CONSUMER CHARACTERISTICS, PRODUCT CHARACTERISTICS AND CHOICE OF E-COMMERCE PLATFORMS IN KENYA

By

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DECLARATION

This research project is my original work and has not been submitted for an award of a degree in any other university.

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This research project has been submitted for examination with my approval as the university supervisor.

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DEDICATION

The dedicated this project to my parents Mr. David Nyasio and Mrs. Jane Nyasio, my lovely siblings;

Venessa, Arnold and Derick Nyasio. May the Almighty God bless you.

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LIST OF ABBREVIATIONS AND ACRONYMS

B2B   Business-To-Business

B2C   Businesses-to-Consumers

C2C   Consumer-to-Consumer

C2B   Consumer-to-Business

ICT   Information Communication Technology

RAs   Recommendation Agents

SPSS   Statistical Package for Social Scientists

ABSTRACT

Overtime e-commerce businesses have gone from their simple initial stages to becoming a threat to the more established, big retail businesses. E-commerce and all its related processes can be unified with traditional business processes to enhance quality of products and services in a company, hence stimulating marketplace performance. This research study was aimed at assessing the the factors influencing customer preference for e-commerce platforms in Kenya. The study was guided by the Theory of Bounded Rationality, Theory of Trust formation and Decomposed Theory of Planned Behavior. The researcher employed a cross-sectional survey-based research design. The researcher targeted people who have access to internet only and are computer literate. Simple random sampling design was used to sample 50 Kenyans seeking services at Huduma Centers and Immigration offices. Questionnaires were used to collect data. Descriptive and inferential statistics were used for analyzing quantitative data using SPSS version 24. Data were presented in the form of tables. The findings show that: there was a positive correlation between consumer characteristics and consumers' choice of e-commerce, a significant correlation between consumer perceptions and consumers' choice of e-commerce and a positive correlation between product characteristics and consumers' choice of e-commerce. The research paper concludes the main factors influencing customer preference for e-commerce platforms in Kenya are consumer characteristics, consumer perceptions and product characteristics. The researcher recommends that; e-commerce sellers should consider the demographics of their target customers when planning their marketing strategies. E-commerce sellers should also be creative when designing their websites by ensuring that they offer standard and the right product as ordered by the consumer. They should also offer various products and brands and emphasize more on convenience of shopping online.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Overtime e-commerce businesses have gone from their simple initial stages to becoming a threat to the more established, big retail businesses. Numerous studies have shown that E-commerce and all its related processes can be unified with traditional business processes to enhance the standard of products and services in a company, hence stimulating marketplace performance (Fearson & Philips 1998). Despite these swift developments in e-commerce, many consumers would still feel the need to visit physical stores to evaluate a product. Kim, Lee and Kim (2004) mentioned that despite consumers' easy access E-commerce businesses, that does not necessarily result to a complete acquisition or transaction. Before acquiring a product/good or service online, customers forecasts various forms of hypothetical risks such as monetary risk (losing cash), merchandise risk (standard of product as portrayed online) and risk of failure to deliver (if products are not delivered). This forecasts and pre-assumptions in turn end up formulating consumers purchasing preferences and overall behaviour (Moshref et al., 2012).

In 2016, the overall total worldwide online sales increased to almost $961 billion. In 2017, the sales raised by 20% and are forecasted to be more than 1 trillion Euro in the year 2019. E-commerce sales are higher in Asia Pacific Region unlike the developed countries such as US, UK, Japan and Europe. In 2016, Asia Pacific Region recorded 130% rise in online sales. Online selling is now an important part of all economies. Globally, there is growing confidence in customers towards e-commerce (Aad, 2017). Iin United State, sales through

the internet contributed to 6% of all retail trades in 2015 (Lee, 2009). In china, online shoppers are the youth who in most cases buy stylish products online (Backaler, 2010).

Although e-commerce is growing in many developed countries, a high number of countries in Africa have not yet recognized the benefits of online shopping. Even though e-commerce was introduced in Africa more than ten years ago, a research by Molla and Heeks (2015) established that just 30% of customers in South Africa who used e-commerce were satisfied with its performance. In a study of online shopping in developing countries carried out by market research firm Jana, Kenya posted the lowest percentage of people who buy or seek services online (EMarketer, 2013a).

Consumer demographics are the age, gender, education level, revenue and time spent on the internet . Demographics influence internet usage amongst consumers. Both genders have a tendency of purchasing various products or services online (Bellman, Lohse & Johnson, 1999). Some scholars believe that consumer attitudes influence their intent buy products or order services online and ultimately whether they transact online. Consumer attitude is the consumers recognition of the Internet as a shopping platform and consumer perceptions of a particular online shop (that is the extent to which consumers think that shopping from a certain platform is pleasing) (Bhatnagar, Misra & Rao, 2002). A product characteristic is the quality of product or service on sale. Frequently, products purchased through the internet are similar to the ones bought from shops. Customers decide on whether to buy either from shop or online depending on some factors like the person offering the best value for the product. It is against this background that this researcher

explored reasons that influence customers' preferences towards E-commerce platforms in Kenya. In addition, this study aimed to assess what role the Platforms play in the Consumer behaviour in general that influence the customers' decision.

1.1.1 Electronic Commerce

Kinuthia (2014) and Nath (2013) described Electronic commerce or e-commerce as simply any commercial transaction that is shepherded on the internet. This implies that whenever you sell or buy electronic or physical goods using the internet, you are involved in e-commerce. Grandon and Pearson (2004) also defined Electronic commerce (e-commerce) as any business transaction which includes the process of buying, selling, moving or trading products/goods, amenities, services or info by use of electronic information broadcast through Internet.

E-commerce engages in technologies such as wireless funds transfer, internet marketing, electronic data swapping, mobile commerce and online transaction processing among others. E-commerce functions in all main market segments i.e. business-to-business, consumer-to-consumer, business-to-consumer and consumer-to-business. Business-to-Business (B2B e-commerce) involves the complete variety of trade activities that happen amongst two entities and is the main form of e-commerce (Harris, 2000; Oracle, 2012; Nath, 2013). Businesses-to-Consumers (B2C e-commerce) is the transaction between companies and individual consumers for instance online sellers like Jumia Kenya and Kilimall Kenya. Consumer-to-Consumer (C2C e-commerce) is the transaction between consumers, and e-commerce website are used often to enable this transaction, e.g. Olx and

PigiaMe. Consumer-to-Business (C2B e-commerce) occurs when consumers sell services and goods to businesses.

E-commerce has experienced extraordinary progression and development following the development and evolution of the internet. The conception of new business models such as Internet based corporations has resulted in most of them doing commerce on the internet. Therefore, it is certainly true that on line shopping has made it conceivable to easily start online businesses than it was to start traditional businesses in the past.

