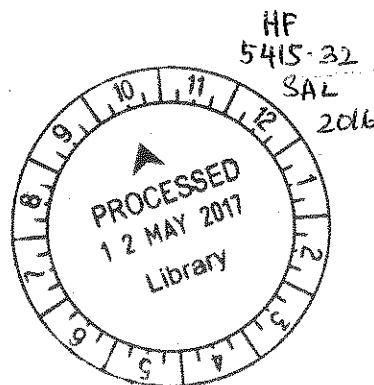


INTI INTERNATIONAL UNIVERSITY
MASTER OF BUSINESS ADMINISTRATION
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**Gen Y online shopping Intention towards electronic products
in Kuala Lumpur**



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SUBMISSION DATE: 15th December 2016

DECLARATION BY CANDIDATE

I hereby declare that this paper is my own work entirely by my own effort, All source of information used in this research have been dully acknowledged.

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ACKNOWLEDGEMENT

This dissertation definitely helped me to achieve one of the most significant academic challenge that I had never encountered and expected before, definitely I could not have succeed in finishing without a proper guidance of support from the following people, indeed deepest gratitude:

To Ms Faziha who is my supervisor, deepest gratitude to her despite of busy schedules of personal and academic commitments she undertook the responsibility to be my supervisor. Her guidance, support, helped me to finish my study.

To Dr Shaheen for who has taught me the foundations of Statistics, also to Dr Lee Kar ling who has taught me the basics in Business Research Methods, which helped me in my study, without forgetting all the lectures who shares their experience and knowledge.

To Mr Salar, Head of program and his assistant Dr Sonny for providing support through the entire MBA program. Also to thr participants who took their time to participate in this study as well to all friends who had shown support through my entire MBA program.

Lastly to my family for their encouragement through my entire MBA project and study, their love, patience, care and guidance made who I am today.

Thank you all

ABSTRACT

The purpose of this study is to determine the investigation that influences the intention of online purchase of electronic products among the Gen Y in Kuala Lumpur. The development of technology, which sparks the growth of Internet hence changing shopping pattern from traditional to online shopping. The study used Theory of perceived risk and Technology acceptance model (TAM). The study addresses key issues, which might have positive relationship towards online shopping intention towards electronic products which are perceived risk, ease of use and usefulness. The sample size comprises of 250 participants. Correlation design, which is descriptive in nature, will be used to analyze the study and multiple linear regressions. The independent variable of the study is expected to have positive significant relationship with the dependent variable.

Key words: Online shopping intention, Perceive risk, Perceive ease of use, Perceive usefulness.

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Chapter 1 : Introduction

1:1 OVERVIEW

From the last decade, technology has played a major role in both business and consumer shopping pattern, resulting improvement and advancement of the internet, the internet has grown to be one of the major medium of transactions in many business today, the internet has played a great useful tool of bringing customers and products together without much movements (Ying, Omar, & Thurasamy, 2015).

Looking at the total global E commerce sales by 2011 grew from over \$961 billion and the recorded estimates was to reach an increase of almost 20% through the coming years, it was predicted to cross over 1trillion Euro mark by 2013, the Asia pacific region is leading in terms of growth as compared to mature markets like US and Europe zone, it was recorded a 130% growth of e-commerce business from Asia Pacific in 2011, online shopping has become an integral part of economies and worldwide country in general and increasingly seeing trust and confidence in purchasing online (Dost, Illyas, & Abdul Rehman, 2015).

In 2010 Neilson company conducted a survey where 27,000 internet users in 55 market from Asia pacific, Europe, Middle East, North America and South America on how consumers shop online, the research showed most consumers are more interested in purchase of books and clothes, online booking and tickets (Nielsen, 2010). Zooming into Malaysian market, the number of Internet users alone has grown to 18 million in 2012, which has captured almost 60.7% of the total population (Internet World Stats, 2014). With these findings, its clearly the global popularity of online shopping, the digital economy looks promising but electronic products are yet to gain more popularity as people are still considering trust as an issue in purchasing electronics.

United States Census Bureau (2012), mentioned that Gen Y accounted to approximately 23.5% of American population, narrowing to Malaysia where approximate population of Gen Y are 6.2 million summing up to 27% of overall Malaysia Population, Gen Y has been a main focus on online purchasing behaviour

due to their dramatic characteristics difference based on values, and attitudes, therefore researchers are looking on this Gen Y behaviour pattern.

