Factors Contributing to Online Purchase Intention amongst Malaysian Consumers: A Case of Lazada

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ABSTRACT

Online shopping activity amongst Malaysians increase unexpectedly ever since Malaysia had its first phase of Movement Control Order. In other words, the global pandemic COVID-19 provided more opportunities for e-commerce such as Lazada to grow. Therefore, this study intends to understand the factors that contribute to online purchase intention amongst Malaysians in the case of Lazada. This study used qualitative and quantitative method. The questionnaire used to collect the data from the respondents. There are 100 Malaysians that had previously purchased from Lazada have participated in the survey. The results showed that there is a positive correlation between product quality, product price, buying experience, after-sales service, and online consumer satisfaction.

Keywords: Factors of Online Shopping, Lazada, Malaysia

INTRODUCTION

In modern times, one can barely discuss marketing, sales, and buying behaviour without considering the online marketplace. The market has long evolved from a physical meeting point for business transactions and exchanges worldwide. Nowadays, buying and selling take place in the comfort of one's home, car, and anywhere. Innovations from the electronic industry and the banking industry have contributed a lot to online trading.

Due to these changes, Lazada is one of the first e-commerce companies that has made significant progress. Lazada Group was founded in 2012 and has made its name known across six countries in Southeast Asia, including Indonesia, Malaysia, Myanmar, Thailand, and Philippines. Lazada is an entity that works like a middle person between sellers and buyers by using the Lazada application. It provides for sellers to have transitioned from traditional selling into digitized. Simultaneously, it gives buyers an online purchase experience rather than physical shopping.
This research aims to find factors that contributed to Lazada user satisfaction, so Lazada could improve its e-commerce business by acknowledging that factor. In terms of accomplishing the research objective, this study proposes a satisfaction model based on the theories in marketing. Some critical research questions include:

1. Which factor has a strong correlation with consumer satisfaction?
2. How does Lazada do better to be one of the best e-commerce in Asia?

In an online shopping environment, interactive decisions may influence aid customer decision-making. For example, the comment or online reviews section that Lazada has below the product information. Online reviews made each customer more interactive. Hence, customers can influence other potential buyers' behaviours by leaving online reviews after purchasing a particular product (Kannan & Li, 2017). In addition, not only those reviews, people rely more on other people's post information about product comments on social media. There will be common past problems, and the merchants will attach some solutions in the comments section for customer reference.

Customers consider switching between e-channels because the comparison with offline shopping mainly influences them. It involves the growth of security, and finances are primarily affected. Hence, online shopping consumers may receive more risk than when people buy the products in store (Pappas, 2016)

**Research Model**

![Research Model Diagram]

In the digital world of merchandise, it is unavoidable to monitor the potential factors that influence customers' purchasing decisions. Several studies are conducted to identify the factors affecting customers' online shopping intentions.
Product Quality
Product quality is defined as improving the products or goods to meet the customer's needs or desires to achieve customer satisfaction. According to the Product Information Report, it has stated that one of the most critical factors that success in online sales is product quality. In addition, quality plays a significant role in reducing shopping cart abandonment and influencing brand equity and future purchase decisions (Retail Dive, 2016). The product must be reliable or dependable because it does not easily break down and does not need to be repaired regularly. The product must remain operational for an extended period (Akrani, 2013). Not only that, the reliability is also essential in business, because it can improve efficiency, customer experience, and general workplace satisfaction.

The product should also be in a safe condition. It means that sellers must ensure that the finished goods are safe to use or handle and confirm that the products do not cause any harm to consumers. Safety is critical in the food industry. The merchant needs to maintain its quality until it reaches expiry date (Akrani, 2013). An increasing number of consumers are concerned about food safety. As a result, product quality is crucial because an inferior quality product will directly impact consumers' confidence, the product's reputation, and sales, and also the survival of the company will be affected. In addition, quality products can also help to maintain customer satisfaction and loyalty (Quain, 2019). At the same time, it can reduce the risk and cost of replacing the incorrectly manufactured goods by workers. If the quality of a product is high, consumers will most likely be willing to pay a high price. In contrast, the consumers will buy from the competitors if the merchant has a low-quality of the product.

