

**ONLINE CONSUMER PURCHASE DECISION
OF ALCOHOL PRODUCTS IN SRI LANKA**

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A Thesis Submitted to Asia e University in
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ABSTRACT

This study investigates the changing aspects of online purchasing decisions within Sri Lanka's alcohol industry, focusing on the Colombo district. Directed by specific objectives, including the impacts of advertising, pricing, social factors, and perceived risks, a deductive approach with a Positivism philosophy was employed to gather, analyze, and draw conclusions from data collected from over 6000 online consumers. Utilizing simple random sampling, 361 respondents were surveyed via an online questionnaire, with data analyzed through descriptive, factor, reliability, and correlation analyses using SPSS. Results indicate a male-dominated demographic aged 30 to 34 engaging in online purchases, with advertising significantly influencing brand preference, albeit messaging playing a minor role. Price emerged as a minimal factor, though discounted offers garnered interest, and social recommendations strongly influenced purchasing decisions. The study concludes that advertising, pricing, perceived risk, and social factors are directly correlated with consumer purchasing decisions, with recommendations emphasizing tailored messaging across diverse media channels, competitive pricing strategies, and a focus on social dynamics and cultural adaptation within the industry.

Keywords: Online purchasing, consumer behavior, alcohol industry, Sri Lanka

APPROVAL

This is to certify that this thesis conforms to acceptable standards of scholarly presentation and is fully adequate, in quality and scope, for the fulfilment of the requirements for the degree of Doctor of Business Administration.

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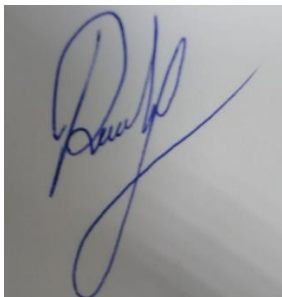
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DECLARATION

I hereby declare that the thesis submitted in fulfilment of the Doctor of Business Administration degree is my own work and that all contributions from any other persons or sources are properly and duly cited. I further declare that the material has not been submitted either in whole or in part, for a degree at this or any other university. In making this declaration, I understand and acknowledge any breaches in this declaration constitute academic misconduct, which may result in my expulsion from the Programme and/or exclusion from the award of the degree.

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Date: 19 April 2024

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LIST OF ABBREVIATION

AeU Asia e University

Alc Alcohol

CHAPTER 1

INTRODUCTION

1.0 Background of the Study

This chapter delivered an introduction to the case study, presented the background of the study, problem statement, objectives, scope, and importance of the research. The chapter served as a foundation for the subsequent chapters by provided a context for the study and importance its relevance.

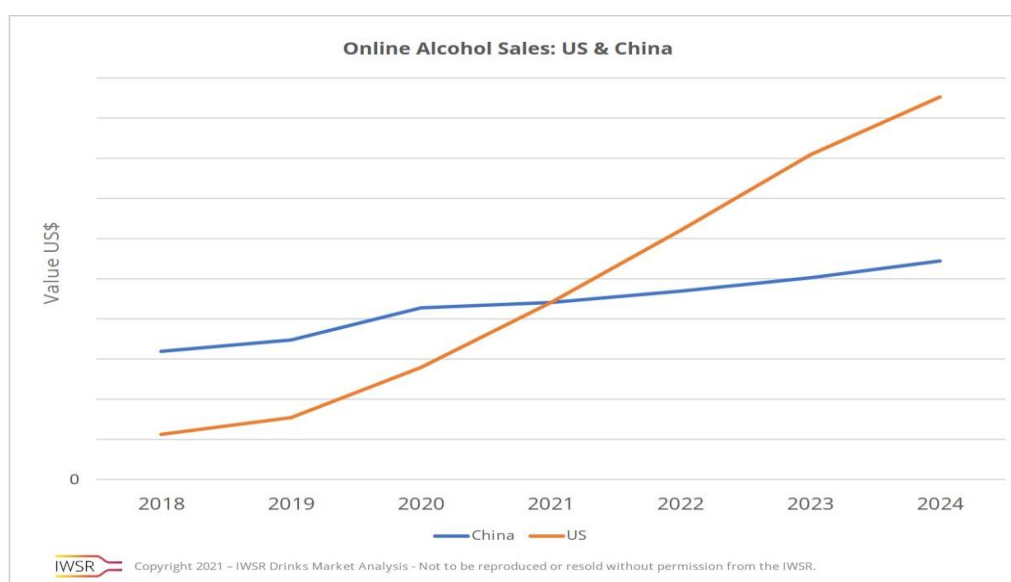
This research paper aimed to thoroughly examined the impact of online platforms on consumer purchasing decisions for alcohol products in the Colombo district of Sri Lanka. As online actions continue to shape consumer performance globally, including in Sri Lanka, there was a need to understand how the shift towards online shopping influences the decision-making process of Sri Lankan consumers in the alcohol industry in Colombo District.