Furthermore Gen Y has grown and aided by rapid expansion in modern technology and internet era, since they were the early adopters of technology which results of rapid usage of technological gadgets in their normal activities daily, different studies indicate that Gen Y are more likely to be engaged with online purchasing (Lee, 2014). According to Malaysia Communication and Multimedia Commission (2013), Malaysia have approximate 55.65 % of Gen Y Internet users; this shows the potential of Gen Y towards the future market.

1.2 BACKGROUND OF THE STUDY

The Malaysian Institute of Microelectronic System (MIMOS) introduced Internet in Malaysia early in 1987, the project was known as RangKom project, by 1991 RangKom was turned to Service provider by offering internet usage to some limited parts in Malaysia, the following year JARING was introduced by Malaysian Institute of Microelectronic System as the first Internet Service Provider (Salman & Safar, 2011). Due to the growth of internet in Malaysia there is no doubt the attachment to internet is increasing as well, different businesses started to incorporate and link their business through online by using internet in their business operations. This made consumers start to use Internet for online shopping to replace traditional shopping, despite the growth in using Internet however; the growth in online purchase is not in line with the growth Internet (Ying et. al., 2015).

According to Nielsen and PayPal study online sales in Malaysia have recorded transactions of RM 1.8 billion in 2011 and estimated to reach RM 50 million in the year 2014, where travel related service and product is the leading industry which most of the consumers tend to buy online RM 4.3 million, followed by financial services (RM3 million) and entertainment and leisure industry (RM2 million), (Ying et. al., 2015).

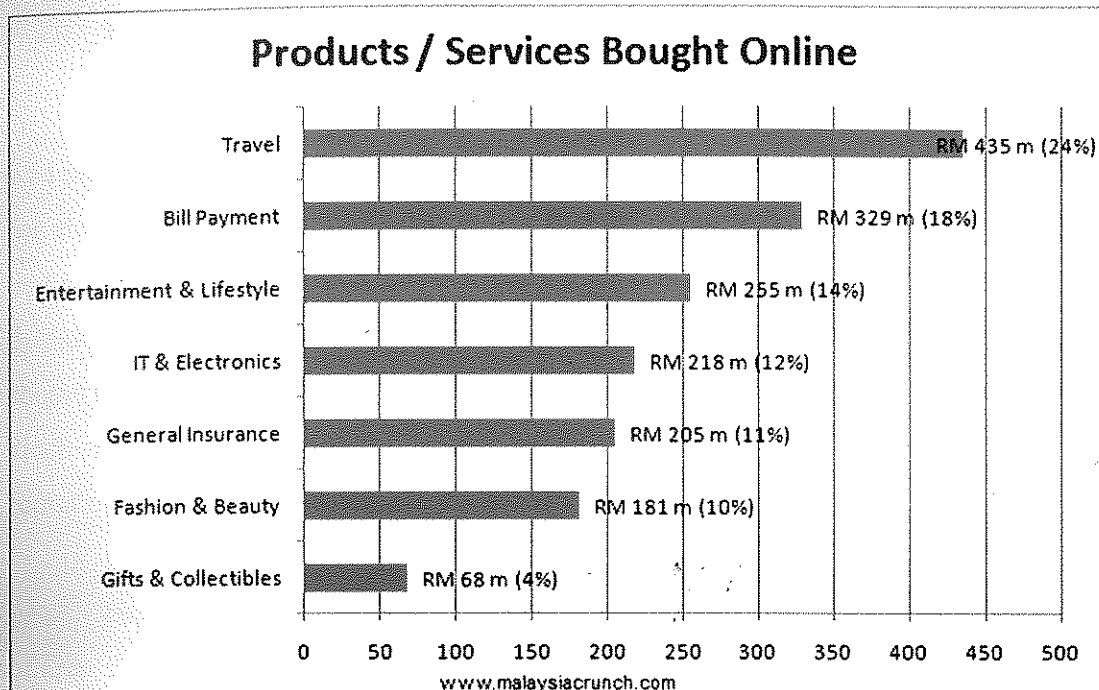


Figure 1.1, Products/ Service bought online

Source: malaysiacrunch,(2010).

