

# **INTI INTERNATIONAL UNIVERSITY**

**MASTER OF BUSINESS ADMINISTRATION**

**CONSUMERS' ONLINE PURCHASE INTENTION: A STUDY  
AMONG UNIVERSITY STUDENTS IN MALAYSIA**

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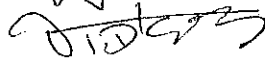
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## Abstract

E-commerce is one of the crucial trading methods in the worldwide. Hence, it is important to understanding consumers' online purchase intention. This research aims to examine factors that influencing consumers' online purchase intention among university students in Malaysia. Besides, the most significant factor would be determined in this research and recommendations would be provided. Moreover, quantitative research method was used in this research by distributed online questionnaires to 250 Malaysian university students who aged between 20 – 29 years old, and has online purchase experience. The convenience sampling and snowball sampling technique would be applied in this research. In addition, the findings showed that trust, perceive usefulness and subjective norm has significant to predict online purchase intention. However, perceived ease of use and perceived enjoyment were not significant to predict the variance in online purchase intention. The findings also have revealed that subjective norm is the most significant predict factor. On the other hand, large sample size and longitudinal study are recommended for future research.

**Keywords** – Internet, e-commerce, online purchase intention, university students, Malaysia.

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Yee Shi Wuan

August, 2011

## Declaration

"I hereby declare that this research project is of my own effort except for those summaries and information of which the sources are clearly specified"

8<sup>th</sup> August 2011

Yee Shi Wuan

## TABLE OF CONTENTS

	<b>PAGE</b>
<b>Abstract</b>	i
<b>Acknowledgement</b>	ii
<b>Declaration</b>	iii
<b>Table of Content</b>	iv
<b>List of Table</b>	viii
<b>List of Figure</b>	x
<b>List of Abbreviation</b>	xi
<b>List of Appendices</b>	xii
<b>CHAPTER 1: INTRODUCTION</b>	
1.0 Chapter Summary	1
1.1 Background of Study	1
1.1.1 History of Internet	1
1.1.2 Growth of Internet user and Internet usage	2
1.1.3 The Impact of Internet to the Transformer and Development of Business	4
1.1.4 Growth of Online Buyer	5
1.1.5 Disadvantages and Advantages of Electronic Marketing Channel and Online Purchase	7
1.1.6 Target of the Research Survey: University Students	9
1.2 Problem Statement	10
1.3 Research Questions	12
1.4 Research Objectives	12
1.5 Significances of Study	13
1.6 Assumptions	14
1.7 Scope of Study	15

1.8 Outline of Research Structure	15
<b>CHAPTER 2: LITERATURE REVIEW</b>	
2.0 Chapter Summary	17
2.1 Online Purchase Intention	17
2.2 The Role and Impact of Trust in Online Purchase Intention	18
2.3 The Role and Impact of Perceived Ease of Use (PEOU) in Online Purchase Intention	21
2.4 The Role and Impact of Perceived Usefulness (PU) in Online Purchase Intention	24
2.5 The Role and Impact of Perceived Enjoyment (PE) in Online Purchase Intention	26
2.6 The Role and Impact of Subjective Norm (SN) in Online Purchase Intention	28
2.7 Theoretical Framework	30
<b>CHAPTER 3: RESEARCH METHODOLOGY</b>	
3.0 Chapter Summary	32
3.1 Research Design	32
3.2 Research Purpose	33
3.3 Research Approach	33
3.4 Time Horizon	34
3.5 Research Strategy	35
3.6 Data Collection	35
3.6.1 Primary Source	35
3.6.2 Secondary Sources	36
3.7 Target Respondents and Sample Size	36
3.8 Sample Selection	38
3.9 Data Collection Procedures	40
3.10 Pilot Study	41

3.11 Questionnaire Design	43
3.12 Reliability and Validity	44
3.13 Data Screening Process	45
3.14 Data Entry Procedure	46
3.15 Data Analytical Methods	46
<b>CHAPTER 4: FINDINGS AND DISCUSSION</b>	
4.0 Chapter Summary	49
4.1 Preliminary Analysis	50
4.2 Profile of Respondents	42
4.3 Respondents' Internet Usage and Online Spending Habits	54
4.4 Assessment of Reliability	57
4.5 Assessment of Validity	58
4.6 Association Relationship between Independent Variables and Dependent Variable	60
4.6.1 Association Relationship between Trust and Online Purchase Intention	61
4.6.2 Association Relationship between PEOU and Online Purchase Intention	61
4.6.3 Association Relationship between PU and Online Purchase Intention	62
4.6.4 Association Relationship between PE and Online Purchase Intention	62
4.6.5 Association Relationship between SN and Online Purchase Intention	62
4.7 Evaluation of Each Construct	63
4.7.1 Evaluation of Trust	63
4.7.2 Evaluation of Perceived Ease of Use	64
4.7.3 Evaluation of Perceived Usefulness	64
4.7.4 Evaluation of Perceived Enjoyment	65



4.7.5	Evaluation of Subjective Norm	65
4.7.6	Evaluation of Online Purchase Intention	66
4.8	Hypotheses Testing	66
4.9	Summary of Hypotheses Result	72
 <b>CHAPTER 5: CONCLUSIONS, RECOMMENDATIONS AND PERSONAL REFLECTIONS</b>		
5.0	Chapter Summary	74
5.1	Conclusion	74
5.2	Theoretical Implications and Managerial Implications	75
5.3	Contributions of Study	79
5.4	Limitations	80
5.5	Recommendations for Future Research	81
5.6	Personal Reflection	82
	References	84
	Appendices	96

