SUPERVISOR'S APPROVAL

I/We, hereby declared that I/WE had read through this thesis and in my/our opinion that this thesis is adequate in terms of scope and quality which fulfil the requirements for the award of Bachelor of Technology Management

(Honours with High Technology Marketing)

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TRUST FACTORS AFFECTING THE PURCHASE INTENTION IN E-COMMERCE TOWARDS SKIN CARE PRODUCTS

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DECLARATION OF ORIGINAL WORK

''I admit that this report is the result of my own, except certain explanations and passages where every of it is cited with sources clearly.''

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DEDICATION

I would like to dedicate the appreciation to my supervisor, Dr. Nusaibah Binti Mansor and panel, Dr. Siti Norbaya Binti Yahaya who guided me when I doing the research. Besides, I would like to thanks my friends and course mate as well as my family who encourage, and support me during process of the projects. I am appreciate because without the support and guide from my supervisor, panel, friends and family, it is hard for me to complete the projects.

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Abstract

In recent years, the range of services in e-commerce has continued to expand and shoppers have used these services as a part of their daily lives in the internet. Nowadays, there are many consumers believed that the used of skin care products will give a good appearance which have healthful and pretty skin. Therefore, competition among existing competitors in the skin care industry is becoming more intense and strong. Since there are too many brands on the internet, shoppers are confronted with numerous choices and options so that they cannot make the decision in skin care products. Hence, trust is the most essential key that building a relationship between the vendors and shoppers because of it is impossible to a sell a products without consumers' trust commitment from the consumers' perception. The main objective of this study is to analyze the relationship between trust factors and purchase intention in e-commerce towards skin care products. There were identified six independent variables which were security, privacy, brand reputation, online shopping experience, word of mouth and information quality and dependent variable which was purchase intention in e-commerce. In order to conduct this study, the researcher has selected 250 respondents as sample size with Google form questionnaire to be distributed online. The initial test which were Pilot test will be used in this research in order to test the reliability. For the data analysis part, the data analysed was used by statistical package for social science (SPSS). Moreover, there had an analysis on descriptive statistics for measuring the respondent's demographic profile and independent variables and also measure of Pearson's correlation analysis and multiple regression analysis were used to analyze quantitative data in this research. The result indicated that online shopping experience, word of mouth, and information quality has a significant positive relationship with the purchase intention in e-commerce towards skin care products while online shopping experience has a strongest relationship with the purchase intention in e-commerce towards skin care products. In conclusion, the three objective has been achieved in this study and recommendation for the future research has discussed in order to give suggestion and information in the online retailing industry.

Keywords: E-commerce, Trust, Skin Care Industry and Purchase Intention in E-Commerce.

Abstrak

Dalam beberapa tahun kebelakangan ini, pelbagai perkhidmatan dalam e-dagang terus berkembang dan pembeli telah menggunakan perkhidmatan ini sebagai sebahagian daripada kehidupan seharian mereka di internet. Pada masa kini, terdapat banyak pengguna percaya bahawa penggunaan produk penjagaan kulit akan memberikan penampilan yang baik yang mempunyai kulit yang sihat dan cantik. Oleh itu, persaingan di kalangan pesaing sedia ada dalam industri penjagaan kulit menjadi lebih sengit dan kuat. Oleh kerana terdapat terlalu banyak jenama di internet, pembeli menghadapi pelbagai pilihan supaya mereka tidak boleh membuat keputusan dalam produk penjagaan kulit. Oleh itu, kepercayaan adalah kunci yang paling penting yang membina hubungan antara vendor dan pembeli kerana tidak mustahil untuk menjual produk tanpa komitmen kepercayaan pengguna dari persepsi pengguna. Objektif utama kajian ini adalah untuk menganalisis hubungan antara faktor kepercayaan dan niat pembelian dalam e-dagang ke arah produk penjagaan kulit. Ada yang dikenal pasti enam pemboleh ubah bebas iaitu keselamatan, privasi, reputasi jenama, pengalaman membeli-belah dalam talian, kata-kata mulut dan kualiti maklumat dan pembolehubah bergantung yang merupakan niat pembelian dalam e-dagang. Untuk menjalankan kajian ini, penyelidik telah memilih 250 responden sebagai saiz sampel dengan borang soal selidik Google untuk diedarkan secara dalam talian. Ujian awal yang merupakan ujian Pilot akan digunakan dalam kajian ini untuk menguji kebolehpercayaan. Bagi bahagian analisis data, data dianalisis digunakan oleh pakej statistik untuk sains sosial (SPSS). Selain itu, terdapat analisis statistik deskriptif untuk mengukur profil demografi responden dan pembolehubah bebas dan juga ukuran analisis korelasi Pearson dan analisis regresi berganda digunakan untuk menganalisis data kuantitatif dalam kajian ini. Hasilnya menunjukkan bahawa pengalaman membeli-belah dalam talian, perkataan mulut, dan kualiti maklumat mempunyai hubungan positif yang signifikan dengan niat pembelian dalam e-dagang ke arah produk penjagaan kulit manakala pengalaman membeli-belah dalam talian mempunyai hubungan yang kuat dengan niat pembelian dalam e-dagang ke arah kulit produk penjagaan. Sebagai kesimpulan, tiga objektif telah dicapai dalam kajian ini dan cadangan untuk kajian masa depan telah dibincangkan untuk memberi cadangan dan maklumat dalam industri peruncitan dalam talian.