According to the above figure 1.1, we can see clearly electronic products are nowhere at the top of the list by recording only of 14% and become the fourth behind travel, bill payment and entertainment and lifestyle product and services. This is because the intention of purchasing electronics products online is critical as compared to physical world and crucial understanding can be examined if the factors that affect the purchase decisions are ignored and unambiguous (Sajjad, 2012). Looking at the whole e commerce market, online retail market recorded a revenue of US\$ 496 million in 2012 and estimates an increasing of 21% of compound annual growth rate (CAGR) for online retail profits between 2014 to 2017 (Mittal, Wu, Yeo & Li, 2012). E commerce market in Malaysia have recorded amount of US\$ 894 million in 2016 expecting to reach US\$ 2585 million by 2021 (Euromonitor, 2016).

Generation Y are individuals who are born between 1980 and 1996, in this era the Web technology is being established. Gen Y consumers turn out to be an extraordinary group in the global market place, it stand as the first and largest consumer group in any economy (Sangeetha, 2012). While according to Branchik (2010),.

1.3 PROBLEM STATEMENT

According to Su, Wan, Chuen & Wan (2015), the results of the research which was conducted by Paypal have found that Malaysians are still refusing to shop online for electronic products; online consumers fear the opportunity to physically examine and touch the product which is specifically regarded as influential factor in purchase decision. Looking at the sales of electronic industry compare to other industries, it shows that less people are buying electronic products online, also online purchase of electronic products are not in line with the growth of sales e market from other industries in Malaysia (Yieng et. al., 2015).

Hence this particular study examines the factors which influence the intention of Gen Y towards buying electronic products by taking consideration of perceive risk, perceive ease of use and perceive usefulness, focusing on Gen Y in Kuala Lumpur since they are the largest population in Malaysia and unique group to study in order for marketers to succeed in the online market (Lee, 2012).

1.4 RESERCH OBJECTIVES

Online shopping is one of the fastest growing platform of purchasing products in the 21st century, with the hyper complex competition, there are some products that were once only secure to purchase offline, but today most of the business are operating online, having said this, there are some exposure to whether there is safety on purchasing electronic products online, this study will provide an insight on how Gen Y have been influenced towards their participation on online purchasing platform especially while purchasing electronic products, also this study will also examine some perceive risks that come along while participating in the online purchasing such as financial and some of the safety measure under consideration to ensure confidence like return policy, more over this study will whether perceive ease of use & usefulness peruse the intention of purchasing electronic products online. This study will be focusing on the generation Y consumers in Kuala Lumpur. The objectives are summarized as below:

- To determine whether perceived risk has a significant relationship with Gen Y intention of buying electronic products online in Kuala Lumpur.
- To determine whether perceive usefulness has a significant relationship with Gen Y intention of buying electronic products online in Kuala Lumpur.
- To determine whether perceived ease of use has a significant relationship with Gen Y intention of buying electronic products online in Kuala Lumpur

1.5 RESERCH QUESTIONS

- Do perceived risk have a significant relationship with Gen Y intention of buying electronic products online in Kuala Lumpur?
- Do perceive usefulness has a significant relationship with Gen Y intention of buying electronic products online in Kuala Lumpur ?
- Do perceived ease of use have a significant relationship with Gen Y intention of buying electronic products online in Kuala Lumpur?

1.6 SIGNIFICANCE OF THE STUDY

The study gives an insight on how Gen Y consumers pursue and change their intention on buying electronic products online; the contribution of this study will help and add additional academic research references. Also it will help the industry to understand Gen Y online shopping intention regarding electronic products, giving an outline of the precautions that leads to purchase and repurchase of electronic products online.

1.7 SCOPE OF THE STUDY

This study will be conducted in Malaysia choosing the capital city Kuala Lumpur as the main focus of this research also this research will be mainly focus on Generation Y instead of Consumers in general. This is due to time frame so choosing Kuala Lumpur as the focused area because they have the largest number of Generation Y residence compare to other states with a total of more than 800 728 based on (Population distribution & basic demographic characteristics, 2010). Gen Y as the target sample because they are the first generation that grew up using technology and are considered as essential users of digital technology involving internet hence influencing digital economy (Yong, Mei, Fu & Yee, 2014).

1.8 LIMITATION OF THE STUDY

First most of the theoretical sources used in this research focused on the general topic of online shopping behaviour deprived of a specific topic, more over most of the research are focusing on consumers in general. The sample used in this research cant not be generalized to other populations since it consists limited demographic only in Kuala Lumpur. More over the methodology used in this study cant go deep since its using correlation which can only examine the relationship of the variables, lastly the time frame given was not matched the standards of the study.

