

**FACTORS INFLUENCING CONSUMER PURCHASING BEHAVIOUR
TOWARDS HIGH-TECH PRODUCT(LAPTOPS)**

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FACTORS INFLUENCING CONSUMER PURCHASING BEHAVIOUR
TOWARDS HIGH-TECH PRODUCT (LAPTOPS)

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High Technology Marketing

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Report submitted in fulfilment of the requirement for the degree of Bachelor of
Technology Management (Hons) in High Technology Marketing.

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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 published for any degree and is not concurrently submitted in candidature of any other degree.”

Signature :

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ABSTRACT

Nowadays, the PC and the laptop industry are one of the fastest growing sectors in the world. It is important to assess consumers and consumer's preference that provides features that facilitate their purchasing decision making. High tech-product purchasing behavior issues are often discussed and included in consumer purchasing behavior. Therefore, this study discussed on the consumer behavior of Universiti Teknikal Malaysia Melaka (UTeM) students in purchasing a laptop. Questionnaires were distributed to 120 respondents randomly to all faculties in this university. Data and information obtained from the survey respondents consist of various consumers' backgrounds. This study was conducted to improve understanding of the research by referring to books, articles, journals and other reading resources available in the library and the Internet as well as previous studies. The data used are collected through a questionnaire, where all information related to the research were gathered and analyzed by using two main software which were Microsoft Excel and Statistical Package for Social Sciences (SPSS). From the study, it was found that the product specifications became a key factor to the respondents in purchasing a laptop. Brands and price were related to the customer's behavior but was found as not significant.

ABSTRAK

Pada masa kini, industri PC dan komputer riba adalah salah satu sektor yang paling pesat berkembang di dunia. Ia adalah penting untuk menilai pengguna dan pilihan pengguna yang menyediakan ciri-ciri yang memudahkan mereka membuat keputusan membeli. Isu-isu produk berteknologi tinggi dan tingkah laku membeli sering dibincangkan dan dimasukkan ke dalam tingkah laku membeli pengguna. Oleh itu, kajian ini membincangkan tingkah laku pengguna di Universiti Teknikal Malaysia Melaka (UTeM) dimana untuk mengetahui tingkah laku pelajar dalam membeli komputer riba. Borang soal selidik telah diedarkan kepada 120 responden secara rawak kepada semua fakulti di universiti ini. Data dan maklumat yang diperolehi dari responden bagi kajian ini adalah latar belakang pelbagai pengguna. Kajian ini dijalankan untuk meningkatkan pemahaman penyelidikan dengan merujuk kepada buku-buku, artikel, jurnal dan sumber bacaan lain yang terdapat di perpustakaan dan Internet serta kajian sebelumnya. Data yang digunakan yang dipungut melalui soal selidik, di mana semua maklumat yang berkaitan dengan penyelidikan yang telah dikumpul dan dianalisis dengan menggunakan dua perisian utama iaitu Microsoft Excel dan Pakej Statistik untuk Sains Sosial (SPSS). Dari kajian, didapati bahawa spesifikasi produk menjadi faktor utama kepada responden untuk membeli sebuah komputer riba. Jenama dan harga yang berkaitan dengan tingkah laku pelanggan tetapi didapati tidak signifikan.

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CHAPTER 1

INTRODUCTION

1.0 Background of Study

Customer is anyone that makes regular purchases from a company or a store, while a consumer is the one who makes any transactional decisions of economic nature including buying of goods and services. Consumer can be both personal consumer who buy for his or her own person and family consumption, and organizational consumer which could include non-governmental organization, political groups, companies and governments. According to Kotler, consumer buying behavior starts from "need recognition, then moves to information searching, evaluation of alternatives, purchase decision, and post-purchase behavior". Consumer behavior is the study of how individuals, group, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants. Buying Behavior also refers to the buying behavior of the ultimate consumer and the decision processes and acts of people involved in buying and using products which includes social and mental processes.

The current research is built primarily on the theory of consumers purchasing behavior in markets. For many purchases, the consumer will follow a generic model of decision-making by going through a process to make a decision. Typically, the buyer will recognize a need to make a purchase that initiates research on products and pricing. As an example, the decision to buy a washing machine might come after the old one breaks and needs a costly repair. The consumer will investigate the new washing machines on the market, evaluate features, benefits and pricing and

ultimately make a decision to purchase. How the consumer feels about the product after the purchase is also an issue. If he is satisfied with its performance, he will be more likely to purchase that brand in the future.

Consequently, the research was used to address what factors that consumers consent when to make a selection and buying a product that to make sure it's product suit with their needs.

The advancing technology has enabled automation of complex processes, mechanization of mundane tasks and made life a lot easier. Computers and the Internet are two of the greatest gifts of technology to mankind. They have redefined living and made the world a better place to live in. Thanks to the invention of laptops, computing is no longer limited to huge workstations and stationary desktops. It has taken a huge leap and has introduced to mankind, the concept of mobile computing.

