ONLINE SHOPPING AMONG YOUNG GENERATION IN MALAYSIA

Puveandharan Vasudevan
Veritas University College

Lawrence Arokiasamy
Asia Pacific University
Email: lawrence.arokiasamy@yahoo.com

Abstract
Online shopping today is most popular because it is much easy to shop online without going out to buy products from shopping centres or stores. When online shoppers decide to shop online, it makes the entire browsing process easy. Online shoppers can easily browse by going to the website and choosing the product from the website without going to the physical location to search and purchase product. Moreover, online shopping provides convenience for online shoppers as they able to shop 24 hours per day compared to outdoor shopping which is limited to certain hours.

Keywords: Online shopping, young generation, and e-commerce

Introduction

Among ASEAN countries, Malaysia is known as digital market which attracts e-commerce business. Most Malaysian people are "techno savvy" and depend intensively on social media for different reason comprising on online shopping. As of 2018, the number of Internet users are 25.08 million from 31.83 million of Malaysian population. The average age of Malaysian using social platform such as Facebook, Twitter is 25-30 years. In 2011, sales of internet retailing in Malaysia experienced a 13 percent growth which is worth about RM842 million. Online shopping is also growing at a rapid pace in Malaysia due to usage of Malaysian youth who are active spenders. The potential of ecommerce in Malaysia can be foreseen raking about 3.91 billion US dollars alone in the year 2020. E-commerce market of Malaysia is expected to rise by 20.8% in 2020.
(https://www.thestar.com.my/news/nation/2020/03/19/online-shopping-goes-up-as-people-stay-in).

In Malaysia, e-commerce trend is attracting digital consumer to purchase goods from online. The most famous e-commerce website in Malaysia is Lazada and Shopee. In 2019, male users are the one keen to shop more online products from online shopping. The products which male users' shop are electronic items and handphone accessories such as earphones, power bank, speaker etc. Meanwhile, female users purchase blouses, bags, and shoes. Not only that, but Malaysians also prefer to shop Fast Moving Consumer Goods (FMCG) through online. This is because working adults prefer to buy household items such as Milo, detergent powder, and diapers. Other than that, working adults also buy kitchen and home appliances through online shopping such as plates, cups, cooking utensils etc.

Due to COVID-19, shopping activities in Malaysia dropped drastically due to Movement Control Order (MCO) imposed by Malaysian government on 18th March 2020. However, online shopping demand has increased as spending habit of Malaysian consumer also increased during MCO. Although Malaysian prefer to spend less but most of Malaysian who are working at home during MCO period purchase goods from online. This is because they have limited choice to go out to buy essential items. Online shopping is preferred destination for people to buy goods during MCO period. Moreover, government which announced stimulus package during Covid-19 to support economy will further enhance online shopping during Movement Control Order (MCO).

Research Issue

The shopping preference among society today is determined by shopping motives and shopping options available. Shopping motives refers to a customer needs and wants related to the choice of outlet at which to shop for a specific product. Shopping motives also categorised as functional needs such as accessibility and availability of the product at the chosen outlet. Shopping options evoked set of available to customers to satisfy their shopping motives for a specific class product or service. These factors could also determine society behaviour of online shopping. But online shoppers are known as people who have lower social orientation. They usually prefer to stay at home so that they do not mix with the crowd. Today's generation are known as active spenders and prefer online shopping due to personal enjoyment. They do not prefer to socialize much with people, so they choose to prefer to spend less time in shopping but prefer to shop online which is convenient for them. Socializing society prefer outdoor shopping, whereas society, which is less socializing, prefers online shopping (Rajamma, R.K & Neeley, C.R,2009).

Online shopping gives options to retailers to determine consumer behaviour that display in searching for, purchasing using, evaluating, and disposing of products and services that they expect will satisfy their needs. Retailers should see consumers not only buyers but also Internet users. They complete the purchasing related tasks to buy a product same as traditional retailer. Consumers must interact with Internet while directing their process on their own. Retailers must understand consumers need and concerns due to the nature of online environment. Therefore, retailers should adjust online offerings to gain competitive advantage. They need to offer the right product or service which is unique so that consumers will experience online shopping and will repeat purchases in online shopping. Thus, this will increase online shopping among the consumers (Rudansky &Kloppers, 2006).

