FACTORS INFLUENCING YOUNG CONSUMERS' INTENTION FOR SWITCHING BEHAVIOUR IN ONLINE SHOPPING PLATFORM

NIK AMMAR HAZIM BIN NIK KAMARUZLAN

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

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NIK AMMAR HAZIM BIN NIK KAMARUZLAN

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APPROVAL

"I hereby declared that I had read through this thesis and in my opinion that this thesis is adequate in terms of scope and quality which fulfil the requirements for the award of Bachelor of Technology Management Innovation."

Signature   :

Name of Supervisor   : DR NABIL HASAN SALEH AL-KUMAIM

Date   : 30 January 2023

Signature   :

Name of Panel   : DR HAZMILAH BINTI HASAN
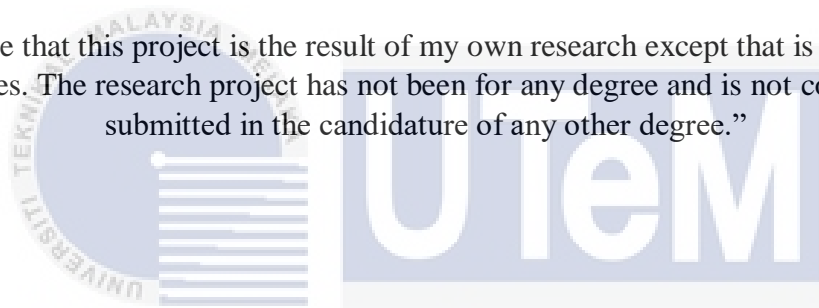
Date   : 30 January 2023

DECLARATION

"I declare that this project is the result of my own research except that is cited in the references. The research project has not been for any degree and is not concurrently submitted in the candidature of any other degree.**"**

Signature　　：*AMMAR*

Name　　　　：NIK AMMAR HAZIM BIN NIK KAMARUZLAN

Date　　　　：30 January 2023

DEDICATION

To my parents, En. Nik Kamaruzlan Bin Abdul Rashid and Puan Norlina Binti Awang Lah, Thank you for your endless support and encouragement.

To my supervisor, Dr Nabil Hasan Saleh Al-Kumaim,

Thank you for your guidance and patience.

To my coursemates and friends,

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Lastly, I wish to thank my dear friends and coursemates who always supported me during the research.

ABSTRACT

Due to the hectic schedules of most people in the twenty-first century, online shopping has attained a prominent position. In this circumstance, online shopping became the most convenient and appropriate method of purchasing for them. The Internet has transformed how consumers shop and has significantly expanded its global perspective. The act of purchasing goods and services through an online store is known as business-to-consumer online shopping, and it is equivalent to traditional storefront shopping. This research mainly highlights the factors influencing consumers' intention for switching behaviour on online shopping platforms. This study applied quantitative research and data was collected using a questionnaire that has been distributed randomly selected by 251 respondents. Smart PLS 4 software is used to look at the relationships between dependent and independent variables. This research also uses Partial Least Squares (PLS), which is a component-based SEM method. The results show six hypotheses were accepted which are E-service quality Has Significant Positive Impact on Satisfaction, Information Quality has significant positive impact on Satisfaction, Satisfaction has significant positive impact on Switching Behavior, Social Influence has significant positive impact on Satisfaction, Social Influence has significant positive impact on Switching Behavior while the three hypotheses were rejected which are E-service quality has significant positive impact on Switching Behavior, Information Quality has significant positive impact on Switching Behavior and System Quality has significant positive impact on Switching Behavior.

