

FACTORS INFLUENCING CONSUMERS PURCHASE INTENTION
OF ONLINE SHOPPING IN FASHION INDUSTRY

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DECLARATION OF ORIGINAL WORK

“I hereby declare that the work that has been done is mine except for the quotation and summarize that have been duly acknowledgement.”

Signature :

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Date :

DEDICATION

Special thanks for my beloved family, friends, supervisor and panel that always support and helping me along the difficult pathway in my university life.

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ABSTRACT

Online business is an innovation in business environment. People nowadays are tend to shop through online rather than offline shopping. The rate of online shopper especially in fashion industry is quite high in Melaka area. However, the understanding of online shopping in Malaysia is still low. There are some critical issues in online shopping especially in term of privacy and security. The aim of this study is to investigate the factors influencing consumers purchase intention of online shopping in fashion industry which are situational, personal, psychological and societal. This study in descriptive research study that used quantitative method and data collection are from primary data and secondary data. To aid in the achievement of the objectives, 386 sets of questionnaires were collected through a questionnaire-based survey; where responses were randomly drawn from the population of consumers that having experience using online shopping in Melaka area. SPSS software is used to analyzed questionnaire-based survey data. The result of this research shows that situational is the most significant factor that able to influence consumer purchase intention of online shopping in fashion industry. These findings may be restricted due to the addressed limitation; however, they may be improved through the suggested recommendation.

Keywords: Purchase Intention, Online Shopping, Fashion Industry

ABSTRAK

Perniagaan dalam talian adalah inovasi perniagaan persekitaran. Pengguna sekarang cenderung membeli-belah dalam talian daripada membeli belah bukan secara atas talian. Kajian penyelidikan ini dilakukan kerana kadar pembeli dalam talian terutamanya dalam industri fesyen cukup tinggi di kawasan Melaka. Namun begitu, fahaman terhadap membeli-belah dalam talian di Malaysia masih lagi rendah. Terdapat beberapa isu-isu kritikal dalam membeli belah dalam talian terutamanya dari segi privasi dan keselamatan. Tujuan kajian penyelidikan untuk mengkaji faktor-faktor yang mempengaruhi niat pembelian pengguna belanja dalam talian dalam industri fesyen iaitu situasional, peribadi, psikologi dan masyarakat. Kajian ini adalah satu kajian penyelidikan deskriptif, menggunakan kaedah kuantitatif dan kaedah pengumpulan data adalah dari data primer dan data sekunder. Untuk membantu pencapaian matlamat, 386 set soal selidik telah dikumpul melalui borang kaji selidik di mana tindak balas secara rawak diperoleh daripada penduduk pengguna yang mempunyai pengalaman menggunakan membeli-belah dalam talian di kawasan Melaka. Perisian SPSS digunakan untuk menganalisis data kajian berdasarkan soal selidik. Hasil kajian menunjukkan bahawa situasional adalah faktor yang paling penting yang dapat mempengaruhi niat pembelian pengguna belanja dalam atas talian dalam industri fesyen. Penemuan ini mungkin dihadkan disebabkan oleh had tambahan; walaubagaimanapun, ia boleh diperbaiki melalui cadangan yang dicadangkan.

Kata Kunci: *Niat Pembelian, Membeli-belah Dalam Talian, Industri Fesyen*

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LIST OF ABBREVIATIONS/SYMBOL

H ₁	=	Hypothesis Alternatives
H ₀	=	Hypothesis Null
SPSS	=	Statistical Package for the Social Sciences
IV	=	Independent Variable
DV	=	Dependent Variable
FYP	=	Final Year Project
MRA	=	Multiple Regression Analysis
TPB	=	Theory of Plan Behaviour
TRA	=	Theory of Reasoned Action
%	=	Percent
<	=	Less than
>	=	More than
=	-	Equals

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CHAPTER 1

INTRODUCTION

1.0 Introduction

Evidently, Internet is the worldwide system of computer network that have many information can get from it. Mostly Malaysian people will use internet to find an information rather than read the newspaper or any articles. This is because of the effectiveness of the internet information which can get as much as we want. The whole process of business that running electronically by using the internet as defined online shopping (Chaffey et al. 2006). On the other hand, online shopping is a business activity that happen over the internet which is purchasing through online banking and shipping the item to the purchaser using a web browser.

