The copyright © of this thesis belongs to its rightful author and/or other copyright owner. Copies can be accessed and downloaded for non-commercial or learning purposes without any charge and permission. The thesis cannot be reproduced or quoted as a whole without the permission from its rightful owner. No alteration or changes in format is allowed without permission from its rightful owner.



CUSTOMERS' ATTITUDE TOWARD ONLINE SHOPPING



MASTER OF SCIENCE MANAGEMENT UNIVERSITI UTARA MALAYSIA JUNE 2016

CUSTOMERS' ATTITUDE TOWARD ONLINE SHOPPING



Thesis Submitted to
Othman Yeap Abdullah Graduate School of Business,
Universiti Utara Malaysia
in Partial Fulfillment of the Requirement for the Master of Science
(Management)

PERMISSION TO USE

In presenting this project report in partial fulfilment of the requirements for a postgraduate degree from Universiti Utara Malaysia, I agree that the Universiti Library may make it freely available for inspection. I further agree that permission for the copying of this report in any manner, in whole or in part, for scholarly purpose may be granted by my supervisor(s) or, in their absence, by the Dean of School of Business Management. It is understood that any copying or publication or use of this report or parts thereof for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to Universiti Utara Malaysia for any scholarly use which may be made of any material from my report.

Requests for permission to copy or to make other use of materials in this project report, in whole or in part, should be addressed to:

Universiti Utara Malaysia

Dean of School of Business Management
College of Business
Universiti Utara Malaysia
06010 UUM Sintok

ABSTRACT

Internet has become increasingly popular. Online shopping is a business medium for transactions among entrepreneurs and customers. As a new channel for marketing, online shopping played a significant role. It provides satisfaction for customers seeking convenience and speed when they purchase products. Customers' online shopping attitudes refers to customers' psychological state of decision making on internet, and customers' attitudes will affect customers' intention to make purchases online. Therefore, understanding the behaviour of the consumers, what they buy from online shops, why they choose online shopping becomes a vital issue for online entrepreneurs. The scope of this study is to examine the factors influenced on customers' attitudes towards online shopping in terms of customers' shopping orientation, website quality and psychological perception. This study comprised of respondents who are graduate students in University Utara Malaysia and Qin Hai University of China. The study shows that the three independent variables have significant influence on customers' attitudes towards online shopping.

Keywords: Online shopping, E- commerce, B2C, consumer buying attitude.

ABSTRAK

Internet telah menjadi semakin popular. Membeli-belah atas talian merupakan satu medium urusniaga di kalangan usahawan dan pelanggan. Sebagai salah satu saluran baru dalam pemasaran, membeli-belah atas talian memainkan peranan penting. Ia dapat memberikan kepuasan kepada para pelanggan yang menginginkan kemudahan dan kelajuan apabila mereka membeli sesuatu produk. Sikap pelanggan dalam membeli-belah atas talian merujuk kepada keadaan psikologi para pelanggan ketika membuat keputusan di internet, dan sikap pelanggan ini akan menjejaskan niat untuk membuat pembelian atas talian. Oleh itu, dengan memahami tingkah laku para pengguna, apa yang mereka membeli dari kedai-kedai atas talian, dan sebab mereka memilih membeli-belah dalam talian menjadi satu isu yang penting bagi usahawan yang menjalankan perniagaan atas talian. Skop kajian ini adalah untuk mengkaji faktor-faktor yang akan mempengaruhi sikap para pelanggan terhadap membelibelah atas talian dari segi orientasi para pelanggan dalam membeli-belah, kualiti laman web dan persepsi psikologi. Kajian ini mengandungi daripada responden yang terdiri daripada pelajar siswazah di Universiti Utara Malaysia dan Qin Hai University of China. Kajian ini menunjukkan bahawa tiga pembolehubah tidak bersandar mempunyai pengaruh yang besar ke atas sikap pelanggan terhadap membeli-belah atas talian.

Kata Kunci: Membeli-belah atas talian, E-dagang, B2C, consumer buying attitude.

