

An Analysis of the Purchasing Behavior Strategies of Philippine College Graduates on Online Platforms

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Abstract: In the new normal, consumer electronics are considered essential. The online market in the Philippines is also becoming increasingly popular. Filipinos exhibit various characteristics when choosing products. That's why this study aims to describe and investigate the purchasing behavior of electronic products on the e-commerce giants eBay and Lazada. Understanding the purchasing behavior across different age groups, analyzing how Filipinos choose online shopping platforms. Online shopping has its limitations. When evaluating electronic products online, it is challenging to determine suitability based solely on product information such as pictures and text. Other buyers' reviews and feedback are also necessary [10]. Therefore, we conducted a quantitative comparative study, collecting and analyzing data through online surveys to identify the most influential factors in the consumer decision-making process of Filipino consumers.

1. Introduction

Over the past decade, e-commerce platforms have been in a process of continuous improvement [5]. Online shopping platforms help shoppers experience the convenience of shopping through online platforms. However, online shopping also has advantages and disadvantages. Two prominent online marketplaces in the Philippines, eBay and Lazada, are known for their monthly super sales, despite skepticism among Filipino consumers about online shopping. This study aims to understand the factors that have the most influence on the online purchasing behavior of Philippine consumers in the field of electronic products. We categorize the purchasing behavior factors of Philippine consumers when shopping online. These purchases could be product-related details, user-generated content, or even online marketplaces. The study aimed to identify significant differences between the most influential buying behaviors between generations. Consumers' purchase intentions of different categories depend on their needs, attitudes, and perceptions of products or brands. [11] This paper aims to understand the purchase intention of college graduates. For a more systematic study of the object group, we divide the objects of the study into the post-00s and post-90s, whose ages are 14-23 and 24-33 respectively. These people are the most capable and willing to consume, so they are more representative.

2. Background

In this study, we provide an overview and categorization of the standard purchasing behaviors of Philippine consumers, and then collect relevant purchasing behaviors of Philippine online shoppers for electronic products. It will be used as a judgment tool to analyze the most influential factors for Philippine consumers in eBay and Lazada's final decision to buy products. The researchers then conducted an online survey to gather data for the study. Filipinos are very picky when it comes to shopping. They usually buy according to their own needs. Given the current climate, unemployment and economic disparities will be widespread, which will limit consumers' purchasing power. So we just focus on a few factors in how Filipinos decide to buy products. The study will help pinpoint the buying behavior of online shoppers[17]. This study identifies the purchasing habits of Philippine consumers when purchasing electronic products online, whether they rely on product-related details, user-generated content and platform communication interactions. Product-related details describe the technical aspects of the product. User-generated content, on the other hand, helps consumers understand product information in less time. With the popularity of online shopping platforms and online marketplaces, Philippine consumers have doubts about online shopping, especially for electronic products. In the Philippines, for the time being, e-commerce is still not a good solution to the problem of physical evaluation of products, not knowing whether products are legitimate or not. In the Philippines, many platforms lack quality standards. Defects, where a product does not conform to expectations and the customer is unable to evaluate the product before receiving it. In some cases, sellers don't respond well to customers. Fraud is even common when shopping online. Finally, the online platform is the foundation of the purchase, and each consumer has different preferences and how they interact through the application or web platform to facilitate the transaction.

3. Research questions

This study will focus on the online marketplace industry, specifically eBay and Lazada. The study explores a possible way for eBay and Lazada to use these specific factors of customers in their purchasing decisions to increase sales of existing products on the platform. This also applies to the e-commerce industry for attracting customers. This study aims to solve the following problems;

1) The most influential purchasing behavior of Philippine online consumers on electronic products in eBay is the degree of correlation between product-related details, user-generated content and interactive communication of online market information.

2) Identify whether there are significant differences between the post-90s and post-00s in their purchasing behaviors of electronic products.

4. Research methodology

In order to address the research questions formulated, the study developed a questionnaire based on a hybrid approach, i.e. a combination of quantitative and qualitative techniques, to gather opinions. The Slovin's formula will be used to determine the study sample which is presented below:

$$n = \frac{N}{1 + N(e)^2}$$

Where n is the sample size

N is the total population

e is the margin of error at 5%.

$$n = \frac{45 \text{ million}}{1 + 45 \text{ million} (e5\%)^2}$$

$$n = 45 \text{ million} / 1 + 45 \text{ million} (0.05)^2$$

$$n = 450$$

Through whether consumers like to buy electronic products on eBay and Lazada, the average is taken for test to understand the difference between the consumption of the post-1990s and post-2000s generation. The following mathematical methods are used: frequency and percentage, weighted average, Likert scale. Finally, the survey data are summarized and analyzed by WPS tool. Next, we will present the results of this study.