**List of Tables**

	<b>Page</b>
Table 1.0: World Internet Users and Population Growth	3
Table 2.0: Summary of definitions and measurements of each construct	31
Table 3.0: Research Design Blueprint	32
Table 3.1: Empirical support of sample size	37
Table 3.2: Summary of reliability test for pilot test	42
Table 3.3: Summary of steps and purpose for each analysis method	47
Table 4.0: Normality Test	52
Table 4.1: Summary of profile of respondents	53
Table 4.2: Summary of Respondents' Internet Usage and Online Spending Habits	56
Table 4.3: Summary of reliability test for collected data	58
Table 4.4: Summary of Rotated Component Matrix (Factor Loading)	59
Table 4.5: Summary of Pearson's Correlation Coefficient	60
Table 4.6: Result of Multiple Regressions	68

Table 4.7: Ranking of importance of each factor for predict the online purchase intention 69

Table 4.8: Summary of Hypotheses Testing 72

## List of Figures

	<b>Page</b>
Figure 1.0: E-commerce spending in Malaysia, 2003-2009	5
Figure 1.1: Online Buyers in Malaysia	6
Figure 1.2: Internet User based on Occupation	10
Figure 2.0: Theoretical Framework	30
Figure 4.0 (a): Data Screening (Outliers Detection)	50
Figure 4.0 (b): Data Screening (Outliers Removed)	51
Figure 4.1: Internet Usage of University Students per week	54
Figure 4.2: Products/Services Category that University Students Prefer to Purchase via Internet	55
Figure 4.3: Histogram shows normal distribution of variables	67
Figure 4.4: Summary of Hypothesis Result	67

## List of Abbreviation

IDC – International Data Corporation

MCMC – Malaysian Communication and Multimedia Commission

PEOU – Perceived Ease of Use

PU – Perceived Usefulness

PE – Perceived Enjoyment

SN – Subjective Norm

OPI – Online Purchase Intention

SPSS – Statistical Package for Social Science

## List of Appendices

- Appendix 1 : Rank of e-commerce websites that Malaysian prefer to access and shop in
- Appendix 2 : Corrected Item-Total Correlation for Subjective Norm and Online Purchase Intention
- Appendix 3 : Survey Questionnaire
- Appendix 4 : Measurement items for questionnaire, adapted from prior researches
- Appendix 5 : Variables, Scale and Measurements
- Appendix 6 : Guidelines for identifying significant factor loadings based on sample size
- Appendix 7 : Descriptive Statistics for each construct
- Appendix 8 : Initial Research Paper Proposal
- Appendix 9 : MBA Project Log
- Appendix 10: MBA Project Ethic Form
- Appendix 11: Turnitin Originality Report

## Chapter 1

### Introduction

#### 1.0 Chapter Summary

This chapter starts with a background of study. History of Internet and the growth of Internet users in worldwide would be introduced. Then, development and trends of Electronic Commerce (E-Commerce) in the world and the Malaysian market would be described. Moreover, the disadvantages and advantages of electronic marketing channel and online purchase would be discussed. Next, the characteristic of university students would be explained. In addition, the research problems and significances of study were proposed and discussed. This chapter also has formulated research questions and objectives, as well as the research assumptions and scope of study. Ultimate, an outline of each chapter would be briefly explained.

#### 1.1 Background of Study

##### 1.1.1 History of Internet

The history of Internet begins in 1950s and 1960s with the increase of the usage of computer. The development of Internet also resulted in the world becoming a "global village". In the beginning, the Internet served to be linked laboratories employed in government research centres. Since 1994 it has been expanded to serve millions of Internet users around the world and use of variety purposes such as build up virtual communities, expand business territory and so on. In 1995, there

was approximately 16 million Internet users in the world but it was increased to 1,971 million Internet users in year 2010 (Internet World Stats, 2011).

For the history of Internet in Malaysia, Jaring Communications Sdn Bhd (JARING) is the first Malaysian Internet service provider based in Technology Park Malaysia (TPM) established in 1992 and was originally owned by MIMOS Berhad (Arasu and Viswanathan, 2010). Since 1992, the penetration of Internet usage in Malaysia started to develop, and 1995 was regarded as the initial stage of the Internet age in Malaysia (Paynter and Lim, 2001).

### 1.1.2 Growth of Internet User and Internet Usage

Malaysians have spent more time accessed the Internet compared to the previous years. According to the findings of Nielsen Mobile Insights conducted among Malaysian, it showed that the Internet usage has risen from 25% in 2009 to 41% in 2010 (Nielsen, 2011). Moreover, the population of Internet users in Malaysia has been increasing at a rate of 365.8% user growth, which total of 3.7 million Internet users in 2000 to 16.9 million Internet users in 2010 (Internet World Stats, 2011). There are 64.6% Internet users of total resident of Malaysia, this statistic showed that the penetration rate of using Internet was considered slightly high. Furthermore, the estimation of Malaysia's penetration rate in 2011 (58.8%) is well above the average of the world penetration rate which is only 30.2%, and Malaysia is ranked as number two in terms of Internet penetration among ASEAN countries (Internet World Stats, 2011). However, it is still far less if compared with North America (78.3%) and Australia (60.1%). Table 1.0 showed the estimation of world Internet users and population growth in 2011.