

THE IMPACT OF PERCEIVED RISK THAT INFLUENCE CONSUMERS'
ATTITUDE TOWARD ONLINE SHOPPING ON MOBILE AND ACCESSORIES
PRODUCT CATEGORY


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DECLARATION OF ORIGINAL WORK

“I declared that this project is the result of my own research except as cited in the reference. This research project has not been any degree and is not concurrently submitted in candidature of any other degree.”

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DEDICATION

This research paper is special dedicated to my parent and family who have been my main source of inspiration and encouragement in completion of this research paper. They always give unconditional support with my studies. Thank you for giving me a chance and new experiences in my life to accomplish this meaningful research. To my beloved supervisor, Dr. Nurul Zarirah Binti Nizam, thank you for all your guidance during the completion of this project. Lastly, my sincere appreciation also goes to my friends who always willing to aid and support me to successful complete this research paper.

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ABSTRACT

The purpose of this study is to investigate the influence of consumers' perceived risk on consumers' attitude toward online shopping in Malaysia, specifically on mobile and accessories product category. To accomplish this purpose, this research proposed a conceptual framework, using three independent variables which are product performance risk, delivery risk, and psychological risk with consumers' attitude toward online shopping as the dependent variable. The researcher conducted a main test, utilizing a convenience sample of 150 students at UTeM. Results from the main study offered insights on the relationships among the three types of risk perceptions, and consumers' attitude toward online shopping. The data collected was quantitatively analyzed via SPSS 22.0, the multiple linear regression result indicated that delivery risks and psychological risk are hazardous and negatively affect the attitude of online shoppers. Product performance risk risk was found to have positive effect on consumers' attitude toward online shopping, meaning that online buyers of this site trusted the online seller and they encountered less troublesome with the site. The findings in this study offer useful framework for determining and handling consumers' perceived risk in e-commerce to raise consumers' interest to shop online and to reduce trouble faced by the consumer in the browsing online shopping websites.

Keywords: Consumers' perceived risk, influence, consumer attitude toward online shopping, Mobile and accessories product categories

ABSTRAK

Tujuan kajian ini adalah untuk menyiasat pengaruh pengguna persepsi risiko dalam sikap pengguna terhadap pembelian online di Malaysia, khususnya di kategori produk telefon bimbit dan aksesori. Untuk mencapai tujuan ini, kajian ini mencadangkan satu kerangka konseptual, menggunakan tiga pemboleh ubah tidak bersandar iaitu; risiko prestasi produk, risiko penghantaran, dan risiko psikologi dengan sikap pengguna terhadap pembelian talian sebagai pemboleh ubah bersandar. Penyelidik telah menjalankan ujian utama, menggunakan sampel kemudahan 150 pelajar di UTeM. Hasil kajian utama ditawarkan pandangan tentang hubungan antara tiga jenis risiko persepsi, dan sikap pengguna terhadap pembelian talian. Data yang dikumpulkan dianalisis kuantitatif melalui SPSS 22.0, hasil regresi linear berganda menunjukkan bahawa risiko penghantaran dan risiko psikologi adalah berbahaya dan menjejaskan sikap pembeli talian. Produk prestasi risiko telah didapati mempunyai kesan positif ke atas sikap pengguna untuk pembelian talian, bermakna pembeli dalam talian di laman web mempercayai penjual dalam talian dan mereka menghadapi kurang menyusahkan dengan laman web tersebut. Penemuan menawarkan model yang berguna untuk mengukur dan menguruskan pengguna persepsi risiko dalam urusanniaga berasaskan talian untuk meningkatkan penglibatan mereka dalam membeli-belah dalam talian dan mengurangkan percanggahan kognitif mereka dalam persekitaran e-dagang.