ACKNOWLEDGEMENT

Firstly, I would like to express my special thanks and gratitude to my supervisor, Associate Professor Dr. Thi Lip Sam. His invaluable help, advice and guidance throughout the progress of this study have been very important. I am really thankful to him.

Secondly, I would also like to thank the respondents who have participated in this study. Without their support, this study would not have been possible to complete.

Finally, I would also like to thank my parents and friends who motivate and support me to complete this research within the time limit.

Universiti Utara Malaysia

THANK YOU

TABLE OF CONTENT

	Page
Permission to Use	i
Abstract	ii
Abstrak	iii
Acknowledgement	iii
Table of Contents	v
List of Tables	viii
List of Figures	ix
List of Appendices	X
CHAPTER ONE: INTRODUCTION	1
1.0 Background of the Study	1
1.1 Background of the Problem	3
1.2 Problem Statement Universiti Utara Malaysia	5
1.3 Objective of the Study	6
1.4 Research Question	7
1.5 Significance of the Study	7
1.6 Definition of Key Terms	8
1.7 Organization of Chapter	9
CHAPTER TWO: LITERATURE REVIEW	10
2.1 Introduction	10
2.2 Shopping Orientation and Motivation on Consumers' Online Shopping	Attitude
	10

2.2.1 Quality, Price orientation and online shopping attitude	11
2.2.2 Convenience orientation and online shopping attitude	12
2.3 Website quality and customers' online shopping attitude	12
2.4 Psychological perception and customers'online shopping attitude	14
2.5 Other Factors that Influence customers'online shopping attitude	16
2.6 Consumers attitude toward customers' online shopping attirude	18
2.7 Research Model/Framework	21
2.8 Definition of Variables	22
2.8.1 Conceptual definition	22
2.8.1.1 Shopping orientation	22
2.8.1.2 Website quality	22
2.8.1.3 Psychological perception	23
CHAPTER THREE: METHODOLOGY	24
3.1 Introduction Universiti Utara Malaysia	24
3.2 Research Design	24
3.2.1 Type of study	25
3.2.2 Sources of data	25
3.2.3 Unit of analysis	25
3.2.3.1 Population frame	26
3.2.3.2 Sample and sampling technique	26
3.3 Measurement	26
3.3.1 Validation of instruments	29
3.4 Data Collection Procedures	30
3.5 Data Analysis Techniques	31

CHAPTER FOUR: DATA ANALYSIS AND RESULTS	32
4.1 Introduction	32
4.2 Demographic Profile of Respondents	32
4.3 Reliability Test	37
4.4 Regression Analysis	38
4.5 T-Test	41
4.6 Onaway ANOVA	41
4.7 Conclusion	41
CHAPTER FIVE: DISCUSSION AND CONCLUSION	44
5.1 Discussion	44
5.2 Discussion of Findings	44
5.2.1Shopping orientation and customers' online shopping attitude	45
5.2.2 Website quality and customers' online shopping attitude	45
5.2.3 Psychological perception and customers' online shopping attitude	46
5.2.4 5.2.4 Relationship between country of origin, gender and level of	
Education with customers' online shopping attitude	46
5.3 Implications	47
5.4 Recommendation	48
5.5 Conclusion	53
REFERENCES	50
APPENDIX	50

LIST OF TABLES

	Page
Table 2.1 Summary of the Literature Review	20
Table 3.1 Measurement Items of the Customer Attitudes towards Online Shop	oping 27
Table 3.2. Measurement Items of the Shopping Orientation	28
Table 3.3 Measurement Items of the Website Quality	28
Table 3.4 Measurement Items of the Psychology Perception	29
Table 4.1 Respondent Country of Origin	29
Table 4.2. Respondent Gender	33
Table 4.3 Respondent Ages	33
Table 4.4 Respondent Education	34
Table 4.5 Experience of Using the Internet	34
Table 4.6 Access to Internet in the last 6 months (on average)	35
Table 4.7 Time spent on Internet everyday (on average)	35
Table 4.8 Demographic Information of Frequently Purchase online	36
Table 4.9 Types of Products Purchase From Online Retailers	37
Table 4.10 Result of Reliability Analysis	38
Table 4.11 Regression Analysis	39
Table 4.12 Coefficients of Regression	40
Table 4.13 Summary of Hypotheses Testing Results	40
Table 4.14 T- Tests Result	41
Table 4.15 T- Tests Result	41
Table 4.16 ANOVA Tests Result	42
Table 4.17 Multiple Comparisons	42

