

**FACTORS THAT INFLUENCE CONSUMERS ONLINE PURCHASE  
INTENTION**

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## SUPERVISOR DECLARATION

‘I/We hereby declared that I/We had read through this thesis and in my opinion that this thesis is adequate in terms of scope and quality which fulfill the requirements for the award of Bachelor of Technopreneurship’.

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**FACTORS THAT INFLUENCE CONSUMERS ONLINE PURCHASING  
BEHAVIOUR**

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**The Thesis is submitted in Partial Fulfilment of the Requirements for the  
Bachelor of Technopreneurship with Honours**

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**JUNE 2019**

## DECLARATION

“I hereby declare that this report is the result of my own, except certain explanations and passage where every of it is cited with source clearly.”

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Date : JUNE 2019

## **DEDICATION**

I would like to dedicate my appreciation to my family members who always supports me in my spiritual and financial terms, and not forget to my beloved supervisor and panel that guided me throughout my research as well as my course mates who helped me through this journey.

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## ABSTRACT

In present, all businesses are conducting their business on the internet. This is due to the trend in which all of the things are going online, where online shopping becomes common and people who are involves as a buyer and seller are include young people of different age. The consumers purchasing pattern change at a rapid rate. As consumer behaviour differs when it comes to the price, product, quality, status, age of customer and others. The involvement of youth in online shopping, it makes the marketers difficult to have an expectation on them, as the younger generation is the most complicated group to understand. This is because the younger generation nowadays is mostly followed the trend in fashion and taste in line of the time changing. Thus, this shows that the youngest generation preference and taste affect the buying pattern. Therefore, the sellers or marketer should find out what factors influence online purchase intention among youth as it is very useful. Therefore, this research was conducted in which there were three objectives in this study: (1) to identify what is the prevalence of consumer online purchase intention.(2) the relationship between the factors (Consumer trust, Information satisfaction, and Internet Shopping satisfaction) with the consumer online purchase intention of the youth. (3) to examine the factor that has the biggest influence on the consumer online purchase intention among youth. The researcher had distributed the questionnaire form to target respondent which consist of 375 respondents. Then the data were collected and have been analyse by using SPSS software. The results show that the majority respondent agrees that online purchase intention among youth will affect by various factors, there are also shown that the significant positive relationship between all factors which are consumer trust, information satisfaction and internet shopping experience with online purchase intention among youth and internet shopping experienced is the most influenced factor to the online purchase intention of youth since it has the highest number of beta.

## ABSTRAK

*Pada masa ini, semua perniagaan menjalankan perniagaan mereka di internet. Ini disebabkan oleh trend di mana semua perkara sedang berlaku dalam talian, di mana membeli-belah dalam talian menjadi biasa dan orang yang terlibat sebagai pembeli dan penjual termasuk golongan muda yang berumur berbeza. Sebagai tingkah laku pengguna berbeza apabila ia berkaitan dengan harga, produk, kualiti, status, umur pelanggan dan lain-lain. Penglibatan belia dalam membeli-belah dalam talian, ia menjadikan para pemasar sukar untuk menjangkakan mereka, kerana generasi muda adalah kumpulan yang paling rumit untuk difahami. Ini kerana generasi muda pada masa ini kebanyakannya mengikuti trend fesyen dan rasa selaras dengan perubahan masa. Oleh itu, ini menunjukkan bahawa pilihan generasi termuda dan rasa mempengaruhi corak pembelian. Penjual atau pemasar perlu mengetahui faktor apa yang mempengaruhi niat pembelian dalam talian di kalangan belia kerana ia sangat berguna. Oleh itu, kajian ini dijalankan di mana terdapat tiga objektif dalam kajian ini: (1) untuk mengenal pasti apa yang lazimnya niat pembelian pengguna dalam talian. (2) hubungan antara faktor-faktor (kepercayaan pengguna, kepuasan maklumat, dan kepuasan membeli-belah Internet). (3) untuk mengkaji faktor yang mempunyai pengaruh terbesar terhadap niat belian pengguna dalam talian di kalangan belia. Penyelidik telah mengedarkan borang soal selidik untuk menargetkan responden yang terdiri daripada 375 responden. Kemudian data dikumpulkan dan telah dianalisis dengan menggunakan perisian SPSS. Hasilnya menunjukkan bahawa responden majoriti bersetuju bahawa niat membeli dalam talian di kalangan belia akan memberi kesan kepada pelbagai faktor, terdapat juga menunjukkan bahawa hubungan positif yang signifikan antara semua faktor yang merupakan kepercayaan pengguna, kepuasan maklumat dan pengalaman membeli-belah internet dengan niat pembelian dalam talian di kalangan belia dan Pembelian internet yang berpengalaman adalah faktor yang paling terpengaruh kepada niat pembelian belia dalam talian kerana ia mempunyai jumlah beta tertinggi.*



