FACTORS THAT INFLUENCE THE ONLINE PURCHASING (E-SHOPPING) AND THE CUSTOMER SATISFACTION TOWARDS ONLINE PURCHASING AMONG UTeM STUDENTS

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

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DECLARATION

"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."

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DEDICATION

This research paper is lovingly dedicated to my parents, Encik Jamalullia Bin Mat Ali Hanapiah and Puan Hamsiyah Binti Badarudin, who have been my constant source of inspirations and they have given unconditional support with my studies. I am honoured to have them as parents. Thank you for giving me a chance to prove and improve myself through all my walk of life. To my siblings and family thank you for your endless love, prayers and encouragement towards me. Not forgetting, to those who indirectly contributed in this research, your kindness means a lot to me. Thank you very much.

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ABSTRACT

This research is aimed to know the customers satisfaction towards online purchasing. The researcher also wants to identify the factors that influence the online purchasing. There five independent variable that was discussed in this research, which are the conveniences, price, promotion, refund as well as security. Furthermore, the researcher also have been doing some literature review of this research. This descriptive research using the quantitative method to analyze the data obtained. The researcher uses multiple regression analysis (MRA) to measure which the factors that the most influence the online purchasing and the customer satisfaction. After make analysis of data findings in chapter 4, the factors that the most influence the online purchasing are the refund and promotion. The researcher made some of recommendation to improve the research for the future.

Keywords: Online Purchasing, Conveniences, Price, Promotion, refund, security, Descriptive Research, Quantitative Method

ABSTRAK

Kajian ini bertujuan untuk mengetahui kepuasan pelanggan ke arah pembelian dalam talian. Pengkaji juga ingin mengenal pasti faktor-faktor yang mempengaruhi pembelian dalam talian. Terdapat lima pembolehubah bebas yang telah dibincangkan dalam kajian ini, yang merupakan kemudahan, harga, promosi, membayar balik serta keselamatan. Tambahan pula, penyelidik juga telah melakukan beberapa kajian literatur kajian ini. Kajian berbentuk deskriptif dengan menggunakan kaedah kuantitatif untuk menganalisis data yang diperolehi. Pengkaji menggunakan analisis regresi (MRA) untuk mengukur yang faktor-faktor yang paling mempengaruhi pembelian dalam talian dan kepuasan pelanggan. Selepas membuat analisis penemuan data dalam bab 4, faktor-faktor yang mempengaruhi sebahagian besar pembelian dalam talian adalah bayaran balik dan promosi. Penyelidik membuat beberapa cadangan untuk meningkatkan penyelidikan untuk masa depan.

Kata kunci: Pembelian atas talian, kemudahan, Harga, Promosi, bayaran balik, keselamatan, deskriptif Penyelidikan, Kaedah Kuantitatif

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MRA	=	Multiple Regression Analysis
P	=	Significant value
R	=	Correlation
N	=	Number of Respondent

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CHAPTER 1

INTRODUCTION

1.1 Background of the study

Conferring to Taweerat, Settapong, Navneet, and Jesada (2014), the internet has exceeded us from the traditional shopping era into a new and more competent era called "e-commerce". The government of Malaysia introduced business e-commerce in early 1998. (Kamarohim, 2003). By introducing the new era of shopping, customers are not having the ability to physically choose and check out an item or product is like, would look like and what its feature are. The Internet is the world"s biggest shopping mall that allows enterprises to do their business with lower cost involved as well as covering the global market. (John and Jackie, 2001). With the wider internet connectivity, customers tend to shop through online that is the easiest way as well as save their time on shopping. Previous research by Gwo-Guang (2005), also mentioned that businesses are

seeking to gain a competitive advantage with the rapid world-wide development in electronic commerce (e-commerce).

JARING was the first to provide the internet service in Malaysia starting in 1990. (Harn Harn, Khatibi, and Ismail, 2006). From this internet service provided, online business in Malaysia is bright and promising. Because of the internet has offered, the online seller is able to post and sell items on the internet. Along with the heavily promote through internet as well as social media, the customers exposed to the sort choices of items and products.

Information and communication technologies (ICT) are normally used in many works and non-work situations. (Jacob Weisberg Dov Te'eni Limor Arman, 2011). ICT is not only a networking media but also as a means of transaction for online shopper at worldwide market. With the conveniences growth in ICT areas, the demand in online purchasing is now growing. However, the online sellers need to be more innovative and competitive in order to avoid losing their existing and future potential customers.

The online purchasing in Malaysia is facing increasing the competitive challenges as the increasing number of online shop. Almost the online shop focus on several factors to increase their service quality such as always reply to order on time and be realistic towards their products. These factors may increase the level of satisfaction among customers and thus increase the purchase intention.

