

Are You an E-consumer? A Case Study on Finding Factors Impacting Consumers' Purchase Behaviour and Their Willingness to Pay on Average on E-Commerce Platforms in Malaysia

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ARTICLE INFORMATION

Publication information

Research article

HOW TO CITE

Saleh, N. S. B. M., Rosli, N. S. B., Halimi, N. S. B., Hisham, N. S. I. B. B., & Gangurde, A. L. (2023). Are You an E-consumer? A Case Study on Finding Factors Impacting Consumers' Purchase Behaviour and Their Willingness to Pay on Average on E-Commerce Platforms in Malaysia. *International Journal of Accounting & Finance in Asia Pasific*, 6(2), 240-249.

DOI:

<https://doi.org/10.32535/ijafap.v6i2.1874>

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Received: 05 April 2023
Accepted: 12 May 2023
Published: 20 June 2023

ABSTRACT

Online shopping has become phenomenal in this modern day. Moreover, the world was hit by the enormous Covid-19 pandemic. In the third quarter of 2021, e-commerce platform growth soared up to 17.1% and elevated our country's GDP. People have become more comfortable buying things through the e-commerce platform than physically buying. These platforms unintentionally affect e-consumer behaviour. This research aims to study consumer behaviour on how much money a person spends on average on e-commerce platforms, mainly for online shopping. A total of 150 consumers were surveyed via Google form. The findings show that consumer purchase behaviour is directly related to price, customer satisfaction with their buying experience and information quality. Consumers are not affected by the convenience variable as profoundly as by other variables tested in this study. The collected data may be inaccurate because the investigation is tested on a survey.

Keywords: Convenience, Customer Satisfaction, Information Quality, Price, Purchase Behaviour

INTRODUCTION

E-commerce has evolved into one of the most significant aspects of this global era for those who have a busy lifestyle. Moreover, the trend of Malaysian e-commerce markets has registered robust growth over the last few years as the rising internet and smartphone penetration, growing middle-class population, and tech-savvy millennials. The trend shows that consumers' preferences change as they prefer simpler, contactless buying processes (Samsudin & Ahmad, 2014). The growth is expected to reach up to 10.6% in the last quarter of 2021 due to an accelerated shift in online shopping among residents. The process of customers purchasing goods or services through the web stores from home by only using electronic devices such as computers and smartphones (Jusoh & Ling, 2012). This trend is believed also to be affected by the global pandemic Covid-19.

Covid-19, or Coronavirus Disease of the Year 2019, is a severe acute respiratory illness that badly impacts people's physical and mental health, including psychological well-being. However, people's spending habits can be seen as diverted to online shopping. Many SMEs are also encouraged by the government to register and conduct their businesses online by assisting them through the digitalization grant scheme introduced by the government. The government provides a 50% matching grant of up to RM5000 per SME for 5 years for the subscription of digital services to enhance their productivity and business (Ministry of Finance, 2021). Although the pandemic has brought so many difficulties, it is a double-edged sword that creates new openings for some businesses to optimize their performance (Kee et al., 2021).

The e-commerce trend in Malaysia attracts digital consumers to purchase goods online. The most famous e-commerce website in Malaysia is Shopee and Lazada. These online shopping applications have modernized the entire shopping experience to digitalization. During this era, people will always try to find anything online, such as choosing the services and obtaining things. All of these are made possible through those apps, allowing people to spend on anything and anywhere. This enhancement is also beneficial to the business owners as they are not required to spend significant amounts of money for it.

E-consumer behaviour is the decision-making process and physical activity while evaluating, acquiring, using, and disposing goods and services. Consumers' purchasing decision is fundamentally different today, especially in the current years. Although humans have different needs and wants, the new expectations driving each e-consumer behaviour are somehow rooted in commonality. Unlike the old days, when most people enjoyed physical buying, nowadays, people are more focused on digital shopping, which can be enjoyed anywhere and anytime they want. In an interview with The Edge, it was shared that 88% of the Malaysian population are digital consumers today versus the Southeast Asian (SEA) average of 78%, and by the end of 2021, nine out of ten Malaysians are expected to shop online. Consumer purchase decisions can be entangled with a few characteristics that attract consumers to online purchasing. The design of a shopping website or app is expected to allow the customer to view products they want, and the website should be ready to assist customers through the step-by-step buying process (Abdul Hamid, Cheun, Abdullah, Ahmad, & Ngadiman, 2019).