Buying Experience
Some studies believe that factors affecting online shopping will be influenced by experience quality. It is crucial to note that this can only be obtained through prior buying experience (Santos & Fernandes, 2011; Dai, Forsythe & Kwon, 2014). Customers ranked convenience and a simple payment process as the most critical factor in perceived ease of use (Sam and Sharma 2015). In a study conducted by Santos and Fernandes (2011), the previous online shopping experience was strongly associated with trust. Consumers' trust and online shopping intentions are influenced not only by their online shopping experience, but also by their perception of risk (Dai et al., 2014). Indirect interaction between buyers and sellers when making online transaction creates a problem for consumers because they cannot physically inspect the quality of products and not ensure their financial and personal information. These issues create barriers that affect consumers' online shopping intentions unless trust is established between buyers and sellers.

Product Price
A consumer's perception of a product's price has a significant impact on their buying decision. Consumers will compare the product's quality against the price. Online sellers must understand their position, their value, and the amount of money people will pay for. Extra fees, charges, and taxes were undoubtedly a primary concern for both parties. Price is an essential factor in the purchasing decisions, particularly for products that are
frequently purchased, which influences the decision of which store, development, and brand to patronize. Mukaromah, Kusuma, and Anggraini (2019) mentioned that perceived price perception is a psychological factor that plays an important role in consumers' decisions to buy certain products, the more unfair perception of prices perceived by consumers will cause consumers to delay buying decisions. Customer may choose to buy another product from a different or similar brand depend on price levels. Pricing influences purchasing goods and services over the Internet, because most customers expect online prices to be lower than in-store prices. Customers only compare prices with physical stores and do not compare prices with online stores that offer the same products or services. Consumers are very rational in determining what benefits they wish to obtain from purchasing products or services for which they pay (Al-Mamun, Rahman, & Robel, 2014).

**After-sale service**

After-sales service is another critical factor affecting online purchase intention. Many online businesses that focus solely on pre-sales service and ignore after-sales service will lose their customers (Kendre, 2016). After completing the transaction, the customer values receiving a receipt, an order acceptance, and a delivery date (Su, Li, Song & Chen, 2008). Sahney, Ghosh, and Shrivastava (2013) stated that customers who want to book a service or buy products online are based on guarantee return policies, which develop trust for online transactions. Exhibiting the company’s policies regarding product returns, guarantees, and warranties and the assurance of reliable vendors on the e-commerce platform can help build consumers' trust. These services are said to increase the customer's perceived value and thereby strengthen the customer relationship.

Based on the background of information, the hypotheses are:

- **H1**: There is a positive relationship between product price and consumer satisfaction.
- **H2**: There is a positive relationship between product quality and consumer satisfaction.
- **H3**: There is a positive relationship between buying experience and consumer satisfaction.
- **H4**: There is a positive relationship between after-sale service and consumer satisfaction
- **H5**: There is a positive relationship between the four variables (product price, product quality, after-sale service, buying experience) and consumer satisfaction.

**RESEARCH METHOD**

Based on our topic, this research used qualitative method and descriptive as design of the study. The questionnaire used to collect the data from the respondents. The questionnaire is designed based on the following variables based on four main factors contributing to online purchase intention and the consumer’s satisfaction towards Lazada. The questionnaire was given randomly to 100 Lazada consumers with a diverse background of race amongst Malaysians.
Questions in this survey are using a five-step Likert scale:
1. 1 = Strongly Disagree
2. 2 = Disagree
3. 3 = Neutral
4. 4 = Agreed
5. 5 = Strongly Agree

In this study, the quantitative method is the primary method used to find out the result. Quantitative research is dependent on numerical figures. The objective of quantitative analysis is to develop and employ mathematical models, theories, or hypotheses.

The survey has included the following criteria to ensure the clarity of data:
1. Nationality: Malaysian
2. Gender: Female and Male
3. Age: 18 and above
4. Have purchased from Lazada

The sample size for this research is 100. The online questionnaire was created via Google form and disseminated. The evaluation of factors influencing customers' behaviour regarding e-commerce company Lazada. Analysing the information related to customers' purchasing intention using Lazada as a case study. From this information, we can learn more about the factors affecting online purchasing behaviour in Malaysia. Thus, based on the research framework, we predicted that these factors will contribute to a consumer's satisfaction.