5. Research findings and discussion

5.1 Analyze buying factors

Few researchers have jointly analyzed e-commerce related variables such as perceived product quality, risk, and purchase intention from the perspective of personal and cultural values [13]. E-commerce is an emerging trend in the Philippines, where many categories have been restricted amid the pandemic, with consumers shifting more to online transactions. A large number of studies have been tested abroad. Previous studies have usually found an association between two factors. Others used records of gadget-related transactions from specific websites. Most studies tend to focus on the most common consumer ideas or user-generated content. They rarely explore the breakdown by age group and analyze purchasing factors, such as emotional factors for the product and reasons for purchase.

1) Brand. Many Philippine customers will review a company's performance before purchasing to be socially and environmentally responsible. According to the 2015 Nielsen Global Business Manageability report, Filipinos tend to buy socially reliable brands, which is one of the important basic purchasing factors. Most Philippine consumers are willing to pay more to buy goods from businesses that care about society and serve the environment [9].

2) Price, a study by Waggener Edstrom Communications Co., LTD. (WECL) showed that 40% of Filipino respondents are very likely to follow a brand's discounts and promotions on social media. Consumer electronics are complex and expensive items. Experience is often required before purchase [3]. Uncertainty about the quality of products has limited consumers' online purchases to nearby stores [4].

3) Advertising. According to the Nielsen Global Business Sustainability Report, 43% of respondents in the Philippines found that television advertising is characterized by a process of actively indoctrinating ideas to influence purchasing behavior. If an unfamiliar product is placed in an attractive way, customers will perceive it as a good quality product [7]. Most brands emphasize that celebrity endorsement can actively improve brand awareness and influence customers to support the brand or product through celebrity appeal.

4) User-generated content. User-generated content is considered to be "friendly" suggestions provided by other users, which means that they can take less time to obtain the content or all the information [8]. Consumers tend to look at reviews and feedback and consult online customer reviews to help them make purchasing decisions [3]. Evaluation and feedback, whether positive or negative, will affect purchasing behavior to varying degrees. According to Moran and Muzellec's research, positive online word of mouth is said to improve a store's reputation and increase consumers' willingness to buy online. It conveys a positive message to improve brand awareness and attract new customers.

5) Factors of online market environment, the Internet has gradually grown into a reliable and mature business environment. Many retailers have combined online and offline virtual and physical environment businesses, including online virtual components and physical stores [6]. Especially in

the midst of the COVID-19 pandemic, where people face different constraints and restrictions, consumers can spend the more time online marketplaces. As described in the study by Alkharabsheh and Zhen in 2021, convenience and speed are the most significant factors influencing consumers' purchase decisions. Delivery time is a key factor in customers' purchase decisions, and consumers will consider the total cost before placing an order.[16]. The longer the delivery time, the more likely it is that the customer will not use the e-commerce platform. In contrast, shorter delivery times lead to better acceptance and trust in e-commerce platforms [2].

6) Legal environment: In the highly developed Internet, online consumers are bombarded with news about legality, product quality, service, fraud, fraud and other issues; They are now hesitant to buy goods from online marketplace platforms. Moreover, the security and confidentiality of consumers' personal information is of Paramount importance, so e-commerce companies must strive to establish safe and reliable online platforms to gain consumers' trust and loyalty [15].

5.2 Buyer decision process

The buyer's decision process consists of five stages: problem or demand identification, information search, alternative evaluation, purchase decision and post-purchase behavior. The framework shows how consumers start to think before they buy a product. As shown in Figure 1, Buyers may use all five stages in the decision-making process, but they may also skip one or more points, depending on the individual [11]. Marketers should understand these five steps of consumers' purchase decisions and communicate effectively to complete sales [12]. From the first step, let the customer know the needs of the electronic products, then the decision analysis will be carried out, then the information search, consumers are encouraged to further search for more information about the electronic product. This step is the process of further confirming the need for the product purchase. The third stage is to evaluate alternatives; Consumers will use the content of the information search phase to evaluate their electronics preferences and gather various alternative brand products. The fourth stage is the purchasing decision, which guides Filipino consumers to decide which brand to buy. The final stage of the buyer's decision-making process is post-purchase behavior, where consumers take more actions after a purchase depending on their satisfaction or dissatisfaction.

