant number of people in a developing country like Sri Lanka's consume tea as a regular beverage, tea was not for everyone in the beginning. The culture of drinking tea was introduced by the aristocratic classes of England and China. Only the wealthy could then afford to buy tea, and it was only with time that it became affordable to all social classes (Wang, 2011).

Tea is a drink which is valued for the quality attributes of its infusion, which is done by a tea taster (Liang et al., 2003); hence the higher the quality of the tea, the higher it is priced at. Taking British tea culture as an example, different customs like Afternoon Tea, High Tea and Tea Breaks imply that drinking tea is a celebration rather than a day-to-day practice. However, in Sri Lanka, a country with a Gross Domestic Product of USD 84,518.83, as drinking tea is more a method to quench thirst and beat hunger, the concept of selling expensive, high-quality teas could be argued as illogical in General Trade and Modern Trade, even in urban areas.

Sri Lankans are very familiar with tea. Unfortunately, the teas they are familiar through daily consumption, are not the types which are high in quality and exported around the world. Surprisingly, Sri Lankans are quite aware that the teas available in the local market are of poor quality. It is unclear why the local market is not flushed with high quality teas, and it could be beneficial for tea manufacturers to know whether local customers would be interested in buying them if local markets were introduced to high quality teas. On the other hand, it is also important to know whether the local customer is ready to pay a higher price to acquire quality.

As it is required to pay a premium to purchase high quality tea, this study is focused on the Western Province in Sri Lanka, in which the Mean Household Income is the highest among all provinces at LKR 109,813 (Department of Census and Statistics, 2022). Even though high-quality teas would cater only to a niche market, manufacturers can obtain the advantage of premium products increasing brand equity and triggering more sales, as tea is bought mainly for its brand (Padmali & Fernando, 2016). Accordingly, the objective of this study was to investigate consumer willingness to pay for high quality leafy and small leaf teas in the Western Province of Sri Lanka.



## 2. LITERATURE REVIEW

### 2.1 *Quality of tea*

The quality of tea is what determines its market value. Even to-date, quality evaluation of tea is done by an inspection judgement of sensory analysts who are known as “tea tasters.” The quality grade is judged by the tea’s sensory appearance, smell, flavour and taste (Yan, 2007). Sri Lanka holds a very prominent place in the global tea market. Black tea is manufactured in 2 different styles known as Orthodox and CTC (Cut, Tear, Curl). In the field of orthodox tea manufacturing, Sri Lanka is considered as the manufacturer with the best quality (Hilal & Mubarak, 2016).

Tea manufactured in Sri Lanka is sold in the global market under a brand named “Ceylon Tea.” This is symbolized by the famous “Lion Logo” which is owned by the Sri Lanka Tea Board (SLTB). The lion logo contains the wording “Symbol of Quality,” and to be eligible to carry this branding, the tea should be 100% Sri Lankan and above the ISO 3720 standard. A tea eligible for the “Lion Logo” would also carry the narration “Pure Ceylon Tea – Packed in Sri Lanka” (Sri Lanka Tea Board [SLTB], 2022).

There are many factors which determine the quality of the tea infusion from the clonal variety from which the leaves are plucked, to the final step of processing. The number of volatile compounds and the ratios that are present in the infusion are what create the distinctive aroma and flavour of the infusion which undergoes sensory evaluation (Dutta et al., 2003). According to research conducted by Liang et al. (2003), the content of caffeine, nitrogen, amino acids, polyphenols, gallic acid, epigallocatechin, catechin, epicatechin, epicatechin gallate, catechin gallate, total catechins, theaflavin and theaflavin-3-gallate and certain infusion colour indicators are determinants of the final quality of the tea infusion.

### 2.2 *Leafy and small leaf tea grades*

Ceylon Teas which are produced under the Orthodox style, are categorized under many grades. There are eight Main Grades of Leafy Teas, namely, Broken Orange Pekoe One (BOP1), Orange Pekoe One (OP1), Orange Pekoe (OP), Orange Pekoe ‘A’ (OPA), Pekoe (PEK), Flowery Pekoe (PEK-1), Golden Tip (GT) and Silver Tip (ST), while the 10 Main Grades of Small Leaf Teas are named as Broken Orange Pekoe (BOP), Broken Orange Pekoe Fanning (BOPF), Flowery Broken Orange Pekoe Fanning (FBOPF), Flowery Broken Orange Pekoe Fanning One (FBOPF1), Flowery Broken Orange Pekoe Fanning Special (FBOPFSP), Flowery Broken Orange Pekoe Fanning Extra Special (FBOPFEXSP), Flowery Broken Orange Pekoe (FBOP), Flowery Broken Orange Pekoe One (FBOP1), Dust (D) and Dust One (DUST1). In addition, there are three Off Grades known as Pekoe Fanning (PFGS), Broken Pekoe (BP), and Broken Orange Pekoe One ‘A’ (BOP1A), apart from the stated in above Main Grades (Tea Exporters Association, 2022).

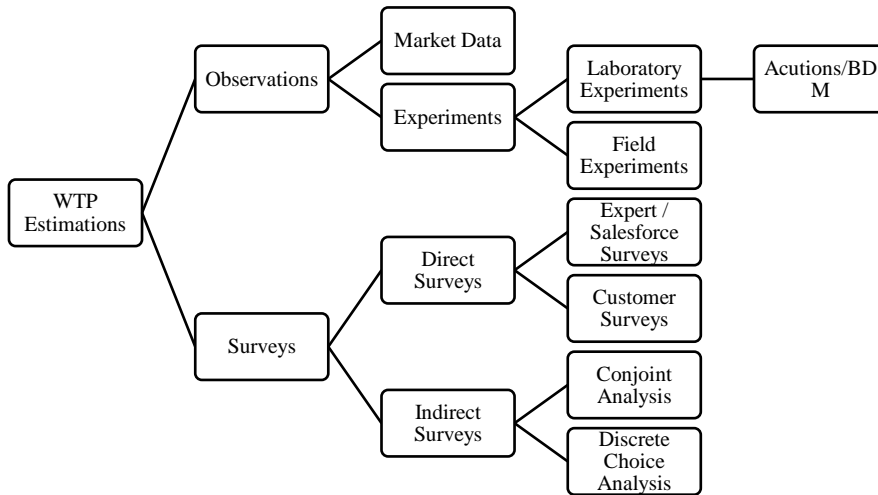
### ***2.3 Tea and health***

A very good reason for the need for high-quality teas in the local market is the health benefits they could provide to local consumers. The tea infusion is renowned for several health benefits due to the flavonoids present in it. Daily consumption of tea helps to prevent cardiovascular diseases such as decreasing the development of myocardial infarction by 44% and stroke by 73%. Daily consumption also reduces the development of several types of cancers. Reduction of digestive cancers by 60%, urinary tract cancers by 32% and pancreatic cancer by 12% in males and 53% in females, colon cancer by 4%, rectal cancer by 44%, colorectal cancer by 21%, prostate cancer by 70%, and urinary bladder cancer by 50% in females were found in studies. According to previous research conducted using mice, the specimens treated with tea or tea-derived antioxidants developed fewer lung and skin cancers than mice treated with water. It has also been found that consumption of two to three cups per day lowers the risk of the development of kidney stones. In addition, tea, which is considered an immunity booster, is supposed to work against microorganisms causing diarrhea (Trevisanato & Kim, 2000).

### ***2.4 Willingness-to-Pay (WTP) in marketing***

A serious pricing strategy is crucial for any company when launching products onto the market, to give a better value to the customer and to be competitive when compared to other companies. According to Monroe and Cox (2001), only 8% to 15% of Sri Lankan tea companies conduct serious pricing research to develop effective pricing strategies, while the rest do their marketing based on what is called an intuitive pricing strategy. Anderson et al. (1993) state that the cornerstone of any marketing strategy is knowledge of the customer's response behaviour. Hence, WTP is recognized as a valuable tool to understand and implement optimal pricing strategies in marketing (Balderjahn, 2003).

Willingness to pay is the highest price an individual is willing to pay for some good or service (Ch, 2005). According to Ogbeide et al. (2015), WTP is a method that is commonly used to determine the amount consumers would pay for products or the attributes of the products. This is very useful when the price of the products or their attributes is not known. In general practice, two concepts are used to measure WTP. These are the maximum price concept and the reservation price concept.

**Figure 1***Methods of doing WTP estimations*

As shown in Figure 1, WTP estimations could be done in several ways under the two main methods of observations and the method followed for this study, which is surveys.

### **2.5 Marketing mix elements**

When marketing a product or a service, the goal of the marketer is to make the respective product or service appealing enough to the customer, to trigger purchasing. In other words, to increase the customer's willingness to pay. Research has found that there are certain elements of the product that can have this influence on the customer, and these are described as marketing mix elements. The marketing mix could be defined as the product, distribution, promotion, and pricing strategies necessary to produce and carry out exchanges and achieve the target markets (Išoraitė, 2016). Generally, these tools are referred to as the 4Ps of Marketing, which could be elaborated as Product, Price, Place, and Promotion.

#### *2.5.1 Product*

Singh (2016) defines the product as the physical product or service necessary to the consumer for which he is willing to pay. The concept of "product" is considered to be a general term by Išoraitė (2016), and this includes the natural products and services which are known by the majority, and also the experience, people, places, property rights, businesses or organizations, information, and ideas.

#### *2.5.2 Price*

Price is the "amount of money to pay for a product or service, or the value of the exchange that helps customers receive a product or service for a certain

amount” (Kotler & Armstrong, 2013). Price helps the customer to understand the value of the product. Price is the only element that is related to income while all the other factors are related to cost (Išoraitė, 2016).

### *2.5.3 Place*

Martin (2014) defines place as the “process and methods by which products or services reach customers.” It is also known by the term “distribution,” and consists of the decisions and actions related to the movement of goods from producer to consumer. According to Uznieņė (2011), a distribution chain is built up by analysing consumer needs, determining the distribution chain objectives and possible obstacles to their achievement, identifying the key distribution chain alternatives, and assessing these alternatives.

### *2.5.4 Promotion*

Consumer awareness is another very important factor used to increase sales and to increase customers’ willingness to pay for a product. Promotion disseminates information. Discounts, coupons, samples, refunds, bonuses, awards, contests and product demonstrations are all promotional strategies which encourages the customer to purchase and also to increase brand loyalty leading to increased purchases (Uznieņė, 2011).

## **2.6 Theory of Planned Behaviour (TPB)**

Understanding the customer is very important when selling goods or services in a competitive environment. The TPB focuses on theoretical constructs concerned with individual motivational factors which would encourage certain behaviour and, in this case, it is willingness-to-pay. According to Ajzen (1991), the theory is designed to predict and explain human behaviour in specific contexts. The likelihood of engaging in the specific behaviour depends on the “intention” of engaging in it. The stronger the intention, the greater the possibility of performing the expected behaviour. It is this central factor, “intention,” that is used to capture the motivational factors which influence customers or buyers. Ajzen (1991) points out that these factors are attitude towards the behaviour, subjective norms and perceived behavioural control.

*Attitude towards the behaviour* refers to the degree to which a person has a favourable or unfavourable assessment of the behaviour in question. *Subjective norm* refers to the perceived social pressure to perform or not to perform a behaviour. *Perceived behavioural control* refers to the ease or difficulty of performing the behaviour (Ajzen, 1991).

## **2.7 The Western province of Sri Lanka**

Western Province of Sri Lanka consists of the three districts of Colombo, Gampaha and Kalutara which have the lowest poverty indicators of the 25 districts of Sri Lanka, according to the Central Bank of Sri Lanka (2022). The population of the province is 6,165,000 persons and it has the highest mean

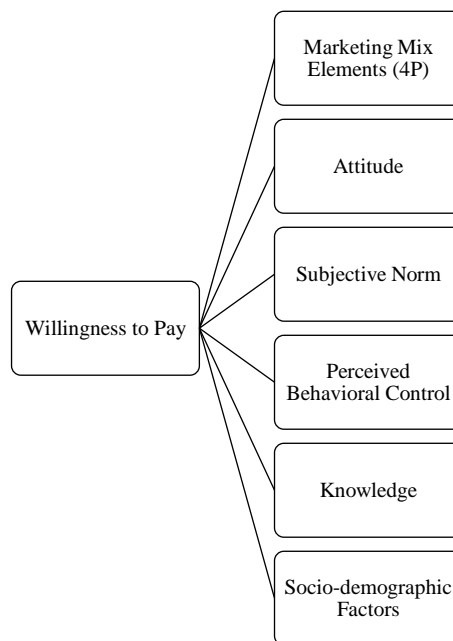
income of the nine provinces in Sri Lanka, with a score of LKR 109,813 per month (Central Bank of Sri Lanka [CBSL], 2020).

### 3. METHODOLOGY

#### 3.1 Research design and conceptual framework

The study was developed to collect data from the province with the highest mean income in Sri Lanka, which was the Western Province. Data was collected online using google sheets as a cross-sectional survey during the period 1<sup>st</sup> of June 2022 to the 14<sup>th</sup> of June 2022. The survey was designed to collect data to measure respondents' intention to pay a premium for high-quality leafy and small-leaf grade teas. Questions were prepared so that respondents could provide answers to these questions, in order to understand the effect of marketing mix elements, attitude towards paying a premium, subjective norms, perceived behavioural control, knowledge, and socio-demographic factors with regard to paying a premium to consume high-quality teas, as shown in Figure 3.1.

**Figure 2**



*Conceptual framework of the study*

### 3.2 Independent and dependant variables of the model

#### 3.2.1 Independent variables

**Table 1**

*Variables and measuring scales for Marketing Mix Elements*

Variable	Measuring Scale
Product (Aroma, Brand, Colour, Flavour)	5-Point Likert Scale
Place	
Promotion	

Table 1 explains how the marketing mix variables (product, place, and promotion) were measured. They were evaluated using a five-point Likert scale. Here, the price component was removed since it is indicated by the dependent variable, willingness to pay.

**Table 2**

*Variables and measuring scales related to consumer*

Variable	Measuring Scale
Attitude	5-Point Likert Scale
Subjective Norm	
Perceived Behavioural Control	
Knowledge	Years
Age	
Number of Family Members	Number
Gender	Dummy Variable
Area	
Level of Education	
Current Employment	Rupees
Monthly Household Income	
Monthly Individual Income	Rupees

Respondents were asked, when buying tea, to score their level of preference on a Likert scale for each product attribute such as aroma, brand, color, and

flavor, the importance of the place from which it is purchased, and the method of it being promoted. Attitude towards tea was also measured on a Likert scale using three questions asking how far the respective respondent believed that the teas available in the local market are of low quality, and how far they are interested in buying high-quality tea for household use. The subjective norm towards purchasing and consuming high-quality teas was identified by asking three questions. How far did the respondent's friends and relatives believe local teas are low in quality, to what extent they influenced the respondent to purchase high-quality teas, and the influence of the current economic crisis of Sri Lanka when purchasing premium products. Perceived behavioural control for high quality teas was measured by checking the preference of respondents for consuming black tea and plain tea and by checking how often they have bought premium teas before. The knowledge of respondents related to high quality teas was measured by checking their awareness of the brand "Ceylon Tea" and the well-known Lion Logo which depicts it, investigating their awareness of Ceylon Tea being recognized by the world as a high-quality product, and using pictures to evaluate their awareness of the tea grades that are exported.

### 3.2.2 Dependent variable

**Table 3**

*Using the payment card approach to measure WTP*

	0%
	Up to 5%
The amount consumers are willing to pay, more than the current market price, for premium teas	Up to 10%
	Up to 15%
	Up to 20%
	Up to 25% or more

The dependent variable, which is willingness to pay a higher price, was captured using the payment card approach.

### 3.3 Data collection

A pilot survey was done using 20 consumers from the Colombo, Gampaha and Kalutara districts to review and edit the self-administered questionnaire. Afterwards, data were gathered online. Facebook was used as the platform on which the survey was shared. Of 302 respondents from every district in Sri Lanka, 213 eligible data responses were selected for analysis by opting out the non-tea drinkers, respondents under 18 years of age with no income and those from outside the Western Province.

### 3.4 Reliability analysis

Cronbach's Alpha was used for the reliability analysis of the questionnaire by determining the internal consistency of the questions which covered a single variable of the model.

**Table 4**

*Results of the reliability analysis*

Variable	Number of Items	Cronbach's Alpha
Attitude	3	0.5607
Subjective Norm	3	0.5083
Perceived Behavioural Control	9	0.7492
Knowledge	2	0.6509
Marketing Mix Elements	7	0.7583

The Cronbach's Alpha coefficient ranges from 0 to 1. The closer it gets to 1, the more internally consistent the questions are. According to Ahdika (2017), the Cronbach's Alpha coefficient is "Less Reliable" when it is between 0.0-0.2, is "Rather Reliable" between 0.2-0.4, is "Quite Reliable" between 0.4-0.6, is "Reliable" between 0.6-0.8 and is "Very Reliable" between 0.8-1.0. Cronbach's alpha was evaluated using the "STATA 15" statistical software.

## 4. RESULTS AND DISCUSSION

The collected data was analysed using "STATA 15" to complete the descriptive and statistical analysis of the data gathered from 209 respondents.

### 4.1 Demographic analysis of respondents

Most customers in the sample who buy quality teas from local marketplaces are female, and they comprise approximately 65% of the sample. Urban customers show a higher WTP for quality teas than rural and semi urban customers, and they comprise approximately ½ of the sample. Most customers in the sample who buy quality teas from the local market belong to the age range 26 to 45 years. In this range, customers of 35 years are the main group with a WTP for quality teas in the local market. Most educated customers' WTP to buy quality teas is reflected as their consuming samples to try out the product first. In addition, full-time working people show a relatively high WTP quality teas in the local market. Sampling location shows that the existence of WTP for quality teas in rural areas is among families with 4 members, and it is approximately 70%.



According to the distribution of employment status, 27% of the respondents in the sample have a WTP high quality teas up to 5% more than the current expenditure for tea. 24% of the customers have a WTP of 25% or more than the current expenditure and 23% of the customers have a WTP high quality teas up to 10% more than the current expenditure.

## 4.2 Statistical analysis

### 4.2.1 Ordered logistic regression

Ordered Logistic Regression was used for the statistical analysis, and the dependent variable, Willingness to Pay, was captured as categories planned in order. According to Senyolo et al. (2014), the model is set up around a latent regression that begins with the following equation:

$$y^* = X^1 \beta + \varepsilon$$

$$WTP^* = X^1 \beta + \varepsilon$$

Where WTP is the willingness to pay, X is a vector of explanatory variables,  $\beta$  is a vector of coefficients, and e is the error term. WTP\* is unobserved, and what can be observed is:

$$\begin{aligned} y = 0 & \quad \text{if } y < \mu_1 \\ y = 1 & \quad \text{if } \mu_1 < y < \mu_2 \\ y = 2 & \quad \text{if } \mu_2 < y < \mu_3 \\ - & \\ - & \\ y = j & \quad \text{if } \mu_{j-1} < y \end{aligned}$$

**Table 5**  
Overall Model Fitness

Parameter	Value
Log likelihood	-319.06688
Number of obs	209
LR chi <sup>2</sup> (13)	58.77
Prob > chi <sup>2</sup>	0.0000
Pseudo R <sup>2</sup>	0.0843

As the Prob > chi<sup>2</sup> is 0.0000, the overall model could be considered as “significant” at the 99% level.

The model has a Pseudo R<sup>2</sup> of 0.0843, which indicates that 8.43% of the variation in “WTP High Quality Leafy and Small Leaf Teas in the Western Province, Sri Lanka” can be explained by the 12 independent variables selected.

### 6.2.2 Factors influencing WTP high quality leafy and small leaf teas in the Western province, Sri Lanka

**Table 6**  
*Factors influencing WTP*

<b>WTP</b>	<b>Coefficient</b>	<b><i>p</i>&gt; z </b>
Consumer Perceived Behaviour	0.2765308	0.116
Attitude	0.6894246	0.000***
Subjective Norm	0.2026381	0.197
Knowledge	-0.2921649	0.046**
Marketing Mix Factors (4P)	0.2857183	0.078*
Age	-0.0101693	0.531
Gender	-1.060404	0.000***
Area	0.0535402	0.807
Education	0.0577235	0.653
Employment	0.0202432	0.793
Household Income	0.00000115	0.119
Number of Family Members	-0.1898617	0.049**
Individual Income	-0.00000107	0.338

\*\*\*Significant at the 99% Level \*\*Significant at the 95% Level \*Significant at the 90% Level

According to the *p* values obtained, five independent variables could be identified as significant. Of them, Attitude and Marketing Mix Factors have a positive correlation whilst Knowledge, Gender, and Number of Family Members have negative correlations with WTP.

Alpha values for the 99%, 95% and 90% confidence intervals are 0.01, 0.05 and 0.1 respectively. When variables have *p* values less than 0.01, they are significant variables in the model at a 99% confidence level. Moreover, when variables have a *p* value less than 0.05, they are significant variables at a 95% confidence level. When the *p* values are less than 0.1, they are significant

variables for the model at a 90% confidence level. Coefficients represent the relationship between WTP quality tea and the factors. Positive values mean that WTP increases when the value of the factor is increasing or vice versa.

Consumer attitude towards premium quality teas is significant at the 99% significance level. It also has a positive coefficient, which means that when the value of the strength of the attitude increases, the probability of moving to a higher WTP also increases. Therefore, the variables have a moderately strong positive relationship. Strengthening attitude affects the increase of WTP for high-quality tea at a 0.01 significance level.

Knowledge of the consumer regarding premium quality tea turned out to have a negative correlation with WTP quality teas, and it is significant at a 0.05 significance level. That means that when the knowledge of the consumers regarding premium teas increases, their willingness to pay for this tea decreases. This could be because they assume that setting a higher retail price for tea is not fair to the consumer.

In this study, the positive correlation between marketing mix factors and WTP quality teas indicates that an increase in the perception of the marketing mix (in this study, product, place, and promotion) of quality tea increases the WTP (related to the price element).

In the study, males were represented with "0," and females with "1" as the dummy variables. Accordingly, females show a negative correlation with WTP quality teas when compared with males. Therefore, males show a greater level of WTP quality teas.

The number of family members also has a negative correlation at the 0.05 significant level. That means that when the family contains a large number of members, their WTP premium quality teas decrease. Thus, WTP is greater for small families. As the consumption of tea is large in large families, family members tend to opt for a tea with a lower price, regardless of the premium quality of higher-priced teas.

The other independent variables in the model, i.e; consumer perceived behaviour, subjective norm, age, living area, education, employment, household income, and individual income did not affect the WTP premium quality tea, significantly. However, among them, consumer perceived behaviour, subjective norm, area of living, education, employment, and household income show a somewhat positive relationship with WTP for premium quality tea, indicating that their increase will increase WTP. On the other hand, age and individual income affect WTP premium quality tea, negatively.

## 6.2.3 Marginal effects after applying the ordered logistic regression model

**Table 7***Marginal effects after ordered logistic regression*

Variable	WTP 0%		WTP up to 5%	
	dy/dx	p Value	dy/dx	p Value
Attitude	-0.0311701	0.001***	-0.1161792	0.000***
Knowledge	0.0132093	0.067*	0.0492345	0.050*
MM	-0.0129178	0.100	-0.0481482	0.083*
Gender	0.0431249	0.003***	0.1674258	0.000***
Family Members	0.008584	0.070*	0.0319948	0.052*

**Table 8***Marginal effects after ordered logistic regression cont'd*

Variable	WTP up to 10%		WTP up to 15%	
	dy/dx	p Value	dy/dx	p Value
Attitude	-.0192994	0.133	.0292351	0.006***
Knowledge	.0081787	0.226	-.0123893	0.080*
MM	-.0079983	0.239	.0121159	0.117
Gender	.0457796	0.053*	-.0337331	0.008***
Family Members	.0053149	0.233	-.0080511	0.083*

**Table 9***Marginal Effects after Ordered Logistic Regression cont'd*

Variable	WTP up to 20%		WTP up to 25%	
	dy/dx	p Value	dy/dx	p Value
Attitude	.0292677	0.003***	.1081459	0.000***
Knowledge	-.0124031	0.078*	-.0458301	0.049*

MM	.0121294	0.107	.0448189	0.080*
Gender	-.0408183	0.005***	-.1817789	0.001***
Family Members	-.0080601	0.082*	-.0297824	0.052*

\*\*\*Significant at 99% Level \*\*Significant at 95% Level \*Significant at 90% Level

Marginal effects were applied to the significant factors from the ordered logit model, and this indicates the predicted probability of each WTP % for the significant variables.

When it comes to Attitude, the predicted probability of WTP was less than 15% of the current market price. This was negative and increased when WTP is higher than 15% of the current market price. This reflects that consumers who are willing<sub>1</sub> to pay comparatively higher prices have positive attitudes toward high-quality teas. Hence, more marketing strategies to improve consumers' image of such high-end products would help to increase market opportunities and the ability to reach a larger community. Also, the results from the survey show that 80% of respondents are interested in buying high quality teas for their household use, and only 12% are conscious about the price being higher than that of lower quality teas, which is a good sign of a positive attitude, giving marketers an indication of a potential market for premium teas.

According to the results related to knowledge of high quality teas, the predicted probability of WTP decreases with an increase in knowledge. According to the survey, as 66% of respondents' perception is that teas sold locally are of low quality, it is justifiable that they are not willing to pay a higher price due to the poor image of local teas that has been created throughout the years. Hence, it is vital that quality be promoted among local consumers, making them aware of the benefits they obtain in taste, aroma and liquor when paying a premium for higher quality teas. It is rather unfortunate to see 71.7% of the respondents being already aware of the Lion Logo, and yet, against paying a premium price. As a solution, it could be suggested that the Lion Logo, which has hitherto been used to symbolize the quality of Sri Lankan teas in the international market, be used to reinstate the trust of local buyers as well.

When considering the four marketing mix factors used in this study, namely, Price, Product, Place and Promotion, the predicted probability increases from -1.2% to 4.4% when WTP increases from 5% to 25% of the current market price, respectively. This reveals that consumers value the aroma, colour and the body of the brew, that they consider the place from which they buy and how the product has been promoted when making a decision whether to pay a premium price or not. As the following supermarkets are

the top three choices for local consumers to buy high quality teas; Keells Super, Cargills Food City and Arpico Supercentre, saturating promotional campaigns in such outlets could be suggested as very effective, while advertising on TV in the form of commercials and on social media would be the preferred way to obtain the maximum return on investment, according to the survey. As 75% of the respondents claim to be persuaded to pay a premium if high-quality teas are introduced by their favorite local tea brand, the following popular brands: Dilmah and Zesta would have an advantage over other teas brands. These two brands could also be used as initiators to create a new trend where local consumers buy more high-quality teas. It is hoped that eventually, other brands will join the bandwagon. As family and friends tend to be the third most popular way of gathering information according to the survey, major brands initiating the trend could catalyse a massive promotion of 'word of mouth,' allowing more brands to enter the premium market with an assurance of a clientele with positive attitudes.

Results show the effect of gender on the predicted probability of WTP, as male respondents were seen to be more eager to pay a higher premium than females. In contrast, according to Karpinska-Krakowiak (2020), female respondents develop higher purchase intentions than males when exposed to unfamiliar brands. However, according to a study conducted by Lee and Workman (2021), on brand loyalty, men have given higher ratings to the perceived quality of their favorite brand than women have, which justifies the results obtained in the current study.

The predicted probability of WTP a higher premium than the current market price reduces with the number of members in a family, according to the results.

## **5. CONCLUSION**

Statistical analysis proved that attitude, gender, knowledge, marketing mix, and the number of family members impact on the WTP quality teas. Utilizing those results and the descriptive analysis results, it can be concluded that some customers are willing to pay for quality teas at three significance levels; 0.01, 0.05, and 0.1.

Through focusing on increasing positive attitudes towards high-quality, high-end products will help manufacturers to obtain a higher profit margin as well as to reach a larger clientele. Positioning the Lion Logo as a symbol of excellence with an assurance of delivering quality, particularly in the Sri Lankan context, would help manufacturers turn around a local clientele who already have a sound knowledge of high-quality teas. Popular brands like Dilmah, Zesta and Lipton Ceylonta are better equipped to run market trials for premium teas due to the recognition and loyalty they have already gained from a large customer base. The introduction of high-quality teas to the local

market should be gender biased to a certain extent, as males prefer the perceived quality of a brand whilst females prefer an array of products under several brands, regardless of perceived quality.

It would give even more meaning to the study if its scope could have been extended beyond the Western Province, covering the other eight provinces to identify the market at a national level.

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## **FACTORS AFFECTING ONLINE PURCHASE INTENTION IN THE RETAIL CONTEXT: FROM THE PERSPECTIVE OF THE THEORY OF PLANNED BEHAVIOR**

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### **ABSTRACT**

The Internet is a global network which is a marvelous human invention. With the internet revolution, almost all industries have been affected and changed. As a result, many daily activities of people have become easier. One such transformation that has taken place in the business world is the online shopping mode. The current study analyzes the factors affecting online purchase intention in the retail context of Sri Lanka, with reference to the theory of planned behavior. In addition, the literature reveals that perceived risk is a key aspect impacting the relationship between online shopping intention and its influencing factors. The research design was based on the positivist philosophy and the deductive approach. Under the survey strategy, the researcher selected the questionnaire as the data gathering tool and collected 158 completed responses from Western Province online shoppers. The findings were analyzed using descriptive statistics, Pearson's correlation, the multiple regression model and the moderator regression model. The results of the analysis revealed that attitude towards behavior was significantly stronger than subjective norms and perceived behavioral control. Nevertheless, subjective norms and perceived behavioral control were also statistically significant. Furthermore, it was found that perceived risk does not have a moderating impact on the relationship between attitude towards behavior and online purchase intention. However, the results revealed that it has a significant and direct negative impact on online purchase intention among Sri Lankans.

**Keywords:** Online Purchase Intention, Perceived Risk, Sri Lanka, Theory of Planned Behavior

## 1. INTRODUCTION

Internet accessibility, connection, and speed differ from region to region as well as from country to country. According to Kemp (2020), 4.54 billion people use the internet, of the 7.75 billion total population of the world. With regard to Sri Lankan data, around half the total population are internet users, which represent 10.10 million out of 21.37 million individuals. The new data of ITU show that 70% of the world's youth population are online, which indicates that young people are at the leading edge of today's digital economy (International Telecommunication Union [ITU], 2017). In developed countries, 87% of individuals use the internet compared with 19% in the least developed countries (LDCs). In the Asia and Pacific region, the percentage of individuals using the internet is 48.4%, while in Sri Lanka, 50% - 75% of the population do not use the internet (International Telecommunication Union [ITU] 2019). According to the latest records, 62% of Sri Lankans aged 15-65 are aware of the internet facility but only 37% actually use it (Galpaya et al., 2019).

At present, Information and communication technology has led to a world of new concepts and methods, which, in turn, has changed the life of people in many ways. Electronic commerce is one significant transformation that has happened in the business world, where people now tend to buy goods and services through a virtual marketplace (Yatigamma, 2010). Here, people buy and sell products through the internet. Further, because of the differences in usage of the internet, the manner of conducting business has changed drastically. In the present scenario, many businesses are rapidly changing their way of doing business. That means they are shifting their businesses from the offline mode to the online mode. Several e-commerce websites, such as Kapruka.com, Daraz.com, Amazon, Alibaba, WOW.lk, Takas.lk and MyDeal.lk, operate in the Sri Lankan context (Choudhury, 2018). Moreover, with the continuing pandemic situation and travel restrictions, people have adopted online shopping behavior due to many reasons such as social distancing, lockdown measures and health guidelines. Therefore, the importance of online purchasing is becoming even more important.

It is essential to have internet accessibility and digital literacy rate in a country for its people to make online purchases. Accordingly, in Sri Lanka, the annual literacy statistics of 2019 have shown that there is a slight change in the computer literacy rate and digital literacy rate when compared to the year 2018 (Department of Census and Statistics, 2019).

**Table 1.1***Annual literacy statistics of Sri Lanka*

Rate (%)	2018	2019
Computer Literacy Rate	29%	30.8%
Digital Literacy Rate	42.7%	46.0%

*Source:* Department of Census and Statistics

Galpaya et al. (2019) conducted a survey and published their findings through a report entitled "ICT Access and Use in Sri Lanka and the Global South". The report has clearly mentioned that internet awareness and actual use in Sri Lanka is higher than that of other Asian countries like India, Pakistan, and Bangladesh, which are 62% and 37%, respectively. Sri Lanka has the highest rate of 70% among other South Asian countries related to awareness of the e-commerce platform among internet users.

