

**THE FACTORS THAT INFLUENCE CONSUMER PURCHASE INTENTION
OF SMARTPHONE**

FAUZUL AZEM BIN KHASRIMAN

The thesis is submitted in partial fulfilment of the requirements for the award of
Bachelor of Technopreneurship (Honours)

Faculty of Technology Management and Technopreneurship

Universiti Teknikal Malaysia Melaka

JUNE 2019

APPROVAL AND DECLARATION

“I hereby declare that I have checked this project/thesis and in my opinion, this report is adequate in terms of scope and quality for the award of the degree of Bachelor of Technopreneurship (Honours)”

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Date:

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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”

Signature:

Name: Fauzul Azem Bin Khasriman

Date:

DEDICATION

I dedicate this research to my beloved father Khasriman Bin Zainal Abidin, mother Fauziah Binti Abd Malek and my siblings. Thank you for raising me with affection and love and always supported me from the beginning until now. A special thanks to my supervisor Prof. Datuk Dr. Izaidin Bin Abdul Majid, my panel Miss Sitinor Wardatulaina Binti Mohd Yusof and my friends for helping me throughout the project towards accomplishing my thesis.

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ABSTRACT

This research report much based on the factors that influence consumer purchase intention of smartphone in Melaka. The main objective of this study was to identify the extent of consumer purchase intention of smartphone in Melaka, to investigate the relationship between influencing factors and consumer purchase intention of smartphone in Melaka, to identify the most influencing factors that affect the consumer purchase intention of smartphone in Melaka. A total of 271 completed and usable set of questionnaires will be obtained from target respondent smartphone users in Melaka, Malaysia. This study was a descriptive research study. This study used quantitative method and data collection method from primary data and secondary data. SPSS software is used to analyze questionnaire-based survey data.

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LIST OF ABBREVIATIONS

BI	= Brand Image
PF	= Product Features
P	= Price
SPSS	= Statistical Package for Social Science
ANOVA	= Analysis of Variance
UTeM	= Universiti Teknikal Malaysia Melaka

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CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter covers the nature of the research regarding the smartphone of Malaysia and its trend. Then, the statement of the problem is followed. On this chapter, the three research questions and three research objectives were clearly stated. Next, the study will discuss the scope, limitations, and significance of the study. The final part of this chapter is a short summary of the chapter as a whole.

1.2 Background of Study

According to Microsoft Devices Team (2012), smartphone is a phone that's at the cutting edge of current innovation. In the year 1973, cell phones were designed and presently have been created quickly and in the long run gotten to be a needed for everybody (Quynh, 2014). Lay-Yee et al. (2013) said in their research uncovered that smartphone could be a mobile gadget which isn't only receives phone calls, messages, and voice mail but it is additionally able to get to advanced media like picture, music and videos and the web. Nearly all smartphones are based on an Operating System, the estimate is marginally bigger than standard mobile phones and incorporates a high-density screen determination (Malviya et al.,2013). Smartphones are usually within reach, no matter where you are.

According to Waring (2015), smartphone entrance has taken off in Malaysia. Another research (Statista, 2016) figure smartphone entrance percentage among smartphone consumers in The Asia-Pacific nation can hit almost 1.5 billion by 2019 in excess of 50 percent. This may cause by the quicker expansion of cheaply manufactured smartphones and a cost of service plans appear decreasing (Statista, 2016, e Marketer Inc, 2015). The latest Communications and Multimedia: Facts and Figures, 1Q 2016 released by the Statistics Department of Malaysian Communication and Multimedia Commission (MCMC) state that the penetration rate per 100 inhabitants on mobile-cellular is about 143.4% (MCMC Statistic, 2016, Q1). From the statistical report of Malaysian Communication and Multimedia Commission (MCMC), a penetration rate is over 100% can occur because of multiple subscriptions. The report moreover stated that Malaysia is the beat one mobile cellular phone memberships per 100 occupants among ASEAN nations within the year 2014 (MCMC Statistic, 2015).

