

SUPERVISORS APPROVAL

‘I hereby declare that I have checked this project and in my opinion this report is adequate in terms of scope and quality for the award of the degree of Bachelor of Technology Management and High- Tech Marketing’

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THE INFLUENCING FACTORS CONTRIBUTING TOWARDS ONLINE
PURCHASE INTENTION AMONG CONSUMERS IN KELANTAN STATE.

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DECLARATION OF ORIGINAL WORK

“I hereby declare the work in this report is my own except for quotations and summaries which have been duly acknowledged”

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DEDICATION

I would like to dedicate my research project to my father, Mohammad Noor b. Omar and my mom Faridah bt Awang, who have been my constant sources of inspiration, they have given full support to my studies. I am honored to have their as my parents. Thank you for giving me a chance to prove and improve myself. To all my family thank you for believing me for allowing me to further my studies. Lastly a special thanks to my supervisor, Miss Johanna Binti Abdullah Jaafar, panels and to all my friends for helping me throughout the project towards accomplishing my research.

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ABSTRACT

The increasing demand in usage of technology nowadays has expanded business activities towards the online system that will ease any kind of business transactions. As such, business organizations have moved forward in providing better services to gain customers satisfaction. Internet is a platform that used by business organization to provide consumers with the online purchase intention facilities to purchase products or services. Nevertheless, it is important to understand the factors that will influence consumers online purchase intention. Hence, this study aims to determine the factors that could influence the online purchase intention among consumers in Kelantan State. Quantitative approach has been used in this research through distribution of 300 questionnaires to the internet users whom used the online system to purchase products and services in Kelantan state. Finding from the study reveals that there were factors that influencing the online purchase intention among consumers in Kelantan state. This research has discovered that, there are three variables were significant factors which were trust, perceived value and satisfaction, while, convenient and products or services were found insignificant towards online purchase intention. This study used Multiple Regression Analysis (MRA) to analyze the relationship between variable. The results of this study will assist the online marketers with a better understanding about the online purchase intention that will allow them to strategize more effectively on the online marketing strategy.

Keyword: Influencing factors, online purchase, online purchase intentions

ABSTRAK

Permintaan yang semakin meningkat dalam penggunaan teknologi pada masa kini telah mengembangkan aktiviti perniagaan yang menggunakan sistem dalam talian yang memudahkan apa-apa transaksi perniagaan. Oleh itu, organisasi perniagaan telah mara ke hadapan dalam menyediakan perkhidmatan yang lebih baik untuk memenuhi kepuasan pelanggan. Internet adalah satu platform yang digunakan oleh organisasi perniagaan untuk menyediakan kemudahan pengguna untuk membeli produk atau perkhidmatan atas talian. Walaubagaimanapun, ianya sangat penting untuk memahami faktor yang akan mempengaruhi niat pembelian pengguna dalam talian. Oleh itu, kajian ini bertujuan untuk mengetahui faktor-faktor yang boleh mempengaruhi niat pembelian dalam talian di kalangan pengguna di Negeri Kelantan. Pendekatan kuantitatif telah digunakan dalam kajian ini melalui pengagihan 300 soal selidik kepada pengguna yang menggunakan internet untuk membeli produk dan perkhidmatan atas talian di negeri Kelantan. Dapatan kajian menunjukkan bahawa terdapat faktor yang mempengaruhi niat pembelian dalam talian di kalangan pengguna di negeri Kelantan. Kajian ini telah mendapati bahawa, terdapat tiga pembolehubah adalah faktor penting iaitu kepercayaan, nilai yang diterima dan kemudahan, manakala kepuasan dan produk atau perkhidmatan adalah bukan faktor penting. Kajian ini menggunakan analisis regresi (MRA) untuk menganalisis hubungan antara pembolehubah. Hasil kajian ini dapat membantu pemasar dalam talian dengan pemahaman yang lebih baik mengenai niat pembelian dalam talian yang akan membolehkan mereka untuk menyusun strategi dengan lebih berkesan kepada strategi pemasaran dalam talian.

