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‘Factors influencing customer preference for online shopping on electronic related product among Malacca consumer’

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DECLARATION

Hereby, I acknowledge that this report is my own work except for citations stated in the references

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DEDICATION

“To my beloved family and friends”

ACKNOWLEDGEMENT

I would like to thank many people that have contributed to this research. Without them, it would not have been possible to achieve this research.

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Abstract

Online shopping in Malaysia has been shown to a high potential market. The electronic equipment takes a high percentage of the individuals shopping. Electronic product offer great convenience for the life of the people. Buying electronic gadgets online gives customers an opportunity to find a best variety of product online, and customers can review a wide selection of products and find special offers and discount with the best deals online.

Our research was conducted at Malacca, the participant are people who use online shopping to buy a particular product. We categorized the important factor that influences customer preference. These studies apply quantitative method with the use of questionnaire to obtain the data from the respondent. The data then analyze by using spss. The finding shows that the factors (shopping convenience, perceived benefits of online shopping, better product selection, and online purchase experience) influence customer preference for online shopping on electronic related product.

Our final finding shows that only three factor (shopping convenience, perceived benefits of online shopping, better product selection) highly influence customer preference for online shopping on electronic related product. Meanwhile another factor (online purchase experience) had been removed from the finding because the result shows that there is no relationship between the factor and customer preference. We suggested that the online retailers should guarantee a safe and accurate transaction process, moreover, make more efforts to web design. Our study is expected to contribute the e-commerce, especially focused on the electronic product field, the further research can take our research as a basic and go deeper to investigate.

Abstrak

Membeli-belah dalam internet di Malaysia telah terbukti dengan potensi pasaran yang tinggi. Peralatan elektronik mengambil peratusan yang tinggi daripada individu membeli-belah. Produk elektronik menawarkan kemudahan yang besar untuk kehidupan rakyat. Membeli alat elektronik dalam talian memberikan pelanggan peluang untuk mencari pelbagai terbaik produk dalam talian, dan pelanggan boleh menyemak pelbagai pilihan produk dan mencari tawaran istimewa dan diskaun dengan tawaran terbaik dalam talian.

Kajian kami telah dijalankan di Melaka, peserta adalah orang yang menggunakan membeli-belah dalam talian untuk membeli produk tertentu. Kami dikategorikan faktor penting yang mempengaruhi pilihan pelanggan. Kajian ini menggunakan kaedah kuantitatif dengan menggunakan soal selidik untuk mendapatkan data daripada responden. Data kemudian dianalisis dengan menggunakan perisian SPSS. Dapatan kajian menunjukkan bahawa faktor-faktor (kemudahan membeli-belah, faedah dilihat membeli-belah dalam talian, pilihan produk yang lebih baik, dan pengalaman pembelian dalam talian) pengaruh pilihan pelanggan untuk membeli-belah dalam talian di produk elektronik yang berkaitan.

Penemuan terakhir kami menunjukkan bahawa hanya tiga faktor (kemudahan membeli-belah, faedah dilihat membeli-belah dalam talian, pilihan produk yang lebih baik) yang sangat mempengaruhi pilihan pelanggan untuk membeli-belah dalam talian di produk elektronik yang berkaitan. Sementara itu faktor lain (pengalaman pembelian dalam talian) telah dikeluarkan daripada dapatan kerana hasilnya menunjukkan bahawa tidak ada hubungan antara faktor dan keutamaan pelanggan. Kami mencadangkan bahawa peruncit dalam talian perlu menjamin satu proses transaksi yang selamat dan tepat, lebih-lebih lagi, membuat lebih banyak usaha untuk reka bentuk web. Kajian kami dijangka menyumbang e-dagang, terutamanya memberi tumpuan kepada bidang produk elektronik, penyelidikan lanjut boleh mengambil penyelidikan kami sebagai asas dan pergi lebih mendalam untuk menyiasat.

