

FACTORS TOWARDS CONSUMER ADOPTION OF E-COMMERCE
AT TESCO MALAYSIA

NOOR SHUHaida BINTI RADZALI

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

SUPERVISORS' CONFIRMATION

We acknowledge that we have read this thesis and in our opinion this thesis is sufficient in terms of scope and quality for the award of Bachelor of Technology (High Tech Marketing)

Signature :
Supervisor Name : Dr. Haslinda Bt Musa
Date : 25th June 2014

Signature :
Evaluator Name : Datin Suraya Bt Ahmad
Date : 25th June 2014

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NOOR SHUHaida BINTI RADZALI

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Universiti Teknikal Malaysia Melaka**

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"I admit that this report is my own work except the summary and excerpts of each of which I have mentioned the source"

Signature :
Name : Noor Shuhaida Binti Radzali
Date : 25th June 2014

DEDICATION

To

My Mother

Thank you for always be with me and all the advices given.

My Father

Thank you for supporting and encourage me to believe in myself.

My Family

Thank you for all the support that you gave to me.

My Supervisor

Thank you for all your guidance during the completion of this project.

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I felt thankful for the blessing of Allah S.W.T gave to me, in a chance for me to finish this Final Year Project. The special thanks go to everyone around me who always give me a support from behind. Thank you my supervisor, Dr. Haslinda Musa for giving me all guidance and support during the completion of this project.

Special thanks to my friends who always give me ideas and support, and sharing their thoughts with me. I would like to thank you my parents for giving me advices and support me during my studies.

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ABSTRACT

E-commerce is a selling and buying process of products and services by business organization through an electronic medium without using any document papers. Nowadays people are intending to do online shopping. Because of that, the research is to study the factors towards the consumer adoption of E-Commerce at Tesco Malaysia. There are three factors contributed in this research, which are accessibility, time saving and convenience. This research is conducted by using a quantitative method. The data and information are collected by using questionnaires, which are distributed to the Tesco's consumers all over Malaysia comprises all of 14 states. There are 100 of respondents, which are the Tesco's customer are involved in this research. The data that has been collected was analysed by using Statistical Package for Social Science (SPSS) version 22.0 and Microsoft Excel. As for the result, all of the three factors that are studied in this research have significant relationships towards consumer adoption of E-Commerce at Tesco Malaysia.

ABSTRAK

E-dagang adalah proses menjual dan membeli produk dan perkhidmatan oleh organisasi perniagaan melalui medium elektronik tanpa menggunakan mana-mana kertas dokumen. Pada masa kini, kebanyakan pengguna gemar untuk melakukan membeli-belah dalam talian. Oleh kerana itu, kajian ini adalah untuk mengkaji faktor-faktor ke arah penerimaan pengguna terhadap E-Dagang di Tesco Malaysia. Terdapat tiga faktor yang menyumbang dalam penyelidikan ini, iaitu akses, penjimatan masa dan kemudahan. Kajian ini dijalankan dengan menggunakan kaedah kuantitatif. Data dan maklumat yang dikumpul dengan menggunakan soal selidik yang diedarkan kepada pengguna yang Tesco. Terdapat 100 responden, yang merangkumi 14 negeri seluruh Malaysia yang merupakan pelanggan Tesco terlibat dalam kajian ini. Data yang telah dikumpul dianalisis dengan menggunakan Pakej Statistik Untuk Sains Sosial (SPSS) versi 22.0 dan Microsoft Excel. Bagi keputusan itu, ketiga-tiga faktor yang dikaji dalam kajian ini mempunyai hubungan yang signifikan terhadap penerimaan pengguna E-Dagang di Tesco Malaysia.

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CHAPTER 1:

INTRODUCTION

1.1 Introduction

This research is to investigate factors toward consumer adoption of E-Commerce at Tesco 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

Electronic commerce is a way of doing business by using large electronic network such as Internet. It also known as e-commerce, e-commerce helps to operate business smoothly between companies and consumers (B2C), between one company and another company (B2B), and between customers and customers (C2C).

In E-Commerce, transactions between two parties happen through electronic medium, mostly in Internet. Usually, the most commonly transactions between companies and consumer, where consumer purchase products and services by using card

credit payment through a secured website. These transactions also include the transaction between companies and also between individuals.