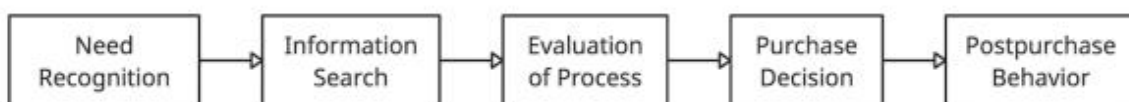


Figure 1: The Buyer Decision Process[8]

5.3 The development of 4P marketing

This study will focus on the online marketplace industry, specifically eBay and Lazada. Despite the Keynesian view that there is insufficient effective demand, both the average propensity to consume APC and the marginal propensity to consume MPC are decreasing, that is, consumption increases as income increases, but the growth rate of consumption is smaller than the growth rate of income (APC decreases) and is getting smaller (MPC decreases). However, since the e-commerce consumer market in the Philippines is an incremental market, we analyzed it using McKinsey's 4P theory from the 1960s, and the research explored possible ways that eBay and Lazada could leverage these specific factors of customers in purchasing decisions to increase sales of the platform's existing products. And the dialectical analysis of consumers' purchase decision, summed up the new 4P tendency, as shown in Figure 2, which is also applicable to the e-commerce industry

to attract customers

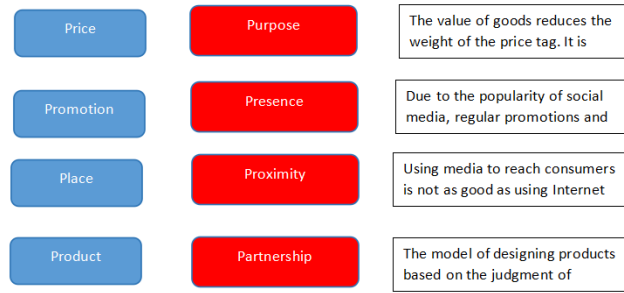


Figure 2: 4P marketing development trend

After the survey demonstrated that the post-00s and post-90s in the consumption concept is constantly over to the new 4P tendency

5.4 Analysis of data

The study only looked at consumers who had shopped online for electronics in the last six months, and respondents were also asked to verify their most recent purchases from eBay or Lazada by answering questions about specific electronics or categories.

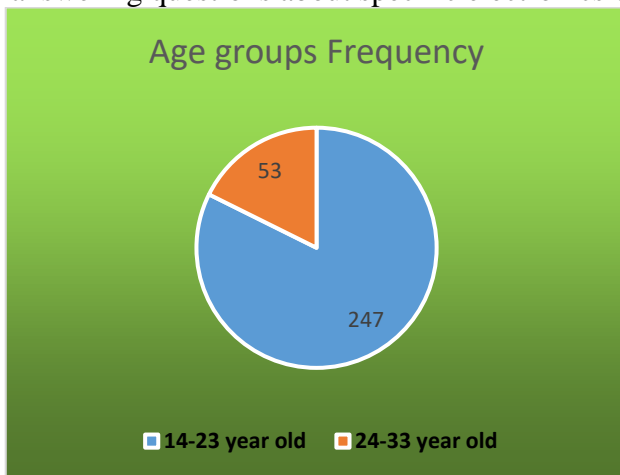


Figure 3: Age of collection objects

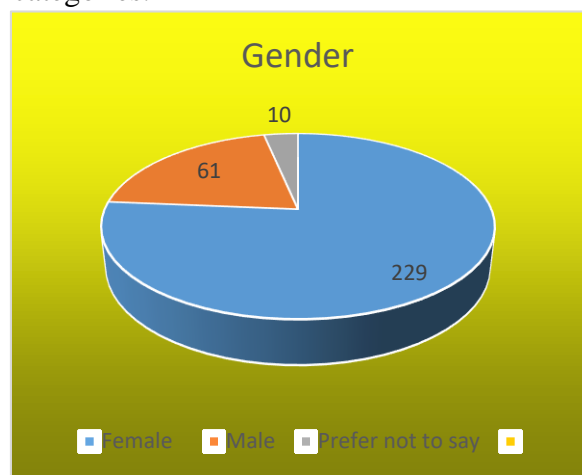


Figure 4: Age distribution of consumers

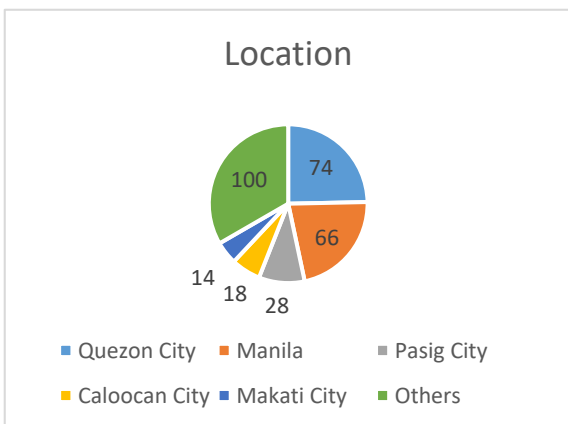


Figure 5: Location of Interviewees



Figure 6: Ways to search for products

Figure 3 shows the age distribution of the respondents, among which 17.7% were born in the 1990s and 82.3% were born in the 2000s

Figure 4 shows among them, 76.3% were female, 20.3% were male and 3.3% were not filled in.