Kata Kunci: faktor pengaruh, pembelian dalam talian, niat pembelian dalam talian

TABLE OF CONTENTS

CHAPTER	TITLE	PAGES
	DECLARATION OF ORIGINAL WORK	ii
	DEDICATION	iii
	ACKNOWLEDGEMENT	iv
	ABSTRACT	v
	<i>ABSTRAK</i>	vi
	TABLE OF CONTENTS	vii
	LIST OF CHARTS	xiii
	LIST OF TABLE	xiv
	LIST OF FIGURES	xvi
	LIST OF ABBREVIATIONS	xvii
CHAPTER 1	INTRODUCTION	1
	1.1 Background of Research	1
	1.2 Problem Statement	3
	1.3 Research Questions	5
	1.4 Research Objectives	5
	1.5 Scope of The Research	6
	1.6 Limitation of The Research	6
	1.7 Significant of The Research	8
	1.8 Summary	8
CHAPTER 2	LITERATURE REVIEW	9
	2.1 Introduction	9

2.2	Purchase Intention	9
2.3	Online Purchase Intention	11
2.4	The Influencing Factors Contributing Towards Online Purchase Intention Among Consumers	11
2.5	Trust Factor	12
	2.5.1 Security	13
	2.5.2 Reliability	14
	2.5.3 Privacy	14
2.6	Perceived Value Factor	15
	2.6.1 Ordering	15
	2.6.2 Functionality	16
	2.6.3 Navigation of Website	16
	2.6.4 User-Friendly	17
2.7	Convenience Factor	17
	2.7.1 Time	18
	2.7.2 Website Image	19
2.8	Satisfaction Factor	20
	2.8.1 Enjoyment	21
	2.8.2 Lead-Time	21
	2.8.3 Customer Services	21
2.9	Products or Services Factor	22
	2.9.1 Price	23
	2.9.2 Services	23
	2.9.3 Quality	24
	2.9.4 Design	24
2.10	Research Framework	24
2.11	Research Hypothesis	26
2.12	Summary	27
CHAPTER 3	RESEARCH METHODOLOGY	28

3.1	Introduction	28
3.2	Research Design	29
	3.2.1 Questionnaire	30
3.3	Methodological Choices	31
3.4	Research Strategy	32
	3.4.1 Survey	32
3.5	Data Collection Method	33
	3.5.1 Primary Data Sources	33
	3.5.2 Secondary Data Sources	34
3.6	Time and Place of Study	35
	3.6.1 Time Horizon	35
	3.6.2 Gantt Chart	36
	3.6.3 Place of Study	36
3.7	Questionnaire Design	36
3.8	Sampling Design	38
	3.8.1 Sample Frame	39
	3.8.2 Sample Size	39
3.9	Scientific Canon	40
	3.9.1 Reliability and Validity	40
	3.9.2 Internal Validity	41
	3.9.3 External Validity	41
3.10	Statistic Tools	42
	3.10.1 Pilot Test	42
	3.10.2 Multiple Regression Analysis	43
	3.10.3 Factor Analysis	44
	3.10.4 Pearson Correlation	44
3.11	Summary	45
CHAPTER 4	DATA ANALYSIS AND DISCUSSION	46
4.1	Introduction	46

4.2	Pilot Test	47
	4.2.1 Trust Factor	47
	4.2.2 Perceived Value Factor	48
	4.2.3 Convenience Factor	48
	4.2.4 Satisfaction Factor	49
	4.2.5 Products and Services Factor	50
	4.2.6 Total Independent Variables and Dependent Variables	50
4.3	Reliability Statistic	51
4.4	Analysis of Demographic Information of Respondents	52
	4.4.1 Distribution of Respondents by Gender	53
	4.4.2 Distribution of Respondents by Age	54
	4.4.3 Distribution of Respondents by Profession	55
	4.4.4 Distribution of Respondents by Educational Level	57
	4.4.5 Distribution of Respondents by Income	58
	4.4.6 Distribution of Respondents by Frequency of Purchasing	60
	4.4.7 Distribution of Respondents by Average Amount Spent on Monthly	61
	4.4.8 Distribution of Respondents by Spending Hour	63
4.5	Descriptive Analysis	65
	4.5.1 Independent Variable 1: Trust	65
	4.5.2 Independent Variable 2: Perceived Value	67