The Sri Lankan shopping scenario comprises two modes. These are online purchasing and offline purchasing. Presently, the online purchasing mode has become more popular among consumers and vendors. However, the issue is that Sri Lankan performance is still not satisfactory in terms of online purchasing through e-commerce websites. Even though many people are aware of the e-commerce platform, only a small percentage of people are actually using it for online purchasing. Traditionally, consumers much prefer offline stores where they can inspect goods physically and then buy what they want. This is because they can use all their senses to experience products, due to privacy protection, ease of return, and no delivery waiting time. Therefore, it is important to identify the factors that impact internet purchasing, either positively or negatively (Laohapensang, 2009), because online shopping involves many advantages such as convenience and ease of comparing products, wider selection, time saving, and reviews from other consumers.

According to a survey conducted in 2019 on "Internet users' reluctance to use e-commerce despite high awareness," the majority of Sri Lankans are reluctant to use e-commerce platforms for buying goods and services online due to a lack of trust. Furthermore, among people who are aware of the e-commerce platform, only 43% have utilized the platform for purchasing goods and services in Sri Lanka. In the same article, Galpaya et al. (2019), lead researcher and LIRNEasia CEO has mentioned that in "India, companies have spent millions on advertising e-commerce platforms and services to consumers". Even though Sri Lankans have a high awareness of e-commerce, compared to India, the adoption of online shopping in Sri Lanka is still very low. Comparatively, in India, only 62% of the population is aware of e-commerce, but there is a very high adoption rate among those who are

aware.

The present COVID 19 pandemic scenario had and continues to have a long-lasting impact on online purchasing, and it has drastically changed the online shopping behavior of consumers. UNCTAD conducted a survey entitled "COVID 19 and E-commerce" (2020) using 3700 consumers in nine emerging and developed economies, namely, Brazil, China, Germany, Italy, Korea, Russia, South Africa, Switzerland, and Turkey. The survey evaluated the impact of COVID 19 on consumer behavior related to the use of digital technologies and e-commerce. The results of the survey revealed that the majority of participants from China, Turkey and Korea used online shopping more often since the outbreak of COVID 19. Further, a smaller number of consumers in developed countries like Germany and Switzerland had increased their online purchasing activities. The economies which had a smaller share of active online shoppers before the COVID 19 pandemic, had become more oriented towards a high increase in online shopping activities.

Nevertheless, in the Sri Lankan context, the pattern is a little different. The Daily News newspaper published an article entitled "SRL reveals COVID 19 impact on online purchases" (2020) which had drawn data from a study conducted by Survey Research Lanka (SRL). The survey covered 580 samples and examined shopping behavior before and during COVID 19, in order to estimate whether the behavioral changes would be sustainable in the future. The results of the survey revealed that patterns and trends in physically visiting grocery stores and supermarkets had dropped, and online purchasing patterns had increased. Before the COVID 19 pandemic, online ordering was 9% and it shifted to 47% during the pandemic. However, the issue was the probability of sustaining online adoption by consumers after COVID 19, and the results revealed that not even 1/5th of those who had switched to online purchasing would continue buying online, and that consumers are planning to go back to their usual shopping patterns.

The same study revealed that 9% of consumers purchased online before the COVID 19 pandemic and that this percentage increased up to 47% during the pandemic and lockdown period. However, the respondents who mentioned that they would continue online buying are the same 9% who used to purchase online before COVID 19 (2020). Thus, even though Sri Lanka had an increasing trend in online purchasing patterns during the lockdown period, when the situation returned to normal, people wanted to go back to their traditional buying methods. This reveals that even though online shopping is a conducive option and people have the literacy to purchase online, it will not sustain as a purchasing habit among Sri Lankans. Accordingly, this study accentuates the importance of determining the factors affecting online purchase intention in the online retail context in Sri Lanka.

This study can be considered important as online shopping in developing

countries, in general, is still in the early stages due to its complex nature. Further, with the evolution of information and communication technology, consumers' daily lifestyle patterns and online buying behavior have changed rapidly in developing countries. When compared to the attention paid to developed countries, there is scant attention paid to online shopping behavior in developing countries, particularly those in South Asia (Rahman et al., 2018). Therefore, according to Aldousari et al. (2016), when studies conducted in developed and developing countries are compared, the subject, in developing countries, remains under-researched. This argument can be further strengthened by the findings of Parshar et al. (2015), which mention that in the context of developing countries, there is a wide literature gap related to online consumers' buying behavior and their consumption patterns (as cited Rahman et al. 2018). Therefore, to address this research gap, the researcher will contribute to the existing literature by examining the factors that drive consumer online purchasing in the Sri Lankan context.

With the aim of enhancing knowledge regarding the factors affecting consumers' online purchase intention in the Sri Lankan context, the researcher selected the theory of planned behavior (TPB) as a theoretical background against which to carry out the study. In the light of the theory of planned behavior, the researcher selected the impact of subjective norms, perceived behavioral control and attitude towards behavior on online purchase intention. Furthermore, the researcher selected perceived risk as a moderating variable to analyze its effect on the relationship between attitude to behavior and online purchase intention.

This study addresses different beneficiaries from this research, such as online vendors, e-marketers, website designers and developers who can obtain advantages from these findings. The findings of the study show which factors need to be most prioritized and which factors can be least prioritized. Accordingly, by studying the level of influence of those factors, online sellers or vendors can enhance their existing customer base and address new markets that are more likely to adapt to online purchasing. Moreover, this research will be beneficial to e-marketers and managers to make better strategic decisions and select the most suitable methods to increase the online purchasing habits of consumers in Sri Lanka. In addition, this study will be helpful to website designers and developers to identify the criteria to which they have to pay more attention when designing and developing their websites. Then, by developing those criteria, they can enhance the online buying intentions of consumers. This study is significant for the government as well because it can understand the buying patterns of Sri Lankans and take necessary action to enhance customer online buying intention, which is a worthwhile endeavor during the pandemic period.

## **2. LITERATURE REVIEW**

### ***2.1 The online retail environment and theoretical background***

Information technology has become increasingly important in our daily life, and every traditional monetary exchange in the world is slowly converting into electronic commerce. E-commerce adoption is widely explained as the consumer's involvement in online exchange relationships with Web vendors (Pavlou & Fygenson, 2006). At present, with the rapid growth of the World Wide Web (WWW), electronic commerce has become a modern method of doing businesses on online platforms. Due to the many facilities provided by online markets, people are willing and eager to shop online (Ketabi et al., 2014). Business to consumer (B2C) is one example of an e-commerce platform. The consumers in this platform use the internet for different reasons and purposes such as, searching for products, their features, reviews, comparing prices, selecting products and services through the internet, placing their orders, making payments, receiving the ordered products and sales services through the internet (Sinha, 2010 as cited Javadi et al., 2012).

Predicting consumer behavior is a very difficult task since it changes from time to time. There are numerous theories that can be used to predict and understand the purchase behavior of consumers. Some of those theories are the theory of reasoned action (TRA), the model of PC utilization, the theory of planned behavior (TPB), the technology acceptance model (TAM), the combined TAM and TPB and the social cognitive theory, the unified theory of the acceptance and use of technology, the motivation model and the innovation diffusion theory (Bonera, 2011). After reviewing the literature related to the theories which are used to evaluate consumer buying behavior, the researcher was informed that other scholars have used various theories to understand consumer buying behavior.

Currently, the online shopping phenomenon is a rapidly growing sector. Therefore, it needs more research to explicate the various factors influencing it. Accordingly, to identify and understand the factors affecting online purchasing behavior, the literature review suggests that TPB be utilized. TBP is an accepted theory that can be used to evaluate the relationship between influencing factors and consumer online purchase behavior in different parts of the world (Laohapensang, 2009). There is limited evidence regarding predicting online shopping intention based on TPB in developing countries, when compared to developed countries (Jabari et al., 2012).

The theory of planned behavior is one of the well-reputed theoretical frameworks used "for conceptualizing, measuring and empirically identifying factors that determine behavior and behavioral intention" (Vermeir & Verbeke, 2008, p. 544 as cited in Ketabi et al., 2014). According

to Ajzen (1991), the TPB has been designed to predict and explain human behavioral patterns in a specific context. It defines behavioral intention as a motivational factor. According to the TPB, behavior is determined by the individual's intention to perform the behavior, where intention is determined by three factors, namely, attitude towards the behavior, subjective norms, and perceived behavioral control (Jabari et al., 2012). The behavior of a consumer is determined by the behavioral intention of that person and perceived behavioral control (PBC) factors. Behavioral intention of a person is determined by the TPB factors of attitude towards behavior, subjective norms and perceived behavioral control (Silva, 2015).

## ***2.2 Subjective norms***

Ajzen (1991, p. 188) has defined subjective norms as a perceived social pressure that arises from different social factors to perform or not to perform the behavior. In other words, the amount or level of perceived social pressure experienced by a person to perform the behavior (Ajzen, 2002 as cited Bagherzadeh & Bayat, 2016). There are several studies that have investigated the relationship between subjective norms and online purchase intention. Gu and Wu's study (2019), which targeted college students in Taiwan, found that there is a positive perception of respondents' family members, peers, relatives and friends regarding online buying behavior and they displayed confidence related to perusing social media for information about online shopping. A study conducted by Lim et al. (2015) regarding the factors influencing online shopping behavior found that subjective norms positively influence online purchase intention. There was another study conducted to examine factors that influence consumers' online purchase intention among university students in Malaysia. The results of this study indicated that subjective norms and online purchase intention have a positive relationship and that subjective norm was ranked as the most important and most powerful factor that predicts university students' online purchase intention (Liat & Wuan, 2014).

## ***2.3 Perceived behavioral control***

The theory of planned behavior is an expanded version of the Theory of reasoned action, compiled by adding the third variable of perceived behavioral control, which is an important factor and plays a major role in the TPB. Perceived behavioral control explains the perceived difficulty or ease that a person experiences when performing a certain behavior. Further, it is assumed to reflect earlier experience as well as expected impediments and barriers (Ajzen, 1991, p. 188). The TPB defines the degree of an individual's feeling as to what extent his/her performing or not performing a behavior is in his/her control (Ajzen, 1991 as cited Bagherzadeh & Bayat, 2016). Moreover, many studies have found that PBC is a significant factor impacting on online purchasing intention in different contexts.



According to Gu and Wu (2019), perceived behavioral control has a statistically significant link with online purchasing intention. The findings of their research revealed that perceived behavioral control has a significantly stronger impact on online purchase intention than attitude towards behavior and subjective norms. Akar and Dalgic (2018) conducted a study by integrating the theory of planned behavior and social network theory. Their study was conducted to evaluate online consumers' buying intentions and to analyze their structural position by considering their friendships and connections in social networks. The findings showed a positive effect of perceived behavioral control on online consumers' purchase intention. There was a study conducted in the Jordanian context to support online vendors, companies, marketing managers and lawyers to increase their knowledge about the importance of the online platform and buying behavior of consumers. This study has examined actual online buying behavior as well as buying intention, and its importance to the Jordanian national economy and marketing. The results confirmed that perceived behavioral control has a direct and positive impact on online shopping intention (Jabari et al., 2012).

#### ***2.4 Attitude towards behavior***

According to the Theory of planned behavior, attitude towards behavior can be explained as a person's opinion or judgment about the impact of the desired behavior. The attitude can be good or bad, favorable or unfavorable (Ajzen, 1991). Jain et al. (2017) conducted a study based on the Theory of planned behavior to understand the consumer buying behavior of luxury fashion goods in the Indian context. The results were supported with respect to the formulated hypothesis which stated that attitude regarding buying luxury fashion goods has a positive impact on the purchase intentions of Indian consumers. Another study was conducted by Azzam and Mahmoud (2014) in order to evaluate the antecedents of online consumer purchasing behavior among Jordanian consumers who have online shopping experiences, and the findings have confirmed that attitude is one of essential antecedents in determining online consumer behavior.

#### ***2.5 Perceived risk***

The researcher selected perceived risk, which was a variable suggested by past researchers, and which will be addressed through this study as a moderating variable to evaluate attitude towards behavior. Perceived risk explains customer attitudes or their perceptions towards uncertainty and potentially unfavorable outcomes of purchasing goods or services (Littler & Melanthion, 2006 as cited Bagherzadeh & Bayat, 2016). According to Javadi et al. (2012), before a consumer decides to purchase a product or a service, that consumer considers different risks which can be associated with that purchase. These various types of risks are defined as perceived or anticipated risks.

A study was conducted to investigate Latin American online purchase behavior in Chilean consumers with a specific focus on the influence of perceived risk and trust, which reveals that there is a positive relationship between trust and online purchasing intention of consumers, while an inverse relationship exists between consumers' attitude and perceived risk, where attitude has a positive influence on intention to purchase online (Bianchi & Andrews, 2012). The findings of a study conducted in the Iranian context found that financial risk, product risk and non-delivery risk have a negative effect on attitude towards online shopping (Javadi et al., 2012).

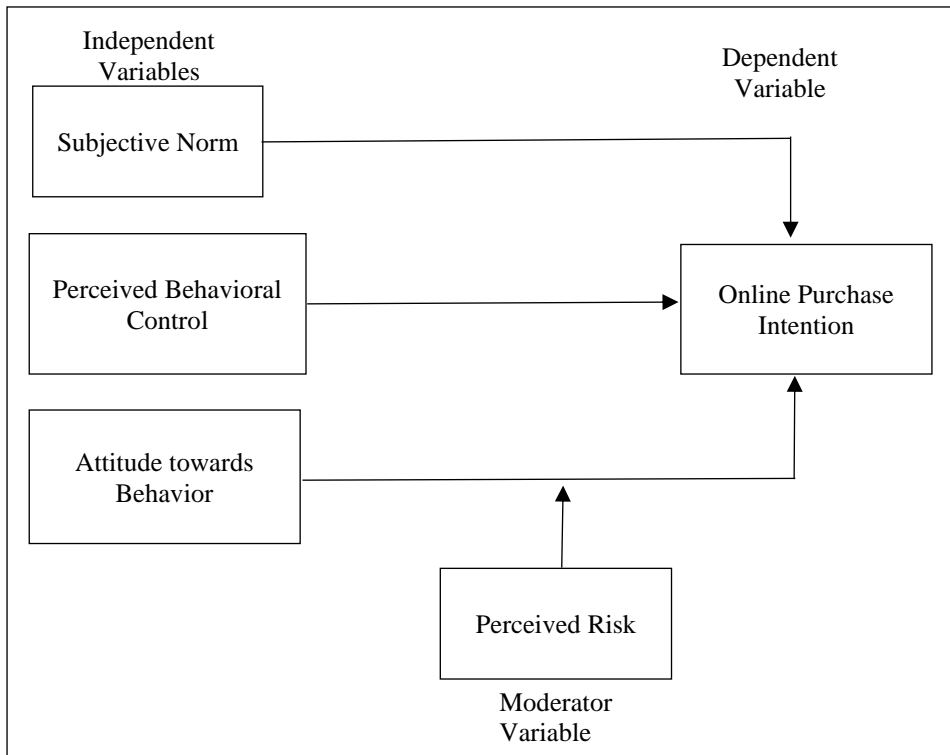
### ***2.6 Online purchase intention***

Intention here means the intention to perform a target behavior (Conner & Armitage, 1998 as cited Bagherzadeh & Bayat, 2016). In other words, intentions are "indications of how hard people are willing to try, of how much of an effort they are planning to exert, in order to perform the behavior" (Ajzen, 1991). When a person plans to purchase a particular good or service in the near future, then, the purchase intention will originate. On the E-commerce platform, online purchase intention of consumers can be described as a situation when a customer becomes willing to buy a particular good or service through an online website on the E-commerce platform (Chen et al., 2010; Fygenson & Pavlou, 2006 as cited Liat & Wuan, 2014).

## **3. RESEARCH DESIGN**

### ***3.1 Conceptual framework***

In this study, the main concept is online purchase intention in the retail sector. Its determinants are identified based on the theory of planned behavior: subjective norms, perceived behavioral control, attitude towards the behavior, and perceived risk. The TPB provides a framework for understanding human behavior, and this theory incorporates concepts in social and behavioral sciences (Ajzen, 1991). In this study, the conceptual framework is designed by selecting three independent factors based on the TPB and considering perceived risk as a moderating variable that moderates the relationship between attitude towards behavior and the dependent variable, online purchase intention.



**Figure 3.1**

*Conceptual framework*

### **3.2 Hypothesis development**

Research hypotheses are formulated based on the evidence provided by the literature on the nature of relationships (Sekaran, 2003, p. 124). The researcher logically formed four testable statements based on relationships between variables according to the theoretical framework and evidence from the literature. All hypotheses explained the relationships between concepts described in the conceptual framework, and with the support of the literature review, are developed based on the directional type and the nature of the relationship.

For the purpose of accessing the first three hypotheses, the study used the theory of planned behavioral (TPB) factors, namely subjective norms (SN), perceived behavioral control (PBC), and attitude towards behavior.

According to the existing literature, there is a positive relationship between the aforementioned factors and online purchasing intention. Therefore, the researcher formulated the first three hypotheses as follows,

H<sub>A1</sub> = There is a positive relationship between subjective norms and online purchase intention

H<sub>A2</sub> = There is a positive relationship between perceived behavioral control and online purchase intention

H<sub>A3</sub> = There is a positive relationship between attitude towards behavior and online purchase intention

With the aim of evaluating the third independent variable of attitude towards behavior, the researcher selected perceived risk as a moderating variable based on the future research guidelines of scholar Yatigammana (2010)'s research study. Therefore, the fourth hypothesis that the current researcher will test investigates the relationship between attitude towards behavior and online purchase intention of consumers under the moderating effect of perceived risk. When reviewing the existing literature, all the research findings reviewed showed an inverse relationship. Therefore, the researcher built the fourth hypothesis as follows,

H<sub>A4</sub> = Perceived risk moderates the relationship between attitude towards behavior and online purchase intention.

### ***3.3 Sample and procedure***

The population of the study is people who are aware of and engage in online shopping. Internet accessibility and e-commerce awareness are the most important factors influencing shopping online. Therefore, it is important to analyze the internet usage distribution and e-commerce usage distribution in Sri Lanka among the different provinces. According to the Department of Census and Statistics of Sri Lanka (2019), the highest computer literacy (30.8%), and digital literacy (46%) were reported in the Western province. According to the computer literacy statistics, the highest internet usage (33.2%) was also reported in the Western province (Department of Census and Statistics of Sri Lanka, 2017). Therefore, due to the unavailability of province wise e-commerce usage data, the Western province of Sri Lanka was selected as the province from which the sample was drawn by considering only the data related to internet usage in the Western Province. Therefore, the researcher drew a sample size of 170 respondents based on the convenience sampling technique, from the Western province. The sample frame comprises internet users who are aware of and engage in online shopping.

This study selected the questionnaire as a tool to complete the survey research strategy. A pilot survey was carried out to identify the drawbacks of the questions and to ensure that all questions were clear and

comprehensible. A total of 5 responses were collected through a google questionnaire and it took about ten minutes to complete the survey. Considering the suggestions of the respondents regarding the questionnaire structure and the questions, changes were made. Thereafter, the researcher conducted the research survey and gathered 170 responses.

However, during the data cleansing process, only 158 responses were selected for the final data analyzation out of 170 responses. The gathered data were analyzed using SPSS software. Moreover, this study used descriptive statistics and regression analysis to analyze the data. The researcher also used Pearson's correlation, the multiple regression model and the moderator regression model as the major analytical tools to analyze the impacts of the independent variables on the dependent variable. The findings of the study have been presented using tables, figures, and graphs.

### **3.4 Measure development**

The questionnaire was designed using TPB factors and other associated variables described in the literature review. The variables appearing in the questionnaire are subjective norms, perceived behavioral control, attitude towards behavior, perceived risk, and online purchase intention. The questionnaire comprises two parts. The first part includes general questions used to obtain demographic information and information relative to internet usage and online buying behavior of consumers. The second part includes questions which will help to measure the relationships between the dependent and independent variables. The answers to the questions are presented on a graduated 7-point Likert scale: 1: Strongly Disagree, 2: Disagree, 3: Slightly Disagree, 4: Neutral, 5: Slightly agree, 6: Agree, 7: Strongly Agree. The instruments measuring the variables in this study were developed by using the questionnaires of Gu and Wu (2019), and Javadi et al. (2012). The second section comprised five constructs which were operationalized using indicators as follows,

**Table 3.1**

*Measurements of research constructs*

Construct	Indicators
Subjective norm	Influence of family members, relatives and friends
	Influence of the current situation of the country (COVID 19)
	Influence of the mass media
	Influence of the community
	Influence of the current trends in society

Perceived control	behavioral	Ability / capacity of buying
		Controllability of buying
		Knowledge and resource availability when buying
Attitude towards behavior		Easy to shop
		Idea of the buyer about online shopping
Perceived risk		Financial risk – Fear to use credit cards / insecurity of credit card usage
		Insecurity related to personal information usage
		Product risk – non-delivery of right product
		Receiving malfunctioning merchandise
		Difficulty of judging the product quality
		Convince risk – difficult to find right product
		Inability to touch, feel or evaluate the product
		Difficulty of settling disputes
		Complicated to cancel the order
		Difficulty in returning the product
		Accessibility risk due to COVID 19
		Non delivery risk – risk of non-delivery of the ordered product
		Non-availability of reliable and well-equipped shippers
Online purchase intention		Planning to buy things in the near future
		Recommend to friends / family members to buy over the internet

## 4. DATA ANALYSIS

### 4.1 Demographic composition of respondents

A total of 158 responses of gathered data were analyzed using SPSS software. In the first section, the researcher collected data regarding the gender, age category, occupation, educational level, and income category of the respondents. Accordingly, 51.7% of the sample comprised male respondents and 48.3%, female respondents. Furthermore, the researcher categorized the age of the respondents into five categories, namely, 18 – 23,

24 – 29, 30– 35, 36 – 41 and above 42 years. The majority of respondents (48.3%) are in the age group of 24 – 29, while the least number of respondents (7%) represent the above 42 age category. Thereafter, the researcher included the occupations of the respondents for further evaluation. The results of the study revealed that most people (37.8%) are working in the private sector and the least number of respondents represented the students category (7%). As per the results of the educational level of respondents, the majority (47.5%) have a degree while the least number of respondents (7.5%) have a PhD. Further, the researcher gathered data regarding the income level of the respondents. The categories were Rs. 20 000 – 49 999, Rs. 50 000 – 79 999, Rs. 80 000 – 109 999, Rs. 110 000 – 139 999 and above Rs. 140 000. According to the results, most consumers earned an income between Rs. 20 000 and Rs. 49 999 and Rs. 50 000 and Rs. 79 999, while a minority earned an income between Rs. 110 000 and 139 999.

#### ***4.2 Internet accessibility and usage of respondents***

It is also essential to have internet accessibility to purchase goods and services online. Almost every respondent (157) had a device to access the internet, while only one respondent did not have a device. The majority of respondents (62%) use a mobile phone to access the internet and the least number of respondents (5%) use a desktop.

When analyzing the internet usage of respondents, the researcher classified the frequency of internet usage per day. These categories include less than one hour, 1 – 2 hours, 2 – 3 hours and more than 4 hours. Accordingly, the majority of respondents spent more than 4 hours per day on the internet, and when considering other responses, it was found that most respondents (144) are likely to spend more than one hour on the internet.

#### ***4.3 Online buying behavior of respondents***

Though the majority of respondents (157) have access to the internet, for this study, it is essential to analyze the purposes for which they access the internet. Accordingly, in the questionnaire, the researcher included four purposes for accessing the internet, and the results showed that 65 respondents (41%) selected entertainment as their first choice, 56 respondents (36%) selected social networking as the second choice and 75 respondents (47%) chose education as the third choice. The majority of respondents (96) selected buying goods and services through the internet as their fourth choice. This indicates that even though many people do access the internet, their actual online buying behavior is infrequent.

Further, when evaluating the preferred mode of buying goods and services, the majority of (73%) people prefer to buy goods and services through an offline mode, while the minority (27%) prefer to buy online. Moreover, the results of the frequency of usage of the internet when buying goods and

services online proved that the majority of people very rarely purchased goods and services online. Further, it was revealed that 47 respondents rarely purchase online while 14 respondents purchase goods and services online very frequently. Therefore, it is clear that there is a low level of online purchase intention among consumers in Sri Lanka.

#### **4.4 Reliability analysis**

First, the researcher tested the reliability of the responses of the Likert scale items. For the reliability analysis, the researcher considered the Cronbach's Alpha value. All the variables have high internal consistency because their Cronbach's Alpha values are more than 0.8. The independent variables, namely, subjective norms, PBC and attitude towards behavior, have been operationalized with respect to 7, 4 and 5 Likert scale items. The dependent variable, online purchase intention, has been operationalized with respect to 2 Likert scale items. The researcher considered Perceived risk as a moderator variable, and it includes four sub indicators, namely, financial risk, product risk, convenience risk and non-delivery risk, and these have been used to measure the impact on online purchase intention through attitude towards behavior of the respondents. The moderating variable has been operationalized with respect to 19 Likert scale items. All sub indicators have a high internal consistency because their Cronbach's Alpha values are more than 0.8. As all the constructs have high internal consistency, the researcher proceeded with the analysis without dropping any items.

**Table 4.1**

*Reliability of variables*

Variables	Cronbach's Alpha	Number of Items
Subjective norm	0.915	7
Perceived behavioral control	0.865	4
Attitude towards behavior	0.902	5
Perceived risk	0.968	19
Online purchase intention	0.817	2
Reliability of sub indicators of perceived risk		
Financial risk	0.913	5
Product risk	0.877	4



Convenience risk	0.930	8
Non-delivery risk	0.822	2

#### 4.5 Descriptive statistics

According to the findings, all the variables, subjective norms, PBC, attitude, perceived risk, and online purchase intention, have a mean value of around 4. With regard to the standard deviation, the highest standard deviation, that of perceived behavioral control, is 1.18219. Therefore perceived behavioral control has deviated more compared to the other variables. The minimum standard deviation belongs to perceived risk, and therefore, perceived risk deviated comparatively less. The researcher tested the normality of data according to the Skewness. The Skewness value of all variables is between -1 and +1, which implies that the data are approximately normally distributed. In addition, when multiplying the standard error of Skewness by 3, the value becomes 0.579. The absolute Skewness values of all the variables, other than perceived risk, are less than 0.579, which again proved that the data are normal. Thereafter, the researcher tested Kurtosis to evaluate normality. When multiplying the standard error of Kurtosis by 3, when it becomes 1.152. Therefore, the absolute values of Kurtosis of all the variables are less than 3 times the standard error of Kurtosis, which means again that the data are normally distributed.

**Table 4.2**

*Descriptive statistics*

		SN	PBC	Attitude	PR	OPI
N	Valid	158	158	158	158	158
	Missing	13	13	13	13	13
Mean		4.4186	4.2801	4.4177	3.6875	4.3449
Std. Deviation		1.01030	1.18219	1.10963	.98478	1.02501
Skewness		-0.520	-0.145	-0.307	0.688	-0.42

						3
Std. Error of	0.193	0.193	0.193	0.193	0.193	0.193
Skewness						
Kurtosis	0.379	-0.271	0.185	0.622	0.579	
Std. Error of Kurtosis	0.384	0.384	0.384	0.384	0.384	0.384

#### 4.6 Correlation analysis

The researcher tested the relationship between the Theory of Planned Behavioral factors and perceived risk on online purchase intention by applying the Pearson Correlation analysis. This is a parametric technique and the results are given in Table 4.3.

**Table 4.3**

*Correlation analysis*

Independent variables		OPI
SN	Pearson Correlation	0.903**
	Sig. (2-tailed)	0.000
	N	158
PBC	Pearson Correlation	0.883**
	Sig. (2-tailed)	0.000
	N	158
Attitude	Pearson Correlation	0.926**
	Sig. (2-tailed)	0.000
	N	158
PR	Pearson Correlation	-0.927**
	Sig. (2-tailed)	0.000

	N	158
OPI	Pearson Correlation	1
	Sig. (2-tailed)	
	N	158

According to the Pearson Correlation analysis, the probability of the relationship between each independent variable and online purchase intention is 0.000, which is less than 1%. This value indicates that the result is highly significant. The coefficient of correlation of each factor is a positive value and greater than 0.7. Therefore, there is a highly significant, positive relationship between the independent variables and online purchase intention, which means that the first three hypotheses are accepted.

To assess the relationship between the third independent variable of attitude towards behavior and dependent variable further, the researcher selected perceived risk as a moderating variable. But when analyzing the Pearson Correlation, the researcher considered perceived risk as an independent variable in order to obtain a broad understand of the relationship between these variables. According to the results of the analysis, the probability of the relationship between perceived risk and online purchase intention is 0.000, which is less than 1%. This indicates that the result is highly significant. The coefficient of correlation is 0.927, which is a negative value and greater than 0.7. Therefore, there is a highly significant, negative relationship between perceived risk and online purchase intention.

#### **4.7 Regression analysis**

According to the regression model, the researcher tested the effect of individual factors on online purchase intention. To do this, the classical linear regression model was applied. The summarized results of the model are given in Table 4.4.

**Table 4.4**

*Model summary*

Model	R	R Square	Adjusted R Square	Std. Error of The Estimate	Durbin-Watson
1	0.957 <sup>a</sup>	0.915	0.913	0.30243	1.910

a. Predictors: (Constant), PR, PBC, Attitude, SN

b. Dependent Variable: OPI

According to the model summary, the coefficient of determination or R square is 0.915. This indicates the proportion of the dependent variable, online purchase intention, that is explained by the regression model. As the value is 0.915, 91.5% of the dependent variable, online purchase intention, has been explained by the regression model. If the value is 60% or more, that means the model fit is very good. Therefore, this regression model fits the data very well. The multiple correlation value is 0.957. This indicates that the independent variables are jointly correlated with online purchase intention. As the value is 0.957, they are strongly jointly correlated with online purchase intention. In other words, subjective norms, perceived behavioral control, attitude towards behavior and perceived risk criteria are strongly and jointly correlated with online purchase intention. All variables are jointly related and the researcher has not skipped any of them in the analysis.

As there is not a large gap existing between the R squared value and the adjusted R squared value, the result demonstrates that the researcher has not included unnecessary independent variables in the model. When interpreting the Durbin-Watson test statistics, if the value is between 1.5 and 2.5, which is close to 2, this means that the residuals are independent. In this analysis, the Durbin-Watson test statistic value is 1.910, which is close to 2. Therefore, the regression results are highly valid. The results of the regression ANOVA are given in Table 4.5.

**Table 4.5**

*Regression ANOVA*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	150.957	4	37.739	412.620	0.000 <sup>b</sup>
	Residual	13.994	153	0.091		
	Total	164.951	157			

a. Dependent Variable: OPI

b. Predictors: (Constant), PR, PBC, Attitude, SN

In the regression ANOVA table, the P value of the F-statistic is 0.000, which explains the results of the population. As the value is highly significant, this regression model is usable and jointly significant. As the model is jointly significant, this is a valid and appropriate model. Here, all the independent variables jointly influence the dependent variable, that is online purchase intention. Therefore, subjective norms, perceived behavioral control, attitude towards behavior and perceived risk jointly influence online purchase intention.

The individual effects of the independent variables on the dependent

variable are given in Table 4.6.

**Table 4.6**  
*Individual Effects*

Model		Unstandardized		Standardized		Collinearity		
		Coefficients		Coefficients		Statistics		
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF	
1	(Constant)	2.521	0.600		4.202	0.000		
	SN	0.157	0.066	0.155	2.398	0.018	0.133	7.532
	PBC	0.140	0.046	0.162	3.073	0.003	0.200	4.996
	Attitude	0.367	0.053	0.398	6.980	0.000	0.171	5.854
	PR	-0.297	0.077	-0.285	-3.868	0.000	0.102	9.795
a. Dependent Variable: OPI								

According to the individual coefficients, the probability of each independent variable is highly significant, which evidences that all the hypotheses are accepted.