According to Tonita Perea et al., (2004) said that the use of online stored by consumer up until the stage if purchasing and logistic is known as online shopping. Consumer will find their interest product by search through search engine or visit the E-commerce which they display the same product at different pricing. The emergence of E-Commerce that's offer lot of tangible advantages offer (Zuroni Jusohn and Hai Ling, 2012). Even though the slow penetration of regular internet users, but the number of consumer that are using internet to shop online for consumer good and services still growing.

Consumer can purchase the products or service at anytime and anywhere as they want because of the E-commerce website is open for 24/7 days and never close even for a minute. Online shopping is more environmental friendly compare to purchase in

store because consumer just click the button and fill the form that need to fulfil his desire without taking any transportation to going out from house.

1.1 Problem Statements

Online apparel retailing consists very large market share of total online sales in Malaysia. Most of the traditional retailers have recognized internet will become powerful marketing channel with the steady growth of market size (Tung, 2012). As a result, a study done by Kamaruzaman and Handrich (2010) showed that the ecommerce spending behavior of online users show a newly adopted trend among consumers in Malaysia. Based on Through the statistic, it is revealed that emerging of online market and huge potential opportunities for retailers. However, even though the potential of Malaysia people toward online shopping, the understanding of online shopping in Malaysia is still low (Mehrdad Salehi, 2012).

Privacy and security is the most critical issue in online retailing which there are the risk that consumer faced related to the misuse of their personal information and this is one of the reason that consumer afraid to buy online product (Sharma and Sheth, 2004). One of the significant factor in electronic commerce is trust. Statistic shown that Malay people about 30% did not used their internet for shopping but 76% of Malaysia young used their internet for non-shopping activities such as video game, entertainment and communication with others. To attract more people toward online shopping in Malaysia, the priority of understanding consumer online shopping behavior and factors influencing this behavior when shopping online is important. Time spent, flexibility, information opportunities and less effort to go physical store is include in the convenient of the website retailer that the online shopper tries and adopt internet shopping environment.

1.2 Research Questions

The questions intended to be answered in this study were based on the research objectives:

- i. What are the factors influencing consumer's purchase intention of online shopping in fashion industry?
- ii. What is the most significant factors influencing consumer's purchase intention of online shopping in fashion industry?

1.3 Research Objectives

It was essential for marketer especially online seller to study depth on promotional strategies to gain better understanding of their customers and to attract them to buy the products. The objective of this research was to identify the factors influencing consumers purchase intention of online shopping in fashion industry. The primary purpose was listed as below:

- i. To identify the factors influencing consumer's purchase intention of online shopping in fashion industry.
- ii. To analyse the most significant factor influencing consumer purchase intention of online shopping in fashion industry.

1.4 Scope of Study

This study was conducted purposely to identify the factors influencing consumer's purchase intention of online shopping in fashion industry. Moreover, the researcher would like to study on the situational, personal, psychological and societal behaviors of consumers. This happened because the researcher believed that these four factors

influencing consumers purchase intention of online shopping in fashion industry. The target respondent will be the consumers that have experience in using online shopping website. So that, the researcher will get more accurate data as the consumer having experience in using online shopping

In Malaysia, fashion sales performance was below expectation despite Hari Raya, Chinese New Year, employees received bonuses and the distribution of BR1M 4.0. The growth rate of Malaysia fashion industry in 2015 is expected to increase by 2.0% (Retail Group Malaysia, 2016). According the Malaysian Communications and Multimedia Common in Statistical Brief Number Fifteen Internet User Survey 2012, the internet users in Malacca only 3.9% in 2012 compared to other state in Malaysia. This study was conduct at Melaka because according to Mohamed Sulaiman Sultan Suhaibuddeen presentation for the planning and coordination workshop States ICT and MSC Malaysia Development on 29 January 2008, he presented the figure of private computer (PC) ownership in Melaka, the internet user in Melaka and the broadband subscriber in Malacca. From statistic in year 2000 are expected to increase until year 2010. Malacca is the fourth place in Malaysia represents the population of pc ownership by household compare to the states in Malaysia. It consists 13 main states in Malaysia and the highest pc ownership was Wilayah Persekutuan Kuala Lumpur, as everybody known the centre of MSC and governance centre. On the other hand, even though Malacca states is one of the small states in Malaysia, but the development in information structure is massive compare to other state (Othman Aman et al., 2010). The study shows that consumers living in small states such as Malacca have fully accommodated with internet access can give high to shop an online shopping.