RESULTS AND DISCUSSION

Table 1. Summary of Respondent’s Demography (N=100)

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15 - 20 years old</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>21-25 years old</td>
<td>62</td>
<td>52</td>
</tr>
<tr>
<td>26-30 years old</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>31 years old and above</td>
<td>17</td>
<td>17</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>19</td>
<td>19</td>
</tr>
<tr>
<td>Female</td>
<td>81</td>
<td>81</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Race</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malay</td>
<td>83</td>
<td>83</td>
</tr>
<tr>
<td>Chinese</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Indian</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>
In accordance with Table 1, the data shows that 100 of the respondents came from various backgrounds. Three quarter of the respondents were female and most of them are at the age between 21 – 25 years old. Based on the analysis, all of the respondents are Malaysian with the majority of Malays (82%). As many as 70 (44%) respondents are full time students, the income level for RM 100 – RM 3000, while 28 of them have no income at all. The variation will vary the outcome.

Table 2. Descriptive Analysis, Cronbach’s Coefficients Alpha, And Zero-Order Correlations of All Study Variables

<table>
<thead>
<tr>
<th>Variables</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Quality</td>
<td>0.928</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product Price</td>
<td>0.665**</td>
<td>0.862</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buying Experience</td>
<td>0.771**</td>
<td>0.648**</td>
<td>0.902</td>
<td></td>
<td></td>
</tr>
<tr>
<td>After sales</td>
<td>0.664**</td>
<td>0.62**</td>
<td>0.672**</td>
<td>0.883</td>
<td></td>
</tr>
<tr>
<td>Satisfaction</td>
<td>0.525**</td>
<td>0.429**</td>
<td>0.636**</td>
<td>0.339**</td>
<td>0.934</td>
</tr>
<tr>
<td>M</td>
<td>3.95</td>
<td>3.99</td>
<td>3.83</td>
<td>3.62</td>
<td>3.50</td>
</tr>
<tr>
<td>SD</td>
<td>0.62</td>
<td>0.63</td>
<td>0.75</td>
<td>0.68</td>
<td>0.86</td>
</tr>
</tbody>
</table>

Note: N = 100; *p < 0.05, **p < 0.01; Diagonal entries in bold indicate Cronbach’s coefficients alpha

Pearson Correlation Analysis is used to determine the strength of the relationships among five variables in this study. It also determines whether the variables have a positive or negative relationship (Yau & Ho, 2015). Product quality, product price, buying experience, after-sales service, and customer satisfaction were classified as the five variables. The internal consistency (reliability) of the five components by using Cronbach alpha is 0.928, 0.862, 0.902, 0.883, and 0.934, respectively. All of the variables’ mean
values are greater than 3.000. The lowest mean value of all the variables is 3.503, and the highest mean value is 3.99. As a result, most of the respondents expressed neutral opinions and agreed with the items in the survey.

Product Quality
According to table 2, the relationship between product quality and consumer satisfaction is significant because the p-value is <0.01. The correlation coefficient of this relationship, 0.636, falls between the coefficient range of 0.40 to 0.60, indicating that the relationship between product quality and consumer satisfaction is moderately correlated. A similar result was in previous research. Product quality will lead to satisfaction, while satisfaction can lead to loyalty. Lastly, loyalty leads to profits. Therefore, there is a significant positive relationship between product quality and customer satisfaction (Athiyah, 2016). As a result, a moderate positive relationship between product quality and consumer satisfaction. 

Product quality has always been one of the essential criteria for retaining customers (Hussain & Ranabhat, 2013). Customers will be satisfied, continue to purchase and recommend your product if the quality is good. Consumer satisfaction will decrease if a low-quality product is delivered and occasionally look for a substitution. Online sellers must not only ensure product quality before delivery, but they must also ensure the product is in good condition when it is reached the consumer.

Product Price
The correlation between price and consumer satisfaction is significant because the p-value is less than 0.01. The correlation coefficient of this relationship, 0.429, is between the range of ±0.40 to ±0.60. It indicates that the relationship between product price and consumer satisfaction is also moderately correlated. Pricing according to quality will make customers satisfied in shopping. Thus, there is a moderate positive relationship between price and consumer satisfaction.

Buying Experience
This relationship's correlation coefficient is 0.636, it indicates a strong relationship between price and consumer satisfaction, because it falls in between the range of 0.60 to 0.80. The correlation between buying experience and consumer satisfaction is significant because the p-value is (<0.01). This aspect is linked to the lack of direct interaction between buyers and sellers. The inability to examine the quality of the product in person. Meera and Gayathiri (2015) pointed out in their study that there is a strong positive correlation between buying experience and consumer satisfaction.

After-sale Service
P-value is (<0.01). Thus, the relationship between after-sales service and customer satisfaction is significant. This relationship's correlation coefficient is 0.339, is in the range of 0.20 to 0.40, indicating that the correlation between after-sales service and customer satisfaction is weak. The lower the after-sales service provided to customers, the lower the customer loyalty because the costs spent are not guaranteed. In
conclusion, there is a weak positive relationship between buying experience and customer satisfaction.

