Factors affecting online shopping behavior in Malaysia

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Abstract: With the continuous innovation and development of Internet technology, an emerging service industry "e-commerce" is in people's lives. Gradually developing and growing, the e-commerce industry has gradually become a new economic driving force (Parment, A.(2013).This chapter focusing on the discussion and research on the factors that influence online shopping of Malaysian consumers. We discussed that with the continuous development of e-commerce technology, people's consumption patterns have also changed, and more people have begun to accept online shopping to satisfy their consumption desires. So what factors can influence consumers to choose online shopping? We assume four dependent variables: cultural factors, social factors, personal factors, and emotional factors (Passyn,K.A,Diriker,R.B.(2011). We will start from these four aspects to study the effects of these independent variables on us. Affect the relationship between. This chapter will mainly explain the purpose of our research and the deficiencies in the research. And analyze and discuss the research results.

Keywords: Online Shopping, E-commerce in Malaysia, Consumption habits, Malaysia's market analysis, Cultural Factors, Psychological Factors

1. Introduction & Background

1.1 Research Background

More people are paying attention to what factors affect consumers’ choices of online shopping. Online Shopping, also known as E-tail or E-Shopping, is a form of e-commerce that allows consumers to purchase goods or services directly from sellers via the Internet(Zhong, S.Qiu, L.and Sun, B.(2020). As we all know, online shopping was invented in 1979 by British entrepreneur Michael Aldrich. Other alternative English names are: E-Web-Store, E-Shop, E-Store, Internet Shop, Web-Shop, Web-Store, Online Store, Online Storefront and Virtual Store(Cheng, L. (2013)).

The rapid development of the Internet has provided opportunities for business development. In recent years, online shopping has spread worldwide as a new shopping channel. Malaysia is one of the fastest growing e-commerce markets in Southeast Asia. Malaysia has the highest Internet penetration rate in Southeast Asia, with a national Internet usage rate of 85.7%, of which the penetration rate of mobile networks has reached about 140%. This means that the development of Malaysia’s e-commerce industry is facing a high-quality huge market opportunity.(Obal,M. and Kunz,W. (2016))The development of e-commerce will further promote the rapid development of its economy. It is particularly important to study online shopping behaviors of Malaysian consumers.

1.2 Research questions and research objectives

1.2.1 Problem Statement

According to the latest research data of Bain & Company, a world-renowned strategic consulting company, the Southeast Asian e-commerce market is getting larger and larger. As of August 2020, the number of online shoppers in Malaysia has reached 5.6 billion U.S. dollars. In 2019, the volume of e-commerce transactions in Malaysia increased by 1380% over the same period last year. According to a report released by Commerce Asia Enterprise Malaysia, due to the epidemic prevention action control order implemented by Malaysia in 2020 due to the epidemic, Malaysians will adapt faster and switch to online shopping and consumption. Online shopping during the epidemic will take more time than users. It was 70% higher before the epidemic(Shamsuddin,N.F.(2017).It is necessary to understand consumer
behavior, analyze and study consumer behavior and consumers’ online purchase motivation, and understand the factors that affect consumers’ online shopping behavior.

1.2.2 Research Questions

This research aims to explore the behavioral preferences and influencing factors of Malaysian consumers from the perspective of consumer behavior, identify barriers that affect online shopping in Malaysia, and then propose targeted strategies.

This research answers the following three questions through a survey of consumers:

(1) What factors influence consumers’ online shopping behavior

(2) The influence of various factors on consumer online shopping behavior

(3) Are there differences in the influence of various factors on different consumer groups?

According to the above research questions, we make the hypotheses of 4 independent variables versus dependent variables for online shopping, namely:

• IV: Assume that "cultural factors" have an impact on Malaysian consumers’ online shopping choices

• IV: Assuming that "social factors" have an impact on Malaysian consumers’ online shopping choices

• IV: Assuming that "personal factors" have an impact on Malaysian consumers’ online shopping choices

• IV: Assume that "psychological factors" have an impact on Malaysian consumers’ online shopping choices

• DV: Malaysian consumers choose online shopping behavior

This research will analyse the process of online shopping activities through a large amount of literature, and how consumers decide and conduct online shopping. Process and rigorous statistical methods to solve the above questions. Based on the research results, the author will put forward some suggestions and solutions to help online retailers and e-commerce decision-making to take measures to increase online purchase willingness, therefore, to promote more customers to participate in online shopping.

