

FACTORS AFFECTING ONLINE SHOPPING OF PURCHASING APPARELS
AMONG YOUNG ADULTS

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APPROVAL

‘I/We hereby declare that I/We had read through this thesis and in my/our opinion this thesis is adequate in terms of scope and quality which fulfil the requirements for completion and reward of Bachelor Degree of Technology Management’

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DECLARATION

“I hereby declare that the work of this exercise is mine except for the quotations and summarize that have been duly acknowledge.”

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DEDICATION

Specially dedicated to

My beautiful mother, Junaidah Binti Sa'aban
and my handsome father, Ahmad Rafiee Bin Abdul Samad
Thank you for raising and support me until now.

My beloved siblings,
Fatin Nadiah, Aisyah Umairah, Muhammad Harith Helmi and Nurin Zahirah
You are truly blessing from Allah.

My Supervisor, Dr. Amir bin Aris
Thank you for all the spiritual and your moral support.

and all my friends especially 4BTMM
Thank you, guys. We made it!

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ABSTRACT

Rapid growth of internet service has provided another huge marketplace for apparel retailing. Online retailing has become another corporate trend in Malaysia in recent years. However, there are some risk may be affected to consumers when purchase things via online shopping. This research therefore establishes a valid measure on the quality dimensions of online shopping on online apparel retailing. The main objective of this research is to investigate the relationship between factors affecting online shopping to purchase apparels (privacy/security, website design, customer service and atmospheric/experiential) towards online shopping intention. Survey questionnaires was collected in Melaka with 386 respondents who were had an experience buying apparel and run by using SPSS Version 23.0. The finding shows that there was a significance relationship between privacy /security, customer service and atmospheric /experiential towards online shopping intention.

Keywords: Online Shopping, Online Intention, Consumer, Online Apparel Shopping, Privacy, Security, Website Design, Customer Service, Atmospheric

ABSTRAK

Perkembangan pesat perkhidmatan internet telah menyediakan pasaran besar untuk peruncitan pakaian. Sejak kebelakangan ini, pembelian dalam talian telah menjadi trend perniagaan di Malaysia. Walau bagaimanapun, terdapat beberapa risiko yang mungkin memberi kesan kepada pengguna apabila membeli barang melalui dalam talian. Oleh itu, penyelidikan ini menetapkan ukuran yang sah terhadap dimensi kualiti perbelanjaan dalam talian bagi peruncitan pakaian. Objektif utama kajian ini adalah untuk mengkaji hubungan antara faktor-faktor yang mempengaruhi pembelian pakaian dalam talian (privasi/keselamatan, reka bentuk laman web, perkhidmatan pelanggan dan atmosfera/pengalaman) terhadap niat untuk pembelian dalam talian. Soal selidik tinjauan telah dikumpulkan di Melaka dengan 386 responden yang mempunyai pengalaman membeli pakaian secara dalam talian dan telah di analisis dengan menggunakan SPSS Versi 23.0. Penemuan kajian menunjukkan bahawa terdapat hubungan yang signifikan antara privasi/keselamatan, perkhidmatan pelanggan dan atmosfera/pengalaman ke arah niat membeli-belah dalam talian.

Kata kunci: Pembelian dalam talian, Niat dalam talian, pengguna, Pembelian pakaian secara dalam talian Membeli-belah, Privasi, Keselamatan, Rekabentuk Laman web, Khidmat pelanggan, Atmosfera

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CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter proposes a research that will figure out the online shopping to purchasing apparels among young adults. The aim of the study is to analyze the factors that affecting online shopping of purchasing apparels among young adults in Melaka.

In this chapter, the researcher provides the introduction of this research project, which consist of several sections. The first section will cover the background of the study. Next, following by the problem statement, research question, research objective, scope of the study, limitation of the study, significance of study as well as the conceptual and operational definition that can be obtained on the research.

1.1 Background of the Study

In recent years, business world has changed extremely with the development of internet as essential business platform. No doubt electronic commerce (e-commerce) has grown extensively and rapidly in current business world. E-commerce can be defined as commercial transactions conducted electronically on the internet (Kotler & Keller, 2012).

As well as using e-commerce as a channel for industry, more and more companies are trying to achieve profitable advantages (Lee & Lin, 2005). World wide web growth technology has generated infinite e-commerce possibilities because of convincing benefits over standard bricks and mortar shops such as enhanced flexibility and industry coverage, reduced price buildings, broader product range, smoother operation, utility and customization (Hou, 2005).

However, one of the most drastic changes in shopping behavior by most of the consumers in apparel buying have shifted from offline to online. At the same time, more and more apparel retailers are adopting the technology of internet as their major business platform due to lower cost. However, the advance technology development of internet creates intense competition among online retailers in marketplace. Besides that, easy interaction with customers via online allows the internet-based business to grow tremendously and rapidly. Lee and Lin (2005) stated that most experience and success retailers are beginning to realize that key determinants of success not merely depend on presence of websites and lower price but also includes the online service quality.

