

**FACTORS AFFECTING CONSUMER BEHAVIOUR TOWARDS BUYING
SMARTPHONE VIA ONLINE SHOPPING WEBSITES IN KUALA LUMPUR,
MALAYSIA.**

KHAN HUAI QIAN

**A thesis submitted in
fulfilment of the requirement for the award of the
Degree Bachelor of Technology Management (Technology Innovation)**

**Faculty of Technology Management and Technopreneurship
Universiti Teknikal Malaysia Melaka**

JUNE 2019

‘I/ We hereby declared the work I/ We had read through this thesis and in my/our opinion that this thesis is adequate in terms of scope and quality which fulfill the requirements for the award of Bachelor of Technology Management (Technology Innovation)’

SIGNATURE :
NAME OF SUPERVISOR : DR. NURUL ZARIRAH BINTI NIZAM
DATE :

SIGNATURE :
NAME OF PANEL : EN. ISMA ADDI BIN JUMBRI
DATE :

DECLARATION

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

SIGNATURE : _____

NAME : KHAN HUAI QIAN

DATE : _____

DEDICATION

I would like to dedicate the appreciation to my family members who supported me from financially and spiritually, beloved supervisor and panel who guided me along this research, housemates and course mates that assisted me through the journey of research.

ACKNOWLEDGEMENT

I would like to express my appreciation to my supervisor, Dr. Nurul Zarirah Binti Nizam for her patience, valuable guidance and continuous support throughout the entire execution of this research.

I would also like to express my deepest gratitude to my beloved family and friends for encouragement and support in times of difficulties and challenges to complete this research.

I would like to express sincere appreciation to the examination panels of Final Year Project for valuable comments and guidance at the Final Year Project presentation.

Lastly, I also appreciate to all my friends, course mate, and housemate who directly or indirectly, have lent their hands in the venture.

ABSTRACT

The era of new technology, online shopping is the common activity that all the people will do and shop on it. Consumers can shop everything in online store such as electrical appliances, essential products, mobile and gadgets and more. With the change of the technology, consumer have changed their traditional shopping pattern to online shopping pattern, and this cause increasing of the seller to change their business online, from the chain store to small individual business. Smartphone is a common gadget that all of us are needed in this world, all the seller of smartphone will find their way to sell their smartphone and it has increased the amount of online seller. To stand out, it is useful for sellers to find out what factors affect consumer behaviour towards buying smartphone via online shopping websites. There were three objectives in the study: (1) to determine the factors that affecting the consumer behaviour towards buying smartphone via online shopping websites in Kuala Lumpur, Malaysia, (2) to analyse the relationship between factors that affect the consumer behaviour towards purchasing of smartphone via online shopping websites, and (3) to investigate the most influential factors affecting consumer behaviour towards buying smartphone via online shopping websites in Kuala Lumpur, Malaysia. Moreover, a survey was conducted to 150 respondents that stay in the Kuala Lumpur area which were Kuala Lumpur City Centre and Bukit Bintang. The replies have been analysed by means of frequency distribution, average and chart analysis. From the result, all the four factors such as convenience and save time, pricing, reference group and product selection were showed influence significantly to the dependent variable. Thus, convenience and save time is the most influential factor that affecting the consumer behaviour towards buying smartphone via online shopping websites.