With the rapid growth of e-commerce platforms, there was a gap in data regarding the changes in purchasing decisions among Sri Lankan consumers when it comes to online shopping for alcohol products. By addressing this gap, we can gain insights into the factors manipulating consumer preferences and the implications for the alcohol industry in Sri Lanka.

By investigative the influence of online stages on consumer decision-making, factors such as Social, Price, Advertising, and Perceived Risk of online platforms were analyzed. This research would deliver valued visions for businesses, policymakers, and researchers, contributing to a better sympathetic of the evolving consumer landscape in the digital age.

Understood the impact of online platforms on consumer behavior was crucial for the alcohol industry and stakeholders. By investigate the changes in purchasing decisions and consumer preferences, this study would shed light on emerging trends and potential challenges faced by the industry. The findings would help industry players adapt their strategies and enhance their online presence to meet the embryonic needs and demands of consumers in the Colombo district of Sri Lanka (Blog & sale, 2021).

Figure 1.1 : Alcohol online purchase pattern global



Source: (Aswani,2021)

This research aimed to address the existing gaps in the current online shopping platforms in Sri Lanka, which had become deceptive due to the significant increase in users engaging in online activities. The researcher intends to investigate various instruments that can be implemented to enhance the functionality and effectiveness of the current online platforms.

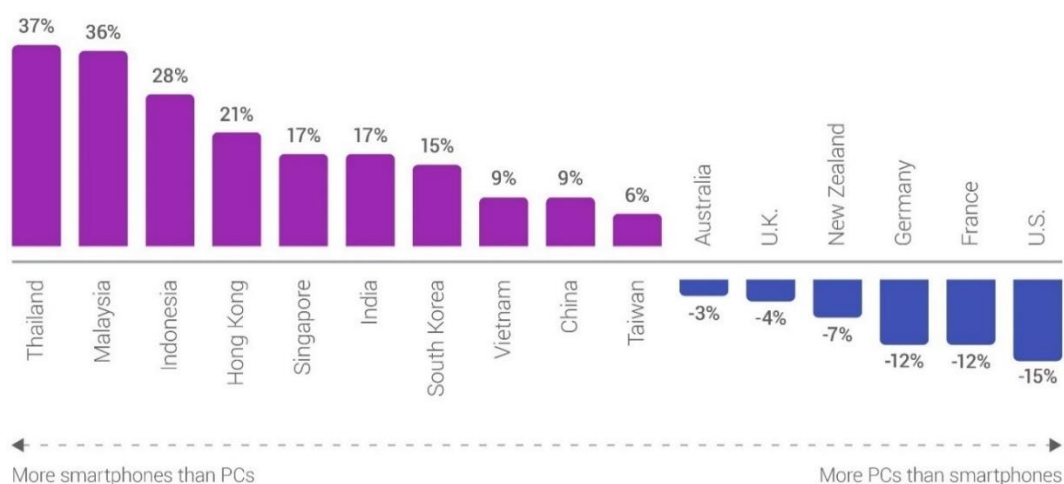
According to Sri Lankan figures, there are approximately 0.1 million people actively participating in online activities such as social media, advertisement campaigns, and online shopping. However, the percentage of users specifically

involved in online shopping remains relatively low ("Excise.gov.lk", 2018). This statistic highlights the need to investigate the reasons behind the limited engagement with online shopping platforms and propose strategies to encourage greater participation.

