

THE EFFECT OF INFORMATION SOURCE IN CONSUMER PURCHASE
DECISION MAKING OF ICT PRODUCT

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This report is submitted in partial fulfilment of the requirements for the degree of
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“I declare that this project is the result of my own research except as cited in the references. The research project has not been for any degree and it is not concurrently submitted in the candidature of any degree.”

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DEDICATION

I would like to express my gratitude and appreciation to my lovely parents, Mr. Abdul Aziz Bin Ibrahim and Mdm. Saeidah Binti Abdul Ghani because always believe in me and support me with their strenght to accomplish my research study. Millions thanks to my siblings, Mrs. Nor Shahirah Binti Abdul Aziz, Mr. Mohd Shah Irwan Bin Abdul Aziz and Mr. Muhammad Syah Ilham Bin Abdul Aziz for always support me and land a hand when I am about to fall, always motivate me and listen to my problem. Last but not least, I would like to dedicate this with my housemate, Ms. Syaziera Binti Daud, Ms. Azie Susanti Binti Hussin, Ms. Nor Faziehah Binti Mohamad, Ms. Nur Nabilah Binti Mamat and Ms. Aini Binti Shari because always be with me in any situation. I really love all of you. May our friendship last forever, In shaa Allah. Thank you very much for all.

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ABSTARCT

Consumer Purchase Decision Making is often used in our daily life to determine which product or services that we actually want to purchase. In the five stage of consumer decision making there are also including several step that we might be overlook which is seek for the information before purchasing the product. The aim of this study is to determine the effectiveness of information sources in consumer purchase decision making of ICT product and also the effect of demographic factor in information behaviour of consumer purchase decision making of ICT product. Researcher wants to determine the factor of information sources which is impersonal information sources like old media and new media; and personal information sources such as family and peer/ friend; and demographic factor which is age, gender and academic level that affect information behaviour in consumer purchase decision making of ICT product. This study conducted by quantitative method. 151 respondents from Universiti Teknikal Malaysia Melaka were take part to help researcher find a better result. From the result in data analysis, it show that family play an role in consumer purchase decision making of ICT product than others variable. It can conclude that, the result of this study can help the marketer to find several ways in their information sources to increase the company profit and sale. They also can find the solution from this study and guide them to improve their marketing strategy.

KEY WORDS: Consumer Purchase Decision Making, effect of information sources, ICT product

ABSTRAK

Keputusan Pembelian Pengguna sering digunakan dalam kehidupan seharian kita untuk menentukan samada produk atau perkhidmatan yang sepatutnya ingin dibeli. Dalam lima peringkat keputusan pembelian pengguna terdapat beberapa langkah yang mungkin kita terlepas pandang iaitu mencari sumber maklumat sebelum membeli produk. Tujuan kajian ini adalah untuk menentukan keberkesanan sumber maklumat dalam keputusan pembelian pengguna dan juga mengambil kira kesan faktor demografi dalam tingkah laku pengguna sebelum membuat keputusan pembelian produk ICT mereka. Penyelidik ingin menentukan faktor sumber maklumat iaitu sumber maklumat bersifat peribadi iaitu media lama dan media baru; dan juga sumber maklumat bukan bersifat peribadi iaitu keluarga dan sahabat; serta faktor demografi iaitu umur, jantina dan tahap akademik yang memberi kesan kepada tingkah laku maklumat dalam keputusan pembelian pengguna terhadap produk ICT. Kajian ini dijalankan dengan menggunakan kaedah kuantitatif. Seramai 150 responden dari Universiti Teknikal Malaysia Melaka telah mengambil bahagian untuk membantu penyelidik mencari hasil yang lebih baik. Hasil dari analisis data, keluarga memainkan peranan penting dalam mempengaruhi keputusan pembelian pengguna berbanding pemboleh ubah yang lain. Ia dapat disimpulkan bahawa hasil daripada kajian ini dapat membantu pemasar untuk mencari beberapa cara dari sumber-sumber maklumat dalam meningkatkan keuntungan syarikat serta jualan mereka. Pemasar juga boleh mencari penyelesaian daripada kajian ini dalam membimbing mereka untuk meningkatkan strategi pemasaran syarikat.