Table 3. Regression Analysis of Satisfaction

<table>
<thead>
<tr>
<th>Predictor variables</th>
<th>Standardized coefficient Beta, β</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product quality</td>
<td>.140</td>
</tr>
<tr>
<td>Product price</td>
<td>.058</td>
</tr>
<tr>
<td>Buying experience</td>
<td>.636***</td>
</tr>
<tr>
<td>After sales</td>
<td>-.217</td>
</tr>
<tr>
<td>$R^2$</td>
<td>.429</td>
</tr>
<tr>
<td>$R^2$ change</td>
<td>.429</td>
</tr>
<tr>
<td>Adjusted $R^2$</td>
<td>.405</td>
</tr>
</tbody>
</table>

Note: N= 100; ***p < .001, **p < .01, *p < .05.

Table 3 presents the result of multiple regression analysis to test the variables generated. All the four independent variables together explained an $R^2$ of .429, indicating that the four independent variables can explain 42.9% of the variance in intention to share, Product Quality, Product Price, Buying Experience, and After Sales. From the table, P-Value for buying experience is the only value lower than the significant value at .000. It shows that the analysis used the three asterisks. It is the only certain variable that is significant. The P-Value that is lower than the significance level, such as buying experience, suggests a non-zero correlation between the variables and satisfaction.

The model involved product quality, product price, buying experience, and after-sale affect satisfaction using the Lazada application. Using the standardized coefficient beta, the model shows that with every increase of 1 standard deviation of product quality, the satisfaction will rise by 140 standard deviations. This analysis assumes the other variables (product price, buying experience, and after-sales) are constant. With an increase in 1 standard deviation of the product price, the satisfaction will increase by 0.58 standard deviation. This analysis assumes the other variables (product quality, buying experience, and after-sales) are constant. Next, with every increment in the standard deviation of buying experience, the satisfaction will increase by 636 deviations. This analysis assumes the other variables (product quality, product price, and after-sales) are constant. Lastly, with every increment in the standard deviation of after-sales, satisfaction will decrease by 217. It indicates that other variables (product quality, product price, and buying experience) are constant. Since there is only one significant variable, the changes in satisfaction are associated with changes in the buying experience at the population level. Thus, it is the only variable supported in this study, while product quality, product price, and after-sales are not supported. Hence, we can conclude that H3 is accepted whereby there is a positive relationship between buying experience and consumer satisfaction.
To answer both research questions of the following:

1. Which factor has a strong correlation with consumer satisfaction?
2. How does Lazada do better to be one of the best e-commerce in Asia?

The buying experience has a strong relationship with consumer satisfaction, as mentioned in the paragraph above. Therefore, Lazada should note that the e-commerce buying experience will primarily be based on the experience users had within the application or website design. It also involves multiple factors such as trust (Ganguly, Dash, Cyr, & Head, 2010). If Lazada were to consider the Malaysian consumer culture and design the payment section excellently well, it could be Lazada’s competitive advantage. It is because Lazada builds trust between both sellers and buyers.

Thus, Lazada must be aware that different users have different reactions towards their data (Trevinal & Stenger, 2012). As it is the norm of e-commerce to collect personal data for shipping or payment purposes. However, Lazada could make an initiative to ensure their consumers that their data are well protected to establish good fundamentals of trust.

Other than that, Lazada should also note that a good buying experience could generate higher revenue, whereas a bad experience might give Lazada harm towards their income (Bucko, Kakalejčík, & Ferencová, 2018). Thus, how Lazada can improve is having a strategy in designing their application. Lazada could implement this by walking through the user buying experience from the start towards the end.

As an illustration, a potential customer needs a brand-new shoe because they intend to jogging lately. As they were checking the Lazada app on their phone, they browsed through any design that looked great. It is where Lazada’s app design plays an important role. If the pages are quick to load, have a simple design, and compatible with various devices, it will create to consumer’s buying experience.

As Schiff (2015) stated that a good picture can be worth a thousand words or maybe a thousand dollars. It means that it is essential for an online business to have an excellent visual appeal. It is because it is presumed as a first impression as if they check out items in physical shopping.

Not to mention that e-commerce today has comment or review sections where the consumer could give ratings and comment further on their buying experience. The primary objective of this feature is to provide two-way communication between seller and buyer. Thus, Lazada could play a role in giving a guarantee that if a consumer had a bad experience, they could get a refund or change within several days. The initial purchase is less likely to happen when the goods do not have any safety or guarantee measures on their website (Khall, 2017).

