

GEN Y PURCHASING POWER OF TECHNOLOGY
PRODUCT

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SUPERVISOR DECLARATION

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DECLARATION

“I declared that thesis entitle Gen Y Purchasing Power of Technology Product is the result of my own research except as cited in the references”

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DEDICATION

I dedicate this thesis to my beloved father Huasin Bin Yahya and my mother Hayati Binti Othman with much love, respect and admiration. I also dedicate this thesis to my lecturers at UTeM especially for my supervisor Dr Haslinda Binti Musa, friends and those people who have guided and inspired me throughout my journey of education.

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ABSTRACT

The purpose of this study is to investigate the most factor that influencing Gen Y lifestyle in purchasing power of technology products. The purchasing power of Gen Y was increased and was estimated to increase continuously with the growth of technology. The study used the theory of consumer behavior model by Philip Kotler (1998). The sample size consists of 100 Gen Y that has age range between 18 to 34 years old and the questionnaire is distributed through internet using Google Document and by hand. The analyses of data are completed using multiple linear regressions. The result will help marketers to understanding the purchasing behavior of Gen Y based on their lifestyle.

ABSTRAK

Tujuan kajian ini adalah untuk mengkaji faktor yang paling mempengaruhi gaya hidup Gen Y dalam kuasa membeli produk teknologi. Kuasa membeli Gen Y telah meningkat dan telah dianggarkan meningkat secara berterusan dengan pertumbuhan teknologi. Kajian ini menggunakan teori model gelagat pengguna oleh Philip Kotler (1998). Saiz sampel terdiri daripada 100 Gen Y yang mempunyai lingkungan umur antara 18 hingga 34 tahun dan soal selidik telah diedarkan melalui internet menggunakan Google Dokumen dan diedarkan terus kepada responden. Analisis data dibuat dengan menggunakan model regresi linear berganda. Hasilnya akan membantu pemarkas untuk memahami tingkah laku membeli dalam kalangan Gen Y berdasarkan gaya hidup mereka.

TABLE OF CONTENTS

CHAPTER	TITLE	PAGES
	DECLARATION	II
	DEDICATION	III
	ACKNOWLEDGEMENT	IV
	ABSTRACT	V
	ABSTRAK	VI
	TABLE OF CONTENTS	VII
	LIST OF TABLE	XI
	LIST OF FIGURE	XII
	LIST OF APPENDIX	XIII
CHAPTER 1	INTRODUCTION	PAGES
	1.0 Background	1
	1.1 Problem Statement	2
	1.2 Research Question	3
	1.3 Research Objective	4
	1.4 Scope and Limitation of Study	4
	1.5 Project Significance	5
	1.6 Summary	5

CHAPTER 2 LITERATURE REVIEW

2.0	Introduction	7
2.1	Theory of Research	8
2.1.1	Model of consumer behavior (Kotler,1998)	8
2.1.2	Factors Influencing Consumer Behavior/Buyer's Characteristics	9
2.1.3	Personal Factors	9
2.1.4	Lifestyle	10
2.2	Gen Y Lifestyle	10
2.2.1	Trend	12
2.2.2	Advertisement	13
2.2.3	Gen Y Income	14
2.6	Purchasing Power	14
2.7	Hypothesis	15

CHAPTER 3 METHODOLOGY

3.0	Introduction	17
3.1	Research Design	18
3.1.1	Descriptive Research	18
3.1.2	Quantitative Research	19
3.2	Data Collection Methods	19
3.2.1	Primary Data	20
3.2.1.1	Questionnaire	20
3.2.2	Secondary data	21
3.3	Location of the research	21
3.4	Time Horizons	22
3.5	Research Model	22
3.6	Operational Variable Definition	24
3.7	Analytical Tools	27
3.7.1	Multiple Linear Regressions	27