Kata kunci: E-dagang, Amanah, Industri Penjagaan Kulit dan Niat Pembelian E-Perdagangan.

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CHAPTER ONE

INTRODUCTION

1.1 Background of Study

Electronic-commerce (e-commerce) is one of the modern marketing methods for the communications and technology development. E-commerce not only provides open communication but also give actual interactional atmosphere between online vendors and online purchasers in order to interchange the product details and messages from each other. Besides that, e-commerce provides an incorporated firm model that enables online retailers to become more agile and adjustable to meet the current market trend and satisfy shoppers' needs and wants. Therefore, e-commerce development helps online vendors more easily approach to the potential markets in order to provide the correct and credible information to the online shoppers and even for those wholesaler, and retailers. As a result, this will bring the advantages such as improve the satisfaction of consumers, assisting the commercial negotiations and transactions, and decreasing the marketing costs for the online vendors.

E-commerce has become a significant part of customers' daily life in this advance technology era. In recent years, the range of services in e-commerce has continued to expand and shoppers have used these services in the internet. There are given a lot of business opportunities for many vendors to enter and sell the products in the online shopping. Vendors can discover and seek more chance and prospect so that develop a variety of marketing planning. Malaysia's e-commerce usage is high due to internet and mobile connectivity in Malaysia and public sector incentives. Malaysia

has 15.3 million online shoppers (50% of the population) and 62% of hand phone users to buy online (Export Government, 2018). Malaysian shoppers will attracted to purchase products when a free delivery charge, usefulness, and special offers which was provided by vendors in the e-commerce. Not only that, value superiority, item range, and accessibility of audits will gain the customers' attention and motivate them to have a purchase intention to buy products through the online. Beauty and fashion were top 3 of products classification that shoppers most to like to consume in the online shopping. Lazada, Zalora, Taobao, Shopee, 11th Street, Hermo, and so on were the most famous websites of online shopping for Malaysian to visit and purchase the products.

Shoppers were like to purchase products in the online compared to come the actual shops since buying through the e-commerce is considered as the fastest growing types among the shopping. Hence, e-commerce offers many types of chance for vendors to reach the potential market in the global compared to the actual shop where shoppers have to go to there to purchase products (Laohapensang, 2009; Al-Maghrabi et al., 2011). Hence, due to the shoppers will not think and worry about the parking fees, as well as time consuming problems so they can buy the products without any problem through the online shopping. Moreover, e-commerce are open in every time of the year and the products which consumer purchase are delivered to their homes. In order to prevent the online vendors lag behind their competitors and facing the irretrievable damage problems, vendors or online services provider should needed to pay more effort and attention in this aspect.

Many online vendors must be largely trusted by their consumers to achieve the successful in e-commerce during this era advancement of high competition and emergence of online business. Therefore, as a factor of successful e-commerce, the problem of customer trust has been over popular. Trust is the most essential key that building a relationship between the vendors and shoppers because of it is impossible to a sell a products without consumers' trust commitment from the consumers' perception. Hence, trust plays as a significant key that affect the shoppers' purchase intention to approach in online shopping due to this will make them to handle with uncertainness environment as well as help vendors to success in the businesses through

the internet. Trust helps to promoting long-term trusting relationship between online vendors and shoppers because it continues to develop in a transactions series.