From the figure 5. The region where the surveyors belong, most of our respondents come from different parts of the Luzon region

From the figure 6. The researchers also asked how to search for products and where to buy electronic products: browsing the Internet 46.5%, in-store product descriptions 21.5%, by asking others 16.9%, and Vlogs 15.1%.

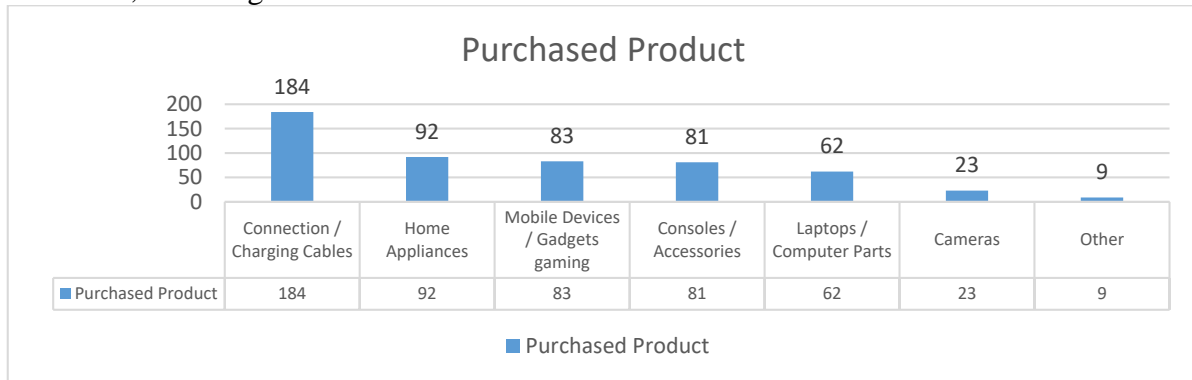


Figure 7: Type of purchased product

The figure 7 shows. In the survey focused on product categories, consumers' purchases of electronic products are as follows:

Connectivity/Charging Cables: 34.5%, Home Appliances: 17.2%, Mobile Devices/Small Tools for Games: 15.5%, Gaming Consoles/Accessories: 15.1%, Laptops/Computer Parts: 11.6%, Cameras: 4.3%, Other: 1.7%

From the above survey, most of our interviewees are the post-90s generation, accounting for 82.3% of the questionnaire. In terms of gender, women account for the majority. The types of products purchased in the online market are mostly connection/charging cables, accounting for 34.5%. The above information indicates the information channels and purchasing tendencies of Philippine online shoppers.

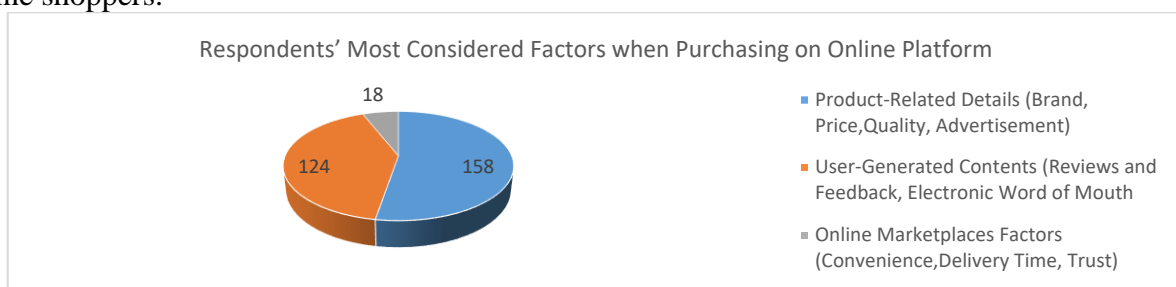


Figure 8: Respondents' Most Considered Factors when Purchasing on Online Platforms

The Figure 8 shows. Product-related details (brand, price, quality, advertising) were 52.6%, which was the highest among other factors as the most influential purchasing factor for Filipino consumers; While 41.3 percent cited user-generated content (reviews and feedback, e-word of mouth), only 6 percent considered online market factors (convenience, delivery time, trust).