1.5 Importance of Research

This study may be beneficial to the marketer which is they can recognize and know what the factors influencing consumer's purchase intention of online shopping in fashion industry. It also benefits for the industry that can study the behavior of the consumer toward online shopping. Other than that, this study provided better

understanding for the other or future researcher who would conducting a research that may similar.

1.6 Summary

Online shopping has been giving benefits for their customer. Online shopping is the best platform for the online seller to expand their business. However, online seller must know the consumer behavior so that they can meet the needs and wants for their customers. The researcher come out with the factors influencing consumers purchase intention of online shopping in fashion industry to solve the problem that met. More information about the factors will be explain in the next chapter.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

In this chapter elaborates the meanings and information regarding the project where it informs on the details of the project. The idea, data and information are collected from various resources to understand the concept and useful information or knowledge for the project.

2.1 Marketing

Marketing is the process by which companies create value for our customers and build strong customer relationship to capture value from customers in return (Kotler & Armstrong, 2012). There are four segments in 4Ps which are product, price, place and promotion.

2.2 Marketing Mix

According to Philip Kotler (2012) marketing used numerous tools to elicit the desired responses from their target market. Marketing mix is a set of tools that used by the firm used to pursue its marketing objectives in the target market. The four broads

group that he called 4Ps is showed in the Figure 1 which is product, price, place and promotion (McCarthy,1999).

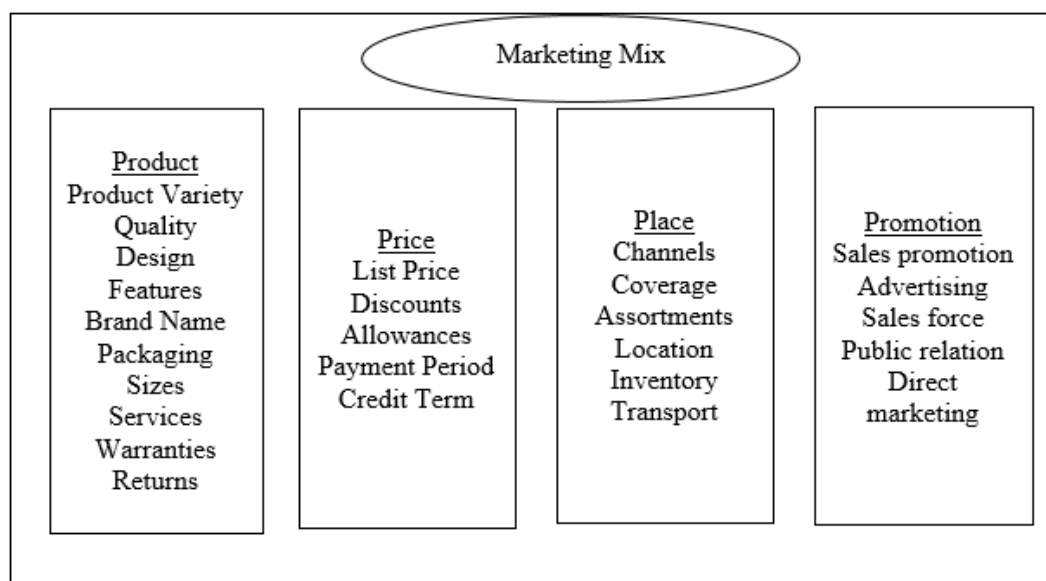


Figure 2.1: The Four Ps Component of the Marketing Mix

2.3 Online Shopping

Online shopping is fundamentally a procedure of offering and purchasing of products and enterprises on World Wide Web. Online shopping is characterized as the utilization of online stockpiles shoppers up until the value-based phase of obtaining and calculated (Toñita Perea y Monsuwé, Benedict G.C. Dellaert, Ko de Ruyter, (2004). Traditional shopping is more time wasting rather than internet technology advancement allows for the expansion of online shopping options. According to Mehrdad Salehi, (2012) stated that the transaction id more secure because of the growing number of individuals turning towards the Internet and the world of e-commerce to shop, make payments, and carry out online banking, new technological advancements.

Customer can shop online anytime at they want without need to worry about time. They can easily to pick and choose what product that they want then to click and log

in into their online banking, make a payment the item will shipped and arrived at their home without need to go out. It is convenient to many peoples without wasting their time to go shopping.

