FACTORS INFLUENCE CONSUMER BUYING INTENTION: A STUDY OF
THE SMARTPHONE IN MELAKA

TEE WAN XIN

Faculty of Technology Management and Technopreneurship

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

SUPERVISOR'S APPROVAL

'I hereby declared that I had read through this thesis and in my opinion that this thesis is adequate in terms of scope and quality which fulfill the requirements for the award of Bachelor of Technology Management (High-Tech Marketing)

SIGNATURE : …………………………………………………

NAME OF SUPERVISOR : DR. HASLINDA BINTI MUSA

DATE : …………………………………………………

SIGNATURE : …………………………………………………

NAME OF PANEL : DR. NURULIZWA BINTI ABDUL RASHID

DATE : …………………………………………………

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DECLARATION OF ORIGINAL WORK

"I hereby declare that the work of this exercise is mine except for the quotations and summarize that have been duly acknowledge.

Signature   :

Name   : TEE WAN XIN

Date   :

DEDICATION

For my beloved parents that always support me. A special thanks to my supervisor, panels and my friends for helping me in complete this research study.

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Abstract

The research study aims to investigate the factors (i.e., product features, social influence and brand name) influences consumer buying intention: A study of smartphone in Melaka. This is because the rate of smartphone penetration among Malaysia users is high. A total of 150 completed and usable set of questionnaires will be obtained from young adults which are smartphone users in Melaka, Malaysia. This study was a descriptive research study. This study used quantitative method and data collection method from primary data and secondary data. SPSS software is used to analyze questionnaire-based survey data. The result of the study indicated that brand name was the most significant factor that able to influence the consumer buying intention toward smartphone in Melaka.

Keywords: Product features, Social influence, Brand name, Buying intention.

Abstrak

Kajian penyelidikan bertujuan untuk mengkaji faktor-faktor (iaitu, ciri-ciri produk, pengaruh sosial dan nama jenama) mempengaruhi pembelian pengguna niat: Kajian telefon pintar di Melaka. Ini adalah kerana kadar penembusan telefon pintar dalam kalangan pengguna Malaysia adalah tinggi. Sebanyak 150 selesai dan set yang boleh diguna soal selidik akan diperolehi daripada orang dewasa muda yang merupakan pengguna telefon pintar di Melaka, Malaysia. Kajian ini adalah satu kajian penyelidikan deskriptif. Kajian ini menggunakan kaedah kuantitatif dan kaedah pengumpulan data adalah dari data primer dan data sekunder. Perisian SPSS digunakan untuk menganalisis data kajian berdasarkan soal selidik. Hasil kajian menunjukkan bahawa jenama adalah faktor yang paling penting yang dapat mempengaruhi niat pembelian pengguna terhadap telefon pintar di Melaka.

Kata Kunci: Ciri-ciri produk, Pengaruh sosial, Jenama, Keinginan membeli

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LIST OF ABBREVIATIONS

ASPs	=	Average Selling Prices
BN	=	Brand Name
CBI	=	Consumer Buying Intention
EFA	=	Explanatory Factor Analysis
FYP	=	Final Year Project
iOS	=	Mobile Operating System
MCMC	=	Malaysia Communication and Multimedia Commission
PF	=	Product Features
RAM	=	Random Access Memory
RIM	=	Research In Motion
SI	=	Social Influence
SNSs	=	Social Networking Sites
SPSS	=	Statistical Package for the Social Sciences
TPB	=	Theory of Planned Behaviour
TRA	=	Theory of Reasoned Action
UNESCO	=	United Nations Educational, Scientific and Cultural Organization
Wi-Fi	=	Wireless Fidelity

LIST OF SYMBOLS

%	=	Percent
<	=	Less-than
>	=	More-than
=	=	Equals

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

This chapter covers the background of the study, which discuss about the smartphone and its trend in Malaysia. Then, it is followed by the problem statement. The three research questions and three research objectives have clearly stated in this chapter. Next, the scope, limitations, key assumptions and the significant of the study will be discussed in the study. The last part of this chapter is the brief summary of the overall chapter.

