

**FACTORS TOWARDS IMPULSE BUYING IN ONLINE SHOPPING IN
MALAYSIA**

FARIQ ASRHAF BIN OMAR

**This report submitted in partial fulfilment of the requirements for the award of
Bachelor of Technopreneurship**

**Faculty of Technology Management and Technopreneurship
Universiti Teknikal Malaysia Melaka**

JUNE 2015

I hereby confirm that I have examined this project paper entitled:

FACTORS TOWARDS IMPULSE BUYING IN ONLINE SHOPPING IN
MALAYSIA

By

FARIQ ASRHAF BIN OMAR

I hereby acknowledge that this project paper has been accepted as part fulfilment for
the degree of Bachelor of Technopreneurship with Hons

Signature :

Supervisor : DR. HASLINDA BINTI MUSA

Date : JUNE 2015

Signature :

Evaluator : EN MOHD AMIN BIN MOHAMAD

Date : JUNE 2015

“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 is not concurrently submitted in candidature of any other degree.”

Signature :

Name :

Date :

ACKNOWLEDGEMENTS

In the first instance, I want to deliver my deep gratitude to my principal tutor, Dr. Haslinda Binti Musa, who has tutored and helped me with this research a lot. In fact, I learned a great deal from her course which gives me a multitude of ideas and concepts.

Secondly, I am especially grateful for Dr. Ismi Rajiani who gave me advices and guides to complete my research. He always gives additional knowledge to help me in doing the research. Fourthly, I would like to thank to all my friends, who always gives me some comments and suggestions.

Lastly, deepest thanks and appreciation to my family members, especially my lovely wife, their endless support, encouragement, and full support during the report completion from the beginning till the end.

Thank you very much. Without their support and encouragement, I may probably not be able to finish this research.

ABSTRACT

This research is based by internet development on this era of globalization, which it shores up what people needs. Today, the World Wide Web (www) technology successfully used for help people works to market the products. Many corporate, either big or small using the internet technology to increase their selling and gain profit. From now, relationship between the manufacturers to the customer had no barrier any longer. The connection between consumers and entrepreneurs have no longer limited by space, time and distances. The developer of internet technology creating the situation of competition in many entrepreneurs increasingly stringent. It happens not only in Malaysia but also globally. The consumer's behavior in Malaysia was unique. Most of them spend their money online and do the impulse buying while shopping.

This research will be conduct to who ever made a purchase online in Malaysia. This research aims to examine the impact of service quality, promotion and hedonic shopping motives influencing impulse buying in online purchases. The data will be collected using questionnaire of 100 respondents by purposive sampling, which aims to determine the response of respondents to each variable.

Keywords: impulse buying, online shopping, hedonic shopping motive, promotion, quality of service.

Abstrak

Kajian ini berdasarkan pembangunan internet di dalam era globalisasi yang serba canggih ini. Hari ini, jaringan teknologi berjaya membantu masyarakat dalam memasarkan produk dan servis mereka. Banyak syarikat korporat samada besar atau kecil menggunakan teknologi internet untuk meningkatkan jualan dan memperoleh keuntungan. Hubungan atau jaringan antara pembekal dan juga usahawan sudah tiada halangan seperti masa, jarak dan ruang dengan penggunaan internet. Perkara ini bukan sahaja berlaku di Malaysia malah di seluruh dunia. Tambahan pula, tingkah laku pengguna di Malaysia sangat unik yang mana mereka berbelanja di atas talian dengan tidak terancang.

Kajian ini dilakukan kepada rakyat Malaysia yang pernah melakukan pembelian secara atas talian. Kajian ini juga bertujuan untuk menguji faktor yang mempengaruhi pembelian yang tidak dirancang di atas talian. Antara faktor yang di kaji ialah promosi, motif hedonik dan kualiti servis. Dalam kajian ini juga, data dikumpul menggunakan soal selidik yang diedarkan secara atas talian kepada 100 orang responden untuk mengkaji tindak balas responden terhadap setiap faktor.