1.3 Significance of study

The significance of the research is mainly to determine the influencing factors that affect the research object through research, what role the results obtained through the research can play in the field, what theoretical gaps can be filled, deficiencies, or enrich certain theories and research. We will discuss the theoretical significance and practical significance of the research in two parts.

1.3.1 Theoretical significance

The theoretical significance of this article is to analyze the online consumption behaviors of online shopping consumers in Malaysia, obtain the behavior characteristics of online consumers in Malaysia, analyze the existing deficiencies and development trends and directions of the existing online shopping market in Malaysia, and fill the current situation. This article provides first-hand basic data of real consumers, which is very valuable.

1.3.2 Practical significance

The practice of this research is of great significance. As Malaysians, especially adults, have shown an increasing trend in online shopping in recent years(Xie,P.Zou,C.(2012). It can be seen that online shopping will become more and more popular in Malaysia, and most people are interested in trying this new transaction method. In this context, it is extremely important to understand the online shopping behavior preferences of Malaysian consumers (Xie,P.Zou,C.(2012). This article can provide useful guidance for entrepreneurs who want to develop e-commerce business, because it can help readers understand the views of potential buyers and potential products, so as to help these entrepreneurs to adopt the correct strategy to obtain in the online store success.
1.4 Structure of Dissertation

The main content of this research is to investigate the behavior of online shopping consumers in Malaysia. Starting from the theory of consumer behavior, combined with the status quo of e-commerce development in Malaysia, the questionnaire survey method is used to summarize and analyze the characteristics of online shopping behavior of Malaysian consumers. It further analyzes the factors that affect the online shopping of Malaysian online consumers and how these factors affect the online shopping behavior of Malaysian consumers. The paper structure of this research is clear, and the following strategies are adopted for discussion. It is divided into five parts, namely introduction, literature review, research methods, research conclusions and recommendations, and summarizes and summarizes the data results.

1.4.1 Chapter 1

Introduction: In the first part, we mainly introduce the subject of our research and the direction of our research. We briefly introduce from the topic setting of the research to the reference of the literature, which provides more research dimensions for our research. In this part we will describe the problem statement, laying the foundation for the entire research also introduce the research goals and research questions. In addition, we will also summarize the significance of the entire research, the scope and field of our research investigation, and explain the applicability of the entire research paper.

1.4.2 Chapter 2

Literature review: In this part, we will mainly discuss the main points of the research through some previous references. In this research, we will select the corresponding time and geographic location and related research data for the topic. This part of the research will look for forgotten references based on arguments related to independent variables and dependent variables. This study uses independent variables as the basis to measure the dependent variables of consumers’ online shopping willingness. Therefore, in this chapter, some reference data will be used to analyze the current project and evaluate the relationship between each independent variable and the dependent variable. This part gives companies or other researchers some new project reference value.

1.4.3 Chapter 3

Research methods: In this chapter, we discuss related research methods, including an introduction to research strategies. We will introduce in detail the process of a research including analysis, classification, sampling techniques, selected research targets and population, sample size and types of respondents. In this chapter, we will use statistical tests on the validity and reliability of the collected data to verify the validity of the data. At the same time, we will also use SPSS software to test and research our data.

1.4.4 Chapter 4

Investigation and research: In this part of the research, our main introduction is that there are two statistical methods: descriptive statistics and inferred statistics. We will use SPSS software to describe and test the data collected, including: credibility analysis, validity analysis, multiple regression analysis, descriptive analysis, and Pearson correlation Analysis to verify and investigate the true validity of the data. And the influence of the independent variables in the hypothesis on consumers’ purchase intention. In the end, we find conclusions and summarize them through statistics and inference.

1.4.5 Chapter 5

Research results and recommendations: In this chapter, we will combine qualitative analysis and quantitative analysis. In the fourth chapter above, all quantitative data analysis has been carried out. In this part, we will combine the conclusions of the above part to compare with previous related research. Our main method is to compare and analyze the results of the project research with the previous research projects, so as to verify the correctness of our conclusions and the differences with the previous research, as well as the deficiencies in our research.