Kata kunci: Pengguna persepsi risiko, pengaruh, sikap pengguna terhadap pembelian online, telefon bimbit dan aksesori kategori produk

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LIST OF ABBREVIATIONS

UTeM	University Teknikal Malaysia Melaka
PR	Product Performance Risk
DR	Delivery Risk
PS	Psychological Risk
ATTITUDE	Consumers' attitude toward online shopping on mobile and accessories product category
SPSS	Statistical Package for Social Science
ANOVA	Analysis of Variance

LIST OF SYMBOLS

H_0	Null Hypothesis
H_1	Alternative Hypothesis

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CHAPTER 1

INTRODUCTION

1.1 Background of the Study

The Internet has become more popular nowadays as the technology has been growing fast. (Jamali et al., 2015; Tee et al., 2014). When the consumers' usage behavior toward internet increased, people are more likely to utilize the internet to do any activities in the online. In addition, it is not just enable to be utilized as a device to perform a networking platform, but also transaction platform that make people able to do online business at a global market (Jamali et al., 2014; Yuliharsi, Islam, & Ku Daud, 2011). E-commerce offers advantages and opportunity for retailers to expand their businesses in the other part of the world and link people in a borderless world. Consumers now are become more convenience to do online shopping at any time from browsing any type of online shopping website around the world.

In fact, the government in Malaysia has named 2017 as a 'The Year of the Internet Economy.' So, it's a better time to encourage the current retailer store to enter this dynamic e-commerce market. According to Malaysia Digital Economy Corporation (MDEC) reported by (Ee Ann Nee, 2017), Malaysia has achieved the highest penetration of online shoppers which the data shown that 67% of Malaysians

feel no stranger to use internet, followed by Thailand (57%) and Singapore (52%). It also stated that Malaysia is one of the most dynamic countries online which have attractive market for e-commerce in Southeast Asia except Singapore. Other than that, Malaysia is the biggest retail e-commerce market with 19% when compared with other Asian country except Singapore. In addition, the report also mentioned that Malaysian is a shopaholic which the data shown that 13% make a purchase once a year, 54% once a month, 26% once a week and the remaining 7% almost daily.

Consumers' perceived uncertainties and sensitive concerns about the online retailers are issues that must be solved if the goal is to develop a well e-commerce environment (Yang et al., 2015). This uncertainty has been recognized as one of the obstacle for customers that hesitate to engage in online transactions (Yang et al., 2015). Based on the finding of Masoud (2013), he conceptualized five type of perceived risk which are; product performance risk, security risk, delivery risk, time loss risk, and financial risk. Consumer perception of these risks may varies based on the person, the product category, the shopping circumstances (i.e., traditional brick-and-mortar retail stores, online, catalog, direct mail or door to door sales) and also with the culture.

Besides, perceived risk lessens the willingness of consumers to purchase product over the internet (Barnes et al., 2007). This meant that greater risk perception on the perspective of consumers faced plays as an obstacle to their purchase intentions. As identified by (Zhang et al., 2012), they mentioned that the consumers' perceived risk in online shopping has shown significant negative impact on consumers' attitude toward online shopping behavior and interest to shop online on e-commerce.

Other than that, different products type also considered as important element that influence consumers' degree of acceptance toward online shopping (Lian & Lin, 2008). In similarity, (Dimitrios et al., 2009) has further stated that attitude of consumers toward online shopping is mainly influenced by the product category. But, recent study stated that consumers' attitude toward online shopping is not impacted by the variety type of goods category (Zuroni & Goh, 2012).

This research offers a comprehensive picture of risk perception that influence consumers' attitude toward online shopping. Theoretically, the purpose of this research study is to further offer evidence to support the multi-dimensional perceived risk theory. By conducting this research, it is expected the outcome will demonstrate the impact of perceived risk has influenced on willingness of consumers to shop online which aid marketers and online retailing developers can planning more effective strategies on reducing risk faced by online consumers.