In skin care industry, progression of worldwide trading and advanced technologies gives more choices for the consumers choose since the development of economic improve income of the consumers as well as consumers have an awareness on the hygiene and beauty (Souiden & Diagne, 2009). People believed that healthy look skin is importance by using the suitable skin care product. Therefore, vendors should more focused on giving beauty models and is more delicate to item options, just as many products are introduced to market in order to persuading consumers that it can improve their appearance. By the way, it will cause competition between the vendors but also will bring benefits and advantages in skin care industry. Nowadays, it is provide a window of opportunities for skin care industry to be in e-commerce since there are many consumer would like to purchase skin care products through the online shopping. Not only that, there are many types of skin care products in the market and it will give a chance to online vendors sells the skin care products to online shopper through the internet.

1.2 Problem Statement

Currently, there are many consumers believed that the used of skin care products will give a good appearance which have healthful and pretty skin. Nowadays, a lot of firms offer different brand of skin care product or similar product and service in the online which cause to gain competitive between vendors (Velly, Sunitarya & Vinda, 2016) and few products distinction as well as twisted the perception of customers that all the products has similar standard. Also, this will influenced the mutual substitution of skin care products from each other. Hence, competition among existing competitors in the skin care industry is becoming more and fiercer.

Buying and selling online or shopping through internet is commonly known as e-commerce and it is expanding very fast as the information technology spread along with network technology (Yoon & Occena, 2015). Due to there are too many brands

on the internet, shoppers are confronted with numerous choices and options so that they cannot make the decision in skin care products. Due to lack of face to face communication between online vendors and shoppers to show and demonstrate the actual products as well as lack of store atmosphere and thus, trust is essential (Koksal and Penez, 2015). In e-commerce, trust is important (Yoon & Ocenna, 2015) because online shoppers confront the problems of purchasing products that they in fact cannot look or meet from strange or unaware vendors in the online and thus, it is important in meaning for online vendors to establish the relationship of trust with the shoppers in order to continue to exist in this high competitiveness world of commercial activities and maintain the sustainable. This will help businesses to maintain the capable of being sustained the competitive advantages and start a new achievement opportunities by improving e-commerce execution (Salehi, 2012).

Compared to the traditional shopping in physical store, internet promotes transactions between online vendors and shoppers at anytime, anywhere. But, trust is a bit difficult to describe and lack of consumer trust in online vendors is a big obstacle in online transaction and this will influence the willingness of consumers and their purchase intention to purchase products in the online shopping. There are still a lot of consumers are hesitate to buy products through the internet due to the lack of trust (Chen, Hsiao, & Wu, 2018). Therefore, building trust with consumers and find out which trust factors in order to make them have an intention to purchase in e-commerce has become a major absolutely necessary for online vendors (Roghanizad and Neufeld, 2015). Some research about trust factors affect the purchase intention in e-commerce has been carried out in some of the developed countries (Jai, Cegielski & Zhang, 2014). Despite, establishing of trust is still a concerned of today's information science researchers. Therefore, the purpose of this study is to find out the trust factors affecting the purchase intention in e-commerce towards skin care products.

1.3 Research Objective

1.3.1 General Objective

Generally, the study aims to determine the trust factors affecting the purchase intention in e-commerce towards skin care products.

1.3.2 Specific Objective

1. To identify the trust factors affecting the purchase intention in e-commerce towards skin care products.
2. To analyze the relationship between trust factors and purchase intention in e-commerce towards skin care products.
3. To investigate which of the trust factors are the most important to the purchase intention in e commerce towards skin care products.

1.4 Research Questions

1. What are the trust factors affecting the purchase intention in e-commerce towards skin care products?
2. What are the relationship between trust factors and purchase intention in e-commerce towards skin care products?
3. Which of the trust factors are the most important to the purchase intention in e commerce towards skin care products?

1.5 Scope and Limitation of Study

The research only focus on the trust factors affecting the purchase intention in e-commerce towards skin care products. Besides, this research will be conducted in Melaka area and the targeted the respondents who are at the age range from 15 to 60 and above. This is due to this age range of respondents have their ability to purchase products also concern and interest about e-commerce.