There are many reasons which contribute to the growth of online shopping. The availability of lower prices is reason of people adopting online purchasing. With online shopping, it is cheaper and easier to research goods and services before buying. Lower search cost happens because of Internet technology and search engineer and together with personal experience in using Internet are the other aspects which increase online shopping. Other factors which contribute an individual to prefer online shopping is expansion of shopping options beyond the traditional methods which is time consuming. This study intends to explore what are the factors of influencing people to do online shopping among today's generation (Changchit C, Cutshall, R. Lonkani R.Pholwan K & Pongwirritthon R. 2018).

Online Shopping Development in Malaysia

The Internet era began in Malaysia in 1995 where the number of Internet hosts grow around 1996. According to MIMOS, every thousand Malaysians had access of Internet communication from home in 1996. In 1998, the number of Internet users grow to 2.6% of the total population.

Thus, this has contributed to increase of computer sales which is 467,000 in 1998 and 701,000 in 2000. Public schools have been equipped with computer labs to develop knowledge among students. Malaysian government also gives tax incentives for purchase of laptops with Internet communications. Many public and private institutions have incorporated IT technologies to smoothen their daily operations.

The development of Internet began in Malaysia where MIMOS launched JARING in 1992 which was part of 6th Malaysian Plan to provide Internet service in the country. The main objective of JARING is to support education, research, and telecommunication activities. JARING also became the first provider of Internet telecommunications with the introduction of WWW and Gopher. The internet communication was upgraded to 1.5mbps in 1995 with increase of data transmission within JARING. In the same year, JARING was able to get access in 16 major cities which is Damansara, Petaling Jaya, Shah Alam, Bangi, Melaka, Seri Gading, Johor Bahru, Ipoh, Pulau Pinang, Alor Setar, Kuala Terengganu, Kota Bharu, Kuantan, Kuching, Kota Kinabalu and Kuala Lumpur.

Since then, Malaysia has rapidly increasing its broadband download speed and broadband penetration has performed well compared to Southeast Asian countries. To enable more internet access, JARING signed MOU with many private companies that allowed public to get more support for accessing Internet. The Internet connectivity in Malaysia becomes faster when Malaysia signed MOU with AIH from Japan to increase Asia Pacific users both local and internationally. JARING also made installation of international link of 45Mpbs during Internet conference, INET 97. The number of Internet subscribers also increase from 100,000 to 300,000 in 1997.

This has created many opportunities for telecommunication companies to establish in Malaysia. During the 1990's and 2000's era, many telecommunication companies established to build telecommunication market due to increased network and speed of Internet connectivity. Thus, privatization took place to offer more telecommunication service to people. In 1986, Telecommunications Department of Malaya and Telecommunications Sabah and Sarawak form Telecommunications of Malaysia. This formation led to creation of Telekom Malaysia Berhad in 1987. It went to Stock Exchange of Malaysia now known as Bursa Malaysia in 1990. Today's Telekom Malaysia had the largest market share which has 96.7%. This growth gave focus for Telekom Malaysia to fully concentrate on telecommunication, Internet, and multimedia business.

There are other telecommunication companies which established during the year 2000's which is Digi, Maxis, Celcom etc. This telecommunication companies increase the social mobility of people to interact with one another after hand phone becomes necessity in people's daily life. Although, hand phone does not have Internet facility at that time, but it plays a major role of people connecting with one another and interacting by sending messages, video call and listening to music. This gives opportunity of many people to consume hand phones and sales of hand phone increase due to convenience of people using it.

During the early 2000's, Internet usage become popular in computer and laptops. The reliability of Internet depends on computer and laptops where many people able to surf Internet. Initially, people use Internet for chatting, email, and surfing website to gain knowledge. Certain organization took advantage of Internet by promoting their products in online. This gives many Internet users to know about new products which is available in the market. The era of Internet helps digital advertising through online where organization can advertise their products in

online. Many websites are created by organization to promote their products in online so that it will reach many people rather than promoting their products through printed and mass media. This will also reduce operating cost where organization does not need to fork out huge sum of money for advertising.

The digital advertising helps many companies to advertise products in online. Online advertising mostly display advertising which conveys message by text, logos, animation, photographs, or videos to promote their products. An advertiser targets multiple websites about a user's online activity. This is known as targeted advertising. Advertisers also target their audiences by contextual to deliver display ads related to the content of the web. Although, advertising became popular in online, but it does not create any enthusiasm among people to purchase product. Online advertising helps organization to promote product, but it does not help to increase sales as people need to buy items through store or shops to consume the product.