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**LIST OF ABBREVIATIONS**

<b>ABBREVIATIONS</b>	<b>MEANING</b>
UTeM	Universiti Teknikal Malaysia Melaka
SPSS	Statistical Package for the Social Science
ANOVA	Analysis of Variance
MRA	Multiple Regression Analysis
IV	Independent Variable
DV	Dependent Variable

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## CHAPTER 1

### INTRODUCTION

For this chapter the researcher will discuss the background of the study, problem statement, research question, research objective, and the scope of study in the topic of factors that influence consumer online purchase intention.

#### 1.1 Background of Study

In the digital age today have fundamentally changed our way on how we getting information, entertaining, socializing or even participating in online shopping activity as the consumer also receive benefits as it is more convenient, increase the speed of receive product, product information and other (Kotler & Armstrong, 2016). The internet helps save a lot of times and energy in which with the internet people can perform their jobs anywhere and everywhere. Based on the survey made by MCMC on the internet user survey 2017, the survey found that the internet users was about 24.5 million internet user in Malaysia for 2016, as it has increased from 24.1 million by 2015. Besides, from survey, its shows that more internet users is involve in the online market as they were a consumer or buyer. In addition it shows that an increasing number of consumer start made online transaction in 2016 as compared to the previous year which is less transaction.

By having a user's digital platform is easy to get detailed information about the product or services. Consumers are also easy as they can make their own comparisons of the same products between different companies as they may be able to see the difference at the same time and make the best decision based on the comparison as an option for wide-open users. Most people are using the internet in order to do research before purchasing online because with the technology they can find any information related to their interest (Asoto, 2010). Therefore, people are more dependent on technology today because technology makes lifestyle become easier they tend to shop more because they have access to some other information.

Nowadays, world businesses run on digital networks that connect people with companies. Therefore, most people are likely to perform online shopping rather than offline shopping. The new digital world helps the businesses or marketer to increase sales, create awareness and the most important is to increase traffic to the e-commerce store in new ways which can reach a huge amount of target potential consumer rather than a traditional way which is only focused on one customer base. However, each business model has its own benefits.

## 1.2 Problem Statement

There are various platforms or channel of online shopping that use by the consumer which this dimension allows the consumer to purchase their product from home. The increasing number of internet user encourage the number and variety of firms growing in which they were starting to gain the opportunities by create online business through the internet (Liao and Cheung, 2000). This indicates that increasing use of the internet also enhances the online marketing prospects in Malaysia. Consequently, consumer tastes and preference also change at a rapid pace that makes marketer difficult to cater to the changing need of the consumers. This individual buying behaviour affects many factors, and the factors will always affect the marketers to meet the customer need and wants. Instead of taste and preference changing in the line of fluctuating trends right now, there are also few problem that arise which some buyers are involved as victims of online fraud or online scam in which the consumer purchase items through social media sites run by individual or small companies who did not provide with sufficient security features or safe payment method ("Subtle dangers lurking behind online transactions - Letters | The Star Online", 2018). In addition, (Pillay, 2017) states that the highest list of complaints is from e-commerce sector, in which the most of the finding there an increasing number of victims among Malaysian consumer involve in unscrupulous online merchants and NCCC also state that online scam is one of the most top complaints among the other issues which is product delivery and quality issues. In which the online scam were happened when the fraudsters created a fake account or websites that offer goods and services and act like a trusted seller but it is not because once payments are made, the fraudsters disappear and cannot be trace. Here one of the online fraud that consumer had been warned by the National Consumer Complaints Center (NCCC) over this one of the online beauty care shop in which they has charged customers who visit their website only, or even the consumer are not decide yet to purchase of any of its products. As the consumer should be aware of any product advertisement before leading to its website via a link as they advertise their product through various online platforms, including Lazada, Shopee, Facebook Marketplace and Instagram (Muhamading, 2017). Therefore, the consumer's online purchase intention might be affected by all related issue.

