

IMPACT OF BUYER'S LENIENT POLICY OF RETURN AND TRUST ON INTERNET PURCHASE DECISION IN SUPPLY CHAIN SECTOR OF PAKISTAN

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ABSTRACT

This article aims to investigate the factors that impact the internet purchase decision in supply chain sector of Pakistan because our mode of purchasing has been changed dramatically as a result of the Internet. An increasing number of individuals prefer online mode of shopping rather than in physical stores. Despite of these benefits there possess some cons of online purchasing like complicated returns, difficult websites, no sales assistance and lack of trust. In this article, impact of two independent variable i.e., lenient policy of return of buyer and trust of buyer was analyzed against the dependent variable internet decision of purchase. A questionnaire of 21 questions was prepared. Data of 100 respondents was collected from buyers of Karachi. Reliability Analysis, ANOVA and regression analysis are performed using SPSS tool to find the results. Study concluded that lenient policy of return of buyer and trust of buyer has positive association with internet decision of purchase in Pakistan which means when buyers are provided with lenient policies for the return of goods for any reason and their trust in seller increases it will impact the decision of purchase positively. Thus, it will be beneficial in terms of chasing market competition and generating higher returns.

Keywords: Lenient Policy of Returns, Customer Trust, Internet Purchase Decision, Regression Analysis, Supply Chain Sector, Pakistan.

INTRODUCTION

The Internet is a significant piece of every day and week by week exercises of people approaching it. It is an entryway to the universe of information. Internet buying and selling has gained a significant growth in Pakistan as well. Store's merchandise exchange was a significant factor in a buying choice. In this way, having a thoroughly examined merchandise exchange policy showed in your store is a critical way to keep your clients. A merchandise exchange is acceptable business for physical stores, and it's fundamental to working together on the web too.

In contrast to physical stores, online shoppers don't see and hold the actual item before they get it. So, the online business dealers should guarantee that merchandise exchanges are reasonable and interesting to their clients. A brief and clear merchandise exchange gives shoppers a sense of safety that what they are purchasing is destined to be what it is addressed to be. Assuming a retailer doesn't give this assurance; shoppers frequently become dubious and try not to purchase the item. Many merchandise exchanges have restrictive arrangements which may become barrier in internet decision of purchase.

Client trust is a proportional conduct to what they get. Trust comes when you comprehend your client's necessities, regard them, and proposition important assistance. Acquiring client's trust is significant not exclusively to make them faithful and return, yet in addition so they demand their companions work with you as well. Trust is an administration system seeing someone concerning trades. It is portrayed by vulnerability, weakness or reliance Grazioli and Jarvenpaa (2003). In early explores, scarcely any variables have been perceived to impact internet shopping practices with the assistance of brought together buyer situated exploration model. The significant forerunners to online shopper conduct were taken to be earlier web-based shopping experience and trust. Grazioli and Jarvenpaa (2003) upheld that client don't take part in web-based shopping because of absence of trust.

A customer's propensity to acquire a certain product or service is referred to as purchase intention. Purchase intentions are a measure of a respondent's willingness to buy something or use a service. The factors studied in this research are lenient policy of return of buyer and trust of buyer with internet decision of purchase.

LITERATURE REVIEW

The impact of lenient return policies on product purchase decisions and subsequent returns is investigated in the study by Petersen and Kumar (2010). He discovered that lenient return policies are linked to greater purchase and also greater return rates.

Lenient return policies, according to Wood (2001) and Wang (2009), boost purchasing without increasing returns. When compared to the restricted return policy, the lenient return policy increased buying but did not result in higher return rates as per Wood (2001). Similar results were reported by Wang (2009), who discovered that lenient return policies boosted initial purchase decision but not return rate.

Janakiraman et al. (2015) discover that return leniency has a direct beneficial impact on purchase and return behaviors. The mediating processes that explain how returns interpret to purchase intentions, however, are less well understood, according to their meta-analysis.

A clear and acceptable return policy, according to Rogers and Tibben-Lemke (2001), is one of the most essential instruments for attracting consumers. Consumers who have made purchases from an online vendor in the presence of a product return (returned experienced customers), according to Qureshi et al. (2009), would repurchase from such vendors.

When it comes to internet shopping, trust is crucial. Consumers cannot personally verify the goods, which lead to trust difficulties in internet purchases. Consumer trust increases online purchasing decisions significantly accordingly Mahliza, Febrina. (2020).

