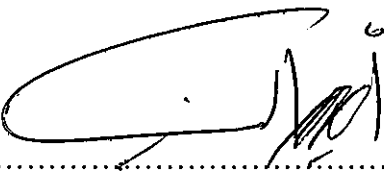


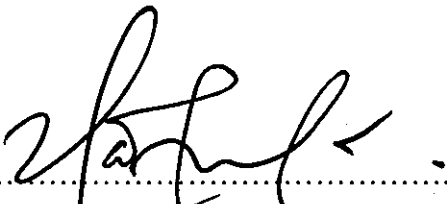
SUPERVISOR'S AND PANEL APPROVAL

'I hereby acknowledge that I have read this thesis and in my opinion this thesis is sufficient in terms of scope and quality for the submission and award of a Bachelor Degree of Technopreneurship with Honours'

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FACTORS INFLUENCING E-LOYALTY IN ONLINE SHOPPING AMONG
DIGITAL NATIVES

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This Report Submitted In Partial Fulfillment of The Requirements For The Award
Bachelor of Technopreneurship With Honors

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DECEMBER 2019

DECLARATION OF ORIGINAL WORK

I, WONG PEI YEE (961211-11-5530)

“I hereby declare that this thesis entitle ‘Factors influencing E-loyalty in online shopping among digital natives’ is my own work except for the quotations summaries that have been duty acknowledged”

Signature



Name

: WONG PEI YEE

Date

: 9/1/2020

DEDICATION

This research was dedicated to my parents,

Wong Kam

And

Chia Mooi Eng, who forever in my memories

They always loving, caring, supporting and encouraging me when we thought of giving up.

To my supervisors, classmates and friends who shared their words of advice and encouragement to complete this research project.

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ABSTRACT

E-commerce is growing rapidly nowadays, and influencing the customers and sellers. Online shopping is increasing rapidly with the ease of use and high-speed internet service. For online retailers (E-retailers), a loyal customer is important to run their business online. The emergence of E-commerce, the new concept, has been made which is Electronic loyalty (E-loyalty) that brings the concept of loyalty into the context of the online environment. The past researchers concluded that E-loyalty can be influenced by various factors. Thereby, the purpose of this study is to investigate the factors influencing E-loyalty in online shopping among digital natives. The factors influence E-loyalty will be examined in ease of use, efficiency, privacy, responsiveness and website design. All these have been investigated and examine in which factors most influencing E-loyalty in online shopping among digital natives. The results of this study will use a quantitative method to collect and gather data and information, and it is explanatory research. Next, the questionnaire will be distributed to the respondent in Melaka to acquire the result for this research. A total of 384 respondents are collected in this research. Therefore, this study revealed that except efficiency and responsiveness, all the other three factors include ease of use, privacy and website design having a significant relationship with E-loyalty in online shopping among digital natives. Website design is the most influencing on E-loyalty in online shopping, followed by ease of use and privacy. In short, this study concluded that the importance of these factors will definitely assist marketing managers or online retailer to obtain customer loyalty in online markets.