There are three limitations of this research which will be explain at the following. Firstly, time and duration are one of the limitation in this research because of the time given to finish conducting the data collection are insufficient when doing the research. Moreover, the duration for the research the around four to six months only.

Secondly limitation is geographical factors due to this research is only going to be conducted in Melaka area of Malaysia. Hence, the data collection for this research are only given in particular research area. Therefore, the analysis will be result from only one state of Malaysia.

Thirdly, the range and scope of respondents who answer the questionnaires are limited since it is only available for those respondents who are current using the skin care products and interested in buying the product through the e-commerce.

1.6 Importance of Research

E-commerce refers to the use of the internet for business transactions or managerial activities. The technological advancement has made the borderless of online boundary globally. Besides, there is too many seller, retailer sell the skin care product in online. People are becoming more knowledgeable and intelligent as online customer nowadays. From the consumer perception, they willing and intend to purchase the product through the online is due to the trust. Hence, it is very important

for the firms to identify what trust factors that will affecting the purchase intention in e-commerce towards skin care products.

Besides, this research finding will benefit the e-commerce sectors that focuses in Malaysia as information provides a valuable insight which might help local and foreign retailers or marketers in online to know what is important trust factors that will affecting the purchase intention in e commerce in order to develop an appropriate strategy and tactical planning to retain existing customers and attract new customers.

1.7 Summary

This chapter established the foundation for this research. It introduced the background of the study which regarding the trust factors affecting the purchase intention in e-commerce towards skin care products. There are also problem statements that generate knowledge gap for this research study. Also, there are three research questions and objectives have been discussed in this chapter. The scope and limitation of this study which is about that the time, geographical area problems as well as range of respondents.

CHAPTER TWO

LITERATURE REVIEW

This section presented the issues, factors, idea, viewpoint and the findings of the research that others had undertaken in the study area. This literature review will discuss about the definition of e-commerce, trust, skin care industry and purchase intention. Also, the trust factors affecting the purchase intention in e-commerce towards skin care products will be discuss at the following sections. The research framework and hypothesis testing are best described the theory with the relevant variables identified and discussed how they were related.

2.1 Definition of E-Commerce (Online Shopping)

Electronic Commerce (E-commerce) described as purchasing and deal in products from vendors and shoppers in the internet and the information technology spread along with network technology will result in e-commerce spread very fast (Yoon & Occena, 2015). Besides, E-commerce is a way for communications and transactions of the business through the networks and computers in order for people trading and purchasing the products. In other words, e-commerce is a way where businesses and consumers interact and communicate with each other and conduct transactions through the digital networks and other online services (Ismaila Bojang, 2017). Moreover, there are becomes large amount of consumers purchases products

via their computers, smartphones for a purpose of data transmission (Alena Kostyk, James M. Leonhardt, Mihai Niculescu, 2017). Therefore, E-commerce has turned into a wide and comfort path in the new advanced economy in the previous decade (Hostler et al., 2012).

It is difficult to run a business without Internet in this 21st century and e-commerce has become another business trend in Malaysia in the recent years (Chong H.T, 2014). E-commerce has become an importance approaches for many business run their marketing activities. Online shopping has become an important activity by online shoppers (Fatemeh Bidad, 2017). This is because online vendor sells their product to their customers through the internet in order to represents the whole shop front since some of the businesses does not exist in physical form. Online shopping bring several advantages such as cost savings, fast delivery and convenience hence it is become increasingly popular in internet (Michal and Eva, 2016). Therefore, it will motivated people and consumers to prefer internet shopping mode and the online consumers numbers is rising exponentially around the world with the use of internet. In addition to, when shoppers using internet to shop online and thus they not only will get advantages and also can prevent many difficulty from e-commerce. Also, consumers have a vast product range accessible from across the world through the e-commerce so that they were intent to purchase via internet (Amna & Shazaib, 2014).

E-commerce business pattern are usually classified according to the nature of transactions or relationships between parties who are pay or retail products to or from whom. There were major types of e-commerce which were B2B (Business-to-Business), B2C (Business-to-Consumer), C2B (Consumer-to-Business), C2C (Consumer-to-Consumer), B2G (Business-to-Government) and M-commerce (Mobile Commerce) (Laudon, 2014). B2C has more involvement in e-commerce means retailing. In addition to, e-commerce provides the following facilities such as product details, services, bill, and convenience and so on.