1.9 OPERATION DEFINITIONS

Table 1.1: Operation definitions

Key terms	Definition
Online Shopping	It's the act of buying products or services through internet
Generation Y	These are the generation of people who were from 1980's and early 1990's, often they also known as echo boomers.
Perceived Risk	Consumer perception of uncertainty regarding the outcome of buying decision such as financial risk, delivery risk, privacy risk etc.
Perceived ease of use	The situation, which a person expect that using a certain system, would be free of effort.
Perceive usefulness	A point where individuals believe that using a particular technology will improve the performance of their task

1:10: CHAPTER ONE SUMMARY

Chapter one is a description of the main purpose of engaging in this study. It introduces the reader into the scope of the research and capture the attention of the importance this study.

CHAPTER 2: LITERATURE REVIEW

2.0 INTRODUCTION

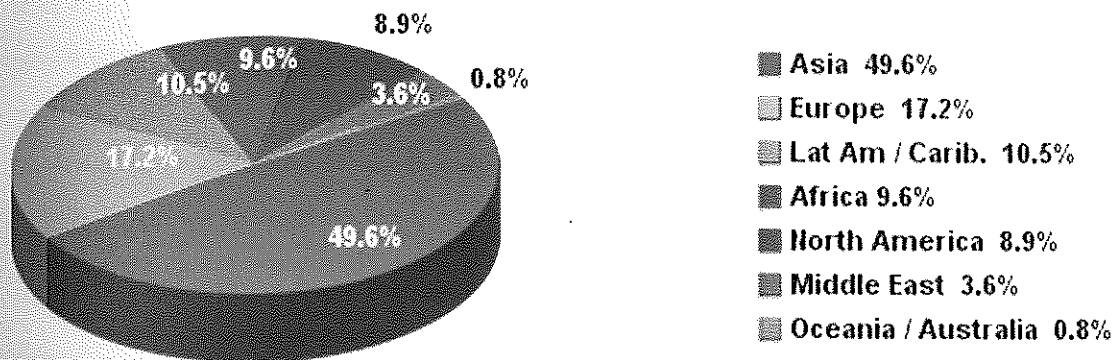
This chapter talks about the grounded theory of online shopping and the factors, which influence online shopping intention. The theoretical framework of this study was mainly deprived from Theory of Perceived risk from Rodgers (1995), which is diffusion of innovation, also the theory of Technology Acceptance model from Davis (1989).

2.1 INTERNET

According to Jambulingam, Sorooshian & Samanthi, (2016) Internet subscribers reached 35% of the world population in 2010, by 2013 there were 2.7 billion people at 39% of the world population who are subscribed with Internet based on ITU study. This is similar to Su et.al (2015) where in 2013 the number of world population who are using Internet hit 38.8% based on Internet Usage statistics, as a result the growing of Internet usage in the world will increase the number of people who do business online hence the growth of digital economy in the future.

Due to the spread of Internet around the world, companies transformed and expand their business to online stores, many business they no longer use only traditional stores and tradition way to reach their consumers (Boon & Shi 2014). Therefore Internet become highly used medium for consumers to access the market. (Ying et. al., 2015)

Internet Users in the World by Regions June 2016



Source: Internet World Stats - www.internetworldstats.com/stats.htm

Basis: 3,576,810,939 Internet users on June 30, 2016

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Figure 2.1, Internet users in the world by regions June 2016

Source: Internet World Stats, (2016).

Above figure 2.1, shows that Asia is the leading continent where most of their population are subscribed to Internet with 49.6%, zooming into Malaysia, according to Jambulingam et. al (2016) Malaysia has 61% of Internet penetration sitting behind Hong Kong with 75%, Singapore 75%, and New Zealand with 86% based on the data from World Bank group in 2013. Internet usage in Malaysia has increased dramatically from 15% to 64% from 2000 to 2012, study have been conducted by The Nielsen company (2011), shows that there are 1.1 million online shoppers who spent RM 1.8 Billion through internet in 2010, where Pay Pal also forecasted that Malaysians to hit RM 5 billion and more by 2015 in Malaysian E commerce (Boon & Shi 2014). Furthermore Based on Euromonitor Malaysia (2016), online retail sales have recorded a transaction of US\$ 496 million in 2012, expecting to reach US\$2585 million in 2021.

Internet penetration in Malaysia is continuously increasing which makes online shopping and online retail market as a viable sector in the coming years, hence creating new aspects of consumer's attention to shift from traditional shopping to online shopping for some products and services, not all industries in Malaysia are enjoying sales through online, the most preferable industries likely consumers to