3.8 Pilot Test	28
3.9 Research Strategy	29
3.10 Validity and Reliability	30
3.11 Gant Chart	31
CHAPTER 4 RESULTS AND DATA ANALYSIS	
4.0 Introduction	32
4.1 Descriptive Analysis	33
4.1.1 Gender	34
4.1.2 Age	35
4.1.3 Academic Level	36
4.1.4 Income	37
4.1.5 Did respondent ever purchasing and using technology product	38
4.2 Descriptive Statistic	39
4.2.1 How to set up range frequency	39
4.2.2 Descriptive Analysis of Independent Variable	41
4.3 Reliability Test and Correlation Analysis	42
4.3.1 Reliability Test	42
4.3.2 Correlation Analysis	43
4.4 Hypothesis Testing	45
4.4.1 Multiple Regression Analysis	45
CHAPTER 5 DISCUSSION, RECOMMENDATION AND CONCLUSION	
5.0 Introduction	50
5.1 Demographic Analysis	50
5.3 Discussion of Objectives	51
5.3 Limitation	52

5.4 Recommendation	53
5.5 Conclusion	54
REFERENCES	55
APPENDIX	58

LIST OF TABLE

NO	TABLE	PAGES
4.1	Summary Total of Respondents	33
4.2	Respondent by Gender	34
4.3	Age	35
4.4	Academic Level	36
4.5	Income	37
4.6	Did respondent ever purchasing and using technology product?	38
4.7	Frequency Range of Score	40
4.8	Descriptive Statistics	41
4.9	Result of Cronbach's Alpha	42
4.10	Result of Pearson Correlation Coefficient of All Variables	44
4.11	Result of Multiple Linear Regression (Model Summary)	45
4.12	Result of Multiple Linear Regression (Anova)	46
4.13	Result of Multiple Regression (Coefficient)	47

LIST OF FIGURE

NO	FIGURE	PAGES
2.1	Model of consumer behavior (Kotler, 1998)	8
2.2	Model of Factors Influencing Behavior	9
3.1	Research Model	23
4.1	Gender	34
4.2	Age	35
4.3	Academic Level	36
4.4	Income	38
4.5	Did respondent ever purchasing and using technology product?	39

LIST OF APPENDIX

NO	APPENDIX	PAGES
1	Gantt Chart	58
2	Questionnaire Survey	59

CHAPTER 1

Introduction

1.0 Background

Generation Y consumers have made a big impact in the global marketplace. Gen Y individuals are also labelled as the Millennium Generation, Echo Boomers, Why Generation, Net Generation, Gen Wired, We Generation, DotNet, Next Generation, Nexters, First Globals, iPod Generation, and iYGeneration (Williams & Page, 2011). Most researchers and commentators stated that this generation born from the early 1980s to the early 2000s. According to PewResearchCenter (2015), Millennials are defined as between ages 18 to 34 in 2015. Generation Y can be further divided into three sub-segments, namely adults of 18 to 27 years old, teenagers 13 to 17 years old and children 8 to 12 years old. Generation Y also has been shaped by forces unique to the era in which its members grew (or are growing) up. While no characteristic will apply to everyone in Generation Y, certain patterns of behavior are evident. This generation has a

large number in the marketplace and gains more purchasing power other than another generation.

Purchasing power affects every aspect of economics, from consumers buying goods, to investors and stock prices, to a country's economic prosperity. Generation Y consumers are more aware of their purchasing power and are likely to spend their cash as quickly as they acquire it, usually on consumer goods and personal services. Gen Y will be the largest buyers or consumers of cars, homes, and all the other products that provide the fuel that powers the economy.

The rapidity of change in technology makes it necessary to study the consumer behavior of Generation Y continuously because this generation will have high purchasing power and known as digitally generation. Technology is defined as art, skill, cunning of hand and the collection of techniques, skills, methods and processes used in the production of goods or services or in the accomplishment of objectives, such as scientific investigation. In this research, this particular study tries to relate purchasing power of Generation Y with the technology products.

1.1 Problem Statement

Nowadays, the purchasing power of Gen Y has been increasing rapidly. According to Chegg (2012), 55 percent of Generation Y students conduct research and advise family members on purchases and this climbs to 67 percent by the time students become graduates and swells to 69 percent when focused specifically on technology purchases. In addition, based on previous research by Jason Dorsey (2012), "Based on ours and other research, by 2017, Gen Y could outspend Baby Boomers. As Boomers move on they'll be spending less, but Gen Y is just getting started". However, Gen Y are tech-savy, well informed consumers and aware of their purchasing power. According to

Egil Moller Nielsen (2015), Generation Y is tech-savvy, and well informed consumers, it is important that you engage with this generation digitally. From the statement above, Gen Y has high purchasing power but they are tech-savvy and aware of their purchasing power.