2. Influencing factors of online shopping

In a market economy, online shopping willingness is used to satisfy consumers’ needs for more convenient shopping (Wang, D. (2014)). In this process, consumers must make many decisions and are affected by many factors. In this part of the research, we mainly focus on the influencing factors of
online shopping behavior in Malaysia as a research direction, looking for various factors that affect the development of Malaysia’s e-commerce industry, and determine IV and DV to provide reference value for future e-commerce development. In this chapter, the research results of predecessors and the cultural factors, social factors, personal factors and psychological factors that affect online consumers’ shopping behaviors are introduced, and they are applied for further analysis.

In this chapter, the IV and DV in the research topic will be analyzed and explained in detail.

2.1 Cultural factors

Cultural scholar Linton (1945) defined culture as a learned collection of actions, and its constituent elements are a result of shared inheritance by members of society. Kotler (2008) emphasized that culture is the fundamental element that determines people’s desires and actions (Hernández, B. 2011).

Cultural factors mainly refer to consumers’ perception of online consumption in the entire social environment and the general use of mobile Internet will affect the convenience of consumers’ online shopping. Cultural factors affect people’s consumption patterns in the society, and determine whether consumers choose online shopping behaviors to a certain extent (Ho, S.Y. and Bodoff, D. 2014)). It is considered to be the most fundamental reason why consumers want and need. As a person grows up, there are many values that affect his behavior (Kotler and Keller 2006).

From different social backgrounds have different online shopping intentions. As Hassinger (2011) pointed out in the study, consumers with higher social status are more willing to buy online because they have laptops or The higher the probability of a personal laptop, the richer the experience as an Internet user. As mentioned earlier, uncertainty avoidance, and long-term orientation of cultural characteristics are positive factors in consumer shopping behavior (Hong, I.B. 2015).

2.2 Social Factors

Social factors refer to various things in society, including social systems, ethics, public opinion, customs and habits, etc (Hsu, C.L. 2013). Social factors will invisibly affect people’s decision-making and the consumption choices of consumers studied in our project. It is important to consider social factors in consumer behavior because they greatly influence how people react to marketing messages and make purchasing decisions. Companies selling products in virtual markets need to have a deeper understanding of consumers’ shopping behaviors and a more accurate assessment of consumers’ technological acceptance (Zhao 2012). The market environment of the e-commerce industry allows consumers to choose products and services and conduct transactions directly in online stores (Chiang 2003).

According to Kotler and Keller (2007), the reference group, family, social role and social status are the elements involved in social factors. The reference group participates in all groups that may directly or indirectly influence consumer behavior and intentions (Kotler 2007). From the perspective of people, the family is a part of a person and is regarded as the most basic and most important social factor that affects consumer perception (Hasslinger et al. 2007).

2.3 Personal Reason

Personal factors including self-cognition, behavioral characteristics, personality tendencies and temperament types, which constitute the basic components of self-awareness and strong self-view. Different marketing strategies are produced under different cultural backgrounds to attract target consumers. In a culture of individualism, people are more inclined to buy individually or in relatively small groups Asadollahi, A.R. (2012). Generally speaking, these consumers have certain market knowledge, which helps them save shopping time and pay lower amounts. They are likely to make decisions based on internal intentions. For example, personal experience and personal preference (Doran 2002).

Kotler and Keller (2006) explained that personal characteristics are divided into age and stage in the life cycle, occupation, income range, lifestyle, personality, and self-concept. They all directly affect consumers’ online shopping behavior process. In addition, the characteristics of personal online shopping, especially the consumability of consumer income, play an important role in online shopping.
Obviously, consumers with higher income levels have more positive attitudes towards online shopping (Lohse et al. 2000; Zhao 2012). The higher the income, the higher the level of consumption, the higher the probability of owning a computer, the higher the level of Internet use, and the higher the acceptance of new technologies (Lohse et al., 2000, 2012). Young consumers interact with the Internet and computers more frequently than older consumers, because younger consumers are more likely to accept and adopt new technologies than older consumers (Smith and Rupp 2003).