KEYWORDS: Online shopping, switching behaviour, consumers' intention

ABSTRAK

Disebabkan oleh jadual padat kebanyakan orang pada abad kedua puluh satu, membeli-belah dalam talian telah menjadi sesuatu perkara yang penting. Dalam keadaan ini, membeli-belah dalam talian menjadi kaedah pembelian yang paling mudah dan sesuai untuk mereka. Internet telah mengubah cara pengguna membeli-belah dan telah mempengaruhi perspektif orang ramai dengan ketara. Tindakan membeli barangan dan perkhidmatan melalui platform dalam talian dikenali sebagai beli-belah dalam talian perniagaan kepada pengguna, dan ia setanding dengan melakukan pembelian di kedai secara bersemuka. Artikel ini mengetengahkan faktor yang mempengaruhi niat pengguna muda untuk tingkah laku menukar kepada platform beli-belah yang lain dalam talian. Kajian ini menggunakan kajian kuantitatif dan data dikumpul menggunakan borang soal selidik yang telah diedarkan secara rawak oleh 251 orang responden. Perisian Smart PLS 3 digunakan untuk melihat hubungan antara pembolehubah bersandar dan bebas. Penyelidikan ini juga menggunakan Partial Least Squares (PLS), iaitu kaedah SEM berasaskan komponen. Hasil kajian menunjukkan enam hipotesis telah diterima iaitu kualiti E-perkhidmatan Mempunyai Impak Positif Ketara terhadap Kepuasan, Kualiti Maklumat Mempunyai Impak Positif Ketara Terhadap Kepuasan, Kepuasan Mempunyai Impak Positif Ketara Terhadap Tingkah Laku Bertukar, Pengaruh Sosial Mempunyai Kesan Positif yang Ketara terhadap Kepuasan, Pengaruh Sosial Kesan Positif Ketara Terhadap Tingkah Laku Penukaran manakala tiga hipotesis ditolak iaitu kualiti E-perkhidmatan Mempunyai Kesan Positif Ketara Terhadap Tingkah Laku Penukaran, Kualiti Maklumat Mempunyai Kesan Positif Ketara Terhadap Tingkah Laku Penukaran dan Kualiti Sistem Mempunyai Kesan Positif Ketara terhadap Tingkah Laku Penukaran.

Kata kunci: Membeli-belah dalam talian, tingkah laku menukar, niat penguna

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LIST OF ABBREVIATION

ABBREVIATION	MEANING
COVID-19	Coronavirus Disease 2019
PLS	Partial Least Squares
HTMT	Heterotrait-Monotrait Ratio
VIF	Variance Inflation Factor
IS	Information System
B2B	Business-To-Business
B2C	Business-To-Consumer
B2G	Business-To-Government
C2C	Consumer-to-consumer
IDR	Identity Detection and Response
ATM	Automated Teller Machine
MCM	Malaysian Communications and Multimedia Commission.
AVE	Average Variance Extracted
PLS	Partial Least Squares
SEM	Structural Equation Modelling
$R2$	Coefficient of determination of endogenous structure
$f2$	Effect size
β	Path coefficient

STDEV	Standard Deviation
M	Sample Mean
CR	Composite Reliability
ESQ	E-Service Quality
SAT	Satisfaction
SI	Social Influence
SQ	System Quality
SWB	Switching Behavior
RO	Research Objective
RQ	Research Question
IQ	Information Quality
ISP	Internet Service Provider
SCT	Standard Course Time

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CHAPTER 1

INTRODUCTION

1.0 Introduction

This research is to study factors influencing consumers' intention for switching behavior on online shopping platforms. This chapter comprises the background of the study, problem statement, research question, research objective, the scope of the study, limitation of the study, significance of research and summary. Indeed, Malaysia appears to be the regional leader in e-commerce. According to a recent retail survey, as many as 22 million consumers in Malaysia are digital consumers, and online channels are now four times more important than conventional channels. In addition to spending 80 percent of their time online prior to making a purchase choice, shoppers visit up to seven websites before deciding to buy (Ganesan, 2021). Malaysia's adoption of e-wallets to extensive marketing and promotion, while the improvement in logistics was supported by massive investments of US$2.5 billion in e-commerce logistics start-ups across Southeast Asia in 2020. She notes that Shopee Malaysia can now offer statewide shipping within one to four days, whereas it took over ten days just two to three years ago. In the meantime, the e-commerce players established consumer trust and provided high-quality products, which enhanced customer pleasure (Ganesan, 2021).

1.1 Background of Study

Due to the hectic schedules of the majority of people in the twenty-first century, online shopping has assumed a crucial position. In this circumstance, online shopping became the most convenient and appropriate method of purchasing for them. The Internet has altered the way customers shop and rapidly expanded its wider view.

Switching habits can be said as how consumers switch from one seller to another. In the context of this study, it is a transition from one online purchasing channel to the other. Switching behavior is prevalent on online buying platforms in marketplaces with an abundance of goods merchants. When relative benefits of a fresh or current retailer or offering outweigh those of the current store, consumers adopt this perspective. After years of development, the internet and mobile networks have become an inseparable part of people's work and life. E-commerce has become a new growth point in many countries (Yang et al., 2020) and online shopping has become one of the important channels to meet people's daily consumption needs, especially in the field of consumption. Online shopping provides consumers with more information and convenience to select products and compare prices (Wang et al, 2021). This is because online shopping customers can make further research regarding the products they got interested using their gadgets.

Brand loyalty can result in numerous benefits. For example, brand-loyalty consumers may be less impacted by competing brands' activities and increase client retention, although service quality and price fairness can affect consumer loyalty(Anıl Konuk, 2019).However, a customer's purchasing patterns and emotions toward the seller might be utilised to measure loyalty. Social support and the quality of consumer reviews are the two recognized elements that positively influence trust in social commerce, which can affect buy intentions. (Lin et al.2019).