#### 4.8 Standardized coefficient

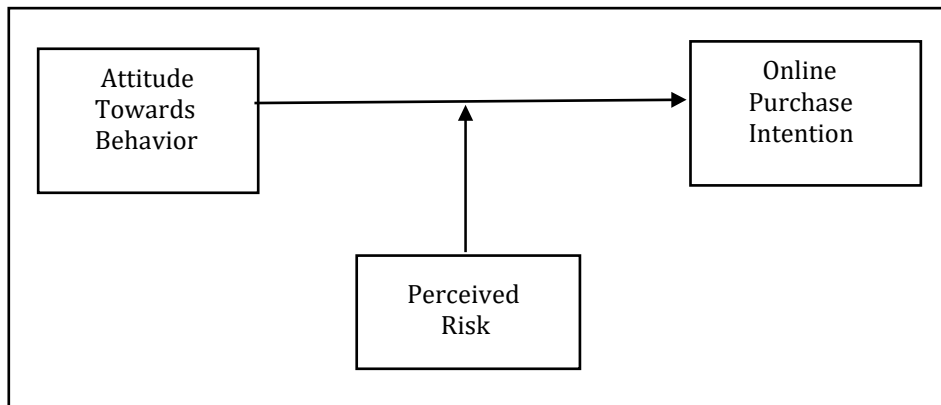
According to the standardized coefficient beta, the researcher ordered the effect of the independent variables on the dependent variable. The highest beta value is 0.398, which belongs to attitude towards behavior. Therefore, the attitude of the people is the factor influencing the online purchasing behavior of people the most. The second largest influencing factor is perceived risk, which has a value of 0.285. The third largest factor is perceived behavioral control and the last factor is subjective norms which have beta values of 0.162 and 0.155, respectively. According to the classification of the importance of the independent variables, parties that will benefit from this study such as marketers and e-business owners must prioritize attitude towards behavior of people. Following that, respectively, will be perceived risk, perceived behavioral control and subjective norms.

#### 4.9 Moderator regression model

According to Figure 4.1, the effect of the independent variable Attitude towards behavior on the dependent variable is controlled by a moderate variable, Perceived risk.

**Figure 4.1**

*Moderator relationship of perceived risk*



The researcher hypothesizes that the effect of Attitude towards behavior on online purchase intention is controlled by perceived risk by reviewing the past literatures. For the purpose of testing the fourth hypothesis, the researcher used the Moderator Regression model. The results of the analysis are given in Table 4.7.

**Table 4.7***Individual beta values of the moderator regression model*

Model		Standardized				
		Unstandardized Coefficients		Coefficients		
	B	Std. Error	Beta	t	Sig.	
1	(Constant)	4.306	0.447		9.633	0.000
	Attitude	0.442	0.053	0.479	8.342	0.000
	PR	-0.521	0.062	-0.500	-8.419	.000
	Moderator	-0.007	0.019	-0.009	-0.346	0.730

a. Dependent Variable:  
OPI

As per the results of Table 4.7, the probability of the moderator variable is 0.730, which is an insignificant value. Therefore, the alternative hypothesis is rejected, and the null hypothesis is accepted. This result indicates that there is no moderating effect by perceived risk.

## 5. DISCUSSION

Information technology is changing very fast in today's world. With this change, consumers' preferences and lifestyles are also changing. While some consumers conveniently adopt online purchasing options, many seem to prefer physical visits to make purchases. Even during the pandemic, many still preferred to visit stores rather than purchasing online. Therefore, it is worthwhile to identify the factors that affect online purchase intention in Sri Lankan consumers. This study examines the impact of subjective norms, perceived behavioral control, attitude towards behavior and perceived risk on online purchase intention. According to the results of the analysis, acceptance or rejection of the formulated hypotheses are set down as follows,

**Table 5.1**

*Summary of the results of the multiple regression model and the moderator regression model*

Hypothesis	Relationship	Result
H <sub>A1</sub>	There is a positive relationship between subjective norms and online purchase intention	Accepted
H <sub>A2</sub>	There is a positive relationship between perceived behavioral control and online purchase intention	Accepted
H <sub>A3</sub>	There is a positive relationship between attitude towards behavior and online purchase intention	Accepted
H <sub>A4</sub>	There is a negative moderating effect of perceived risk on the relationship between attitude towards behavior and online purchase intention	Rejected

In this study, all the TPB factors, namely, subjective norms, perceived behavioral control and attitude towards behavior, have been considered as the independent variables, and in addition to those factors, perceived risk has been considered as a moderator variable. All these variables have been selected to evaluate their influence on online purchase intention. As shown in Table 5.1, the findings of the multiple regression model and the moderator regression model revealed that subjective norms, perceived behavioral control and attitude towards behavior have a positive influence on consumers' online purchase intention. Therefore, the first three formulated hypotheses are accepted. However, the study found that perceived risk has no moderating impact on consumer online purchase intention. Therefore, H<sub>A4</sub> was rejected. Moreover, among the accepted relationships between the independent and dependent variables, attitude towards the behavior of the respondents is the most influential factor as its beta value is 0.398.

In the further evaluation of each hypothesis, H<sub>A1</sub> indicates a positive relationship between subjective norms and online purchase intention. When analyzing the study results, the regression model confirmed that subjective norms have a significant impact on online purchase intention among Sri Lankans. In the existing literature, most findings tally with the current findings. A study conducted on college students in Taiwan found that subjective norm indicators and online purchase intention have a positive relationship (Gu & Wu, 2019). There was another study conducted to investigate the factors influencing online purchase intention which revealed that subjective norms have a positive impact on online purchase intention (Lim et al., 2015).

The second hypothesis formulated indicates that there is a positive



relationship between perceived behavioral control and online purchase intention. When reviewing the existing literature, a study was found conducted in the Jordanian context that examined the relationship between actual buying behavior and buying intention and its importance. The findings of the research found that perceived behavioral control has a direct and positive influence on online purchase intention (Jabari et al., 2012). Moreover, another study was conducted to evaluate online consumers' buying intention and the results of this study confirmed that there is a positive impact of perceived behavioral control on online shopping intention (Akar & Dalgic, 2018). The current study also presents similar findings which indicate that perceived behavioral control has a positive impact on online purchase intention among Sri Lankan consumers.

When analyzing the third accepted hypothesis, it can be seen that there is a positive relationship between attitude towards behavior and online purchase intention. According to the study findings, attitude towards behavior has the highest beta value of 0.398, which revealed that attitudes of the consumers are the most influencing factor among Sri Lankans. This result is also quite similar to that of other studies conducted in different contexts. There was also a study conducted to identify the factors that affect online purchasing intention in Jordanian consumers. The findings confirmed that attitude towards behavior is one of the crucial factors in determining consumers' online purchasing.

Accordingly, all the TPB factors have a positive, direct impact on online purchase intention among Sri Lankan consumers. The fourth hypothesis that the researcher formulated related to perceived risk was rejected. Therefore, there is no negative moderating effect of perceived risk on the relationship between attitude towards behavior and online purchase intention among Sri Lankans, because according to the moderator regression model results, the significance value is 0.730, which is greater than 10% and thus insignificant. However, when analyzing the Pearson correlation and the multiple regression model, the researcher considered perceived risk as an independent variable and analyzed the direct impact of perceived risk on online purchase intention. Here, the results of the Pearson correlation found that the probability of the relationship between perceived risk and online purchase intention is 0.000 and the coefficient of correlation is 0.927. Therefore, there is a highly significant, negative relationship between perceived risk and online purchase intention. Moreover, according to the multiple regression model results, perceived risk has a negative beta value of 0.285, which is the second-highest value. Therefore, even though perceived risk does not have a moderating impact, it has a direct negative effect on online purchase intention.

## 6. CONCLUSION

According to the survey related to ICT Access and Use in Sri Lanka and the Global South and the article related to Internet users' reluctance to use e-commerce despite increased awareness, the researcher identified a low level of buying goods and services online in the Sri Lankan context. Therefore, to further examine the existence of this problem in the contemporary context, the researcher gathered more information regarding consumers' buying behavior in the current pandemic situation. The results proved that the same issue exists in the Sri Lankan context, and that it is essential to investigate further in order to take necessary action. Therefore, the current researcher thoroughly reviewed the existing literature and decided to conduct the study to examine the impact of subjective norms, perceived behavioral control, attitude towards behavior and perceived risk on the online purchase intention of consumers by using the TPB as a theoretical lens. Thereafter, the researcher considered perceived risk as a moderating variable to examine its moderating effect on the relationship between attitude towards behavior and online purchase intention. Subsequently, the researcher developed four research objectives: to investigate whether subjective norms impact on online purchase intention of consumers; to investigate whether perceived behavioral control impacts on online purchase intention; to investigate whether attitude towards behavior impacts on online purchase intention; and to investigate whether perceived risk has a moderating effect on the relationship between attitude towards behavior and online purchase intention.

Finally, after conducting the analysis, it was revealed that subjective norms, perceived behavioral control, and attitude towards behavior positively impact online purchase intention. However, the study found that perceived risk does not have a moderating impact on the relationship between attitude towards behavior and online purchase intention, but that perceived risk has a direct, negative impact on online purchase intention. Moreover, it was found that attitude towards behavior is the most significant factor in determining the online purchase intention of consumers in Sri Lanka.

According to these research findings, the researcher reached the final conclusions. Thus, TPB factors, namely subjective norms, perceived behavioral control, and attitude towards behavior have a positive impact on online purchase intention, and perceived risk has a negative impact on online purchase intention, while there is no moderating impact of perceived risk on the relationship between attitude towards behavior and online purchase intention. Furthermore, if people are subject to social pressures such as influence from their family members, friends or relatives, mass media or even pressure exerted by the current COVID 19 pandemic, they are more likely to have online purchase intentions. In addition, when people have resources and opportunities such as good internet and infrastructure

facilities, customized payment options and knowledge regarding buying goods and services over the internet, those factors motivate them to purchase goods and services online in Sri Lanka. Moreover, if people have positive attitudes towards online buying behavior, for example, if they think buying things over the internet is convenient, a wise idea, or a pleasant experience, then they decide to make the purchase online. When purchasing online, there are many risks associated with the buying process such as financial risks, product risks, convenience risks and non-delivery risks. These risk factors, however, do not have a moderating impact on attitude towards behavior through online purchase intention, though they do have a direct impact on online purchase intention. Therefore, if more risks are associated with the buying process, then people's online purchase intentions may weaken.

### ***6.1 Implications***

Many aspects of the world have transformed to include online components. In the same way, online purchasing is also becoming a current trend all over the world. Because of the many advantages of online platforms, they have become a very important part of businesses in any country. In this study, the researcher could identify that all the TPB factors, namely, subjective norms, perceived behavioral control and attitude towards behavior positively impact online purchase intention, reflecting many previous research findings. Therefore, the validity of previous studies has been proven with evidence from the present study. The findings regarding perceived risk revealed that it does not have a moderating effect, but directly affects online purchase intention.

These research study findings will be beneficial for different parties such as marketers, managers, web site designers and developers who engage with the online platform. For them, it is very important to understand consumers' current purchasing patterns and the factors that motivate their buying intentions. The findings of this study will also be helpful for e-marketers to decide on key areas they need to concentrate on when conducting marketing activities. In this way, they can implement marketing strategies that will increase the number of online consumers in Sri Lanka.

### ***6.2 Future research directions***

In present context, online platforms are widespread in all business areas. The current researcher suggests that future scholars use a larger sample in order to address the online purchasing behavior of consumers. This study examined the factors which drive the online purchase intentions of consumers. However, from the human behavioral perspective, it is important to investigate both aspects of intention as well as the actual behavior. Therefore, the current researcher suggests that future researchers address both these aspects. In addition, the present study was conducted in

the retail context of Sri Lanka, and later generalized to the whole retail sector. Therefore, the researcher suggests that future scholars select other sectors, which will leads to a better understanding of the research problem. Moreover, this study was conducted as a cross-sectional study. Therefore, the researcher suggests that longitudinal studies be also conducted since human behavior can change over time.

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## **TECHNOLOGY ACCEPTANCE OF CARD-LESS CASH WITHDRAWAL SYSTEM AMONG THE UNIVERSITY STUDENTS IN COLOMBO DISTRICT**

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### **ABSTRACT**

The study focuses the further conceptual development of beliefs based measures in technology acceptance of the card-less cash withdrawal system, among the university students in Colombo district, Sri Lanka. This study provides valuable insights on managerial interventions and controls for better organizational cash withdrawal system that can lead to greater acceptance and effective utilization. Unlike much preceding studies that has focused on only a limited aspect of beliefs based measures, this research provides a more comprehensive conceptual structure that emphasizes the effects of various elements such as innovativeness and eco-friendliness. The research assesses the nomological validity of the conceptualization by integrating the theories, technology acceptance model (TAM), theory of planned behaviour (TPB), unified theory of acceptance (UTAUT) and diffusion of innovation theory (DIT) in a voluntary environment. To produce more sturdy and innovative results, the research first confirms the influence of conventional variables on system acceptance. Secondly, it emphasizes the influence of newly added constructs. University students in Colombo, Sri Lanka being considered as the target population and the model of this study will be tested with a field sample of 400 students. The population is stratified into 4 distinct student categories (universities); thereafter subjects are drawn disproportionate to their original numbers in the population. An instrument with 7-point likert scale measures, is used to obtain responses. The structural equation model is applied to analyse the relationships demarcated in the theoretical model of the study. Subsequently, the hypothesis “factors associated with technology acceptance of Card-less cash withdrawal system, among the university students in Colombo will be



substantiated, by emphasising the relationship among prior factors, antecedent factors and consequent factors. The factors which are highly influential to enhance the level of technology acceptance of Card-less ATM will be filtered out at the end.

**Keywords:** Technology Acceptance, Diffusion, TPB, TAM, UTAUT, E-learning, KLAS

## 1. INTRODUCTION

The latest card-less money withdrawal technology which has described in this study is a cutting edge aptitude which lets account holders of a bank to withdraw cash without using tangible devices (items) such as debit cards and mobile phones. Since users don't have to carry any item at the money withdrawal process, this facility can be considered as a step ahead level relative to usual card-less money withdrawal approach (need the mobile phone). By appearance, this facility makes users' life easier with the value addition of absolute convenience in cash withdrawal. But a bank that provide card-less cash withdrawal platforms face various problems in achieving satisfactory standards, practices and strategies, including the safety, effectiveness, and users' acceptance of the systems (Kilmurray, 2003; Saade, 2003). Controlling difficulties, poor management approaches, technical difficulties such as poor internet connections and huge power reliability differences between countries and demographical, attitudinal and behavioural differences of students have created the problems much bigger and miscellaneous. These ambiguous problematic situations have stimulated more acceptance oriented research on online banking (Grandon, et al. 2005; Hara, 2000; Lee, 2006; Yi & Hwang, 2003). Similarly, with the growing demand on information systems and innovative technologies into banking environment, identifying the factors related to user acceptance of e-banking platforms continues to be important (Grandon, et al. 2005). This research also focuses on further conceptual development of beliefs based measures in technology acceptance of the card-less cash withdrawal system, among the university students in Colombo, Sri Lanka. However, different to previous theoretical and empirical researches, this study provides a more comprehensive conceptual structure that emphasizes the effects of various elements, including unconventional variables such as innovativeness and eco-friendliness. The study has attempted to provide valuable insights on managerial interventions and controls for better bank management that can lead to greater user acceptance and effective system utilization. More technically it develops a general linear structural model of acceptance, which provides management with propositions for better implementing the system.

### **1.1 Problem Statement**

The card-less money withdrawal facility subjected in the study is a cutting edge option which is available for bank customers to withdraw money from ATMs without using devices like debit cards and mobile phones. On condition that users don't have to carry any tangible at the money withdrawal process, this modern facility can be considered as an advance system compared to conventional 'card-less' money withdrawal approach (needs mobile phone). This value addition has been positioned as it makes absolute convenience in the cash withdrawal process. A prominent commercial bank in Sri Lanka, named as Sampath Bank has made all their debit card holders eligible for this innovated facility, which is technically operated only at their ATM centres. But according recent business reports and staff, the usage of the system is not encouraging despite the bulk investments.

By predominantly emphasising the research question, what are the factors associated with technological acceptance of card-less cash withdrawal system in a voluntary environment, a study need to be done to focus on the conceptual development of beliefs based measures in technology acceptance, to analyse the relationship between university students' intention to use cash-less ATM with selected constructs. Subsequently the study develops a general linear structural model of acceptance, which provides management with propositions for better implementing the system.

### **1.2. Objectives**

1. To determine the level of technological acceptance of card-less cash withdrawal, in a voluntary environment.
2. To determine the critical factors associated with technological acceptance of card-less cash withdrawal, in a voluntary environment.
3. To determine the relationships among prior factors, antecedent factors and consequent factors of the technology acceptance of card-less cash withdrawal, in a voluntary environment.
4. To present a successful system design with a holistic viewpoint and guidelines bank management.

### **1.3. Research Questions**

1. What is the level of technological acceptance of card-less cash withdrawal, in a voluntary environment?

2. What are the factors associated with technological acceptance of card-less cash withdrawal, in a voluntary environment?
3. What are the relationships among prior factors, antecedent factors and consequent factors of the technological acceptance of card-less cash withdrawal, in a voluntary environment?

#### ***1.4. Significance of Study***

This study has an all-inclusive conceptual structure to explain the technology acceptance process and at the end of the study, the hypothesis “factors associated with technology acceptance of card-less cash withdrawal, among the university students in Colombo, Sri Lanka” will be substantiated. In addition, the factors which are highly influential to enhance the level of technology acceptance of the ATM system will also be filtered out.

Unlike much preceding studies that has focused on only a limited aspect of beliefs based measures, this research provides a more comprehensive conceptual structure that emphasizes the effects of various elements such as ***innovativeness*** and ***eco-friendliness*** and integrates theories, TAM, TPB, UTAUT and DIT predominantly in a voluntary environment.

Depending on these research out comes, the bank management can adapt its operational and marketing practices associated with card-less cash withdrawal by accurately understanding users’ perceptions on system acceptance. In addition, the proposed technology acceptance model of this study can also be utilized as a theoretical material to accurately illustrate the perceptions of customers and their acceptance behaviour with respect to different technological systems, user groups and geographical areas. Thus, a new conceptual model on technology acceptance may be arrived at.

#### ***1.5. Limitations of Study***

1. The sample is limited to users who chose to complete the survey.
2. The population of this study is limited to only university students in Colombo.
3. Study assumes that the respondents answered all survey questions honestly and to the best of their ability.
4. Study assumes that the questionnaire provides all the attributes needed to determine the beliefs based measures in technology acceptance of card-less cash withdrawal system.

## 2. LITERATURE REVIEW

This study has generally used the cited reference search method in Web of Science and searched for papers that have cited the original papers from 1975 to 2016. Also, have searched for several major Association for Information Systems (AIS) conference proceedings such as International Conference on Information Systems (ICIS) and Americas Conference on Information Systems (AMCIS) through the AIS archive. In addition, searched for more sources through the search criterion of theories, abbreviations and variants, such as user acceptance, use of information technology and belief based measures and so on. In total, the study consists of 54 papers (Only up to date). All these are coming under five broad themes of the technology acceptance and beliefs based measures' citations and variety of settings. Five broad themes are, general discussions of original theories, research-in-progress studies, applications of original papers, integration with other models and extensions to original models. Review of this body of work revealed, verity of study settings, different technologies, different user types, different organizations, different times, different locations and different research objectives which can be considered as the first type of extension. The second type of extension is the addition of new constructs in order to expand the scope of the endogenous theoretical mechanisms outlined in the model. Thirdly, the inclusion of exogenous predictors of the variables. However, some of the extensions and additions of constructs have been on an ad hoc manner without vigilant theoretical consideration to the context. Also, some work has not necessarily attempted to systematically choose hypothetically complementary instruments in expanding the scope and generalizability of the model as explained in the section, insufficiencies of conventional models.

### ***2.1. Theoretical Background; Special Reference to Models, TAM, TPB, UTAUT & DIT.***

In investigating the individual acceptance behaviour on technology related systems, numerous prototypes were recommended by the researchers. Among those, the Theory of Reasoned Action (TRA; Ajzen and Fishbein 1980; Fishbein and Ajzen 1975), Theory of Planned Behaviour (TPB; Ajzen, 1985), Technology Acceptance Model (TAM; Davis et al. 1989) and Unified Theory of Acceptance and Use of Technology (UTAUT; Venkatesh et al.2012), Diffusion of Innovation Theory (DIT; Rogers, 2003), are prominent.

The theory of reasoned action specifies that, the distinct behaviour is influenced by behavioural objectives and these are a function of an individual's attitude toward the behaviour. Also, it explains that, the subjective norms are surrounding the performance of that behaviour (Fishbein and Ajzen 1975). Davis in 1989 modified TRA to explain individual's acceptance behaviour by modelling TAM. The key purpose of

this to trace the impact of external factors on internal beliefs; attitudes and intentions (Davis, 1989). These external factors posit two particular beliefs, perceived usefulness (PU) and perceived ease of use (PEOU), refers to the user's perception that, the specific system will increase his or her performances and degree to which user's perception that, the system to be free of effort, respectively. Despite the fact that both PU and PEOU are considerably interrelated with intentions, Davis' (1989) outcomes propose that both PU and attitude collectively mediate the effect of PEOU on behavioural intentions. Theory of planned behaviour helps to recognize how the behaviour of people can be changed and suggests that human action is guided by three factors which are behavioural, normative and control beliefs (Ajzen, 1985). TPB includes some factors that are part of TAM. However, TPB is not specific for information systems (IS) usage.

Meanwhile, Venkatesh et al. (2003) developed the unified theory of acceptance and use of technology as a comprehensive synthesis of technology acceptance research. UTAUT consists of six key constructs, performance expectancy (PE) is the extent of the benefit the technology provides in performing; effort expectancy (EE) is the extent of ease associated with use of technology; social influence (SI) is, for what extent consumer perceive that valuable others believe he or she should use a particular technology; facilitating conditions (FC) are perceptions of the resources available to perform a behaviour; hedonic motivation (HM) is the pleasure derived from using the technology; price value (PV), is positive when the benefit of using a technology is perceived to be greater than cost incurred and has a positive impact on intention; habit can be defined as the extent, consumers tend to perform behaviours automatically due to learning (Venkatesh et al. 2003; Venkatesh et al. 2012). All these variables are hypothesised to influence behavioural intention to use a technological system, and demographical differences such as age, gender, experience and voluntariness are moderating various model relationships (Venkatesh et al. 2012). However, since KLAS is a voluntary and free option, constructs, price value and voluntariness don't result any variance. Therefore those constructs have dropped from the study.

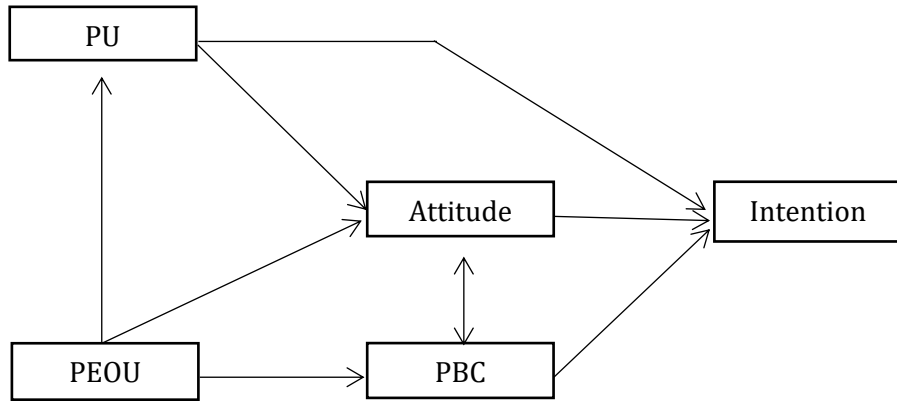
Rogers, (2003) developed the diffusion of innovations theory (DIT), as an appropriate model of innovation acceptance context. DIT has five main variables, relative advantage, complexity, compatibility, trialability and observability. According to Rogers, relative advantage is the degree to which an innovation is perceived as being better than the idea it succeeds. The cost and social status motivation aspects are main elements of relative advantage. Likewise, compatibility is the degree to which an innovation is perceived as consistent with the existing values and past experiences; complexity is the degree to which an innovation is perceived as relatively difficult to understand and use; trialability is the degree to which an innovation may be experimented with on a limited basis (Increased trialability may create faster adoption of the innovation); observability is the

degree to which the results of an innovation are visible to others (Rogers, 2003).

## **2.2. Insufficiencies of Conventional Models; Special reference to TAM (Davis, 1989)**

However, several literature findings, including Bandura (1982), Lepper (1985), Deci (1975), Carrol and Thomas (1988) and Malone (1981) indicate that measures closely represent perceived behavioural control [According to Ajzen, (1985), PBC assesses the people's perception of the ease or difficulty of performing the behaviour of interest], such as user's sense of efficacy, personal control and perception about the ability to carry out the sequences of behaviour needed to operate the system, are important in technology acceptance. But this prominent measure has not been considered in so many models including TAM. It seems, even though Davis (1989) has specifically adapted the essence of the theory of reasoned action (TRA; Ajzen and Fishbein 1980; Fishbein and Ajzen 1975) in modelling TAM, he may have had limited access to the theory of planned behaviour which was published three years before in year 1985, that made an extension to TRA with the addition of the construct PBC that is dealing with behaviours over which people have incomplete volitional control (Ajzen, 1985). This conjectural deficiency inherent with the conceptualization, which resulted in subsequent measurement problems (Adams et al. 1992; Mathieson 1991; Szajna 1996).

For that reason, this research study, critically focuses on the association of control beliefs in technology acceptance of card-less cash withdrawal among university students in Colombo, Sri Lanka. Explicitly, unlike the majority of prior research which have done in the technology acceptance context, that examined limited aspects of PBC, this study provides a more comprehensive conceptual definition that views this measure as an imperative mediating construct posits causal linkages between variables, perceived ease of use (PEOU) and intention to use. Likewise, the model, portrayed upon TAM and TPB, develops an associated hypothesis, which can be considered as a complementary action. There are 5 constructs in this amended TAM model, which includes perceived ease of use as the independent variable, perceived usefulness, attitude and perceived behavioural control as mediating variables and intentions to use, the dependent variable, as shown in Fig 2.



**Fig 2. Modified TAM.**

### ***2.3. Prior, Antecedents and Consequent Factors to KLAS acceptance***

As each model neglects some variables that affects user acceptance, as an individual model, more integrative view of the antecedents of technology acceptance is needed. Hence the motive of this research's model is to introduce additional constructs, which cannot be explained with existing theoretical frameworks in isolation. Therefore, the study examines the joint influence of combined TAM, TPB, DIT and UTAUT constructs with other situational and technology-specific characteristics and variables to explain students' intention to use card-less cash withdrawal system.

Verified TAM constructs, PU and PEOU are selected, instead of the similar DOI constructs relative advantage and complexity and UTAUT constructs performance expectation and effort expectation, since TAM model remains the conceptual foundation of the study. TAM recommends PU determines intention to accept a technology (Beemer and Gregg, 2010; Cheng et al. 2006; Wu et al. 2011). Equally literature shows that, the construct PEOU induces intention to accept, directly (Davis, 1989; Kim et al. 2007) and indirectly through PU (Dishaw and Strong, 1999; Gefen and Straub, 2000; Venkatesh and Davis, 2000). Therefore, it is possible to anticipate the same effect in the case of acceptance of the card-less cash withdrawal system.

TPB model's construct PBC is implanted to overcome the conjectural deficiency inherent with the TAM conceptualization, which resulted in subsequent measurement problems in terms of volitional control (Adams et al. 1992; Mathieson 1991; Szajna 1996). The easier a system is to interact with (PEOU), the greater should be the user's sense of efficacy, personal control and his or her ability (PBC) to operate the system (Bandura, 1982; Lepper, 1985; Deci, 1975; Carrol and Thomas, 1988; Malone, 1981). Also, according to Ajzen, (1985), PBC induces the acceptance.

DIT constructs, trialability and observability are introduced in the model, as



the majority of students may have tested similar e-learning technologies before. According to Rogers, 2003, both the variables, trailability and observability positively affects the technology acceptance. Apart from them, the DIT variable compatibility is also incorporated in the model to consider the existing values and norms of students, as adoption of a technology related system often requires the compatibility with existing value systems (Rogers, 2003). Several studies on technology acceptance suggest that compatibility is an important variable that increases the technology acceptance (Agarwal and Prasad, 1998; Kim et al. 2010; Wu and Wang, 2005; Yi et al. 2006; Carter and Bélanger, 2005). Hence, similar UTAUT construct social influence and TPB construct subjective norms are not included in the model.

UTAUT construct, facilitating condition is also added to the study, as knowledge sharing, training and resources play an important role in KLAS acceptance (Venkatesh et al. 2003; Venkatesh et al. 2012). According to Chiu and Wang, (2008), the greater the facilitating conditions, higher the likelihood to accept technology. Similarly, hedonic motivation and habit also positively related to technology acceptance (Venkatesh et al. 2012). Therefore, both the constructs, hedonic motivation and habit have also incorporated in the model to measure the pleasure derived from using the technology platform and the extent, students tend to use card-less cash withdrawal system automatically due to learning, respectively.

The construct, perceived risk (PR), which is linked to particular situations such as decision to self-disclose and data loss, is added to the model as psychological risks are usually considered important (Thiesse, 2007). Some studies have unified the construct risk into TAM, DIT and UTAUT models (Gefen and Straub, 2004; Carter and Bélanger, 2005; Hung et al. 2006). Also, many previous studies have disclosed that, the heightened risk perceptions are associated with lower intentions to adopt technology (Kim et al 2010; Lee, 2009).

The construct, innovativeness is added, as a person who tends to be innovative have more probability to take on new technologies than others. Based on previous literature, innovativeness predicts intention to accept an IT system (Hung et al. 2006). According to Yi et al. (2006), the construct, innovativeness is act as a significant direct predictor of behavioural intention to use new technologies. Correspondingly, several researches have suggested that, innovativeness is positively related to TAM and DOI variables, PU, PEOU and Compatibility respectively (Bigné-Alcañiz et al. 2008; Roca et al. 2010; Yi et al. 2006). In this light as in the previous explanations, it can be anticipated that, the effect of innovativeness for constructs, intention to use, perceived usefulness, perceived ease of use and compatibility, will be true in the case of card-less cash withdrawal system acceptance, among university students in Colombo, Sri Lanka.

Finally, the construct, eco-friendliness is also added to the model, as past studies have showed that customers were more likely to buy eco-friendly



products, even when the price increased (Isaacs, 2015; Lee, 2011; Komesaroff, 2012). According to Datta, (2011), the greater the product's eco-friendliness, higher the likelihood to accept it. At the same time, some researches have proved that, the pro-environmental concerns among students are much higher than the normal public (Church & Ekberg, 2013). Also, it is evident, that consumers have accepted e-facilities over conventional (tangible) facilities, due to the eco-friendliness factor of e-facilities (Ha & Stoel, 2012). This study has also considered above factors, in the case of acceptance of the card-less cash withdrawal system. Eventually the study hypothesizes that, the students with higher eco-friendliness are more positively and to be willing to accept the system.

#### 4. METHODOLOGY

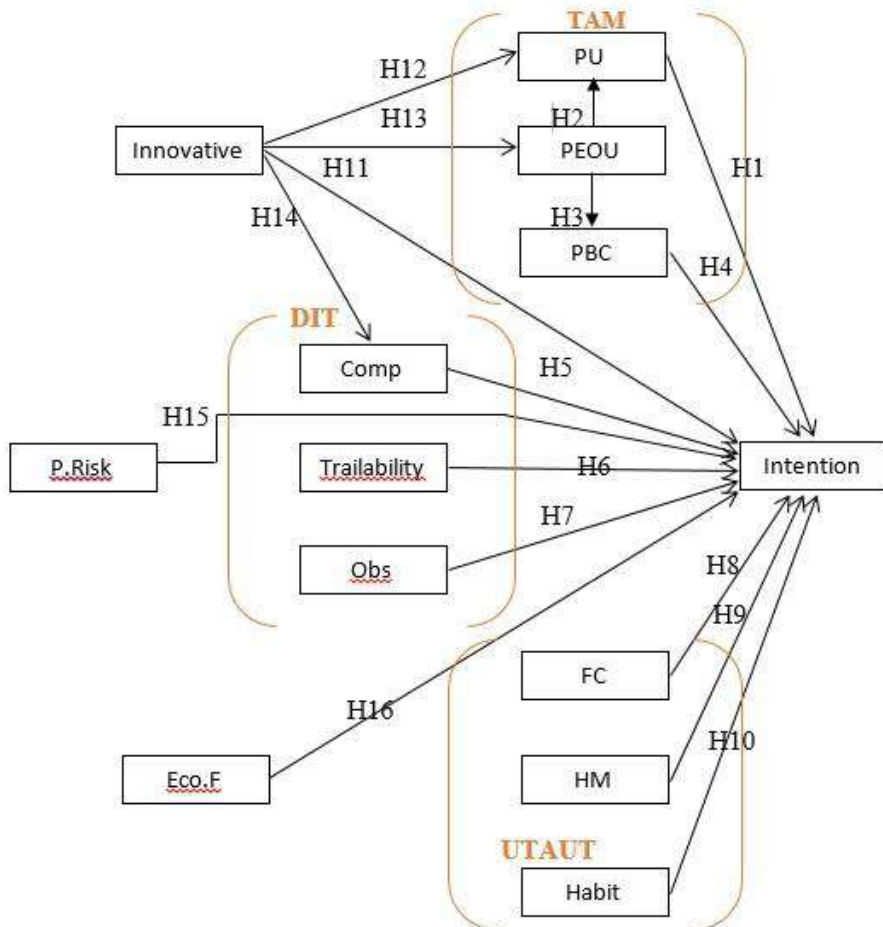


Fig 3. The Proposed Research Model.

