

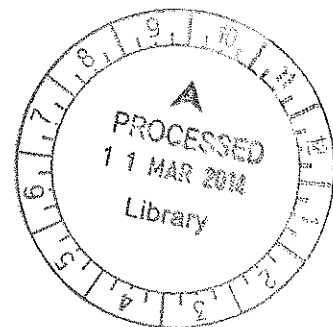
INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

FACTORS MOTIVATING CONSUMERS TO ENGAGE IN INTERNET MOBILE SHOPPING VIA THEIR SMARTPHONE IN MALAYSIA

FOR REFERENCE ONLY

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DECLARATION

I declare that the ideas, results, analysis, findings and conclusions reported in this thesis are entirely my own efforts, except where otherwise acknowledged. I also declare that this work is original and has not been previously submitted for any master award.



Sarika a/p Ram Lubhaya

11th December, 2013

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6th December, 2013

ABSTRACT

This study aims to examine the factors motivating Malaysian smartphone users to engage in internet mobile shopping services as well as to present the outcomes in terms of proposition for the benefit of retailers to ensure the delivery and the quality of internet mobile shopping services complies with the expectation of the consumers. Samples of 320 smartphone users were drawn from a survey conducted online. The Unified Theory of Acceptance and Use of Technology (UTAUT) model was improved and integrated with the aspect of attitude and hedonic performance expectancy. Furthermore, a two-step of structural equation modelling (SEM) was utilized in order to certify the evaluation of the model as well as to examine the theorized relationships. The utilitarian and hedonic performance expectancy as well as the social influence was discovered as the essential contributing factors on Malaysian smartphone user's intention to use the internet mobile shopping services. The results of this research made available recommendations to retailers in order to identify consumers' expectation in terms of quality and shopping capabilities that needs to be addressed the mobile shopping landscape.

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LIST OF ABBREVIATION

M-shopping	– Mobile shopping
M-commerce	– Mobile commerce
UPE	– Utilitarian performance expectancy
HPE	– Hedonic performance expectancy
EF	– Effort expectancy
SI	– Social influence
FC	– Facilitating conditions
A	– Attitude
BI	– Behavioural intention
TAM	– Technology acceptance model
TPB	– Theory of planned behaviour
TRA	– Theory of reasoned action
UTAUT	– Unified theory of acceptance and use of technology
SPSS	– Statistical Package for Social Science
PLS	– Partial Least Squares
SEM	– Structural equation modelling
CFA	– Confirmatory factor analysis
AVE	– Average variance extracted

CHAPTER 1

INTRODUCTION

1.0 Chapter Summary

This chapter provides an introduction for the dissertation entitled "*Factors motivating consumers to engage in internet mobile shopping via their smartphone in Malaysia*" and the research study reported herein. The first section in this chapter provides the background of mobile shopping; this will be followed by a discussion of some of the problems of mobile shopping that will subsequently justify this research's aims and objectives. The impact and limitations of this research will be reviewed. The scope of this study is described and after all the arrangement of this thesis is specified at the end section of this chapter.

1.1 Background

Technology advancements have transformed the way our societies live their lives. People nowadays are more connected through the introduction of the internet and World Wide Web (www). Millions of transactions take place daily on the internet alone. With this advancement, the traditional way of shopping approach has transformed over the years from bazaars to e-commerce and now through mobile commerce or usually referred as m-commerce.

Mobile commerce or m-commerce is a term that is described as the use of mobile handheld wireless electronic devices with internet connectivity such as handheld computers; smartphones, tablets or laptops to perform electronic commerce or online commercial transactions such as online banking, paying

bills, buying tickets and the sales and purchase of various products and services as well as data transactions and information services (Investopedia, 2013). Above all, m-commerce provides real-time information on consumer goods and services for on-the-go consumers which enables them to effortlessly search and efficiently follow up with up-to-date product information, product evaluation and comparison as well as the special deals and offers available by browsing the internet (Chen, 2013). Consequently, m-commerce's influence on the retail landscape and consumers shopping experience is rather significant. It functions as a tool to research, compare and purchase goods and services.

Since the inception of m-commerce and the ground breaking advancement of communication technology, there has been an unprecedented growth of internet users coupled with the expansion of mobile phone users. This has caused a phenomenal augmentation of mobile shopping or often referred as m-shopping which functions in fulfilling the consumers' demand in all aspects of their daily lives (Hsi & Yu, 2009). As highlighted in a study on global online consumer behaviour, m-commerce plays a vital role in the shopping trends across the Asia-Pacific region. Specifically, it was reported that China and South Korea leads in mobile commerce adoption globally (eMarketer, 2013). Furthermore, countries like India, Japan, Vietnam, and Indonesia as well as in Malaysia are expected to rely on mobile commerce due to the large percentage of internet users in these regions (eMarketer, 2013).