4.5.3	Independent Variable 3: Convenience	68
4.5.4	Independent Variable 4: Satisfaction	69
4.5.5	Independent Variable 5: Products and Services	70
4.5.6	Dependent Variable: Online Purchase Intention	71
4.5.7	Descriptive Analysis for Independent Variable and Dependent Variable	72
4.6	Reliability Test	73
4.6.1	Trust Factor	73
4.6.2	Perceived Value Factor	74
4.6.3	Convenience Factor	74
4.6.4	Satisfaction Factor	75
4.6.5	Products and Services Factor	75
4.6.6	Total Independent Variables and Dependent Variables	76
4.7	Pearson's Correlation Analysis	77
4.8	Factor Analysis	80
4.9	Multiple Regression Analysis (MRA)	82
4.10	Hypothesis Testing	85
4.11	Summary	88
CHAPTER 5	CONCLUSION AND RECOMMENDATION	89
5.1	Introduction	89
5.2	Summary of Main Finding	90
5.2.1	Demographic Information	90
5.2.2	General Information	91
5.2.3	Descriptive Analysis	91

5.2.4	Reliability Test	92
5.2.5	Data Analysis	92
5.2.6	Hypothesis Testing	94
5.3	Implication of Research	94
5.4	Limitation of Research	96
5.5	Conclusion	97
5.6	Recommendation of The Future Research	98
	REFERENCES	100
	APPENDIX	105
	Questionnaire	105
	Gantt chart	135

LIST OF CHARTS

CHART	TITLE	PAGES
1	Gantt chart for PSM 1	135
2	Gantt chart for PSM 2	136

LIST OF TABLE

TABLE	TITLE	PAGES
4.2.1	Reliability statistics result for trust	47
4.2.2	Reliability statistics result for Perceived Value	48
4.2.3	Reliability statistics result for Convenience	49
4.2.4	Reliability statistics result for Satisfaction	49
4.2.5	Reliability statistics result for Products and Services	50
4.2.6	Reliability statistics result for total Independent variables and Dependent variables	51
4.4.1	Distribution of Respondents by Gender	53
4.4.2	Distribution of Respondents by Age	54
4.4.3	Distribution of Respondents by Profession	56
4.4.4	Distribution of Respondents by Educational level	57
4.4.5	Distribution of Respondents by Income	59
4.4.6	Distribution of Respondents by Frequency of purchasing	60
4.4.7	Distribution of Respondents by average amount spent on monthly	62
4.4.8	Distribution of Respondents by Spending hour	63
4.5.1	Descriptive Analysis of Trust	66

4.5.2	Descriptive Analysis of Perceived Value	67
4.5.3	Descriptive Analysis of Convenience	68
4.5.4	Descriptive Analysis of Satisfaction	69
4.5.5	Descriptive Analysis of Products and Services	70
4.5.6	Descriptive Analysis of Dependent Variable	71
4.5.7	Descriptive Analysis of Independent Variable and Dependent Variable	72
4.6.1	Reliability statistics result for trust factor	73
4.6.2	Reliability statistics result for Perceived Value factor	74
4.6.3	Reliability statistics result for Convenience factor	74
4.6.4	Reliability statistics result for Satisfaction factor	75
4.6.5	Reliability statistics result for Products and Services factor	75
4.6.6	Reliability statistics result for total Independent variables and Dependent variables	76
4.7	Strength of the correlation coefficient	78
4.7.1	Correlation between Independent Variable and Dependent Variable	79
4.8	KMO and Bartlett's Test	81
4.9.1.1	Model Summary of Multiple Regression Analysis	82
4.9.1.2	ANOVA of Multiple Regression Analysis	83
4.9.1.3	Coefficient of Multiple Regression Analysis	84
5.2.6	Hypothesis Testing	94