Kata kunci: pembelian yang tak dirancang, berbelanja atas talian, motif hedonik, promosi, kualiti servis.

TABLE OF CONTENT

CHAPTER	CONTENT	PAGE
	Title	i
	Approval	ii
	Declaration	iii
	Acknowledgements	iv
	Abstract	v
	<i>Abstrak</i>	vi
	Table of Content	vii
	List of Tables	ix
	List of Figures	x
	List of Symbols	xi
 CHAPTER 1	 INTRODUCTION	
	1.1 Introduction	1
	1.2 Background of Study	1
	1.3 Problem Statement	3
	1.4 Research Question	5
	1.5 Research Objective	5
	1.6 Limitation and Scope of Study	6
	1.6.1 Scope	6
	1.6.2 Limitation	6
	1.7 Important of study	6
	1.7.1 The Researcher	6
	1.7.2 The Entrepreneurs	7
	1.7.3 The Academics	7
	1.8 Summary	7

CHAPTER 2	LITERATURE REVIEW	
	2.1 Introduction	8
	2.2 Online Shopping	8
	2.2.1 Overview of E-commerce Perspectives	10
	2.3 Buying Impulse	10
	2.3.1 Overview Types of Unplanned Purchases	11
	2.3.2 Overview Characteristics Of Impulse Buying	12
	2.4 Hedonic Shopping Motive	13
	2.5 Promotion	14
	2.5.1 Overview the Ways of Promotions	15
	2.6 Quality of Service	16
	2.7 Theoretical Framework	17
	2.8 Hypothesis	18
	2.9 Summary	18
CHAPTER 3	RESEARCH METHODOLOGY	
	3.1 Introduction	19
	3.2 Research Design	20
	3.3 Research Strategy	21
	3.4 Data Collection Method and Source	22
	3.4.1 Source of Data	22
	3.4.2 Data Collection	22
	3.5 Sampling Design	23
	3.5.1 Population and Sample	23
	3.6 Analysis Data	24
	3.6.1 Data Analysis Methods	24
	3.6.2 Multiple Regression Analysis	24
	3.7 Summary	25

CHAPTER 4	RESULT AND ANALYSIS	
	4.1 Introduction	26
	4.2 Descriptive Frequency Analysis	27
	4.2.1 Gender	28
	4.2.2 Age	29
	4.2.3 Occupation	29
	4.2.4 Income	30
	4.2.5 State	31
	4.2.6 The last time do Online shopping	32
	4.3 Descriptive Statistic	32
	4.4 Correlations	34
	4.5 Multiple Regressions	36
	4.6 Hypothesis Verification	39
	4.7 Summary	41
CHAPTER 5	CONCLUSION AND RECOMMENDATION	
	5.1 Introduction	42
	5.2 Results of Findings	42
	5.2.1 Objective 1 and Discussion	43
	5.2.2 Objective 2 and Discussion	44
	5.2.3 Objective 3 and Discussion	45
	5.3 Limitation of Research	46
	5.4 Recommendation for Future Research	47
	5.5 Conclusion	48
	REFERENCES	49
	APPENDIXES	51

LIST OF TABLES

TABLE	TITLE	PAGE
Table 4.1	Statistics Table Of Demographic Profile	28
Table 4.2	Gender Of Respondents	28
Table 4.3	Age Of Respondents	29
Table 4.4	Occupation Of Respondents	30
Table 4.5	Income Of Respondents	30
Table 4.6	State Of Respondents	31
Table 4.7	Period Do Online Shopping of Respondent	32
Table 4.8	Mean for Factors Towards Impulse Buying in Online Shopping	33
Table 4.9	Guilford's Rule Of Thumbs	34
Table 4.10	Correlation Between Variables	35
Table 4.11	Model Summary of MRA	36
Table 4.12	ANOVA ^a	37
Table 4.13	Coefficients ^a	37

LIST OF FIGURES

FIGURE	TITLE	PAGE
Figure 2.1	Theoretical Framework	17

LIST OF SYMBOLS

Sig.	=	Significance
N	=	Number of sample
%	=	Percentage
R	=	Correlation coefficient
β	=	Beta

CHAPTER 1

INTRODUCTION

1.1 Introduction

This research is to investigate Factors towards Buying Impulse in Online Shopping in Malaysia. In this chapter, background of study, problem statements, research questions, research objectives, scope, limitation, key assumptions and importance of study will be explain briefly.

