

INTI INTERNATIONAL UNIVERSITY

MASTER OF BUSINESS ADMINISTRATION

YOUNG ADULT'S ONLINE SHOPPING BEHAVIOUR: A CASE ON MALAYSIAN PERSPECTIVE

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ABSTRACT

Prior research focused on online shopping behavior of various different age groups including young adults. Yet, the impact of peer influence when young adults' make the decision to shop online has not been explored in the context of Malaysia.

In order to fill this gap, this study extends the previous research by exploring the impact of peer influence on internet and online shopping behavior among young adults in Malaysia. The theoretical lens used in viewing the research is unified theory of acceptance and use of technology (UTAUT) model and normative social influence theory. The respondents are sought from universities based in the Klang Valley area of Malaysia. The questionnaires were distributed to young adults' aged 18 – 24 using convenient sampling.

The hypotheses of the research were tested using PLS estimation technique version 2.0 whereas the descriptive analysis profile was done using SPSS statistical software version 20. This research revealed that peer influence has a significant impact on young adults' decision on shopping online. The study also established that the four factors of UTAUT (performance expectancy, effort expectancy, social influence, and facilitating conditions) have a significant influence on online shopping behavior of young adults in Malaysia.

The discussion explains the empirical evidence. Practical and theoretical implications are further highlighted. Recommendations for future research are also provided.

Key Terms: Young adults, online shopping behavior, peer pressure, Internet, Malaysia

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DECLARATION BY CANDIDATE

I hereby declare that this thesis is my own work and effort and that it has not been submitted anywhere for any award. Where other sources of information have been used, they have been duly acknowledged.

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Date: 28th November 2013

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Original Provided Upon Request

LIST OF ABBREVIATIONS

IT – Information Technology

IS – Information Systems

ICT – Information and Communication Technology

MSC – Multimedia Super Corridor Malaysia

ITU – International Telecommunications Union

UTAUT – Unified Theory of Acceptance and Used Technology

PE – Performance Expectancy

EE – Effort Expectancy

SI – Social Influence

FC – Facilitating Condition

YA – Young Adults

TAM – Technology Acceptance Model

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CHAPTER 1

INTRODUCTION

1.1 Chapter Overview

The opening chapter presents the overview of the research beginning with the background of the research followed by the problem statement and research objectives related to the literature. The assumptions made are then deliberated along with the scope of the research. The chapter will conclude with operational definitions along with the structure of the dissertation and a brief summary of the areas explained in the chapter.

1.2 Background

It is agreed within the Information Systems (IS) research field that the popular and continuance usage of Information Technology (IT) is a key research concern (Bhattacharjee, 2001; Bhattacharjee and Premkumar, 2004; Hsu, Yen, Chiu and Chang, 2013). The foreseeable business potential that lies within the field of IT has further increased the usage of Internet. In her recent research Niu (2013) revealed that the Internet and IT usage has been flourishing for the past decade and online shopping gained momentum becoming the latest trend. More research has linked IT with elevating use of online shopping (e.g., Childers, Carr, Peck, and Carson, 2001; Niu, 2013; Cheema *et al.*, 2013). Research gurus within the field has indicated that the main reason behind the increasing use of online shopping is due to the interactive nature of the Internet that offers various opportunities to upsurge the online shopping behavior by enhancing the availability of product information, decreasing buyer costs, and allowing direct multi-attribute evaluations and comparisons (e.g., Alba *et al.*, 1997; Childers, Carr, Peck, and Carson, 2001; Orwall, 2001).