ABSTRAK

E-dagang berkembang pesat pada masa kini, dan mempengaruhi pelanggan dan penjual. Membeli-belah dalam talian semakin pesat dengan kemudahan penggunaan dan perkhidmatan internet berkelajuan tinggi. Untuk peruncit dalam talian (E-retailers), pelanggan setia adalah penting untuk menjalankan perniagaan mereka melalui talian. Kemunculan E-commerce, konsep baru telah dibuat iaitu Electronic Loyalty (E-loyalty) yang membawa konsep kesetiaan dalam konteks persekitaran dalam talian. Penyelidik yang lalu menyimpulkan bahawa E-loyalty boleh dipengaruhi oleh pelbagai faktor. Oleh itu, tujuan kajian ini adalah untuk mengkaji faktor-faktor yang mempengaruhi E-loyalty dalam membeli-belah dalam talian di kalangan penduduk digital. Faktor-faktor yang mempengaruhi E-loyalty akan diperiksa dengan mudah dalam penggunaan, kecekapan, privasi, responsif dan reka bentuk laman web. Semua ini telah disiasat dan diperiksa di mana faktor-faktor yang paling mempengaruhi kesetiaan e-kes dalam membeli-belah dalam talian di kalangan penduduk digital. Hasil kajian ini akan menggunakan kaedah kuantitatif untuk mengumpulkan dan mengumpulkan data dan maklumat, dan itu adalah penyelidikan penjelasan. Seterusnya, soal selidik akan diedarkan kepada responden di Melaka untuk memperoleh hasil kajian ini. Sejumlah 384 responden dikumpulkan dalam kajian ini. Oleh itu, kajian ini mendedahkan bahawa kecuali kecekapan dan responsif, ketiga-tiga faktor lain termasuk kemudahan penggunaan, privasi dan reka bentuk laman web yang mempunyai hubungan yang signifikan dengan E-loyalty dalam membeli-belah dalam talian di kalangan penduduk digital. Reka bentuk laman web adalah yang paling mempengaruhi E-loyalty dalam belanja dalam talian, diikuti dengan kemudahan penggunaan dan privasi. Ringkasnya, kajian ini menyimpulkan bahawa kepentingan faktor-faktor ini pasti akan membantu para pengurus pemasaran atau peruncit dalam talian untuk mendapatkan kesetiaan pelanggan dalam pasaran dalam talian.

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LIST OF ABBREVIATION

ABBREVIATIONS	MEANING
E-loyalty	Electronic Loyalty
DV	Dependent Variable
IV	Independent Variable
ANOVA	Analysis of Variance
H	Hypothesis
SPSS	Statistical Packages for the Social Science

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CHAPTER 1

INTRODUCTION

1.0 Introduction

In chapter 1, the introduction, background of the study, problem statement, research questions, research objectives, significant of study, scope of study and summary will be studied. This study will investigate, examine and understand the factors influencing E-loyalty in online shopping among digital natives. There are some factors of E-service quality that will be investigated which is ease of use, efficiency, privacy, responsiveness and website design. All of these content will be fixed in this chapter.

1.1 Background of Study

In recent years, the use of Internet has expanded gradually in these generations and it gave impact us to use our time on the Internet. It also motivated the researcher to examine how the Internet can influence us and how the expend of

Internet can give impact on our life (Lachapelle & Jean-Germain, 2019). Nowadays, Internet was a strong tool and become a technique that can upgrade and facilitate business to improve a business's awareness and attitudinal towards the product, and also using the Internet as a platform for them (Jones, 2008). There was a difference between the online store and offline store because of (Jones, 2008) indicate that when the customers want to make a purchase the item or seeking for those businesses who can offer good service by browsed the information through the internet, and this makes the customer more depends on Internet.

Based on Digital in 2018, the number of world's internet users was increasing which is more than 4 billion people around the world using the internet. While based on E-commerce in Malaysia in 2018, it showed that there are approximately 25.08 million is active internet users, the population was 79%. Malaysia has high rates of E-commerce usage and there are 50% of the population which is 15.3 million online shoppers.

Online shopping is a process involved through which online shoppers purchase the product and services effectively over the Internet from an online retailer in real-time that without an intermediary service (Ramlan & Omar, 2011). Nowadays, most of the consumers would like to find and search the information through the internet and the previous researcher investigated that predicted that are more and more consumers will use the internet in further future (Afsar, Qureshi, Rehman, & Bangash, 2011). Everyone is allowed to purchase the item themselves either is offline shopping or online shopping. The surrounding of online shopping can beneficial to consumers which are can save time and energy to compare the price of the item. And also the consumers can easily and quickly gain the information and prices of product through the online environment from different online sellers that compared with offline shopping (Shin & Biocca, 2017).