This quantitative study is predominantly portrayed upon four primary research models, technology acceptance model (TAM), theory of planned behaviour (TPB), diffusion of innovation theory (DIT) and unified theory of acceptance and use of technology (UTAUT), to develop the theoretical model and associated hypothesis. There are 13 constructs, which includes 8 independent variables, 4 mediating and 'intention to use' as the only one dependent variable. The theoretical model of the study discharges 16 hypothesis in total, comprising with conventional and unconventional relationships. The strength of the hypothesized relationships implanted in the model, is tested with a field sample of 400 university students, studying in Colombo, Sri Lanka.

To determine the level of technological acceptance of card-less cash withdrawal, in a voluntary environment, a quantitative methodology has used in this study to assess the influence of theorised connotations entrenched in the proposed model. Highly structured research instruments, large samples relative to a qualitative approach, statistical analytical approaches such as SEM have predominantly embedded in the composition of the quantitative approach instead of in-depth investigations, expert opinions and induction approach found in the qualitative method.

This study has chosen a quantitative method as most of the following conditions apply in the research context, based on the guidelines of Saunders et al. (2009) and Sekaran and Bougie, (2014).

1. Confirmatory nature of the research (exploratory nature for qualitative).
2. The study area is frequently researched (numerical data from earlier research is available).
3. Less ambiguity about the concepts, being measured (only one way to measure each concept).
4. The concept is being measured on an interval scale (with clear demarcation points; 5-point Likert scale).
5. The unit of the analysis is very much specific (Individuals; university students in Colombo).
6. The study attempts to construct a theoretical material to illustrate the perceptions

Even though, most of the studies stand amongst immoderations, from an accuracy point of view the most beautiful way is to take the dual approach with a quantitative way to compute, and qualitative way to explain (Sekaran and Bougie, 2014). However, when time and money constraints are higher, it is more appropriate to proceed with a quantitative methodology (Saunders et al., 2009).

When considering the ontological perspective of the study, it contains an objective stance being independent of social factors. The adequate knowledge of this research has mainly anchored by factual data while axiology is a value-free stance. A general concept is deduced into a particular context (testable proposition on the relationship among variables) with a hypothesis testing to explain the variance in the dependent variable.

Concerning the degree of researcher interference in this research, a questionnaire was administrated to the university students in Colombo. However, other than that, the research has interfered with normal activities neither at the university nor with students. Therefore, the researcher interference may consider as 'minimal' (Saunders et al., 2009; Sekaran and Bougie, 2014).

Correlational studies carried out in natural environment call field studies (Saunders, et al. 2009). Therefore, the study setting of this study has considered as non-contrived, as it has done without altering the routine day-to-day study work, study routine of the university nor with students in Colombo.

The purpose of this research is to collect data that would relate to exploring the outcomes to earlier mentioned research questions. Therefore, with the apparent constraints such as time, cost and effort, a data gathering at once is copiously sufficient. Hence, the time horizon of the study has considered as 'cross-sectional' (Saunders et al., 2009; Sekaran and Bougie, 2014).

Administrating structured questions to sampled individuals (Saunders et al., 2009; Sekaran and Bougie, 2014).

### **3.1. Hypothesis Development**

The hypothesis development has done based on the theoretical framework which is graphically presented in Fig 3, which was predominantly revealed upon TAM, TPB, DIT and UTAUT.

#### **3.1.1. Impact of TAM and TPB variables; Perceived Usefulness, Perceived Ease of Use and Perceived Behavioural Control**

Hypotheses 1 and 2 are mainly proposed based on TAM; Davis et al. (1989), as described in the section literature review.

H1: Perceived usefulness encourages the behavioural intention to use card-less cash withdrawal system.

H2: Perceived ease of use encourages the perceived usefulness of the use of card-less cash withdrawal system.

The hypothesis 3 is proposed according to Bandura (1982), Lepper (1985), Deci (1975), Carrol and Thomas (1988) and Malone (1981), as they indicate that the easier a system is to interact with, the greater should be the user's sense of efficacy, personal control and his or her ability to operate the

system.

H3: Perceived ease of use positively influences the perceived behavioural control towards the use of card-less cash withdrawal system.

Hypotheses 4, is based on TPB; Ajzen, (1985), as described in the section literature review.

H4: Perceived behavioural control encourages the behavioural intention to use card-less cash withdrawal system.

*3.1.2. Impact of DIT variables; Compatibility, Trailability and Observability.*

Hypotheses 5, 6 and 7 are mainly proposed based on DIT; Rogers (2003), as described in the section literature review.

H5: Compatibility encourages the behavioural intention to use card-less cash withdrawal system.

H6: Trailability encourages the behavioural intention to use card-less cash withdrawal system.

H7: Observability encourages the behavioural intention to use card-less cash withdrawal system.

*3.1.3. Impact of UTAUT variables; Facilitating Conditions, Hedonic Motivation and Habit.*

Hypotheses 8, 9 and 10 are mainly proposed based on UTAUT; Venkatesh et al. (2012), as described in the section literature review.

H8: Facilitating conditions positive influence on students' intentions to accept card-less cash withdrawal system.

H9: Hedonic motivation positive influence on students' intentions to accept card-less cash withdrawal system.

H10: Habit positive influence on students' intentions to accept card-less cash withdrawal system.

*3.1.4. Impact of Innovativeness.*

Innovativeness is significant direct predictor of behavioural intention to use new technologies (Yi et al. 2006). Hence,

H11: Students with higher personal innovativeness are more positively and to be willing to accept card-less cash withdrawal system.

Regardless of the measure or the innovation acceptance settings, the disposition towards innovativeness directly determines three characteristics, namely perceived usefulness, ease of use and compatibility (Bigné-Alcañiz et al. 2008; Roca et al. 2010; Yi et al. 2006).

H12: Students with higher personal innovativeness are more likely to

perceive the technology characteristics of usefulness

H13: Students with higher personal innovativeness are more likely to perceive the technology characteristics of ease of use

H14: Students with higher personal innovativeness are more likely to perceive the technology characteristics of compatibility.

#### *3.1.5. Impact of Perceived Risk*

Heightened risk perceptions are associated with lower consumer intentions to adopt and perceived risk, will lower consumer intentions to tolerate new technological systems (Kim et al. 2010; Lee, 2009; Shen & Chiou, 2010).

H15: The greater the perceived risks, the lesser the intention to accept card-less cash withdrawal system.

#### *3.1.6. Impact of Eco-friendliness*

According to Ha & Stoel (2012), consumers have accepted e-facilities over conventional facilities, due to the eco-friendliness.

H16: Students with higher eco-friendliness are more positively and to be willing to accept card-less cash withdrawal system.

### ***3.2. Data Collection and Sampling (Research-in-progress).***

University students in Colombo, Sri Lanka being considered as the target population and the model of this study will be tested with a field sample of 400 students. The population is stratified into 4 distinct student categories (universities); 1. University of Colombo, 2. University of Jayawardenepura, 3. Open University, 4. Management and Science University. Thereafter subjects are drawn disproportionate to their original numbers in the population. Hence, all the groups are adequately sampled. The questionnaire used in this research is consist of two parts, Part 1 and Part 2. The Part 1 is intended to obtain demographic information about the respondents. The Part 2 is embedded with variables and their corresponding items. Each item, will be measured on a 7-point likert measure (strongly agrees = 7 to strongly disagrees = 1). In this study, the survey items were adopted from the theoretical and empirical studies, with minor modifications to fit the context of card-less cash withdrawal system. The items for perceived ease of use, perceived usefulness and intention to use are according to the original scales validated by Davis (1989) and Cheng et al. (2006). Items for perceived behavioural control are based on validation of Ajzen, (1985) and Wu and Chen (2005); perceived risk (Featherman and Pavlou, 2003); compatibility (Rogers, 2003), (Vijayasathy, 2004) and (Agarwal & Prasad, 1998); trialability and observability (Rogers, 2003) and (Atkinson, 2007); facilitating conditions, hedonic motivation and habit (Venkatesh et al. 2003); innovativeness (Yi et al. 2006). The items of the

construct eco-friendliness are self-developed from literature (Ha & Stoel, 2012). Firstly, through the reliability analysis, the internal consistency and stability of multiple item scales are measured. Secondly, the validity analysis will be adopted to examine and revise questionnaires. Thirdly, descriptive statistics to provide more feel for the data and Subsequently, the structural equation model is applied to analyse the relationships demarcated in the theoretical model of the study and to develop a general linear structural model of acceptance.

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**UNLOCKING THE POTENTIAL OF THE EPHEMERAL CONTENT  
SHARED ON INSTAGRAM TO STIMULATE CUSTOMER PURCHASE  
INTENTION: EMPIRICAL EVIDENCE FROM THE FASHION  
INDUSTRY IN SRI LANKA**

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**ABSTRACT**

The use of ephemeral content, a time-limited feature of Instagram, has been advancing rapidly, and is recognized as the latest trend in social media marketing. With insufficient academic research on the subject, limited understanding prevails on how the ephemeral content shared on Instagram influences customer purchase decisions. Building on the extant literature, this paper aims to delve into how the true potential of the ephemeral content shared on Instagram can be utilized to stimulate consumer purchase intention, with reference to the fashion industry in Sri Lanka. Following the pragmatist research paradigm, the mixed methods research design is adopted. Data collected from six in-depth interviews and an online questionnaire survey using 384 Generation Z Instagram followers revealed that informativeness, entertainment, irritation, and credibility related to the ephemeral content shared on Instagram impact customer purchase intention. The results also showed that informativeness is the most influential factor, and that irritation negatively impacts consumer purchase intention. The theoretical and practical implications of the study are also discussed.

**Keywords:** Ephemeral content, Fashion industry, Instagram, Purchase intention

## 1. INTRODUCTION

With the rapid penetration of the Internet and social media, recent years have witnessed the emergence of several popular applications featuring ephemeral content (Bayer et al., 2015). Ephemeral content is defined as content that is "short-lived and generally disappears after 24 hours; it displays no social cues such as other followers' liking and comments." (Lim et al., 2021, p.3). The most important thing related to ephemeral content is that when viewers are aware that content is transitory, their memory of it is higher than when they believe it would be available later (Campbell et al., 2021). A large body of evidence suggests that ephemeral content is the way of the future in social media (Bayer et al., 2015; Lim et al., 2021). Consequently, most social media platforms have started introducing features to facilitate the creation of ephemeral content that allows users to share content with their peers (Read, 2021). For instance, Instagram provides a service for sharing ephemeral content, called "*Instagram Stories*," which vanishes after 24 hours (Read, 2021). It enables users to interact with content creators by replying to the story, responding to the polling stickers, and linking to other websites via the "*swipe-up*" function.

Today, marketing via Instagram has relies increasingly on ephemeral content, with skyrocketing popularity frequently aimed at a young audience and tied to the most popular themes (Bump, 2021). However, surprisingly, in the Sri Lankan context, most fashion brands have not been able to reach even 1% of the consumer engagement rate through Instagram (StarNgage, 2022). Nevertheless, most scholars believe that the influence of ephemeral content will continuously expand and will be an essential medium for marketers to reach and engage with their target customers (Appel et al., 2019). Hence, Zhang et al. (2021) suggest that future research could look into the ephemerality settings on platforms like Instagram, as one in three people from Generation Z was found to be interested in brands when they watch ephemeral content about those brands. However, because of novelty and lack of scholarly investigations, the motivations for deploying ephemeral material and its effects on user engagement on Instagram are still unknown (Chen & Cheung, 2019). Also, the academic literature related to the impact of ephemeral content on customer purchase decisions has rarely been addressed (Lopez et al., 2021). Hence Campbell et al. (2021) emphasized that despite the growing popularity of ephemeral content, marketing research has yet to investigate the impact of ephemeral content on stimulating customer purchase decisions.

This study addresses this void in the prior literature by examining the impact of the ephemeral content shared on Instagram on customer purchase intention toward fashion products in Sri Lanka. By doing so, this paper contributes to the social media marketing literature by proposing a model

explaining how ephemeral content on social media platforms stimulates customer purchase intention.

## 2. LITERATURE REVIEW

Among different advertising models, only Ducoffe's Web advertising model focuses on advertising value (Kim & Han, 2014). This advertising model is derived from the Uses and Gratifications Theory (UGT). After using the UGT, Ducoffe focused on advertising value, defined as "*a subjective assessment of the relative worth or utility of advertising to consumers.*" (Ducoffe, 1995, p. 1). Researchers (e.g., Mahatmavidya & Yasa, 2020) have recently identified that the most extensively used theory to describe user perceptions and attitudes toward advertising is the advertising value model. It looks into the factors influencing user perceptions and attitudes toward advertising, including informativeness, entertainment, and irritation. Based on a rigorous literature review, this paper identified four factors that should be considered to raise customer perceptions of ephemeral content shared on Instagram, and these are entertainment, informativeness, irritation, and credibility. Since, in the Sri Lankan context, the advertising value model has not been sufficiently used to identify the impact of the ephemeral content shared on Instagram on customer purchase intention, this paper attempts to fill this theoretical gap in the literature. As a novel contribution to Ducoffe's Web advertising model, based on the literature, it is proposed in this study that credibility be included as a determinant of customer perceptions as well, as it frequently appeared as a construct highly correlated with customer perceptions towards Internet advertising/ web advertising.

Spreng et al. (1995) identified that purchase intention is essential for marketers since retaining existing consumers is more cost-effective than acquiring new ones. Concerning stimulating purchase intention through advertising, the advertisement's first, foremost and most important attribute is its informativeness. This is because the advertisement is designed to deliver relevant information to the consumer, and most people believe the primary purpose of an advertisement is to deliver information (Bloom & Krips, 1982). According to Ducoffe et al. (1996), "informativeness is the ability of the advertising message to inform the recipient of different product and service alternatives so that the consumer obtains the maximum satisfaction he desires" (p. 22). On the other hand, the ability of an advertisement to satisfy a viewer's demand for escape, aesthetic enjoyment, diversion or emotional enjoyment is referred to as entertainment in the context of advertising (Ducoffe et al., 1996). In other words, consumers prefer to watch advertising with more components of fun and pleasure (Alwitt & Prabhaker, 1992), where the entertainment of an advertisement leads to favorable attitudes in consumers' minds toward the brands (Shimp, 1981). Also, Ducoffe (1995) pointed out that a fun advertisement could

capture a recipient's attention. The concept of annoyance has been identified in the literature as one of the significant obstacles to effective advertising (Tsang et al., 2004). When advertisements use tactics that offend, annoy, insult, or are too misleading, customers are expected to see them as an unwelcome and annoying influence, according to the definition of irritation in advertising (Ducoffe et al., 1996). In addition, Mackenzie and Lutz (1989) stated that the degree to which a consumer believes that statements made about a product or service are accurate and credible is known as the advertisement's credibility. According to Liu et al. (2012), credibility is a prominent factor contributing to customer perceptions about advertising. Accordingly, focusing on customers' fashion product purchase intention in Sri Lanka, the following hypotheses were developed.

H<sub>1</sub>: Informativeness provided by the ephemeral content shared on Instagram has an impact on customer purchase intention towards fashion products in Sri Lanka.

H<sub>2</sub>: Entertainment provided by the ephemeral content shared on Instagram has an impact on customer purchase intention towards fashion products in Sri Lanka.

H<sub>3</sub>: Irritation provided by the ephemeral content shared on Instagram has an impact on customer purchase intention towards fashion products in Sri Lanka.

H<sub>4</sub>: Credibility provided by the ephemeral content shared on Instagram has an impact on customer purchase intention towards fashion products in Sri Lanka.

### **3. METHODOLOGY/METHODS**

Following the pragmatist research philosophy and mixed methods research design, a two-stage data collection procedure was used in this study. First, six qualitative in-depth interviews were carried out to obtain a deep understanding of the key constructs used in this study from customers those who are exposed to ephemeral content shared on Instagram. This stage was followed by an online survey to evaluate quantitatively the relationships among the key concepts by testing hypotheses.

Six Generation Z customers were selected for the qualitative study, and in-depth face-to-face interviews were carried out. Generation Z individuals fall between the ages of 10-25 years. Nevertheless, according to Instagram policies, children below 13 are not allowed to use Instagram (Team, 2021).

Hence, this study considers Generation Z as individuals aged between 13 and 25 years. Using purposive sampling, six Generation Z customers who are active users of Instagram and who follow fashion products on Instagram were identified. The interviews took place over three months in 2022 and lasted between 40 and 55 minutes each. The responses were recorded and transcribed fully with the respondents' consent. Qualitative data were analyzed using thematic analysis.

Well-developed measurement scales adapted from the prior literature were used to operationalize the key constructs of the study. Customer purchase intention was measured using a seven-item scale adapted from Wu et al. (2021). Credibility, informativeness, entertainment, and irritation related to the ephemeral content were measured using five-item measurement scales adapted from Ducoffe et al. (1995) and MacKenzie and Lutz (1982). All the questions were framed using a five-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree. The questionnaire was pre-tested with three subject experts to ensure its content and face validity. Grounded on their comments, some items were modified to increase clarity. Then, a pilot study with seven Instagram users was conducted, where they were requested to detect any equivocal, irrelevant, inappropriate, or ambiguous items, and provide comments about the flow and wording used in the questionnaire. The pilot study results indicated that the final, modified measurement scales were clear and comprehensible to the potential respondents. Then, the questionnaire was circulated among 384 Generation Z customers who are active users of and who follow fashion products on Instagram, adopting the purposive sampling technique. Descriptive statistics were used to describe the sample profile, and multiple linear regression analysis was used to examine the hypotheses.

#### **4. DATA ANALYSIS & RESULTS**

The survey generated 317 completed questionnaires, yielding an effective response rate of 82.55%. The missing values and outliers were handled by making all the questions in the Google form compulsory. Of the 317 effective responses received, most respondents were females (77.92%), employed, and had used Instagram for over three years. The majority of respondents followed over nine fashion brands on Instagram.

Internal consistency reliabilities (coefficient  $\alpha$ ) of all the measurement scales ranged from 0.767 to 0.857 and exceeded the 0.70 benchmark suggested by Nunnally (1978). As shown in Table 1, informativeness, entertainment, and credibility provided by the ephemeral content shared on Instagram positively impact customer purchase intention related to fashion

products in Sri Lanka. Of the three factors positively influencing customer purchase intention towards fashion products, informativeness of the ephemeral content emerged as the most significant factor. Further, the findings indicate that irritation due to the ephemeral content shared on Instagram negatively affects customer purchase intention related to fashion products in Sri Lanka.

**Table 1**  
*Results of multiple linear regression analysis*

<b>Endogenous variable</b>	<b>Exogeneous variables</b>	<b>Beta-value</b>	<b>p-value</b>
<b>Consumers' fashion products purchase intention</b>	Informativeness provided by the ephemeral content	0.296	0.000
	Entertainment provided by the ephemeral content	0.275	0.000
	Credibility provided by the ephemeral content	0.147	0.000
	Irritation due to the ephemeral content	-0.074	0.000

*Source:* Survey Data, 2022

More specifically, the findings of this study reveal that taken as a whole, informativeness, entertainment, irritation, and credibility provided by the ephemeral content shared on Instagram explain a variation of 61.1% in customer purchase intention towards fashion products.

## **5. DISCUSSION OF THE FINDINGS**

These findings of this paper align largely with those of the existing literature (e.g., Campbell et al., 2021, Mahatmavidya et al., 2020; Mustafi & Hosain, 2020) that emphasize that the entertainment, informativeness, and credibility of Instagram stories contribute to a favorable customer attitude about the advertised products/ brands (that is, contribute positively to customer attitude). Qualitative interview findings were supplemented further by these findings. During the interviews, most respondents emphasized that they look for credibility and informativeness provided by Instagram advertisements when assessing how much the latter will



influence their purchase decisions. Further, they highlighted the importance of providing entertainment through ephemeral content to capture customer attention and stimulate purchasing habits.

Further, in line with Yang et al. (2017) and Paramitha et al. (2021), the findings indicate that irritation stemming from the ephemeral content shared on Instagram negatively affects consumer purchase intention related to fashion products in Sri Lanka. As uncovered in the interviews, this may be because customers are careful to check intrusive, confusing, and misleading content in advertisements before they purchase fashion products.

## **6. CONCLUSION AND CONTRIBUTIONS**

In recent years, ephemeral content has emerged as a novel trend in social media marketing. This paper adds to this field by examining how specific features of the ephemeral content shared on Instagram (i.e., informativeness, entertainment, credibility, and irritation) influence customer purchase intention toward fashion products. The findings reveal that customers prefer receiving timely, relevant, up-to-date, and immediately accessible information about fashion products through the ephemeral content shared on Instagram. Consequently, this paper adds to Ducoffe's Web advertising model by identifying the credibility of the ephemeral content shared on Instagram as a critical determinant in stimulating customer purchase intention.

From a marketer's standpoint, the findings suggest that marketers must create advertisements with the most relevant and appropriate information. Furthermore, the ephemeral content must make customers more likely to experience joy, pleasure, enjoyment, and excitement. This paper also revealed that customers ignore annoying, intrusive, confusing, and misleading ephemeral content. Therefore, marketers must create advertisements that should not confuse and irritate customers. Moreover, the findings reveal that the credibility of the ephemeral content matters the most, as the audience is more likely to trust credible, trustworthy, and referable ephemeral content. Therefore, marketers must create advertisements that seem credible to consumers.

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**EXPLORING THE DETERMINANTS OF DIGITAL NATIVES'  
PERCEPTIONS TOWARDS ARTIFICIAL INTELLIGENCE-ENABLED  
MOBILE BANKING SERVICE ADOPTION IN SRI LANKA**

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**ABSTRACT**

The emergence of mobile technology has significantly changed the conventional banking industry. Although traditional banks have recently started adopting artificial intelligence (AI) technology to increase the scope of their mobile banking services, the current literature lacks research on customers' perceptions of AI-enabled mobile banking service adoption in Sri Lanka. To fill this gap, based on the extended technology adoption model (ETAM), this paper aims to examine the determinants that influence digital natives' perceptions of adopting AI-enabled mobile banking activities. Following the pragmatist research paradigm, the mixed methods research design was adopted. Data collected from six in-depth interviews and an online questionnaire survey using 384 digital natives from Sri Lanka revealed that attitude, relative advantage, security concerns, and perceived trust significantly impact digital natives' perceptions towards adopting AI-enabled mobile banking services. The results contribute theoretically by extending the applicability of the ETAM model to stimulate customer perceptions towards AI-based mobile banking service adoption and practically, by offering guidance to banks planning to offer AI-enabled digital banking services.

**Keywords:** Adoption, Artificial intelligence-enabled mobile banking, Digital natives, Mobile banking, Perception

## 1. INTRODUCTION

The emergence of the Internet and the rapid penetration of mobile devices have profoundly impacted all industries worldwide during the last two decades, and the banking industry is not an exception (Rahman et al., 2021). Against this backdrop, mobile banking has emerged as a vital global distribution channel in the banking industry (Payne et al., 2018). Moreover, recent developments enable banks to offer artificial intelligence (AI)-enabled mobile banking services, which use AI and interaction-based algorithms to make mobile banking more interactive and accessible (Mathipriya et al., 2019). AI-enabled mobile banking is now gaining popularity among young bank customers, primarily digital natives (Suhartanto et al., 2021). Digital natives have grown up under the ubiquitous influence of the Internet and other contemporary information technologies, and are generally individuals aged below 42 years (Mathipriya et al., 2019).

Although the banks in Sri Lanka have also started introducing AI-enabled mobile banking services lately, their adoption is meager, surprisingly even among digital natives (Mathipriya et al., 2019). On the other hand, although mobile banking adoption has recently been a popular research subject, an extensive literature review on the topic identifies several crucial gaps. First, existing literature on the factors influencing mobile banking adoption does not provide a comprehensive model explaining customer perceptions of AI-enabled mobile banking adoption, especially from the perspective of a developing country like Sri Lanka (Rahman et al., 2021). Second, studies focusing on exploring customer perceptions of AI-enabled mobile banking service adoption are relatively uncommon, as most existing studies focus on mobile and online banking service adoption. Third, most studies in this research domain have primarily been based on the traditional technology acceptance model (TAM); therefore, extending it or employing other relevant theoretical frameworks to bridge the gap is possible. Against the backdrop of these lacunas in the existing literature, this paper aims to investigate the determinants of digital natives' perceptions of AI-enabled mobile banking service adoption in Sri Lanka.

## 2. LITERATURE REVIEW

The technology adoption model (TAM) is a widely used theoretical framework for studying mobile banking adoption (Ahmad, 2018; Alalwan et al., 2016). It has been empirically verified in various research contexts related to mobile banking adoption (As-Sultan et al., 2017). Consequently, TAM is recognized as the most sought-after option for investigating users' interactions with technological innovations in the field of information

systems, because it can foresee user behavior toward innovative technology to a large degree (Rahman et al., 2021).

Since some scholars have questioned the importance of TAM, primarily referring to its parsimony, verifiability, and generalizability, Taherdoost (2018) suggested that adding new factors may increase the adaptability, explanatory power, and specificity of the conventional TAM. Accordingly, the conventional TAM has been expanded and customized in numerous ways in several studies, as the TAM1, TAM2, and extended TAM (ETAM). ETAM was developed in 2000 as an extension of the original TAM by adding additional factors (Venkatesh & Davis, 2000), as the conventional TAM does not address specific technological and usage context factors which influence an individual's decision-making behavior (Luarn & Lin, 2005). Building on the ETAM, the key constructs used in this paper include the need for service, quality of service, attitude, relative advantage, security concerns, perceived trust, and digital natives' perceptions of AI-enabled mobile banking service adoption.

Need for service can be defined as customers' perceptions of the perceived need to interact with employees while executing banking transactions (Suhartanto et al., 2021; Yussaivi et al., 2021). Dabholkar and Bagozzi (2002) mentioned that customers who need direct interactions with bank employees are not interested in using mobile banking services like self-service technology (SST) (Payne et al., 2018). Quality of service is the evaluation of performance when bank employees deliver services to bank customers (Suhartanto et al., 2021) or customers' opinions of bank workers' interpersonal relations (Yussaivi et al., 2021). Empirical evidence on SST shows that customers will not see the advantage of adapting to SST when they are more likely to obtain social and personal experiences when exposed directly to service providers (Lee, 2017). Many research findings have shown that user attitude is critical when adopting innovative technologies such as mobile banking services (Zhou, 2011). From a conceptual point of view, attitudes have been presented as predictors of forming customers' perceptions (Suhartanto et al., 2021).

Karayanni (2003) defines relative advantage as the degree to which an innovation can benefit people. Previous empirical studies (e.g., Rogers, 2003) revealed that relative advantage is an attribute that has a positive relationship with customers' perceptions of innovative technology adoption. Yousafzai et al. (2010) define security concerns as customers' reactions to perceived and actual online security dangers, such as having their personal information compromised. Mobile banking adoption literature has repeatedly shown that weaker security leads to reduced trust and, eventually, a lower willingness to utilize and adopt mobile banking services (Suhartanto et al., 2019). Perceived trust is a complex and multifaceted notion that is particularly significant in uncertain and



ambiguous circumstances (Payne et al., 2018). According to Zhou (2011), customers' judgment of trust regarding safety and security decreases uncertainties, encouraging mobile banking adoption. Moreover, Silva et al. (2013) have argued that perceived trust could minimize ambiguity and difficulties in online transactions. Accordingly, focusing on the determinants of digital natives' perceptions towards adopting AI-enabled mobile banking adoption in Sri Lanka, the following hypotheses were developed.

H<sub>1</sub>: The need for service has an impact on digital natives' perception of AI-enabled mobile banking service adoption in Sri Lanka.

H<sub>2</sub>: Quality of AI-enabled mobile banking services has an impact on digital natives' perception of AI-enabled mobile banking service adoption in Sri Lanka.

H<sub>3</sub>: Attitude toward AI-enabled mobile banking has an impact on digital natives' perception of AI-enabled mobile banking service adoption in Sri Lanka.

H<sub>4</sub>: Relative advantage has an impact on digital natives' perception of AI-enabled mobile banking service adoption in Sri Lanka.

H<sub>5</sub>: Security of specific mobile banking activities has an impact on digital natives' perception of AI-enabled mobile banking service adoption in Sri Lanka.

H<sub>6</sub>: Perceived trust has an impact on digital natives' perception of AI-enabled mobile banking service adoption in Sri Lanka.

## **2. METHODOLOGY/METHODS**

Following the pragmatist research philosophy and mixed methods research design, a two-stage data collection procedure was used in this study. First, six qualitative in-depth interviews were conducted to obtain a deep understanding of the key constructs used in this study, with customers who are digital natives and have already used mobile banking services at least during the last six months but have not used any AI-enabled mobile banking services. This stage was followed by an online survey to quantitatively evaluate the relationships among the key concepts by testing hypotheses.

Six mobile banking customers who belong to the 'digital natives' category were selected for the qualitative study, and in-depth face-to-face interviews were carried out over a period of three months in 2022. Each interview lasted 45 minutes to 1 hour, and the responses were recorded and fully transcribed with the respondents' consent. Qualitative data were analyzed using thematic analysis.

Well-developed measurement scales adapted from the prior literature were used to operationalize the key constructs of the study. Digital natives' perception of AI-enabled mobile banking service adoption was measured using a seven-item scale developed by Payne et al. (2018). Need for service, quality of service, attitude, relative advantage, and security concerns were measured by adapting measurement scales from Suhartanto et al. (2021). Moreover, perceived trust was measured using a four-item scale adopted by Payne et al. (2018). All the questions were framed using a five-point Likert scale, ranging from 1 = strongly disagree to 5 = strongly agree. The questionnaire was pre-tested with three subject experts to ensure its content and face validities. Grounded on their comments, some items were modified to increase clarity. Then, a pilot study using seven mobile banking customers was conducted, requesting them to detect any equivocal, irrelevant, inappropriate, or ambiguous items and provide comments about the flow and wording used in the questionnaire. The pilot study results indicated that the final modified measurement scales were clear and comprehensible to the potential respondents.

Data were collected using a self-administered questionnaire distributed via Google forms from 384 banking customers in Sri Lanka. It was decided to select as the unit of analysis in this paper banking customers who are digital natives and have already used mobile banking services, at least during the last six months, but have not used any AI-enabled mobile banking services. Since identifying the study participants was difficult due to the lack of a suitable sampling frame, the purposive sampling technique was used to select the sample. First, the participants had to answer three filtering questions about their age, mobile banking usage, and AI-enabled mobile banking services usage. To help participants comprehend the task, AI-enabled mobile banking services were distinguished from mobile banking services by providing some examples. These questions helped to filter unqualified participants. Qualified participants were then asked to complete the rest of the survey questions. Descriptive statistics were used to describe the sample profile, and multiple linear regression analysis was utilized to examine the hypotheses.

### **3. DATA ANALYSIS & RESULTS**

Due to unqualified participants, missing values, and illogical and unmatched answers, only 306 effective responses were considered for the final analysis, out of which 250 respondents were females, 56 were males, and most were employed in the private sector. Internal consistency reliability of the measurement scales ranged from 0.715 to 0.958, and

exceeded the .70 benchmark suggested by Nunnally (1978). Convergent, discriminant, and concurrent validity were not assessed as this study used measurement scales that had been well-tested in the prior literature. However, the face and content validity of the questionnaire were assessed before commencing the survey, as explained above (Goundar, 2013).