LIST OF FIGURES

FIGURE	TITLE	PAGES
2.10	Research Framework	25
4.1	Distribution of Respondents by Gender	53
4.2	Distribution of Respondents by Age	55
4.3	Distribution of Respondents by Profession	56
4.4	Distribution of Respondents by Educational level	58
4.5	Distribution of Respondents by Income	59
4.6	Distribution of Respondents by Frequency of purchasing	61
4.7	Distribution of Respondents by average amount spent on monthly	62
4.8	Distribution of Respondents by spending hour	64

LIST OF ABBREVIATIONS

SPSS	Statistical Package for Social Science
IV	Independent Variable
DV	Dependent Variable
MRA	Multiple Regression Analysis
KMO	Kaiser-Meyer-Olkin
ANOVA	Analysis of Variance

CHAPTER 1

INTRODUCTION

1.1 BACKGROUND OF RESEARCH

In the recent years, the Internet plays a very important role in our lives where people can communicate with other people using the internet site, can send e-mail, search information, playing games and also can buy things through online. (Katawetawaraks & Wang, 2011). According to the internet global report 2015, 3 billion people used the Internet in May 2015 (Internet Society, 2015). People nowadays have optimized the usage of internet function by selling products through online and do online advertising to promote their products and services. This scenario may have encouraged consumers to do online shopping to obtained their desired products or services. Online shopping can be defined as the process by which users takes their time to purchase products or services through the internet. Anyone could purchase products or services through online from their homes or even mobile apps. Purchasing of products through online was much more convenient where it could be done during their leisure time (Zuroni Mat Jusoh & Ling, 2012). The Internet was one platform to the people who want to buy the products through the online. Purchase through online transactions in Malaysia has recorded to be an encouraging development from time to time. Nowadays buying of goods via the internet has become a typical lifestyle of Internet users in Malaysia (Niaga, 2013)

According to OpenMindsResources.com study, 29% of Internet users in Malaysia prefer to spend at least 1-2 hours for shopping on the internet. Among the items often purchased were clothing and furnishings, electronic goods, computer and accessories, books and so on. The most frequently used websites by consumers to purchase online was Zalora.com.my, Lazada.com.my, SuperBuy.my and many more. (Niaga, 2013). In view of the buyer, online shopping gives more real advantage to them when shopping (Zuroni Mat Jusoh & Ling, 2012).

Besides that, online shopping was a service in that can be benefited to the users because they can buy goods anytime and also can save their shopping time (Miyatake et al., 2016). In 2013, online shopping market size is RM1.8 billion that reported in Malaysia. (Ariff et al., 2014). Most of the people select to shop online because of it more comfortable than buying to direct shop that will caused felt fearless, packed, traffic jam, brief periods, parking area and others (Momtaz, Karim, Islam, & Ku Ariffin, 2011). The user can enjoy online shopping for 24 hours a day and it open for 365 days and also never closes. The user can buy any product or service anytime and anywhere. (Zuroni Mat Jusoh & Ling, 2012). Online shopping was more environmentally friendly as compared to buying in a store because users only need click without leaving the house that need to used transport (Zuroni Mat Jusoh & Ling, 2012).

In addition, many companies were changing or expanding their business from traditional physical store to online store to pay attention to commodity transactions or electronic systems such as the internet and other computer networks (Liat & Shi Wuan, 2014). Based on the survey done by Wong (2014), 91% of internet users buying online and it is quite often in Malaysia, where more than half 54% of them admitted that they do the online shopping at least once a month and 26% of others bought online once a week. (Liat & Shi Wuan, 2014). Internet users in Malaysia were mostly do not mind spending RM100-RM300 for shopping on the internet (Magazine,2013). Most online marketers in Malaysia expand the high expenditure for online advertising to attract more online shoppers in the business environment. However, the quality of services offered in the

online business can affected customer satisfaction, retention, and long-term relationships with customers (Y. S. Lim, Heng, Ng, & Cheah, 2016).

Therefore, the new challenges facing by the online shopping business were on maintaining the retention of support by their customers for the online retailers and in order to achieve this, it is necessary for the online retailers to accurately understand the factors that attract and encourage their consumers to repeat their online shopping as regularly as possible through various means (Ahmed et al, 2014)

1.2 PROBLEM STATEMENT

Online shopping has becoming popular among Malaysian. However, there were people who do not preferred to use the online services. There were several issues that caused these things to happen. Firstly, they were not satisfied when they feel that their service providers do not provide products or services that meet their satisfaction level. The quality of products that the online marketers offer. Customers will be satisfied when online products or services that meet their tastes or exceed their expectations. The quality of product was when customers evaluate the good or bad performance of the services offer (Momtaz et al, 2011).