However, without a proper quality management from its systems, staff and supplier, it is very hard to satisfy customers due to retailers unable to deliver the appropriate level of service quality (Cox & Dale, 2001). Effectively managing online stores that influence customer satisfaction not only for online retailer but also essential for multi-channel retailer due to the reciprocal effects across the channel (Venkatesan, Kumar & Ravishanker, 2007). According to (Ha & Stoel, 2012) stated those customers who have a bad online shopping experience appear to resist shop through the retailer's

other channels. Therefore, customer online shopping satisfaction plays an important role to sustain the growth of not only the online business but also the overall business.

The predictor variables of online shopping quality and key factors influencing consumer shopping outcomes such as e-shopping satisfaction and e-shopping intention are therefore crucial for apparel retailers to understand (Lee & Lin, 2005; Ha & Stoel, 2012). The complete framework is therefore necessary to identify the dimensions of online shopping that influence consumer shopping outcomes which is online shopping intention.

1.1.1 Online Apparel Retailing overview in Malaysia

Internet service's rapid growth has provided Malaysia with another huge marketplace for apparel retailing. Online retailing has become another corporate trend in Malaysia in recent years. Online marketplace capable of delivering benefits to retailers and consumers alike. It therefore provides retailers with a cost-effective channel to reach their target consumers. Additionally, consumers benefit because online purchasing saves time and money while making more product choices available (Alba, Lynch, Weitz, Janiszewski, Lutz & Wood, 1997).

The benefits of the internet marketplace are having an effect on the internet clothing sector, including few internet shops such as Zalora, Shopee, Lazada and Taobao that have grown significantly in Malaysia. As a result, a study conducted by Kamaruzaman and Handrich (2010) showed that online users' e-commerce spending behavior shows a new trend among Malaysian consumers.

1.2 Problem Statement

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).

Through electronic marketing and internet communication business firms are coordinating different marketing activities such as market research, product development, inform customers about product features, promotion, customer services, customer feedback and so on. Online shopping is used as a medium for interaction and digital commerce, with the aim of enhancing or improving the importance, performance and attractiveness of providing customer advantages and improved happiness, which is why internet shopping is more convenient and expanding its popularity day by day.

Therefore, online shopping is a means by which distributors try to use technology to attract a broader client base and distribute their business share to prospective clients who would otherwise have been unaware of their item offerings as stated by (Pillay & Singh, 2010). It also appeals to the need for convenience of people and assumes that purchasing ease will increase the likelihood of buying their goods. Before being paid for, products will be viewed online and selected remotely, mostly by credit card. Online customers expect an elevated level of internet service quality because internet cost comparison is much simpler, so internet service quality plays a main consideration for customers (Santos, 2003). To enhance the competitiveness of online stores, priority should be given to an in-depth understanding of the quality of online service or factors influencing consumers ' online shops.

One of the Internet's most prominent advantages is its capacity to connect companies around the globe in actual moment. The Internet is prepared to empower companies and individuals alike to communicate with each other through this. E-commerce is the act of purchasing or distributing products and services over the Internet and is limited only to Internet operations (Baltzan & Phillips, 2009).

However, there are some risk may be affected by consumers when purchase things via online shopping. First, as stated by (Parasuraman, Zeithaml & Malhotra, 2005) money and privacy data are included when purchasing online, so online customers are always concerned about website security and client data security. According to Sharma and Sheth (2004), it was suggested that privacy and safety was a critical problem in online retailing because there is the danger of misuse of privacy data and causing individuals to fear buying goods online. Privacy and safety are therefore one of the primary variables that affect the shopping outcomes of customers which is pleasure and desire to shop.

Besides, according to (Than & Grandon, 2002) for internet shops, website design that has been submitted to clients is essential. Website quality and characteristics are always essential in influencing customers to shop online. Chen and Wells ' earlier research in 1999 as quoted in (Kim & Stoel, 2004) stated that internet shoppers were disappointed with the inadequate website layout despite the fact that website advisors had developed it. In the meantime, Srinivasan, Anderson, and Ponnnavolu (2002) indicated that it would be simpler for internet consumers to leave the site if they were discouraged in their attempts to locate necessary data because of the unsuccessful database. Kim, Kim and Lennon (2011) also noted that the absence of appropriate product data on the website could contribute to the risk of consumers leaving the website without making any purchases. Website design variables are therefore powerful predictors of client fulfillment (Cho & Park, 2001).

In addition, e-shopping quality is undoubtedly always linked to customer service. This is because customer service relates to how often an internet shop offers facilities on a voluntary basis, such as quickly reacting to customer requirements and requests. Making the facilities accessible with a mouse click is one of the significant components of client service because internet retailing has no existence of salespersons and immediate human communication is restricted (Kim et al., 2011). Wolfinbarger and Gilly (2003) noted that delayed of customer inquiry facilities may have an adverse effect on the consumer's desire to buy. Therefore, Ha and Stoel (2012) indicated that customer service had a significant relationship on the result of online shopping and consider one of the important variables affecting the result.