**Table 1**

*Results of multiple linear regression analysis*

Endogeneous variable	Exogeneous variables	Beta-value	<i>p</i> -value
AI-enabled mobile banking service adoption	Attitude	0.166	0.000
	Relative Advantage	0.194	0.000
	Security concerns	0.357	0.000
	Perceived trust	0.283	0.000

As shown in Table 1, attitude, relative advantage, security concerns, and perceived trust positively influence digital natives' perceptions of AI-enabled mobile banking service adoption. However, the quality of service and need for service did not significantly influence digital natives' perceptions towards adopting AI-enabled mobile banking services. Of the four critical determinants identified, security and perceived trust emerged as the most influential factors. More specifically, this study's findings reveal that attitude, relative advantage, security concerns, and perceived trust explain a 70.4% variation in digital natives' perceptions of AI-enabled mobile banking service adoption.

#### 4. DISCUSSION OF THE FINDINGS

The findings of this study are consistent with those of many empirical studies (e.g., Lewin, 2018; Smith, 2015; Suhartanto et al., 2021) that conclude that attitude, relative advantage, security concerns, and perceived trust positively contribute to the formation of favorable perceptions of AI-enabled mobile banking service adoption among digital natives. The qualitative interview findings were further bolstered by these results. As uncovered in the interviews, most respondents emphasized that perceived trust and security concerns are the two most fundamental requirements for them, when it comes to using AI-enabled mobile banking service adoption. They also emphasized that if they feel AI-enabled mobile banking services can provide them with more benefits than conventional mobile banking services, they tend to desire to adopt it

more. They also emphasized that banks cannot force their customers to adopt AI-enabled mobile banking services; instead, when customers build favorable attitudes towards AI-enabled banking, they will adopt it eventually.

However, findings related to the need for service and quality of service are consistent with Suhartanto et al. (2021) but not in agreement with the findings of Payne et al. (2018). As uncovered in the interviews, this deviation may have stemmed from the unique traits of the research context chosen. In a country like Sri Lanka, where AI-enabled mobile banking services are still nascent, and internet penetration is just around 50%, most customers may still not have a crying need to adopt AI-enabled mobile banking services. As revealed in the interviews, most customers who are aware of mobile banking services are still not adopting and using them to execute banking transactions frequently, because they are concerned about the quality of the AI-enabled mobile banking services provided.

## **5. CONCLUSION & CONTRIBUTIONS**

The factors influencing mobile banking adoption have been well-researched in the prior literature. However, the literature has not given adequate attention to factors influencing customer perception towards adopting AI-enabled mobile banking services, especially in the Sri Lankan context. This paper bridged this gap by extending the traditional TAM, thus making a significant theoretical contribution to the technology adoption literature. The study uncovers the determinants of digital natives' perceptions of adopting AI-enabled mobile banking services, determinants that have been considered independently in different studies but have not been examined collectively in previous studies. Thus, this paper makes a significant contribution to the technology adoption literature.

From a managerial point of view, the proposed model of the paper has important managerial implications for banks in formulating their AI-enabled mobile banking service portfolios and marketing strategies to expand the penetration of their services. For instance, this study suggests that banks need periodic improvements in and enhancements to security features in their AI-enabled mobile banking services to foster positive perceptions of this service adoption among digital natives. Moreover, it was revealed that AI-enabled digital banking service use is still not optimal in Sri Lanka. Although some digital natives are pretty active in using AI-enabled digital banking services, banks in Sri Lanka must focus on increasing the excellence of AI-enabled digital banking services to boost digital natives' positive perceptions and attitudes by ensuring that

their financial interests are safeguarded.

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### ABBREVIATIONS AND ACRONYMS

AI	Artificial Intelligence
ETAM	Extended Technology Acceptance Model

## **THE IMPACT OF MARKETING MIX ADAPTATION BY GLOBAL FAST-FOOD CHAINS OPERATING IN SRI LANKA ON SRI LANKAN CONSUMERS' PURCHASE INTENTION**

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### **ABSTRACT**

This study investigates how global fast-food chains face challenges in choosing and implementing the ideal marketing strategy. The adaptation marketing approach is highlighted in the research. The elements of the 4Ps marketing mix will be utilized and consumer behavior will be investigated through purchase intentions. The study will focus on the global fast-food chains operating in Sri Lanka, and the impact of the adaptation of all four marketing mix components on the purchase intentions of Sri Lankan consumers. The study's main purpose is to provide an overview of consumer behavior towards international businesses, allowing these businesses to identify the Sri Lankan market before they commence or resume operations. The data collection was conducted using a survey questionnaire and the data analysis was completed using the SPSS tool. Under the main research question of identifying the impact of the adaptation of the marketing mix in global fast-food chains on the purchase intentions of Sri Lankan consumers; the study was able to detect that Sri Lankan consumers prefer the adaptation of products and promotions, and that there is no significant relationship between consumers' purchase intentions and the adaptation of the place and price components. Secondly, the research focused on the other factors affecting Sri Lankan consumers' purchase intentions toward fast-food products.

**Keywords:** 4Ps marketing mix, Adaptation, Global fast-food chains, Marketing strategy, Multinational enterprises, Purchase intentions,



## 1. INTRODUCTION

### *1.1 Background of the research*

Global marketing has become an increasing trend in almost all international businesses, in serving new customers and generating broad revenues. According to Vrontis et al. (2009), there are countless factors that differ among the countries where multinational enterprises operate. There are multiple marketing strategies and options discussed by scholars in the area of international marketing. However, a comprehensive discussion of standardization vs. adaptation marketing strategy has taken place frequently. Bansal et al. (2019) identified localization as adapting different aspects of the product to fit into local characteristics, as there are differences in economic, social, and cultural factors among countries. Therefore, it has been recognized that variances in consumption preferences and patterns that characterize different countries should be analyzed. Therefore, to analyze consumer behavior, the 4ps marketing mix concept has been utilized by many researchers, in addition to several other marketing tools (Thrassou et al., 2009). The marketing mix strategy is identified to be the simplified framework with which the most vital components of marketing can be understood, and these include the 4Ps, namely; product, price, place, and promotion (Stavros et al., 2020).

According to Zhou and Zhang (2012), in the current era of internationalization, people are given the opportunity to try cuisine from any part of the world with the help of global fast-food chains. In the industry of fast food, foreign enterprises should ensure that they maintain international standards. Hence, adaptation and standardization strategies play a crucial role. As per the research of Metin and Kizgin (2015), each country differs in its nutrition style which leads to differences in the cuisines of these countries. Due to the current fast-moving lifestyle, people have become used to fast and convenient food options. Consequently, fast-food companies are constantly growing and serving a larger consumer base (Tien, 2019).

Sri Lanka as a developing country is in a position where multiple opportunities are available for international businesses to conduct their operations under the influence of globalization (Jayawickrama et al., 2020). According to research conducted by Nirmani et al. (2017); the fast-food industry is considered to be hypercompetitive in Sri Lanka, with global fast-food chains such as McDonald's, KFC, Pizza Hut, Burger King, and Baskin Robbins currently operating in the island. Hence, it is crucial for these chains to analyze the behavior of consumers before approaching this competitive market in the country (Nirmani et al., 2017).

### **1.1 Problem statement**

Though global marketing strategies are not a brand-new area of research, a major gap found in the literature relates to whether the existing knowledge on marketing approaches can be generalized to all types of international businesses and to different countries (Zou et al., 1997). In a study conducted by Bahadir et al. (2015), it was recognized that global companies have better understanding regarding marketing their products in developed markets. However, emerging markets and other developing markets tend to be considerably different from developed markets. As a result, operating in these developing countries is different, and the impact of marketing mix elements on the sales of products is also different. As Sri Lanka can be identified as a developing country, and as there is not much research that has been conducted on consumer perception towards global fast-food chains in Sri Lanka; a gap in the literature can be identified.

Moreover, the increasing demand for global fast-food chains in Sri Lanka, which provides many market opportunities for international businesses to operate within the country, proves that global fast-food chains are an area that needs to be researched (Jayawickrama et al., 2020).

According to Stavros et al. (2020), creating strategic approaches and making marketing decisions accordingly in unfamiliar foreign markets are identified to be crucial points for global businesses. As a result of the dearth of information on these new markets, companies tend to develop improper marketing strategies. Hence, developing a suitable global marketing strategy followed by the appropriate 4Ps is known to be one of the main priorities of an MNC. As the increasing significance of marketing strategies implemented by international organizations and their effect on consumer behavior have not been studied thus far in the Sri Lankan market, this can be identified as a gap in the research field. Thus, there is a need to identify consumer purchase behavior in Sri Lanka.

### **1.3 Research questions**

1. What is the impact of the adaptation of the marketing mix in global fast-food chains on the purchase intentions of Sri Lankan consumers?
2. What are the other factors affecting Sri Lankan consumers' purchase intentions toward fast-food products?

### **1.4 Research objectives**

1. Recognizing the impact of the adaptation of the marketing mix in global fast-food chains on the purchase intentions of Sri Lankan consumers.
2. Identifying the other factors affecting Sri Lankan consumers' purchase intentions towards global fast-food products.

### ***1.5 Significance of the study***

The main purpose of this study is to investigate whether the Sri Lankan fast food consumer base reacts, more or less, towards this chosen adaptation marketing approach implemented by international businesses. If so, this study will provide an understanding of the extent to which international food chains should use this adaptation process. With the use of existing theories, this study proposes to increase understanding of this research area. The influence of the adaptation of product, price, place, and promotion on consumer purchasing decisions in the Sri Lankan context would be identified from an international business perspective.

## **2. LITERATURE REVIEW**

The rapidly changing business environment significantly impacts the long-term survival of global firms while increasing their profits considerably. Hence, increased prominence is given to understanding ideal international marketing strategies by global businesses (Akgün et al., 2014). For international businesses to face challenges in diversified countries; some companies prefer to maintain their overall characteristics, but others decide to be part of the new environment by assuming unique characteristics. As a result, the debate between standardization and adaptation strategies has emerged (Armstrong & Kotler, 2001).

An adaptation strategy comprises customization of the marketing components to a particular foreign market by analyzing the behavior of consumers and competitors in that context (Powers & Loyka, 2010). The application of adaptation is said to be predominantly important in the fast-food industry because of significant variations in food habits across countries and even within the same country (Prakash & Singh, 2011). As a marketing tool, the use of the 4Ps marketing mix in applying the adaptation marketing strategy has also been explored in many studies (Zhou & Zhang, 2012).

In the global fast-food industry, product adaptation is identified to be extremely important as a vast difference in food habits is found, not only across countries but even within the same country. Hence, localizing the products to match the different food habits existing in different countries and sometimes, in different regions of the same country, is essential (Chen et al., 2013). When considering the place component, a standardized strategy was indicated in the place element. The geographical location and expansion were considered as part of this element. It was highlighted here that restaurants should be present in crowded locations, and knowledge regarding local areas and local trends should be analyzed in-depth when choosing a location for a fast-food restaurant, although the expansion strategy might be standardized. Regardless of consumer preference, the

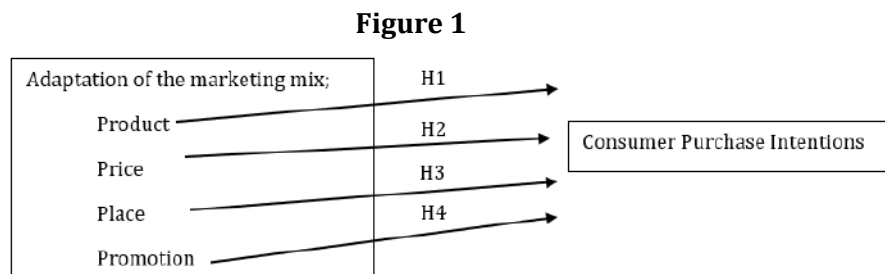
place component was seen to adapt naturally to the economic and other conditions of the country (Falco, 2019). Under the marketing mix component of promotion, advertising was identified to have a positive impact on consumer preference for localized menus with high acceptance of fast-food chains such as Pizza Hut and Dominos that were localized. It was also discovered that directing the advertising component towards the local taste of global menus, further increases consumer awareness of the products (Metin & Kizgin, 2015).

Through the second research question and the corresponding research objective, the researcher highlights the other factors that influence consumer behavior. Fast-food marketing strategies should maintain a proper understanding of consumer preferences and how they differ country-wise (Kara et al., 1995). According to Srivastava (2017), the most important attributes of fast foods and their marketing observed among fast-food consumers are inexpensiveness, taste, the variety offered, and the ambiance of restaurants matching with targeted customers of different age groups and income levels. In a study done in Sri Lanka, it was identified that the most preferred Global fast-food chain is Pizza Hut. The reasons for this preference indicated by the study were the attractive promotional activities, variety in the menu, and taste of the food (Nirmani et al., 2017).

### 3. METHODOLOGY

#### 3.1 Conceptual framework

Considering the adaptation of the marketing mix components, each of the individual marketing mix elements was identified to contain unique qualities which differ according to the level of adaptation within a chosen market. By considering the facts mentioned in the past literature drawn from the literature review, the conceptual framework mentioned below has been developed.



*Conceptual framework developed based on previous literature*

Source: Author's Construction

### ***3.2 Research hypotheses***

H<sub>1</sub>: Adaptation of the company's product to the Sri Lankan market has a significant effect on consumer purchase intentions.

H<sub>2</sub>: Adaptation of the company's pricing to the Sri Lankan market has a significant effect on consumer purchase intentions.

H<sub>3</sub>: Adaptation of the company's distribution to the Sri Lankan market has a significant effect on consumer purchase intentions.

H<sub>4</sub>: Adaptation of the company's promotion to the Sri Lankan market has a significant effect on consumer purchase intentions.

H<sub>5</sub>: There are other factors affecting Sri Lankan consumers' purchase intentions toward global fast-food products.

### ***3.4 Research design***

This research will be approached from the viewpoint of positivism to produce accurate knowledge. In this study, theories related to purchase intention and marketing mix are used. The hypotheses were developed based on past studies and were measured by the structured data that were collected. It was appropriate to incorporate a deductive approach into this study as it would help generalize the existing ideas. Since the study intended to use theory based on the past literature, experiences, and observations, the deductive approach is most suited to it. As mentioned above, under the research philosophy of positivism, the deductive approach was utilized to create results based on existing theories (Saunders et al., 2021).

As for the research strategy; a survey-based strategy was implemented in the form of an online questionnaire. A single mode of data collection through a questionnaire and a statistical data analysis was conducted. Since the research is focused on addressing an issue at a particular time, we used cross-sectional data mainly considering the preference of consumers in Sri Lankan markets towards the adaptation marketing strategy implemented by global food chains.

### ***3.5 Techniques and procedures***

According to the research conducted on the behavior of Sri Lankan consumers in the fast-food industry, it was identified that the age group 'above 21 years' consumes fast-food more frequently (Nirmanani et al., 2017; Patabandige & Yapa, 2016). Hence, global fast-food chain customers who are aged above 21 years were considered when identifying the population. A non-probability sampling method, convenience sampling, was used to identify the sample, which was around 100 – 150 respondents.

An online-based survey questionnaire was used to collect data. Demographics such as gender, occupation, level of income, and living areas were also used to further analyze and obtain a richer understanding of the

consumer base. All the variables were adopted based on past research. A Likert Scale anchored on 5 points was used to measure the variables of this study and the collected data were analyzed using quantitative data analysis methods. A multivariate analysis tool was also used to further analyze the data and to find relationships between the independent variables and consumer purchase intentions. This analysis was carried out using the SPSS data analysis software. Based on past research, the other factors influencing the behavior of consumers were also measured using descriptive analysis (Srivastava, 2017).

## 4. DATA ANALYSIS AND RESULTS

### 4.1 Demographic statistics

The survey was shared among 175 respondents based on the convenience sampling method. Of these, 160 respondents were eligible to complete the questionnaire as fast-food consumers. The basic demographic factors identified in the research were used to understand the dynamics of the sample. 60% of the respondents was identified as women while the remaining 40% was male. Taking into consideration the age groups; the majority of respondents are between the ages 21- 26. This is justified, as in previous studies done in Sri Lanka on fast-food consumer behavior, it has been identified that the majority of fast-food consumers in Sri Lanka were below 30 years. If the highest level of education of the respondents is considered, the majority are undergraduates. Based on the income level, the largest number of respondents are unemployed. Finally, the frequency of fast-food consumption was analyzed, and the majority of respondents were found to consume fast food 2-4 times a month.

### 4.2 Reliability and validity

To identify the internal consistency of the variables, Likert scale items were tested for their Cronbach Alpha values. All the variables that were used to study the main research question, as well as the other factors that were used to study the second research question have maintained internal consistency as the Cronbach Alpha values of all the individual variables were above 0.5.

### 4.3. Descriptive statistics

**Table 1**

*Descriptive analysis*

	Product	Price	Place	Promotion	Pi
Mean	3.5917	3.9542	2.1219	3.5672	3.5156
Std. Deviation	0.44423	0.4367	0.5766	0.67916	0.6498

		6	6		9
Skewness	0.044	0.003	-0.365	-0.238	-0.347
Std. Error of Skewness	0.192	0.192	0.192	0.192	0.192
Kurtosis	-0.156	0.172	-0.655	1.086	0.710
Std. Error of Kurtosis	0.381	0.381	0.381	0.381	0.381

Source: Survey data

Product, price, promotion, and purchase intentions show a mean value above 3.5, which is close to the Likert scale value of 4; indicating that these are close to the 'agree level'. The place component shows a value closer to 2, meaning that 'disagree-level' responses were obtained for this component. The normality of data is studied through the coefficient of skewness. Since all values for skewness of individual variables are between -0.5 and +0.5; we can see that all responses were normally distributed.

#### 4.4 Regression model and hypothesis testing

The individual coefficients related to the main research question, which are those of the dependent variable, purchase intention, and the independent variables; product, price, place, and promotion, are given in Table 2. With a level of significance at 5%; hypotheses 1 to 4 were analyzed, based on the results.

**Table 2**

*Individual Coefficients*

Model	Unstandardized Coefficients		Standardized Coefficients		t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta				Tolerance	V
(Constant)	1.934	0.577			3.352	0.001		
Price	-0.060	0.117	-0.040		-0.514	0.608	0.925	1.082
Place	-0.020	0.085	-0.017		-0.230	0.818	0.994	1.006
Promotion	0.228	0.077	0.238		2.966	0.003	0.881	1.135
Product	0.292	0.119	0.199		2.456	0.015	0.860	1.162

Source: Survey data

The probability of product adaptation is 0.015; which indicates a highly

significant relationship at a 5% level of significance. The individual beta value is 0.292 which means that adaptation of the product has a marginally positive, significant relationship with the dependent variable, purchase intention. A mean value of 3.5917 was indicated, which belongs to the 'agree- level'. This result shows that the respondents had provided positive feedback to the product adaptation questions. As a result, it is possible to accept the 1<sup>st</sup> hypothesis; 'Adaptation of the company's product to Sri Lankan markets has a significant effect on consumer purchase intentions'. A significant individual relationship between the adaptation of price and the purchase intention of consumers was not identified. As a result, the 2<sup>nd</sup> hypothesis of the study; 'Adaptation of the company's pricing to the Sri Lankan market has a significant effect on consumer purchase intentions' was rejected.

The probability of the adaptation of place also has an extremely low P value. Therefore, no significant relationship between adaptation to place and purchase intention of consumers was found. As a result, the 3<sup>rd</sup> hypothesis of the study; 'Adaptation of the company's distribution to Sri Lankan markets has a significant effect on consumer purchase intentions' can be rejected. The probability of promotion adaptation is 0.003, which is a highly significant value. The individual beta value is 0.228, which means that adaptation of promotions has a positive and significant relationship with the dependent variable. As a result, the 4<sup>th</sup> hypothesis that states that 'Adaptation of the company's promotions to Sri Lankan markets has a significant effect on consumer purchase intentions' is accepted.

#### ***4.5 Descriptive statistics for the other factors affecting fast-food purchase intentions***

**Table 3**  
*Descriptive analysis*

	<b>They are quick</b>	<b>They are inexpensive</b>	<b>Like the taste</b>	<b>Offers a variety</b>	<b>Environment of restaurants</b>	<b>It is convenient</b>
Mean	4.03	2.41	4.14	3.96	4.11	3.46
SD	0.603	0.803	0.668	0.846	0.673	1.009
Skewness	-0.010	0.679	-0.549	-0.875	-0.513	-0.325
SEOS	0.192	0.192	0.192	0.192	0.192	0.192
Kurtosis	-0.210	0.979	0.745	0.827	0.625	-0.674
SEOK	0.381	0.381	0.381	0.381	0.381	0.381

*Source:* Survey data



The second research question and the corresponding research objective are addressed by the use of descriptive analysis. Agree-level responses were obtained for the variables 'they are quick', 'like the taste', 'offers a variety', and 'like the environment of the restaurant'. Respondents show 'disagree-level' responses to the question 'they are inexpensive'. Neutral-level responses are indicated for the convenience variable. This proves that other factors do influence Sri Lankan fast-food consumers. Therefore, it is possible to accept the fifth hypothesis 'There are other factors affecting Sri Lankan consumers' purchase intentions towards global fast-food products.

## **5. DISCUSSION OF THE FINDINGS**

The first hypothesis analyzes the relationship between the adaptation of the product component and the effect it has on consumer behavior. Based on the statistical results it can be identified that there is a significant effect on consumer purchase intention of the adaptation of the products of global fast-food chains. According to past research done on fast-food chains in China, Russia, and France; the product component and the consumer perceptions or behavior tend to have relationships (Falco, 2019; Zhou & Zhang, 2012). However, in the second hypothesis, which supports the main research question, there was no relationship identified between the variables. Hence, it can be concluded that the price adaptation of global fast-food chains operating in Sri Lanka does not have a significant effect on consumer purchase intention. According to Falco (2019), since the prices are already adapted to the economic conditions of a country, the perception a consumer has towards the adaptation of the prices might not be that significant.

Based on the statistical analysis, the 3rd hypothesis, which supports the main research objective, was rejected as well. This indicates that Sri Lankan consumers' purchase behavior is not affected by the adaptation to place. As per past research, standardization of the location was more readily accepted by consumers in Italy and Russia. The respondents appreciated the fact that global fast-food chains are located in strategic locations where most people can easily access their facilities (Falco, 2019). Even in the adaptation model developed in China, place adaptation was recognized to have a negative correlation to the overall adaptation pattern (Zhou & Zhang, 2012).

As per the statistical results, the fourth hypothesis was accepted, which means that there is a significant effect of global fast-food chains operating in Sri Lanka adapting their promotional activities to consumers' purchase intentions. In past research, according to Falco (2019), in Italy, adaptation of promotions was preferred, while in Russia, the majority of respondents preferred a more globalized approach to promotions. In the Chinese market also, it was identified that McDonald's has taken measures to adapt itself through advertising to cater to the Chinese market (Zhou & Zhang, 2012).

The 5<sup>th</sup> hypothesis has been introduced to the study to analyze the second research question and its corresponding objective. The other factors which can be identified to affect consumers' purchase intention are; the fact that global fast-food chains are quick in their service, the convenience they provide to the consumers, the pleasant environment in the restaurants that deal in fast-food, the variety of food items they serve, and the taste of the food. The only factor that the respondents did not believe affected their purchasing patterns was the fact that global fast-food chains are inexpensive.

## **6. CONCLUSIONS AND CONTRIBUTIONS**

As the study focuses on the consumer perspective, analyzing consumers' purchase intentions will help these global fast-food chains to directly identify their target customer needs in the Sri Lankan market. This study considers the consumer perspective towards the adaptation of the product, price, place, and promotion. With the use of feedback provided by respondents who are Sri Lankan fast-food consumers, organizations will be able to identify the end user's perceptions regarding the adaptation process.

Accordingly, this study is able to conclude that Sri Lankan fast-food consumers prefer products that are more adapted to the local context, that are sold through global fast-food chains. The consumer feedback indicates that they prefer products that match the local taste, that use local ingredients, that translate product names, and customize package sizes to match the consumer preference of the country. The other marketing mix variable that consumers thought should be adapted to the local context was the promotion aspect. Respondents agreed that the same standard ideas, concepts, actors, settings, & verbal expressions are not appropriate to be used globally, and that advertising content should be adapted to the Sri Lankan culture, along with advertising channels and slogans.

Moreover, according to the second research objective of the study, there are reasons for fast-food consumption identified by Sri Lankan fast-food consumers. Based on those reasons, companies can introduce a customer-centric approach when doing business in Sri Lanka. This would attract more customers to global fast-food chains operating in Sri Lanka and will assist these companies to retain their existing customers.

The management of global fast-food chains can take into consideration these facts before entering the Sri Lankan market or improving their sales in existing fast-food chains operating in Sri Lanka. Sri Lankan fast-food consumers did not indicate a relationship between their purchase intentions and place or price adaptation. It should be highlighted here that the respondents identified crowded, urban areas to be the ideal locations for global fast-food chains. Locating global fast-food chains in rural locations

that are adapted to local conditions was identified to have no significant potential for sales in Sri Lanka, according to the respondents.

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**IMPACT OF THE PERCEIVED GLOBAL BRAND CRISIS ON  
PURCHASE INTENTION OF GLOBAL BRANDS AND INTENTION TO  
SWITCH TO LOCAL BRANDS, WITH SPECIAL REFERENCE TO  
CRISIS-LED GLOBAL FMCG BRANDS IN SRI LANKA**

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**ABSTRACT**

A brand crisis is one of the toughest challenges and nightmares that marketers could face, and which will lead consumers to decision-making dilemmas regarding brands. Brand crises are becoming increasingly prevalent in today's marketplace, especially with the role of the social media in the construction of negative publicity on certain brands. In recent years, brand crises faced by global brands are becoming increasingly prevalent in the global marketplace. In the Sri Lankan marketplace, particularly, many multinational companies offering global brands have often faced this trauma. Given that brand crises have many devastating effects, managing these crises effectively has become crucial. Before deciding on effective measures, it is essential to understand how consumers perceive the brand crisis and their behavioral intentions, because consumers' conceptions of brand crises have an influence on the magnitude of their reactions to it. However, limited research is found regarding customer perceptions of a brand crisis. The purpose of this study is to identify the impact of perceptions on the global brand crisis on consumers' purchase intention and their intention to switch to local brands. To this end, this paper develops a research framework that will help fill this knowledge gap.

**Keywords:** Brand credibility, Brand crisis, Brand switch, Purchase intention

## **1. INTRODUCTION**

### **1.1 Background of the study**

#### *1.1.1 Conceptual background*

Brands are highly vulnerable to various forms of crises. A brand crisis may be due to brand misconduct, irresponsible corporate behavior, and/or brand transgressions. Sometimes, a brand crisis may be triggered due to an action that is beyond the brand's control. However, despite the form of the crisis, consumers can become suspicious and form negative judgments on the brand (Kapoor & Banerjee, 2020).

Brand building is a long-term process (Srivastava, 2017), but a brand crisis can lead to a deep impact on brand intangibles such as credibility, trust, and loyalty. Crises can cause major revenue and market share losses, leading to costly product recalls, and may even destroy carefully nurtured brand equity. Moreover, some of these effects could spill over to competitors in the category, even though they have no association with the crisis (Cleeren et al., 2013).

#### *1.1.2 Contextual background*

In Sri Lanka, FMCG is a significant contributor to the country's economy. Competition today is as fierce as ever among global and local FMCG brands. Currently, marketers strive to earn a market share in the changing retail environment. Global FMCG brands in the Sri Lankan market are highly prone towards brand crises, and, in retrospect, there are a significant number of cases in Sri Lanka where several global brands have faced reputational troubles in many forms, due to a wide variety of causes. For instance, the short-term market withdrawal of the milk powder brand, 'Anchor' of Fonterra due to Sri Lankan authorities' accusation of the product showing traces of the toxic agricultural chemical dicyandiamide (DCD) in 2017, is a case in point (Astley, 2013).

### **1.2. Research problem**

Effective brand crisis management has become a key priority of organizations today. The majority of existing brand crisis literature has been conducted on the effectiveness of crisis response strategies, strategic response time, and other similar areas (Coombs, 2007; Rauschnabel et al., 2016; Yannopoulou et al., 2011). However, these studies are from a firm's perspective, and thus, provide limited insights on consumers' perceptions of a brand crisis (Banerjee, 2017; Park & Lee, 2013; Srivastava, 2019; Toklu & Kucuk, 2016;).

The proposed study will provide a picture of how consumers react to brand dimensions of a crisis-led global brand and consumers' behavioral intentions, and will also investigate whether the global brand crisis opens up market opportunities for local brands in the same product category.

Hence, this study will attempt to provide a solution to this topical issue and in doing so, help to close the prevailing research gap.

### **1.3 Research objectives**

1. To investigate the impact of the perceived global brand crisis on brand dimensions of a crisis-led global brand.
2. To identify the brand dimension that has the highest impact on purchase intention towards a crisis-led global brand.
3. To examine whether a global brand crisis can influence Sri Lankan consumers to switch from a crisis-led global brand to a local brand.

### **1.4 Significance of the study**

Considering the fact that global FMCG brands in Sri Lanka have faced brand crises intermittently, it is a topical issue in the Sri Lankan context, where little (Samaraweera, 2016) research has been conducted on it. The results of this study will provide marketers a clear picture on how consumers' level of reaction towards brand dimensions of a crisis-led global brand depends on their conceptions of the brand crisis. This would further facilitate organizational participants to devote more effort to those particular brand dimensions when formulating business and brand management strategies.

The findings of this study will be conducive to marketers of local brands in Sri Lanka to benefit from the opportunities that will open up for them with the increasing number of brand crises faced by global brands in Sri Lanka.

## **2. LITERATURE REVIEW**

In the current context of globalization, markets are integrating rapidly across borders. Therefore, consumers could make their purchase decisions between global and local alternatives. Global brands benefit from their global image since that brand's global-ness is considered to be creating consumer perceptions of superior quality, recognition, and availability (Özsomer, 2012). These attributes of a brand ultimately influence the consumer's likelihood of brand purchase. Therefore, global brands have a competitive advantage over local brands due to the aforementioned attributes.

However, when a global brand faces a brand crisis, according to previous studies, the repercussions on the global brand can take two forms. When a product is harmed by a crisis faced by a brand, it would increase consumers' doubts about the brand's/product's perceived quality, leading consumers to disappointment and a rejection of the brand (Banjeer, 2017). On the other hand, sometimes consumers may give less importance to the brand crisis, if the global brand has admirable past performance and positive brand experiences (Srivastava, 2019). Although previous literature has studied the

interplay between local and global brands across different markets and product categories extensively (Chao & Ju, 2015; Winint et al., 2014), hardly any studies have examined the interplay between local and global brands amid or after a global brand crisis.

At a time of brand crisis, this crisis would not only impact perceived quality but also brand trust, brand loyalty and brand credibility, where all these attributes would be negatively impacted (Erdem & Swait, 2004; Jeng, 2016; Srivastava et al., 2020). This, in turn, would have an impact on consumer behavioral decisions. But hardly any study that has analyzed all these brand dimensions has measured them against the perceived brand crisis and also considered a developing market context. Therefore, the current study will fill this existing gap.

The initial step of crisis management begins with a clear recognition of this crisis (Park & Lee, 2013). However, identifying the crisis and estimating the magnitude of the impact would not be sufficient (Park & Lee, 2013). It is important to focus on the perception of an actual crisis, where the focus is on how consumers perceive the crisis and how it is adopted by the public (Kuklan, 1988). As per Kuklan (1988), perceived brand crisis is “the degree of possible loss as perceived by consumers when there is a marked difference between the current state and the brand's expected state of conduct”(p.260). The degree of perceived crisis can be considered as a function of the perceived value of possible loss, perceived probability of loss, and perceived time pressure (Kuklan,1988). If the consumer scores low on all the variables, it means that he/she would try to make it through the bad times of the brand by continuing with the same actions as in the past with the brand (Kuklan,1988; Toklu & Kucuk, 2016). By perusing the previous literature, it is evident that prior work has little to offer on perceived brand crisis. Further, the literature contains little to no research that addresses how different consumers perceive a crisis faced by a global brand in a developing country, and the present study has addressed this gap.

When a brand faces a crisis situation, the consumer's attitude and feelings regarding the crisis situation impact his/her behavioral plans (Li & Wei, 2016; Srivastava, 2019; Toklu & Kucuk, 2016;). However, the consumer's behavioral intentions comprising purchase intention and brand switch intention after a crisis situation may differ from country to country, the variety of beliefs and interests of the consumer, product category, and brand crisis type (Srivastava, 2019; Toklu & Kucuk, 2016). On the other hand, a brand crisis may create an opportunity for competitor brands to seize available advantage to increase their market share, or it can even spill over onto the most cautious competitors in the category when consumers perceive the problem as industry-wide (Cleeren et al., 2013). Though there is prior literature on behavioral intentions related to crises, including purchase intention of consumers after a crisis (Li & Wei, 2016; Srivastava,



2019; Toklu & Kucuk, 2016), only a single study (Siomkos et al., 2009) has been found that has holistically measured the switching intention of consumers of the affected brand towards competitor brands, based on the perceived severity of a product harm crisis. Therefore, the present study also evaluates the opportunities available for local brands when a global brand faces a crisis, especially in a developing market.