ABSTRAK

Dalam era yang maju, membeli-belah dalam talian menjadi biasa kepada para pelanggan dalam dunia ini dan mereka akan menggunakan faedah tersebut dengan baik. Para pelanggan dapat membeli pelbagai barangan dalam talian seperti barang-barang elektrik, barangan keperluan, telephone pintar dan lain-lain. Pengguna memilih membeli-belah dalam talian yang merupakan saluran membeli-belah lain yang lebih mudah dan nyata daripada pola membeli-belah tradisional, dan ini juga menarik lebih ramai orang menjual produk dalam talian, dari kedai rantaian kepada perniagaan individu kecil. Telefon pintar adalah alat yang biasa untuk semua orang di dunia ini, ini menyebabkan kedai-kedai yang menjual telefon pintar akan mencari jalan untuk menjualkan telefon pintar tersebut dalam pasaran, dan ini telah meningkat banyak penjual menjualkan alat-alat tersebut dalam talian. Selain itu, terdapat tiga objektif dalam kajian ini: (1) untuk mengenal pasti faktor-faktor yang mempengaruhi pelanggan untuk membeli telefon bimbit dalam talian di Kuala Lumpur, Malaysia, (2) untuk menganalisis faktor-faktor ada hubungan dengan pelanggan untuk membeli telefon pintar dalam talian, dan (3) untuk mengenal pasti faktor yang paling mempengaruhi pelanggan untuk membeli telefon pintar dalam talian. Untuk tujuan ini, satu kajian yang telah dijalankan dan 150 soal selidik telah diedarkan di kalangan pelanggan yang berbeza dan orang awam di kawasan Kuala Lumpur iaitu Kuala Lumpur City Centre dan Bukit Bintang. Keputusan telah dianalisis dengan menggunakan taburan kekerapan, purata dan analisis carta. Dalam keputusan tersebut menunjukkan empat faktor yang dikajikan oleh pengaji iaitu kemudahan dan menjimatkan masa, harga, kumpulan rujukan, dan pelbagai pilihan produk akan mempengaruhi para pelanggan untuk membeli telefon pintar secara talian. Akhirnya, kemudahan dan menjimatkan masa adalah faktor yang paling mempengaruhi pelanggan untuk membeli telefon pintar dalam talian.

TABLE OF CONTENTS

CHAPTER	CONTENT	PAGES
	DECLARATION	i
	DEDICATION	ii
	ACKNOWLEDGEMENT	iii
	ABSTRACT	iv
	TABLE OF CONTENT	vi
	LIST OF TABLES	x
	LIST OF FIGURES	xi
	LIST OF ABBREVIATION	xii
	LIST OF SYMBOLS	xiii
	LIST OF APPENDICES	xiv
 CHAPTER 1	 INTRODUCTION	
	1.1 Background of study	1
	1.2 Problem Statements	3
	1.3 Research Questions	5
	1.4 Research Objectives	5
	1.5 Scope and Limitation of Study	6
	1.6 Significant of Study	7
	1.7 Summary	7

CHAPTER 2	LITERATURE REVIEW	
2.1	Introduction	8
2.2	Definition of Consumer Behaviour	9
2.3	Smartphone	10
2.4	E-Commerce / Online Shopping	11
2.5	Online Buying Behaviour in General Situation	12
2.6	Factor affecting consumer behaviour towards buying smartphone	13
2.6.1	Convenience and Save time	13
2.6.2	Pricing	14
2.6.3	Reference Group	15
2.6.4	Product Selection	17
2.7	The Theory of Planned Behaviour (TPB)	18
2.8	Theoretical Framework	20
2.9	Hypothesis of Study	21
2.10	Summary	22
CHAPTER 3	RESEARCH METHOD	
3.1	Introduction	23
3.2	Research Design	24
3.3	Choice of Methodology	25
3.4	Primary and Secondary Data Sources	26
3.5	Location of Research	27
3.6	Questionnaire Design	27
3.7	Sampling design	28
3.8	Research Strategy	31
3.8.1	Pilot Test	31
3.9	Data Analysis Method	32
3.10	Validity and Reliability	34
3.11	Summary	36

CHAPTER 4	DATA ANALYSIS	
4.1	Introduction	37
4.2	Missing Value Analysis	37
4.3	Frequency Analysis	38
4.3.1	Demographic Analysis	38
4.3.1.1	Gender	38
4.3.1.2	Age	40
4.3.1.3	Occupation	41
4.3.1.4	Area	42
4.3.1.5	Monthly Income	43
4.3.2	Pattern of Consumer Buying	
	Behaviour Online Shopping	44
4.3.2.1	Experience of Buying Smartphone	44
4.3.2.2	Times of Shopping Online	45
4.3.2.3	Reason of Online Shopping	46
4.3.2.4	Number of Visit the Retail	
	Store Before Buying Online	47
4.4	Descriptive Analysis	48
4.5	Reliability Test	49
4.6	Inferential Analysis	51
4.6.1	Pearson Correlation	51
4.6.2	Multiple Regression Analysis (MRA)	53
4.6.3	Hypothesis Testing	56
4.7	Summary	61