2.4 Psychological factors

The psychological factors refers to the change process of a person’s psychological process, which includes emotions such as human feelings, emotions, and perceptions. These emotions are called the “internal cause” of changes in certain things. This “internal cause” is often used for people’s decision-making. Play an important and decisive role. Consumers’ psychological factors can refer to consumers’ need to satisfy their psychological needs during the consumption process. In this activity, consumers’ ideology governs consumers’ purchasing behavior and also affects consumers’ motives for consumption, Attitude and feelings, etc(L.W., Sinclair, R.C. and Courneya, K.S. (2003). Psychological factors are also a very important key factor in people’s consumption process and when consumers make decisions. If a company wants to be able to make a breakthrough in products and marketers, then paying attention to the consumer psychology of consumers is a very important reference factor.

Perception is considered to be the different perceptions of consumers about the same product or the same situation. For example, different consumers have different levels of trust in the same online shopping website (Kotler and Armstrong 2007). In addition, attitude is also a key factor in online shopping, which requires consumers to learn and experience (Hassinger et al. 2007). For example, some consumers plan to shop on a particular website because it guarantees the quality of the product or provides similar products at a more affordable price.

3. Dependent Variable

3.1 Factors influencing online shopping behavior

Zuroni and Goh defined online shopping as the process by which consumers purchase products and services through the Internet (Hansen, T. and Jensen, J.M. (2009).According to a 2015 Asia-Pacific report by Phnom Penh Post, The Digital, and Social and Mobile, one-third of the approved Asia-Pacific countries have already used the Internet, the penetration rate of the international Internet or the Internet rate of the total population has reached 42%.

Beginning in 1998, entering Malaysia began to accelerate development from 2010 to 2012. In 2016, the penetration rate of e-commerce accounted for about 5% of the total retail market. It climbed year by year to 20.8% in 2020. Malaysia is the country with the highest Internet penetration rate in Southeast Asia, with a national Internet usage rate of 85.7%, of which the popularity of mobile networks The rate has reached about 140%(Shanmugam H.2020).

Nelson’s 1964 study showed that a person’s decisions and judgments are usually based on past experience, context, background, and stimuli(Kohijoki, A.M. and Marjianen, H. (2013). Online shopping is still a new concept for many people. Compared with traditional shopping methods, this leads to increased risks in the shopping process. Therefore, when online shopping consumers decide to make a purchase online, they will rely heavily on their past purchase experience.

For online shopping behavior, different consumer shopping experiences have different knowledge structures. Gastaneda et al. found in 2007 that different knowledge structures can lead to different personal behaviors, including information search, diagnosis, analysis, and adjustment and application(Hart, P.M. and Dale, R. (2014)).

In summary, through the above reference to previous studies, it is found that IV (cultural factors, social factors, personal factors and psychological factors) have a significant impact on DV (consumers’ online shopping behavior).
4. Research methodology

In the above several chapters, we have assumed several influencing factors, explained and explored the mutual influence between them and independent variables, and used relevant literature content knowledge to support the enumerated viewpoints. Then we will start to discuss how to collect data and analyze the project through data information. The following is an introduction to the research method of the project.

4.1 Research purpose (exploratory, descriptive, explanatory)

There are three research methods in the research, namely explanatory research, descriptive research and exploratory research (Kukar-Kinney, M. and Close, A.G. (2010).

Explanatory research generally reinterprets and defines some problems that have never been clearly defined and described. Generally, certain assumptions are used as the premise, and then corresponding demonstration methods are used to explore the interrelationships between several relative things.

Descriptive research, which is a type of conclusive research, is mainly used to describe certain characteristics or functions of certain things, including describing the characteristics of specific research objects, predicting and estimating certain behaviors in a group of people. The proportion of the whole, the specific prediction of a certain thing, the correlation between certain things, etc.

In this research, we will use the collected data for data analysis, calculate the frequency, average value and some other information in the research data, in order to find the correlation between the independent variable and the dependent variable in the research, so as to provide research with more specific and sufficient information and arguments (Kuruvilla, S.J., Joshi, N. and Shah, N. (2009).

Exploratory research is mainly aimed at a problem and then looking for relevant information to help researchers recognize and understand the problem that needs to be studied. It can often help researchers to clarify the research direction and provide more reference materials when researching projects. This research is often used before some formal investigations, through exploratory research to prepare the definition of the research problem and formulate the relevant course of action (Kushwaha, T. and Shankar, V. (2013).