### ***2.1 Hypothesis development***

H1: Perceived global brand crisis negatively affects perceived quality of the crisis-led global brand.

H2: Perceived global brand crisis negatively affects brand loyalty of the crisis-led global brand.

H3: Perceived global brand crisis negatively affects brand trust in the crisis-led global brand.

H4: Perceived global brand crisis negatively affects brand credibility of the crisis-led global brand.

H5: Reduced perceived quality of the crisis-led global brand lowers the consumer's purchase intention towards the crisis-led global brand.

H6: Reduced brand loyalty of the crisis-led global brand lowers the consumer's purchase intention towards the crisis-led global brand.

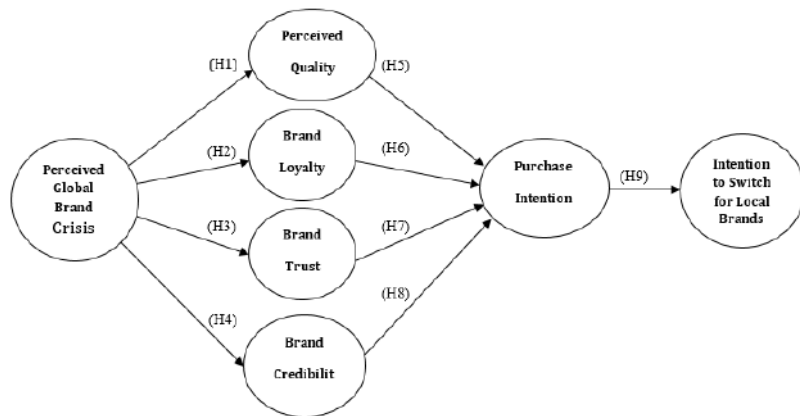
H7: Reduced brand trust in the crisis-led global brand lowers the consumer's purchase intention towards the crisis-led global brand.

H8: Reduced brand credibility of the crisis-led global brand lowers the consumer's purchase intention towards the crisis-led global brand.

H9: Reduced purchase intention of the crisis-led global brand increases consumers' intention to switch to local brands.

### ***2.2 Conceptualization***

The following conceptual model was developed in order to investigate the impact of the perceived global brand crisis on consumers' purchase intention and intention to switch to local brands. Based on the literature, the conceptual framework presented in Figure 1 was tested in this study. A similar conceptual framework was adopted in the Toklu and Kucuk (2016) study, where the purpose of the study was to develop an original framework to explore the effects of brand crisis on green purchase intentions and willingness to pay more for green products. The following conceptual framework has been developed with seven (7) latent variables. These latent variables will be measured using observable indicators adapted from the existing literature.

**Figure 1***Conceptual framework*

### 3. RESEARCH METHODOLOGY

#### 3.1 Research philosophy

The current study involves deriving quantifiable observations through a questionnaire and measuring those using statistical analyses. Thus, it is justifiable to utilize a positivist paradigm in conducting this research. Further, when analyzing the existing literature on brand crisis, it was observed that the majority of prior studies have followed a positivist philosophy (Banerjee, 2017; Park & Lee, 2013; Toklu & Kucuk, 2016; Yannopoulou et al., 2011).

#### 3.2 Research approach

The current study will follow a deductive approach, where a step-by-step, logical, organized, and rigorous method will be used, and where the research hypotheses have been derived based on the theoretical foundations laid by previous studies (Bougie & Sekaran, 2016). This study will address several theories related to brand management, while nine hypotheses have been derived based on the theories addressed.

#### 3.3 Research choice

The study follows a quantitative research method since a quantitative questionnaire will be developed to test the research hypotheses.

#### 3.4 Research strategy

The strategy that would be adopted to conduct this study will be the survey that uses a self-administered questionnaire as the data collection method. A significant number of studies that have been conducted regarding brand crisis, have utilized a questionnaire survey when collecting data (Banerjee,

2017; Park & Lee, 2013; Toklu & Kucuk, 2016).

### ***3.5 Time horizon of the research***

The time-horizon that was adopted in this study is cross-sectional, since the data collection is done at a specific point in time through the questionnaire.

### ***3.6 Techniques and procedures***

The mono-method quantitative technique was adopted as the methodological choice for data collection because the study was conducted only using quantitative data collection and data analysis.

#### ***3.6.1. Sampling techniques***

The sample size was expected to be between 100 to 150 FMCG customers from the Colombo district. The reason behind the selection of the Colombo district was based on the Department of Census and Statistics (2019) Household Income and Expenditure Survey in Sri Lanka, where the Western Province shows a greater percentage of spending on FMCG compared to other provinces. In the Western Province, the Colombo District has the highest monthly average household expenditure compared to the other 2 districts (Gampaha and Kalutara) in the province. The sampling method used was convenience sampling.

#### ***3.6.2 Product harm crisis-fictitious scenario***

The product-harm crisis considered in this study will be fictitious. This is because, incorporating a fictitious product harm crisis and a fictional brand, rather than a real product harm crisis and a real brand, will enable the researcher to control the attitudes and emotions of the respondent towards the brand, company, and the crisis (Siomkos et al., 2009). If not, it would most certainly have had an effect on the results of the study (Siomkos et al., 2009).

In order to build up a realistic product harm crisis scenario, the researcher incorporated several details of actual brand crises (i.e., Nestle boycott in 1977, 2008 Chinese milk scandal, short term withdrawal of the milk powder brand- Anchor in Sri Lanka) that have taken place in the global market relating to the product that the study is considering (i.e., milk powder). The milk powder category has been chosen, since it is a product category that has a high competitive density. Moreover, there is fierce competition between local and global milk powder brands in the Sri Lankan market (refer annexure for the fictitious scenario).

## **4. DATA ANALYSIS**

### ***4.1 Sample***

A total of 100 questionnaires were collected from FMCG consumers in the Colombo district of Sri Lanka. Among the respondents, 63% were female and 37% were male. 61% of the sample was in the age category of 18-34 years and the other 39% was in a different age group. Moreover, 100% of the respondents have been consumers of a global milk powder brand of a multinational company in Sri Lanka.

### ***4.2 Partial Least Squares Structural Equation Modeling (PLS-SEM)***

The study will be conducted as a multivariate data analysis since the current study incorporates seven variables (i.e., Perceived Global Brand Crisis, Perceived Quality, Brand Trust, Brand Credibility, Brand Loyalty, Purchase Intention, and Intention to Switch to Local Brands). The current study has adopted PLS-SEM as a multivariate analysis method. According to Hair et al., (2011) PLS-SEM is suitable when the research objective is to identify the best prediction of relationships between variables, and the focus is on maximizing the amount of covariance between latent variables in order to increase the accuracy of model interpretation (Sosik et al., 2009). Smart PLS 3.0 was used to analyze the measurement and structural models in PLS-SEM.

### ***4.3 Measurement model assessment***

The validity and reliability of the reflective measurement model were evaluated by internal consistency reliability, indicator reliability, convergent validity, and discriminant validity (Henseler et al., 2009).

#### ***4.3.1 Internal consistency reliability***

In this study, composite reliability statistics ranged from 0.820 to 0.962, which are all well above the advised limit of 0.7. These results indicate that the items used to represent the constructs have satisfactory internal consistency reliability.

#### ***4.3.2 Indicator reliability***

According to Hulland (1999), in general, items with loadings of less than 0.5 should be dropped. Therefore, one item (PGBC4) was removed from the analysis because of its low factor loading (<0.5) (Hulland, 1999, p.198). Based on the analysis, all the other items in the measurement exhibited loadings that exceeded 0.5, ranging from a lower bound of 0.618 to an upper bound of 0.961.

#### ***4.3.3 Construct validity***

In terms of convergent validity, the Average Variance Extracted (AVE) value in the current study shows that all the constructs are equal to or more than 0.5, which is the acceptable range. Discriminant validity is assessed by

Fornell and Larcker's (1981) criterion. According to Fornell and Larcker's (1981) criterion, the square roots of AVE in the study for all the constructs were found to be greater than their correlation with other constructs. Hence, this provides strong support for the establishment of discriminant validity.

#### **4.4 Structural model assessment**

Validating the structural model can aid in evaluating systematically whether the hypotheses expressed by the structural model are supported by the data (Urbach & Ahlemann, 2010).

##### **4.4.1 Path coefficients**

To test the proposed hypotheses, the path coefficient ( $\beta$ ) value should be at least 0.1 to account for a certain impact within the model (Hair et al., 2011; Wetzels et al., 2009). In the study, eight (08) hypotheses were found to be significant at the level of 0.10, while one (01) hypothesis (H3) was insignificant. All these direct hypotheses were accepted, as the t-value was greater than 1.645. All eight direct hypotheses possessed path coefficient values ( $\beta$ ) ranging from 0.203 to 0.496. Among all the brand dimensions, brand credibility has the highest path coefficient ( $\beta$ ) value related to purchase intention, compared to other brand dimensions ( $\beta= 0.381$ ), and therefore, brand credibility can be considered as the brand dimension that has the highest impact on consumers' purchase intention towards a crisis-led global brand.

**Table 1**

*Structural model assessment*

	<b>Std<math>\beta</math></b>	<b>Sample Mean</b>	<b>Standard Deviation</b>	<b>t Statistics</b>	<b>p Values</b>	<b>Decision</b>
BC -> PI	0.381	0.378	0.103	3.706	0.000	Accept
BL -> PI	0.354	0.350	0.104	3.385	0.001	Accept
BT -> PI	0.014	0.009	0.104	0.131	0.896	Reject
PGBC -> BC	-0.233	-0.255	0.138	1.692	0.091	Accept
PGBC -> BL	-0.275	-0.293	0.122	2.254	0.025	Accept

PGBC -> BT	-0.269	-0.293	0.156	1.721	0.086	Accept
PGBC -> PQ	-0.211	-0.239	0.121	1.741	0.082	Accept
PI -> ISLB	-0.496	-0.511	0.068	7.310	0.000	Accept
PQ -> PI	0.203	0.215	0.106	1.918	0.056	Accept

## 5. RESEARCH FINDINGS AND DISCUSSION

First, the results of the study show that a perceived global brand crisis negatively affects perceived quality, brand loyalty, brand trust and brand credibility of a crisis-led global FMCG brand. The results reveal that consumers take brand crises very seriously, and that such crises will have negative effects on the perceived quality, brand credibility, and brand loyalty towards the global FMCG brand that has undergone a product harm crisis.

On the other hand, the results contradict the findings of Banerjee (2017), Steenkamp et al. (2002), Cleeren et al. (2006), and Cheng et al. (2012), which state that consumers generally ignore brand crises and continue to purchase the brand if the brand under crisis shows admirable past performance and positive brand experience prior to the crisis.

Surprisingly, according to the findings, brand trust has no significant positive relationship with the purchase intention towards a crisis-led global brand of FMCG consumers in Sri Lanka. This finding implies that brand trust of the consumer towards the crisis-led global brand would not influence the consumers' purchase intention. This result is inconsistent with the findings of Banerjee (2017), Kapoor and Banerjee (2020), Hegner et al. (2014), and Delgado-Ballester (2004), which point out that brand trust would work as a cushion to absorb brand controversy shock.

Addressing the second research objective, the findings revealed that brand credibility has the highest impact on consumers' purchase intention towards a crisis-led global brand. Sri Lankan consumers consider the global crisis-led brand as not credible and doubt the ability (i.e., expertise) and willingness (i.e., trustworthiness) of the crisis-led global brand to continuously deliver what it has promised (Erdem & Swait, 2004). This finding is consistent with that of Banerjee (2017), which states that credibility is highly vulnerable during a brand crisis, and would reduce consumers' purchase intention.

Finally, the findings reveal that purchase intention towards a crisis-led

global brand and the intention to switch to local brands have a negative relationship, and the hypothesis related to this is supported. This negative relationship is consistent with the findings of Shukla (2009), Kapoor and Banerjee (2020) and Cleeren et al. (2006), which state that a brand crisis creates the opportunity for competitor brands to seize the advantage to increase their market share. More importantly, this study confirms that Sri Lankan FMCG consumers would prefer to switch to a local brand rather than another global brand in the milk powder product category, due to the product harm crisis of a global milk powder brand.

## **6. CONCLUSION & CONTRIBUTIONS**

First, the results of the study show that a global brand crisis has a negative effect on brand intangibles of a crisis-led global brand, and more importantly, it identifies that consumers consider global brand crises seriously, even in a developing country like Sri Lanka, where a brand's 'globalness' would not help to protect it from the crisis.

In terms of practical implications, marketers of global brands in a developing market should strive incessantly to maintain consumers' level of perceived quality, trust, loyalty and credibility during and after a crisis, since maintain the aforementioned variables before the crisis does not guarantee security, because the brand can do nothing once it is confronted by a crisis with dire consequences.

Secondly, this study reveals brand credibility as the most important brand variable that has a crucial effect on consumers' purchase intention during or after a global brand crisis. That means that marketers have to implement adequate crisis management strategies to increase consumers' beliefs and faith related to the brand's expertise and its willingness to continuously deliver what it has promised (Erdem & Swait, 2004; Park & Lee, 2013). Therefore, marketers have to embrace transparency.

Finally, the findings of the study prove that a brand crisis faced by a global brand in Sri Lanka creates an opportunity for local brands in the same industry. Therefore, competitor brands need to keep their crisis plan ready with specific strategies for situations where a crisis can occur in a competitor company, so they can implement these plans as soon as a crisis is faced by a competitor.

In conclusion, it can be stated that global brands in Sri Lanka undergo crises more frequently in today's marketplace. On the other hand, even a crisis in another country could have a direct or indirect impact on the global brand in Sri Lanka. It is noteworthy, here, that false accusations related to products come with a deep cost of diluted brand intangibles and consumers' negative behavioral intentions. However, this impact may differ based on the

customers' perceptions towards the global brand crisis. Results of this study clearly indicate that brands should respond promptly and embrace transparency irrespective of whether the accusation related to the brand is true or false, in order to safeguard the credibility of the brand, as credibility has the highest impact on consumers' purchase intention, post crisis. In addition, the results of this study clearly point out the market opportunities available for local brands in the same product category, due to crisis-led global brands in the market. Therefore, the present study offers several new empirical generalizations on the impact of the perceived global brand crisis on brand intangibles and consumers' behavioral intentions.

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**THE ROLE OF CHATBOT MARKETING EFFORTS IN DEVELOPING CUSTOMER BRAND RELATIONSHIPS: TESTING THE MEDIATING EFFECT OF COMMUNICATION CREDIBILITY AMONG HIGH-END STAR HOTEL CONSUMERS IN SRI LANKA.**

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**ABSTRACT**

The digital service of Chatbot which is an AI-fueled tool is becoming increasingly popular in many industries as it provides 24-hour customer service. Studies have investigated many aspects of chatbots. However, credibility being one important attribute has been overlooked. Hence, this study aims to investigate the impact of chatbot marketing efforts on the credibility and customer-brand relationship with reference to chain hotels in Sri Lanka. For this purpose, data were collected from 371 respondents who have experienced chatbot marketing efforts from high-end star hotels in Sri Lanka. A survey questionnaire was used to gather data and the researchers used judgmental and convenience sampling techniques as the sampling method. Primary data collected were subjected to analysis using SPSS for descriptive statistics. Four hypotheses were formulated to align with the four research questions to test the direct effect of credibility on the relationship between chatbot marketing efforts and customer brand relationships. Path analysis of the linear regression model was implied to test the direct and indirect effects between the constructs. 96% response rate was reported from the study and the statistical evidence of the study confirms the strong association between the chatbot marketing efforts and customer brand relationships (0.800), credibility and the customer brand relationships (0.662), and the significant indirect effect of credibility (0.532) on the association between the chatbot marketing efforts and customer brand relationships.

**Keywords:** Artificial Intelligence, Chatbots marketing efforts, Customer brand management, Credibility

## 1. INTRODUCTION

Artificial Intelligence (AI) has significantly affected how people engage in their day-to-day activities through intelligent agents which are considered advanced applications and devices. Among these devices, Chatbots hold a prominent place in the field of interactive messaging services and digital marketing as one of the fastest-growing e-services provided by AI (Desaulniers, 2016). As per Forbes (2017), there has been an increase in the number of brands in different industries moving from conventional customer service models to AI-powered chatbot digital solutions. It can be observed that certain high-end star hotels in Sri Lanka have initiated using chatbot marketing activities on Facebook Messenger and Instagram. For instance, via Facebook, hotels provide instant answers to most frequently asked questions such as room rates, the procedure for reservation, the process for photo shoots, high tea prices and offers, the location, etc. This service is well received by consumers as it provides greater ease and convenience compared to the traditional call-a-service agent option. As per Adamopoulou and Moussiades (2020), productivity is the most significant factor which motivates chatbot users, though different other motivational factors such as the novelty of interaction, entertainment, and social factors exist. Hence AI-powered chatbots have become highly popularized given that it enables clients to interact with virtual marketing service agents from anywhere and at any time (Cheng & Jiang, 2020).

Advancements in AI have enhanced the abilities of chatbots to mimic human agents in conversations. Consequently, many fields such as business, education, health, entertainment, and e-commerce have been using this service (Shawar & Atwell, 2007). In Sri Lanka, the travel and tourism sector plays a significant role due to its contribution to the country's gross domestic product (GDP). For instance, in 2020 it contributed 4.9% to Sri Lankan GDP. According to Sri Lanka Tourism Development Authority, a diverse range of 2895 accommodation establishments are registered as of August 2020 (Tourism Sri Lanka, 2020). Among these establishments, 75 represent classified high-end start hotels (three-star, four-star, five-star). Even though chatbots are increasingly being utilized in brand marketing efforts, the absence of studies aimed at chatbot marketing efforts (CME) and their influence on customer brand relationships (CBR) could not be overlooked. Moreover, due to unawareness of the advantages of using e-commerce technology such as AI, the extent to which Sri Lanka uses e-commerce technology is below compared to other developing countries in the region (Fonseka et al., 2022; Govinnage & Sachitra, 2019; Gunawardana, 2018; Kuruwitaarachci et al., 2020). More specifically, as per Saravanan and Pooja Shri, "Business Insider" has predicted that around 85% of customer services

will be managed by AI-powered bots that immediately respond to chats, calls, and emails by aiming to eradicate human intervention. Hence, how chatbot marketing is used to enhance the relationship between consumers and Sri Lankan high-end star hotels needs to be investigated. Especially, despite CMEs, some consumers might still prefer human interactions over AI-powered chatbots due to their perception regarding the credibility of these tools. According to Kröbel (2022), if users have doubts regarding the credibility of chatbots, then the users might perceive AI technology as less useful. Hence, it is also important to explore how credibility affects the link between CMEs and CBR as these concepts remain unexplored. Accordingly, to fill the above-identified research gap and contribute to the area of chatbot marketing and brand management, this study has built upon theoretical insights from contemporary literature on marketing and chat-bots communication. Hence the problem of this study has been formulated as “what is the impact of credibility in the relationship between chatbot marketing efforts and customer–brand relationship with reference to chain hotels in Sri Lanka?”. Accordingly, the following objectives have been formulated.

1. To analyze the elements of chatbot marketing efforts and their impact on customer brand relationships.
2. To identify the impact of chatbot marketing efforts on the credibility of its communication
3. To identify the impact of credibility of communication on building customer brand relationships.
4. To assess the mediation effect of credibility of communication on the relationship between chatbot marketing efforts and customer brand relationships.

## **2. LITERATURE REVIEW**

### ***2.1 Chatbot marketing efforts***

E-service agents can offer crucial marketing efforts that influence the decision-making process of consumers (Crosby & Johnson, 2002; Gautam & Sharma, 2017). According to Klaus and Zaichkowsky (2020), chatbots on social media could create a dramatic change in customer experience by moving the offering focused collaboration towards communication using an efficient computer decision-making platform. CME can be considered as a new type of social media marketing communication facilitated by AI-driven chatbots. Given the rapid spread of social media, using chatbots would enable marketers to provide an instant and dialogic online communication between customers and brands and influence customer decision-making processes. (Appel et al., 2020; Klaus & Zaichkowsky, 2020). Given the emergence of social media, the notion of social media marketing efforts (SMMEs) has taken a prominent place by businesses and brands. Despite

SMMEs receiving increasing attention, existing literature related to CMEs is still lacking and needs more attention.

Based on the available literature, the components of CMEs could be identified along five key dimensions (Brandzaeg & Folstad, 2017; Cheng et al., 2015; Yao, 2017; Zarouali et al., 2018), namely interaction, information, accessibility, entertainment, and customization). The first-factor interaction can be considered as the communication between brand chatbot agents and customers on the internet. Chatbots have altered customers' one-way purchases into two-way communication via virtual service agents, which has profoundly changed the subtleties of marketing communication (Chung et al., 2018). The second dimension can be considered as information which is one of the main services provided by chatbots regarding the products, services, or brands customers are interested in. For instance, many hotels with social media presence provide instant information to the most frequently asked questions by the customers. This service is much preferred by consumers since relevant and fast service is provided by this AI tool facilitating consumer decisions (Brill et al., 2019). For example, if customers want to get information about room availability and rate, certain hotels provide instant information regarding that. The third dimension refers to accessibility which explains the way of reviewing and responding to customer information in an instant and timely manner through AI technology. This feature can be considered one of the significant media features of chatbots that enhance marketing communication (Zarouali et al., 2018). Entertainment being the fourth dimension refers to how useful and valid information is introduced in a hedonic way to enhance value perceptions and intentions to embrace digital tools (Chung et al., 2018). According to Brandtzaeg and Folstad (2017) and Chung et al., (2018), people investigate the entertainment and pleasure aspects of chatbots like other types of social media. This dimension would help marketers to improve their brand image, brand awareness, and purchase intention (Kim & Ko, 2010). The fifth dimension, customization explains how marketing activities using AI-powered chatbots, can provide customers with personalized assistance to fulfill their needs (Godey et al., 2016). Especially luxury brands aim at providing products and services to satisfy specific needs rather than focusing on the general public (Chung et al., 2018).

## ***2.2 Customer-brand relationships***

For a brand to survive and establish a strong presence in the marketplace, its relationship with customers can be considered a crucial point. Brand-centered relationships include both individual and collective facets (Veloutsou & Ruiz-Mafé, 2020). Brand-centric relationships include both individual and collective categories (Veloutsou & Ruiz-Mafé, 2020). With respect to this study, CBR is related to the individual type (Veloutsou & Ruiz-Mafé, 2020), which implies that an internal link between consumers and



brands exists. Consequently, consumers are considered individual entities.

The literature reveals that over the past years different scholars have used various dimensions to characterize the construct of CBR. For instance, Fournier (1998) emphasizes five components of CBR, namely intimacy, self-connection, love and passion, relationships and commitment, and partner quality. On the other hand, Zhang and Bloemer (2008), stresses trust, satisfaction, and affective commitment as three key components of CBR. However, with respect to the communication field, this study has adopted one of the established frameworks coming from Grunig and Huang (2000), identifying four dimensions commitment, trust, control mutuality, and satisfaction.

The commitment represents the extent to which the customer is attached or his/her expectations with respect to the existing relationships with the brand. (Cheng et al., 2021). Trust denotes the extent of customer confidence in the service brand prevailing in a relationship (Zhang & Bloemer, 2008). Moreover, control mutuality refers to the clear agreement among the parties regarding who has the rightful power to influence another. (Hon & Grunig, 1999). Finally, satisfaction refers to the degree to which customers find the company's offering exceeds their positive expectations (Chiou & Droge, 2006; Santini et al., 2018).

Based on the existing literature, it is revealed that perceived credibility, accuracy, and communication competence with the online chatbot have a significant impact on trust, commitment, and customer satisfaction (Cheng & Jiang, 2021; Chung et al., 2018; Zehir et al., 2011) Despite scholars in brand management discussing strategies and tactics in maintaining profitable relationships with the customers, there is lack of discussion aiming at the impact of chatbot related marketing activities on CBR among the high-end star hotels in Sri Lanka. Consequently, the following hypotheses are developed.

H<sub>1</sub>. CMEs have a positive and direct influence on CBR with reference to high-end star hotels in Sri Lanka

### ***2.3 Credibility of Chatbot communication***

If marketers aim at creating a customer perception to respond positively to information conveyed and have experienced quality communication (Maltz, 2000), the communication then must comply with the parameters considered important in human communication (Mohr & Sohi, 1995). As a result of the current study, to reflect the quality of communication via chatbots in social networking sites such as Facebook and Instagram, an important facet, namely, credibility is taken into consideration (Edwards et al., 2014; Zhao & Rosson, 2009). When customers have good relationships with the communicator, the information is then perceived as persuasive and credible (Edwards et al., 2014; Yuan et al., 2016).



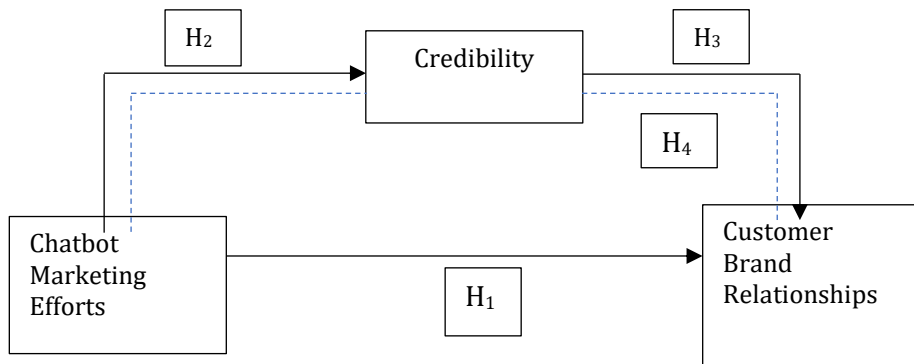
With respect to luxury brands, such as high-end star hotels, to create a unique market position, communication that takes place needs to facilitate the core brand image (Liu et al., 2012). The existing literature suggests that when the virtual agent representing the brand is interactive and provides instant information and details of emerging market trends (Barry & Crant, 2000; Chakrabarty et al., 2014), the consumers perceive high credibility and competence in such communication. Yet, consumers might require a different level of communication quality from different industries. For instance, consumers of luxury hotel brands might require different information compared to non-luxury brands in the hotel industry. According to Yao (2017), consumers of high-end luxury brands might require more accurate details of the offerings. If the information is delivered efficiently and perceived to be credible, competent (Zhao & Rosson, 2009) and expert (Snively & McNeill, 2008; Spitzberg, 2006; Webster & Sundaram, 2009), the consumer might tend to believe the communicator more hence more credibility. According to Kumar et al. (2016), different levels of chatbot marketing activities and credibility are expected by the customers. However, this notion is still under-explored in different industries. According to Følstad et al. (2018), if the users are doubtful regarding the credibility of chatbots, then it would negatively affect the perceived usefulness of chatbots. As a result, this study intends to explore the relationship between credibility, CBEs, and CBR in the context of Facebook and Instagram communication by high-end star hotels in Sri Lanka. Hence the following hypotheses are derived.

H<sub>2</sub>. CMEs have a positive and direct influence on credibility with reference to high-end star hotels in Sri Lanka

H<sub>3</sub>. Credibility has a positive and direct influence on CBR with reference to high-end star hotels in Sri Lanka

H<sub>4</sub>: The credibility of chatbot agents significantly mediates the relationship between CMEs and CBR with reference to high-end star hotels in Sri Lanka

**Figure 1**



Source: Developed by the researchers based on the literature review

### **3. METHODOLOGY**

The researchers' choice of methodology based on the nature of objectives was positivist, quantitative and deductive in nature (Sekaran & Bougie, 2010). The target population of the study was the consumers of seventy-five, high-end star hotels in Sri Lanka. As the sampling framework cannot be determined precisely the sample size was drawn based on Krejcie and Morgen's (1970), sampling table. Accordingly, a sample of 384 respondents was selected. A survey questionnaire was used to gather data and the researchers used judgmental and convenience sampling techniques as the sampling method. Primary data collected were subjected to analysis using SPSS software (Version 23) for descriptive and inferential statistics.

### **4. DATA ANALYSIS & RESULTS**

#### ***4.1 Demographics***

The analysis reported that most of the sample respondents (Female =81%; Male = 19%) were in the age group of 40-49 (SD= 0.837). Postgraduate was the highest educational qualification (40%) obtained by the sample respondents while 58% of them are employed. A total of 80 participants (22%) reported their monthly household income range as Rs.0 to 50,000, followed by Rs. 100,001 to Rs.150,000(n=73; 20%), Rs.150,001 to Rs.200,000 (n=58; 16%) and Rs. Above Rs.200,000 (n=160; 43%). In terms of the sample respondents' stage of the family life cycle, Full Nest 1 was recorded as in which most of the sample respondents (n=113;30%) were recorded.

#### ***4.2 Measures***

The five-point Likert-type scale ranges from strongly disagree (1) to strongly agree (5). The study adopted 18 items from the previous studies (Cheng et al., 2022; Chung et al., 2018; Godey et al., 2016) to measure the sample respondents' luxury chain hotels' Chatbot Marketing Efforts (Cronbach's  $\alpha = 0.812$ ). To determine the customers' perceived relationships (Cronbach's  $\alpha = 0.792$ ) with the luxury chain hotels, the study adopted 17 items that were founded by Hon and Grunig (1999). The study adopted the measurement scale established by Godey et al.(2016) to measure the customer response (Cronbach's  $\alpha = 0.786$ ) with 10 items.

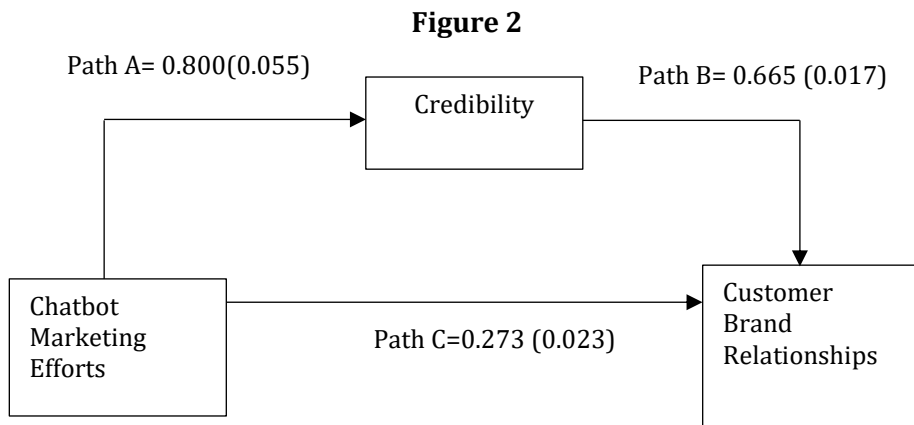
#### ***4.3 Results***

384 questionnaires were distributed among the sample respondents and 371 completed questionnaires were received making the data collection rate as 96%. To ensure the fitness of the data, the test of normality, linearity, reliability, and validity was performed. The skewness and Kurtosis method was used to test the normality of the dataset. According to the test results,

the skewness and kurtosis figures received for the data set received as, Chatbot Marketing Efforts -0.169, 0.997; Credibility 0.667, -0.765 and Customer Brand Relationships -0.423, -0.721 respectively. The commonly acceptable range of Skewness and Kurtosis for multiple regression analysis is between +1 and -1 (Hair et al., 2003). All the values for Skewness and Kurtosis for the transformed and standardized values have been found to be within the acceptable range of +1 and -1. A Skewness value of above 3, and a Kurtosis value of above 10, are indicative of those that depart from normality (Kline, 2011). The scatterplot received from the data set assured the normality of the data set. The Cronbach's Alpha test was performed to analyze the reliability of the data set. Accordingly, item wise reliability test was performed, and the Cronbach's Alpha value received for Chatbot Marketing Efforts was 0.786; Credibility 0.793, and Customer Brand Relationships 0.814 respectively. Since all the measurements are above 0.7 this ensures the reliability of the study. KMO Bartlett test was performed, and all the variables of the study reported values above 0.7 confirming the validity of the study.

Path analysis was performed to test the hypotheses of the study. Initially, the direct effects of the variables were identified, and then the indirect effect was analyzed to test the mediation effect of the credibility on the relationship between the Chatbot Marketing Efforts and the Customer Brand Relationships.