Other than that, privacy risk plays a vital role in reducing behaviour of customers to purchase goods online. Meanwhile, consumer purchase intention significantly increases the online shopping behaviour of customers (Rehman et al., 2019).In addition, online service providers may struggle related to the low barriers to change and the expensive

costs of recruiting and attracting customers. For example, with Shoppe, now we can top up our prepaid or pay our bills. Other than that, we also can pay our water bills, PTPTN, electricity, Astro and even book a bus or flight ticket using Shoppe. Online shopping platforms had to be more advance and helpful as consumers can easily switch to another shopping platform with a single click.

1.2 Problem Statement

In this section, researcher will figure out the need to do this study and find out possible research gap to be filled. In this part, the researcher will focus on Some possible reasons and determinants that cause consumer to switch more than one online shopping platforms. Consumers who are regular or shopaholics will receive more attention.

Internet usage in Malaysia presents an expanding opportunity for e-commerce. Consumers can design new marketing strategies to turn potential customers into active customers if they comprehend the factors that drive online behavior and the connections within these factors. Consumer behavior is regarded as an applied discipline since certain decisions have a substantial effect on consumer behavior and predicted responses (Noor et al., 2022).

Switching intentions defined as a consumer's environmental attitude toward replacing the current branded product with another (Wu et al., 2017). Other than that, several issues can be said as the reasons why online customers want to switch products such as delivery delays or poor quality or late services, or non-responsiveness of the online retailer. In a perfect world, delivering packages should proceed without problems or delays and on time. However, shipments may occasionally arrive with defects, damage, or erroneous qualities. Daily occurrences include shipment delays and the receipt of defective merchandise. These problems infuriate clients, who are keen to know why they occur and when they will receive their package or reimbursement. About 43 percent of

consumers in Malaysia are unhappy with their e-commerce delivery experience, according to a survey by Parcel Perform and meta-search website iPrice Group (Bernama, 2019a). The survey showed Malaysia reports the longest transit time in the region, with deliveries taking 5.8 days versus a regional average time of 3.3 days. This has burdened many users, including students. Customers complain that most of them have to wait longer just to receive the product they have bought.

Based on the complaints received, several consumers requested a refund since the goods they got were harmed, they waited too long and did not obtain the item within the stipulated date stated by the vendor (Bernama, 2019b). This makes online buying platforms unsafe for consumers. This suggests that inefficiency is one of the issues that online shopping delivery services face across the nation.

Therefore, the purpose of this study is to comprehend and evaluate the current online shopping platform consumer behavior, to identify and analyze the factors that influence consumers' intention to switch to many different online shopping platforms and to propose and produce potential solutions to reduce the number of online shopping platform consumers who switch platforms.

1.3 Research Question

- What is the current level of satisfaction of online shopping platforms among young consumers in Malaysia?
- What are the factors that lead to consumers' intention for switching behavior in buying from other online shopping platforms among young Malaysian consumers?

1.4 Research Objective

- To identify the current level of satisfaction of online shopping platforms among young consumers in Malaysia.

- To determine the factor contributing to online shopping platforms switching behavior among young Malaysian consumers.

1.5 Scope of Study

This research paper is focusing on the factors influencing young consumers' intention for switching behavior on online shopping platforms. To smaller the scope of findings, the researcher will conduct this study on the regular customer of online shopping platforms in Malaysia such as students and adults. The researcher will focus on the young customers who are regular customers for online shopping in Malaysia who have an experience with online shopping platforms as the main respondents of the study. The research is conducted by distributing questionnaires to target respondents in Malaysia.

1.6 Significance of Research

This study aimed to determine the factors influencing consumer switching behavior in online shopping. Other than that, this search also aims to understand the relationship between the factors that will impact young consumer switching behavior in using online shopping platforms to understand the consumer awareness of Malaysia, which can indirectly influence the company's wise production planning and marketing. As a result of the findings of this study, online retailers in Malaysia will have a better idea of what they can do to boost customer satisfaction with Malaysian online shopping platforms, which in turn will boost sales. The study aims to collect and analyse data on what causes young Malaysian consumers to switch online shopping platforms, with the ultimate goal of making that information available to online retailers and helping them grow.

1.7 Summary

In the nutshell, this chapter will discuss the background of factors influencing young consumers' intention to switching behaviour on online shopping platforms. It also discussed the background of the study, problem statement, research questions, research objective, the scope of the study, limitation of the study and significance of study. In the becoming chapter, the researcher will discuss the literature review of this research. The information that is provided will be more understandable.