Kata Kunci: *Keputusan Pembelian Pengguna, kesan daripada sumber maklumat, product ICT*

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CHAPTER 1

INTRODUCTION

ICT is an acronym for Information Communication Technology. A good way to think about ICT is to consider all the uses of digital technology that already exist to help people get the information whether for personal, business and organisation work. ICT cover any product that will store, retrieve, manipulate, transmit or received information electronically in a digital form. For example personal computers, digital television, email, smartphones, smartwatch, robots, etc. The increasing of development in ICT product has been made the purchasing for this product become wider. Consumer faced many alternatives to gain some information and knowledge before purchase their ICT product.

1.1 Background of the study

Advancements in Information and Communication Technology (ICT) have enabled companies to provide high quality, diversified, and personalized for service and develop long-term individualized relationships with the customers. This is the most evident in the ICT service markets for consumers, such as the wired Internet and the mobile Internet markets, which is service providers keep on innovating their product and service by introducing new technology generations for the consumers.

According to Westland (2002), the ICT industry keeps rolling out new generations of technologies at an accelerating pace. Service innovation enabled by the next-generation technology is expected to enhance both revenue and competitive advantages for ICT service providers (Dewan, Freimer and Seidmann 1998). ICT service innovation is made with the rapid technological evolution. Nowadays, the consumer is faces many trends and style in developing a new ways to buy their product and services based on their experience or from others.

With the increasing diffusion of modern information and communication technologies, network markets have become an omnipresent phenomenon. Innovations such as email, online auctions, and file sharing exhibit network externalities and play an important role in today economy. In network markets, the utility that a consumer derives from consumption of the good increases along with the number of other individuals consuming the good (Katz and Shapiro (1985), a phenomenon commonly referred to as network externalities.

To choose an ICT product, consumer developed many ways of information sources in purchase decision making, such as from the internet, peer influences and from the readings. So, researcher wanted to make a research about the effect of information sources in consumer purchase decision making of ICT product. In today's consumer society, people are constantly attracted by products and services they could potentially purchase (Wood 2005). Consequently, people have much freedom in deciding what to purchase and when to purchase.

Based on Marketing Term, Barron's (2000) purchase decision can be define as the series of choices made by a consumer prior to making a purchase that begins once the consumer has established a willingness to buy. The consumer must then decide where to make the purchase, what brand, model, or size to purchase, when to make the purchase, how much to spend, and what method of payment will be used. The marketer attempts to influence each of these decisions by supplying information that may shape the consumer's evaluation process.

Consumer purchase decision is influenced mainly by the inputs component as identified in the model. A well planned marketing strategy can help retailers to increase sales through consumer purchase decisions. From the impersonal sources like old media and new media, it also becomes a factor that influences customer purchase decision making for the ICT product. Old media and new media play important roles in our daily life, where do we go, who we meet and how we go through our routine, we always bum with the commercial ads. From this source of information, it also becomes the factors that influence customer purchase decision making of ICT product.

The socio-cultural environment also exerts a major influence on the consumer. It can be categorised in three which is personal factor, psychological factor and social factor. It consists of a wide range of personal influences like family, peers or friends, some non-commercial sources, culture and subculture and social class (Schiffman and Kanuk, 2007). Researcher try to figure up the important of this wide range of personal information sources and impersonal information sources may play the biggest influence for the consumer purchase decision making of ICT product. Moreover, researcher also wanted to explore about consumer information behaviour towards the sources that they have gain to purchase their gadget.

1.2 Problem Statement

Nowadays, some consumer faces many option to choose their ICT product and the ways they need to gain some information about ICT products is seek for an information from others sources neither from personal information sources like family, peers or friends, either from the old media and new media. In order to win the consumer heart, marketer also faces various type of problem that can be barriers in tightened their relationship with the customers.

Customer seems to gain various ways of factors that can influence them to buy an ICT product not only down lighted with seller persuasion anymore. From this research, the researcher wanted to generate problem that can be influence the result of the overall process of this study. Researcher also wants to develop a new ways to pursue the consumer thinking in consumer purchase decision for ICT product and find the effect of demographic factor in information behaviour in consumer purchase decision making of ICT product.

Because consumer information search behaviour precedes all purchasing behaviours (Peterson and Merino, 2003), it is important for marketers to identify and utilize the information sources in their primary consumer group prefers, in order to find the better targeted data from this group. A great deal of research has been conducted on consumers use of personal and impersonal information sources in order to understand the importance of the use of information sources in marketing strategy for the marketers.

Purchase intention is more complicated and more significant for consumers than in the past due to many sources of information. Customers are encompassed by reports, advertisements, articles and direct mailings that provide large amount of information. Moreover, different kinds of products, supplies, super markets and shopping malls have complex and difficult decision making. Therefore, this research is important to clarify the kind of information source referred by consumer in their purchase decision making.