According to Waring (2014), he summed up the news scraps in Malaysia and found that 88% of Malaysians get to the web through mobile phones and caused telecom administrators accounted for 85% of income. He summarizes over a year later from the study firm GFK company report that 2014 smartphone sales in Malaysia reached 8.5 million but client spending falls owing to the risk of new market participants (Waring, 2015).

Moreover, the overall numbers of mobile phone consumers are rising strongly within the moment decade of this century (Malviva et al., 2013). Sajith Sivanandan, managing director of Google Malaysia said that 35% of smartphone consumer overviewed in Malaysia only depend on their smartphone to getting to the Internet. As shown by Statista (2016), there were 16.6 million mobile phone users in Malaysia. This number is predicted to increase in 2016 to 17.9 million and in 2017 to 21.7 million. On the whole. Sajith said Malaysians are at the front of this trend, using the smartphone web to shop, access news, look for local businesses, watching videos and listening to music. The study conducted by Mad Lazim, H. and Sasitharan (2015) show that smartphone demand among Malaysian appeared noteworthy expanding due to the smartphone multipurpose features and application.

Besides that, Malaysia consumers will supplant their mobiles every 21 months when compared to other electronic items (On Device Research.com, 2014). Customers that need to update to smartphone from feature phone got to spend more cash. Smartphone gotten to be a common got to most individuals these days due to the advantages of smartphone and its capacity compare to other innovation devices (Lim et al., 2012). In a blog post, Jerry Dischler, Google's vice president, wrote that computers have fewer searches than mobile devices. However, according to Sterling (2015) the company declined to expand more on what does this happened and nations that have been tallied.

1.3 Problem Statement

In spite of high penetration rate of the smartphone, there are few reasons why this study should be conducted. Firstly, smartphone manufacturers grow modern features of smartphones, however, the question is whether customers crave for new features and willing to purchase (Versace, 2013). According to PRWeb (2016), the competitions between smartphone manufacturers are strong and drastic. The speed of changing innovations is eccentric since the smartphone manufacturers keep on progressing the new innovations and dump the ancient (Chow et al., 2012). As a result, there will be parcels of new design of smartphone launching by the manufacturers from time to time inside the market (Rahim et al., 2016). In the meantime, "Manufacturers are seriously trying to make a distinction between themselves with others competitors in small ways", said by computer scientist Kevin Curran at Mobile World Congress (MWC) in Barcelona (Scroxtion, 2015a). It is vital to assist them gain the competitive advantage within the market.

Other researchers (Osman et al., 2012) also agree that there's less study for way better understanding in consumers' preferences and behaviors as a result of the technology of smartphone change. They added that technology will change smartphone user behaviors. In conclusion, deciding the variables influencing the smartphone's customer purchase intention is essential. Therefore, the reason for this research is to provide information on smartphones and their variables to the customer intention in Melaka.

Today, there are numerous smartphone brands on the market to meet the needs and needs of customers. Various customers will therefore have different needs and preferences. Consumer behavior to purchase therefore relies on their characteristics such as brand image, price, quality, diversion and innovation knowledge, mixed with other decisions as well as absence of caution (Leo et al., 2005). The same question is whether consumers are willing and willing to buy new features (Versace, 2013). Thus, it is essential to look at variables leading to the intention of the consumer to buy a smartphone. This

research is aimed at examining influencing factor which is brand image, price, and product features of smartphone customers purchasing intention.

1.4 Research Questions

Researcher answer to following research questions:

1. What extent does consumer purchase intention of smartphone in Melaka?
2. Is there any relationship between influencing factors and consumer purchase intention of smartphone in Melaka?
3. What is the most influencing factors that affect the consumer purchase intention of smartphone in Melaka?

1.5 Research Objective

Based on above mentioned research question, researcher formulate following objectives of this research study as below:

1. To identify the extent of consumer purchase intention of smartphone in Melaka.
2. To investigate the relationship between influencing factors and consumer purchase intention of smartphone in Melaka.
3. To identify the most influencing factors that affect the consumer purchase intention of smartphone in Melaka.