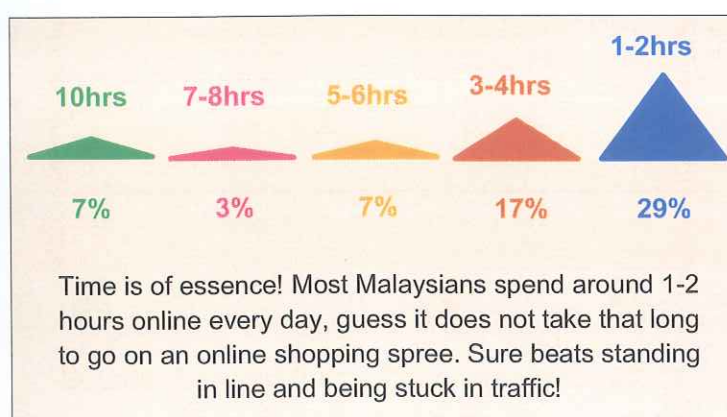
Literature has defined online shopping as "*the shopping behavior of consumer in an online store or a website used for online purchase purpose*" (Monsuwe, Dellaert and Ruyter, 2004; Cheema *et al.*, 2013). The ongoing research in the field enhances the significance of the online shopping for both consumers and retailers. Cheema *et al.*, (2013) explained some of the advantages such as saving travel costs, reduction in overhead expenses, enhancing market area, and decline in dependence to store visits as well as getting access to a wide range of products.

Moreover, with this rapid growth of Internet people of all ages have begun to adapt subsequently to the services facilitated by the Internet such as online shopping. Scholars have long realized the emergence of young adults using internet (Niu, Chian, and Tsai, 2012; Niu, 2013). Young adults are known as the age group where people are easily influenced by current trends, fashions, peers, and other characteristics. Literatures have stated that young adults gained a greater impact on the family purchase decisions (e.g., McAlister and Pessemier, 1982, Arnett, 2002; Kamaruddin and Mokhlis, 2003; Niu, 2013). The trend of online shopping offers a vast business growth potential and therefore the online shopping behavior of young adults cannot be ignored. Similarly, Johnson (2008) found that young adults (aged 18 – 24 particularly) have moved from traditional mediums such as television and radio to the internet. In line with this Niu (2013) stated that young adults under the age of 30 make up more than 50 percent of online shoppers.

Researchers have agreed that such behavioral changes have made internet to revolutionize marketing and trade such as opening up various opportunities for marketers resulting in extraordinary pace of change in marketing operations and strategies (e.g., Pollack, 1999; Vandarajan and Yadav, 2009; Park and Jun, 2003; Tan, Chong, and Lin, 2013). This revolution has led many countries to take steps to provide internet connection to the society and take measures to attain a high penetration rate due to the awareness that internet facilitates the expansion of a knowledge-based society (Fairuz, Chong, and Chew, 2008a, 2008b; Tan, Chong, and Lin, 2013).

In line with this, Malaysia began to develop the country's internet infrastructure in 1995 and soon launched its project of Multimedia Super Corridor Malaysia (MSC Malaysia) in 1997 to upkeep the use and development of information and communication technology (ICT) across the country (Yap, 1995; Tan, Chong, and Lin, 2013). As a consequence of such developments, the international telecommunications union (ITU) revealed that there is a positive correlation amid internet usage and growth of population in Malaysia. Likewise, with approximately 16.9 million users, the internet penetration rate was 64.5 percent in the year 2010 as comparison to 37.7 million internet users with 15 percent penetration rate in the year 2000 (Tan, Chong, and Lin, 2013). With this the KCLau (2013) has found that 29 percent of Malaysians spend 1 – 2 hours online followed by 17 percent that spends 3 – 4 hours online.