By examining the current online mechanisms and their limitations, this research aimed to identify innovative ways to improve the existing platforms. The findings would contribute to enhancing user experience, increasing the number of users engaging in online shopping, and subsequently maximizing the potential benefits of e-commerce in Sri Lanka.

A thorough analysis of the current landscape and insights from the cited source ("Excise.gov.lk", 2018), this research proposal seeks to provide recommendations for advancing the online shopping platforms in Sri Lanka. By talking the identified gaps, this study aims to contribute to the evolution and development of e-commerce in the state, catering to the evolving needs and preferences of consumers.

Figure 1.2 : Southeast online alcohol online purchasing trends



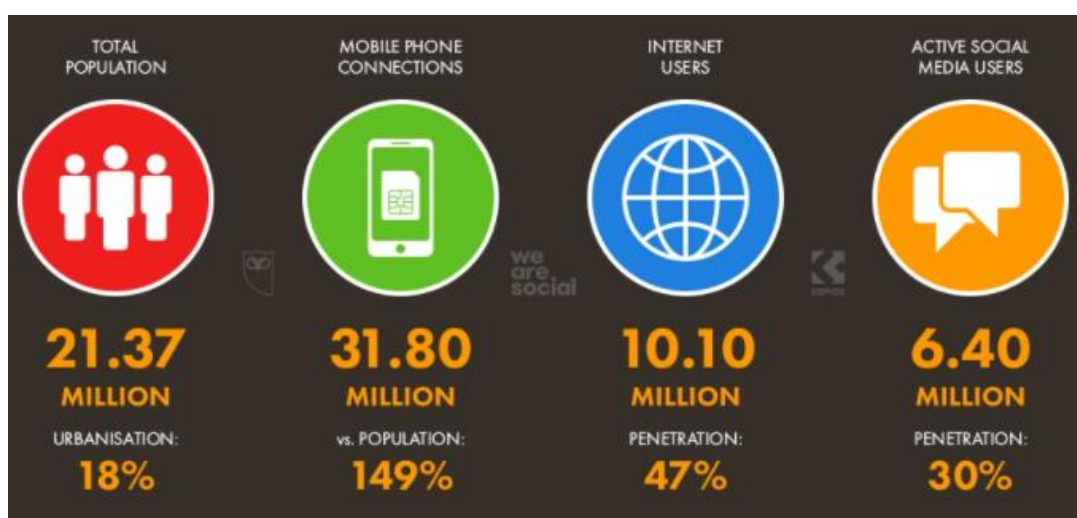
Source: (South East Asia E-Commerce, n.d.)

This research paper addresses Online Shopping: Impact of Consumer Purchasing Decision on Colombo District alcohol Industry. This research is based on

a study of alcohol Shoppers in Sri Lanka Colombo District. The study of purchasing decisions is rapidly evolving and developing also to understand how consumers choose Alcohol, then the experts have a much better framework about marketing strategies for the Alcohol industry ("Excise.gov.lk", 2018. A consumer's purchasing decision is influenced by social, advertising, price & perceived factors.

Most of these factors are uncontrollable but they must be considered while trying to understand the complex decision of the consumers. But traditionally, consumer decision research has sought to understand the relationship between people and the products they are purchasing and consuming. Consumer decision, however, is not a simple procedure. At even the most elementary level it involves many variables that interact and affect all stages of the purchasing process ("Excise.gov.lk", 2018).

Figure 1.3 : Sri Lankan online shopping trends



Source: (USA Business Team, 2021)

In this research, the purpose was to identify Online Shopping impacts for consumer purchasing decisions in the alcohol industry, which may be due to social factors, price, advertising, and perceived risk. It has adopted a quantitative research method to understand the relationships between the variables of this study. Since the limitation of the research itself researcher has attributed implications on research on

the alcohol industry which is a complimentary product in terms of Alcohol (Blog & sale, 2021).