Students, especially youngsters, make use of laptops for different purposes. They use laptop for both studies and recreation. Laptops are the means to connect to the world through the Internet, to socialize, to study, to gather information from the web and have access to the world at their fingertips. Laptops satisfy this need. They enable mobile use of computer technology. But laptops don't come cheap. Not everyone can afford big-budget laptops. The student crowd prefers to go for cheap ones, in order to balance their expenditure. As many students have to do with a restricted amount of pocket money, they cannot afford to go for expensive notebook computers. Most of them stay away from their families and have to manage their own expenses. This restricts them from splurging on costly laptops. What should they do? Do they have to be deprived of the bounties of technology? Is there no solution to their difficulty in buying an expensive laptop? It important to consider own perception when making decision to purchasing a laptop.

There is the numbers of computers sold globally from 1975-2011

Computer Sales	2011	2010	2000	1975
Number of computers sold globally	355.2 Million	346.2 Million	134.7 Million	50,000
Computer Sales Revenue	2011	2010	2000	1975
Worldwide computer sales revenue	329 Billion	321 Billion	251 Billion	60 Million
Computer Sales All-Time				
Number of computer sales all-time	3.287 Billion			
Computer sales revenue all-time	4.835 Trillion			
Purpose and Characteristics				
Percent of computers sold for business	74 %			
Percent of desktop computers sold	81.5 %			
Percent of laptop computers sold	16.4 %			
Percent of servers sold	2.1 %			
Region of Sales				
Percent of computers sold to the U.S.	38.8 %			
Percent of computers sold to Europe	25 %			
Percent of computers sold to Asia-Pacific	11.7 %			

Table 1.1: The Numbers of Computers Sold Globally From 1975-2011

Global PC Market Share by Units Sold				
Company	2011	2009	2005	2000
HP	17.2 %*	19.3 %*	14.5 %	7.6 %
Dell	12.1 %	12.9 %	16.8 % *	10.8 %
Acer	11.2 %	12 %	4.6 %	-
Apple	10.7 %	8 %	4 %	3.7 %
Lenovo	9.3 %	6.1 %	4.1 %	-
Asus	5.9 %	5.1 %	3.7 %	-
Samsung	3.3 %	2.8 %	1.5 %	-
Compaq	<i>Merged with HP in 2002</i>			12.8 %*
Others	24.4 %	24.2 %	36 %	47.6 %

Table 1.2: The Global Market Share of Each Brand of Laptop

1.1 Research Question

The purpose of this study is to evaluate how brand choices, product price and life cycle stage of product are impacting on consumer buying behavior. In evaluating the statement, this study attempts to answer the following questions:

RQ₁: What brand choices influence consumer in buying behavior of purchasing laptop?

RQ₂: What price offer will influence consumer on buying behaviors of consumer to buy a laptop?

RQ₃: What specification of laptop's component give impact in choosing laptop when they buying a laptop?

1.2 Research Objective

This study intends to find out if consumer buying behaviors are influenced by factors such as brand name of product, product price and perceived quality of product, and product specification. This study also intended to investigate whether factor consideration by consumer will have any moderation effect on consumer buying behavior. Thus this study will then focus on price of product, to know whether the products prices are the reasons for consumers to buy the product. This study also intended to evaluate whether brand of product have influence on the buying decision of consumer. It is also aimed to see the relationship between product price and consumer purchasing behavior.

1.3 Limitation and Scope of Study

Scope of the study report is limited to survey area in Universiti Teknikal Malaysia Melaka, Malacca. This research are focusing to all students in this university.

1.4 Significant and Important of Study

This study is to explore the relations between variables that affect the buying decision of consumer on high-tech product of laptop. Understanding of variables such as brand choice, price, and life cycle of product will be able to help further understand on how these variables affect the decision making and consumer purchasing behaviors f consumers.

Today, the success of any firm depends upon the satisfaction of consumers. To satisfy the consumers, the firm should know about the behavior of the consumers. In these circumstances, understanding consumer is a very difficult task because of the changing technology, innovation, and changes in life style. Laptops are an

integral part of today's student's study kit. Also with various brands in the market, each of them are trying to differentiate itself from the other in terms of features, style, and trying to entice the buyer with attractive offers, the decision of zeroing on the laptop has become a gruesome exercise for the student. The very nature of the product encourages the prospective buyer to go through all the stages of a typical buying process. That is the reason that I have taken up to study the consumer buying behavior for laptop buying, so that it can help the student to clearly understand what they should consider when buying a laptop.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

Consumer behavior mainly sheds light on how consumers decide to spend their various resources like time, money etc. on various products so as to meet their needs and requirements. Consumer behavior encompasses study of what, when, why and where the consumers will buy their products. It also focuses on how often the consumers use the products. Furthermore, it also sheds light on how the consumers evaluate the products after the purchase and the effect of evaluations on their future purchases (Schiffman, 2005).

This research is to investigate the relationship between consideration factors and customer behavior toward purchasing laptops. In this chapter, the literatures concern on consideration factors that students will highlight when buying a laptop so as to provide a theoretical framework for the analysis.