E-commerce platforms have grown to be one of the most reliable service providers across the globe. User-friendly, easily downloadable and free applications have also come up leading to technological innovations and development of new products, services and business models (see Mahadevan 2000; Hasan et al. 2009) like purely internet-based or online companies have emerged (Schulz, 2009). The convenience brought about by online shopping has attracted more consumers who value the ease and efficiency of doing purchases online and paying electronically either through visa or credit cards. According to Kabuba (2012), the concept of internet technology has played a central role in "Virtual global organization". E-commerce has therefore become a critical component in the daily lives of people and has directly translated to the high rate of internet penetration in the country.

1.1.2 Consumer Behaviour

Consumer behaviour is defined as the all-round study of the decision-making process of how people use their money and other resources like time and ability on the consumption

linked paraphernalia. This includes reasons as to what they want to buy, why they want to buy, when they plan to purchase, place of purchase and how frequently they do purchase. Consumer behaviour integrates teachings and theories from various disciplines like economics sociology, and psychology (Khosla, 2010). Schiffman (2014) asserted that consumer behaviour includes how consumers think, feel and behave when finding goods/products and services to fulfil their necessities.

The behaviour of consumers is considered as the very significant, active scientific fields in Market and economic studies. With consumer behaviour studies, significant marketing data, such as market share, a company's goods and services purchase likelihood etc., can be assessed by building models of consumer behaviour. Nevertheless, it is essential to understand that customers differ from each other in a variety of features such as age, disposable income, gender, personality, location, external influences such as trends, etc. To understand Consumer behaviour and their preferences, it is important to separately understand consumers, their behaviours and their consuming process as such information offers many advantages in terms of decision making for various companies.

1.1.3 Consumer Preference

Customers' preference is said to be a marketing term which means the probability of one to select one item over an alternative (Sowunmi, Omigie, & Daniel, 2014; Thiyagaraj, 2015). Preference is the person's attitude towards a set of items which arouses their behaviour in the thought process in decision-making (Lichtenstein & Slovic, 2006). Consumers' preferences for goods/products and services arises from the amalgamation of various dissimilar issues. Some issues as a result product and services feature e.g.

durability, price and some are influenced by consumers' characteristics e.g. disposable revenue (Venkatraman, Clithero, Fitzsimons & Huettel, 2012).

Preferences characterise attitude towards an item in relation to the other. (Blackwell et al, 2006). Consumers are always making choices and decisions in countless ways, from the modest decisions to intricate decisions. Researchers have pointed out that it is a course by which consumers are gathering appropriate data concerning products' qualities and features and gauge the data with regards to their favourites before deciding on what to select among the available choices (Hawkins & Mothersbaugh, 2010).

1.1.4 E-Commerce sector in Kenya

Kenya is among the countries in Africa that has seen tremendous development in ICT sector in the past years. This is mainly attributed to the numerous reforms and government initiatives aimed at improving use of ICT in the country. Since the landing of submarine cables, entrepreneurs in Kenya have made tremendous progress in application of technological innovations especially in innovating new products and services and business models. Internet has also created avenues for businesses based on internet i.e. internet-based or online companies. These innovations increased efficiency in product and reduced any inconvenience associated with moving from one end to another shopping for products. With the rising population online e-commerce platforms are set to attract more users hence pushing e-commerce/ICT sector's contribution to the economy.

According to the Communications Authority of Kenya, as at 2014, the e-commerce sector in Kenya was projected to be at an estimate of Ksh. 4.3 billion. This was mainly attributed

to the growth in Kenya's ICT sector mainly driven by the mobile market. In Kenya, there are several e-commerce platforms e.g. Mobile apps like Mpesa, Taxi hailing apps like Mondo, Online retailing sites like Jumia, and several online marketing pages. Most of these platforms have often been overlooked in Kenya. Although most entrepreneurs are moving to online platforms, very few realize that offline success may not necessarily translate to online success. The growth of e-commerce has occurred under a myriad of challenges that continue to impede the adoption of online shopping and hampering the potential gains for organizations. Some of the obstacles limitations of e-commerce highlighted in the literature are namely: technical such as, lack of unanimously recognized standards, security, trustworthiness, communication bandwidth, e-commerce software inharmoniousness with operating system and other applications, and nontechnical challenges such as; internet admittance strain and cost, privacy, shoppers' willingness to feel the products, loss in the social interface. Other clusters of limitations to e-commerce are clustered as; business challenges (customers service, purchaser old habits, legal matters), managerial (people and organizational issues, management support) and technological (safety, website matters, technology issues like costs, software, infrastructure) (Jebur et al. 2012 & Kuzic et al. 2002).

Some of these limitations have contributed to the reluctance of most consumers across the world to shop online due to the perceived security risks and the reality of the virtual nature associated with such transactions. However, despite these limitations, the benefits to consumers from e-commerce are enormous. Some of these benefits include: more choices; 24-hour access; new markets and price comparisons; better prices due to competitive

environments; convenience; time saving; and access to extensive information. On the other hands to organizations the benefits have been: 24-hour accessibility; access to global markets at low costs; cost reduction; mass customization; operational efficiency; inventories reduction; business efficiency; lower communication costs and increased sales and profitability (Kabuba, 2012). At the society level, the positive externalities are namely: enhanced social connectivity; improved living standards because of purchases of goods at lower prices; improved delivery of public service as well as flexible working environment (Wen et al., 2001).

The effectiveness of e-commerce platforms relies on trust and consumer preferences especially for entrepreneurs. Kenya has the highest internet penetration rate within the East African region, it therefore provides a critical ground for assessing consumer preferences for e-commerce platforms and determining the relationship between various platforms and performance of the firms. It is also the second highest country with mobile integration in Africa after South Africa.

1.2 Research Problem

Most entrepreneurs often believe that the entrepreneurial success at their physical location can directly translate to online success. However, integration to e-commerce requires a critical look into the thinking process and the preferences of consumers to avoid problems in margin and customer experience to avoid disappointments from the consumers and service providers (Schulz, 2009). Although margins may influence preferences in other online platform it is inherent to understand whether this may be the case with prominent e-commerce platforms in Kenya. There are also other factors such as security with the apps,

social networks, gender, neighbourhood effects, recommendations or ratings among others that may influence choice of an e-commerce platform or switch from one platform to another that are worth considering and how they influence consumer preferences (Kabuba, 2012).