#### ***4.4 Estimating the direct effect for statistical significance***



*Estimating the indirect effect for statistical significance*

**Table 1***Coefficients<sup>a</sup>*

Model		Unstandardized Coefficients		Standardized Coefficients	<i>t</i>	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.921	0.193		4.763	0.000
	CME	0.800	0.055	0.602	14.466	0.000

a. Dependent Variable: CRD

**Table 2***Coefficients<sup>a</sup>*

Model		Unstandardized Coefficients		Standardized Coefficients	<i>t</i>	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.222	0.066		3.380	0.001
	CME	0.273	0.023	0.242	11.945	0.000
	CRD	0.665	0.017	0.785	38.714	0.000

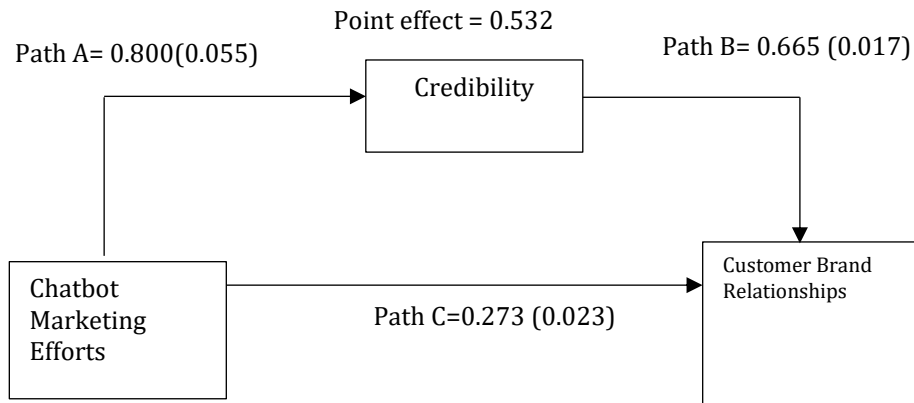
a. Dependent Variable: CBR

The linear regression results indicate the statistical evidence for the direct effect among CME to CRD (0.800; 80%), CME to CBR (0.273; 27%), and CRD to CBR (0.665; 66%).

Sobel Test (Sobel, 1982) was used to estimate the statistical significance of the indirect effect in mediation analysis. The unstandardized Coefficient Beta values of A and B and the Standard Error coefficients for A and B in the input fields Sa and Sb.

**Figure 3**

Input:	Test statistic:	Std. Error:	<i>p</i> -value:
<i>a</i> 0.800	Sobel test: 12.99382383	0.04094253	0.000
<i>b</i> 0.665	Aroian test: 12.98762617	0.04096207	0.000
<i>s<sub>a</sub></i> 0.055	Goodman test: 13.00003037	0.04092298	0.000
<i>s<sub>b</sub></i> 0.023	Reset all	Calculate	



As per the Sobel test results, the indirect effect analysis results for CME→CRD→CBR, the test statistic =12.9938, Std. Error =0.4094253, p-value = 0.000, which is less than 0.05 therefore it can be concluded that the indirect effect between the CME and CBR via CRD is statistically significant (p-value <=0.05). The point estimate of the indirect effect is =0.532 (0.800\*0.665) ensuring a 53% of mediation effect on the relationship between the Chatbot Marketing Efforts and Customer Brand Relationships. As per the study findings, there is statistical evidence to predict that all four (04) hypotheses are supported.

**Table 3**

H <sub>1</sub>	There is an impact of Chatbot Marketing Efforts on Customer Brand Relationships	0.000	Supported
H <sub>2</sub>	There is an impact of Chatbot Marketing Efforts on Credibility	0.000	Supported
H <sub>3</sub>	There is an impact of Credibility on Customer Brand Relationships	0.000	Supported
H <sub>4</sub>	There is an impact of Credibility on the relationship between Chatbot Marketing Efforts and Customer Brand Relationships	0.000	Supported

## 5. DISCUSSION OF THE FINDINGS

This study explored the mediation impact of credibility on the relationship between AI-powered CMEs and Customer Brand Relationships. The researchers surveyed 371 sample respondents who have a recent experience in one of the high end star hotels in Sri Lanka and who used any Chatbot marketing activities. The results showed that the Chatbot marketing activities and the credibility created by such activities will eventually aid to create relationships with consumer brands. The current study's findings also confirm the studies conducted by the previous scholars in the same field of study (Chung et al., 2018; Fernandes & Moreira, 2019; Godey et al., 2016; Guzman & Lewis 2019 Kim & Ko, 2012;). Further, the strength which evident the relationship between the chatbot marketing efforts and the customer brand relationships also significantly reveals the importance of implying the chatbot marketing efforts by firms in building customer brand relationships.

## 6. CONTRIBUTIONS

Since there is a dearth of studies in the field of AI-powered tools and its effect on generating the credibility of communication, the findings of the current study will serve as a path to bridge the existing vacuum. The study also found that the chatbot marketing efforts comprised with five main elements namely; entertainment, customization, interaction, information, and accessibility which eventually evident the truth that, AI-powered tools are essential sources to fulfill the functional and relational aspects of marketing communication (Lewis, 2019). In a developing contextual frame, the need for generating positive tools for marketing communication to serve the consumer needs which facilitate the decision-making process and developing customer brand relationships are predicted from the current study and are as vital. The quality of communication that enhances customers' credibility in the form of AI-powered tools is also a consideration when determining successful customer-brand relationships, specifically when dealing with the consumers who come to get the service from high-end star hotels in Sri Lanka. Thus credibility, a factor that determines the communication quality has served as a successful mediation effect which provides an indirect association between the main two variables.

The inferences of the current study findings enable marketing practitioners to understand the importance of concerning the credibility of chatbot marketing efforts in terms of customization, interaction, information, entertainment, and accessibility. More importantly, the firms need to pay attention to the personalization needs of the consumers as the pre-formatted automated messages in the form of chatbot marketing communication will be unable to ensure the quality of the efforts.

## LIMITATIONS AND THE DIRECTIONS FOR FUTURE RESEARCH

The current study focuses on the Sri Lankan high-end star hotel consumer market. It is recommended that future researchers test the antecedents and the consequences of the customer-brand relationship in different contexts and cultures. Comparative studies among the different markets and brands will also suggest as the test results may vary accordingly.

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**IMPACT OF SOCIAL MEDIA MARKETING ON FAST-FOOD  
PURCHASE INTENTION AMONG GENERATION Y CONSUMERS:  
WITH SPECIAL REFERENCE TO THE WESTERN PROVINCE IN SRI  
LANKA**

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**ABSTRACT**

This paper aims to examine the impact of social media marketing on fast-food purchase intention among Generation Y consumers in the Western Province of Sri Lanka. The study followed an explanatory research design and a survey was used as the research strategy. The sample was selected using the convenience sampling technique and data were collected from 367 respondents. The variables were tested against the validity and reliability of the measurement properties. The researcher analyzed the data using multiple regression analysis with the support of SPSS 21 software. This study revealed a significantly positive impact of attitudes towards social media advertising on fast-food purchase intention among Generation Y consumers in the Western Province of Sri Lanka. Furthermore, it was found that peer communication has a significantly negative impact on fast-food purchase intention among Generation Y consumers in the Western Province of Sri Lanka. Also, there is no significant impact of e-Word of Mouth communication on fast-food purchase intention among Generation Y consumers. The findings of this research would help existing and potential new entrants to the fast-food business in Sri Lanka to develop and formulate strategies for social media marketing.

**Keywords:** Fast food, Generation Y consumers, Purchase intention, social media marketing

## 1. INTRODUCTION

The media has undergone a significant transformation (Mangold & Faulds, 2009). Social media is increasingly replacing traditional media, which is helpful for marketers and consumers. Previously, marketers were used to broadcasting publicity information to their many customers through conventional media such as TV, Radio, Newspapers, and Magazines. But now, social media marketing has ushered in a new marketing era. The emergence of Social Networking Sites (SNS) such as Facebook, Twitter, LinkedIn, and others allow for a direct and immediate connection with individuals. Social media marketing is a rapidly developing marketing method that helps customers and brands to communicate quickly. Social media communities, blogs, and networks have become part of the life of most people, and they have emerged as a low-cost medium of alternative communication which supports an existing relationship between peer groups, customers, and marketers. Advertisers have quickly realized the value of using social media to gather information about customer segments, shopping habits, and unlimited customer data (Hafeez et al., 2017). As a result, marketers are now actively using social media to advertise their products. Accordingly, marketers are now increasing their online marketing budgets, to include social media marketing. The current study examined how fast-food brands use social media marketing to promote their offerings and impact consumers' purchase intentions.

People consume different types of food items to appease their hunger and thirst. With the development of society, the primary and basic food consumption patterns of people have converted into a new culture. In this new culture, one of the emerging trends witnessed in today's society is "fast food." Fast food is a low-cost, convenience food purchased in locations that allow for carry-out dining without the need for a waiter (Rosenheck, 2008). Currently, Western fast-food chains are expanding rapidly, and eating in Western fast-food restaurants has become fashionable among the younger generations. Most fast-food restaurants promote their brands through social media marketing. Since it provides a communication channel and financial values, marketers use social media marketing to develop a relationship between the brand and its customers (Chi, 2011). Adolescents are easily vulnerable to food-related advertising (Fleming-Milici & Harris, 2020). However, adolescents' media usage has changed substantially in recent years. Time spent watching TV has declined dramatically from 2.6 hours per day in 2013 to 1.8 hours per day in 2017 (Friedman, 2017, as cited in Fleming-Milici & Harris, 2020). As a result, there was a 43% reduction in food-related TV ads viewed during this time (Frazier & Harris, 2018). Simultaneously, the amount of time spent on digital media, such as computers, tablets, and smartphones, has grown (Anderson & Jiang, 2018). Consumers spend on average 3, 5, and 6 hours on Google, YouTube, and Facebook, respectively (Blaik, 2013). In general, girls spend more time on

social media than boys (Twenge et al., 2018). Food marketers have adapted to adolescents' changing media patterns by pioneering social media marketing.

According to the Digital 2020: Sri Lanka (2020) report, Sri Lanka had 10.10 million internet users, with a 47% penetration rate in January 2020. Between 2019 and 2020, the number of internet users in Sri Lanka increased by 399 thousand (+4.1%). The active number of social media users was 6.40 million, and the penetration rate was 30% in Sri Lanka in January 2020. The percentage of active social media users via mobile was 98% in January 2020. The number of social media users in Sri Lanka increased by 491 thousand (+8.3%) between April 2019 and January 2020. Therefore, businesses and advertisers are now organizing their advertising campaigns by converting traditional media commercials into online advertising campaigns. Most advertising firms have created separate units for their customers' online marketing efforts (Katukurunda et al., 2016). In the Sri Lankan context, advertisers conduct several social media marketing campaigns to promote Pizza Hut, KFC, and McDonald's through SNS. They use SNS like Facebook, Instagram, and YouTube. Table 1 shows how those advertisers captured customers up to May 31, 2021.

**Table 1**

*Number of customers patronizing Pizza Hut, KFC, and McDonald's restaurants in Sri Lanka*

SNS	Pizza Hut	KFC	McDonald's
Facebook	Likes: 491,555 Followers: 492,741 Page created: 18 March 2011 Source: pizzahut.lk	Likes: 56,976,574 Followers: 56,979,583 Page created: 25 February 2010 Source: www.kfc.lk	Likes: 81,199,868 Followers: 81,201,401 Page created: 7 March 2014 Source: mcdelivery.lk
Instagram	Post: 1774 Followers: 112,000 Source: @pizzahutsl	Post: 793 Followers: 68,200 Source: @kfcsl	Post: 396 Followers: 29,400 Source: @mcdonalds_lk

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YouTube	Subscribers: 83,500	Subscribers: 15	Subscribers: 324
	Videos: 34		

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*Source:* Developed by the researcher (2022)

As a kind of social media marketing, creating brand fan pages on SNS is a great way to engage with customers (De-Vries et al., 2012). In addition, most fast-food companies include updated information on all their websites, and invite consumers to visit these sites. Even marketers promote fast food through SNS, but those restaurants do not have extensive customer engagement. According to Table 1, there is a significant decrease in customer engagement among those who follow Instagram and YouTube. But in Sri Lanka, the trend in fast-food consumption is increasing. Thus, fast food has become very popular in Sri Lanka, especially among the youth and people who have busy lifestyles (Jayasinghe & De Silva, 2014). Examining the above statements, it is clear that researchers have identified a practical gap between customer engagement with SNS and actual fast-food consumption. Several types of research have been conducted on the impact of social media marketing on fast-food purchase intention in several cities and countries in the world, such as Karachi (Hafeez et al., 2017), and India (Pandey et al., 2018). However, hardly any research has been done in the Sri Lankan context. This contributes to an empirical gap due to a lack of research on the impact of social media marketing on fast-food purchase intention among consumers in Sri Lanka.

This study's primary purpose is to examine the impact of social media marketing on fast-food purchase intention among Generation Y consumers in the Western Province of Sri Lanka. The finding of this study will help local and multinational fast-food retailers and future fast-food retailers to learn how to impact social media marketing through online promotional activities. In addition, this study is essential for future researchers and marketers to understand this phenomenon before designing their own studies and plans.

## **2. LITERATURE REVIEW**

The Uses and Gratification Theory (UGT), developed by Katz and Blumler (1974), is the theoretical framework used for this research, especially in measuring attitude toward social media marketing. This theory is primarily used in conventional media to analyze consumers' behaviour. But Ngai et al. (2015) mentioned that with the introduction of the internet and new platforms for contact like emails, instant messaging, blogging, skyping, WhatsApp, and other forms of communication, the same theory has been

applied to social media studies in a very successful manner. In the context of this study, the application of UGT is based on the assumption that the consumer is an active and self-conscious contributor to media choice. Consumers are also motivated by personal ambitions rather than media influence. As a result, this theory assumes that consumers would seek out media that satisfy their wants and thus their gratification. Consequently, the consumer's gratification would lead to recurring media use. Therefore, the consumer's media selection is thought to be objective and value-oriented. The application of the UGT has been considered by various social media studies primarily for exploring the uses and motives behind social network platform usage (Toor et al., 2017). The UGT has been applied to traditional platforms and technological media to understand how consumers' emotional, cognitive, and other emerging needs are gratified. It has also been involved in specific cases to understand how the various media had lost the viewership of consumers. Based on its vast and successful applications, it is thus argued that the UGT fits well with the purpose of the current study, which seeks to investigate how social media marketing influences consumers' intention to purchase fast food.

### ***2.1 Purchase intention***

Purchase intention is defined as a plan to purchase specific goods or services in the future. Hafeez et al. (2017) provide a comprehensive model that captures a vital part of people's consumption habits. This model discusses consumer behaviour in five stages. Those are problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase decision. According to Hafeez et al. (2017), two factors affect purchase intention and purchase decision. The first factor is the attitude of others, and the second factor is unexpected situational conditions. Kang and Jin (2011) explain purchase intention relating to four behaviours of consumers. These are an undoubted plan to buy the product, thinking unequivocally to purchase the product, contemplating purchasing the product in the future and believing in the specific product utterly.

### ***2.2 e Word-of-Mouth communication (e WOM)***

The advent of the internet and social media gave rise to cyber consumers and fueled the emergence of electronic Word of Mouth (eWOM). eWOM is "any positive or negative statement made by potential, actual or former customers about a product or company, which is made available to a multitude of people and institutions via the internet" (Hennig-Thurau et al., 2004). On social media, the prime objective of marketers is to build consumer communities, generate discussion around these communities about the brand, and spread these discussions. Positive customer reviews are one of the significant promotional areas of social media. Customer reviews are widely available for products and services. Godes et al. (2005)



discussed that customers and businesses benefit from customer reviews; thus, companies encourage customers to rate and review products and services on social media platforms. Chen et al. (2011) found that customer reviews generate eWOM, which can aid consumers in their purchasing decisions when shared on social media. As a result, online customer reviews have increased, and many companies are now actively using these reviews to boost the sales of their products and services.

Bao and Chang (2014) refer to several reasons for increasing consumer value related to eWOM, including obtaining helpful product information, engaging in a social conversation by processing information, and developing a sense of belonging to a community. Waibel et al. (2001) found that eWOM can help reduce risk and uncertainty when making a buying choice. Previous studies identify the relationship between eWOM and purchase intention (King et al., 2014). This is because eWOM has been explored as a factor useful for making an informed purchase decision. In this study, the researcher attempted to determine the impact of eWOM on purchase intention among Generation Y consumers, as hypothesized below.

H<sub>1</sub>: There is an impact of e-WOM on fast-food purchase intention among Generation Y consumers.

### ***2.3 Attitude towards social media advertising***

Social media advertising has made it possible to eliminate the gaps between one-way communication and cost factors. Human behaviour and attitude have shifted as a result of social media communication. Mehta (2000) pointed out that it is crucial to understand how people feel about advertising because it impacts consumer buying intent and brand perception. The impact of attitude towards social media usage is comprehensively investigated in the UGT model. Choudary et al. (2010) defined attitude toward social media advertising as "how viewers react and respond to social media advertisements." Armstrong et al. (2014) revealed that attitude could be positive or damaging depending on the extent of favorability attached to the feelings of consumers. Belch (2006) asserts three attitudinal components: cognitive, affective, and behavioural. Halalau (2012) suggested that customer attitude toward networking site-based advertisement is the mental component, and that it can be positive or negative. Carrillat et al. (2014) suggested that to have a good impact on attitudes, Facebook messages must be entertaining. Hence, this study seeks to confirm whether Facebook advertising positively affects the top two levels of communications of the effect model. Furthermore, the role of social media in today's era cannot be neglected. Currently, marketers find social media an interactive medium for advertisement. Therefore, it is necessary to explore the consumer's attitude toward social media advertising so that marketers

can formulate essential strategies to tap a particular target segment. Hence the following hypothesis has been advanced

H<sub>2</sub>: There is an impact of attitude toward social media advertising on fast-food purchase intention among Generation Y consumers.

#### ***2.4 Peer communication***

Moschis and Churchill (1978) defined peer communication as "overt peer interactions among adolescents focused on good services." Peer communication has become a new source of acquiring product information through social media. Traditional one-way communication in marketing has been transformed into a multi-dimensional two-way peer-to-peer communication reality (Berthon et al., 2008). According to Heinrichs et al. (2011), peer communication facilitates consumers to exchange their views and opinions about different products and services consumed by them. Peers greatly influence consumers' buying behaviour, as they are motivated to own or avoid the product following the positive or negative reviews, recommendations, discussions, or experiences of their peers (Wang et al., 2012). This research has attempted to investigate the impact of peer communication on purchase intention with the following hypothesis.

H<sub>3</sub>: There is an impact of peer communication on fast-food purchase intention among Generation Y consumers.

### **3. METHODOLOGY**

The study tests the theory based on developed hypotheses and then tests it empirically utilizing the deductive approach (Dewasiri et al., 2018). The primary data collection method is carried out to obtain the most reliable outcome in the current study. A survey was done to collect data. The questionnaire started with general filtering questions to gather data from the respondents most suitable for the survey<sup>1</sup>. The population is Generation Y consumers in the Western Province of Sri Lanka. Those consumers use the internet and are familiar with SNS such as Facebook, YouTube, and Instagram; having an account in one or more sites was considered essential for the research study (Pandey et al., 2018). The reason behind taking Generation Y consumers in the Western Province of Sri Lanka as the population is that most internet and social media users reside within Colombo and its suburbs (Digital 2020: Sri Lanka, 2020). This study uses the definition of Kasasa (2019) for defining "Generation Y" or "Millennials" as those who were born between 1981-1994. They were between 25-40 years

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<sup>1</sup> The conceptual model, operationalization, and questionnaire are available on request.

old in 2019. The sample size of the research was 384. The researcher employed the convenience sampling method and 384 respondents were invited to fill out the survey. Among them, 379 questionnaires were completed and returned. Of them, 12 responses had to be removed since the respondents did not represent Generation Y and had no intention of using social media to purchase fast food, according to how they answered the questionnaire. The effective responses were 367 out of 379. Therefore, the effective response rate is 95.57%<sup>2</sup>. As the research instrument of this study, the researcher used a structured questionnaire consisting of a series of questions to gather prompt and accurate data from the respondents. The questionnaire comprised 24 questions grouped under three sections. The data were measured using a five-point Likert scale ranging from 1 to 5 (1= Strongly Disagree, 2= Disagree, 3= Neither Agree nor Disagree, 4= Agree, 5=Strongly Agree)

#### 4. DATA ANALYSIS AND RESULTS

As the first step of the analysis, the validity and reliability of the data were ensured. As indicated by Table 2, the Cronbach's Alpha values of all variables are more significant than 0.8; thus, all variables can be considered reliable (Field, 2009)

**Table 2**

*Cronbach's Alpha value of variables*

Variable	Cronbach's Alpha value	Number of items	Comment
Purchase Intention	0.831	3	Good
eWOM Communication	0.902	6	Good
Attitude toward Social Media Advertising	0.871	4	Good
Peer Communication	0.901	5	Good

*Source: Survey data (2022)*

*Internal validity was tested by using KMO & Bartlett's test. The researcher argues that a variable with a Keiser – Meyer – Olkin (KMO) value greater than 0.5 is validated (Field, 2009). Bartlett's test of sphericity indicates that all the factors are significant at 0.000, which is less than 0.05. Based on these results, it can be concluded that factor analysis is appropriate because all KMO values are greater than 0.5 and significant, as shown in Table 3.*

<sup>2</sup> The sample profile is available on request.

**Table 3**  
*Validity of the variables*

<b>Variable</b>	<b>Number of items</b>	<b>KMO</b>	<b>Bartlett's test of Sphericity (Sig)</b>
Purchase Intention	3	0.709	0.000
eWOM Communication	6	0.872	0.000
Attitude toward Social Media Marketing	4	0.769	0.000
Peer communication	5	0.816	0.000

*Source:* Survey data (2022)

Regression analysis is generally used to indicate a relationship's strength between and among variables (Saunders et al., 2016). The researcher utilized multiple regression analysis because the study suggests relationships between the dependent variable and the three independent variables.

*The coefficients of the regression analysis are shown in Table 4. The  $\beta$  coefficient indicates the impact of the independent variable on the dependent variable. As for the statistical output of Table 4, attitude towards social media advertising is the most influential factor on fast-food purchase intention since it takes the highest beta value of 0.901 at a 0.000 level of significance. Hence, attitude towards social media advertising positively influences fast-food purchase intention. On the other hand, peer communication is a negatively influential factor on fast-food purchase intention. This takes a beta value of -0.117 at a 0.002 level of significance. The B coefficient of attitude towards social media advertising reveals a 0.901 value while the p-value is 0.000. This means that an increment of 1 unit from the attitude towards social media advertising increases fast-food purchase intention by 0.901. This is a positive impact since the B coefficient has a positive value. A B value of -0.117 is obtained for peer communication while the p-value is 0.002. It can be concluded that if 1 unit of peer communication increases, it may decrease fast-food purchase intention by 0.117. Therefore, there is a negative relationship between peer communication and fast-food purchase intention.*

**Table 4**  
*Coefficient table*

Model	Unstandardized Coefficient		Standardized Coefficient Beta	t	Sig
	B	Std Error			
<b>(Constant)</b>	0.870	0.101		8.627	0.000
<b>Attitude towards Social Media Advertising</b>	0.901	0.036	0.978	24.955	0.000
<b>Peer Communication</b>	-0.117	0.037	-0.123	-3.147	0.002

*Source: Survey data (2022)*

## 5. DISCUSSION OF THE FINDINGS

The objective of this paper was to investigate the impact of social media marketing on purchase intention among Generation Y consumers in the Western Province of Sri Lanka. The findings revealed that eWOM Communication does not impact fast-food purchase intention among Generation Y consumers. On the other hand, attitude towards social media advertising positively influences fast-food purchase intention, and peer communication influences fast-food purchase intention negatively.

According to the current study's findings, there is no impact of eWOM Communication on fast-food purchase intention among Generation Y consumers. This study supports the results of previous studies. The survey done by Kala and Chaubey (2018) revealed that eWOM communications do not directly affect consumers' intention to purchase. Kala and Chaubey (2018) proved that eWOM Communication does not impact fast-food purchase intention as the p-value obtained is 0.430. They concluded that web 2.0 tools are not enough to influence customer purchase decisions. However, Kala and Chaubey (2018) point out that online reviews and information do not directly motivate customers to purchase the products. Still, this information helps marketers build a favourable image for the brand, indirectly leading to positive purchase intention. According to their research, there is a poor association between eWOM and purchase intention. This may be because of changing demographical patterns, the nascent stage of online retailing, weight given to aesthetic values in product purchase, lack of trust in anonymous information providers, and the significance of past experiences with the brand, especially for lifestyle products.

According to the current study's findings, there is a positive impact of attitudes toward social media advertising on fast-food purchase intention among Generation Y consumers. Past studies show that consumers with a favourable attitude toward social media advertising are likely to positively respond to social media advertising by buying a product advertised on social media or searching for further information (Sun & Wang, 2010). Pandey et al. (2018) indicate that attitude toward social media advertising positively impacts fast-food purchase intention, obtaining a value of 0.000 for  $p$ . According to the current study's findings, peer communication harms fast-food purchase intention among Generation Y consumers. This outcome is supported by previous research (Wang et al., 2012). In addition, in contrast to the results of the current study, Pandey et al. (2018) found that peer communication also impacted the purchase intention of Generation Y consumers, obtaining a  $p$ -value of 0.000.

## **6. CONCLUSION AND CONTRIBUTIONS**

The concept of social media marketing emerged and grew with the advancement of technology. Social media marketing is a newly emerging trend used in marketing practices. Marketers conduct social media marketing activities to obtain more positive reviews for their products. On the other hand, if the quantity of unfavourable comments increases, customers will identify several weaknesses in the products or services and develop a negative intention to purchase them. The researcher determined that social media marketing was very influential in increasing buying intention, when reviewing previous studies. It was also identified that only a few studies have investigated this area in the Sri Lankan context. Therefore, by recognizing this lacuna, the current study attempted to fill the gap by examining the impact of social media marketing on fast-food purchase intention among Generation Y consumers, with particular reference to the Western Province in Sri Lanka. The researcher utilizes the Uses and Gratification Theory (UGT), which is the most recognized and recommended theory in previous studies related to social media marketing, as the study's theoretical foundation. This study looks at three independent variables (eWOM communication, attitude towards social media marketing, peer communication) and a dependent variable (purchase intention). According to the outcomes mentioned above, it can be concluded that there is a no-impact of eWOM communication on fast-food purchase intention among Generation Y consumers. Moreover, there is a positive impact of attitude towards social media advertising on fast-food purchase intention among Generation Y consumers. On the other hand, peer communication harms fast-food purchase intention among Generation Y consumers, reflected in a negative relationship.

Social media marketing is an emerging trend in the marketing world. Advertisers identify this trend and use social media to promote fast-food brands. Through this study, the impact of social media marketing on fast-food purchase intention among Generation Y consumers was examined. The study has utilized the sources of social media marketing, including the dimensions of eWOM communication, attitude towards social media advertising, and peer communication as factors influencing social media marketing. The study's findings have identified no impact of eWOM communication on fast-food purchase intention among Generation Y consumers. Therefore, the researcher found no direct impact between eWOM communication and purchase intention. However, there were indirect impacts on these two variables like favourable and unfavourable customer comments. Secondly, the researcher found a positive effect of attitude towards social media advertising on fast-food purchase intention among Generation Y consumers. This means that marketers can use SNS to conduct social media advertisements. Thirdly, the researcher found that peer communication harms fast-food purchase intention among Generation Y consumers. Negative peer reviews and negative comments can thus affect consumer purchase intention. Through the study's findings, it is evident that effective social media advertising can facilitate the attraction of customers towards fast food. Based on the above discussion, it is clear that this study has made a significant contribution to marketers, organizations, and entrepreneurs who are new to business.

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**FACTORS INFLUENCING CONSUMERS' PURCHASE INTENTION  
TOWARDS ECO-FRIENDLY PACKAGED FAST-MOVING CONSUMER  
GOODS: WITH SPECIAL REFERENCE TO THE WESTERN  
PROVINCE IN SRI LANKA**

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**ABSTRACT**

Packaging should enhance product sustainability by decreasing the amount of materials used and using recyclable materials. Eco-friendly packaged fast-moving consumer goods have been and are manufactured in Sri Lanka. But customers are not very motivated to purchase these products, though these are acceptable globally. Hence, this study aims to determine the factors affecting the purchase intention of eco-friendly packaged fast-moving consumer goods in the Western Province of Sri Lanka. This research was conducted using the deductive approach. The purposive sampling technique was used to gather primary data, and finally, 298 responses were considered usable. Multiple regression analysis was conducted to analyze the primary data collected. Due to the lack of studies conducted on eco-friendly packaged fast-moving consumer products in the Sri Lankan context, this study intends to address that contextual and literature gap. The findings of the study revealed that attitude, environmental concern, personal norms, and willingness to pay have a significant impact on consumers' purchase intention towards eco-friendly packaged fast-moving consumer goods in the Western Province, Sri Lanka. These findings have implications for Sri Lankan marketers, product and packaging designers, and policymakers at the national level to design attractive and effective marketing strategies for ecological packaging, which speaks to the hidden desires of customers.

**Keywords:** Eco-friendly packaged, Fast-moving consumer goods, Purchase intention

## 1. INTRODUCTION

The packaging sector, which has an important market value, plays an active role in the global economy. Packaging is more than just a box or a carton (Meherishi et al., 2019). It safeguards, maintains, and keeps a product fresh until it is consumed (Singh & Pandey, 2018). As a result of packing and using significant resources, much waste is created (Chirani et al., 2021). Unsustainable packaging and consumption habits have arisen to pose a danger to long-term sustainability and, eventually, to the creation of a circular economy (Meherishi et al., 2019).

Concerning packaging in the Fast-Moving Consumer Goods (FMCGs) industry, consumption is hazardous to the environment since it leads to high turnover rates, global waste problems, and resource depletion, resulting in future shortages (Laan & Aurisicchio, 2019). Shampoo bottles and soap wrappers, for example, are often thrown away by people. The FMCG sector, in particular, is characterized by items that are sold and consumed rapidly, with containers being discarded immediately after use, resulting in a great deal of plastic pollution. According to the European Union's Packaging and Packaging Waste Directive, the packaging sector should enhance the sustainability of packaging by lowering the heaviness of materials and employing recycled materials (Chirani et al., 2021).

In the FMCG sector, businesses are under increasing pressure to develop more green business strategies because consumer products have considerable social and environmental footprints. Greener products and packaging are one example of such a development (Bashir et al., 2020). The worldwide green packaging market is projected to grow to \$ 207.5 billion by 2022 (Munasinghe & Shantha, 2021). Further, some emerging Asian countries such as South Korea, Vietnam, and Thailand have also begun to adopt sustainable packaging methods, such as utilizing eco-friendly banana leaf packaging or levying fees. Among the top ten global FMCG companies, Coca-Cola, Danone, PepsiCo, and Unilever have announced in 2020, an ambitious goal of 100 percent eco-friendly packaging by 2025 (Gibson, 2021). Further, customers who use reusable cups get discounts at coffee shops like Starbucks and Costa, and many pub and bar chains have eliminated using plastic straws (Prakash et al., 2019). However, estimating the market share of eco-friendly packaging is challenging (Ketelsen et al., 2020).

In Sri Lanka, consumers and companies are both concerned about the natural environment due to rising pollution levels and social unrest

(Munasinghe & Shantha, 2021). Some industries such as textile, hotel and tourism, and consumer products have recently adopted eco-friendly startups. FMCG is the most crucial of these industries due to its sizeable economic contribution and proximity to Sri Lankan consumers' daily lives. Green marketing is one of the concerns of the country's FMCG sector (Samarasinghe & Samarasinghe, 2013). In today's Sri Lanka, marketing experts in the FMCG industry utilize eco-friendly packaging and alter goods to reduce or eliminate pollution (Munasinghe & Shantha, 2021; Samarasinghe & Samarasinghe, 2013).

But in the Sri Lankan FMCG market, many sustainability efforts fail to capture the purchase intention and the attention of many Sri Lankan buyers (Rupasinghe & Arachchilage, 2018) because most FMCG consumer decisions are routine and difficult to change (Bashir et al., 2020). Furthermore, according to Ma et al. (2020), progress has been slow, despite the apparent need for change and rising consumer demands. Additionally, in Sri Lanka, the Western Province is the most populous province (Sri Lanka: Administrative Division, 2020) and has the maximum trash creation rate. Hence, higher damages can be caused to the Western Province due to these reasons. Therefore, the problem lies in determining the proper motivation and the most influential aspects affecting customers' purchasing intention in the Western Province, towards green packaged products.