1.3 Research Question

The following is a research question for this study:

1. Does demographic factor significantly affect consumer's information behavior?
2. What are the effects of information sources on consumer information behavior?

1.4 Research Objective

The following is a research objective for this study:

1. To examine the effect of demographic factors on consumer's information behavior.
2. To study the relationship between information sources and consumer's information behavior.

1.5 Scope, Limitation and Key Assumption of the Study

Possibly the most challenging concept in marketing deals is to understand what buyers do and what they want to do. But such knowledge is crucial for the marketers since having strong understanding of consumer purchase decision will help shed light on what important to the customer and also suggest the important influences on consumer decision making. Since, every person in this world is totally different, it is impossible to have a simple rule that can explain purchase decisions are made. The scope of this paper is to determine the information sources customer often seeks to purchase their ICT product.

The researcher need to find out the medium that the customer chooses and categorised that into a small segments and determine whether the research finding is effective or not. In this study, researcher had to evaluate the target customer and conduct the survey in that targeted customer area. From the survey, the researcher can determine the percentage of the information sources that the customers use in purchase their ICT product. The researcher also may analyse which factors of information sources that often used by the customer to choose their product, whether customer seek for the additional information from impersonal information like new media and old media, and also from the personal information such as family, peer and friends.

There are several limitation of this study which is the targeted area to conduct a survey is limited and the focus to conduct the survey is only at Universiti Teknikal Malaysia Melaka (UTeM). The researchers limited the scopes of study by distribute the questionnaire survey for the student and their age average is around 20's. The UTeM student population is around ten thousand and above so, it helps the researcher make a finding for the study. Because of several limitation such as time and distance to distribute the questionnaire entire Melaka, researcher limited it to make a research only a certain targeted area and only distribute for those potential respondents.

1.6 Importance of the Study

The study of consumer purchase decision making is one of the most important in business education because it was the purpose of a business to create and keep the customers. Customer is created and maintained through marketing strategies and the quality of marketing strategy is depends on knowing, serving and influencing the people. Consumer is the most important person; the business revolves around the consumer. From this study, it helps us to design the optimal product and services, where the product should be available, pricing, methods of promotion and their effectiveness and other.

Moreover, researcher can find out the important to use the information sources while develops customer satisfaction. For the customer, the information sources play the biggest role to make them feel attracted to choose their own ICT product like smartphone, smartwatch, laptop, and other electronic devices. From this alternative, customer can choose some information sources to seek for the product that they need. Meanwhile, for the marketer this topic also can help them know about the factor that influence customer purchase decision making. They can find the strategy to promote their product in many various ways. It also helps the marketers create good resources to advertise their ICT product to the customer.

1.7 Summary

From this paper, the researcher want to determine the actually factor that the customer use while they seeks for the information sources to buy their ICT products. The most influencing factor that can influence their finding can be categorised into two parts which is from the personal and impersonal information. From this categorised, the researcher need to determine the target customer and analyse their medium that they use as their final choice.

It is important to note that many of the previously mentioned factors have been researched in areas which may not be directly generalised to the choice of common consumer products. Thus, research is needed to determine which of these factors are important in explaining variety seeking in a product choice situation. From the topic discussed, researcher wanted to highlighted the main topic that have been choose from this study is about the effect of information source that influence customer purchase decision making on ICT product.

CHAPTER 2

LITERATURE REVIEW

The purpose of this study is to determine the effectiveness of information sources that influences consumer decision making to buy an ICT product for their beneficial. An ICT product is one of the most gadgets that were needed for people to do their job nowadays. Without ICT product, people may face some difficulties while communicate with people around them either for their neither social business nor organisational business. Information Communication Technology is advanced technology that been used in our daily life. With the variety of this gadget development, people can communicate well with people surrounding them.

2.1 Introduction

In this study, researcher wants to determine the effectiveness of information sources that customer gain before they purchase ICT product. There are several types of theories can determine consumer purchase decision making. For example consumer perception theories which include that self, price and benefit perception; and business theories of buying behaviour such as cultural, environmental and internal theory. There also have several theories help to measure the effectiveness of information sources in consumer purchase decision making of ICT product. These theories are used to determine the effect of information sources that influence consumer purchase decision making of ICT product. Researcher also may determine which approach must be suitable to use to generate a theoretical framework that is related with topic.