Cognitive constraints of human information processing, especially at the point of where the consumer is transacting from could potentially affect online shopping tasks. This calls for a strategy to support clients in product search and choice as well, which can only be informed by carefully studying their online shopping preferences. According to the Communications Authority of Kenya, the growth in e-commerce sector in Kenya is mainly attributed to the growth in Kenya's ICT sector mainly driven by the mobile market. In Kenya, there are several e-commerce platforms e.g. Mobile apps like Mpesa, Taxi hailing apps like Mondo, Online retailing sites like Jumia, and several online marketing pages. Despite the fact that there are many benefits of embracing e-commerce, the e-commerce platforms have often been overlooked in Kenya (Wen et al., 2001).

Some studies have applied Recommendation Agents (RAs) in decision making for consumers (see Detlor et al. 2002; Grenci et al 2002; O'Keefe et al 1998). Studies such as Hanani et al. (2001) Haubl et al. (2000) and Chiasson et al. (2002) have also shown that Recommendation Agents can decrease consumer data burden and enhance product decision quality. Kim et al. (2007) & Sinha et al. (2001) also established that decision of consumers of e-commerce products are mostly prejudiced by facts from reliable people and not product developers or recommendation systems.

There are various studies conducted to analyse varying aspects that have contributed to growth of e-commerce globally and more specific in developing countries including Kenya. Despite this, very few researchers have conducted studies on the broader E-Commerce industry and tied consumers and their behaviours to E-commerce related businesses as compared to traditional brick and mortar form of businesses. Based on the above gaps. It would be of importance to corelate consumer behaviour and their preference towards the growth of the said E-commerce businesses thus this study will answer the question based on importance what factors affect Consumers' Behaviour and Preferences towards E-Commerce Platforms?

1.3 Objectives of the Study

The aim of the study was to assess the factors influencing customer preference for e-commerce platforms in Kenya.

1.4 Significance of the study

For entrepreneurs hoping to venture into online business especially e-commerce platforms targeting Kenyan customers, it is important to understand relevant client behaviour and preferences. There are very few studies that have tried to assess the how heterogeneity in preferences may influence choice of a given e-commerce platform especially in Kenya one of the sub Saharan states that has seen tremendous growth in the ICT sector as well as integration of ICT in business models. The study will therefore provide insights on the drivers of choice of e-commerce platforms and the relationship between identified e-commerce platforms and business performance.

Study findings will also bridge the existing gaps in literature by providing theoretical and empirical framework for future research in e-commerce and consumer behaviour within the Kenyan economic sector.

Policy makers will also have a better understanding of priority areas where new policies and laws or amendments since the e-commerce sector is gradually being identified as a key driver of economic development and growth thus prudent to make policies that will support its growth. The recommendations from this study may influence how to regulate the e-commerce platforms to maximize on the benefit of online business. In result, the study would largely focus on three pragmatic areas namely; policy, practice and theory.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter provides a review or related literature. The review is structured into the theoretical literature, the empirical literature and an overview of the literature.

2.2 Theoretical Literature

In several theories have emerged related to consumer choice and preferences. In this section, we review some of the theories relevant to these studies.

2.1.1 Theory of Bounded Rationality

The study of consumer consumption decision is founded on observation that they have very their limited capability to process information (Payne et al. 1988), that results to the people seeking to achieve fulfilling and not essentially the optimum satisfaction level (Simon 1955). According to Payne (1993), the effort accuracy framework is built on the notion that even though shoppers may have a range of approaches in decision making, the chosen strategy will depend on some finding the middle ground between need to have the best decision-making process and the wish to reduce cognitive effort.

Evidence on use of electronic decision aids have been mixed. Some studies have revealed that electronic decision supports are usually helps to preserve consumer efforts and not to improve verdict quality (Benbasat et al., 1996). Whereas others have revealed that electronic decision help may have advantageous impact on both decision quality and decision effort. (Punj et al., 2003) similarly takes a middle ground that electronic decision

aids may increase cognitive capacity of consumers and help remove cognitive restrictions. Therefore, based on bounded rationality theory, when restrictions are detached, increased efforts lead to better-quality decisions.

On the other hand, constructive preferences theory suggests that consumers usually do not have vital intellectual resources to come up with precise preferences which are unchanging over time and invariant to the framework in which decisions are made (Bettman et al., 1998). Therefore, although online shopping environment may make it likely for shoppers to get immense amount of product info, shoppers still require more information to make the requisite decision.one way of addressing information overload is the use of RAs to conduct resource exhaustive information processing errands.

2.1.2 Theory of Trust formation

Early research on trust formation include the works of Doney (1997) and McKnight (1998). These studies have acknowledged different trust creation processes that comprise of; reasoning, calculation, transfer, forecast, knowledge, and benevolence. According to Luwicki (1995), knowledge-based confidence takes time as people accrue knowledge related to trust through experience with object over their trust. On the other hand, cognition-based trust involves: an evaluation of the trust object's integrity, goodwill and competence; and classification process that also encompasses two sub processes namely unit grouping and reputation categorization (McKnight et al., 1998). Doney et al., (1997) asserted that trust can be shifted from one trusted source to the trust item.

2.1.3 Decomposed Theory of Planned Behavior

This theory emanated from the concept that the theory of planned behavior beliefs can be fragmented into multidimensional constructs. Taylor et al., (1995), asserted that "the decomposed Theory of Planned Behavior model describes explicit main beliefs that encouragement utilization of Information Technology". In this theory, normative, control beliefs and attitudinal are decomposed into multidimensional constructs. The decomposition of beliefs about attitude contain three traits of invention that have an impact on behavioral plans. The weakness of the theory of planned behaviors as presented by Ajzen al (1991) is that it does not factor in factors that can be used to predict a specific behavior.

The key factor in the theory of planned behavior is the person's intent to do a particular behavior. Intents are presumed to capture factors influencing a behavior; they are indicators of how users find it difficult to attempt, the effort they are planning to use so as to do the behavior. Despite the fact that a few practices could really meet this necessity extremely well, the implementation exceedingly relies somewhat on some non-motivational components like accessibility of basic assets (e.g., time, cash and attitudes). These elements show a persons' actual authority over the behaviour. To the extent that a person has the opportunity and resources and plans to carry out the behavior , the person should be effective in doing as such. The model of the theory of Planned Behavior assumes that consumers decide by analyzing the costs and benefits of various courses of action and selecting the option that increases their anticipated net benefits.

2.3 Empirical Literature

Empirical literature presents empirical results that are related to the topic at hand (Zikmund et al., 2010). Literature review is a wide-ranging survey of earlier studies related to research questions.