Scoping down to the Malaysian context, the m-shopping sector in Malaysia is at an infancy stage but it is now being recognized as one of the fastest growing mobile environment in the world. In fact, Malaysia is predicting the mobile sector to generate MYR 3.4billion by 2015 (Bernama, 2012). This growth will be fuelled by the expected increment in Malaysian population who embraces mobile (Mobile Commerce News, 2012).

In line with this, initiatives are taken by the Malaysian government to increase smartphone usage among youngsters in 2013; one of the governmental

initiatives is through its Youth Communication Package (YCP) which young people can request MYR200 rebate on selected 3G Smartphone that cost no more than MYR500 (The Star Online, 2012). The idea is to encourage more youth especially in rural areas to advance and get connected through mobile. Consequent to such initiatives, the mobile usage in the nation has doubled within a period of a year from May 2012 to May 2013. This was mirrored by a high mobile phone penetration with a rate of 137% (StatCounter Global Stats, 2013). Furthermore, Malaysia also has among the highest internet penetration with a relative percentage of 61% in the Asia- Pacific region. The situation in Malaysia hence opens up opportunities to retailers to expand their presence not only online but in mobile platforms.

On the related account, Google Inc in a joint venture with the Malaysian Communications and Multimedia Commission (MCMC) has initiated the "Get Malaysian Business Online" (GMBO) programme which targets to overcome obstacles that hinders many Malaysian businesses to go online. This programme also aims to get 50,000 Small Medium Enterprises (SMEs) in Malaysia to go online in a period of one year. As of the moment, not more than 15% from 700,000 of Malaysian SMEs are online.

In short, the increasingly high penetration of both mobile phones and internet has been nurtured by the government initiatives which support the growth of m-commerce in Malaysia. Currently, such situation implies an increased opportunity for retailers to opt for building an exclusive and effective approach to reach potential customers by tapping into the mobile experiences of the consumers through mobile platforms (Chen, 2013).

1.2 Problem Definition

M-commerce is a progression of the e-commerce whereby, the underlying concept and electronic processes remains identical. However when compared to its predecessor, m-commerce enables further personalisation and provides a more direct business model. M-commerce is booming globally especially in emerging markets in the Asia Pacific region, confirming that there is already a platform for retailing market to tap into (Euromonitor, 2011).

Malaysia for instance, is home to a huge number of mobile phone users and has a high internet penetration relative to its counterparts within the region. On top of that, it is a country with a reliable regulatory environment, an aggressive mobile services market and backed by a sturdy banking sector. Although with the existing immense market potentials ready to be tapped into, the m-commerce industry in Malaysia remains in its infancy phase (Neoedge, 2013).

Despite the fact that more Malaysians have started to embrace the online shopping culture, the acceptability of m-commerce remains low. To support, data gathered by Survey Sampling International in an online survey has found that 85% of the Malaysian internet users preferred PCs as compared to mobile devices such as mobile phones and tablets to search and purchase goods and services over the internet. In the same light, it was also highlighted that the majority of Malaysian shoppers still opt for in-store purchases compared to online purchases with up to 36% of the respondents stated that their shopping choice depends on the situation (Digital News Asia, 2013).

On the other hand, a study by Pay Pal revealed that many Malaysian retailers with online presence have yet to exploit their best business opportunities from the burgeoning m-commerce transactions within the country or else risk losing their chance (Digital News Asia, 2012). In order to capture consumers and increase sales prospects in this new channel of commerce, retailers need to

ensure a prominent presence online by offering a consistent product experience (Digital News Asia, 2013).

With the growing opportunities, there is a need of extensive research which enables retailers to better understand factors motivating mobile shopping. However, there is limited study done in the area of mobile shopping in Malaysia (Osman, et al., 2012). Existing research which measured the adoption of m-commerce in Malaysia such as one done by Wei et al., (2009) and Chong et al., (2012) adopted the technology acceptance model (TAM) which has been pointed by many researchers (Chong, et al., 2012) as insufficient in providing a holistic framework for m-commerce. Hence, to address this issue, this research aims to study factors impacting Malaysian consumers to be involved in internet mobile shopping via their smartphone with an extensive framework of UTAUT model which was built to incorporate main models like TAM, TPB and etc. in this field of study.

1.3 Research Objectives

This research aims to concentrate on the research problem, i.e., *"Factors motivating consumers to engage in internet mobile shopping via their smartphone in Malaysia"*, by using the extensive framework of UTAUT model that integrates key constructs from the main models like Technology Acceptance Model (TAM), Theory of Planned Behaviour (TPB). The outcomes of this research are aimed to enhance literature on mobile shopping in Malaysia. By addressing the research problem as mentioned above, this research intends to fulfil the dual objectives as follows.

1. To investigate factors attracting consumers towards m-shopping in Malaysia.
2. To provide recommendations for retailers to encourage m-shopping in Malaysia.