CHAPTER 5	DISCUSSION, IMPLICATION AND CONCLUSION	
5.1	Introduction	62
5.2	Discussion of Descriptive Analysis	63
5.3	Discussion of Objectives and Hypothesis Test	64
5.3.1	Objective 1	64
5.3.2	Objective 2	69
5.3.3	Objective 3	72
5.4	Implication of Study	73
5.5	Recommendations for Future Research	73
5.6	Conclusion	74
5.7	Summary	75
	REFERENCES	77
	APPENDICES	86

LIST OF TABLES

TABLES	TITLE	PAGES
3.1	Determining Sample Size from a given population	30
3.2	Meaning of Correlation Coefficient	34
3.3	Cronbach's Alpha Coefficient Size	36
4.1	Statistics Analysis of Respondents by Gender	39
4.2	Statistics Analysis of Respondents by Age	40
4.3	Statistics Analysis of Respondents by Occupation	41
4.4	Statistics Analysis of Respondents by Area	42
4.5	Monthly Income among respondents	43
4.6	Experience online shopping	44
4.7	Times of Shopping Online	45
4.8	Reason of Online Shopping	46
4.9	Visit the Retail Store Before Buying Online	47
4.10	Descriptive Statistics	48
4.11	Overall Result of Reliability Test	49
4.12	Interpretation of reliability based on respondents	50
4.13	Result Pearson Correlation Coefficient	51
4.14	Summary Pearson Correlation Coefficient	52
4.15	Model Summary Multiple Regression Analysis	53
4.16	Coefficient Table	56
4.17	Guidelines for Interpreting Hypothesis Testing	57
4.18	The Overall Result of Hypothesis Testing	57
5.1	Summary of Inferential Analysis	64

LIST OF FIGURES

FIGURES	TITLE	PAGES
2.6	The Theory of Planned Behaviour	19
2.8	Factor affecting Consumer Behaviour towards buying smartphone via online websites	20
4.1	Respondents by Gender	39
4.2	Respondents by Age	40
4.3	Respondents by Occupation	41
4.4	Area Analysis	42
4.5	Monthly Income among Respondents	43
4.6	Experience on Online shopping	44
4.7	Times of Shopping Online	45
4.8	Respondent's Reason of Shopping Online	46
4.9	Respondent's Visit the Retail Store before Online Shopping	47

LIST OF ABBREVIATION

ANOVA	= Analysis of Variance
DV	= Dependent Variable
IV	= Independent Variable
MRA	= Multiple Regression Analysis
QU	= Quality
SPSS	= Statistical Package for Social Sciences
TPB	= The Theory of Planned Behaviour

LIST OF SYMBOLS

H_0	= Null Hypothesis
H_1	= Alternative Hypothesis
β	= Beta
α	= Constant
R	= Correlation Coefficient
R^2	= Coefficient of Determination

LIST OF APPENDICES

APPENDICES	TITLE	PAGES
A	Gantt Chart for PSM 1	86
B	Gantt Chart for PSM 2	87
C	Questionnaire	88

CHAPTER 1

INTRODUCTION

1.1 BACKGROUND OF STUDY

Nowadays, technology is a main component that is playing important role in all the sector in the world. For example, all of us can see that different between past generation which is the people doing their business from shop to the customer but with the rapidly change in technology people can just do their business with one click of button that customer will do so to buy their products. Therefore, all the people can run their business easily through internet nowadays which produce win-win situation between customers and bosses. The fundamental change occurs will always give the positive benefit to all the customers in the market (Boritz, 2009).

