

# Online Shopping in Sri Lanka: The Role of Electronic Word of Mouth impacts on Brand Image and Purchase Intention of Fashion Products

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**ABSTRACT** :This study proposes to investigate the factors affecting consumers' purchase intention of fashion products. From the literature review, we found that brand image, attitude, subjective norm, perceived behaviour control, are attested in several culture contexts to be the salient factors of purchase intention. However, these factors have not yet been tested in less developed economy such as Sri Lanka. We therefore propose this study to investigate how eWOM create impact to purchase intention along with these factors. Data collection will be performed in Colombo Sri Lanka. We expect to collect data from over 100 online customer who have purchase experience of fashion products. The results of this study will inform online business in Sri Lanka and nearby areas with similar culture background. SPSS analysis will be used as the analytical method.

**KEYWORDS**: *Electronic Word of Mouth, eWOM, Brand image, Purchase Intention, Fashion Product*

## I. INTRODUCTION

Electronic word-of-mouth (eWOM) plays a crucial role in helping online customers make purchase decisions. Little is known that in a less developed economy, how eWOM create business opportunities to sellers. In this research, we aim to understand how Sri Lanka customers are influenced by eWOM and what are their online shopping behaviour. We take a quantitative approach to study customers and online shopping consumer behaviour.

### 1.1 Research background and motivation

The Internet is developing rapidly. It changes the manner of how organizations work together. It advances the development of online trade and create change to organizations and customers in the long term. It makes e-commerce possible and gives opportunities of developing online shopping activities. In particular, SME (small-medium enterprises) can utilize the Internet to be more productive and reach out customers online. Thus, more and more countries are quickly entering into commercial market at Sri Lanka, expending e-commerce with little costs. Few e-commerce websites are currently working very well; they are Daraz, Kapruka, Pick me, Catchme, UStore, Takas, Urban, Ikman, BigDeals, Wasi...etc. These websites constantly have attractive offers, discounts. Also products become more diverse and plentiful that enables online customers can easily choose products online using smartphones. From statistics, we can see the sales over Internet is increasing. E-commerce websites have also mobile applications that help consumers can do mobile shopping. Besides, these shopping channels on social networks such as Facebook, Instagram, TikTok are also available.

According to the International Trade Administration in Sri Lanka (International trade administration, 2024), e-commerce has grown significantly with the increased use of the Internet and smart devices, especially during covid-19 pandemic. Sri Lanka's Digital Economy was 4.37 percent of GDP in 2022, according to the Information and Communication Technology Agency (ICTA) of Sri Lanka and the United Nations Conference on Trade and Development. The increase has been driven by increased utilization of e-payments, e-banking, online medical consultations, and e-sports. Approximately 43 percent of the estimated 11 million Internet users have made online purchases. The Western Province is the largest ecommerce market geographically, accounting for around 50 percent of total orders. Products purchased most frequently online are electronics, apparel, and personal care products. Around 56 percent of the Internet users mention that they purchased a product or a service after seeing an advertisement on the Internet.

These online customers report that convenience, a variety choice of products and services, abundant information, ease of shopping, and enjoyment in browsing are the major reasons that they shop online. Nielsen Global Online survey (2008) demonstrated that clothing/ accessories/ shoes (fashion products) were one of the most popular buys on the Internet. We then are interested in how Sri Lanka shoppers purchase fashion products, given that it is an important shopping product category.

We argue that the eWOM can have influence on shopping behaviour. Logically, customers will want to try on fashion products before purchasing. Off online shopping shall be the major approach of shopping; however, we do see the amount of revenue being made over online shopping is increasing. Thus, we infer that eWOM plays a role in the shopping process.

### 1.2 Research objectives

The purpose of this study is to understand online shopping behaviour of Sri Lankan customers. By using analytical framework, we intended to describe what are the major factors that influences online shopping behaviour and to generalize the results to culture contexts that are similar to Sri Lanka.

