

## FACTORS INFLUENCING CUSTOMERS INTENTION FOR ONLINE SHOPPING

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**Abstract:** *Consumers are increasingly adopting electronic channel for purchase or buying their daily need. Recently has shown that a growing interest of consumers in internet shopping. The advancement of the technology and development of the information technology has enhanced consumers' awareness and created a situation where people prefer shopping via online rather than visit the store to purchase the products or goods. Other than creating a website as a place to promote the products, some of the seller used social media as a medium or place to sell and promote the products. The main objective of this research is to examine the factors influencing online shopping intention among customers. A total of 200 respondents participated in the survey. The empirical results indicate that convenience, time saving, website/features and security are factors influencing online shopping intention among customers.*

**Keywords:** *Convenience, Time Saving, Features, Security, Intention, Online Shopping*

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## Introduction

Online shopping has created a huge impact on the different ways of how people buying what they want but due to some bad issue that can create some bad perspective toward buying through online. Some consumer is not sure with the brand or actual products that they want to purchase. They have a very broad idea about what they want to buy and sometime the products that they purchased does not meet with what they want or what they expect to get based on the image post by the seller. Some of consumer has not trust with the security that offered by the website due to online fraud that was create by hackers. According to Sharma and Sheth (2004), privacy and security has been a critical issue in online shopping because there was a risk such as misuse of personal information that can cause people afraid to buy products through the internet. Therefore, security and privacy are one of the main factors that influence on consumer perception towards online shopping.

Online apparel retailing consists very large market share of total online sales in Malaysia. According to Tung (2012), most traditional seller has recognized that online shopping will become more powerful and a steady growth of market size as a marketing channel. Since it is much easier to compare price online, online consumer expects high standard of online service quality thus online service quality play a significant key factor for consumer (Santos, 2003). Factor that influence consumer to shop online should be given a priority.

According to report released by The European Online Marketplace: Consumer Complaint 2007, the majority problem concern reported by the consumer was non-delivery of the good that they order, defective products and non-conformity with the order. One of the problems that a consumer experience is that the seller does not always apply the distance selling rules with the result that consumer is denied their legally established cooling off period. Although the rate of fraud is increased, the number of online consumers who buy the good or service via online is increased from time to time.

The quality of website design or features always plays an important role to influence consumer to buy or purchase through online shopping. Website design that presented to customer is crucial for online shopping (Than & Grandon, 2002). A study by Chen and Wells in year 1999 indicated that online shoppers has been very frustrated with the ineffective website design even though the website design or features was done by the website consultants. Due to ineffective website design or features, consumers tend to avoid from visit the website and may lead to the risk that consumer exiting the website without any purchase. Therefore, website design factors are strong predictors of consumer satisfaction.

## Literature Review

### Online Shopping

Electronic commerce has become a very large and important component in the new digital over the last 10years (Hostler et al., 2012). Online shopping is basically a process of selling and buying of goods and services on World Wide Web (WWW). Internet shopping has become the fastest growing use of the internet (Forsythe and Shi, 2003). According to Wikipedia, online shopping is a form of electronic commerce or E-commerce which allows consumer to directly purchase goods and service from an online seller over the internet using a web browser such as Google and Yahoo. Consumers can easily find the product that they interest to buy by visiting the website of the retailer or by searching among alternative vendors using a shopping search

engine which displays the same product availability and with different price with different retailers. Nowadays, consumers can shop online by using computers and devices such as computers, laptops, tablet and smartphones (Noorshella Che Nawi et. al., 2019)

Online stores usually enable consumer to use search features to find the specific or exact products, model, brands or items that they want if they know the exact name of the products (Roy & Datta., 2018). Consumer also can view photos or images of the products with the information about the products including the specifications and the price of the products. Online consumer must have access to the internet and has a valid method of payment such as credit or debit card or PayPal in order to complete the transactions.