1.2 Problem Statement

Despite online shopping in Malaysia are considered as an innovative technology breakthrough which shown a significant growth of online shopping, negative aspects related with this alternative shopping are also becoming more concerned. In fact, consumers feel that online purchase process is riskier than the traditional purchase process (Hong & Yi, 2012). For these consumers, there are various issues. First, many consumers feel insecure and uncertainty on making purchase decision at online store website. Based on the findings of (Janssen, 2014), these consumers still desire going to store to examine the product quality and communicate to salesperson before spending money.

In addition, many consumers may feel insecure to purchase any online product through online payment when they are not certain where the money is going. This statement is supported by The Malaysian Computer Emergency Response Team (MyCert, 2016) which noted a total amount of 3,921 cases of online fraud. Since there is an increased possibility of fraud on the Internet nowadays, online shoppers feel unsecure to make any online transaction in online shopping. So that, fraud consider as one of the cybercrime activity that can influence consumer afraid of giving their personal information online in online shopping.

Besides that, refer to the (Leong & Lee, 2009), the percentage of online shopping has shown significant different in developing countries. The data shown that online shopping in Philippines had been carried out by 62% of Filipino's internet users while 61% of Indonesian internet users shop online, 58% of Thailand and Vietnamese internet users prefer online shopping, but, the percentage of online shopping in Malaysia is quite low with only 47% of Malaysian Internet users are involved in online shopping.

1.3 Research Question

Research questions is a fundamental core of the research project which it guides researcher to decide what the relevant information resource required about the specific concern or issue. The proposed questions to be answered in this research are as follow:

- What is the most influence risk perception that influence consumers' attitude toward online shopping on mobile and accessories product category?
- Does the relationship between perceived risk and consumers' attitude toward online shopping on mobile and accessories product category?

1.4 Research Objective

This study aims to investigate whether consumers will identify perceived risk as an important factor that influence their attitude toward online shopping on mobile and accessories product category. Two objectives were established for better

understanding the purpose of doing this research and it provides an accurate description of the specific actions. They are:

- To uncover the most influence risk perception that influence consumers' attitude toward online shopping on mobile and accessories product category.
- To define the relationship between perceived risk and consumers' attitude toward online shopping on mobile and accessories product category.

1.5 Scope of Study

The scope of this research will involve Generation-Y individual in UTeM who had online and non-online shopping experience. Gen-Y or young people are those individuals who was born in the range of 1980 to 1994 (Michael T. Robinson, 2017) whereby it indicates their age are from 20 to 37 years old in the year of 2017. According to (EC Milo, 2017), Malaysians online shopping behavior are most of the high experience online shoppers are 18 to 32 years old, because shoppers from this age group typically make up the largest participants of sales and campaigns. So online shoppers at young adult age were selected as target group in the study because they are the most active online shopper and able to provide plentiful knowledge in this the study about impact of risk perception that influence attitude of online shopping on mobile and accessories product category.

Other than that, the previous study doesn't focus on the influence of different product categories on consumers' attitude towards online shopping. As some of the pervious researchers have shown (Hemamalini, K., 2013) consumers' attitude toward online shopping significantly differ by product category. Hence, this research will specific on mobile and accessories product category in order to get the accurate data from understanding the consumers' attitude toward online shopping.

Many researchers complete this field of study based on customers' attitude in variety of online shopping websites. They ignored to specifically focus on the type of nature business of those online shopping. Different type of online shopping maybe provides different dimension of perceived risks.

Hence, this research will specify on different type of online shopping website such as Lazada.com, Shopee, Taobao and so on as a most preference Malaysia online shopping in order to match their websites with the online shopper's attitude.

1.6 Limitation of Study

In this study, there are some limitations regarding to the profile of the respondent and area of the research.

The limitation of this research is researcher only concentrated only UTeM students as a consumers' views on this topic and majority of the respondent of this research belonged to specific young adult's generation. Therefore, the results of the research may show biased thereafter due to limit to 18-32 years age group.

In addition, the data collection methods carry limitation because a set of questionnaires was distributed by hand or send the survey link to the respondent who studied in UTeM.