PROBLEM STATEMENT

As per the preceding literature available it is clear that return policy and customer trust are severe points of concerns for seller. Due to great competition, it is very difficult to retain customer which can be only possible by providing beneficial service like good return policy so this will

simultaneously develop customer trust in us. This will lead to greater return and customer will come again for repurchase.

RESEARCH OBJECTIVE

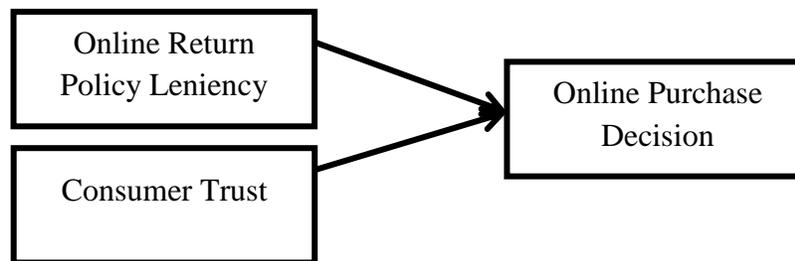
Research objective is to find if there is positive association among of lenient policy of return of buyer and trust of buyer with internet decision of purchase in supply chain sector of Pakistan

SIGNIFICANCE OF STUDY

This study is essential for the internet purchasing supply chain sector as a whole in order to examine supply chain policy of return dimensions i.e., supply chain return risks derived disruption factor which allows company get stick to one seller. As the internet purchasing supply chain sector as a whole is related to high frequency risk of return dimensions due to the high uncertainty in internet purchasing supply chain environment Therefore, examine trust of buyer mediates positive association among of lenient policy of return of buyer and perceived seller quality with internet decision of purchase in supply chain sector of Pakistan.

RESEARCH METHODOLOGY

Conceptual frame work



Research Approach

Explanatory research type is used for this research to examine positive association among of lenient policy of return of buyer and trust of buyer with internet decision of purchase in internet purchasing supply chain sector of Pakistan. We have used quantitative research approach to find the association among the dependent and independent variable. Data collected was changed in to numbers to quantified and tested empirically.

Sample Size and Population

The sample size, selected for this study is 100. For this study the target population is internet shopper and buyers exist in Karachi so it was not difficult to obtain data.

Statistical Techniques

This research used the SPSS software and according to research it is appropriate to run reliability analysis, ANOVA and regression analysis.

Questionnaire and Measurement Instrument

There are 21 items selected in preparing questionnaire for the dependent and independent variables i.e., lenient policy of return of buyer, trust of buyer, and internet decision of purchase.

Each, the variables carried 7 items and is adopted to examine the impact of lenient policy of return of buyer and trust of buyer on the internet decision of purchase.

Hypothesis

H₁: There is positive association between lenient policy of return of buyer and internet decision of purchase.

H₂: There is positive association between trust of buyer and internet decision of purchase.

DATA ANALYSIS AND INTERPRETATION

Demographics

Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Male	61	61.0	61.0	61.0
Valid Female	39	39.0	39.0	100.0
Total	100	100.0	100.0	

It is to be observed out of 100, 61 participants were male which extracted the 61% of the data and there were 39 female participants which extracted the 39% of the data collected.

Age

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 20-25 yrs	44	44.0	44.0	44.0
Valid 26-30 yrs	32	32.0	32.0	76.0
Valid 31-35 yrs	15	15.0	15.0	91.0
Valid 36-40 years	5	5.0	5.0	96.0
Valid Over 50	4	4.0	4.0	100.0
Total	100	100.0	100.0	

Among 100 participants 44 number of participants which extracts 44.0% are belong to the age group of 20-25 years, 32 number of participants which extracts 32% are belong to the age group of 26-30 years, 15 number of participants which extracts 15% are belong to the age group of 31-35 years, 5 number of participants which extracts 5% are belong to the age group of 36-40 years, 4 number of participants which extracts 4% are belong to the age group of Over 50 years.

Education

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Matric	9	9.0	9.0	9.0
Valid Intermediate	17	17.0	17.0	26.0
Valid Bachelors	38	38.0	38.0	64.0
Valid Masters	35	35.0	35.0	99.0
Valid Other	1	1.0	1.0	100.0
Total	100	100.0	100.0	

Out of 100 participants 9 (9.0%) of the participants are Metric, 17 (17.0%) of the participants are Intermediate, 38 (38.0%) of the participants are Bachelors, 35 (35.0%) of the participants are Masters, 1 (1.0%) of the participants are others.

Marital Status

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Married	34	34.0	34.0	34.0
Unmarried	66	66.0	66.0	100.0
Total	100	100.0	100.0	

Out of 100 participants 34 (34.0%) of the participants are married, 66 (66%) of the participants are unmarried.

Reliability Analysis

Variable	Cronbach's Alpha	No. of items
ORPL Internet Policy of return Leniency	0.891	07
CT Trust of buyer	0.915	07
OPD Internet Decision of purchase	0.945	07
Over all	0.968	21

The reliability of data obtained is checked through Cronbach's alpha test. Acceptable range for Cronbach's alpha is α of **0.6-0.7** indicates an acceptable level of reliability. The values for reliability test obtained are greater than 0.7. For Internet Policy of return Leniency value is 0.891, for trust of buyer is 0.915 and for Internet Decision of purchase is 0.945

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.874 ^a	.764	.759	.46465	.764	156.582	2	97	.000	1.980

a. Predictors: (Constant), CT, ORPL

b. Dependent Variable: OPD

Table shows that the Independent Variables online return policy leniency and customer trust explain 76.4% of variance in the online purchase decision as represented by R square.

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	67.613	2	33.807	156.582	.000 ^b
	Residual	20.943	97	.216		
	Total	88.556	99			

- a. Dependent Variable: OPD
- b. Predictors: (Constant), CT, ORPL

Table shows that our model is significant at $\alpha=.05$, $F(2, 97) = 156.582$ and $p = .000$ which is less than .05

Coefficient table

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations		
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part
1 ORPL	.457	.106	.426	4.317	.000	.247	.667	.840	.401	.213
CT	.507	.104	.479	4.861	.000	.300	.713	.847	.443	.240

- a. Dependent Variable: OPD

The table shows that all the predictors are significantly correlated with dependent variable. Online return policy leniency is 0.457 that shows significantly positive impact as ($\text{sig} > 0.05$) on internet decision of purchase. Secondly, customer trust is 0.507 that shows significantly positive impact as ($\text{sig} > 0.05$) on online purchase decision.

Regression model:

The regression equation obtained is:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \epsilon$$

$$Y = 0.255 + 0.457 X_1 + 0.507 X_2$$

Where

Y = Dependent Variable online purchase decision OPD

β_0 = intercept

β_1 and β_2 = slope

X_1 and X_2 = Independent Variables online return policy leniency ORPL and customer trust CT

ϵ = Residual or error term

CONCLUSION

Conclusively, this research categorically confirmed the impact of the purchasing by internet retailer antecedents i.e., internet policy of return leniency and trust of buyer on internet decision of purchase. Evidently, the Pakistani purchasing by internet sector in order to investigate antecedents i.e., internet policy of return leniency, trust of buyer on internet decision of purchase factors, which allows buyers get stick to one internet retailing website. As the purchasing by internet sector business interested in high frequency purchasing by internet retailer antecedents due to the high competition. Therefore, this research investigates the impact by internet website’s policy of return antecedents in the context of Pakistan, which is valid and practically proved.

Where, threats of new entrant are increasing day by day. Already there is huge competition exist in this sector which getting worse competition for the sake of acquiring maximum buyer i.e., market share in this website retailing domain towards Pakistani purchasing by internet sector. For the sake of market share and new buyer attraction and increasing retention buyer rate it is necessary to provide best policy of return in the sector for respective buyer and then attaining trust of buyer which will lead to attract buyer to purchase again and generate higher returns.

Hypothesis	Accepted Or Rejected
H1: There is positive association between lenient policy of return of buyer and internet decision of purchase.	Accepted
H2: There is positive association between trust of buyer and internet decision of purchase	Accepted

FUTURE RECOMMENDATION

Future research can be on role of third-party ICT policy of return dimensions i.e., internet policy of return leniency, trust of buyer-on-buyer policy of return with significant mediating effect of buyer satisfaction with provided policy of return in local courier sector of Pakistan. Secondly, research can be on effect of intermediary's policy of return factors i.e., speed, responsiveness and timelines policy of return on retailer policy of return with significant mediating effect of retailer satisfaction with provided policy of return in local retailing sector of Pakistan. Lastly, research can be on impact of third vendor managed inventory policy of return on buyer loyalty with significant mediating effect of buyer satisfaction in local restaurants sector of Pakistan.

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