1.2 BACKGROUND OF THE STUDY

A smartphone is a phone that's at the forefront of current technology (Microsoft Devices Team, 2012). In the year 1973, cell phones were invented and now have been developed rapidly and eventually become a necessity for everyone (Quynh, 2014). Lay-Yee et al. (2013) in their study revealed that smartphone is a mobile device which is not only receives phone calls, text messages, and voice mail but it is also able to access digital media like picture, music and videos and the internet. Malviya et al. (2013) also said that almost all smartphones are based on an Operating System; the size is slightly bigger than standard mobile telephones and has a high-density screen resolution. Smartphones are usually within reach, no matter where you are.

Recently, smartphone penetration has soared in Malaysia (Waring, 2015). Another research (Statista, 2016b) forecast smartphone penetration rate among mobile phone users will be over 50 percent to reach almost 1.5 billion in the Asia-Pacific region by the year 2019. This may cause by the faster proliferation of cheaply manufactured mobile phones and a cost of service plans show decreasing (Statista, 2016b; e Marketer Inc, 2015). The latest Communications and Multimedia : Facts and Figures, 1Q 2016 released by the Statistics Department of Malaysian Communication and Multimedia Commission (MCMC) showing that the penetration rate per 100 inhabitants on mobile-cellular is about 143.4% (MCMC Statistic, 2016, Q1). From the statistical report of Malaysian Communication and Multimedia Commission (MCMC), a penetration rate is over 100% can occur because of multiple subscriptions. The report also stated that Malaysia is the top one mobile cellular telephone subscriptions per 100 inhabitants among ASEAN countries in the year 2014 (MCMC Statistic, 2015).

According to Waring (2014), he summed up the news snippets in Malaysia and found that 88% of Malaysians access the internet via mobile and caused telecom operators accounted for 85% of revenue. Over a year after, he summarise from research firm GFK company report stated that 2014 smartphone sales in Malaysia hit 8.5 million but consumer spend falls due to the threat of new entrant to the market (Waring, 2015).

Moreover, the total numbers of mobile phone users are rising sharply in the second decade of this century (Malviya et al., 2013). Sajith Sivanandan, managing director of Google Malaysia said that 35% of smartphone users surveyed in Malaysia exclusively depend on their smartphone to accessing the Internet. According to Statista (2016a), the number of mobile phone internet users in Malaysia reached 16.6 million people .This number is expected to grow to 17.9 million in 2016 and 21.7 million in 2017. On the whole, Sajith said Malaysians are at the front of this trend, using the smartphone web to shop, access news, look for local businesses, watching videos and listening to music. The study conducted by Mad Lazim, H. and Sasitharan (2015) indicate that smartphone demand among Malaysian shown significant increasing due to the smartphone multipurpose features and application.

Besides that, Malaysia consumers will replace their mobiles every 21 months when compared to other electronic products (On Device Research.com, 2014). Consumers that want to upgrade to smartphone from feature phone have to spend more money. Smartphone become a common need to most people nowadays due to the advantages of smartphone and its ability compare to other technology devices (Lim et al. , 2012). Jerry Dischler, Google's Vice President, wrote in a blog post mentioned that fewer searches take place on computers than on mobile devices. However, the company declined to elaborate more on what does this happened and countries that have been counted (Sterling, 2015).

1.3 PROBLEM STATEMENT

In spite of high penetration rate of the smartphone, there are few reasons why this study should be conducted. Firstly, smartphone manufacturers expand new features of smartphones; however, the question is whether consumers desire for new features and willing to buy (Versace, 2013). The competitions between smartphone manufacturers are strong and drastic (PRWeb, 2016). The speed of changing technologies is unpredictable because the smartphone manufacturers keep on improving the new technologies and dump the old (Chow et al., 2012). As a result, there will be lots of new models of smartphone launching by the manufacturers from time to time within the market (Rahim et al., 2016). In the meantime, "Manufacturers are seriously trying to make a distinction between themselves with others competitors in small ways", said by computer scientist Kevin Curran at Mobile World Congress (MWC) in Barcelona (Scroxton, 2015a). It is important to help them gain the competitive advantage in the market.