2.1 Consumer purchasing behavior toward laptop

Consumer behavior refers to the activities in which people acquire, consume and dispose products and services according to (Blackwell et al., 2001). Owing to the proliferation of brands in the recent decades, there are growing numbers of researches conducted in the field of consumer buying behavior. In order of rapid

technology advances in the last decade have sparked educational practitioners' interest in utilizing laptops as an instructional tool to improve student learning and education outcomes, so important to students to have a good laptop so that it will help them to study with properly.

As well as (Kotler et al, 2000) said the most important thing is to forecast where customers are moving, and to be in front of them. Thus, the more understanding of the consumer behavior, the more successful marketing strategies will be made (Solomon et al, 2002). So that, apparently consumers could be affected by marketing stimuli such as price, place, promotion and environmental stimuli when they move on step by step in the decision process towards a final buying decision, and the fact is consumers always may say one thing but do another because a variety of influences are the cause of certain actions undertaken by consumers.

2.1.1 Brand choice

According to (O'Malley, 1991), definition for a brand has been offered in the Journal of Marketing Management by Professor Peter Doyle of Warwick University: "A name, symbol, design, or some combination which identifies the product of a particular organization as having a substantial, differentiated advantage". Another definition by (Kapferer, 2004) says that a brand is a set of mental associations, held by the customer, which add to the perceived value of a product or service. These associations should be unique (exclusive), strong (salient), and positive (desirable). To many, a brand suggests the best choice, while others see a brand as something the customer knows and will react to.

Moreover, a brand to some can be a simple name, logo or symbol whereas to others it can be a promise, reputation or identification. The brand is committed to designing products and marketing programs that reflect creativity and the desire to constantly challenge the Status (Sharma & Pathan, 2011).

A successful brand is one which creates and sustains a strong, positive and lasting impression in the mind of a buyer (Kotler, 2003). Doyle (1998.p.77) claims "a

successful brand is a name, symbol, design or some combination, which identifies the product of a particular organization as having a sustainable differential advantage". Brand will give a good or bad judgment for first impression to customer. It can conclude that brand will give some impact to the product produce.

As mention by (Sawant, 2012), branding is a process of stamping a product or a group of products or something else which the marketer offers, with some identifying name and mark or combination of both. It creates individuality in the offering facilitating it to be easily distinguished and recognized in the market from rival offerings. The word brand is a comprehensive term. It can encompass a name, a word, a design, a symbol or a combination of these elements in order to distinguish one product from another. A brand, by definition, is a short hand description of a package of value, on which consumers can rely to be consistently the same or better over a period of time

The guarantee function, understanding by this the promise or guarantee of quality, is based on the appraisal that the brand is reliable, efficiently carries out its performance qualities and meets the generated expectations. Similarly, it is fitting to associate this function with the perception that the brand is linked to products with a suitable level of performance and is concerned about conveniently satisfying consumer needs, contributing variety and innovation (Belen del Rio *et al*, 2001). The establish brand are easy to attract customer because of trusted level to the brand are highest compare to news brand. Establish brand like Dell, HP and Acer are mostly knower by consumer in the Laptop and PC market.

In addition, the personal identification function is related to the fact that consumers can identify themselves with some brands and develop feelings of affinity towards them. In the literature on brand influence, a basic theory refers to the congruence between the consumer's behavior, his self-image and the product image. This theory is based on the idea that individuals can enrich their self-image through the images of the brands they buy and use (Belen del Rio *et al*, 2001). Brand will bring some special identities for the product image.

As the complexity of making a choice increases, people simplify their decision making processes and are more likely to rely on heuristics. This is related to information provision, product brand and the judgment heuristics discussed earlier by Kahneman (2003). When forced to make a decision quickly, consumers often make decisions based purely on product recognition, even if the consumer knows nothing about the product (Ariely 2008, Richter and Spath 2006). Furthermore, the importance of recognition and the extent to which consumers are able to access information about products and brands even when attention levels are low, is knowledge of increasing importance to marketing. In the past, marketing relied heavily on 'product recall' (the extent to which a consumer remembered having seen or heard about a product) as indicative of successful marketing. If lots of people recalled having seen an advert, the 'recall rate' was taken as a marker of success.

However, the impact of brand choice is not confined to point of purchase. A frequently cited example in both behavioral economics and marketing literature comes from Princeton University, where a research team explored brain activity in participants for example while they drank branded cola. While some participants drank blind, others were made aware of what brand they were drinking and were shown the product packaging. The study found that brand had a dramatic influence on expressed purchasing behavioral preferences. What was particularly important in the study was that brain scans were used to monitor brain activity during the tests. These found that activity in the part of the brain associated with emotion and affect were greater when participants knew they were using the branded product, not only do people report enjoying consuming a branded product more, but their brains exhibit responses commensurate with that (Broadbent 2007; McClure et al. 2004).

In research opinion, brand choice is more about the consumer loyalty and satisfaction of consumer on product brand of products in their previous buying of the product brand. Consumer will loyal with same brand if what they pay is same with what they expected to the product. This is the classification of each brand of product show in table 2.1: