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“I hereby declared that I had read through this thesis and in my opinion that this thesis is adequate in terms of scope and quality which fulfil the requirements for the award of Bachelor of Technology Management (High-Tech Marketing).”

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**THE PURCHASE DECISION OF ONLINE CONSUMERS TOWARDS ON
PRODUCT QUALITY OF LAZADA AMONG FPTT, UTEM STUDENTS**

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**The thesis is submitted in partial fulfilment of the requirements for the award of
Bachelor of Technology Management and Technopreneurship
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DECLARATION

“I hereby declare that this research project is a presentation of my original research work. Wherever contributions of others are involved, every effort is made to indicate this clearly, with due reference to the literature, and acknowledgement of collaborative research and discussion.”

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Date :

DEDICATION

Dedicated to my beloved family and friends.

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ABSTRACT

This research paper is to determine the purchase decision of online consumers towards on the product quality of Lazada. This research paper will be focus to students who studied at Faculty of Technology Management and Technopreneurship (FPTT), Universiti Teknikal Malaysia Melaka (UTeM). Qualitative analysis which questionnaire will be provided with reliable questions to those respondents. Thus, the SPSS software will be used for data analysis in this research paper to verify the relationship between the purchase decision and product quality such as reliability analysis, correlation analysis, multiple regression and hypothesis testing. The independent variables include characteristics, functionality and perceived value of products. However, the items of dependent variables include customer satisfaction, loyalty, repurchase intention and reputation. There are 272 respondents were involving in this research paper. Through the data analysis, it shows the strong relationship between those variables which means that the purchase decision has great impact to product quality of Lazada.

Keywords: purchase decision of online consumers, product quality, Lazada

ABSTRAK

Kertas kajian ini adalah untuk menentukan keputusan pembelian pengguna terhadap kualiti produk Lazada. Kertas penyelidikan ini akan memberi tumpuan kepada pelajar yang belajar di Fakulti Pengurusan Teknologi dan Teknousahawan (FPTT), Universiti Teknikal Malaysia Melaka (UTeM). Soal selidik akan disediakan kepada responden tersebut. Oleh itu, SPSS akan digunakan untuk menganalisis data dalam kertas penyelidikan ini untuk mengesahkan hubungan antara keputusan pembelian dan kualiti produk. Pembolehubah bebas termasuk ciri, fungsi dan nilai produk. Walau bagaimanapun, pembolehubah bergantung termasuk kepuasan pelanggan, kesetiaan, niat belian dan reputasi. Terdapat 272 responden yang terlibat dalam kertas penyelidikan ini. Melalui analisis data, ia menunjukkan hubungan yang kuat antara pembolehubah yang bermaksud bahawa keputusan pembelian mempunyai kesan yang besar terhadap kualiti produk Lazada.

Kata kunci: keputusan pembelian pengguna, kualiti produk, Lazada

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LIST OF ABBREVIATIONS AND SYMBOLS

UCLA	University of California, Los Angeles
UTeM	Universiti Teknikal Malaysia Melaka
FPTT	Faculty of Technology Management and Technopreneurship
MTFF	Mean Time to First Failure
MTBF	Mean Time Between Failures
MTTR	Mean Time to Repair
SPSS	Statistical Package for Social Science
ANOVA	Analysis of variance

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CHAPTER 1

INTRODUCTION

1.1 Background of Study

Internet has play a vital role in this new technological era. Internet could be used to send email around the clock, search information, play games with others, and even can buy things online (Katawetawaraks & Wang, 2011). By using internet, a survey shows the result about search and email still top the list of the most popular online activities among adult internet users (Purcell, 2011). It also has the investigation about the impact that online games have on undergraduate students at University of Gavle, Sweden (Wang, 2011). Besides that, there are many research about e-commerce or online shopping. For instance, identify factors that influence consumer satisfaction towards online shopping in China (Guo, Ling, & Liu, 2012). An analysis of influencing factors of Taobao consumer behaviour also one of research that studied by researcher (H. Yu & Gao, 2012). Thus, e-commerce would be the focus in this research. E-commerce, known as online shopping which is buy and sell products and services over an electronic network which is internet. This trend of online shopping has developing rapidly which known as the third popular activity on the internet after email using and web browsing according to the University of California, Los Angeles (UCLA) communication policy in 2001. This is because many benefits can be gained through online shopping such as consumers desired to purchase products since there is fast

moving life and shortage time. Meanwhile, consumers can compare the prices from different online shopping website concurrently to get the best price and promotions as well.

In fact, online shopping created a huge market and numerous business opportunities since it has a high competitive market currently. Some of the successful online shopping stores are including Lazada, Zalora, Alibaba and others. Zalora had involved in a research about the factors affecting purchase intention of online shopping in Zalora Indonesia (Putro & Haryanto, 2015). Alibaba also related to a review of Alibaba's online business marketing strategies which navigate them to present success where to examine the key factors of success by Alibaba (Yazdanifard & Li, 2014). A research about the analysis of product buying decision on Lazada e-commerce based on previous buyer's comments had been identified (Aldrin, 2017). In this research, Lazada will be the online shopping that more focus on. Indeed, there are significant show that many researches about online shopping such as the factors affected, customer satisfaction, consumer intention towards on online shopping. Thus, the exploration study about the buying decision could be made by consumer and quality of product would be determined in this research. Quality of product could be one of the consideration while making online purchase decision. The performance and standard of products and services are very concerned by customers since it must be match with their expectation to satisfy the customer's need and want. Customer satisfaction is necessary and intense needed for online shopping stores among the high competitive market. Online retailers should have a clear and deep understanding of the antecedents of customer satisfaction to improve the business performance.

1.2 Buying Decision by Consumers on Online Shopping

It is similar of the process making decision whether the consumer is offline or online. The major differences only the shopping environment and marketing communication (Katawetawaraks & Wang, 2011). In term of marketing, a traditional consumer decision model had been built and starts with need awareness, then information search, alternative evaluations, final purchasing decision, and post-purchasing behaviour.

It could be more attractive for online consumer to determine their decision since there are many factors would be influence on it. In addition, according to Visa's 2015 Regional E-Commerce Monitor Survey, the Asia Pacific consumers had cited that quality of products and services as their top concern when it comes to making purchases online.

By using the consumer decision making, consumer will search the information through online channels such as online catalogues, websites, or search engines for their first step before purchase the products (Laudon & Traver, 2009). Next, they would be compare those choices of products or services. The information about the quality of products will add the value to the buying decision by consumers since they might look for the best fit to their expectation. After evaluation from those choices, it comes to purchasing stage where the product assortment, sales services and information quality seem to be the most vital point to help consumers decide what products they should be select, or what seller they should buy from (Koo *et al.*, 2008). At last but not at least, post-purchase behaviour lead to customer satisfaction and retention after sales.

1.3 Customer Satisfaction on Product Attributes of Online Shopping

In term of marketing, customer satisfaction is to measure how products or services supplied by a company meet or surpass a customer's expectation. It known as a metric to improve and manage a business. In addition, the strong customer and supplier bonding will be form if fulfil the demand of them. Online shopping trends growing rapidly currently. Thus, customer satisfaction become vital element to meet their expectation since there are various of services and products provided by online shopping store to compete in the market. These advantages become the factors influence to the customer satisfaction for online shopping. There are many aspects will be concerned in customer satisfaction such as product attributes, price, delivery service, payment methods, privacy and security, and others (Guo *et al.*, 2012).

Customer satisfy on the product attributes will be focus in this research. Online shopping store mainly business is to sell the products through online service. Customers only can see the products through the description information and pictures as a virtual purchase method to buy the products. Thus, they are very concerned about the product attributes before they purchased. Certainly, the reputation of the suppliers will be immersed to the customer's mind if they provide the products with a certain standard that fulfil the requirement of them.

Product quality had categorized into few dimensions. It is included performance, features, reliability, conformance, durability, serviceability, aesthetics, and perceived quality (Garvin, 1984). The customer satisfaction and loyalty and the product quality significantly show the related relationship among them. Thus, customer will assess the product attributes through these dimensions where the products lead to a certain level of expectation from them. If the products had fulfilled the requirement of the customers, then the quality level is higher. However, the quality level perceived as low if the products is performing lower than customer's expectation.

A product with excellent quality lead customer retention or repurchase the products with the supplier in future. However, if the product quality is poor, customer will dissatisfy and disappointed to the supplier and would not repurchase the products from the supplier. The reputation and image will be affected if the relationship and trust between customers and suppliers broken. Thus, the relationship with the buying decision of online consumers and product quality must be concerned by supplier to find the best solution to meet the customer's expectation to the products.

1.4 Problem Statement

Lazada known as the one-stop shopping destination that provides hundreds of thousands of products which categorized into health and beauty, home and living, fashion, mobiles and tablets, consumer electronics and home appliances, and others. Lazada has meet the customer needs and wants due to the current market trend. It is because consumers are always busy with their life, work, and study environment since the technological change rapidly in this new global era. Thus, Lazada bring the convenience with easy and accessible shopping via computer or mobile phone to purchase their desire products. The quick and reliable delivery service by Lazada cause less time consumption by consumers with no more traffic jams, crowds, and long queues at the physical store. In addition, consumers can compare the price of goods and may get cheaper price if they purchase at the online shopping website. Furthermore, there are some functions are available on Lazada online shopping website which including search engine function for ease to search the related products with keywords, product catalogue online that provide the product's information, shopping cart as an ordering and tracking process, and online terms of payments with credit card, debit card, online banking, or cash on delivery.

However, there are many feedback from customers about the quality of product. Online shopping is purchase products from online website. Thus, customers won't be feel and hold the products before they purchase. They can't be make sure the quality

of the products. The risk to receive the inferior products and being scammed will be increase. For example, customer may receive a damage product which purchased from Lazada online shopping website. Even the product's information, description or pictures displayed on the online website, sometimes there is still slightly or totally different once the product delivered to customers. There have more serious problems always faced by customers which is product unable to function or perform, fake products, durability of products and others. These problems show that the quality of products is the issue and dissatisfy from consumers when they purchased products through Lazada online shopping store.

Therefore, this research will be focus on to find out the purchase decision of online consumers towards on product quality of Lazada online shopping since the issue raise up with product quality in customer dissatisfaction. These elements could be influencing to making purchase decision from online consumers will be intended marketer to face positively and overcome these challenges on product quality with its basic elements.

1.5 Research Question

There are few questions for this research as below:

- a. Are there significant variables of purchase decision of online consumers and product quality of Lazada?
- b. Is there significant correlation between purchase decision of online consumers and product quality of Lazada?
- c. Is there significant relationship between purchase decision of online consumers and product quality of Lazada?

1.6 Research Objective

There are few objectives for this research as below:

- a. To identify the variables of purchase decision of online consumers and product quality of Lazada.
- b. To determine the correlation between purchase decision of online consumers and product quality of Lazada.
- c. To analyse the significance relationship between purchase decision of online consumers and product quality of Lazada.

1.7 Scope

This research will be conducted at Universiti Teknikal Malaysia Melaka (UTeM). The research will be targeted to students from Faculty of Technology Management and Technopreneurship (FPTT). The students from Faculty of Technology Management and Technopreneurship (FPTT) who will be involve in this research are include first year to fourth year students. It is because they are the only one faculty who studied about business management. They are young generation who sensitive and most concern about the current market trend now. They have their own perspective and satisfaction towards on the online shopping. Thus, the accurate result can be obtained from them through the questionnaires survey. This survey will be conducted within two semesters. This research will be specific in determine the relationship between purchase decision of online consumers and product quality of Lazada.

1.8 Limitation of Study

There are some limitations that unavoidable in this research such as below:

- a. **Time constraints.** The process from design questionnaires, obtained data and analyse data would take long time to accomplished with these tasks. There is a lot of research need to survey before the questionnaires provided. Thus, it is inadequate time to get the result from students and analyse the data with an abbreviated time.
- b. **Attitude of students.** It is hard to find honesty and sincere respondent to answer the questionnaires survey since some of the students unwilling to cooperate with this research study.
- c. **Study environment.** Students are always busy in their study environment such as attend class, rush assignments and revision. Thus, they are difficult to take time with answer the questionnaires given.
- d. **Many competitors of online shopping.** There are many competitors among the online shopping market such as Taobao, Zalora, 11 Street, Shopee and others. Therefore, it seems a high competitive market to against with these competitors.
- e. **Network such as e-service quality.** The questionnaires will be distributed through online too. Thus, there is also a risk if a weak connection of network when students want to answer the questionnaires.

1.9 Significant of Study

According to Visa's 2015 Regional eCommerce Monitor Survey, it shows that 67 per cent of Asia Pacific consumers cite quality of products and services as their top concern when it comes to making purchases online since online shopping becoming mainstream currently. Certainly, decision to make purchase by online consumers could