An example of B2C e-commerce is online shop like Amazon.com. Anybody who has the Internet access and credit card can access the website; they can browse its products and services, make a choice and purchase their products or services by using credit card and with the guarantee of delivery in mail.

Other than that, example of C2C e-commerce would be an online marketplace such as eBay.com. Similar to Amazon.com, anyone who has the internet access and credit or debit card, they can search and purchase available products. The difference is, the products are selling by an individual seller (other consumers) and not a big online shop.

1.3 Problem Statements

Nowadays, mostly people are working including housewife. Most of their time is spend at their workplace. So they have no time to go to physical store to buy their things. To overcome this problem, e-commerce or online shopping is introduced. For example, to buy a groceries, the household no need to go to the supermarket or hypermarket to the groceries. It is because the retail store (hypermarket and supermarket) already implemented e-commerce into their business.

We can buy groceries using online system. We just need to go to their website, make a selection on item that we want to purchase, make a payment, and just wait for the delivery. It is more convenience because the customers only buy their groceries using electronic medium.

1.4 Research Questions

The key issues for this research:

- What is the relationship between accessibility and consumer adoption of E-Commerce in retail industry at Tesco Malaysia?
- What is the relationship between time savings and consumer adoption of E-Commerce in retail industry at Tesco Malaysia?
- What is the relationship between convenience and consumer adoption of E-Commerce in retail industry at Tesco Malaysia?

1.5 Research Objectives

The objectives that want to achieve in this research:

- To study is the relationship between accessibility and consumer adoption of E-Commerce in retail industry at Tesco Malaysia.
- To determine the relationship between time savings and consumer adoption of e-commerce in retail industry at Tesco Malaysia.
- To examine the relationship between convenience and consumer adoption of E-Commerce in retail industry at Tesco Malaysia.

1.6 Scope, Limitations and Key Assumptions of the Study

1.6.1 Scope

The scope of this research is to study the relationship between accessibility and consumer adoption of e-commerce in retail industry at Tesco Malaysia. Other than that the scope is to know the relationship between convenience and consumer adoption of e-commerce in retail industry at Tesco Malaysia. Lastly, is to determine the relationship between time savings and consumer adoption of e-commerce in retail industry at Tesco Malaysia.

1.6.2 Limitations

The limitation in this research is to know customer adoption about Tesco Online shopping. Respondents only involves by Tesco customers only. Most Tesco's customers prefer to go to their physical stores to buy their groceries compare to buy online. It is because they can see the condition of the products whether it is still in a good condition or not, and it give satisfaction to them.

1.6.2 Key Assumptions

By using Tesco Online Shopping, it is easier for the consumer to buy groceries at Tesco. It is because, they just have to order the groceries from home or anywhere that have Internet access. Other than that, by using Tesco Online Shopping, it also save times and budget. Tesco's customers just have order using online system at their website which takes only a few minutes. It also can save the household expenses, because they do not need to expend their money for their journey to Tesco's physical stores. Order by using online system, it is more

convenience to the customer, because they maybe orders from their house which is more comfortable and they no need to be in crowded place to buy their needs.

1.6.4 Importance of Study

The importance of study in this research is to analysis the customer adoption of e-commerce in retail industry at Tesco Malaysia. E-commerce also allows electronic movement and generates revenue by the way it by promoting their products and services and information about their products and services. As the e-commerce allows online sales support operations and customer service.

Nowadays, consumers really appreciate the value of time and put it as a priority than anything else; consumers also want to follow up business in the best time of their convenience, it is through Web sites that customers can place orders in any time they want the customer can shopping 24 hours a day and throughout the year, and any place where there is no need for an effort to go to a specific place to buy they needs.

CHAPTER 2:

LITERATURE REVIEW

2.1 Introduction

This chapter will explain about literature review for all dependent variable and independent variables that will support this research. The dependent variable in this research is consumer adoption of E-Commerce at Tesco. For this research there are three independent variables used to test the dependent variable, which is accessibility, time saving and convenience.

2.2 E-commerce

E commerce and use of ICT changes the economy and the way business is conducted. They force companies to find out new ways in which business can compete, attract and retain their business by providing them products and services according to their needs, and restructure their business strategies to deliver products and services more effectively and efficiently (Fareeha et al, 2014). The study of digitally enabled commercial transaction between and among organizations and individuals (Laudon and Traver, 2003). Electronic commerce or e-commerce refers to a wide range of online business activities for products and services. It also pertains to “any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact (Goel et. al, 2011).