According to Gurjeet Kaur, (2015) results of the study there were 90 per cent of the respondents are aware about online shopping sites but only 38 percent are online buyers of various products. As more of the respondent were refused for not to shop online is due to the lack of security, absence of physical examination and testing of products, lack of product's complete information, unattractive visual displays and layouts. In which this is also due to the difficulty to know what consumer are really want from the seller, hence proper tools are required to capture the right consumers (Luo, 2012). The consumers know better about what they preferred and they also more aware of a product that they interested in. This is also due to the rapid changing in technology, social media, and others related in motivated the consumer to follow the technological advance which directly led to the changing of their lifestyle. Hence, this is the biggest challenge for the organization to find out which factor should be considered more influencing online marketing. Youth appear to be the main generation that involves the change in buying behaviour. According to Vrechopoulos (2001), youth seems like the major buyers in an online transaction. In Malaysia, as reported by (MCMC) Internet User Survey 2017, male and female had an equal number of distribution in making online purchase as the majority of the range age for online shoppers are among youths aged 20-39 years old. In those range of age are most of them is universities students. In which most university students have knowledge in ICT and e-business, then there are the majority users that influence on the online market. As the young generation is not only influencing the buying behaviour of themselves, but they also can influence the buying behaviour of their family friends and people around them. This is because most of them are likely to share some information or the preference of themselves with other people which indirectly it encourages other people to buy it too.

Therefore, it is important for the marketer to know the consumer online purchase intention among youth because once the marketer knows the market demand and most of their target customer preferences it is easy to stay longer in the market or even easy to penetrate the new market by focusing on those factors that can influence them Umar (2011). Therefore, youth will be focused on, to study the factors that can influence consumer online purchase intention among youth of Universiti Teknikal Malaysia Melaka. The study will be determined by a few factors which are Consumer Trust, Information satisfaction and also shopping experience.

### **1.3 Research Question**

Following is the research questions guided the study.

RQ 1: What is the prevalence of consumer online purchase intention?

RQ 2: What is the relationship between the factors (Consumer trust, Information satisfaction, and Internet Shopping satisfaction) with consumer online purchase intention of the youth?

RQ 3: Which factor are the biggest influences in the consumer online purchase intention among youth?

### **1.4 Research Objectives**

The research is aimed to study the factors that influence consumers online purchase intention among the youth of Universiti Teknikal Malaysia Melaka. The specific objectives were to:

RO 1: To identify what is the prevalence of consumer online purchase intention.

RO 2: The relationship between the factors (Consumer trust, Information satisfaction, and Internet Shopping satisfaction) with the consumer online purchase intention of the youth.

RO 3: To examine the factor that has the biggest influence on the consumer online purchase intention among youth.

#### **1.4 Scope of the Study**

This research was conducted to study the factors that influence the online consumer purchase intention among the youth of Universiti Teknikal Malaysia Melaka. The study will be determined by a few factors which consumer trust, information satisfaction and also internet shopping experience. Moreover, the researcher studied on which factors are the biggest influences to the changing buying behaviour of the youth and the researcher also want to identify the relationship each factors with the online purchase intention of the youth.

#### **1.5 The Significant of Study**

This research was conducted to determine the relationship between the variable that affects the changing of buying behaviour towards the online shopping among the youth generation of Universiti Teknikal Malaysia Melaka. Therefore this study significantly benefits the academicians as the understanding of all variables will help the academicians understand more about how all of these variables influence the online purchase intention of the young generation. Besides the academic researcher can make an improvement to the basic research of a study on this research topic by including other factors that can influence the online purchase intention.

Online shopping platform has brought the changes totally in the way in which the marketer markets the product and the way in which the customers are buying the product. As mentioned before, it is not so easy to understand every single consumer and what they really want from the organization, as some of the organization could not satisfy their consumer as this due to the changing technology, online platform, lifestyle and many more. These are the same goes to the youth generation in which if the marketer wants to satisfy the youth generation, the marketer needs to know about the behaviour of the youth.