According to The Internet World Stats (2018) shows that the number of the internet users is more than four billion in 2017, and it is growth 577 per cent compared to number of internet users in 2000. With the increasing number of the internet users, most of the retailer or company will use the online shopping method to sell their product into the market. Therefore, the traditional business method had been transformed to the online shopping nowadays (Bourlakis et al, 2008).

Besides, all the electronic products in this world are affected by the technology that changing day by day especially smartphone. This is because when the technology is changing, the company which is producing smartphone will also keep changing as well. Therefore, to avoid get any loss in the market and gain more revenue in the market, smartphone company will sell their products by using online

marketing which can help them to gain more market share and gain different type of the customer in this world.

Moreover, as we know that there are many products that can be found in the online store which are electronic products, shirts and pants, stationery, home appliance etc. Although, all the product that can be found in the online store nowadays, but 52% of consumers would like to buy the electronic products especially smartphone in physical store after research have be done online (PwC 2016). Not only that most of the consumer electronics think that products which are complex and expensive need personal examine before purchase it (Kim and Forsythe 2010).

In this final year project is about the factor affecting consumer's behavior towards buying smartphone via online store. From this statement shows that consumer can buy the smartphone everywhere in the market such as physical store but some of the factors that have be influenced the consumer behavior to buy the smartphone through online store. At the end of the research, the factors will be shown very clear to notice that which factors are affecting the consumer's behavior on buying smartphone via e-commerce platform.

1.2 RESEARCH PROBLEM

In this technology era, there are a lot of mobile companies that compete between each other to gain more market share in this market. For example, before this Apple is the leading company of smartphone in this world, yet, in this competitive market many of the company such as Samsung, Huawei, Xiaomi, Oppo, and Vivo keep innovate the new smartphone that can be sell in the market. Therefore, online marketing is one of the powerful tools for them sell their products to the market.

In addition, in this competitive environment in market, marketers need to understand and know more details about the consumer behaviour in the field of online marketing. According to Umar et al., (2011), marketers are important to identify and analyze the factors that can be influenced the customers buying their products online in order to catch the consumer's demand. Moreover, nowadays many companies like to create business opportunities on the internet instead of doing their business in physical store, so, to meet the consumer's behaviour is the main key to achieve successful in the market (Hartley, 2016).

Besides, all the people in this world would like to have their leisure time in their part of the life such as shopping during free time, watching movie, having meal with friend and family etc. However, the working environment has force them to work under the stress and always face the overload work problem and cause them to do not have any free time for doing their own business. According to Tina Hamilton (2017) president of myHR Partner, when organization overwork their employees, it will take away their time with friends, families, and their own personal activities to only give all their time to organization. Furthermore, overwork will also cause mentally and physically problem, and at last the employees will just quit the job. Therefore, this will cause the consumer has no time for shopping.

Moreover, different company have their different own price list for all their products, some of them are willing to set their price cheaper than the other to gain some market share and attract more customers to buy their product. According to

Susan (2018), online retailer setting a low initial price for goods and services via online shopping websites can immediately get attention from the other to your business among other competitors. In the study that carried out in France, India, and USA show that customers will do comparison price through websites before buying online or offline (Bughin et al, 2011). Customer will always shop smart before they want to purchase a product in the market, which product is cheapest, he or she will automatically prefer on the cheapest product. So that, the reason for the buyers to shop online is to save money which can buy with cheaper price via online retailers compare to physical store (Eleanor Ross, 2016).

At last, buying smartphone or online shopping is one of the risk activities in e-market place (Almoussa, 2011). This is because consumer can only look the products on their technology gadget such as laptop or mobile phone and they do not ever touch the product before they purchase on it. So, most of the customer will worried about the product might look exactly what was displayed in the website in term of outlook, shape, and color (Dai et al., 2014). For example, if a customer wants to buy a smartphone in online store but the smartphone in the bad condition, the online shopper will face the monetary loss due to unsatisfying product and need to pay the higher price to the not being worth product (Featherman and Pavlou, 2003). Thus, customers will might feel some risk when they want to shop online in the future.