LIST OF FIGURE

	Page
Figure 2.1 Research Framework	21



LIST OF APPENDICE

Page

Appendix A QUESTIONNAIRE

59



CHAPTER ONE

INTRODUCTION

1.0 Background of the Study

Internet has changed the world and we are living in a digital era. In 1990, the first World Wide Web was created by Tim Berners-Lee, in 1994 the German company Intershop invented online shopping system, and in 1996 eBuy emerged (Kessays, 2014). Online shopping is a type of electronic commerce which allowed customers to purchase products and services directly from websites.

Online shopping may focus on business to customer (B2C), whereby entrepreneurs developed online stores or websites sell their products and services to individual customers. Another type of online shopping which focuses on business to business (B2B), B2B allows entrepreneurs to exchange their products and services to other businesses. In the past, traditional business model applied various marketing interactions such as mass marketing and direct marketing that are face to face in nature in physical markets. Now with internet marketing, more interactive model can engaged customers in a modern way which is electronic-based in the virtual marketplace (Arnott & Bridgewater, 2002).

There is a large number of online shops on the World Wide Web, and online shopping has become a trend. Customers feel satisfied with the benefits of shopping online (Vaggelis, Adamantia, & Maro, 2010). The Web has become a distribution channel for many successful enterprises (Thompson, 2002). Online shopping has become popular in business transactions. Before a company attempt to conduct

The contents of the thesis is for internal user only

REFERENCES

- Agift, A., Rekha, V., & Nisha, C.(2014). Consumers attitude towards online shopping, Research Journal of Family, *Community and Customer Sciences*, 2(3).4-7.
- Ahn, T., Seewon, R., & Ingoo, H. (2007). The impact of web quality and playfulness on user acceptance of online retailing. *Informational & Management*, 4(1), 263-275.
- Arnott, D., & Bridgewater, S. (2002). Internet, Interaction and Implications for Marketing. *Marketing Intelligence & Planning*, 2 (2), 86-95.
- Akroush, M., & Debei, M. (2015). An integrated model of factors affecting consumer attitudes towards online shopping. *Business Process Management Journal*, 21(6), 1353-1376.
- Alghamdi,R.,Ann,N.,Jeremy,N., & Steve,D.(2011). Factors influencing and customers' decisions to purchase from online retailers in Saudi Arabia: A quantitative analysis. *IADIS International Conference E-Commerce*,4(2),153-161.
- Alhassan, G.A. (2011). Repeat purchase intention in online shopping: The roal of satisfaction, stitude, and online retailes' performance. *Journal of International Consumer Marketing*, 3(1), 5-20.
- AlGhamdi, R., Drew, S., & AlFaraj, O. (2011). Issues influencing Saudi customers' decisions to purchase from online retailers in the KSA: A qualitative analysis. European Journal of Scientific Research, 55(4), 580-593.
- Al-Maghrabi, T., Dennis, C., & Vaux Halliday, S. (2011). Antecedents of

- continuance intentions towards e-shopping: the case of Saudi Arabia. Journal of Enterprise Information Management, 24(1), 85-111.
- Almousa, M.(2014). The influence of risk perception in online purchasing behavior:

