

FACTORS AFFECTING CUSTOMERS GENERATION Y'S REPURCHASE  
INTENTION TOWARDS PRODUCTS IN MELAKA'S VENDOR BOUTIQUE

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## SUPERVISOR'S APPROVAL

„I hereby declared that I have read this thesis and this research is sufficient in terms of scope and quality. This project is submitted to Universiti Teknikal Malaysia Melaka as a requirement for completion and reward Bachelor Degree in Technopreneurship with Honours (BTEC).“

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INTENTION TOWARDS PRODUCTS IN MELAKA'S VENDOR BOUTIQUE

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## DECLARATION

“I hereby declare that this project paper is the result of my own and independent work except the summary and experts that have been specifically acknowledgement”

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Date :

## **DEDICATION**

This paper is dedicated to both parents and also those who always motivate me in completing this research. A special thanks to my supervisor that always give most valuable guidance and advice to me in order to fulfill the requirement of the research. Without their support and motivation, it would have been impossible for me to complete this research project.

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Besides, I would like acknowledge Universiti Teknikal Malaysia Melaka (UTeM) for giving an opportunity to do this project. It also provided a platform or database for us to gain information and resources to complete our project. Additionally, it was enable me to learn and gain more experience in conducting a research.

Furthermore, I would like to dedicate this work to my family and friends who have been supportive, inspiring and motivating all the way. Last but not least, I would like to show my words of thanks to all respondents, who gave their full assistance in filling the questionnaire. Without their help and support from them, I cannot success completing the questionnaire.

## ABSTRACT

The rapid changing toward vendor boutique and cafe concept is the hottest trend environment in Malaysia. It has been created in competitive business landscape and their presence is clearly felt among Malaysian consumers especially Generation Y. The purposes of this study are (1) to determine the factors that affect customers Generation Y's repurchase intention towards products in Melaka's vendor boutique (2) to investigate which is the most factors that affect customers Generation Y's repurchase intention towards products in Melaka's vendor boutique and (3) to analyse the relationship between each factor that affect customers Generation Y's repurchase intention towards products in Melaka's vendor boutique. The questionnaire distributed to Generation Y who born in year 1980 to 1994 in Melaka, Malaysia. The analyses that used are inferential analysis; (1) Pearson correlation analysis and (2) multiple regression analysis to measure the variables and find the best relationship between variables to meet research objective and research question. According to multiple regression analysis, two out of three independent variables which is attitude and customer satisfaction are significant with repurchase intention. Based on Pearson correlation analysis, the research findings indicated that attitude and perceived quality are significant to have moderate positive relationship while customer satisfaction has strong positive relationship towards factors affecting repurchase intention. The researcher recommends that vendors' shop owner to collect and share online database (provide a membership card) to determine what kinds of products consumer prefer to buy and in the same time give a value to them.

## ABSTRAK

*Perubahan pesat terhadap konsep butik vendor dan kafe adalah trend persekitaran yang paling hangat di Malaysia. Ia telah dicipta dalam landskap perniagaan yang kompetitif dan kehadirannya jelas dirasai dalam kalangan pengguna Malaysia terutamanya Generasi Y. Tujuan kajian ini adalah (1) untuk menentukan faktor-faktor yang mempengaruhi niat pembelian semula pelanggan Generasi Y terhadap produk di butik vendor Melaka (2) untuk menyiasat faktor-faktor yang mana paling mempengaruhi niat pembelian semula pelanggan Generasi Y terhadap produk di butik vendor Melaka dan (3) untuk menganalisis hubungan antara setiap faktor yang mempengaruhi niat pembelian semula pelanggan Generasi Y terhadap produk di butik vendor Melaka. Soal selidik diedarkan kepada Generasi Y yang lahir pada tahun 1980-1994 di Melaka, Malaysia. Analisis yang digunakan ialah analisis inferensi; (1) analisis korelasi Pearson dan (2) analisis regresi berganda. Analisis untuk mengukur pembolehubah dan mencari hubungan yang terbaik di antara pembolehubah bagi memenuhi objektif kajian dan persoalan kajian. Menurut analisis regresi berganda, dua daripada tiga pembolehubah bebas yang merupakan sikap dan kepuasan pelanggan adalah signifikan dengan niat pembelian semula. Berdasarkan analisis korelasi Pearson, hasil penyelidikan menunjukkan bahawa sikap dan kualiti dilihat adalah penting dan mempunyai hubungan positif yang sederhana manakala kepuasan pelanggan mempunyai hubungan positif yang kuat terhadap faktor yang mempengaruhi niat pembelian semula. Penyelidik mencadangkan bahawa pemilik butik vendor untuk mengumpul dan berkongsi pangkalan data dalam talian (menyediakan kad keahlian) untuk menentukan apa jenis produk yang pengguna lebih suka membeli dan dalam masa yang sama memberi nilai kepada mereka.*



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**LIST OF ABBREVIATIONS**

|      |   |
|------|---|
| MEs  | = Micro Enterprises                       |
| SPSS | = Statistical Package for Social Sciences |
| UTeM | = Universiti Teknikal Malaysia Melaka     |

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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.0 Introduction**

Chapter 1 consider as an introductory chapter for this whole study. Thus, it comprise of introduction, background of study, problem of statement, research question, research objective, scope, significant and limitation of study and the summary that explained more detail.