1.2 Background of the Study

Along with the development era and people's needs increasing. They are not only needs and wants primary needs such as food, clothing and shelter but also gave a great attention to the fulfillment needs of the secondary and tertiary. For instances, mobile phone cheap with facilities internet access, the cost connection at affordable

prices, to social networks that status was increased to one of the example development of information technology that is very significant at this time. Through the internet also can be marketed products with how to open the shops without physical space with a market a broad especially in sales items such as fashion bags, clothes, trousers, jam, shoes, and a veil that can be laboratorial test of meals sold easily. The term are generally business online or online shops. Malaysia is a developing country is the target for potential in marketing, both from local and international companies. So, to ensure the company reaping success in Malaysia, it is necessary to learn unique character of Malaysian consumers. Unique character in this case is consumer behavior that has its own special characteristics of most other parts other consumer. According to Susanta (2007) one of the editor in chief marketing magazine, the majority of consumers have characters unplanned. They generally prefer to act "last minute". If shop, they often become impulse buyers. With the characteristic, it is hope that the company can issue marketing strategy that can support subsidiary.

Impulse buying or also called unplanned purchase is the behavior of the person in which the person is not planning something in shopping. Consumers who do impulse buying do not think to buy a particular brand or product. They instantly make purchases because of the interest in the brand or product right away. According to Ozen (2014), defined that the impulse buying as the tendency of consumers to buy spontaneously, reflex, suddenly, and automatic. From this definition, seem that impulse buying is natural and something that is a quick reaction. Impulse buying can happen anywhere and anytime, included on when a seller offers a product to potential customers. Sometimes the product was unthinkable in the minds of consumers before they buy. According to Levine (2005), products purchased without previous plans called impulsive products such as magazines, perfume and cosmetic products.

One of the model channel shopping is now becomes a trend world is to replace conventional shopping system that forced buyers to come to shopping places with the system shopping online. Thus online consumer spending be facilitated with

did not have to come to shop or shopping centres to get goods or services that he wants. During connected to the internet, the consumer spending anytime and can be anywhere. Sultan and MD Nasir, (2011) in his writings said so far globally more than 627 million people in the world has shopping online, including buyers online world's largest, Germany and the United Kingdom.

Changes communications technology that is very quickly and is going global, has given the opportunity for the marketer that more extensive and efficient. Directors business world companies using the internet as a way to reach out to our customers globally, has brought some of the impacts transformational in some aspects of life, including the development business world (Ozen, H., & Engizek, N., 2014). Online shopping, it will be done via internet as a media marketing by using website as a catalog. Excess online shops are buyers will be able to see product design that has been there consumers can also request design to the payment online.

1.3 Problem Statement

The continued development of information technology base also will increase rapidly. Utilization of the Internet network system will support activities in all fields as well as in the delivery information becomes easier and faster. Obviously with the network internet not only in the interests of informatics and technology, but also expected to bring the interests of the economic aspects. By knowing, the intention buy via the internet from the internet consumers will know the size potential cyber market. Impulse purchases in the shop online make consumers can think harder to determine what which how should be spent.

In online business, service quality was different from the offline store inside the booth. Traded goods cannot touch directly and so we need a good service that can cause high trust. To display the items that will be sold, take photographs using a camera with high resolution, so that the results are satisfactory. Buyers will be interested because of the obvious stuff detail with clear information about the goods include price, size, number and all the information that will convince the buyer (Lennon, 2009). It can also be one of the factors of impulse buying.