In this study, we intend to do few tasks: 1) building a theoretical framework for online shopping behaviour, 2) developing and validating a scale of online shopping behaviour, 3) testing the research model with Sri Lankan consumers to understand their online shopping behaviours, and 4) measuring the significance of the factors influencing online shopping behaviour, thereby proposing solutions for online businesses.

### 1.3 Research scope

In Table 1, we describe the research scope, detailed information is provided:

**Table 1. Research Scope**

Items	Scope of the Study
Types of the research	We conduct a literature review to build up the research hypotheses and framework. We collect data by survey method. Questionnaire is used for data collection and then we test hypotheses. The results and conclusions are presented and discussed.
Dependent variable	purchase intention, brand image and behaviour
Independent variable	attitude, subjective norm, perceived behaviour control, eWOM and brand image
Main variable	eWOM, brand image and purchase intention
Testing location and sample	Colombo Sri Lanka
Research method	Using SPSS version 20 for data analysis

## II. LITERATURE REVIEW

In the following paragraphs, we describe e-commerce market in Sri Lanka. This research presents the theoretical base of e-commerce, reference model and the research done before. From that point, offer a model to consider the factors influence your intention to online shopping.

### 2.1 Overview of e-commerce market in Sri Lanka

Previously, consumers need to go to offline stores to purchase products. Particularly for the individuals who live far from stores time and efforts can be wasted. Today, the Internet makes it possible to shop online, shopping turns out to be more easier and a variety of products are available online, given customers more choices. Electronic trade is a kind of E-business by which customers can buy, trade products via computer networks.

Sri Lanka is the 54th largest market for eCommerce with a predicted revenue of US\$2,442.4 million by 2024, placing it ahead of Slovakia. Revenue is expected to show a compound annual growth rate (CAGR 2024-2028) of 5.4%, resulting in a projected market volume of US\$3,017.8 million by 2028. With an expected increase of 11.5% in 2024, the Sri Lankan eCommerce market contributed to the worldwide growth rate of 10.4% in 2024. Like in Sri Lanka, global eCommerce sales are expected to increase over the next years. Seven markets are considered by ECDB within the Sri Lankan eCommerce market. Electronics is the largest market and accounts for 24.4% of the Sri Lankan eCommerce revenue. It is followed by Hobby & Leisure with 19.9%, Fashion with 18.9%, Furniture & Homeware with 11.8%, Grocery with 9.8%, Care Products with 8.0%, and DIY with the remaining 7.1%.

Electronic e-commerce is helpful for the two merchants and purchases. It keeps up customary exercise as well as makes new open doors for business. At the point when organizations acknowledge and apply E-commerce site, it is viewed as another channel to build the quantity of business exchanges. Customers can buy items or administrations through the site of organization. Additionally, saving money on actual store rental overhead permits merchants to offer similar item with a much lower cost. Organizations can move toward the

worldwide market with lower working cost and give customers excellent administrations through the internet’s interaction. Along these lines, organizations can decrease cost, make a likely worldwide market and alter items to appropriate customers request.

Moreover, it is a win-win circumstance, where e-customers additionally advantage from this shopping technique. Most importantly, it is more helpful for purchases as sites make it faster for each shopping experience. Customers are free to investigate thousand or even great many decisions without the need of reviewing each brand actually. The time has come sparing in light of the fact that supported items are introduced and amassed for consumers without they investing energy searching for them. Secondly consumers are bound to get a decent arrangement on the web. It has been recommended that on an online business level structure; costs are handily gotten to and looked at, prompting better last buying choices. Also, a larger number of limits crusades are given online than in actual stores because of the lower operating costs.

The Online shopping list of Sri Lanka is likewise extending altogether, moving from purchasing books in the good old days to a considerably more broad assortment, going from design, hardware and broadcast communications, food and individual consideration items, family unit furniture and apparatuses, toys, self-amassing things and that’s just the beginning. The expansion in deals of things in the internet business market in Sri Lanka expanded pointedly as appeared in figure below.