## **2. LITERATURE REVIEW**

In the world of marketing, two leading theories are frequently used to describe an individual's intentions and actions (Auliandri et al., 2018). Those are the Theory of Reasoned Action (TRA) introduced by Ajzen and Fishbein (1972) and the Theory of Planned Behavior (TPB) also presented by Ajzen and Fishbein. The Theory of Reasoned Action is commonly applied to forecast any behavioral intention (Lestari et al., 2020). Behavioral intention is defined as the subjective probability of a person performing a particular action, according to the theory of reasoned action (TRA), and intention is the most critical aspect in determining behavior (Lestari et al., 2020; Rahadian et al., 2020; ). An individual's desire to do a specific activity is characterized as intention, which is regarded as an immediate antecedent to behavior (Ajzen, 1991).

In sum, behavior is posited to be a causal outcome of behavioral intention. In contrast, behavioral intention is a causal result of two main variables: 1) attitudes and 2) subjective norms, both of which are influenced by beliefs. The most reliable indicator of intention is attitude (Lestari et al., 2020). People's ideas about behavioral outcomes and their judgments of those results combine to form attitudes. Subjective Expected Utility (SEU) theory provides a solid foundation for this aspect of the approach (Ajzen & Fishbein,

1972). Subjective norms are thought to have comparable beginnings in a mix of people's judgments of what a person should or should not do based on what others believe is significant (Samarasinghe & Ahsan, 2014). The current study employed the Theory of Reasoned Action as the base theory and added another two new constructs to it in order to study customers' eco-friendly purchase intention.

### ***2.1 Eco-friendly packaged products***

Green packaging in the FMCG sector is not the same as green goods (Nguyen et al., 2021). The trade-off between performance and sustainability may influence customer selection when buying green items (Luchs & Kumar, 2017). On the other hand, consumers do not require a trade-off for a standard product with environmentally friendly packaging. According to Maslow's hierarchy, customers should only pay a higher price for green packaging if their essential demands for everyday items are met. Green packaging adds value to an otherwise ordinary product (Rokka & Uusitalo, 2008). According to previous surveys, consumers prefer eco-friendly packaged items to traditional ones (Magnier & Schoormans, 2015). They agree that minimizing unnecessary packaging has the most significant environmental impact (Tobler et al., 2011). Consequently, availability and product characteristics may become new and significant elements influencing customer decisions. Purchase intention has been the central focus of green packaging research (Prakash & Pathak, 2017), even though actual behavior is still somewhat understood (Nguyen et al., 2021).

### ***2.2 Purchase intention of eco-friendly packaged FMCGs***

Green buying intention is described as a person's likelihood and readiness to choose environmentally friendly items over conventional products in their purchasing decisions (Rashid, 2009). However, the high level of consumer interest in environmental concerns rarely translates into practical actions. External factors, however, might have an impact on consumers' intentions. Internal variables influencing customers' sustainable purchasing intentions and consumption were discovered in the literature (e.g., social responsibility, attitude, environmental concern, and willingness to pay) (Hao et al., 2019). Consumers' perceptions of a packaging's low carbon footprint are divided into two groups: first, LOHAS (Lifestyle of Health and Sustainability), consumers are those who are environmentally conscious and pay attentions to eco-friendly packaging. Second, Convenience Consumers are less environmentally conscious and pay less attention to eco-friendly packaging (Stranieri et al., 2017).

### ***2.3 Attitude***

The degree to which a person has favorable or unfavorable thoughts about the behavior of interest is known as his/her attitude (Wickremeratne, 2020). The more favorably someone thinks of a specific attitude, the more

intention is there to adopt it (Auliandri et al., 2018). The consumer's attitude toward eco-friendly items is a combination of his beliefs, feelings, and purchasing plans in the context of marketing (Wickremeratne, 2020). Cheah and Phau (2011) examined attitude towards environmentally friendly products in its relationship with eco-literacy, interpersonal influence, and value orientation. The findings demonstrated that having positive attitudes regarding environmentally friendly items increases the purchase behavior of those products. Based on the aforementioned literature, the researcher has suggested the hypothesis set down below.

H<sub>1</sub>: There is a significant influence of attitude on purchase intention towards eco-friendly packaged FMCGs among consumers in the Western Province, Sri Lanka

#### ***2.4 Environmental concern***

Environmental concern relates to how concerned individuals are about environmental issues, how supportive they are of attempts to solve them, and how eager they are to contribute personally to their resolution (Chaudhary, 2018). It assesses a person's attitude toward facts, behavior, or others' behavior regarding environmental effects (Kai & Haokai, 2016). According to academics, environmental concern has emerged as a critical influencer of consumer behavior in recent years (Yadav, 2016). Hence the following hypothesis was developed by the researcher.

H<sub>2</sub>: There is a significant influence of environmental concern on purchase intention towards eco-friendly packaged FMCGs among consumers in the Western Province, Sri Lanka

#### ***2.5 Personal norms***

Social norms are more likely to lead society in determining what is ethically sound or wrong and what behavior is suitable (Sexton & Sexton, 2014). When societal norms are absorbed into a continuous personal value system, a new norm called personal norms emerges (Jansson, 2011). Individuals' norms and duties to engage in the appropriate behavior are personal norms. Those are considerably more likely to change purchasing habits to more ecologically friendly behavior (Moser, 2015). Anyhow, personal norms are developed based on one's core values and might be compared to decision heuristics (shortcuts) in making judgments (Jansson, 2011). A study revealed that personal values are essential in deciding how environmentally conscious Danish consumers are (Chaudhary, 2018). Prakash and Pathak (2017) also reported that personal environmental norms and eco-friendly packaging significantly influenced purchasing intention. Consumers' purchasing habits can be changed and eco-friendly behavior facilitated by strong personal norms. In contrast, Khare (2015) found no link between personal norms and green purchasing behavior among young Indian consumers in urban locations.



Accordingly, the following hypothesis was developed.

H<sub>3</sub>: There is a significant influence of personal norms on purchase intention towards eco-friendly packaged FMCGs among consumers in the Western Province, Sri Lanka.

### ***2.6 Willingness to pay***

Willingness to pay notion is a marketing concept that originates in the pricing and consumer behavior domains. It forecasts customer behavior reliably, and, as a result, helps businesses design price strategies (Pelsmacker et al., 2005). Singh and Pandey (2018) discovered that six separate but closely linked criteria influence purchasers' willingness to pay a price premium for green packaging, and those are epistemological, functional, economic, symbolic, philanthropic, and biospheric influences. In turn, Hao et al. (2019) discovered that four variables, including the environment, green packaging quality, commodity, and package pricing, might influence customers' willingness to pay.

Given that ecologically friendly packaging results in a higher price for the final product, there has been an extensive line of research to determine the degree to which a higher price might act as a barrier to purchase. However, there were varied results obtained in relation to this area. On the one hand, the data reveals that even in developing nations, a minor price rise has no influence on customer purchasing behavior. Another body of research, on the other hand, demonstrates that the greater price of items in eco-friendly packaging has an impact on customer purchasing behavior, particularly among consumers who are poorly educated and engaged in low-income occupations (Popovic et al., 2019). Furthermore, Prakash and Pathak (2017) revealed that in a developing country like India, young customers are willing to pay a higher price for environmentally friendly items. In other words, young Indian customers prefer to buy items from ecologically conscious firms, according to the authors.

Hence, the researcher has developed the following hypothesis.

H<sub>4</sub>: There is a significant influence of willingness to pay on purchase intention towards eco-friendly packaged FMCGs among consumers in the Western Province, Sri Lanka

## **3. METHODOLOGY**

The researchers considered collecting data from individual consumers and treating each respondent's responses as an individual data source in this study (Dewasiri et al., 2018). Hence, the unit of analysis of the current study is individuals between 18-45 years in the Western Province, who are FMCG shoppers. The Western Province was chosen for this study since it is



the area that has a maximum trash creation rate (Central Environment Justice, 2021) and is the most populous province (Sri Lanka: Administrative Division, 2020). Individuals between 18-45 years of age were selected for the current study since most regular shoppers to hypermarkets were those in the age group 18-45 years, as per Rahman et al. (2016).

Primary sources have been used to collect data from sample respondents to accomplish the research objectives. The researcher used an online questionnaire as the primary data source to collect quantitative data to address the study's research questions. It was distributed to the sample of respondents drawn from the Western province through the use of Google forms. Google forms were sent to respondents through WhatsApp, Viber, and email.

Since the population of this study is unknown, the sample size has been determined by calculating the minimum sample size (Cooper & Schindler, 2009). Further, online sample calculators such as Calculator.net and goodcalculator.com were also used to calculate the sample size. Every tool used calculated the sample size as 384 respondents. Therefore, the questionnaire was distributed among 384 customers between 18 – 45 years who are FMCG shoppers in the Western Province. However, the effective response rate of the current study was 77.6%.

Additionally, a structured questionnaire was used by the researcher to collect data. The survey questionnaire consisted of sections A and B. An introduction to the questionnaire, that came before sections A and B, provided the purpose of the study. Part A consists of Likert 5-point scale questions ranging from strongly disagree to agree strongly (1=Strongly Disagree, 2=Disagree, 3=Neutral, 4= Agree, 5=Strongly Agree), which measure the independent and dependent variables. Finally, in Part B of the survey, the respondents were asked to respond to questions regarding demographic factors. The whole questionnaire included 16 questions, including a few questions which captured the respondent's profile<sup>3</sup>

#### **4. DATA ANALYSIS AND RESULTS**

After preparing the data set, the researcher cleaned the data to avoid errors when entering the datasheet. The researcher used multiple linear regression analysis to calculate the strengths of the relationships between the independent and dependent variables. According to Table 1, the Cronbach's Alpha value of every variable is more than 0.7. Therefore, the researcher concludes that all four dimensions are reliable.

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<sup>3</sup> Conceptual model, operationalization, and questionnaire are available on request.

**Table 1***Reliability of variables*

<b>Variable</b>		<b>Cronbach's Alpha value</b>	<b>No. of items</b>	<b>Comment</b>
Customers' Intention	Purchase	0.880	3	Reliable
Attitude		0.903	3	Reliable
Environmental Concern		0.856	3	Reliable
Personal Norms		0.904	3	Reliable
Willingness to Pay		0.910	3	Reliable

*Source: Survey data (2022)*

According to Table 2, the KMO Measure of Sampling Adequacy for all variables was greater than 0.5. Bartlett's test of Sphericity indicates that all the factors were significant at 0.000, which was less than 0.05. Based on these results, it can be concluded that the research instruments of the present study have external validity.

**Table 2***Kaiser – Meyer – Olkin measure of sampling adequacy and Bartlett's test*

<b>Variable</b>		<b>KMO Measure of Sampling Adequacy</b>	<b>The Bartlett's test of Sphericity Values</b>	<b>Comment</b>
Customers' Intention	Purchase	0.734	0.000	Acceptable
Attitude		0.753	0.000	Acceptable
Environmental Concern		0.734	0000	Acceptable
Personal Norms		0.755	0.000	Acceptable
Willingness to Pay		0.741	0.000	Acceptable

*Source: Survey data (2022)*

The researcher carried out a "stepwise" multiple regression analysis and used the 95% confidence level to verify the acceptance of each hypothesis in a two-tailed manner. The value of the explanatory power ( $R^2$ ) shows the degree to which the independent variables explain the variance of the dependent variable. In this study, the R squared value is 0.75. Therefore, it can be concluded that 75% of the variation of purchase intention towards

eco-friendly packaged FMCGs was explained by attitude, environmental concern, personal norms, and willingness to pay. The coefficient table of the regression analysis is represented by Table 3.

**Table 3**

*Coefficient measurement*

Model	Unstandardized Coefficients		Sig.
	B	Std. Error	
Constant	0.400	0.171	0.020
Personal Norms	0.335	0.058	0.000
Environmental Concern	0.230	0.060	0.000
Attitude	0.250	0.058	0.000
Willingness to Pay	0.183	0.044	0.000

*Source:* Survey data (2022)

As mentioned in Table 3, personal norms have the highest beta value of 0.335 at a 0.000 significance level. Hence, personal norms can be considered the most influential factor on customers' purchase intention. Attitude has the next highest beta value of 0.250, and is the second most influential factor. Environmental concern and willingness to pay are the third and fourth most influential factors, respectively, at 0.000 significance levels. Further, the results indicate that all four variables have a positive influence on purchase intention towards eco-friendly packaged FMCGs in the Western Province of Sri Lanka.

## 5. DISCUSSION OF THE FINDINGS

According to the survey results, the researcher has identified consumers' personal norms as the most influential factor in purchase intention towards eco-friendly packaged FMCGs. This reflects that Sri Lankan consumers' ethical motives and moral values impact their purchase of eco-friendly packaged FMCGs. Therefore, it can be concluded that consumers' personal norms positively influence their eco-friendly packaged FMCGs purchase intention in the Western Province. Prakash and Pathak (2017) also confirmed that personal norms positively influence consumers' purchase intention. This is consistent with the finding of the current study.

Attitude was the second-highest influential variable on Western Province consumers' intention to buy eco-friendly packaged FMCGs. When consumers have a positive attitude towards environmental protection and eco-friendly packaged FMCGs, their purchase intention increases. According to Prakash and Pathak (2017) attitude positively influences young consumers'

purchase intention in India. Furthermore, Nguyen et al. (2021) also found that attitude positively relates to consumer purchase intention in the Vietnam context. These results are consistent with the finding of the current study.

According to the survey results, environmental concern also influences customers' eco-friendly packaged FMCGs purchase intention. When consumers are highly concerned about the environment and when they have common sense, they tend to buy eco-friendly packaged FMCGs. Therefore, it can be concluded that environmental concern positively influences consumers' eco-friendly packaged FMCGs purchase intention in the Western Province. According to Prakash and Pathak (2017) environmental concern positively influences young consumers' purchase intention in India. In addition, Kashif and Rani (2021) found that willingness to pay positively influences consumers' purchase intention in Pakistan. These literature findings are consistent with the results of the current study.

Finally, consumers' willingness to pay was also a significant predictor of purchasing intention towards eco-friendly packaged products. The Sri Lankan FMCG market, in particular, is primarily driven by price competition, which is mainly due to the high rate of inflation and low purchasing power (Rupasinghe & Arachchilage, 2018). This means that customers' willingness to pay in the FMCG sector is an influential factor. Hence, the findings emphasized that willingness to pay significantly influences consumers' purchase intention towards eco-friendly packaged FMCGs in the Western Province of Sri Lanka, and this finding was consistent with previous findings of Prakash and Pathak (2017) and Kashif and Rani (2021).

## **6. CONCLUSION AND CONTRIBUTIONS**

Because green marketing is a global concept, customers are becoming more environmentally conscious in their purchasing decisions (Munasinghe & Shantha, 2021). Presently, in Sri Lanka, it is observable that the FMCG sector uses environment-friendly and recyclable packaging and even modifies products to minimize or prevent environmental pollution. However, consumers in the country are still not very oriented towards purchasing eco-friendly packaged FMCGs.

The study's main implications were that marketers consider attitude, personal norms, and environmental concern which impact purchase intentions towards environmentally friendly packaging, and that attention should be paid by FMCG enterprises in the Western Province of Sri Lanka, towards enhancing these factors. These findings have implications for Sri Lankan marketers, product and packaging designers and policymakers at the national level to design attractive and effective marketing strategies for ecological packaging which can speak to the inner desires of the customer.

Moreover, companies need to educate their consumers about eco-friendly packaged products. In light of the considerable green benefits, marketers are advised to pay special attention to consumers' personal norms and willingness to pay, in order to boost green purchasing behavior among Sri Lankan consumers. To do this, they should create some interesting promotional schemes that highlight the benefits of eco-friendly packaging for the environment, and this would finally lead to green consumption patterns. These suggestions can be considered when the government develops and implements new policies and regulations. Furthermore, the government can discuss these results with the relevant authorities and add environmental and conservation material to a secondary school curriculum subject. Through such a measure, consumers' attitudes, personal norms and environmental concerns could be improved. Then, existing and potential consumers in the FMCG sector will be ready to safeguard the environment.

Additionally, price sensitivity towards eco-friendly packaging is one of the pressing problems related to consumers. Hence, corporations need to be concerned about consumers' willingness to pay the set price for a good. This will improve Sri Lanka's profile in the world with respect to improved consumption of eco-friendly packaged FMCGs.

As a theoretical contribution, this study supported the applicability of the Theory of Reasoned Action (TRA) for Western Province consumers between the ages of 18-45 in relation to their purchase intention of ecofriendly packaged FMCGs, as attitude and personal norms (which are two constructs considered in the TRA) have a significant influence on purchase intention towards eco-friendly packaged FMCGs. By incorporating two additional constructs, namely, environmental concern and willingness to pay, this study extended the scope of the TRA's usefulness in the study of eco-friendly purchase behaviors.

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**CONCEPTUALIZING THE INFLUENCE OF IN-STORE ENVIRONMENTAL CUES ON STORE LOYALTY: WITH REFERENCE TO SUPERMARKET CUSTOMERS**

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**ABSTRACT**

Today, the retail industry is extremely competitive, and the supermarket concept has created new interest among shoppers in the contemporary retailing context. Change in the supermarket industry has been brisk and shows no signs of abating. Most customers like to enjoy their shopping journey, and thus, environmental cues in a supermarket are critical. However, customers' switching behaviour has resulted in noteworthy concern in the industry, particularly due to the dearth of research in the area. Hence, this study aimed to conceptualize the impact of store environmental cues on customer store loyalty towards supermarkets. This theorization is grounded on the Stimulus-Organism-Response (S-O-R) model which emphasizes how consumers react to stimuli in the environment via three steps: stimulus, organism, and response. Though most people believe that the choices they make result from a rational analysis of alternatives, in reality, environmental cues have a huge impact on our behaviours. Since we noted the paucity of literature on this subject, this study attempts to make a worthwhile contribution to the existing body of knowledge, and provide an essential building block for future studies in the subject domain.

**Keywords:** Customer loyalty, Store Environmental cues, Supermarket industry

## 1. INTRODUCTION

The retail industry is highly competitive (Yoon & Park, 2018) and has been the fastest-growing sector over the past decade. It also contributes one-third of the national Gross Domestic Production and injects 14% into the labour market (Hilal, 2020). Over the past few decades, the global as well as local supermarket industry has burgeoned, supermarket chains are growing rapidly, and the concept has expanded from the city limits towards suburban areas (Supermarket Culture in Sri Lanka, 2019). It has been noted that over the decade, the household penetration of supermarket shopping has more than doubled, and the average YoY growth rate of 7.3%, shows a steady and sustainable growth (Mihirani, 2020).

In dynamic competitive retail industries, retailers are focusing on the requirements of customers to design their offers and attract more visitors to their stores. Earlier, customers focused primarily on product features, benefits, and attributes. However, currently, customers are becoming more aware of the added beneficial elements of selected retail outlets when they visit these outlets for their purchases. In other words, they always look for more than just a routine shopping experience (Richard et al., 2020). Therefore, the store environment can impact the customers strongly. Thus, it is essential to identify the store environment as an effective tool that is vital to create customer satisfaction and lead to customer store loyalty. Accordingly, when retailers design their store environment, they always need to enhance the delightful feelings and pleasant experiences of retail shoppers (Francionia et al., 2018).

Customers are stimulated by environmental cues and motivated by the environment in which they shop. They desire a pleasant shopping environment. Even though customers prefer to enjoy supermarkets with the concept of “all in one place”, when they have a vast array of choices of products and services than ever before, they seem dissatisfied (Anne, 2015; Riaz & Mazhar, 2015; Richard et al., 2020). Customer retention is crucial since retaining customers is a matter of survival for any business. With the remarkable competition in the industry, the biggest challenge is increased customer switching behaviour (Ishantha, 2020; Liyanage et al., 2020). Customers switch among stores for different reasons such as poor sales staff, inconvenience, stressful atmosphere, or less attractive offers (Liyanage et al., 2020).

Though customer store loyalty has been thoroughly examined in the literature, the majority of studies have scrutinized only a limited number of factors. For example, some studies have focused only on the physical evidence elements such as layout, signage, signboards, and lighting (Thilina & Liyanage, 2019); Yongsoo and Yuri (2016) have studied only the impact of spatial crowding on store loyalty; while exterior variables' influences (Manuahe et al., 2017) have also been examined. Accordingly, most studies

have concentrated only on physical elements, ignoring social factors in the store environment (Jalil, 2016). Thus, this study attempts to fill this gap by theorizing the many stores environmental cues that have been ignored in previous studies.

## **2. LITERATURE REVIEW AND CONCEPTUALIZATION**

### ***2.1 Theoretical underpinning***

#### ***2.1.1 S-O-R model***

This study is based on the Stimulus-Organism-Response (S-O-R) model proposed by Mehrabian and Russell (1974). The model shows how consumers react to stimuli in the environment, using three steps: stimulus, organism, and response. Here, the stimulus is the factors that affect the internal state of the individual. The customer's internal state is known as the organism (Zheng & Gong, 2019), and the reactions of individuals to stimuli are called responses. Furthermore, there are three dimensions categorized under emotional reactions to the environment. Those are pleasure/displeasure, arousal/non-arousal and dominance-submissiveness. Pleasure dimensions mean the individual's feelings of pleasure and contentment. The arousal dimension shows the difference between feelings of being stimulated, excited or aroused and being relaxed, bored or sleepy. The dominance dimension describes individuals' feelings of being in control or lacking in control (Hsiao & Tang, 2021).

Concerning the retail store environment, retail environmental characteristics (ambience, design and social factors) are the stimuli, and the organism is the internal processes that intervene between the external stimuli that impact the individual and the final actions and responses of the individual. Consequently, the customer's final outcome can be evoked by the store stimuli (Benlian, 2015).

Moreover, individuals' responses to store stimuli, from emotional to behavioural, range from avoidance to approach behaviours, including the number of products purchased, customer satisfaction, the shopping time and the money spent in the store, store choice, the desire to stay in the store, the desire to explore, as well as the desire to interact and communicate with other customers (Calvo-Porrall & Levy-Mangin, 2021). Therefore, customers' emotional reactions aroused by the store atmosphere can impact on their shopping behaviour.

### ***2.2 External environment and customer store loyalty***

The exterior setting or environment such as building architecture, the surrounding area colours, storefronts etc., create a critical first impression among the consumers, and it establishes certain emotions, feelings and responses of consumers (Raggiotto et al., 2020). Previous scholars have

mentioned that when consumers engage in shopping, they value retail store accessibility, proximity and cleanliness (Marques et al., 2016). Several authors found that parking and location impact the perception of quality (Marques et al., 2016). According to Hanaysha (2017), store location is the most critical external variable, and through that, customers may be attracted towards the store. Furthermore, Terblanche (2018) suggested that storefront impacts shoppers' motives and attracts shoppers to a store. Thus, retail managers should focus on the store's external image and, at the same time, how this image affects the approach and avoidance behaviour of consumers. Recently, some authors have argued that the external environment of the store positively impacts consumer behaviour and customer satisfaction (Calvo-Porrall & Levy-Mangin, 2021). Furthermore, the majority of studies have said that store exteriors impact on the overall store image and consumer decision-making (Raggiotto et al., 2020). Moreover, more innovative window displays improve customers' evaluation of the store. Calvo-Porrall and Levy-Mangin (2021) suggested that a more appealing and convenient external environment will create greater satisfaction with the store. Hence, the following proposition has been advanced:

P<sub>1</sub>: The external environment impacts on customers' store loyalty towards supermarkets.

### ***2.3 Internal ambience/atmosphere and customer store loyalty***

Color, music, scent and aroma, lighting, temperature and cleanliness are the internal ambience elements that affect consumer behaviour (Biswas et al., 2019). Those internal ambience elements create feelings, attitudes and emotions towards the store, and could stimulate memories, thoughts and experiences (Terblanche, 2018). The multitude of stimuli offered by the internal variables of the store helps customers to evaluate store products and services, and influence the approach and avoidance behaviour of customers and their expectations related to the store (Lingberg, 2017). Several authors mentioned that the store's internal atmospherics could be understood as pleasant or unpleasant, making the store a popular/unpopular place to shop at, and that this could generate feelings of comfort, experiential pleasure and delight among customers (Jalil et al., 2016). Similarly, internal ambience creates positive impressions among consumers, which is very important for outlet selection. The right uses of internal ambience variables improve evaluations of the store, and lead to satisfaction and loyalty among consumers (Calvo-Porrall & Levy-Mangin, 2021).

Moreover, the internal atmosphere of the store plays a major part in attracting customers to the store, and through that, different retail stores can differentiate themselves. A pleasant store atmosphere and an attractive internal atmosphere is enormously appreciated by consumers and influence

customer satisfaction (Calvo-Porrall & Levy-Mangin, 2021). Consequently, customers spend more time and money in the outlet as well as circulate positive word of mouth among others since they become loyal to the store. Similarly, Terblanche (2018) stated that when a store environment has a pleasant internal atmosphere, consumers may be attracted to that store, where they will spend more time and money. Oh (2012) has presented a similar argument which says that perception of the internal ambience affects approach/avoidance, time spent in the environment and sales volume. Furthermore, consumer's choice of store is influenced by the internal atmospherics, namely, proper lighting, music, temperature, color, scent and aroma; also, cleanliness will motivate customers to revisit the store in the future (Hussain et al., 2015). Thus, with the support of the above empirical evidence, this paper advances its second proposition:

P<sub>2</sub>: Internal ambience impacts customers' store loyalty towards supermarkets.

#### ***2.4 Merchandise layout and customer store loyalty***

When consumers select a store, the store's product variety and assortment are one of the most influential variables in creating customer satisfaction (Calvo-Porrall & Levy-Mangin, 2021). Further, the selected places of the products' commercialization are also a critical factor in consumers' behaviour (Mikalef et al., 2017). Gudonaviciene and Alijosiene (2015) argued that there is a significant relationship between shelf space and impulsive buying of products and the number of shelf facings and sales volumes. In addition, merchandise displays and floor stand effectiveness can significantly influence sales performances (Mikalef et al., 2017; Niazi et al., 2015).

Due to the above mentioned factors, retail stores aim to provide a wide range of products and services to fulfil customer needs (Ha & Lee, 2016). In addition, the right use of merchandise layout creates a positive store atmosphere and design, and through such a layout, customers are attracted to the store and made to feel comfortable. They also take time to look around the store and buy more products (Tran, 2020). When retail stores have attractive merchandise layouts, consumers obtain a leisurely shopping experience from the retail store. Since these consumers have built loyalty to the store, they are attracted back to the store for repeat purchases (Dash & Akshaya, 2016). Therefore, convenient merchandise selection and an attractive merchandise layout influence customer satisfaction and store loyalty. Hence, the following proposition is developed:

P<sub>3</sub>: Merchandise layout impacts customers' store loyalty towards supermarkets.

### ***2.5 Store personnel/staff and customer store loyalty***

According to Marques et al. (2016), well-trained, knowledgeable, friendly, competent and helpful store personnel are the most appealing attributes for customers, and among other factors, store personnel helpfulness is very important to increase customers' satisfaction and loyalty as well as their willingness to purchase (Calvo-Porrall & Levy-Mangin, 2021). When shopping at a store, consumers place great value on staff politeness, friendliness, and easy-to-find products. Some authors argued that when store employees have expertise and knowledge about the products and services, consumers feel confident and satisfied about their purchase decisions and develop loyal to the store (Hilal, 2020). In addition, interpersonal interaction between customers and store personnel influences customer loyalty to the store (Emir, 2016). Helpfulness, knowledge and courteous staff, personal attention, and prompt service also help to increase store loyalty (Saad & Metawie, 2015).

On the other hand, when service failures occur, there are fewer friendly and helpful staff, employees are dressed in unprofessional attire and when staff personnel are aggressive, those negative influences impact customer satisfaction, purchase intention and loyalty (Niazi et al., 2015). Husnain et al. (2019) reported that staff friendliness and helpfulness aid consumers in deciding on the selection of products by providing information related to these products. Thus, after buying, consumers have good feelings about the retail store and purchase more products from it, since they have become loyal to the store (Pornpitakpan et al., 2017). Accordingly, the following proposition is advanced,

P<sub>4</sub>: Store personnel/staff impact on customers' store loyalty towards supermarkets.

### ***2.6 Crowding and customer store loyalty***

According to Santini et al. (2020), there are two dimensions to the perception of crowding: social and spatial. The social dimension is the perception based on the number of persons and social interactions; the spatial dimension is the perception based on the number of merchandise and fixtures and their configuration. Several researchers stated that spatial crowding and human crowding negatively impact customers' excitement with the shopping experience and positively impact stress (Tran, 2020). Therefore, when customers decide to enter a store, crowding in the premises is a critical factor that influences this decision. Furthermore, some authors have confirmed that crowding negatively impacts perceptions, emotions and satisfaction, which will later impact customer store loyalty negatively. That is the result of decreasing positive emotions and increasing negative emotions (Kim et al., 2016).

In contrast, Calvo-Porrall and Levy-Mangin (2021) argued that crowding in

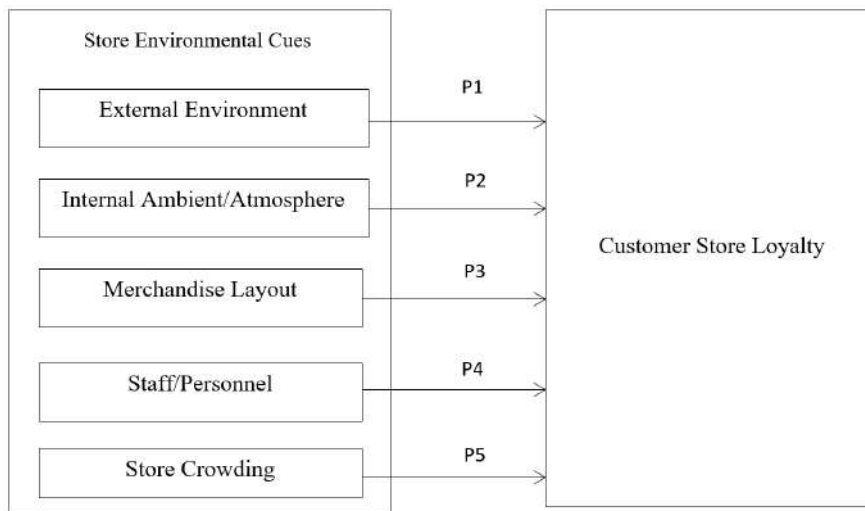
the store does not negatively impact on customer satisfaction. This is because human crowding favourably impacts customers' satisfaction indirectly by increasing positive emotions and decreasing negative emotions. Accordingly, crowding significantly impacts customer emotions, behaviours, enjoyment and pleasure in a store. Moreover, Hofstede (2011) confirmed that human crowding positively impacts customers' pleasure. Pleasure showed a positive influence on expectation, and, as a result, led to customer store loyalty. Therefore, the following proposition is articulated:

P<sub>5</sub>: Crowding in the store impacts on customers' store loyalty towards supermarkets.

## 2.7 Conceptual Framework

Based on the theoretical support drawn from the literature, the following conceptual framework was developed.

**Figure 1**



Source: Adapted from Sudarmiatin and Sisiprasojo (2018)

## 3. CONCLUSION AND IMPLICATIONS

This conceptualization evidenced that the attitudes and behaviours of consumers can be influenced so that they behave in a certain manner, based on the store environmental cues created by retail management. Thus, this attempt is noteworthy to retail managers, and provides them with a practical understanding of the retail store environmental cues that drive customer store loyalty. The retail industry has become more competitive, and thus retail managers should develop marketing strategies to ensure a



very pleasant and appealing shopping environment that could increase customer store loyalty.

Moreover, this theorization has important implications for small/medium sized retailers making casual or more formalized decisions about the store environment. They should ensure the loyalty of their customers by providing a pleasant store environment. Small and medium sized retailers may not be powerful enough to compete with the big retailers for the whole market. However, if they select a narrow target market and create a customized store atmosphere for that target market, customers may be satisfied with that environment. This theorization addressed the absence of conceptualization on the subject in the literature, and empirically established the argument that store environmental cues in the supermarket industry can impact store loyalty. Since most prior studies focused on a single store environmental stimulus, ignoring the influence of many other aspects (Ettis, 2017; Ha & Lee, 2016), this conceptualization attempted to expand the body of knowledge on this subject.

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