This Chapter provides a deep understanding of the reason between researcher choose this topic to research, and this chapter indicates of Background of the problem, Propose of the study, Research question, the signification of the study etc.

1.1 Problem Statement

During the consumer perception changed shopping to online purchase within last year, therefore entire alcohol market structure changed on Colombo District, the impact of consumers purchasing decision changed due to the online process (Effendi, Akbar & Murni, 2021). However, perception changes are involved of consumers purchasing decisions related to online channels due to the variable impacts, but some consumers are not willing to take part to purchase online with reference on various reasons, requirement of online purchasing decision of the consumers, identify and investigate online channels impact of the consumer purchasing decision, however in this study researcher identify methods to improve and expand online purchasing decision of alcohol market (Hoque & Raju, 2020).

For the improving consumer purchasing decisions related to Online on Sri Lankan market, really diffculted, because as per the below problems, therefore researcher addressed below main 04 problems to focus to alcohol business using online mechanism.

The **first problem** statement investigates into the complex relationship of social factors such as cultural, religious, familial, and economic influences on alcohol consumption patterns, exploring their impact on consumers' purchasing decisions (Kamanga, 2015; Jessie Gould, 2019). Furthermore, it seeks to expose the original

reasons for consumers' reluctance to transition to online alcohol purchases despite social shifts and related incidents like drunk driving accidents (Schölin et al., 2022).

The **second problem** statement investigates on the role of pricing factors in the alcohol industry, mainly in the context of changing inflation rates and competitive market dynamics (DePalma, Ceballos & Graham, 2017; Christie et al., 2001). It aims to separate how price variations influence consumer behavior and purchasing decisions, both online and offline, and how these factors affect the alcohol industry's sustainability and growth prospects (Leifman & Trollidal, 2020).

The **third problem** statement investigate the evolving scene of Advertising factor and its implications for alcohol marketing and consumer engagement (Athauda et al., 2021). It seeks to understand the impact of online platforms, social media advertising, and digital campaigns on consumer preferences and purchasing behavior, particularly among the youth demographic, and how companies are adapting their marketing strategies to capitalize on these trends (CAK, 2022; Omondi, 2018; Mosongo, 2016).

Lastly, the **fourth problem** statement investigate the individual and perceived risks factors associated with online alcohol purchases, considering factors such as product quality, trust, and user satisfaction (Lai-Ming Tam, 2012). It aims to evaluate consumers' perceptions of risk and satisfaction in the online purchasing process and identify key elements of consumer loyalty and trust in online alcohol retailers (Walton et al., 2021).

Therefore, this study is essential in various structures. The need to comprehend the motivations behind why alcohol industry keeps on putting vigorously in their advertising efforts. Furthermore, the effect that this has on their objective market.

Everything considered, the organizations spending more ought to consequently convert into deals and more benefits for them. Nonetheless, the expansion in advertising of alcohol and tendency towards the brands should be perceived and broken down on a more noteworthy scale, nevertheless calls by various partners to boycott the venture. A few examinations have been done to comprehend the purchaser purchasing conduct, yet restricted research has been completed to figure out the connection between factors of Perceived Risk, Social, Price & advertising influence alcohol purchasing decision. This research paper seeks to carry-out a study of Online Shopping: Impact of Consumer Purchasing Decision on Sri Lankan alcohol Industry (Based on Colombo District – Sri Lanka).

1.2 Objectives

The main purpose of the study is to identify the online marketing channels and their contribution to consumer purchasing decisions in the Sri Lankan alcohol market (Athapaththu & Kulathunga, 2018). Also, the main objective of the study is to identify the Online alcohol purchasing decision in Colombo District -Sri Lanka.