1.6 Significance of The Study

The significance of this study is to understand the relationship between the influencing factors and consumer purchase intention of the smartphone. So, it is aim to find out the best solution to solve the problems raise in the study. The result of this study is beneficial and valuable for academic and practitioner.

In the academic perspective, students as the potential consumer will able to distinguish what factor or viewpoint they ought to consider when they aim to purchase a smartphone that creates them simpler to get to coursework and entertainment reason. In the smartphone practitioners and manufacturers perspective, they can utilize the information given here to rouse them and manufacture consumer centric smartphone in future. They can pick up more knowledge and discernment from the consider result and plan techniques planning for target consumers in this manner increase the company sales.

1.7 Scope and Limitation of Study

This study concentrated on variables that affect consumer purchase intention of smartphone in Melaka. Therefore, the researcher will focus on young adults and middle age as the target respondents. The age range consider is between 20 to 60 years old. According to MCMC Statistic (2015), the percentage distribution of hand phone users by age category in the year 2014 is highest with 18.8% from the age group of 20-24 follow by age group 25-29 which accounted for 16.3%. In addition, this research will only focus in Melaka. The reason researcher chooses Melaka state as research area is since Melaka was the fourth most elevated state with cellular phone infiltration rate per 100 tenants by

state which is approximately 159.2% within the year 2014 (MCMC Statistic, 2015). The research instruments incorporate a set of structured surveys. Consequently, the results of the research will concentrate on the factors that influencing on consumer purchase intention.

There is some limitation in this study. Firstly, the results gotten from sample size may not speak to the entire population in Malaysia. Typically, because the samples as it were collected in Melaka which is one of the states in Malaysia. Hence, it does not represent the generally smartphone market in Malaysia. Another, the mistake data may happen due to huge dispersion region in Melaka. Since the target respondents will be select randomly, so researcher cannot make beyond any doubt all region data is exact.

1.8 Summary

In this chapter, it showing that smartphone is a very important communication device for consumer. Consumer is willing to spend money in a smartphone which suits to them. Besides, there are many factors that will influence consumer purchase intention on choosing a smartphone. Consumer purchase intention is complicated and involve a number of constructs. Consumers with low involvement may use simple rules of choice to arrive at attitude judgments. Based on the information processing view, for example, the conduct of highly involved customers can be evaluated and defined (Hansen, 2000).

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This section tends to concentrate on discussion of literature review, review of suitable theoretical model, conceptual framework, and hypothesis creation. The literature review included an independent variable referring to Chapter One's research question and research objectives. After analyzing the theoretical models, the foundation for developing fresh thoughts for the conceptual framework was earlier researched. On the basis of research objective and research questions, the conceptual framework is then created. In this chapter, it clarifies the information and route of the relationship between variable dependent and independent variable. The final part is the hypothesis developed to assess the validity of the theory.

2.2 Definition of Smartphone

According to Quynh (2014), mobile phone in the market as of now can be isolated to two sorts which are feature phone and smartphone. Another title of feature phone is basic phone is really the primary era of mobile phone. The definition that separates the two sorts of mobile phone is smartphone is more progressed when compare to feature phone since it offers more superior work such as ability to computing and network. In conclusion, this research could make some new knowledge to researcher since smartphone is the latest technology in the mobile phone market.

He referred to a few literatures, according to Chi-Sheng Chen (2007), and structured a more point-by-point smartphone definition. He defined the appearance, basic functions, information communication, individual information management, PC synchronization upgrade, voice communications, processor, operating system, and expandability from a variety of perspectives. Yin-Tao Yang (2009) synthesized the opinions of different scholars and gave the following smartphone definition. First, it is based on the open platform of the operating system. Next, Voice (2 G, 3 G, 4 G), Internet, PIM, Music, Photography, Electronic Map, other private mobile entertainment companies, mobile entertainment centers and other fundamental integrative features. Finally, providing third-party mobile mall software, data centers, etc. with structured expansion of demand. In all these researches, the definition of smartphones is much more definite.