Some positive correlation among researchers found internal factors (emotional and positive hedonic shopping value) and external factors (the promotion and the quality of service) with buy impulses. The basic research is tight competition was that there is happening in the world of business through the internet and cause consumers more selective and reduce buying impulse. Even though this time it is easy to get goods that, they want and, coupled with the existence large-scale promotion that will be done producers online shops to attract customers. It is usually consumers often bought the goods are promo, whether because the price on cheap and discount or because they got a bonus or perhaps it is usually the men are interested in buying because of the appeal of the Sales Promotion Girl (SPG).

The influence other consumer also can affect buying impulsive, usually when looking at a crowd the consumers scrambled to buy a consumer goods, stream other so vying for work. This was that causes the purchase that was not an unexpected and there is a desire to have an hour. Furthermore, there are some researches that focus the hedonic motivation on offline shopping, so this research will focus more to the online purchasing and determine the relation.

1.4 Research Questions

Based on explanation and background on the above issue, it can be withdrawn the following research questions:

RQ1: Will the hedonic motivation influence the impulse buying?

RQ2: Will promotions conducted in online shop influence the impulse buying?

RQ3: Will quality of the service of online shop influence the impulse buying?

1.5 Research Objectives

The aim of this study is to identify factors toward impulse buying in online shopping in Malaysia. In order to achieve the above aim, the researcher found the objectives as shown:

RO1: To analyze the influence of hedonic motivation towards impulse buying

RO2: To analyze if promotions conducted in online shop influence the
impulse buying.

RO3: To analyze the effect of quality of service in online shop towards
impulse buying.

1.6 Scope, Limitation and Key Assumption of the Study

1.6.1 Scope

Scope in this study is to determine the relationship between qualities of service and decision to do impulse buying while shopping online. Other than that, the scope is to know the relationship between promotion and decision to do impulse buying while shopping online. Lastly is to know the relationship between hedonic shopping motives and decision to do impulse buying while shopping online.

1.6.2 Limitation

This limitation of the research is only to know decision to do impulse buying while shopping online only. The respondents also only the customers that have been make buying through online shopping in Malaysia.

1.7 Importance of the Study

1.7.1 The Researchers:

This research can add knowledge about these factors that potential to cause consumers to impulse buying in online shops.

1.7.2 The Entrepreneurs:

As empirical research, or is expected to generate hits that are beneficial to the entrepreneur products that are more prone to impulse buying. Hints from this research can be inputs and a consideration for marketer to make the marketing strategy in the right direction.

1.7.3. The Academics:

These research results are expect to provide benefits as a framework theoretical about on impulse buying by consumers and factors and later can used as a consideration in doing research.

1.8 Summary

Chapter 1 is about the development of the framework for the research. The framework acts as guidelines for the researcher to ensure the research align with the objective of the research. This chapter includes basic information about the research such as introduction of impulse buying and online shopping. The purpose of doing the research and the expected outcome is also discussed in Chapter 1. The chapter also tells about the scope that the researcher will cover the limitations of the research of the research. Finally, the chapter covers the importance of the research.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter will explain about literature review for a dependent variable and all independent variables that will support this research. The dependent variable in this research is buying impulse while doing shopping online. For this research there are three independent variables used to test the dependent variable, which is quality of service, promotion and hedonic motives.