According to eCInsider (updated as at November 2016) there are top 8 online shopping website in Malaysia as at November 2016. It shows that the ranking from the most visited website by the visitor. Below are the numbers of visitors who visit the website:

1. Lazada - 24,000,000 visit
2. 11street - 6,900,000 visit
3. Lelong.my - 5,800,000 visit
4. Zalora - 1,800,000 visit
5. Gemfive - 1,600,000 visit
6. Groupon - 1,400,000 visit
7. Shopee - 1,200,000 visit
8. Ebay - 1,100,000 visit

Among the key factors contributed to site engagement and stick to the online shopping website is due to quality of traffic, on site merchandising or availability type or category of the products and website user experience. Some of the consumer are stick because they are offer more discount in the next visit and purchase.

### **Convenience**

Convenience has always been a great factor for consumer to shop online. Through online, consumers can easily search or browse the information about the products or can easily find the products compare to traditional store which consumer need to search manually which sometime its takes time to search and hard for them to find the product that they want. According to Gilon Miller (2012), online shopping give consumer the opportunity to shop 24 hours a day and 7 days a week. Online shoppers carry multiple benefits in terms of convenience such as less time consuming, flexibility and less physical efforts (Darian, 1987).

According to Robinson, Riley, Rettie and Wilsonz (2007), the major motivation for online shopping is convince in terms of shop at any time and having bundles of items delivered at doorstep. Webcheck's (1999) study shows that convenience factor is one of the biggest advantages of online shopping. Through online purchase, consumers can easily compare the price as compare to traditional purchase which is hard to compare the same products. Price comparison is another convenience that we can get through online shopping. Consumer can get a better deals and cheap prices from online store because some of the products that sell online come directly from the manufacturer or seller without involved by middlemen. Some of the online shops offer a great discount coupon and rebates.

Shopping can be done in a minute even when someone is still busy. Consumers do not have to wait in a line or wait until the shop assistant or worker helps with the purchases. Consumer can also avoid from crowd especially when the store is offering a discount sale or a clearance stock. Other than the consumer can compare different type of products, consumer can also get several brands and products from different sellers at on place or website. Consumer can also get to know the latest international trends without spending money on travel to the place where the products are introduces or sell. They can shop from retailers in other parts of the country or even the world without being limited by geographic area. The online stores sometimes offer far greater selection of colours or even a size as compare if finding the products locally.

### **Time Savings**

Time saving is one of the most influencing factors when consumer buy product using online shopping. There was no faster way to get what we want as compare to online shopping where we will not stand for an hour in those long lines just to pay the things that we buy at the payment counter, Nikhil Srivastava (2016). Browse and search the product through online can save a lot of time compare to traditional shopping which need more time to search the products. Consumer also can reduce their effort by shopping online. According to Rohm and Swaminathan's (2004), possible explanation that shopping online can save time is during the purchase of goods via online and it can eliminate the traveling time required to go to the store if purchase through traditional shopping but there was a contra when buying through online who some people think that it also takes time for someone to receive the goods especially if the delivery process takes much time.

Time saving is not one of the motivation factors for consumer to shop online (Corbett, 2001) because it take a long time to deliver good and consumer will need to wait to receive the product but, time saving factor can be seen through different dimension. For example, people in east Malaysia can buy a product at west Malaysia without visit the place. They can save their time to travel to the place where they want to buy the products and can save their money on travel and accommodation. Morganosky and Cude (2000) have concluded that time saving factor was reported that to be a primary reason among those consumers who have already experienced the online buying.

Modern life has become very busy with their work and leisure activities. This will taking over all the hours of the day that they have. For those who does not has much free time, online shopping is the best reason for them to save time. This is where online shopping becoming increasingly important as it can save valuable time which can be used to do other things. No travel is required if consumer want to buy goods. It can be done anytime and anywhere without need them to visit the store as compare to traditional shopping. Consumer can instantly look after what they need and want which can save time rather than they go on traditional shopping which they must look and find what they want which need much time to search. With search options from the website can made much quicker and easier for consumer to find the goods.