4.2 Questionnaire design

4.2.1 Questionnaire survey

Questionnaire survey is a commonly used method of data collection. In our research, our data collection is also conducted by questionnaire survey. Generally, a questionnaire survey will develop a set of detailed content corresponding to the research project, and complete the collection of relevant data by answering the questions in the questionnaire.

Our questionnaire will be broken down into three parts:

Introduction: Briefly introduce the purpose of the research and tell the interviewees the information they provided for the research

(1) Project introduction—a brief introduction to the problems we researched and our hypothetical variables and an additional disclaimer

(2) Respondent information statistics—collect personal information such as the age, income, and status of the interviewee

(3) Questionnaire content — will be based on our research project for targeted question setting and then Likert scale measurement

The purpose of the thesis is to test the hypothesis of whether each hypothetical factor in the research model has a significant impact on online purchase intention. Therefore, collecting a large number of data and investigating samples will help improve the efficiency of the research and prove the correlation between IV and DV.

4.2.2 Questionnaire Number of observed variables

The sample size depends on the expected value of the reliability, the data analysis and estimation methods used, and the number of parameters to be estimated in the research. According to Tabachnick
and Fidell (2006), to perform regression analysis, the sample size should satisfy $N > 8m + 50$ (where $m$ is the independent variable in the model). In the process of testing and measuring items, previous researchers did not provide a specific number of sample sizes, but only provided the ratio between the number of required observed variables and the number of parameters. In factor analysis, the sample size depends on the number of variables included.

According to Hair et al. (2010), the required sample size is at least 5 times larger than the number of variables. At the same time, Hoang Trong and Chu Nguyen Mong Ngoc (2008) believe that in factor analysis, the number of observed variables is at least 4 to 5 times the number of measured variables. In this article, the variables included in the factor analysis are 4 and 1 independent variable, so the required sample size is $5 \times 5 = 25$ observed variables.

In order to ensure the reliability of the research, this paper processed 300 questionnaires. Such a sample size meets the sample size requirements of Hair et al. (2010) and is similar to the research in the same field by Lin (2007).

4.2.3 Respondents

The collection of these data depends on the survey or interview of the selected population, and then analyze and draw conclusions through the collected data. The source of all complete research data depends on the selected population of interviewees, which requires that the interviewed population be accurately selected during the research so that accurate conclusions can be drawn for the project. The topic of our research this time is "Factors Affecting Malaysian Consumers’ Online Shopping Willingness", then our researcher’s goal is to select Malaysian consumers as the respondent population.

4.2.4 Questionnaire distribution and collection

In the research, the information of the interviewees was collected by using the online questionnaire distribution method:

Survey method: Google tools were used in the research to upload questionnaires and send them to respondents through online tools such as e-mail and social networks (forums, Facebook, etc.). In this way, a total of 403 questionnaires were collected, and 300 valid questionnaires were selected through information screening. After the questionnaire was collected, the data was coded and entered, and then processed with SPSS software (version 20). Research data analysis includes the following steps: factor analysis, exploratory factor analysis, scale reliability analysis, correlation analysis, regression analysis and final ANOVA analysis.

5. Data Analysis

We need to use some software and sorting methods to reorganize the information, so that the information is arranged in an orderly manner. Use these sorted out data to conduct detailed research and generalization and then verify our conjectures, and provide evidence for the conjectures we made earlier. In this part of data analysis, the corresponding data results are generated through SPSS processing, and then the conclusions about the research based on these data results can be obtained. In addition to SPSS, the data analysis methods we used in our research include Pearson correlation analysis, validity period analysis, multiple regression analysis and reliability.

5.1 Reliability analysis

After we collect the data, we need to analyze the data reliability of the collected data, and we need to analyze the relationship and correlation between the data and the data through data analysis. In the reliability analysis, I will use the ibmisp software to study and analyze our data, and test each variable item separately. We are verifying that the reliability test is done by using Cronbach’s Alpha reliability test. The correlation value between items of each structure should exceed 0.60, which represents the validity of the research data. Under ideal circumstances, Cronbach’s Alpha is equal to or greater than 0.70, which would be considered highly reliable.

5.2 Validity period analysis

After data analysis, we need to judge the validity of the data, and our researchers must also cross-check whether the samples taken can cover all the research population. Validity analysis is to ensure the adequacy of the sampling in the study. This study will be completed by the KMO and Bartle tests.
We use the Bartlett test to conduct research. The general value should be 0.05 or less, and the value of Kaiser-Meyer-Olkin should be equal to or greater than 0.60 to make it significant.