This research is focused on finding factors impacting consumers' purchase behaviour and their willingness to pay on average on e-commerce platforms in Malaysia by examining price, customer satisfaction, information quality, and convenience.

LITERATURE REVIEW

Purchase Behaviour

Nowadays, people of all ages, young and old, purchase online. In Malaysia, internet sales increased during festive seasons, including Aidil Fitri, Chinese New Year, and Ramadan. During the festive season, there are several deals available in the e-commerce marketplace that might entice customers. Customers will begin searching for numerous internet platforms and comparing prices during this time frame before making a purchase decision. Information and recommendations from family and friends are vital when buying online and will likely impact a purchase choice. Many online shoppers get recommendations from family and friends (Harn, Khatibi, & Ismail, 2006). According to Vase.ai (2017), social networks and e-commerce websites are Malaysia's most effective online shopping stimulants. Branded websites, video websites, and applications such as Shopee, Twitter, Instagram, and TikTok are other choices for online shoppers. When making an online purchase, you have a number of payment alternatives. For example, 57.7% of online shoppers choose online banking or other financial applications like Paypal or e-Wallet, while just 11.1% prefer to use cash on delivery (COD).

Price

Consumers are most influenced by price (Kotler, 2003). price is the willingness of an individual or consumer to pay for a product or service. The price of a product is a factor to consider when making a purchase. Pricing is an effective way to attract price-conscious customers to buy a product at the lowest price that can be sold or to receive the highest value for their money (Brassington & Pettitt, 2006). price-sensitive consumers will be informed and respond quickly if the prices of goods and services on the website go down. The expected price confirms the accepted value for a product or service. Price awareness is when consumers desire to acquire a product or service at a lower price in order to avoid overpricing services or products (Sinha & Batra, 1999). Customers who are dissatisfied with a price outside their budget will look for another website.

H1: Price is positively related to consumers' purchase behaviour

Customer satisfaction

Customer satisfaction is often determined by comparing consumption expectations to actual experience. According to Khristianto and Suyadi (2012), customer satisfaction is attained when the final result, the experience, meets or surpasses the client's expectations. Satisfaction and loyalty are the basic components that characterize the success of a market concept implementation (Khristianto & Suyadi, 2012). If a service provider meets or exceeds their expectations, pleased customers will likely purchase again (Alam, Bakar, Ismail, & Ahsan, 2010). It is critical to determine the aspects that influence customer satisfaction since it provides a foundation for a company's success as well as a set of guidelines for future development (Alam, Bakar, Ismail, & Ahsan, 2010).

H2: Customer satisfaction is positively related to customer purchase behaviour

Information quality

Customers benefit from an improved product offering and competitive prices when conducting business online (Khristianto & Suyadi, 2012). According to Ghasemaghahi and Hassanein (2013), information is vital in the consumer decision-making process since there is no physical contact with the items while purchasing online. Park and Kim (2003) define information quality based on customers' judgments of the quality of information offered by online store websites. Customers are more likely to make better judgments when they are given as much accurate information as possible. As a result, the more high-quality information that e-commerce provides, the better selections buyers can make with less time and effort. As a consequence, client satisfaction has grown.

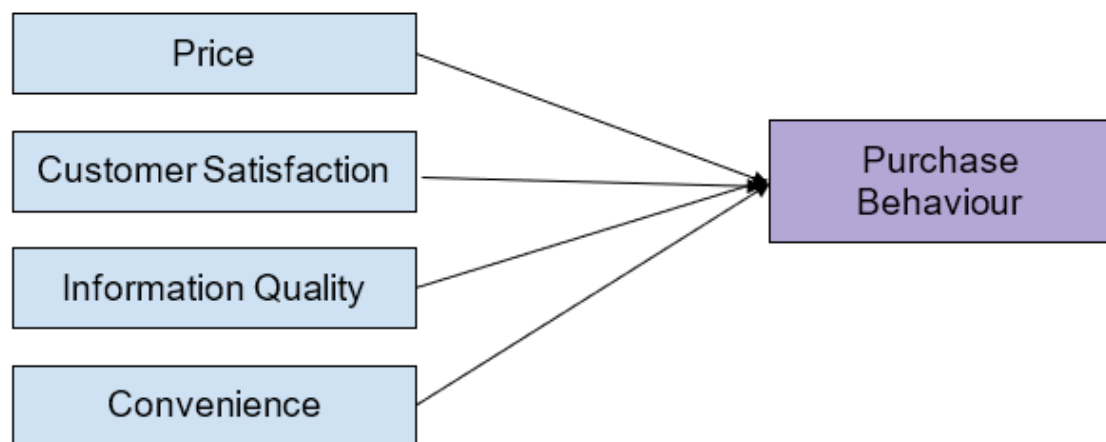
H3: Information quality is positively related to purchase behaviour