### **Website Design/Features**

Website design and online shopping activity is one of the vital influencing factors of online shopping. A study by Prashar, Vijay and Parsad (2015), online consumer prefers those online sellers to create their online store with a superb web atmospherics, consistence eye catching graphics and has a very interested website design and layout. According to Shergill & Chen (2005), website design, website reliability or fulfilment, website customer service and website

security or privacy are the most important because it is the most attractive features which can influence the perception of the consumer to buy using online shopping. A study by Kamariah and Salwani (2005) shows that's higher website quality can highly influences customers to shop online and claims the higher website quality, the higher consumer intends to shop from internet. Web design quality has the most impact to consumer. According to Zhang and Dran (2000), the website design features are important and can influence the factors which lead to consumer satisfaction and dissatisfaction with a specific website.

A study conducted by Yasmin and Nik (2010) shows a significance relationship between online shopping activities with website features. Website design features can be considered as a motivational factor that can lead consumer to be attractive with online shopping and can create a positive and negative feelings with the website. A good website design with a good quality of feature that has been create by the seller can make consumer more easy to buy using online which can lead to a successful transaction and this can attract them to revisit the website again or they can influence others to buy through the website with word of mouth. Web design quality or website features has a direct impact on user to shop online (Liang and Lai, 2000).

The qualities of website design or features always play an important role to influence consumer to buy or purchase through online shopping. Website design that presented to customer is crucial for online shopping (Than & Grandon, 2002). A study by Chen and Wells in year 1999 indicated that online shoppers has been very frustrated with the ineffective website design even though the website design or features was done by the website consultants. Due to ineffective website design or features, consumers tend to avoid from visit the website and may lead to the risk that consumer exiting the website without any purchase. Therefore, website design factors are strong predictors of consumer satisfaction.

According to Kapsalis et. al., (2004), website design is an infrastructure of diverse application that combining layout, graphics image, information, interactive or communication features and energy management. Website design or feature include all elements of consumer experience at the website such as information search, order processing, personalization and product section. Website designs refer to the appeal of user interface design. A good website design should emphasize on how well a website can guide it user and how easy it is to use (Kim & Stoel, 2004). The easier and friendly the website design, the better it is.

Website design should be readable, tidy and user interface should be visually attractive. An ineffective website design and lack of relevant information about the products or goods may lead to the risk of those consumers exiting the website without any purchase (Kim, Kim and Lennon, 2011). Website design should be simple, ease of site navigation and ability of user to use. Consumers always prefer to purchase from a website that easily accessed and well organized. Consumer can easily compare products and make good choices with the well design of an online shopping that offer enough information about the products.

### **Security**

A study from Niranjnamurthy M and Dharmendra (2013), Security is an important matters and problem for online consumer, and it is one of the most important factors whether the online businesses is success or not. Security is another dominant factor which affect consumer to shop online. Many internet users avoid online shopping because of they are not belief in security that offers by the website because of credit card fraud, privacy factors, non-delivery risk, post

purchase service and also hacker that usually create a dummy website which similar to the online shopping website.

According to Bhatnagar and Ghose (2004), security is one of the most attribute which limits buying using website as consumer claim that there was a large segment of internet shoppers who do not like to buy through online because they think about the security of their sensitive information being hacked by others. Privacy or security is considering as one of the unquestionable important issues when consumer purchase or buy through online shopping. Privacy or security refers to the degree of protection of consumer information and safety of the network against fraud or hackers.

Security and privacy can be dividing into two categories which is financial and non-financial (Trocchia and Janda, 2003). In the financial category, consumer are concerns about safety of their transaction and their bank information when purchase via internet due to a lot of fraud case happen through internet where people loss all their money at the bank while for non-financial category refer to online scam and false or misuse of personal information for their own benefits.

Loonan and Loughlin (2008) indicated that security and privacy played an essential role especially in online banking industry because user or consumer assumed that all website providers have a secure website as standard criteria for online shopping. Safety of credit card and personal details or information becomes major concern for consumer when dealing with online shopping. Therefore, consumer always expects that their personal information and records was kept secretly and securely by the owner of the online website. According to Wolfenbarger & Gilly (2003), consumers are sensitive when it comes to privacy and security issue due to the fear of identity theft and spam.