So, from the problem statement stated above, a research will be conducted with topic “The Influence of Gen Y Lifestyle in Purchasing Power of Technology Product”. The research will focus on factors of Gen Y lifestyle that influence the purchasing power of technology product to solve the problem.

1.2 Research Question

- (i) Does the income influence the purchasing power of technology product in Gen Y lifestyle?
- (ii) Does the trend influence the purchasing power of technology product in Gen Y lifestyle?
- (iii) Does the advertisement influence the purchasing power of technology product in Gen Y lifestyle?
- (iv) Which factor that mostly influencing the Gen Y lifestyle in purchasing power of technology products?

1.2 Research Objectives

- (i) To study whether the income influence the purchasing power of technology products in Gen Y lifestyle.
- (ii) To investigate whether the trend influence the purchasing power of technology products in Gen Y lifestyle.
- (iii) To determine whether the advertisement influence the purchasing power of technology products in Gen Y lifestyle.
- (iv) To identify factor that mostly influencing the Gen Y lifestyle in purchasing power of technology products

1.4 Scope and Limitation of study

This research was conducted and focused on the factors that influencing the Gen Y lifestyle in purchasing power of technology products. This research was focused on any people known as Generation Y in Malacca, Malaysia that purchasing the technology products. This study was conducted in Malacca because of Malacca has many institutions that the majority of students are Gen Y. According to Malacca state government's official portal, there were 46 institutions in Malacca including public and private. The research was obtained a hundred of respondents to collect the required data.

This research also has limitation. Due to acknowledge of the researcher and the respondents, the researcher do not know if the answer given by respondents are honest answer or not. Another limitation is the cooperation of respondents. Although there were

many respondents, but it was difficult to get their cooperation and refuse to answer the questionnaires given to them.

1.5 Project Significance

This research is given benefits to marketers for understanding the purchasing behavior of the Gen Y on technology products. This is because the purchasing power of Gen Y was increasing by time. So, this makes Gen Y very important for marketers to gain more profits. In addition, this research benefits to marketers in understanding the reasons of Gen Y purchasing technology products in their lifestyle. This is because this research's scope is focused on factors that influence Gen Y lifestyle in purchasing power of technology products.

1.6 Summary

Based on researches before, many researchers stated that Gen Y has the largest purchasing power among another generation. Nevertheless, Gen Y are said as a generation that tech-savy and very aware in their purchasing power. This make they are very aware in purchasing technology products. This research aim to identify what are the factors that influencing the Gen Y lifestyle in purchasing power of technology products, to investigate the behavior of Gen Y in purchasing technology products and lastly to

investigate the demands of technology products in Gen Y lifestyle. The research's scope is done to focus on the research requirements and achieve the research objectives.

The results from this research, it is assumed that the marketers can improve and understand the Gen Y purchasing behavior on technology products. This research also can contribute to increase and improve the demand of Gen Y lifestyle for technology products.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

In this chapter, the research will be focused on Gen Y lifestyle in purchasing power of technology product based on some previous researches that had been done by researchers. This chapter also will focus on the factors influencing the Gen Y lifestyle in purchasing technology products based on previous researches. In addition, the theoretical framework of this research will be stated in this chapter.

2.1 Theory of Research

2.1.1 Model of consumer behavior (Kotler, 1998)

Consumer buying behavior refers to the buying behavior of the ultimate consumer. Many factors, specificities and characteristics influence the consumers in their decision making process, shopping habits, purchasing behavior, the brands he buys or the retailers he goes. A purchase decision is the result of each and every one of these factors. Consumer behavior refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants. Consumer behavior involves the activities people undertake when obtaining, consuming, and disposing of products and services (Consumer Behavior, 9th Edition, pg. 6). Kotler describes a model of Consumer Buyer Behavior. First, the buyer's characteristics influence how he or she perceives and reacts to the stimuli. Second, the buyer's decision process itself affects the buyer's behavior (Principles of Marketing 2nd edition, pg. 230). According to the Kotler's model the consumer buyer behavior have two parts. First, the characteristics of the consumer or the ability of the consumer to perceive the message that has been conveyed by the company for its certain product or service. Secondly, the decision making process of the buyer also effects the consumer behavior.