 Examination of an early-stage online market. *International Review of Management and Business Research*, 3(2).779-787.
- Ami, N.,& Nor,M.R.(2013). Online shopping in Malaysia: Legal Protection for E-consumers. *European Journal of Business and Management*, 3(2),79-86.
- Benjamin, C.Y. (2013). A study on shopping orientation and online purchase intention: A comparison of University students among three races. *Journal of Human and Social Science Research*, 2(1),1-7.
- Bhatti, A. M. (2012). A Guide for Beginners: DATA Analysis Using SPSS and AMOS (1 th ed). Malaysia, Kuala Lumpur, Pearson Malaysia.
- Brengman, M., & Karimov, F.(2012). The effect of web communities on consumers' initial trust in B2C e-commerce websites, *Management Research Review*, 3(1), 791-817.
- Chayapa, K., & Wang. C.L. (2011). Online shopper behavior: Influences of online shopping decision. *Asian Journal of Business Research*, *1*(2), 66-74.
- Chan, Y. F. B., Lim, Y. M., & Han, K. S. (2013). A study on shopping orientation and online purchase intention: a comparison of university students among three races. *Journal of Human and Social Science Research*, 1(1), 51-61.
- Chang, M. K., Cheung, W., & Lai, V. S. (2005). Literature derived reference models for the adoption of online shopping. *Information & Management*, 42(4), 543-559.
- Chiu, C. M., Chang, C. C., Cheng, H. L., & Fang, Y. H. (2009). Determinants of

- customer repurchase intention in online shopping. *Online information review*, 33(4), 761-784.
- Chen,J., & Dibb,D.(2010).Consumer trust in the online retail context: Exploring the antecedents and consequences. *Consulting Psychology & Marketing Journal*, 2(3), 323-346.
- Chen,Y.T.,& Chou,T.Y.(2012). Exploring the continuance intention of customers of B2C online shopping. *Oneline Information Review*. *3*(1),104-125.
- Chiu, C.M., & Chang, C.C. (2008). Determinants of customer repurchase intention in online shopping. *Online Informational Review*, 3(2), 761-784.
- Choon, L.K., Hoi, P.T., & Teck, C.L. (2010). Investigating the shopping orientations on online purchase intention in the E-commerce Environment: A Malaysian Study, *Journal of Internet Banking and Commerce*, *I*(2).2-22.
- Chris, D., Amrik, S., & Vedrana, S. (2005). Benefits, impediments and critical success factors in B2C E-business adoption, *Online Informational Review*, 2(4), 1251-1262.
- Corbitt, B. J., Thanasankit, T., & Yi, H. (2003). Trust and e-commerce: a study of consumer perceptions. *Electronic commerce research and applications*, *2*(3), 203-215.
- Dai, B., Forsythe, S., & Kwon, S. W.(2014). The important of online shopping experience on risk peceptions and online purchase intentions: Does product category matter? *Journal of Electronic Commerce Research*, 1(2),13-24.
- Dai, L.W., Zhang, D.S., & Zhou, L. (2007). Online shopping acceptance model-A critical survey of customer factors in online shopping. *Journal of Electronic Commerce Research*, 3(1), 41-62.

- Delafrooz, N., Paim, L. H., Haron, S. A., Sidin, S. M., & Khatibi, A. (2009). Factors affecting students; attitude toward online shopping. *African Journal of Business Management*, 3(2), 200-209.
- Dillon, T. W., & Reif, H. L. (2004). Factors influencing consumers'e-commerce commodity purchases. *Information Technology, Learning, and Performance Journal*, 22(2), 1.
- Dubelaar, C., Sohal, A., & Savic, V. (2005). Benefits, impediments and critical success factors in B2C E-business adoption. *Technovation: Journal of Technological Innovation, Entrepreneurship and Technology Management*, 2(1), 1251-1262.
- Gong, W., Stump, R.L., & Maddox, L.M. (2013). Factors influencing consumers' online shopping in China. *Journal of Asia Business Studies*, 2(3), 214-230.
- Griffith, D. A., Krampf, R. F., & Palmer, J. W. (2001). The role of interface in electronic commerce: Consumer involvement with print versus on-line catalogs.