Figure 1.1: Number of hours Malaysians spend online

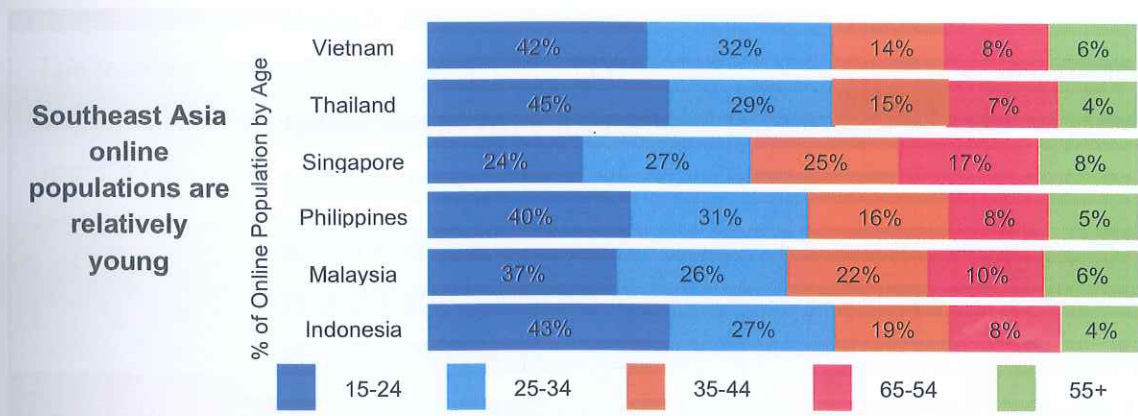


Source: Adopted from KCLau (2013)

Within this approach, Leong and Lee (2009) revealed that 30 percent of Malaysians uses online shopping. Even though the percentage is relatively low compared to the developed countries in the Asia Pacific Region, Lim, Wong, Tan, and Ng (2010) predicted that the market of online shopping is huge in Malaysia.

Given the number of internet users it is common for consumers to freely click on shopping sites and choose their preferred products. The wide popularity gained by online shopping over the past few years has been acknowledged by various researchers whereby some researchers stated the oniomania facilitated by online shopping (e.g., Koufaris, 2002; Park and Kim, 2003; Liu, Li and Hu, 2013; Zendehdel and Paim, 2013). The online shopping platform is increasing in the Southeast Asian region as well. As figure 1.2 illustrates it is relatively young population that spends time online; more than 50 percent of the people that spends time online are under 35 years in Malaysia.

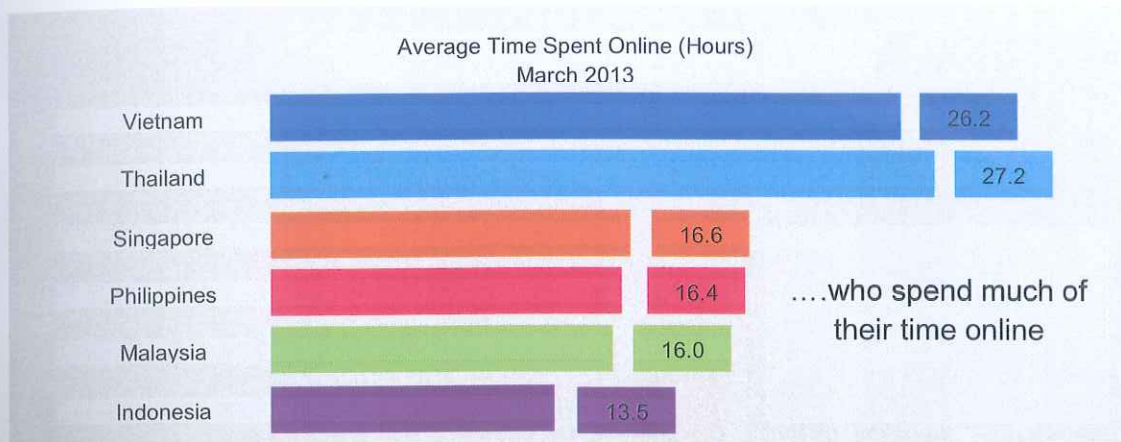
Figure 1.2: Online behaviors of internet users in Southeast Asia



Source: Adopted from e-commerce.milo (2013).

In a similar vein, Figure 1.3 below illustrates the average time spent on Internet. As it is seen, Malaysians spend 16 hours online which is moderately high. From both Figure 1.2 and Figure 1.3 it can be depicted that relatively young adults in Malaysia spend much of their time online.

Figure 1.3: Average time spent online (hours) as at March 2013



Source: Adopted from e-commerce.milo (2013).

The internet and online shopping is elevating in Malaysia as well. The Malaysian online commerce market size is believed to increase significantly in the next few years as depicted in figure 1.4. It is believed to increase to 4.76 billion in 2014 as compared to 3.65 billion in 2013.