2.3.1 Consumer Demographics and Adoption of e-Commerce

Sin and Tse (2002) investigated internet shopping behavior of shoppers in Hong Kong. The researchers found out that people who shopped online were identified by demographic, psychographic, attitude and experimental characteristics. The researchers further found out that level of education and revenue were notable characteristics to differentiate people who shopped online from those who preferred tradition shopping.

Kahttab, Al-Manasra, Zaid and Taher (2012) explored gender differences toward online purchase intentions in Jordan. The researcher targeted 241 university students. Data were collected using questionnaires. The results revealed a significant variance between both genders towards internet purchase intentions. Jusoh and Ling (2012) carried out a study to assess the factors influencing consumers' attitude towards e-commerce. Convenience sampling method was used to sample 100 respondents. The researchers found a significant variance in internet shopping amongst people who earned more money and low income earners.

Siriporn (2017) study on factors influencing internet shopping behavior in Thai. The researcher sampled 384 Thai online shoppers. Questionnaires were used to collect data. The Multiple Regression was used for analysis. Findings established that gender greatly

affected consumers' decision to shop online. Živilė & Gintarė (2015) conducted a study to assess factors influencing consumers to preference of e-commerce in India. Data collection was through online questionnaires. 183 consumers who were buying products online were sampled. Findings established that age greatly influenced consumer preference and choice of ecommerce.

Mbayong (2016) carried out a study to assess the impact of consumer acceptance of online shopping in Cameroon. The study used convenience sampling method. The target population was 108 respondents. Questionnaires were used to collect data. Findings established that more educated people had a higher acceptance level of online shopping.

Nyarunda (2016) analyzed consumer perceptions, attitude and patronage towards purchasing online products in Kenya. Primary data was collected using questionnaires. 2000 public servants aged 25 years and above were targeted. Proportionate stratified multi-stage random sampling was used to sample 322 respondents. The study findings established no significant relationship between demographics, namely gender, age, income level and purchase frequency.

2.3.2 Consumer Perceptions and Adoption of e-Commerce

Ranganathan and Ganapathy (2012) study in USA which was based on 214 online shoppers established that website characteristics, safety, confidentiality, design, and information content were the main factors that influenced shoppers' opinions of e-commerce. In addition, safety and confidentiality highly influenced consumers' intent to shop online. Gong, Maddox and Stump (2012) investigated the perceptions of online consumers in

China. toward online shopping. 503 Chinese consumers took part in the study. Respondents were sampled using random sampling. Findings established that Chinese consumers had varying perceptions with respect to the benefits, ease of use, and Internet shopping safety. The findings showed that Chinese shoppers perceived internet shopping to be more advantageous as compared to traditional shopping.

Prasad and Aryasri (2009) conducted out a study on factors influencing customer utilization of e-commerce. The target population was 135 internet users. The study used questionnaires to collect data. Findings established that trust, accessibility, internet shopping satisfaction and consumer services positively effected the consumer's likelihood to practice e-commerce. Rizwana, Irsa and Waqas (2015) examined the factors affecting shoppers intent to shop online . Data was collected using questionnaires. Findings established that trust, convenience, convenience and confidentiality determined consumer-online buying behavior.

Lazaros (2012) conducted a study on effect of customer characteristics on adoption of internet shopping in Malaysia. Questionnaires were used for data collection. Data were analyzed by use of descriptive statistics. Findings established that supposed safety and product involvement had an impact on perceptions towards online shopping.

Ahmad (2015) conducted research on effect of attitude on online buying behaviour. Target population was 200 university students of Multan. The data was collected using questionnaires. Findings showed that attitude affects the online buying behaviour by

building trust and the trust is more enhanced if suitable technology is used. Abrafi (2017) conducted a study to assess factors influencing online purchase intention in Finland. The target population was 184 online shoppers. Data was collected using questionnaire. The data was then analyzed by means of SPSS model. Findings established that convenience highly influenced shoppers' decision to shop online.

A study in Kenya by Malenya (2017), also found that majority of consumers preferred using mobile phones to make orders and that they mostly used installed apps for the relevant firms they purchased goods from. The author also noted that internet was key among the various e-commerce firms and the consumers with all transactions being conducted online. On the other hand, the author noted the low update of mobile banking services. Issues of trust have been shown to influence consumer behavior both online and offline. Ndegwa (2013) also that found successful adoption of mobile shopping in Kenya is dependent on perceived usefulness, availability of real time prices and ease of use.

2.3.3 Product Characteristics and Adoption of e-Commerce

Fairouz (2012) investigated factors influencing shoppers' intent to shop through the internet in Jordan. A data collection tool was structured and administered to 300 respondents. The results established that product involvement had the very significant positive direct influence on shoppers' attitudes towards shopping through the internet.

Zhang (2011) assessed key factors that influence shoppers' online shopping behavior in China. Convenient sampling method was used. The sample size was on 300 internet users. Findings revealed seven significant factors: Perceived Risk, Consumer Resources, Service

Quality, Subjective Norms, Product Variety, Convenience, and Website Factors. All factors influenced Chinese shoppers to accept internet shopping although and service quality was the most significant factor.

Okumu (2015) investigated factors influencing consumer shopping behavior in the purchase of beauty products in Nairobi. The descriptive research design was employed in this research. The study population involved 1,051 university students. Stratified random sampling method was used for sampling. Data was collected using red questionnaires. The respondents unanimously strongly agreed that pricing, promotion and advertising, product quality and product delivery very much influenced the consumer's online purchase decisions.

2.4 Literature overview

An overview of most the e-commerce and consumer behavior literature shows that use of e-commerce platforms especially online shopping has been slow in developed nations with very limited research on factors influencing consumer preferences and behavior towards the various platforms. Most research on consumer behavior focus on attitude formation, information processing, decision making and both extrinsic and intrinsic factors affecting these processes (Jacoby, 1998). Other than factors such as social networks that have been found to influence consumer behaviors, there are a myriad of factors worth considering such as trust that has not been adequately covered in both empirical and theoretical literature. Further, since most of the RA literature just identify the characteristics, we extend this literature further by examining the influence of presence of RA agents on consumer behavior and customer preference and behavior. In this study, we focus on

consumer decision making related to purchasing of products and separates the results of decision making from the process of decision making.

2.5 Conceptual Framework

From the theoretical literature reviews, the conceptual framework was derived from Decomposed Theory of Planned Behavior by Taylor et al (1995). The framework is capable of modelling variables which influence both the adoption of an e-commerce platform and behavior of consumers towards the technology.

In this study, we conceptualize that in the presence of information on available e-commerce platform, facilitating environment and internet accessibility, consumers will choose an e-commerce platform that maximizes their utility in terms of reliability, cost of using the platform, the good will (i.e. duration of existence or use), security and accessibility. There is a myriad of factors that influence customer preferences for e-commerce platforms such as, customer values, needs, perceived ease of use, external influence subjective norm usefulness, and attitudes. Other socioeconomic factors that influence customer preferences are age, income, gender, household size and other socio-demographic variables. The conceptual framework for this paper is presented in Figure 1 below.