 International Journal of Electronic Commerce, 5(4), 135-153.
- Gwee, K.J., Hock, N.T., Christine, T.N., & Lim, Y.S. (2011). Predictors of B2C electronic commerce usage among online consumers in Malaysia, *Online Informational Review*, 2(3), 562-580.
- Harn, A.C., Khatibi, A. & Ismail, H. B.(2006). E-Commerce: A study on online shopping in Malaysia. *Quarterly Journal of Electronic Commerce*, 1 (3), 231-242.
- Jinyevu, A. S., & Mwasha. (2014). Exploring foreigners' online shopping experience in China: A case of Taobao. *European Journal of Business and Management*, 2(2).177-186.
- John, K., Srinarayan, S., & Kris, S. (2002). A framework for building brand equity

- online for pure-play B2C retailers and services, *Online Informational Review*, 4(2), 123-133.
- Jusoh, Z. M., & Ling, G. H. (2012). Factors influencing consumers' attitude towardse-commerce purchases through online shopping. *International Journal of Humanities and Social Science*, 2(4), 223-230.
- Karin, A. (2008). Exploring relationships between products characteristics and B2C interaction in electronic commerce. *Journal of Teeoretical And Applied Electronic Commerce Research*, 3(2),1-17.
- Kim, J., Sharma, S., & Setzekorn, K. (2002). A framework for building brand equity online for pure- play B2C retailers and services. *The International Journal on Media Management*, 4(2), 123-133.
- Lee, G.G., & Lin, F.H. (2005). Customer perceptions of e-service quality in online shopping. *International Journal of Retail & Distribution Management*, 33(2),161-176
- Lei, L. P., Lin, S. S., Sun, C. T. (2011). Effect of reading ability and internet experience on keyword-based image search. *Educational Technology & Society*, 2(2), 151-162.
- Li, N., & Kirkup, G. (2013). Gender and cultural differences in internet use: A study of China and the UK. *Computers & Education*, 4 (2), 301-317.
- Ling, C.K., Chai, T.L., & Piew, H.T. (2010). The effects of shopping orientation, online trust and prior online purchase experience toward customers' online purchase intention, *International Business Research*, *3*(3), 63-76.
- Lu,L.C., & Chang,H.H.(2013). Online shoppers' perceptions of e-retailers' ethics, cultural orientation, and loyalty: An exploratory study in Taiwan, *23*(1), 47-68.

- Malaika,B., & Farhod,K.S.(2002). The effect of web communities on consumers' initial trust in B2C E-commerce websites, *3*(4), 791-817.
- Mohd,S.M.,Ng,S.Y.,Nawawi,I., & Norhayati,Z.(2013). Web-based factors influencing online purchasing in B2C market; View of ICT professionals. *Review of Integrative Business & Economics Research*, 2(2), 572-586.
- Mohini,S.(2002).E-services and their role in B2C e-commerce. *Journal of Managing Service Quality, 12(*4),434-446.
- Moon, J. W., & Kim, Y. G. (2001). Extending the TAM for a World-Wide-Web context. *Information & management*, 38(4), 217-230.
- Mwencha, M. P., Muathe, M. S., Thuo, K. J.(2014). Effects of perceived attitudes, perceived risk and perceived value on usage of online retailing services. *Journal of Management Research*, 2(2),140-161.
- Nurshafiqa,B. Z., Idris,I.(2013). The effects of attitude, social influences and perceived behavioural control on intention to purchase online shopping apparels in Malaysia: case study on Zalora.com. *Journal of Information Systems Research and Innovation*, 2(4),387-436.
- Omar,M., Bathgate.I.,& Nwankwo.S.(2011). Internet marketing and customer satisfaction in emerging markets: the case of Chinese online shoppers. Competitiveness Review: An International Business Journal, 21(2), 224-237.
- Pappas,I.O., Pateli,G.A., Giannakos,M.N.,& Chrissikopoulos,V.(2013) Moderating effects of online shopping experience on customer satisfaction and repurchase intentions. *International Journal of Retail & Distribution Management*, 42(3),187-204.
- Pechtl, H. (2003). Adoption of online shopping by German grocery shoppers. The