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LIST OF ABBREVIATION

SPSS	-	Statistical Package for the Social Sciences
FPTT	-	Faculty of Technology Management and Technopreneurship
UTEM	-	University Technical Malaysia Melaka

CHAPTER 1

INTRODUCTION

1.0 INTRODUCTION

This section will provide all information regarding the research background, purpose, research questions, limitations of survey and theories. It explain the introduction of consumer behavior, online shopping, consumer behavior towards online shopping and online shopping of electronic product in Malacca

1.1 Background

1.1.1 Online shopping/ E-Commerce

The internet is set to change the way in which many companies conducted their business. It is to increase their effectiveness of selling their product. Having an online presence does more for a trader than just selling product over the Internet. It is also served as a better customer service and marketing tool (Burrow 2001). Internet makes life simple and innovative. People are doing business online and trade has become more easy and fast due to this. Internet provides new ways to promote business. Website becomes the essence of online business as to show their services and products. Internet gathers all competitors and consumers in one place. It brings new lane to promote, advertise products and services in market (Barry Silverstein, 2002, p. 3).

According to Chronis (2001) explained that online marketing enables a company to reach reverse target consumer ranging from a mass audience to a specific, demographically targeted audience. Furthermore, shopping through internet get many benefits as information can be quickly and easily gathered from potential customers resulting in faster lead times. Moreover, interactions with customer and immediate ordering online is possible , while far more extensive advertising coverage can be achieved for a relatively small outlay (Rowley 1996). Somehow, for the customers, the Internet makes it easy to buy online and provides a convenient buying method (Proter 2000a)

According to the American Marketing Association (2008), marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.

Technological advanced has attract marketer to try and exploit a new marketing channel. Internet explosions has encouraged marketer to advertise, promote and expose consumers with their product and service through the use of internet

Total global E-commerce sale in 2011 have grown to Euro 690 billion (USD 961 billion) and recorded an increase of 20 % with an estimation of increase in the coming years and to cross the 1 trillion Euro mark in 2013. Asia pacific region is leading in terms of growth as compared to mature markets like US, UK, Japan and European countries. Asia Pacific recorded 130 % growth specially China in 2011. The online retailing is becoming an integral part of an economy and country and worldwide increasingly seeing trust and confidence in purchasing online. (AadWeening, 2012).

“E-commerce is benefiting from several positive trends, including continued rollout of broadband, increasing user comfort shopping online and the decline of certain brick-and-mortar retailers,” (Imran Khan, 2011, P.416).

Online consumers are always seeking new products, new attractiveness and the most important thing being price compatibility with their budget. The internet is the best way to save time and money through purchasing online within their range of budget at home or in anywhere. Online consumers don't have limits to online shopping. They also use internet for comparison of prices of product and services, news, visit social networks and search information and so on. The recession has so much impact on online consumer behavior (Rodriguez, 2009, p. 3). Online shopping behavior depends on four factors such as Shopping motives, personality variables, internet knowledge and experience and last factor is shopping incentives. These are key determinants to influence the behavior of online consumers. Online seekers are the main sources of online shopping. Online shoppers always want to seek information within few clicks and reach to the most relevant information according to their requirements such as competitive brands, best price offers, product specification and consumer word of mouth (Yuan Gao,2005, p. 32).

1.1.2 Customer preference in purchasing electronic product

Consumer behavior in electronics environment is critical as compared to physical world and crucial understanding can be examined if the factors that affect the purchase decisions are ignored and unambiguous. Online consumers fear the opportunity to physically examine the product which is specifically regarded as influential factor in purchase decision. Therefore, consumer behavioral pattern in online shopping can be fundamentally different from traditional environment (Sajjad, May 2012) .

1.2 Problem Statement

Consumer behavior in online shopping and in traditional shopping is very different. Both include social, cultural, personal and psychology etc. factors but traditional shopping is much more influenced by these factors as compared to online shopping. The reason is that online consumers are restricting with social cultural environment and psychological factors. Online shopping basically based on individual thinking point of view and his personal perceptions. Online shopping makes its own character for its development (Na Wang 1, 2008, p. 4).

With the competition is fierce in e-commerce, the online retailers supposed to get to know more about the influencing factors work on the online consumers. In other words, the online retailers should understand the customer relationship management, especially in e-commerce field, which can lead to make effective business strategy and achieve the market demands in a right way. (Donthu & Garcia, 1999; Kim& Park, 2005; Shim& Drake, 1990), however, there is a lack of research

concerning online purchasing electronic products particularly and some problems concerning customer online purchasing electronic products still exist.