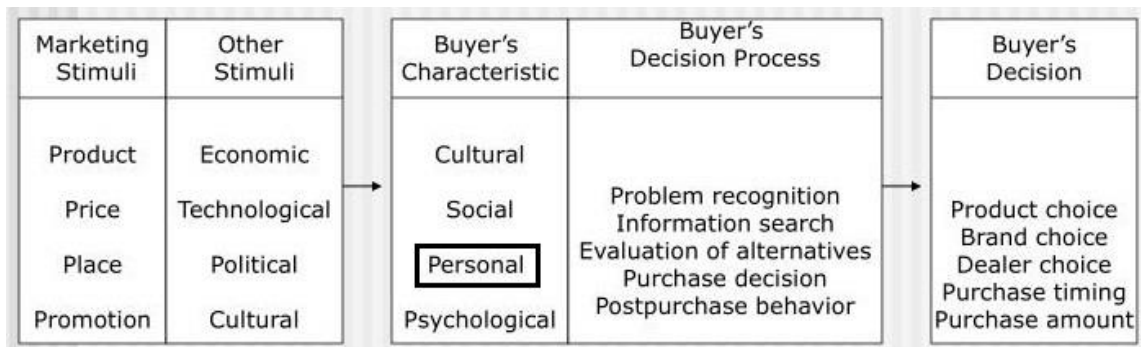


Figure 2.1 Model of consumer behavior (Kotler, 1998)

2.1.2 Factors Influencing Consumer Behavior / Buyer's Characteristics

There are four major factors that influence the consumer behavior; cultural, social, personal and psychological. In this study, the researcher was using lifestyle in the Personal factor from the theory to make the study about “influencing of Gen Y lifestyle in purchasing power of technology product”.

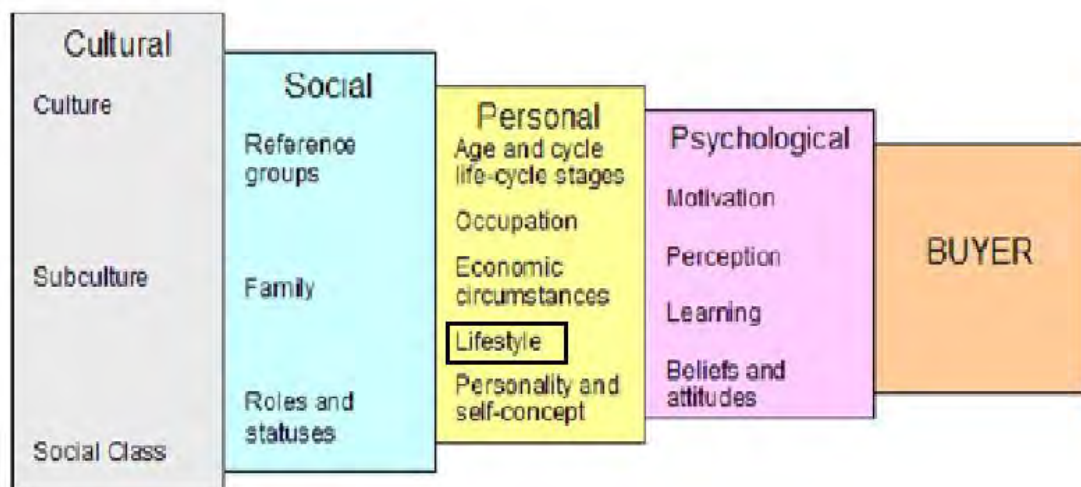


Figure 2.2 Model of Factors Influencing Behavior

2.1.3 Personal Factors

It includes such variables as age and lifecycle stage, occupation, economic circumstances, lifestyle (activities, interests, opinions and demographics), personality