- International Review of Retail, Distribution and Consumer Research, 13(2), 145-159.
- Pertina.I., Amialchuk.A.,& Taylor.D.G. (2011). Exploring effects of online shopping experiences on browser satisfaction and e-tail performance. *International Journal of Retail & Distribution Management*, 39(1), 742-758.
- Pilik,M.(2012). Online shopping on B2C markets in the Czech Republic. *Journal of Competitiveness*, 4(2), 36-49.
- Roy,K., Lassar.W,M.,& Butaney,G.T(2013). The mediating impact of stickiness and loyalty on word-of-mouth promotion of retail websites. *European Journal of Marketing*, 48(2),1828-1849.
- Salehi, M.(2012). Customer buying behavior towards online shopping stores in Malaysia. *International Journal of Academic Research in Business and Social Sciences*, 2(1),393-403.
- Schiffman, L.G., & Kanuk, L.L.(2000). Customer behavior (7 th ed.). United States of America, NY: Prentice-Hall.
- Sejin,H., & Leslie,S.(2012).Online apparel retailing: roles of e-shopping quality and experiential e-shoping motives. *Journal of Service Management*, 23(2), 197-219.
- Shakeel, L., Khashif, R., & Hunjra, A. (2012). Consumer intention to shop online: B2C E-commerce in developing countries. *Journal of Scientific Research*, 12(4), 424-432.
- Shergill,G., & Chen.Z.(2005). Web-based shopping: consumers'attitudes towards online shopping in new zealand. *Journal of electronic commerce research*, 6(2), 78.

- Srikanth, B., Morrison, M.A., & Joseph, O. (2004). Online shopping motivations and pleasure travel products; a correspondence analysis. Tourism Management, 2(2),561-570.
- Syed,S.A., Hishamuddin,B.I., Nilufar,A., & Zaharah,B.(2008). Yong consumers online shopping: an empirical study. *Journal of Internet Business*, *2*(3),81-97.
- Tamimi, N., Raian, M., & Sebastianelli, R. (2003). The state of online retailing. *Electronic Networking Application and Policy*, 13(3),146-155.
- Tokeley, K. (2007). Vendor bidding on online auctions. *Journal of Consumer Policy*, 30(2), 137-150.
- Thompsons, H. (2002). Attitudes toward online shopping and the internet. Behavior & Information Technology, 21(4),259-271.
- Wauters, R. (2011, February 28). Forrester: Online retail industry in the US will be worth \$279 billion in 2015. Retrieved March, 15, 2016 from 113 http://techcrunch.com/2011/02/28/forrester-online-retail-industry-in-the-us-will-be-worth-279-billion-in-2015/ on 12 Dec 2015
- Wu,W.,Lee,L.C.,Fu,S.C. and Wang,H.C.(2014). How can online store layout design and atmosphere influence consumer shopping intention on a website? *International Journal of Retail & Distribution Management*, 42(1),4-24.
- Vaggelis, S., Adamantia, C., & Maro, V. (2010). Perceptions towards online shopping:

 Analyzing the Greek University student's attidude. *Communications of IBIMA*,

 20(1), 208-337.
- Yulihasri., Islam, M.A., Daud, K.A.(2011). Factors that influence customers' buying intention on shopping online. *International Journal of Marketing Studies*, 3(1), 128-139.

- Zhao, Z., & Gutierrez, J. (2001). The fundamental perspectives in e-commerce. *E-Commerce Diffusion: Strategies and Challenges, Heidelberg Press, Melbourne*, 3-20.
- Zhang,P., & Li,N.(2002).Consumer online shopping attitudes and behavior: An assessment of research. *Eighth Americas Conference on Information Systems*, 2(2), 508-517.
- Zhang, X. (2005). What do consumer really know? Retrieved from http://www.eicar.org/files/zhangwhatdoconsumersreallyknowaboutspyware.pdf on 27 Oct 2015
- Zhou, L., Dai, L., & Zhang, D. (2007). Online shopping acceptance model-A critical survey of consumer factors in online shopping. *Journal of Electronic Commerce Research*, 8(1), 41.
- Zikmund, W.G. (2012). Business Research Methods (9 th ed.). United States of America, NY: Erin Joyner.