Customer loyalty is considered to be a long-term valuable asset and important to the results of a company (Kandampully, Zhang, & Bilgihan, 2015); (Kim, Wong, Chang, & Park, 2016). Besides that, customer loyalty always identified as an essential way to gain profit and money based on the point of view sellers (Srinivasan, Anderson, & Ponnayolu, 2002).

According to Srinivasan et al (2002) stated that E-loyalty is simply defined as the positive attitude of the consumer towards the online sellers which leads to frequent buying behavior and attitude. Consequently, E-loyalty concerns the benefit and purpose of online shoppers to purchase back the item from the provider in the coming future (M.A., Khadem, & Sayem, 2012). One of the previous studies pointed out the antecedents of E-loyalty need to understanding and find out by the E-retailers which are the customer are loyal to the online sellers, and also can obtain the loyal customer's advantages (Eskandarikhoee, 2009). In this new generation of technology information, from the E-retailer's perspectives, the loyal customers became the most important for survival in a business (Lin C. P., Chiu, Liu, Chen, & Hsiao, 2018). In short, Electronic Loyalty called E-loyalty became a new form that comes from customer loyalty due to the consumer's purchase intentions through online shopping.

The term of Digital Natives was defined as the person who was born and brought up in the area of digital technology (Prensky, 2001). For these generations, they are strong and know well to use digital technologies such as use smartphones, use the Internet to online buying and so on compare with the older generations (Huang, Teo, & He, 2019). Furthermore, the survey results of 2018 illustrated the percentage of internet users were increased from 76.9% in the year 2016 to 87.4% and it also indicates the internet users rising to 28.7 million from 24.5 million in 2016. Therefore, the people who was born after the year 1980 can be determined as digital natives (Prensky, 2001).

In conclusion, the purpose for this study is to understand factors that can influencing E-loyalty in online shopping among digital natives. The findings and data will show at the chapter 2.

1.2 Problem Statement

Customer loyalty is need required by a company, businesses or sellers. The customer is loyalty due to it could be specific to a company or the product which can attract them to become loyal (Ranabhat, 2018). The essence of marketing has varied with the evolution of technological and E-marketing has become a systematic technique to gain competitive advantage (Riyad & Hatem, 2013). The competition online is global broader and it is a challenge for the company running online for success to develop customer loyalty (Hansen & Jonsson, 2013).

Hansen & Jonsson, (2013) pointed out that there are different factors are related to generating customer loyalty. One of the aspects that can influence E-loyalty is E-service quality which includes different factors that relate to online customer loyalty. Many surveys indicate that the performance of E-service is significant determinant of online retailers' achievement (Chen, Tsai, Hsu, & Lee, 2013). There is still lack of studies on this problem and the management of E-service quality has become a major challenge for E-retailers (Trocchia & Janda, 2003); (Bauer, Falk, & Hammerschmidt, 2006). The service quality's concept in online situations may be insufficient compared to the offline situation due to the customer meet distinct shopping experiences such as the physical lack of goods and the lack of some sensory appeals (Chen, Tsai, Hsu, & Lee, 2013). Therefore, need to obtain a better understanding of the effect of E-service quality on customer loyalty.

The findings of MCMC 2018 showed the survey result of Internet users were increased from the year 2016. Next, the percentage of online shoppers in the year 2018 was rising which is from 48.8% in 2016 to 53.3%. By this, Malaysia's online shopping activities was increased gradually. Based on the MCMC report 2018, it showed that the age group distribution of Internet users in Malaysia that the result of survey was determined 30% of the respondents amongst Internet users were aged between 20 to 30 years while 25.9% were aged 30 to 40 years and 8.1% was showed in the Internet users below 20 years. It shown that the aged between 20 to 30 years is the highest and the aged between 30 to 40 years is the second highest from the total mean age of Internet users.

Therefore, the aged between 20-40 years are the most active in online activities and the findings of MCMC 2017 showed that online shopper was from the age group of 20-40. By these data, this research highly believes that there is relation between digital natives and online shopping. From the previous research, most of the prior studies more concentrate on young people but discussion about supporting the digital native is minimum. There are also no studies on Malaysia's digital native indigenous characteristics (Yong, Gates, & Harrison, 2016). So it is important to study the factors influencing E-loyalty in online shopping among digital natives.