In response to the opportunity presented by the Internet, many companies adopted websites as part of their marketing efforts, and online shopping has increased dramatically. However, in these benefits, many of these Internet efforts have failed. The problem of this is what specific factors affect customers preferences to purchase electronic product online. The purpose of this study was to determine the customer preferences towards purchasing electronic products through online shopping

1.3 Research Objectives.

In particular, the study was conducted based on the following research objectives.

- To investigate demographic factor of Internet users who purchase online (age, education level, job stats, an monthly income)
- To determine the relationship between variable
- To determine the degree influencing customer preference purchasing electronic product among Malacca consumer
- To determine what is the most factor influencing customer preference of buying electronic product through online shopping

1.4 Research Question

Research question that had been use are:

- 1) What is demographic factor of Internet user who purchase online
- 2) What is significant relationship between dependent and independent variable
- 3) What is the degree influencing customer preference from purchasing electronic product among Malacca consumer
- 4) What is the most significant factor influencing customer preference from purchasing electronic product through online

1.5 Research purpose

A significant issue with the online shopping is that online shopping still lacks critical tactile aspects of an offline shopping experience. The purpose of this thesis is to identify and get insight into what main factors online customer takes into consideration when purchasing electronic product online. We also want to know the relationship between customer preferences towards online shopping electronic product. The purpose presented above is help by research questions. The research questions are derived from the theoretical framework. The findings of this research will outlined as implication for online electronic stores in order to enhance their customer knowledge and develop their online marketing strategy effectiveness. Also help online retailers learn how to convert browsers become more attractive to attract customer.

1.6 Research Outline

The research is divided into five parts. The first section is a brief introduction, helps the readers to know the thesis in a general context, mainly including the background of the research and research purpose and research questions. Literature review, as the second chapter this part highlights the theories which are applicable and closely connected to the subject, but also essential for the discussion and critical thinking in order to provide contributions in this area. The empirical section as the third chapter illustrates the research methodology. This content presents a brief introduction about the research, including sample selection and data collection.

Chapter four presents the data analysis and interpretation of outcomes. Chapter 5 represents the discussion and lastly Chapter 6 represent conclusion and recommendation of the research. Figure 1 below summarizes the structure of this thesis.



Figure 1: Research outline

1.7 Limitation

This study is not without limitations. The limitation of the study mainly includes two aspects. Firstly, the theoretical sources from scientific articles mainly focused on the general online shopping behavior without a specific field. Our research concentrated on online shopping behavior, but com to a specific electronic product field, however, there is lack for the electronic product online shopping research. Thus, we utilized the limited sources to support our research, meanwhile, through reviewing a large amount of previous relevant researches, we figure out the similarity and difference of the sources, and collected the valuable ones to serve our research of the electronic product field.

From another point of view, our study used a convenient sampling of internet user of Malacca people to participate and test our proposed framework of online shopping preference for electronic product. This demographic group is meaningful to investigate due to the strong consumer demand and buying power. However, the focus group can only representative for a limited demographic group, but may not be generalized to other populations. Therefore, for the future research, it should take a more various sample with different demographic factors.

1.8 Summary

Chapter 1 is about the development of the framework for the project. The framework works 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 research background, research problem and research question. The purpose of doing the research and the outline research is also discussed under Chapter 1. Finally the chapter tells about limitations of the research.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

There a lot of theories that explain, detailing and discuss about online shopping. In this literature reviews, it will covers the theories about online shopping, and preference of customer behaviour towards online shopping. The theories come from books while the application comes from journal, article and past studies.

2.2 Definition of term

Electronic shopping / Internet shopping/ Online shopping: “The buying of product or

Services over the Internet, using either a computer or an Internet television”
(Laudon & Traver, 2008, p. 56)

E-commerce: consists of the buying and selling of products or services over electronic systems such as the Internet and other computer networks. (Laudon & Traver, 2008, p. 156)

Online purchase experience: Sum of all experiences a customer has with a supplier of product and/or services, over the duration of their relationship with that supplier. This can include awareness, discovery, attraction, interaction, purchase, use, cultivation and advocacy