The next goal of this study is to determine whether there is a significant difference between the purchasing behavior regarding electronic products between the post-90s and post-00s generations. The Likert scale and the weighted average method can help to evaluate whether there are differences in purchasing factors between the two groups.

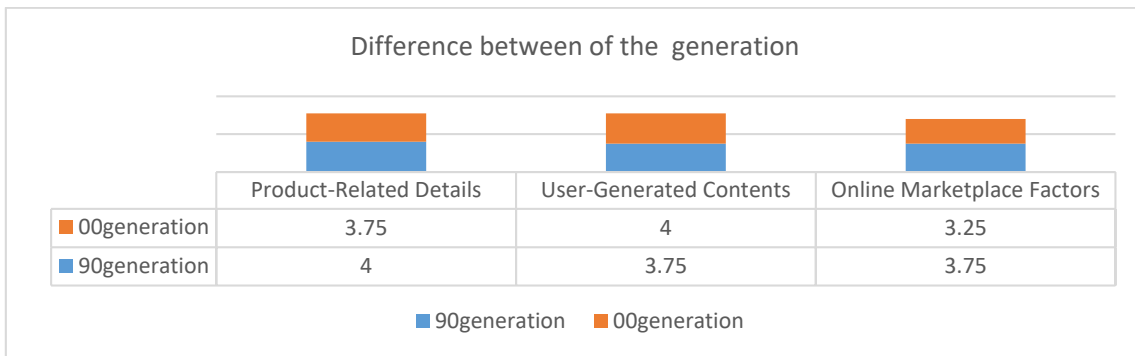


Figure 9: Significant Difference on the Purchasing Behavior of Respondents in terms of Generations

Figure 9 shows the significant difference between the post-90s and post-00s in eBay and Lazada's purchasing behavior of electronic products. According to previous studies, the two generations have different purchasing factors affecting them. The post-90s generation tends to buy based on price, while the post-90s generation focuses on user-generated content posted on social media.

The core theme is the purchasing behavior of Filipino consumers, which is the main focus of this study. Filipinos are cautious when shopping online, avoiding non-essential purchases. Despite the pandemic and other restrictions, Filipinos are likely to spend their money on electronics that they consider necessary and provide convenience. Still, most of the electronics purchased by 210 respondents out of 300 were connection/charging cables. The product is considered to be the most needed product for every consumer, as consumers charge their electronic devices every day. The development of smart cities in the Philippines and the increase in home electronic devices will both increase the demand for wires and cables in the Philippine market [1]. According to the survey results, the most influential purchasing behaviors of Philippine consumers in buying electronic products at eBay and Lazada are details related to the product, such as brand, quality, price and advertising. To find out more about the purchasing behavior of the respondents, the researchers also asked who the respondents had searched for product information, and 93 percent responded online. According to Kemp, Filipinos spend an average of 10 hours and 56 minutes on the Internet[14], where they can encounter different electronic products and information about them.

6. Conclusion

Although the Philippines' e-commerce industry has grown in sales, it lags behind other countries in terms of expansion and usage. The COVID-19 pandemic has permanently changed the online buying behavior of Philippine consumers. Especially among those with well-educated backgrounds, Filipino consumers are looking forward to shopping online. Consumers will know and search every detail of electronic products as much as possible to reach a conclusion about whether to buy or not. After completing this study, we found that the most influential purchasing behaviors of Philippine consumers on electronic products are details related to the product, especially brand, price and quality. The study will help eBay and Lazada adapt their marketing strategies to its findings.

Advice

This study focuses on online platforms and online sellers, and will provide help to them. The researchers suggest that online sellers change their perception of consumers, who are growing in the Philippines and are sensitive to the fact that electronic products in the market are fake and defective, as sellers build trust and brand concept among consumers. Another suggestion is to strengthen market competitiveness by providing customers with actual images of products and increasing

interaction with customers, which can better enhance customer trust. Providing customers with more accurate product information will effectively increase the likelihood that customers will buy from the store.

For recommendations on online platforms, it should be noted that both groups of people are easily attracted by discounting driven sales, and promotions and other marketing strategies can effectively promote sales.

Finally, consumers are advised to shop wisely for electronic products. In general, take the time to search and learn more about the products they plan to buy, especially the brand, price, quality and product details. It is well known that the online marketplace needs to be further developed in the Philippines and needs to be a safer place for Filipinos to shop virtually.

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