1.3 RESEARCH QUESTIONS

The question to be done is based on the research objectives:

1. What are the factors that affecting the consumer behaviour towards buying smartphone via online shopping websites in Kuala Lumpur, Malaysia?
2. Is there any relationship between factors that affect the consumer behaviour towards purchasing of smartphone via online shopping websites?
3. Which is the most influential factor that affecting consumer behavior towards buying smartphone via online shopping websites in Kuala Lumpur, Malaysia?

1.4 RESEARCH OBJECTIVES

Smartphone become an essential product to all the people nowadays. The smartphone company not only sell their products in the physical stores they also sell their product via online marketing. Therefore, this study is carried out to find out the factor affecting consumer's behavior towards buying smartphone via online marketing in East Coast Malaysia.

1. To determine the factors that affecting the consumer behaviour towards buying smartphone via online shopping websites in Kuala Lumpur, Malaysia.
2. To analyse the relationship between factors that affect the consumer behaviour towards purchasing of smartphone via online shopping websites.
3. To investigate the most influential factors affecting consumer behaviour towards buying smartphone via online shopping websites in Kuala Lumpur, Malaysia.

1.5 SCOPE AND LIMITATION OF STUDY

The research is focused on the factors affecting consumer behaviour towards buying smartphone via online shopping websites in Kuala Lumpur, Malaysia. The area that be chosen to collect the data and do the research is Bukit Bintang and Kuala Lumpur City Centre. It is because both areas are the famous destinations to the public and citizens who are living in the Kuala Lumpur always spend about 53 minutes to stuck in the traffic congestion Boston Consulting Group (BCG) (2018). The respondent is aimed on the age between 20 years old and above with the experience of buying smartphone via online are acceptable.

In this research, there are some several limitations appear during doing the research. The first limitation was time. The research is given insufficient time to conduct the data collection with the large amount of the respondents. Besides, the language that used in the questionnaire only designed in English version. It may cause some time delay during answer the questionnaire because some of the respondents unfamiliar with the meaning of the questions.

Moreover, geographical factor also one of the limitations in this research. This is because the survey is going to conduct in Kuala Lumpur. Therefore, the survey will be limited, and the data can be done in these places only.

In addition, to access the secondary information in this study also one of the problems that must be faced. This is because all the secondary information such as journal, case study, and article need to pay for the full review. Therefore, this is the problem that all the researcher will be faced.

1.6 SIGNIFICANT OF STUDY

Basically, this research is about identify the factor that affecting consumer behaviour towards buying smartphone via online shopping websites in Kuala Lumpur, Malaysia. There are four factors that researcher want to study in this research such as convenience and save time, pricing, reference group, and product selection. This research will be able to understand how the variables influence the consumer behaviour towards buying smartphone via online shopping websites. Besides, the result of this study can identify the most influential factor that affecting the consumer behaviour buying their smartphone via online shopping websites. For this research, researcher is recommended to online seller and some mobile organizations. However, there are some challenging that must be faced by them such as changing in life cycle, innovation of the technology and changing pace of technology. Therefore, researcher want to find more information and knowledge about the consumer behaviour and how to track their behavior. Finally, the online seller and the related organizations may need to know more about the consumer behaviour because they can convert this challenging into profit to their company and this also can be a good way to attract more potential customer in future.

1.7 SUMMARY

This chapter is structures as introduction of the whole research. It introduced the topic of the study including the background of study, research problem, the research questions and research objectives, scope of limitation of study, and the implication of study. In the following chapter which is chapter two will conducting the literature review which find the previous study to justify the evidence of this research.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

In this chapter is to create an understanding information and knowledge for the present study by using the previous case study, journal, and article as the references. For the main purpose of this study is to examine the factor affecting the consumer's behaviour towards buying smartphone via e-commerce, so, to investigate this issue, the main factors are from the consumer behaviour. However, through literature review researchers will find more valid argument, providing more evidence about the factors of the consumer behaviour that have already done by the previous researchers. Besides, this chapter also will show the relationship between the independent variables and dependent variables in the theoretical framework and at the end of the chapter the hypothesis will be formulated and specified as well.