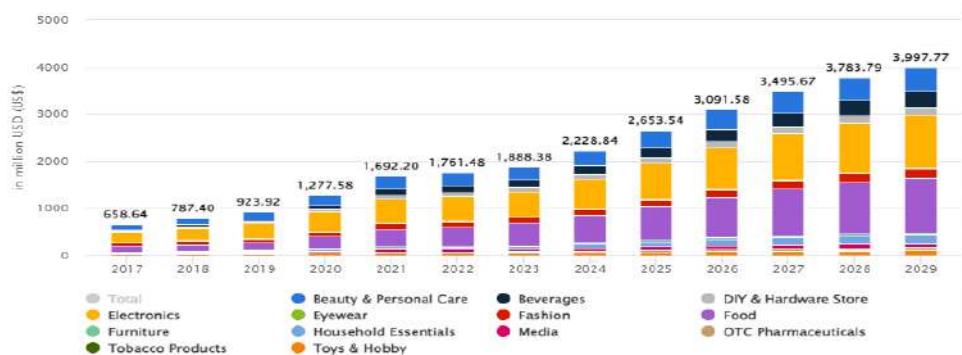
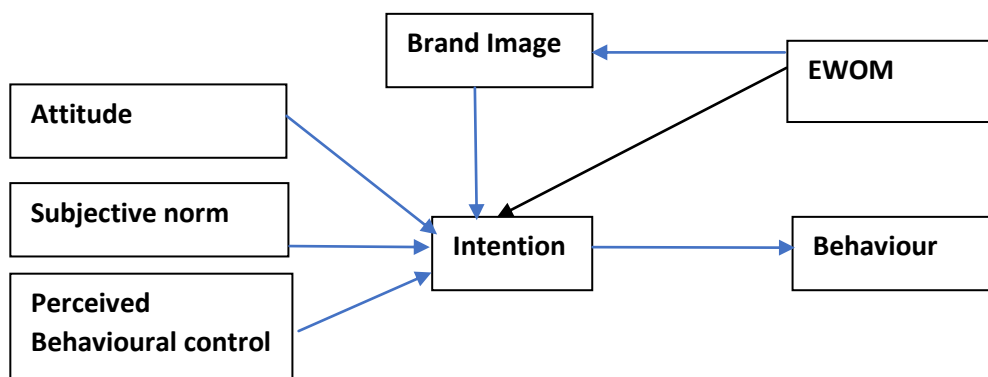


Figure 1. Revenue in the Sri Lanka E-Commerce market from 2017-2029

With the upside of sparing time, boundless location and price of ordinary products 3% to 5% lower than the market. Online shopping market in Sri Lanka is turning out to be increasingly popular. Helping the enthusiasm of the online marketplace is a contribution. Numerous sites buy and sell ads. Companies that own strong brands on the internet, are aggressively expanding market share in the field of online purchases by investing in channels committed to buying and selling. Along with the number of buying and selling websites flourishing, the model of buying and selling websites is also equally diverse. Most of the buying and selling websites invest in researching and creating his own style to present the product and exploit revenue.

Other than that, there are likewise models ‘Sri Lankan Online Market’ which is very extraordinary and draws in numerous occupants’ participatory system, which is a model that utilizes a gathering to exchange trading information. To wrap things up, information and communication networks help individuals getting to overall market data better. It encourages the joining between the exchanging of public framework and worldwide framework (Gereffi 2001). Accordingly, many accepts that using electronic commerce in business toward developing countries could help countries over the globe defeating exchange geological hindrances.

2.2 Research Model



This study aims to analyse the effect of word of mouth on purchase intention and brand image. The following are the research hypotheses derived from the review of the relevant literature:

- H1: Attitude has a positive impact on purchase intention
- H2: Subjective norm has a positive impact on purchase intention
- H3: Perceived behavioural control has a positive impact on purchase intention
- H4: eWOM has a positive impact on brand image
- H5: eWOM has a positive impact on purchase intention
- H6: Brand image has a positive impact on purchase intention
- H7: Purchase intention has a positive impact on behaviour

### 2.3 Preliminary Results

By October 30th, 2024, data of 65 subjects were collected. We will be analysed the data with SPSS 20 software and present the results accordingly.

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