According to Khristianto, Kertahadi and Suyadi (2012), customers satisfaction is ordinarily shown as a result of comparison between the consumption expectation and experience, as well as the customer satisfaction is accomplished when the final deliverable meets or surpasses the customer's expectations. Satisfied customers tend to

repurchase if the service provided reach their expectations. Customer satisfaction is essential to success in business in today's marketplace. This measures all the expectations of a customer towards the product. Customer satisfaction may include the quality of product or services provided, location of the product and services is purchased, and the price of the product or services. . Past study by Hila Ludin and Cheng (2014) found that customer satisfaction have a positivity influence the e-loyalty in online shopping environment.

For the research, I choose the UTeM students as the students prefer more on online purchasing that may save their time. Students usually have no specific time to go out and shopping due to the compact of timetable. This is the reason why students prefer more on purchase through online. Mostly online shop do more advertising that can attract customers easily. It is necessary to do good advertising and use the proper image to convey the real meaning. To advertise well in online shop, it is necessary to write the polite and easy understands language. The customers may satisfy through good advertising and services by the online seller. Besides that, University students are significantly wider internet users and they have the power to control digital media as well as standard knowledge in e-commerce. (Cheng and Yee, 2014).

1.2 Problem statement

In this study, the researcher would like to highlight the issue of the factors that influence the online purchasing and the customer satisfaction towards online purchasing. In contrast, the main two barriers in online shopping are the trust and security. According to Yap and Cheng previous study mentioned that customers will not purchase through online without their trust towards the online shop. In term of security, previous study by Mehrdad Salehi stated that there are some unwillingness of Malaysian people to purchase online because they afraid that their personal information will be stolen by others. The problem occurring in the online shopping context is the level of perceived risk may be magnified due to limited physical access to products and sales personnel. Forsythe and Shi (2003). These problems can often be significant enough to make a potential customers reconsider the decision to purchase an item through online.

Although these problems are some of the most common which occur in online shopping they do not necessarily happen frequently. However, when these problems do occur they can cause a great deal of stress and frustration for the online shopper. Therefore, the online seller should play an important role to ensure the information provided is right and clear to persuade customer"s satisfaction. Moreover, researcher needs to know which factors that influencing the customers on online purchasing.

The most important task for online seller is they must know the effective advertising on internet. This is important to persuade the customer"s trust. If they fail to attract attention or they are misinterpreted, this will affect the customer"s purchase intention.

1.3 Research question

According to the problem statement find out from the secondary data, researcher constructs the research questions from the problem statements. The Research questions are constructed as follows:

1. What does the factors that influence the customers to purchase through online?
2. What is the factor(s) that the most influence the customers to purchase through online?
3. Do the customers satisfy with the items they purchased through online?

1.4 Research Objective

This research is to investigate the factor that influencing the customer"s to purchase through online in order to increase the customers satisfaction toward online purchasing. Related to the research questions, researcher find out the objectives of this research that are:

1. To investigate the factors that influences the customers on online purchasing.

2. To determine the factor(s) that most influence the customers to purchase through online.

3. To identify whether the customers were satisfied with the items purchased or not.

To gain the information from this research objectives, researcher need to get the feedback from customers for questions that may ask in form of questionnaires. Researcher distributed questionnaires as well as do the internet research regarding to the factors on online purchasing and the customers satisfaction.

1.4 Scope

The scope of the research is to investigate the factors that influence the online purchasing and customer's satisfaction on online purchasing in UTeM. The researcher has chosen UTeM area in Melaka. Researcher need to identify which category of products that UTeM students the most purchased through online. From the objectives obtained, researcher also need to identify the factor(s) that the most influence the online purchasing among UTeM students.

In order to achieve the goals and objective of this research, the research scope is to investigate several variables that effect on customer's purchase satisfaction. Besides that, this research also to identify the customer's satisfaction on items they purchased.

1.5 Summary

In chapter 1, researcher has clarified the introduction of the topic and background of the research study clearly. In addition, the research problems were identified in this chapter. Researcher also explained the purpose of this study to be conducted. After that, the research questions and research objectives are formed during this research all of these are important because it contribute a clear way to complete the whole research study and the significant of the study.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

In this chapter, the researcher will discuss in details about the customer‟s satisfaction. The researcher also will study the literature of factors affecting the online purchasing (e-shopping) in order to fulfill the first research objective. Next, throughout this chapter the researcher will relate to the customer‟s satisfaction in achieving the second objective of this research. Lastly, in the final subdivision the researcher will come out with the theoretical framework for the research study.

2.2 Definition of review scope

Vom Brocke, Simons, Niehaves, Plattfaut, and Cleven, mentioned that a review must started with a comprehensive conception of what is known about the topic and potential areas where knowledge needed. In order to pick out the key concept on which to base the literature review, the researcher began the study on purchasing by looking at the definition of the purchasing in term of online.

2.2.1 Purchasing

Purchasing denote to the procedure in getting goods or services in order to achieve the organizational goals. Purchasing can be divided into two broad categories that are large and small purchases that based on seven characteristics of purchased product that are volume, specificity, technological complexity, essentiality, fragility, variability as well as economic value. (Mihir A. Parikh Kailash Joshi, 2005). The large purchases include the items that are high volumes and prices as well as more specific uses. Besides, the small purchases involve the items that are low volumes and small in price but unexpected uses.