2.4 Fashion Industry

In Malaysia, mostly apparel category included fashion clothing with accessory and apparel consider emerged as the second largest of e-commerce category (Figure 1.2) which consists 50% in the local site and the largest e-commerce category that consist 27% in foreign site (Lee, 2014). The first outlets opened in Malaysia during the last 2 years include Tory Burch, MIXXO, Palladium, Halston and many more.

Online shopping is actively in Malaysians people, but transaction amount of entire retail industry is still low. Account for less than 2% of total retail sales for the online retail sales in Malaysia. Some service such as online banking, telco services, government service is the largest portion of online shopping. Online shopping is now offer more and more brick-and-mortar retailers in Malaysia. This trend covers almost all retail sectors such as fashion clothes, fashion accessories, gifts, toys, books, electrical & electronics, furniture, hardware and many more.

Some of the retailer have setting up physical store even they have online shopping store such as Zalora has a permanent premise at Mitsui Outlet Park. Popular Facebook Fatbaby ice cream has set up an ice cream parlour in Subang Jaya. A good example of retailers offering both physical stores and online shopping sites at the same time are F Block and Aurora.

Even though Malaysia is one of the highest credit card ownerships and one of the highest smartphone ownerships in the world, online shopping in Malaysia will not replace physical store any time soon. The advantages of online marketplace give impact towards online apparel industry, to name few online stores such as Zalora, Dressabelle, Lazada, Taobao and Dressmi that have been growing extensively in

Malaysia. Figure 2 shows top five categories online shopper for local and foreign site in Malaysia.



Figure 2.2: Category Online Shopper for Local and Foreign Site (Lee, 2014).

2.5 Privacy and Security Issues in Online Shopping

An investigation of perception of risk also specifies that consumers are anxious with undesirable results and vulnerability of their purchases after purchasing a product in online shopping. Consumers, along these lines, they will choose less using online shopping if the risk of using online is higher. The perception of risk related with an organization and their online presence can likewise be influenced by past experiences and furthermore influence their choices to complete purchase without sensory perceptions available in traditional brick-and-mortar stores. There will be significant influence of level of risk perception by consumers and their purchase decision as the consumer's previous experience with online shopping. Level of risk perception will increase if consumer perceived negative with online purchasing and hamper not only a business's likelihood holding clients as well as can make it more troublesome for other online organizations to increase initial consumer.

2.6 Consumer Purchase Intention

Consumer make many buying decisions every day, and the buying decision is the focal point of the marketer's effort. Consumer behaviour is to meet the needs and demands of him. Wilke (2000) stated that behaviour is a tool to achieve objectives and target consumer derives from his needs and desires. Consumer behaviour is the behaviour that consumers display in searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. Internet Shoppers and Internet Browsers is the category of internet user (Forsythe and Shi, 2003). Internet browser is who are just browse the internet for other than shopping purpose is the internet is while internet shoppers are the people who shop online.

Consumer behaviour is influenced by social factors, such as the consumer's small groups and social networks, family and household, and social roles and status (Kotler et al., 2015). Chow et al. (2012) and Malviya et al. (2013) in their research paper found that the main influences are peer, followed by media and parents. Hence, individual consumer is likely to adopt such feeling and behavior as well (Chow et al, 2012). The figure below is the model of buyer behaviour.

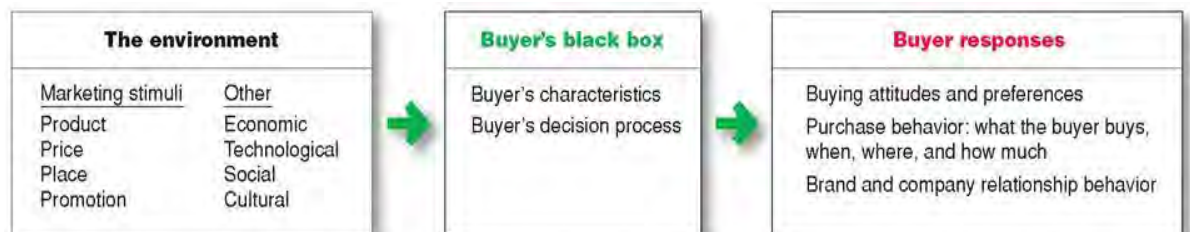


Figure 2.3: The Model of Buyer Behavior (Kotler and Armstrong, 2016)