Convenience

According to Hanson (2000), as cited in Harn et al. (2006), convenience is seen from multiple aspects, including time, location to shop, and buying procedure. It encourages customers to buy online. Swilley and Goldsmith (2013) state that saving time and effort is an added benefit of internet buying. According to Harn et al. (2006), internet shopping is significantly more practical than purchasing things in person since it saves money on car fuel and eliminates the need to travel from one store to the next. Online purchasing is also available 24 hours a day, seven days a week, making it more convenient. Convenience in online purchasing may be defined as time savings, return policies, and satisfaction. According to Girard, Korgaonkar, and Silverblatt (2003), convenience is a greater motivator for online buying (in Amoroso & Hunsinger, 2008).

H4: Convenience is positively related to purchase behaviour

Research Framework



The above Diagram 1 shows our group research framework. This framework helps us in conducting this research study. As stated in the diagram, there are independent and dependent variables related to each other. The dependent variable is Purchase Behaviour. Price, Customer Satisfaction, Information Quality and Convenient are included in the independent variables

RESEARCH METHOD

Research methodology, defined by Jansen and Warrren (2020) of GradCoach, refers to how researchers systematically design a study to achieve our objectives. To accomplish this project, we used both primary data and secondary data. Using primary data, data collection through structured questionnaires using Google Form was sent to a few platforms such as WhatsApp and Telegram to many mutuals. By using secondary data, we collect and gather information from journals, articles, and Internet sources regarding our case study to support all the finding factors that impact e-consumers' purchase decisions and their willingness to pay on average on e-commerce platforms, mainly in Malaysia. All the results and information we obtained are detailed and beneficial in conducting this case study.

Table 1 represents a summary of our respondents' profiles. More than half of the respondents were male (68.7%). The highest number of respondents were people aged between 21-30 years old and the majority of the respondents were Malaysian citizens who are Malay. Most respondents stay in the city with a household income ranging from RM4,850 and below. 55.3% of the respondent has a bachelor's degree indicating they are an educated sample.

Table 1: Respondent's Demography Summary (N = 150)

Construct	Frequency	Percentage (%)
Gender		
Male	103	68.7
Female	47	31.3
Age		
11-20 years old	27	18.0
21-30 years old	102	68.0
31-40 years old	20	13.3
41-50 years old	1	0.7
Nationality		
Malaysian	142	94.7
Others	8	5.3
Ethnicity		
Chinese	28	18.7
Indian	14	9.3
Malay	101	67.3
others	7	4.7
Living Area		
City	77	51.3

Rural	9	6.0
Town	63	42.0
Educational Level		
Bachelor's Degree	83	55.3
Diploma	31	20.7
Master's Degree	5	3.3
Others	13	8.7
Phd	2	1.3
Secondary School	16	10.7
Household Income (Monthly)		
RM10,971 and above	8	5.3
RM4,850 and below	114	76.0
RM4,851 - RM10,970	28	18.7

RESULTS

Based on Table 2, all items in the survey are presented on a string based-questionnaire. The data is then converted into numeric data through SPSS software. The Cronbach's alpha for the price ($\alpha = 0.069$) and customer satisfaction ($\alpha = 0.379$) show a strong relationship between the items in each variable as the value ranges between 0.07 to 0.10.