A networked information system that serves as an enabling infrastructure for buyers and sellers to exchange information, transact, and perform other activities related to the transaction before, during, and after the transaction (Varadarajan and Yadav 2002). E-commerce web applications, a special type of web applications designed for online shopping, play an important role in the modern world (Sun et al, 2014). B2B e-commerce is simply defined as e-commerce between companies. This is the type of e-commerce that deals with relationships between and among businesses. About 80% of e-commerce is of this type, and most experts predict that B2B ecommerce will continue to grow faster than the B2C segment (Khurana et. al, 2011).

2.3 Accessibility

Similarly, Park and Stoel (2005) found that customers exhibited greater purchase intention when they shop at the website that was operated by well-known traditional retailers, as compared to the unknown internet-based retailers. Retailing today involves selling not only in stores, but also through the web and other non-store electronic channels, termed e-services or e-retailing (Mathwick et al., 2002). Grocery products are also being offered online, although growth in this format is considerably slower.

Supermarket retailers believe that consumer cross-shopping among these formats poses a serious threat to traditional grocery stores (Gose, 2002; Progressive Grocer Report of the Grocery Industry, 1999; Taylor, 2003).

Parsons (2002) applied Tauber's (1972) personal and social motives as representative of Sheth's (1983) non-functional motives for shopping on the internet. He found that non-functional motives can be adapted to the twenty-first century mode of shopping, namely internet shopping. Because “softer” non-functional sources of motivations apply to the internet, to gain market share internet sellers should not focus solely on functional aspects. Consumers' assessments of these retailers' performance, particularly their service performance such as online transaction reliability and responsiveness in service delivery, may determine their competitiveness and long-term survival (Joseph and Stone, 2003; Montoya-Weiss et al., 2003; Zeithaml et al., 2002).

2.4 Times saving

Survey research indicated that consumers and especially “hurried consumers” viewed online shopping as an effective time-saving strategy (Alreck and Settle, 2002). Convenience of the internet store (e.g. 24-hour access) may bring shoppers to process transactions to make a purchase online, but due to shipping charges, shoppers may prefer choosing an offline store for merchandise self-pickup, instead of home delivery (Jayoung et. al, 2006). Moreover, the internet catalogs, in addition to the traditional catalogs, can provide consumers with extensive product information, convenience of time-saving and prompt updates for new products.

In general, the internet provides various types of stores (e.g. department store, specialty store), numerous product assortments, price and alternative comparisons, latest information, and convenient access to the products and services anytime, from anywhere (Elliot and Fowell, 2000; Walsh and Godfrey, 2000). In addition, multichannel offline

purchasers may use the internet for price and product comparisons among numerous competitors in a short period of time with easy access and thus, may be more economic (Jayoung et. al, 2006)

2.5 Convenience

Shopping convenience has been one of the principal motivations underlying customer inclinations to adopt online purchasing (Beauchamp and Ponder, 2010; Colwell et al., 2008). As a context-based concept, consumers' perceptions of convenience can vary from one setting to another. Much of the existing convenience literature, however, has been restricted to a study of the development of the multidimensional service convenience construct in a conventional, brick-and-mortar retailing environment (Clulow and Reimers, 2009; Fitch, 2004; Reimers and Clulow, 2009).

Although online shopping convenience is one of the major factors that prompt consumers to access online retailers' web sites (Ahmad, 2002; Jayawardhena et al., 2007), much of the prior research on e-commerce has treated the convenience construct as one of the predictor variables, such as customer service and trust, that affect outcome variables, such as customer satisfaction and behavioral intentions (Colwell et al., 2008; Seiders et al., 2007). Thus, the unique aspects of the internet as a shopping platform, such as ease of use, interactivity, information search and contents, and system reliability (Jun et al., 2004; Kim and Park, 2012; Udo et al., 2010; Yang and Fang, 2004) warrant further examination on online shopping convenience.

In the context of retailing, Seiders et al. (2000) suggest four avenues for providing convenience:

- Access. Consumers may reach a retailer.
- Search. Consumers can identify and select products they wish to buy.