First theory used is Theory of Buyer Behaviour. Howard developed the first consumer decision-model in 1963 (Du Plessis, Rousseau et al. 1991). This model was developed further in 1969 by Howard and Sheth to become the 'Theory of Buyer Behaviour' (or Howard and Sheth Model) (Howard and Sheth 1969). It provides "a sophisticated integration of the various social, psychological and marketing influences on consumer choice into a coherent sequence of information processing" (Foxall 1990 p.10). The author's interest was in constructing a comprehensive model that could be used to analyse a wide range of purchasing scenarios, and as such the term 'buyer' was preferred over 'consumer' so as to not exclude commercial purchases (Loudon and Della Bitta 1993).

Second theory used is A-T-R Models. Based on Marketing Term in Business Glossary (2014), A-T-R Model (Awareness, Trial, and Repeat) is a product-specific pattern of three key steps followed by consumers toward adopting a product. Awareness takes place as a result of the consumer learning of a particular product brand or a product's availability and its attributes. After learning of the product, consumers may make a trial purchase to test the product. If use of the product has favourable results, consumers will repeat their purchase of the product. ATR is used to determine the product adoption process.

Third theories use is Hierarchy-of-Effect Model. Based on Linda Karlsson (2007), the hierarchy-of-effect approach is grounded on the base that to be effective and achieve the desired response, several steps has to be completed and passed. Any piece of persuasive communication must carry the audience through the series of stages that has been drawn. These stages are placed so that a customer has to climb them and one step cannot be reached until the previous is completed (Mackay, 2005). The most often cited hierarchy model was posited by Lavidge and Steiner (1961), who believed that advertising, was an investment in a long term process that moved consumers over time through a series of stages beginning with product unawareness and ending with an actual purchase.

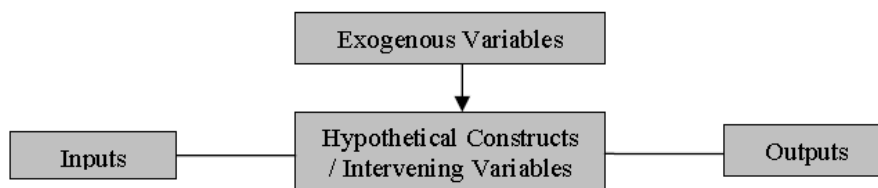
A fourth theory used is Information Behaviour Model. Based on Cox and Rich (1964) on cited in Yoo-Kyoung Seock and Lauren R. Bailey (2009), stated that as consumers acquire information to reduce uncertainty and risk in purchasing decisions, an individual's selection of a product or store may depend on the communication of information (Rabolt and Drake, 1985). Therefore, identifying information sources used by a business's target consumers might be an important issue for retailers and media planners in adjusting their promotion mix-elements and developing effective marketing strategies in order to obtain a larger market share and subsequent returns. Consumers may gather information from a variety of different information sources.

2.2 The Theories

2.2.1 Theory of Buyer Behaviour

Theory of Buyer Behaviour by Howard and Sheth (1969) and the Consumer Decision Model (Blackwell, Miniard et al. 2001) are two of the most widely cited analytical models. Howard and Sheth suggested that consumer decision making differs according to the strength of the attitude toward the available brands, this being largely governed by the consumer's knowledge and familiarity with the

product class. In situations where the consumer does not have strong attitudes they are said to engage in Extended Problem Solving (EPS), and actively seek information in order to reduce brand ambiguity. In these situations, the consumer may undertake prolonged deliberation before decided which product to purchase or indeed, whether to make any purchase.



Source: Adapted from (Loudon AND Della Bitta 1993)

Figure 2.1: Major Components of the Theory of Buyer Behaviour.

Based on Figure 2.1, input variables are the environmental stimuli that the consumer is subjected to, and is communicated from a variety of sources. Significant stimuli are actual elements of products and brands that the buyer confronts (Loudon and Della Bitta 1993), while symbolic stimuli refers to the representations of products and brands as constructed by marketers through advertising and act on the consumer indirectly (Foxall 1990) (Howard and Sheth 1969). Social stimuli include the influence of family and other peer and reference groups. The influence of such stimuli is internalised by the consumer before they affect the decision process.

Hypothetical Constructs or Intervening Variables can be classified in two categories: those described as Perceptual constructs, and those described as learning constructs. Perceptual constructs include:

- Sensitivity to information – the degree to which the buyer controls the flow of stimulus information.
- Perceptual bias – distortion or alteration of the information received due to the consumers fitting the new information into his or her existing mental set.