This paper had defined digital natives in the background of study which means the person who was born in the digital technology environment. By this information, it can further explore the relationship online shopping among digital native. It is important to research the factors influencing E-loyalty in online shopping among digital native.

1.3 Research Questions

There are some of research questions will be study in this research:

- What are the factor influencing E-loyalty in online shopping among digital natives?
- What is the relationship between E-service quality and E-loyalty?
- What is the most influencing factors that affect E-loyalty in online shopping among digital natives?

1.4 Research Objectives

- To identify the factor influencing E-loyalty in online shopping among digital natives.
- To investigate the relationship between E-service quality and E-loyalty.
- To examine the most influencing factors that affect E-loyalty in online shopping among digital natives.

1.5 Significant of Study

Nowadays, Internet users and online shopping activities in Malaysia was increased drastically. There are around millions of people in Malaysia were online shoppers who purchase the product through online stores due to the emerging of technology. Based on the findings of International Trade Administrations (2018) indicate that online shoppers in Malaysia was 15.3 million. Through this online shopping, the can allow the online sellers more understanding customer loyalty towards online shopping. No matter in offline shopping or online shopping, build customer loyalty is not easy and needs a long term period to interact with the customers in order to gain customer loyalty. Besides that, this research can beneficial to the next researchers to find out there are reason can impact E-loyalty in online shopping for digital natives. Moreover, this research also important for those who start-up businesses in online environment due to it can support them to gain more knowledge and information to obtain customer loyalty. In short, this research also can allow Malaysia's marketers to understand the circumstances market what factors can influencing E-loyalty towards them.

1.6 Scope of Study

In this research, the scope of this research will focus on digital natives in Melaka. Due to the population poll is too large and wide in Malaysia, and also hard to look for the representative group at all states, therefore, this research will online focus in Melaka's digital native. The exploration scope comprises the factors which can be influencing E-loyalty in online shopping among digital natives.

1.7 Operational Definition

The following table will show the key definition of each variable in this research:

Table 1.1: Key definitions

KEY TERMS	DEFINITION	SOURCES
E-service quality	E-service quality is can use by electronic media that offer high quality services, efficient and effective services for the users.	(Zeithaml & Malhotra, 2002)
Ease of use	To allow the online users to perceive the website is easier to use.	(Zeithaml V. A., 2002)
Efficiency	It contains ease of use, design, the content information and improves the website	(Zeithaml V. A., 2002)
Privacy	To protect the information privacy of online users those use the websites.	(Malhotra & Segars, 2005)
Responsiveness	It can evaluate those who are the online seller's skill to provide the right information to the consumers when they met some problems, and then supply online guarantees	(Chang, Wang, & Yang, 2009)
Website Design	The high quality website design can attract the consumers to visit or revisit the page and can retain the consumers to stay on their websites	(Lee & Lin, 2010)
E-loyalty	E-loyalty defined as the customer's continue purchasing behavior which their positive behavior to the same online	(Anderson & Srinivasan, 2003)

	sellers.	
Digital natives	Digital natives defined as the person who was born and brought up in the area of digital technology	(Prensky, 2001)

1.8 Summary

The purpose of this chapter is to introduce an overview of the study. The background of study has related to the factors influencing E-loyalty in online shopping among digital native. Next, the problem statement is to generate the knowledge gap in this study. Besides, the research questions and research objective have been developed in this chapter. For the significant of study is to assist the next researcher, those who want to start-up business and marketers as understanding E-loyalty affected by E-service quality. This study only focus on the digital natives in Melaka. The operational definition has been conducted in this chapter to introduce all term in this study. For this research, the enterprises or those who start-up business online can through this research more understanding the digital natives in their market in order to retain customer loyalty. This research can allow the business owner to use the right strategies to expand it market in an online environment and gain a competitive advantage from competitors.