#### **1.1 Background of the Study**

Nowadays, consumers have a lot of choices to purchase their desire products either using a traditional shopping approach like buying at physical stores such as mall, boutique and also using online platform. The rapid changing toward vendor concept boutique and cafe is the hottest trend environment in Malaysia. It has been created in competitive business landscape and their presence is clearly felt among Malaysian consumers especially Generation Y. Many entrepreneur especially small and cyber entrepreneur grab this opportunities to allocate their products under one place which monitored by vendors' shop owner. In the other hand, vendor concept boutique and cafe also use an online platform to easier for their customer shopping activity besides maintain the traditional concept such walk-in to the boutique same as exclusive boutique like JelitaSARA, Bella Ammara and Rayyan Haya' (Dain, 2015).

The existence of small businesses and cyber entrepreneur is one of the reasons why vendors' shop owner take an alternative in develop a multi-vendor to help them places their goods under one roof at the same time gain more consumers to purchase. Normally, vendor concept boutique and cafe provide a multiple product lines under their various brands. Vendors' shop owner will calling for all vendor to expand their offerings by adding to existing product lines, because consumers are more likely to purchase products from brands which they are already familiar.

The products and services are delivered in a unique atmosphere and style that cater customer's needs and wants able attract customer to purchase. In vendor concept boutique and cafe usually there is a lot of products such as clothes, cosmetic, accessories, headscarves, healthcare products, food and beverage and others to make it as a one stop center to customer purchase all thing they want in one roof (Abdullah, 2015). It is easier and comfortable to buyer to choose the products at the same time they can enjoy the dessert that served of this vendor boutique.

In addition, the varieties of product lines existing in vendor boutique make the consumers have more option to purchase. According to Besharat (2010), the purchasing behavior among consumer's today is very much challenging and changing over time because of this reason. They can choose from available branded product or consumption of own brand products that placed by vendor especially in term of apparel and scarfs with different designer. According to Ganesah (2010) as cited by Sohel Rana et al. (2015), the consumptions of own brand in Malaysia have also shown significantly increasing since 2009.

Consumer buying behavior can be understood in two stages, thus encouraging people to purchase and enhancing them to repurchase (Zhang et al., 2011). Repurchase intention refers to the probability or willingness of consumers to make another purchase from the particular company or same online seller, based on their previous experiences (Chiu et al., 2014). Indeed, repurchase intention is a manifestation of customer loyalty. For this research, researcher focused on factors and the relationship that affect intention of customers Generation Y's repurchase towards products in Melaka's vendor boutique.

### 1.1.1 Generation Y

Generation Y is also known as the Millennials are a specific cohort of people who born immediately after Generation X, and it is referred to the dot.com generation, eco boomers and millionaires (San, Omar and Thurasamy, 2015). Generation Y cohort are groups that born in the year of 1977 to 1994 (Kei, 2010; Sullivan and Heitmeyer, 2008). Nevertheless, there are many discrepancies and debates on the age range of this cohort. According to Kumar and Lim (2008), referred that this group of population born in year 1980 to 1994 with the youngest being 23 years old and the oldest being 37 years old based on current year 2017. Thus, in this research study, researcher found out to accurately define the respondent should use the common range shared among authors were established. The shared range was also in sync with (Kumar and Lim, 2008).

Generation Y is characterized by the criterion of high discretionary income, quality seekers, technologically advanced, socially conscious, and willing to pay more for brands and are brand loyal (Muntaha and Venter, 2014; Sullivan and Heitmeyer, 2008). This group of population comes after Generation X, where early adopters in knowing technology and the Internet and also assume modern technologies as inevitable for their life (Petra, 2016). Furthermore, they are very savvy in the usage these kinds of technologies and involved in online behavior like online shopping activity at the same time may fulfill their physical needs and wants.

Generation Y cohort are the critical market segments for business industry or in other words main target audience for retailers and consumer product companies, because it is sizeable and has significant purchasing power (Parment, 2013). According to statistic research results in 2009, the populations of Generation Y represent approximately 26 percent to 30 percent of total global consumer market, equivalent to trillions of dollar market worldwide (Ang et al., 2009) which is an important consumer market segment due to it has high purchasing power compared with other generations.

Stated by Kumar and Lim (2008), previous study by Kei (2010) showed that Generation Y cohort population is nearly 70 million people in USA due to future

market target group in worldwide. Furthermore, this population in Asia has grown from 648 million in 1995 to 729 million in 2006 (Kueh and Voon, 2007).