Lack of consumer confidence by the absence of security and privacy of the website will become one of the disadvantages of online shopping which as a result will prevent from the development of online shopping. Owner of the online shopping should aware and strengthen their website security of online transaction and provide consumer with a privacy policy thus improving consumer confidential, satisfaction and purchase intention.

**Figure 1: Research Framework**

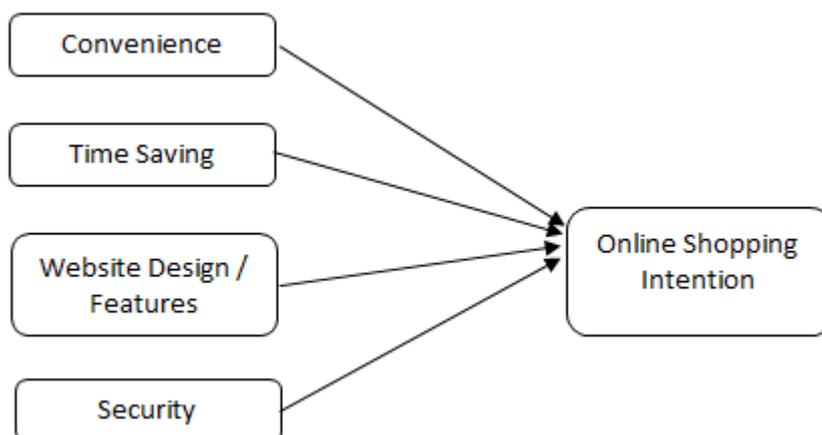


Figure above is the proposed framework that was used for this research project. In this research, four factors namely convenience, time saving, web design/ features and security have been identified to influence online shopping intention.

### **Methodology**

A quantitative data-based research has been designed, and a survey questionnaire was employed as an instrument to collect data. The questionnaire is carefully designed to meet the requirement of the research. Our target respondents are online shoppers in Kuching, Sarawak. Non-probability sampling method was used for data collection. G-Power analysis software 3.1.9.2 is used to determine the minimum sample size of this research, the effect size of “f square” 0.15,  $\alpha$  error prob 0.05, power (1- $\beta$  err prob) 0.8 with a number of 4 predictors, based on the result from G\*Power, 68 respondents is the minimum sampling size for this research. According to Hair (2010), the ideal sample size for a study is around 100-300. There were 200 respondents took part in this questionnaire survey but only 188 respondents have returned back the questionnaire. Only 183 questionnaires were useable. Roscoe (1975) suggested that sample size larger than 50 and less than 500 are appropriate for most studies. 5 Point Likert Scale was used to assess respondents' level of agreement.

### **Findings and Discussion**

#### **Demographic Profile**

The result of respondent gender profile indicates that 63% are male and 37% are female respondent. The highest percentage of online shopping respondent is from the age range of 19 – 30 years. It shows that respondent between 19 to 40 years are more familiar to online shopping. In term of race, 10% respondents are Chinese, 66% Malay, 12% Iban, 10% respondent Bidayuh and 2% other races. Regarding monthly income, 78% respondent's monthly income is between RM1, 000 to RM3, 000 and only 15% respondent's monthly income is above RM3, 001. The reason for this wide gap is because most of the respondents are still new in working experienced. Meanwhile in term of employment status, 6% respondents are students, 81% full time employed, 10% part time employed, 1% unemployed and lastly 2% retired.

It was found that 43% respondents rarely purchase through online shopping, 38% sometimes, 16% often and 3% very often. Whereas in regard to online shopping website that visited by the respondents. 37% respondents visit Zalora website, 23% Lazada website, 21% Shopee website, 18% 11street website and 1% respondent others website. Most of the respondent visit Zalora website because Zalora provide Cash on Delivery (CoD) which it is safer than other online shopping website. It was found 25% respondent purchase clothing, 23% bag & wallet/purses, 15% shoes, 10% mobile & gadgets, 10% watches, 5% computer & laptops, 7% health & beauty products, 2% toys and lastly home & living items. Most of respondent like to buy clothing, bag & wallet/purses and shoes because most of the online seller like to sell that kind of category.