2.2 Online Shopping

Online shopping is defined as behavior to visit online store through the medium of the internet to find, bid or view the product with the intention of buy and get that product. In Malaysia there is still a lot of shop online, where the payment

transaction is carried out by means of non-online, as inter-bank transfers. Shopping via the internet offers unique advantages. These include the customization in serving consumers, convenience to shop anywhere and anytime as well as lower costs primarily in accessing information (Parsons, A.G., 2002). In outline, the advantages of shopping via the internet can be categorized into two categories extrinsic benefit and intrinsic benefit. Extrinsic benefits include many product options, price and obtain competitive information in an easy and low-cost. Meanwhile the intrinsic benefit includes the design and look of the shops. Online store has all the features in the tangible physical retail stores, but still any time there is a difference between delivery features in the physical form of retail stores with the submission of feature in the online store. This causes a difference in the level of satisfaction of the consumers. For instance in the physical form of the product features, although stores online already gives information about the physical form of the product, but due to technical limitations such as picture quality sometimes it cannot give the same satisfaction with tangible physical retail stores.

E-commerce is the procedure of trade or commerce in the mechanism of internet where buyers and sellers are brought together in cyberspace. E-commerce can also be defined as a way to shop or trade in online or direct selling which utilizes internet facilities where there is the website may provide "get and deliver". E-commerce will change all the activities of marketing and simultaneously cut costs operational activities for trading. E-commerce terms are defined based on five perspectives (Suthar, B. K., & Pradhan, S., 2014):

2.2.1 Overview of E-commerce Perspectives

- 1) Online purchasing perspective: Online system is the system that allows the buying and selling of products and information through the internet and other online services.
- 2) Digital communications perspective: The system allows delivery of digital information products, services and online payment.
- 3) Service perspective: The system that maintains the emphasis, consummation costs quality, up-to-date products and instant information, and improve the delivery of services.
- 4) Business process perspective: System that allows automation of business transactions and flow work.
- 5) Market-one perspective: System that allows the process customization products and services for adapted on your needs and wishes of each customer efficiently.

2.3 Buying Impulse

An understanding of the concept of impulsive purchases (impulsive buying) and unplanned purchases (unplanned buying) by some researchers not differentiated but paying attention is important to researchers should focus on the interaction between point-of sale with a buyer often overlooked (Ozen , 2014).

Sultan, M. U., & Uddin, M., (2011), classify an impulsive purchase occurs when there is no purpose purchasing certain brands or categories of a specific product at the time of entry into the store. Supported by Destiny (2012) defines that unplanned buying is an act of purchase made without prior planned in advance or purchase decisions made at the time were in the store. As for the types of purchases that are not planned according to Destiny (2012) are as follow:

2.3.1 Overview Types of Unplanned Purchases

- 1) Pure Impulse: A purchase of deviating from the normal purchase patterns. This type can be expressed as a novelty/escape buying.
- 2) Suggestion Impulse (impulse purchases that arise because of the suggestion): On purchase of this type of consumers do not have enough knowledge in advance about the new product, consumers are seeing the product for the first time and visualize a need for these objects.
- 3) Reminder Impulse (impulse purchases because the experience of the past): Shoppers see a product and are remind that the supplies in the House need to beaded or have been exhausted.
- 4) Planned Impulse (Impulse Purchases that occur when certain sales conditions given): The purchase of this type occurs after seeing and knowing the conditions of the sale. For example, the sale of certain products with special prices, gift vouchers and others.

Also, according to Destiny (2012), impulse buying has a few characteristics, which are as follows:

2.3.2 Overview Characteristics of Impulse Buying

- 1) Spontaneity: These purchases were not expected and motivate consumers to buy now, often in response to visual stimulation with respect to direct sales.
- 2) Strength, compulsions, and intensity: There may be a motivation for the exclusion of all else and act instantly.
- 3) Excitement and stimulation: Insistence on spur of the moment to buy is often accompanied by emotional characterized as "exciting", "vibrate" or "wild".
- 4) The Indifference will result: Insistence to buy can be so difficult was rejected so it is possible to have a negative effect is negligible.

Meanwhile according to Verhagen, T., & van Dolen, W. (2011), "Impulse Buying or unplanned purchasing is another consumer purchasing pattern. As the term implies, the purchase that the consumers do not specifically planned". This means that Impulse Buying is one type of consumer purchase behavior, which is visible from the purchase of consumer who not planned in detail.