The Census provides that the population of Malaysia in 2015 is reported 31.186 million where Generation Y is dominated around 10 million or 32.07 percent of the total Malaysia population (Department of Statistics Malaysia, 2015). Therefore, this statement proves that this generation has made up the largest segment of Malaysia's population as compare than with other generation; X and Z. In addition, Malacca population comprise around 889 thousand of the total Malaysia population and approximated 258.8 thousands 29.11 percent is dominated by Generation Y in that population (Department of Statistics Malaysia, 2015).

So, this is equivalent to the research study, in conducting the factors that affect customers Generation Y's repurchase intention towards products in vendor boutique due to this generation more enjoys shopping significantly compare to the other generation, visit higher number of stores before final purchase and also prefer online retailers more to purchase (Gilboa and Vilnai-Yavetz, 2010).

## **1.2 Problem Statement**

Nowadays, rapid changing towards vendor boutique and cafe has become a phenomenon where their presence is clearly felt since past two years among Malaysia consumer. Through a concept and theory, this business look nice and give beneficial to all parties involved especially consumers. They can get multiple product lines under several of brands and at the same time, they can save a lot of time. Despite the phenomenal growth, vendor boutique still lack in aspect of quality control. Quality control is one of the parts of quality management that ensures products and service under process of inspecting to fulfill required quality standards. For instance, as we know vendor boutique is very differed from exclusive boutique whereby consumer can purchase as many items as possible in one top roof but they may not purchase the apparel from their favorite designer same as usual in exclusive

boutique. Once they make a decision to purchase, they must bear any defects that occur towards products.

Another problem that faced by the vendor boutique is the options that available in their boutique are inadequate which is may influence customer intent to purchase. Besides, the brand of product is not originally and also called as the counterfeit product is one of the important reasons for customers before make any purchase. Thus, customer nowadays more prefer to loyal towards luxury brands to avoid side effect especially when purchasing cosmetic and also healthcare product. Therefore, in this study, researchers tested several factors that affect customers Generation Y's repurchase intention towards products in Melaka's vendor boutique in terms of attitude, perceived quality and customer satisfaction.

### **1.3 Research Question**

The research questions asked in this study as follow:

- i. What are the factors that affect customers Generation Y's repurchase intention towards products in Melaka's vendor boutique?
- ii. Which are the most factors that affect customers Generation Y's repurchase intention towards products in Melaka's vendor boutique?
- iii. What is the relationship between each of factors that affect customers Generation Y's repurchase intention towards products in Melaka's vendor boutique?

### **1.4 Research Objective**

The specific objectives that were to be accomplished in this study are as follow:

- i. To determine the factors that affect customers Generation Y's repurchase intention towards products in Melaka's vendor boutique.
- ii. To investigate the most factors that affect customers Generation Y's repurchase intention towards products in Melaka's vendor boutique.
- iii. To analyze the relationship between each factors that affect customers Generation Y's repurchase intention towards products in Melaka's vendor boutique.

### **1.5 Scope of the Study**

As we know, location is one of the important things to an entrepreneur start up their businesses. The location of the business may influence a lot of aspects to successful in operations and overall growth. The researcher chooses Melaka as the scope of this study which covering Melaka Tengah, Alor Gajah and Jasin and the respondent represent Generation Y. Respondents in this study are individual who born from year of 1980 to 1994 as defined previous study by (Kumar and Lim, 2008). Apart from that, the researcher will look on Generation Y's education level, type of occupation and income level. The main reason Melaka was chosen in this research study due to the researcher has living in currently. Besides that, time and money constraints are the factor that influences the researcher in choosing Melaka as location of this study.

### **1.6 Significant and Limitation of the Study**

The aim of this study is to find out the factors that affect customers Generation Y's repurchase intention towards products in Melaka's vendor boutique. Throughout the research study, researcher able to help vendor gain a better understanding of Generation Y behavior and specific requirements. Besides, the result of this research is beneficial for vendors' shop owner in which they may also be used to establish appropriate marketing strategies.

The limitation in this research is to find respondent who are current customer of the vendor boutique and also have product experience. Another than that, the amount of the vendor boutique that available in Melaka also limited and cannot be identified. Besides of both limitations stated above, human factor also is one of limitation due to the large scale in distributing the questionnaire and limited time-constraint. In this study, the most important when choosing respondents who born in year 1980 to 1994 in which need to have high honesty level in order to avoid any defect on questionnaire which distributed randomly. In fact, there was also influence on the validity of result in future.

## **1.7 Summary**

Overall, in this introductory chapter is briefly clarified about the topic and what are content all about for the research. This chapter provide an overview of the research that consist of background of study, problem statement, research objectives, research questions, scope of the study, significance of the study, and a limitation.