## Correlation Coefficient

**Table 1: Correlation Coefficient**

	Online Shopping Intention
Convenience	0.669
Time Saving	0.686
Web Design/Features	0.682
Security	0.717

\*\* . Correlation is significant at the 0.01 level (2-tailed).

In this research, criterion-related validity was established by correlating the four factors with the dependent variable, online shopping intention. Table 1 shows all four factors namely convenience (0.669), time saving (0.686), web design/features (0.682) and security (0.717) have significant positive correlations with online shopping intention.

## Multiple Regression Analysis

Multiple regression analysis was used in this study to determine the overall effect of convenience, time saving, web design/features and security on online shopping intention (or how well the four factors predicted online shopping intention) and to assess the relative importance of the individual factors. In other words, it is performed to investigate the impact of the four factors on online shopping intention.

**Table 2: Regression Analysis**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.605 <sup>a</sup>	.366	.351	.46828
a. Predictors: (Constant), Security, Convenience, Time Saving, Web_Design				

This table provides the R and R<sup>2</sup> values. The R value represents the simple correlation and its 0.605 which indicates a strong degree of correlation. The R<sup>2</sup> (R Square) value indicates how much of the total variation in the dependent variable. It indicated that variance of dependent variable explained by the variance of the independent variables. In this case, 36.6% can be explained which it is very low which it can be concluded that 36.6% variance of online shopping is explained by the variance of consumer perception such as convenience, time saving, web design/ feature and security. There is another 63.4% unexplained variance by the independent variable which can be explored for future study. Some of the factors that can be used are price, word of mouth, friends and promotion.

**Table 2: Standardized Coefficient Based on Beta Value**

Factors	Standardised Coefficients ( $\beta$ )	Sig.	Rank
Security	0.271	0.000	1
Convenience	0.176	0.000	2
Time Saving	0.163	0.000	3
Web Design	0.132	0.000	4

\*\*Correlation is significant at the 0.01 level

As shown by Table 2, Security is found to be the most dominant factor influencing online shopping intention with highest Beta value (0.271) among all the independent variables follows by convenience (0.176), time saving (0.163) and web design/features (0.132). Therefore, security is considered as the important predictor in this study. In other words, independent variables are significantly related to dependent variable when the p value is less than 0.01.

### Conclusions and Recommendation

Several suggestion and recommendation can be included for future research study. Through this research, it can provide an in-depth understanding on what influence customer perception towards online shopping. First, select more representative of the population thus able to provide macro view entire netizen of Malaysia online shopping behaviour and perception. Second, there was only 36.6% of the customer perception towards online shopping can be explained and 63.4% variance of customer perception towards online shopping unexplained by the dimension of online shopping perception.

Future research should extend their scope to other part in Sarawak especially in rural area in Sarawak as this research is only focus netizen in Kuching. By extend the research to rural area can also help Sarawak Government to know what are the problem that face by them in term of knowledge about online shopping, internet line connection and development and also can improve their information technology (IT) so they are not outdated.

Other than that, future researcher can add another additional factor such as price so that the result can be used for online marketer to get knows how price can influence customer perception to by online. Other than that, future researcher can study on what are the other problems that face by the customer such as undelivered goods or products, received a wrong products and currency exchange when buying from other countries.

Online marketer especially new marketer or seller can refer to this study and use this as their information and guide for them to open up their business and also can used to improve their market so that can compete with other in future. Besides, online seller and marketers need to understand what criteria that customer wants. Online seller also needs to keep aware of what happen currently especially on security. They need to fix the issue as soon as possible by using a good antivirus and also create a security webpage so that it is hard for hackers to get the information of the customer.

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