Table 2: Descriptive Analysis, Cronbach's Coefficients Alpha and Zero Order Correlations All Study Variables

	1	2	3	4	5
Price	0.069				
Customer Satisfaction	0.142	0.379			
Information Quality	0.389**	0.211**	0.763		
Convenience	-0.133	-0.090	-0.182*	0.541	
Purchase Behaviour	-0.011	0.049	0.001	-0.125	0.098
Mean	1.7204	9.4572	1.1151	7.1272	5.1250
SD	0.6137	3.5890	0.3228	2.0140	1.3091
No. of items	4.000	2.000	2	2	3

Note: N = 150; *p<0.05, ** p<0.01, *** p<0,001; Diagonal entries in bold indicate Cronbach's Coefficient Alpha

Table 3 shows multiple regression used to determine the relationship between the independent variable and dependent variables. Independent variables are price, customer satisfaction, information quality and convenience, whereas the dependent variable in this study is purchase behaviour. All the independent variables except convenience tested in this research show a positive relationship toward purchase behaviour and $R^2 = 0.018$. Thus, H4 is not supported as there is a negative relationship to purchase behaviour.

Table 3: Summary of Regression Analysis

Variables	Purchase Behaviour
Price	0.010***
Customer Satisfaction	0.046*
Information Quality	0.006***
Convenience	-0.125
R ²	0.018
F value	0.617
Durbin-Watson Statistic	1.519
Note : N = 150 , * p<0.05 ; ** p<0.01 ; *** p<0.001	

DISCUSSION

Based on the above information, as shown in Table 2 and Table 3, the price plays an essential role in deciding a consumer's purchase behaviour. It is proven that when a product is sold at a lower cost, it tends to be sold faster. Studies have also shown that pricing is vital and relevant to consumer buying behaviour (Huo, Hameed, Sadiq, Albasher, & Alqahtani, 2021). Products are sold more steadily and faster when it is sold at a lower price than the market rate (Sadiq, Hameed, Abdullah, & Noman, 2020). Most customers think that price is crucial for them to decide to do online shopping. This result can also be seen in our survey's outcome, whereby the price correlates to purchase behaviour, and H1 is supported.

In addition, customer satisfaction is also as important as other variables in influencing someone's purchase behaviour. Study shows that people will always buy things from a shop or an e-shop that gives them their desired satisfaction. Nowadays, every online shopping app will always reward and rank a shop that receives good customer reviews. The availability of this system in every shopping app proves that customer satisfaction always relates to their purchasing behaviour. If the ratio value considered by the economic sacrifice of customers with the goods sold does not meet customers' expectations, they ought to be disappointed (Larsen, Sigurdsson, & Breivik, 2017). This proves H2 can be supported.

When consumers' perceived information can easily be found in the shopping app, they are ready to buy anything through the app. The majority of consumers stated that they are happy and attracted to buy things online when they can get precise information about the products they want to buy. Furthermore, online shopping nowadays was designed with a simple user interface that even older consumers can use. The consumer believes that simplicity and availability of desired information ease their buying experience. Quality information is critical for storing and protecting goods and generating consumers' buying behaviour interest. This shows that H3 is correct.

CONCLUSION

E-commerce still represents one of the business methods that take advantage if done the right way, even if the stock market and commodities fell, E-Commerce is still able to survive and receive the high transactions. Nowadays, people are mostly buying things on e-commerce platforms. Business owners should always pay close attention to variables that influence customer satisfaction and buying behaviour to increase the quality of their service, eventually generating consumers' buying behaviour. Proper pricing strategies will continuously attract people to buy things online. In addition, quality information and customer satisfaction are vital for online business owners. In order to enhance consumers' purchase behaviour, business owners should always portray abundant information regarding the products they sell.

Online shopping apps should be constructed using the simplest user interface because both the young and older generations enjoy online purchasing. An application that is easy to access will definitely attract older people to enjoy online shopping as much as the younger generation. Online shopping app owners should reach out to consumers from time to time to monitor and gather consumers' opinions on things they can improve in future.

LIMITATION

This research is conducted by online survey, so the data collected might be associated with self-report measures and common method bias. However, the authors attempted to minimize the limitation by conducting the survey with utmost sincerity and professionalism by following the standardized statistical techniques. Future researchers shall revise their questionnaire and collect data on a Likert Scale method to gain better insights of the research subject.

ACKNOWLEDGEMENT

N/A

DECLARATION OF CONFLICTING INTERESTS

The authors declared no potential conflicts of interest.

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