**CONCLUSIONS**

This research is theoretical research on the factors that affect consumers ‘online shopping based on the existing literature and extracts the relevant factors that influence
consumers' online shopping and integrates them with the Lazada trading platform. The independent and dependent variables in this study resulted in a significant relationship that could influence Malaysian consumers' online purchase intentions. We conclude from the results of the data analysis that there is a positive correlation between product quality, product price, buying experience, after-sales service, and online consumer satisfaction. This study discovered that some successful implications could fulfil the significance of this study, such as helping online shopping retailers and marketers improve and implement their e-commerce marketing strategies and plans among society. Lazada offers various benefits to its customers to retain current customers and attract new ones, including the lowest price guarantee. Lazada provides multiple services to their customers to keep existing customers and attract new ones, including the lowest price guarantee. For example, customer discovers that the price on Lazada is higher than the price of another online retail store. In that case, after placing an order, the customer can claim the difference amount. It is to ensure that a customer will purchase a product on Lazada at the lowest possible price. However, they have some drawbacks, such as delivery and shipping services where international shipments are unavailable and same-day delivery is only available in certain areas.

Lazada is encouraged to make improvements so that they can overcome those disadvantages with appropriate suggestions. A quality checking process is necessary to improve product quality. Sellers ensure that no product is defective before delivering it by checking each one individually. Lazada can apply the quality seal to any product that has undergone scrutiny (BlackBee.com, n.d). It proves that the product sold in Lazada was confirmed as good and delivered not opened yet. Choosing a reliable delivery service is another way to ensure product quality when it reaches customers. Even though Lazada's sellers have put their best in providing their product, delivery can ruin the effort. Deliveries have a significant impact on having good quality products.

Online sellers must be aware of their position and the value of their product, and how much their potential consumers are willing to pay for it. Both parties were concerned about additional fees, charges, and taxes. Customers will compare the price of a product with similar products sold by other sellers before purchasing a product. Thus, the seller must set a price appropriately. The customer expects a product in line with its quality. The seller must always compare the price set by competitors to the price set by the seller to avoid the predetermined price high. In this and previous research, the term "free shipping" appears to be extremely sensitive. Free shipping is more effective in attracting customers than a discount of the same amount. Previous studies ranked free shipping as the most important factor affecting consumer satisfaction, and it was the primary reason consumers shop online. (Laja, 2019).

Finally, improve the web's quality of Lazada. According to one study, 94% of first impressions are based on its web design. Even if the content looks valuable, no one will enjoy to survey it, if it has poor designed. Trust and credibility are built based on good web design. People's first impressions of your website are considerably more likely to be positive if your content is easily accessible and effectively communicated (Brevity, 2017). This study believes in enhancing the growing online shopping or e-commerce market by
allowing researchers and businesses to better understand the factors that influence online consumer satisfaction.

REFERENCES


APPENDIX

Product Quality
1. I am able to use the product excellently.
2. The product I received from Lazada met my expectations.
3. I am satisfied with the product quality on Lazada.
4. I am satisfied by Lazada ensuring their product quality.
5. Overall, I am satisfied with Lazada's product quality

Product Price
1. The price paid is worth the product purchased.
2. I enjoy the benefits of vouchers that Lazada has to offer.
3. Overall, I believe that the product matches with product quality.

Buying Experience
1. Lazada is easy to use on my mobile device.
2. I am satisfied by the payment process in the Lazada app.
3. The sellers in Lazada are responsive.
4. I get all the products I need by using Lazada.
5. Overall, I am satisfied with the buying experience I had with Lazada.

After-Sale Service
1. When I needed a refund, the seller treated me well.
2. The seller has ensured that the products are functioning after my purchase.
3. I was offered an after-sale service such as a warranty.
4. Overall, I am satisfied with Lazada's after-sale service.

Consumer Satisfaction
1. Lazada is my first choice when I need to make online purchase
2. I would say positive things or comments about Lazada to other people
3. I will buy again at Lazada next time
4. I would encourage someone surfing on Lazada
5. I will recommend Lazada to family and friends
6. I like the content and layout of Lazada's application
7. I am satisfied with the shopping experience of this application.

Note: Responses to each of the items are based on Likert Scale with range from 1 to 5.
1 (Strongly disagree); 5 (Strongly agree)