Figure 1: Conceptual Framework
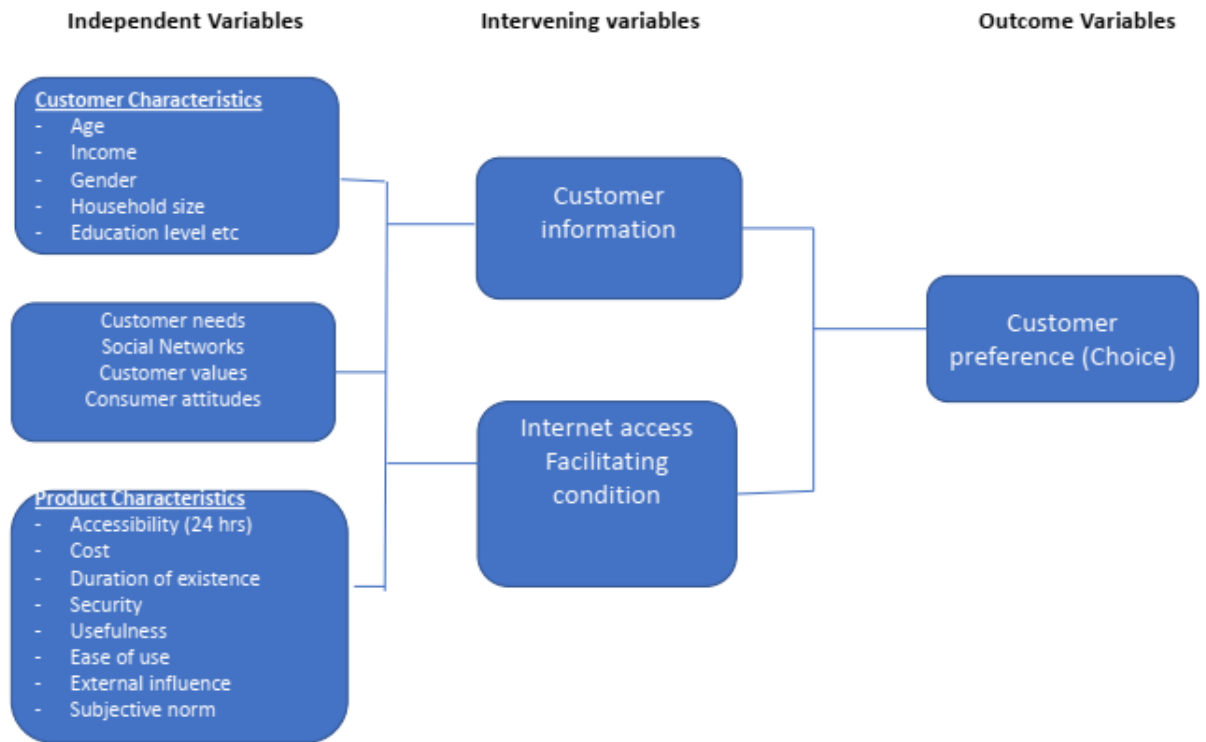
The independent variables constitute the perceived usefulness and its impact towards attitude based on works of Davis (1989). Taylor et al., (1995) also added the relationship between the independent variable compatibility and attitude variable. They also modelled the effect of internal and external influence on the subjective norm, attitude and perceived behavior control towards behavioral intentions from the works of Ajzen (1991).

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

The chapter presents the research methodology that was used to conduct the study. The chapter presents the details on the procedures of conducting the study. Specifically, the chapter focuses on: target population, sample design, the research design, data collection and analysis.

3.2 Research Design

A well formulated research design is significant in identifying solutions to challenges in all stages of the study. This study employed a cross-sectional survey-based research design because it enables identification of inclinations in attitudes and behaviors. It also enables overview of the findings of the study (Kuter et al., 2001). Surveys are also less costly and less time consuming. Ader et al., (2008) also agrees that survey design also reduces Interviewer bias since respondents complete similarly worded self-reported measures.

3.3 Population of the study

Dencombe (2007) defines a population as "an objective list of the population from which the researcher can make his or her selection". The study population consisted of all segments of the population in terms of age, gender and ethnicity. According to the Communications Authority of Kenya data, ideally over 80 percent of Kenyans translating to 43 Million users have access to internet either using smart phones or internet access

through cyber cafes. The researcher therefore based on the sample on respondent who have access to internet only and are also computer literate.

3.4 Sample Design

The study employed a simple random sampling method to choose a sample that signifies the entire population of Kenyans with access to internet services. Simple random sampling method ensures every respondent has equal chance of representation. It is also critical when the population is heterogeneous especially like the Kenyan case. In this study the stratum comprised of only those who have access to internet services and are computer literate. The study targeted a random sample of 50 respondents (The 50 respondents were purposively selected due to cost and time issues). To ensure the target sample is random and is a representation of the entire country. The study was conducted among Kenyans seeking services at Huduma Centers and Immigration offices. Since all Kenyans regardless of class have to seek services at these centers it ensured a representation of the whole country.

3.5 Data Collection

In view of the multi-dimensional and layered nature of the study, the researcher used a combination of qualitative and quantitative research methodologies. Participatory research methodologies were used as these contribute significantly to learning and ownership. The system of facilitation and documentation thus endeavoured to ensure a participative process (facilitation) while guaranteeing timely and constructive products (reports). The researcher therefore used questionnaires to collect qualitative data to supplement the quantitative data. The questionnaire was designed with both open and closed ended questions. The questionnaire is suitable for the respondent since they can be filled any time and it is also

less costly and quicker to administer. The questionnaire incorporated Likert scales to measure perceptions, values, attitudes and behaviors towards various e-commerce platforms.

3.6 Data Analysis

Statistical Package for Social Scientists (SPSS) was used for data analysis. SPSS was preferred due to its ability to handle large socioeconomic datasets. Quantitative data collected was edited to eliminate any inconsistencies. The study employed the use of descriptive statistics to present a feel of the entire data and the general response pattern then proceeded to address the objectives using Pearson Correlation Coefficient and multiple regression model to establish the relationship between factors influencing customer preference and choice of E-commerce. The multiple regression model was;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Where:

Y is the dependent variable (Choice of E-commerce platforms)

β_0 is the regression constant

β_1, β_2, β_3 and are the coefficients of independent variables

X1 is Customer demographics

X2 is consumer perceptions

X3 is product characteristics

ε is the error term

Qualitative data accruing from this survey was transcribed in Microsoft Word then analyzed through triangulation, content analysis and corroboration. Data was presented in Tables.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION, INTERPRETATION AND DISCUSSION

4.1 Introduction

The chapter focuses on data analysis, presentation interpretation and discussion. The aim of this study was to assess the factors influencing customer preference for e-commerce platforms in Kenya. The responses were analyzed into frequencies, percentages and mean and presented in tables.