- i Investigate the influence of social factors on consumers' decisions to purchase alcohol products online in Colombo District Sri Lanka.
- ii Investigate the relationship between pricing factors and consumers' online purchasing behavior alcohol industry in Colombo District Sri Lanka.
- iii Investigate the impact of advertising factors trends on consumer preferences and purchasing behavior alcohol industry in Colombo District Sri Lanka.
- iv Investigate the perceived risk factors associated with online alcohol purchases and their effects on consumer trust and satisfaction in Colombo district Sri Lanka.

1.3 Research Questions

The general statement of the problem here is how to make a consumer purchasing decision through online on alcohol industry Colombo District, therefore, to be the most competent; regardless of the turbulent during the growth stage, Specially, some questions that need to be addressed here are,

- i To what extent do social factors impact consumers' alcohol purchasing decisions in Colombo District Sri Lanka?
- ii To what extent do price factors impact consumers' alcohol purchasing decisions in Colombo District Sri Lanka?
- iii To what extent do advertising factors impact consumers' alcohol purchasing decisions in Colombo District Sri Lanka?
- iv To what extent do perceive risk factors impact consumers' alcohol purchasing decisions in Colombo District Sri Lanka?

1.4 Research Hypotheses

Hypotheses are specific statements or estimates about the expected relationships between variables in the research study. In your case, hypotheses can be formulated based on the research objectives and the theoretical framework. Here's an example of how hypotheses could be developed:

- i Social factors positively influence consumers' decisions to purchase alcohol products online.
- ii Pricing factors have a significant impact on consumers' online purchasing behavior in the alcohol industry.
- iii Advertising factors significantly influence consumer preferences and purchasing behavior in the alcohol industry.

- iv Perceived risk factors negatively impact consumer trust and satisfaction in online alcohol purchases.
- v Social, price, advertising & Perceived Risk factors significantly impact consumer trust and satisfaction in online alcohol purchases.

1.4.1 Relationships between Variables

Each hypothesis represents a proposed relationship between two or more variables. These relationships can be tested using statistical analysis methods such as correlation analysis, regression analysis, or structural equation modeling (SEM). By examining the data collected from surveys or other research methods, researchers can measure whether the observed relationships support or disprove the hypotheses and provide insights into the factors influencing consumers' decisions to purchase alcohol products online.

Overall, the research framework and hypotheses provide a structured approach to investigating the relationships between variables and advancing understanding in the field of online consumer behavior in the alcohol industry in Colombo District, Sri Lanka.

1.5 Operational Definitions

The key variables summarized of the conceptual model measured under the four independents and one dependent variable and all those fundamental elements are criteria testing with the conceptual model.

1.5.1 Social Factor

This factor describes the certain amount the min sub factors detect to the online purchasing decision of alcohol consumers. There is family life, work & income, religious views, Ethnicity and Traditional beliefs. In contrast with a few articles

mentioned there is variance describes and variable contrast of the making online purchasing decision of alcohol consumers (Cobelli & Wilkinson, 2020).

1.5.2 Price Factor

The most critical point of purchasing decision is alcohol consumers, because of Alcohol price increase directly influence to Social Factor. Because of this, some Sri Lankan daily earners are addicted to daily alcohol consumption. Therefore, if the alcohol price increases the amount, they take home will reduce. The researcher identified these subfactors that must investigate under the price factor. There are Inflation Rate, Price Increase, Competitor Price, and Tax Increases (Buyucek et al 2018, pp.40-57)

1.5.3 Advertising Factor

In this factor research identified previous research, product quality factors influencing to the purchasing decision of alcohol consumers, here researcher maintains subfactors under the Product quality factors. There was Product value for money, Packaging, Taste of the product and product personality.

1.5.4 Perceived Factor

Perceived risk according to (Kamalul Ariffin et al., 2018) “considers the loss of online purchasing, based on the consumer purchase products perceived risk can be manipulated, however, consumers' perceptions are changeably related to product or service. This includes two elements of indecisions & consequences, Indecisions describe the likelihood of disapproving outcomes, and consequences are defined as the position of the losses”.

1.5.5 Online Purchasing Decision

In contrast with the article's findings, the results show that social media and online activities impact Online purchasing alcohol, also the findings critically evaluate