Secondly, risk perceives by shoppers will also affect the online shopping. Risks directly affect the purchase and purchase intention, in which when consumers see high risks, the possibility for users to buy online or to repeat their purchase through online may be low. This shows that the risks could give either positive or negative impact on the attitude of online purchases. The negative effects of risk perception have a negative impact towards the attitude of the shopper to shop online (Ariff et all, 2014)

Thirdly, trusted can be one of the problems why Malaysian still doubtful about online shopping. Trust can be defined as an attitude of trust towards various third parties. This

definition was closely linked to the beliefs of an individual to manage their personal information provided by some websites (Ha & Janda, 2014). In view of Kramer (1999), trust was very complex due to the fact that individuals do not know the motives or intentions of a person (Choon & Corresponding, 2010). Trust was very important to the seller and the buyer, without trust that can lead to many problems such as the user stop continues to buy products or takes legal action. So, trust needs to be built between the two parties to ensure the buying process occurs effectively.

Lastly, online purchase experience also can affect toward buying decision among people. The respond of the individual to consider the decision was based on three aspects which are from individual's experience, background, and stimulation. Shopping online was relatively new for consumers and still perceived as riskier for someone. As a result, the online shopper will depend entirely on the quality of experience they get in past experiences. Online shoppers will evaluate online shop in terms of the perception of product information, a form of payment, delivery terms, the services offered, the risks involved, privacy, security, personal, visual appeal and entertainment (Choon & Corresponding, 2010). Through the problem statement that have been identified, this research tends to come out with a study to understand the existing issues that influenced the online purchase intention which need to be addressed so that it will benefited to the interested parties mainly marketers and the online business owners.

1.3 RESEARCH QUESTIONS

Research questions which need to be addressed in this research were:

1. What are the factors that could influence the online shopping intention among consumers in Kelantan State?
2. Which is the most influencing factors for the online shopping intention among consumers in Kelantan State?
3. What is the relationship between the influencing factors and the online shopping intention among consumers in Kelantan State?

1.4 RESEARCH OBJECTIVES

The objectives of this research project were as follows:

1. To determine the factors that could influence the online purchase intention among consumers in Kelantan State.
2. To identify the most critical factors that may influence the online purchase intention among consumers in Kelantan State.
3. To examine the relationship between influencing factors and online purchase intention among consumers in Kelantan State.

1.5 SCOPE OF THE RESEARCH

This research will focus on the respondent that used online web to purchase products or services in Kelantan state. It will focus on all stages of consumers that used online system to purchase products or services such as students, private sectors, government sectors, professional, and others. Online purchase can be suitable to all people that used online purchase as their lifestyle. Department of Statistics of Malaysia, (2016) stated that population Kelantan state in 2016 was 1.8 million. The estimation people who used internet was 1.19 million of user. The researcher had chosen Kelantan state to conduct this research because there were only few studies done about this topic in Kelantan. Besides, Kelantan was behind in economic development as compared to other states in Malaysia (Omar,2010). In Kelantan's most people still use manual purchase like direct shopping from a store and most people there were still lack of using technology. This was different with another big city such as Putrajaya and Kuala Lumpur, which mostly fast in using technology. There were a lot of people that used the internet as one platform to purchase their necessary product. Department statistic, (2015) expresses that Kelantan state was in the lowest position in access internet using different gadget. So, the focus this research was the respondents whom used online purchase to purchase products or services.

1.6 LIMITATION OF THE RESEARCH

Firstly, the limitation of the research was the researcher cannot assume that the respondent has adequate knowledge about online purchase intention that the researcher wants to study. The researcher does not know the level of knowledge understanding and experience among target respondents about the online purchase system. As such, this will become as one of the limitations that the researcher needs to adapt and find alternative ways that will make respondent understand what researcher want to delivery.