Some customers, while shopping online, are looking for entertainment, thrill or enjoyment. Bauer, Falk and Hammerschmidt (2006) and Ha and Stoel (2009) observed that much less research has to do with hedonic aspects and consumer views about the online store. Consumers are more probable to encounter higher pleasure and have more fun when shopping at the online store, according to Ha and Stoel (2009). In addition, Ha and Stoel (2012) also observed the atmospheric / experiential importance capable of influencing an online store's general evaluation. Therefore, the atmospheric/experiential aspects take into account a critical factor that influences customer shopping online.

Lee and Lin (2005) proposed that there was an important connection between client perceptions of internet service performance and customer satisfaction on buying purposes. Nowadays, due to the intense competitive online market, online retailers are striving to meet the needs of every consumer. According to Im and Ha (2011), one of the most significant factors for predicting consumer conduct in the future is shopping or buying intention. Based on Schlosser's earlier study in 2003 (as cited in Im & Ha, 2011) it proposed that buying intention can be a measure to forecast real buying conduct by customers. Therefore, potential adverse impacts on online business will happen if online retailers underestimate consumer shopping or buying desire as they can forecast the actual consumer buying behavior.

Chua, Khatibi and Ismail (2006) and Tung (2012) indicated that very restricted online shopping performance research and references were mainly concentrated on the online clothing sector. Although the online market in the clothing sector has a strong capacity, there is still a lack of knowledge of the topic matter that has prospective effect on customer fulfillment and purchasing purpose (Chua, Khatibi & Ismail, 2006).

Therefore, this research will study what are the factors that affecting online shopping of purchasing apparels among young adults. A framework is required to construct the factors that affect online shopping which is privacy/security, website design, customer service and atmospheric/experiential with impacts on online clothing retailing in Malaysia on online shopping results which is online shopping intention.

1.3 Research Question

This study is attempted to answer these following questions:

- i. What are the level of factors that affecting online shopping (Privacy/Security, Website Design, Customer Service and Atmospheric/Experiential) to purchase apparels?
- ii. What is the level of online shopping intention to purchase apparels?
- iii. What are the factors that affecting online shopping to purchase apparels among young adults?

1.4 Research Objective

This study was aiming to investigate Based on the goals of the study, several research objectives are designed to achieve goals. This study has three objectives which are stated below:

- i. To identify the level of factors affecting online shopping (Privacy/Security, Website Design, Customer Services and Atmospheric/Experiential).
- ii. To identify the level of online shopping intention to purchase apparels among young adults.
- iii. To study the relationship between factors affecting online shopping to purchase apparels among young adults.

1.5 Scope of the Study

This research focus on the consumer's intention as the possible determinants of online shopping quality dimensions to purchase apparels. This research covers two variables which are e-shopping quality dimensions as independent variable and e-shopping intention as dependent variable. The scope of the research covers Malacca only. Questionnaire will be distributed among young adult at Malacca for achieving the desired objectives.

1.6 Organization of Thesis

The proposed study will consist of three chapters:

Chapter 1: Introduction

Chapter one look into the online shopping with introduction to the topic and background of the study. It outlines the problem statement, research question, research objective, significance of the study, conceptual and operational view and overall chapter layout of the research study.

Chapter 2: Literature review

Chapter two is a review of the literature including a thorough analysis of past studies. Besides, this chapter reveals both the empirical gap and theoretical gap about the study and aims to build a research hypothesis and research framework.

Chapter 3: Research Methodology

Chapter three includes the explanation on the variables and their measurement in detail. Research design, research method, data collection, research location, research subject, research instruments, pilot test, data analysis will be discussed in this chapter.

1.7 Limitation of the Study

Almost every study has some limitations and so as in this study. Every study will be limited by several constraints. This study also has several constraints. The first constraint in this study is the cost constraint. Cost which required to complete a full research is too high for student. This research is conducted with low budget cost, but it is completed with enough information. Due to low budget cost for this study, the survey is conducted in Malacca only. Next, the other limitations in this study is time limit. There is insufficient time to conduct detail research and survey for this study.

1.8 Significance of the Study

The primary aim of this research is to examine the factors of online shopping to purchase apparels that affecting online shopping intention towards retailing of an online clothing. At the same moment to explore the interdependent connection between independent variables of privacy/security, website design, customer service and atmospheric/experiential and dependent variable which is online shopping intention. It is also necessary to examine the view of customers on online shopping variables in online shopping clothing through the online shops.

1.8.1 Contribution to Knowledge

From the point of view of online clothing retailers, an in-depth understanding of the factors that affect online shopping provides a positive input, such as online apparel retailers, who are willing to obtain helpful data and expertise to better comprehend the online consumer reaction system, create an efficient online marketing approach and online marketing plan that can enhance company compliance. Moreover, researcher can get more ideas and information as well as additional references in future research. Besides that, researcher have a stronger understanding of online apparel retailing and knowledge of consumer buying decisions. Researcher can therefore reproduce comparable online shopper research and figure out the distinction in distinct industries or areas.

1.8.2 Contribution to Practice

Consumers can be more concerned about factors of online shopping such as privacy/security, website design, customer service and atmospheric/experiential from the point of perspective of consumers. Therefore, they will feel fun, enjoyment and feel secure when they make payment or web transaction while shopping online.