5.3 Pearson correlation analysis

In this study, Pearson correlation analysis is used to test the correlation between one variable and another variable. Through Pearson correlation analysis, the degree of mutual influence of one variable with another variable can be observed (Natarajan, R. and Goff, B.G. (1992)). We often conduct research and comparative analysis on the relationship between independent variables and dependent variables. Pearson correlation analysis can also prove the applicability of the data selected in the entire model. When the P value between these variables is equal to or less than 0.05, then the correlation between the variables is significant.

5.4 Multiple regression analysis

In this study, we used multiple regression analysis, which can be used to study the relationship between one variable and another, because there are often many variables in a study. Therefore, we use SPSS software to perform multiple regression analysis technology. This method is to calculate the magnitude of change between the independent variable and the dependent variable, and this value will be represented by $\beta$. We will use $P$ to indicate the degree of influence of the independent variable on a dependent variable. Generally, when the number is less than or equal to 0.05, it indicates that the mutual influence between the dependent variable and the independent variable is significant. When the number is greater than 0.05, it means that the mutual influence between the independent variable and the dependent variable is not significant. Through multiple regression analysis, we can analyze the production of our independent variable and the dependent variable (Nunnally, J. (1978)).

6. Discussion and Conclusion

6.1 Discussion of study

The consumption behavior of Malaysian consumers has certain laws. Malaysian online consumers tend to be younger, more feminine, and biased towards high-income groups. Cultural factors, social factors, personal factors, and psychological factors are important influencing factors that they consider online consumption. These variables all contain many small influencing factors.

In response to the situation in Malaysia, the following recommendations are made:

1. Make full use of Internet channels and conduct marketing through the Internet to truly reach potential customers.

2. Improving users’ online shopping experience, as much as possible to improve the consumer’s consumption experience of the company’s online shopping, so as to establish a good reputation and create secondary consumption.

3. Improve the payment system, and provide as many payment methods as possible in order to adapt to a wider customer base.

4. Mining user value. With the development of big data technology, it is possible to have a more comprehensive understanding of user needs. The quality of customer experience promotes sales and customer retention more than ever.

5. Innovating business models, the development of enterprises cannot keep up with the needs of e-commerce development.

Entrepreneurs in Malaysia should take a win-win attitude and strive to develop and explore supporting industries related to e-commerce.

6.2 Research Contributions

The thesis determines the influencing factors of consumers’ online shopping willingness. The paper also tested some hypotheses that had not yet reached consensus in previous studies. In the Malaysian research background, the paper found some new relationships with the DTPB model. According to Taylor and Todd (1995), the interrelationship and compatibility between cultural factors and social

The research results of this article also put forward some suggestions for the Malaysian government’s national management agencies and online retailers to improve the feasibility of shopping in Malaysia and strengthen consumers’ willingness to shop online.

6.3 Research Limitations and shortcomings

First of all, the research sample of this paper has certain limitations. The main method of this questionnaire is online. Online is mainly through e-mail. Due to time and funding constraints, it is mainly distributed through surrounding students and colleagues, so the obtained information has certain limitations.

Secondly, the scope of this research is limited to the factors that influence consumers’ online shopping choices. In addition to the hypothetical four dependent variables, there are actually many other variables. The variables of this research are not comprehensive enough.

Research also has some limitations on data processing methods. The methods used in this study include the reliability of the Cronbach coefficient measurement table, exploratory factor analysis, correlation analysis and linear regression. To improve the reliability of the theoretical model, the SEM structural equation model should be used further, because it allows simultaneous estimation of the multivariate interactions in the model.

7. Conclusion

In this chapter, the research results are compared with previous studies. Based on the research results of the paper, the researchers put forward some suggestions for online retailers and Malaysian government management agencies to increase the willingness of Malaysian consumers to shop online.

On the other hand, the author of this chapter clarified the theoretical and practical significance of the paper. At the same time, it also pointed out the limitations of the paper and envisaged the direction of further research in the future. These influencing factors can be applied in real life, and corresponding strategies can be made according to the positive and negative effects of these influencing factors.

References