In addition, smartphone market has hit saturation point (Scroxton, 2015b). According to analysts from Gfk indicates that average selling prices (ASPs) in mature markets have start drop and will continue in 2015 (Scroxton, 2015b). The computer scientist Kevin Curran indicates that most of the people buying and upgrading their phone are just a case from broken screen to a seamless screen upgrade (Scroxton, 2015). According to mobile industry review, the main trouble of smartphone is it is too common place and cause consumers excited not any longer (Edgar, 2016). Therefore, this will affect consumers buying intention towards the smartphone.

Other researchers (Osman et al., 2012) also agree that there is less survey for better understanding in consumers' preferences and behaviours as a result of the technology of smartphone change. They added that technology will change young adults' behaviours. As conclude, it is vital to determine the factors influencing consumer buying intention towards the smartphone. Hence, the purpose of this study is to provide the information on the consumers' intention on smartphone and its factors in Melaka. Thus, all reasons contribute to building the need to conduct this study.

1.4 RESEARCH QUESTIONS

Researcher answers to following research questions:

1. What are the factors that influence consumer buying intention toward smartphone in Melaka?
2. What is the most influence factor that is able to affect the consumer buying intention toward smartphone in Melaka?
3. Is there any relationship between factors influence and consumer buying intention toward smartphone in Melaka?

1.5 RESEARCH OBJECTIVES

Based on above mentioned research questions, researcher formulate following objectives of this research study as below:

1. To determine the factors that influence consumer buying intention toward smartphone in Melaka.
2. To identify the most influence factor that is able to affect the consumer buying intention toward smartphone in Melaka.
3. To investigate the relationship between factors influence and consumer buying intention toward smartphone in Melaka.

1.6 SCOPE, LIMITATIONS AND KEY ASSUMPTIONS OF THE STUDY

This research is focus on consumer buying intention towards smartphone. Therefore, the researcher will focus on young adults as the target respondents. The age range consider as young adults is between 20 to 29 years old. According to MCMC Statistic, the percentage distribution of hand phone users by age category in the year 2014 is highest with 18.8% from the age group of 20-24 follow by age group 25-29 which accounted for 16.3% (MCMC Statistic, 2015). In addition, this research will only focus in Melaka. The reason researcher select Melaka state as research location is because Melaka was the fourth highest state with cellular telephone

penetration rate per 100 inhabitants by state which is about 159.2% in the year 2014 (MCMC Statistic, 2015). The research instruments include a set of structured questionnaire. Hence, the results of the study will focus on the factors that influencing on young adults buying intention.

There is some limitation in this research. Firstly, the results obtained from sample size may not represent the whole population in Malaysia. This is because the samples only collect in Melaka which is one of the states in Malaysia. Thus, it does not represent the overall smartphone market in Malaysia. Next, the inaccuracy data may occur due to large distribution area in Melaka. Since the target respondents will be select randomly, so researcher cannot make sure all area data is accurate.

For key assumption part, the researcher assumes that all the respondents are answering questionnaire honestly. Besides that, all the respondents may understand and have enough knowledge on the questionnaire of smartphone. Thus, the research is very practicable because of the willingness of respondents to help in the study and at the same time provide helpful opinion and information.

1.7 SIGNIFICANCE OF THE STUDY

The importance of this research is to understand the relationship between the factors influence and consumer buying intention towards the smartphone. So, it is aim to find out the best solution to solve the problems raise in the study. The result of this research is beneficial and important for academic and practitioner.

In the academic perspective, students as the potential consumer will able to identify what factor or aspect they should consider when they intent to buy a smartphone that makes them easier to access coursework and entertainment purpose. In the smartphone practitioners and manufacturers perspective, they can use the information provided here to inspire them and manufacture consumer centric smartphone in future. They can gain more insight and perception from the study

outcome and design strategies planning for target consumers thereby increase the company sales.

1.8 SUMMARY

The first chapter of this research states the background of the study, problem statement, research questions, research objectives, scope, limitations and key assumptions and last but not least significant of this study. The following chapter which is chapter 2 will discuss about the literature review.