4.2 Response Rate

The respondents who participate in the study were Kenyans seeking services at Huduma Centers and Immigration offices. They returned the questionnaires as presented in Table 4.1.

Table 4.1: Instrument Response Rate

	Frequency	Percentage
Response	38	76.0
Non response	12	24.0
Total	**50**	**100**

4.3 Descriptive Statistics

The demographic data of respondents concentrated on their gender, age, education level and their source of income. Table 4.2 presents the respondents demographic information.

Table 4.2: Consumers demographics

Variable	Frequency (F)	Percentage (%)
Gender		
Male	12	31.6
Female	26	68.4
Total	**38**	**100.0**
Age		
20-30 years	18	47.4
31-40 years	12	31.6
41-50 years	8	21.0
Total	**38**	**100.0**
Education level		
Primary	5	13.2
Secondary	6	15.8
College	15	39.5
University	12	31.5
Total	**38**	**100.0**
Source of Income		
Employment	21	55.3
Self-employment	10	26.3
Pocket money	7	18.4
Total	**38**	**100.0**

Results in Table 4.2 show that; with respect to gender, 68.4% (26) of the respondents were female while 31.6% (12) were male. This implies that there was gender valiance in consumer preference of e-commerce which might be because female shop more as compared to men. This finding concurs with Kahttab, et.al. (2012) who established a significant variance between both genders towards online purchase intentions. With respect to age, 47.4% (18) of the respondents were aged 20-30 years, 31.6% (12) were aged 31-40 years while 21% (8) were aged 41-50 years. This shows that the youths preferred ecommerce as compared to the adults over 40 years. The finding concurs with Živilė & Gintarė (2015) that age influenced consumer preference and choice of ecommerce. With respect to education level, 13.2% (5) of the online shoppers had only accomplished primary education, 15.8% (6) had accomplished secondary education, 39.5% (15) had accomplished college education and 31.6% (12) of the respondents had accomplished university education. This mean that consumer preference of ecommerce increased with acquisition of higher education since people who had attained high education were the majority users of ecommerce. This finding concurs with Mbayong (2016) who found out that more educated people had a higher acceptance level of online shopping. Further findings established that majority of the ecommerce users 55.3% (21) were employed, 26.3% (10) were employed while 18.4% of the respondents got money from their parents or guardians. This shows that people who were employed were most likely to prefer as ecommerce as compared to people who are self-employed. Therefore, in this case, constructive preferences hereby finds its application. By confirming that consumers often lack the vital cognitive resources like little income and literacy to come up with precise likings that keeps changing. The finding is in agreement with Jusoh and Ling (2012) that

there is variance in internet shopping amongst people who earned more money and low income earners.

In order to assess whether consumer perceptions influence their preference to ecommerce, the researcher asked the online shoppers to tick on their level of agreement on the listed statements related to their perceptions on ecommerce. Findings are presented in Table 4.3.

Table 4.3: Consumer Perceptions of E-commerce

1- Strongly agree, 2 - Agree, 3- Not sure, 4 - Disagree, 5 - Strongly disagree

Statements	1		2		3		4		5		Mean
	F	%	F	%	F	%	F	%	F	%	
Internet retailers provide good after sales service	17	44.7	10	26.3	7	18.4	4	10.5	0	0	1.95
It is not hard to get a personalized customer service	9	23.7	15	39.5	7	18.4	5	13.2	2	5.3	2.37
I shop online because I get better deals	20	52.6	9	23.7	6	15.8	3	7.9	0	0	1.79
I shop online because I get a broader selection of products	6	15.8	21	55.3	5	13.2	4	10.5	2	5.3	2.34
I consider 24/7 availability of online markets important	23	60.5	8	21.1	4	10.5	3	7.9	0	0	1.66
I find products which are otherwise not available	10	26.3	18	47.4	6	15.8	4	10.5	0	0	2.11
Online purchasing consumes more time and effort	0	0	3	7.9	2	5.3	24	63.2	9	23.7	4.03
I shop online because I get detailed product information	4	10.5	28	73.7	6	15.8	0	0	0	0	2.05
Shopping online is sometimes risky because	17	44.7	9	23.7	5	13.2	4	10.5	3	7.9	2.13
I feel that my personal data provided to retailers might be compromised	0	0	3	7.9	19	50.0	10	26.3	6	15.8	3.50
It is easy to choose and make comparison with other products through ecommerce	20	52.6	9	23.7	7	18.4	2	5.3	0	0	1.76

N=38

The results in Table 4.3 show that the highest number of e-commerce users 44.7 %(17)

strongly agreed that internet retailers provide better after sales service; 39.5 %(15) agreed

that it is not hard to get a personalized customer service; 52.6%(20) strongly agreed that

they buy products through the internet since online retailers offer better deals as compared to traditional retailers; 55.3%(21) agreed that they bought products online since they got a wider variety of products than in traditional retailing stores; 60.5%(23) strongly agreed that they consider 24/7 availability of online markets important; 47.4%(18) agreed that they find products that are not stocked in the near markets online; 62.3%(24) disagreed that online purchasing consumes more time and effort ; 73.7%(28) agreed that they shop online because they get detailed product information; 44.7%(17) strongly agreed that shopping via the internet is sometimes risky as a result of not reinforcing cyber laws to punish cyber criminals; 50%(19) were not sure whether their individual data provided to retailers might be compromised and 52.6%(20) of the e-commerce users strongly agreed that it is not hard to select and compare products while shopping through the internet. This shows that there are various factors, which influence consumers' perceptions of e-commerce platforms in Kenya. Therefore, from theoretical perspective, decomposed theory of Planned Behaviour does hereby find its application. This means that specific dominant beliefs influence preference of e-commerce platforms. The finding is in agreement with Ranganathan and Ganapathy (2012) who established that website characteristics, safety, confidentiality, design, and information content were the main factors that influenced shoppers' opinions of e-commerce.

The researcher also sought to establish whether product characteristics influence consumer preference of e-commerce platforms. The shoppers were therefore asked to tick on their agreement level on listed statements with regards to online products characteristics. Findings are presented in Table 4.4.

Table 4.4: Product Characteristics

1- Strongly agree, 2- agree, 3-Not sure, 4- disagree, 5-strongly disagree

Statements	1		2		3		4		5		Mean
	F	%	F	%	F	%	F	%	F	%	
The quantity and quality of the products I get from online retailers are similar to the one I order	19	50	3	7.9	11	28.9	5	13.2	0	0	3.05
Online retailers honor their product warranty	3	7.9	22	57.9	8	21.1	3.	7.9	2	5.3	2.45
The products I order are delivered on time	21	55.3	6	15.8	3	7.9	8	21.1	0	0	1.95
Online shopping provides a broad range of products.	25	65.8	5	13.2	5	13.2	3	7.9	0	0	1.63
I always buy the types of products I desire online	11	28.9	20	52.6	7	18.4	0	0	0	0	1.89
I can purchase the products that are not stocked in retail shops online	8	21.1	23	60.5	5	13.2	2	5.3	0	0	2.03
It is not easy to assess the quality of products online.	21	55.3	12	31.6	5	13.2	0	0	0	0	1.58
There is a high risk of getting faulty products	9	23.7	18	47.4	3	7.9	5	13.2	3	7.9	2.34
It is not easy to solve disagreements after shopping online	5	13.2	17	44.7	6	15.8	5	13.2	5	13.2	2.68

N=38

The results in Table 4.4 show that the highest number of e-commerce users 50%(19) strongly agreed that the quantity and quality of the products they got from online retailers

are similar to the one they order; 57.9% (22) agreed that online retailers honor their product warranty; 55.3%(21) strongly agreed that the products they ordered were delivered on time; 65.8%(25) strongly agreed that online shopping provides a broad range of products; 52.6%(20) agreed that they always buy the types of products they desire online; 60.5%(23) agreed that they can purchase the products that are not stocked in retail shops online; 55.3%(21) strongly agreed that it is not easy to assess the quality of products online; 47.4%(18) agreed that there is a high risk of getting faulty products and 44.7%(17) of the e-commerce users agreed that is not easy to solve disagreements after shopping online. This implies that product quality and delivery greatly influence preference of e-commerce platforms in Kenya. From the perspective of theory of Trust formation, Luwicki (1995), explain that knowledge-based confidence is made over time as people accrue knowledge that is important to trust through experience with object which in this case if familiarity with product characteristics. This finding is in agreement with Okumu (2015) that product quality and product delivery very much influenced the consumer's online purchase decisions.

Respondents were asked how often they used e-commerce platforms. Findings are presented in Table 4.5.

Table 4.5: Frequency of using E-commerce Platforms

Frequency of using E-commerce Platforms	Frequency	Percentage	Mean
Very often	10	26.3	1.95
Often	22	57.9	
Once in a while	4	10.5	
Rarely	2	5.3	
Total	**38**	**100.0**	

Findings in Table 4.5 show that 57.9%(22) of the e-commerce users used e-commerce platforms often, 26.3%(10) used e-commerce platforms very often, 10.5%(4) used e-commerce platforms once in a while and 5.3%(2) of the respondents used e-commerce platforms very often. The online platforms used for e-commerce were identified as Kilmall, Jumia, Olx, PigiaMe. and Facebook marketing groups. The respondents indicated that they spent a considerable amount of free time on social media where online retailers market their products and they preferred e-commerce as compared to traditional shopping because the products are delivered on their door step hence saving money and sometimes transport costs. In this case, the theory of bounded rationality was applied since the findings have established that consumers require more information to make the requisite decision to prefer e-commerce as opposed to traditional shopping. The finding is in agreement with Kabuba (2012), that e-commerce has become a critical component in the daily lives of people and has directly translated to the high rate of internet penetration in the country.

4.4 Inferential Statistics

To assess the relationship between the study variables the researcher carried out inferential statistics which included coefficient of correlation and multiple regression.

4.4.1 Coefficient of Correlation

The researcher employed Karl Pearson's coefficient of correlation (r) to establish the correlation between the study variables as indicated in the conceptual framework. According to the results as indicated in Table 4.6, there was a positive correlation between customer preference and consumers' choice of e-commerce consumers' choice of e-commerce as depicted by a correlation value of was (r = 0.773, p-value=0.000). The finding differs with Nyarunda (2016) who established no significant relationship between demographics, namely gender, age, income level and purchase frequency. The study in addition depicted that there is a positive correlation between consumer perceptions and consumers' choice of e-commerce with a correlation value of (r = 0.896, p-value=0.000) and the finding is in agreement with Prasad and Aryasri (2009) who established that trust, accessibility, internet shopping satisfaction and consumer services positively affected the consumer's likelihood to practice e-commerce. The study also noted a positive correlation was between product characteristics and consumers' choice of e-commerce with a correlation value of (r = 0.760, p-value=0.000). This finding is in agreement with Fairouz (2012) established that product involvement had the very significant positive direct influence on shoppers' attitudes towards shopping through the internet.

Table 4.6: Coefficient of Correlation

Variables		Customer preference	Consumer demographics	Consumer perceptions	Product characteristics
Customer preference	Pearson Correlation	1			
	Sig. (2-tailed)				
Consumer demographics	Pearson Correlation	.773**	1		
	Sig. (2-tailed)	.000			
Consumer perceptions	Pearson Correlation	.896**	.826**	1	
	Sig. (2-tailed)	.000	.000		
Product characteristics	Pearson Correlation	.760**	.923**	.807**	1
	Sig. (2-tailed)	.000	.000	.000	

**. Correlation is significant at the 0.01 level (2-tailed)

4.4.4 Multiple Regression

The researcher further conducted a multiple regression analysis. The main aim of multiple regression is to better understand the association between various variables. The researcher used SPSS to enter and code responses from the respondent to assist in computing the extent to which a unit changes in a given independent variable cause a change to dependent variable. Table 4.7 presents the multiple regression table.

Table 4.7: Regression of Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients		
	β	Std. Error	Beta	t	Sig.
Constant/Y Intercept	.349	.169		2.065	.047
Consumer demographics	.045	.204	.047	.223	.825
Consumer perceptions	.588	.101	.800	5.844	.000
Product characteristics	.047	.133	.071	.351	.728

As per the SPSS generated in Table 4. 7, the equation,

$$Y = Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

becomes;

$$Y = 0.349 + 0.045 X_1 + 0.588 X_2 + 0.047 X_3$$

From the above regression model, holding consumer demographics, consumer perceptions and product characteristics at constant zero, consumers' choice of e-commerce would be at 0.349. It was also established that a unit change in consumer demographics would cause a change in consumers' choice of e-commerce by a factor of 0.045, unit change in consumer perceptions would contribute to a change in consumers' choice of e-commerce by a factor of 0.588 and a unit change in product characteristics would contribute to a change in consumers' choice of e-commerce by a factor of 0.047.

CHAPTER FIVE
SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This section summarizes, discusses, concludes, and recommends the findings while finding the possible suggestions and actions for future research.

5.2 Summary of Findings

Findings established a positive correlation between consumer characteristics and consumers' choice of e-commerce as depicted by a correlation value of was (r = 0.773, p-value=0.000). The research paper established that females were preferred e-commerce as compared to male meaning that more female preferred shopping through e-commerce, majority of e-commerce users were the youth who had attained higher education and were also employed. This shows that consumer demographics influence consumer preference of e- commerce. This finding concurs with; Kahttab, Al-Manasra, Zaid & Taher (2012) who established a significant variance between both genders towards online purchase intentions, Živilė & Gintarė (2015) who found out that age influenced consumer preference and choice of e-commerce as well as Jusoh and Ling (2012) who revealed a significant variance in internet shopping amongst revenue group. However, the finding differs with Nyarunda (2016) who established no significant relationship between demographics, namely gender, age, income level and purchase frequency.

The findings revealed a positive correlation between consumer perceptions and consumers' choice of e-commerce with a correlation value of (r = 0.706, p-value=0.000). The researcher found out that consumers had varying perception with regards to choice of e-commerce platform whereby e-commerce users shopped online because they got better deals than in traditional retailing stores, the shoppers also got broader selection of products than in traditional retailing stores, online shopping provided detailed product information and e-commerce made it easy to select and compare with other products while shopping through the internet. This implies that the e-commerce users mainly considered the costs, security, prices and availability of product information before choosing an e-commerce platform. This finding is in agreement with; Ranganathan and Ganapathy (2012) who established that website characteristics, safety, confidentiality, design, and information content were the main factors that influenced shoppers' opinions of e-commerce; Ndegwa (2013) who established that successful adoption of mobile shopping in Kenya is dependent on perceived usefulness, availability of real time prices and ease of use and Prasad and Aryasri (2009) who established that trust, accessibility, web store environment, internet shopping satisfaction and client services positively affect consumer's likelihood to practice e-commerce.

Findings further revealed a positive correlation between product characteristics and consumers' choice of e-commerce with a correlation value of (r = 0.760, p-value=0.000). The researcher established that quantity and quality of goods they received from online sellers satisfied the consumer, the online sellers honored product warranties, goods were delivered to consumers on time and the consumers were able to get variety of products on

the e-commerce platforms which were sometimes not available in retail shops. This shows the e-commerce users considered the product characteristics before deciding on the e-commerce platform to shop from. This finding is in agreement with; Zhang (2011) who found out that service quality was the very significant factor that influenced shoppers' decisions to shop through the internet, Okumu (2015) who established that product quality and product delivery very much influenced the consumer's online purchase decisions and Fairouz (2012) who established that product involvement had the very significant positive direct influence on shoppers' attitudes towards shopping through the internet.

5.3 Conclusion

The researcher concludes the main factors influencing customer preference for e-commerce platforms in Kenya are consumer characteristics, consumer perceptions and product characteristics. Female, young, educated and employed people who mostly spend their time online have a tendency of buying products online on the various e-commerce platforms available in Kenya. E-commerce users have different opinions of online shopping which influence then to either use or not to use e-commerce. Product price, delivery punctuality, quality and online shopping security are the product characteristics that influence consumers choice of e-commerce platforms.

5.4 Recommendations

i. Findings have established that consumer demographics influence consumer preference of e-commerce platforms. Hence, online marketers must not generalize the shoppers. While making plans for marketing activities, on the retailers should consider all consumer

demographics to identify suitable potential consumers. Online markets and retailers should also demonstrate the advantage of online shopping to all age groups.

ii. Internet sellers should be inventive in the websites by providing quality and correct product descriptions, the option of zooming product image and using web-cams to assist shoppers to have a clue on product quality.

iii. Product characteristics influence consumer acceptance of e-commerce and therefore internet sellers should provide more product types and brands available online on their platforms and put emphasis on convenience of shopping online.

iv. The government should ensure good technology infrastructure and online security systems to increase the level of trust of e-commerce users.

5.5 Suggestions for Further Study

The research paper thus suggests the same research in other developing countries for comparison purposes and study on consumers' awareness of e-commerce platforms in Kenya.

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Appendix I: Questionnaire

Please tick within the boxes and fill the questionnaire with applicable answer to enable the study to be successful.

SECTION A: Customer Characteristics

1. Kindly indicate your gender?

Male ( )   Female ( )

2. What is your age bracket?

20-30 years ( )   31-40 years (   )

41-50 years ( )   Over 50 years (   )

3. What is your highest education level?

Primary   (   )   Secondary( )

College   (   )   University ( )

4. What is your main source of income?

Employment   (   )   self-employment( )

Others (specify) (   )

SECTION B: Customer Perceptions

5. Kindly indicate your level of agreement on the listed statements related to your perceptions on online shopping.

Key: Strongly Agree (1), Agree (2), Not Sure (3), Disagree (4), Strongly Disagree (5).

STATEMENT	1	2	3	4	5
Internet retailers provide good after sales service					
It is not hard to get a personalized customer service					
I shop online because I get better deals than in traditional retailing stores.					
I shop online because I get a broader selection of products than in traditional retailing stores					
I consider 24/7 availability of online markets important I find products which are otherwise not available in the nearby market online.					
Online purchasing consumes more time and effort					
I shop online because I get detailed product information					
Shopping online is sometimes risky because of a lack of strict cyber laws in place to punish frauds and hackers					
I feel that my personal data provided to retailers might be compromised					
It is easy to choose and make comparison with other products while shopping online:					

SECTION C: Product Characteristics

6. Kindly indicate your level of agreement on the listed statements related to influence of product characteristics on customer's adoption to e-commerce.

Key: Strongly Agree (1), Agree (2), Not Sure (3), Disagree (4), Strongly Disagree (5).

STATEMENT	1	2	3	4	5
The quantity and quality of the products I get from online retailers are similar to the one I order					
Online retailers honor their product warranty					
The products I order are delivered on time					
Online shopping provides a broad range of products.					
I always buy the types of products I desire online					
I can purchase the products that are not stocked in retail shops online					
It is not easy to assess the quality of products online.					
There is a high risk of getting faulty products					
It is not easy to solve disagreements after shopping online					

SECTION D: Choice of E-commerce platforms

7. How frequently do you buy good or order services online?

Very Often (   )   Often (   )

Once in a while (   )   Rarely (   )

8. Kindly list the E-commerce platforms that you use for online shopping?

_____

_____

_____