Online advertising later developed into online commerce or known as ecommerce. Ecommerce is the activity of buying products or services on online services of the Internet. Ecommerce websites allow consumers to purchase product through online without going to physical market or place to purchase item. There are many factors contribute to capability of ecommerce business to reach among people. One of the factors is increase in usage of ecommerce. Ecommerce will be useful when consumers feels that ecommerce business will give benefit to them. To improve online sales, retailers need to convince consumers to attract more people to purchase goods in online.

The development of ecommerce is taking shape among many international companies to give options to tap into market. To ensure this, the companies did proper planning by producing strategic sales and marketing plan to convert international consumers to purchase their product. The expectations of online commerce depend on whether the product can meet expectation from people. Ecommerce later developed as one of the popular options to provide online transaction and sales. Website are created to give options to buyer to choose variety of products in online. The consumers will have many choices to choose products to purchase which is easy and fast for them rather than experiencing outdoor shopping which consume more time.

At beginning, ecommerce is not attractive, and many people still prefer to do outdoor shopping because the reliability of online shopping is limited. This is because Internet facility was at computer and laptops only. Internet options became limited due to accessibility was not available at many places. In the early 2010, the technology of hand phone changed the perceptions of people mindset. Hand phone which was a necessity in people's daily life take a turn when smartphone was introduced at that time. The introduction of Apple and Samsung phone became viral due to their inclusion of Internet facility. Many people changed their hand phones to smartphones which enable them to use mobile phone together with Internet. This gives them more accessibility to use internet without relying on computer and laptops.

The development of smartphone allows many users to communicate among each other through mobile phone. The introduction of WhatsApp in smartphone device enables many people to use Internet often. The usage of smartphone increased which makes ecommerce to take different shape into entering digital marketing. Many organizations created website to sell their products in online. The sales of ecommerce started to increase when the level of Internet penetration become high after many people started to use smartphone. Ecommerce becomes

necessity in people's life same as hand phone today because ecommerce business replacing many businesses such as grocery, food, fashion, home appliances, electronic items etc.

Online Shopping growth in Malaysia

Malaysian are known as big spenders on purchasing products and service. During the early 1990's, shopping complexes has been established in Malaysia for people to shop for products. Malaysian spending habit has changed tremendously due to household income increase in the early 1990's. Job opportunities and economic growth in Malaysia has increased and this gives opportunity for many Malaysian to improve their lifestyle. Household incomes increment also increase Malaysian purchasing habit. Many Malaysian who was purchasing items such as grocery and pantry items tend to change their shopping habit by purchasing products such as fashion, accessories, electronic etc.

This gives opportunities for many shopping complexes to be established in Malaysia. Before the emergence of Internet, many Malaysians prefer outdoor shopping. Shopping complexes are built with car parking to give convenience for consumers to shop in shopping complex. The development of shopping complex began when Malaysians are purchasing basic items such as grocery items and clothing items. Initially, departmental stores were established to meet consumers demand for the product. Departmental stores such as Giant, Bintang, Mydin have established to give options of people to shop variety of products. When consumers' income keeps on increasing, the demand also got increased. Many consumers started to purchase more products and departmental stores such as Giant later developed into hypermarket.

Departmental stores and hypermarket were ruling the roost in Malaysia which have established in many places for convenience of consumers to purchase product. Consumers enjoy outdoor shopping, and this gives another opportunity for departmental stores and hypermarket to develop into shopping complexes. During the early 2000's, shopping complexes developed into mega complex, which is AEON Big, Berjaya Times Square, Suria KLCC etc. Shopping complexes became popular which it includes restaurant and entertainment outlet. This makes many people to visit shopping mall and shopping mall also contributed to the economic growth in this country.

In the early 2010's. android phone became famous among people. Hand phones which was only a device which connects with people became popular when it includes internet, and the usage of Android phone became popular. The usage of hand phone increase and there are many phones available with Internet facility such as Samsung and Apple phone. Although, android phones were popular, but many Malaysian people prefer outdoor shopping because the consumer can buy directly and able to see product display in store rather than buying products from online. Furthermore, consumers trust outdoor shopping because they can see the product in a detailed manner.

The emergence of online shopping started to happen when advancement of technology happened after 2010. Although outdoor shopping is popular but due to advancement of technology, many websites are created to sell their products in online. In beginning, online shopping was not popular but it started to become popular when people started to have confidence on buying product from online. According to Wei L.H, Osman, M.A Zakaria, N &Bo. T (2010), confidence is important factor for people to purchase products from online. The reliability of website is important factor for people to purchase products from online. This makes people to continue to pursue online shopping due to reliability of website.

According to Paynter John, Lim, Jackie (2001), online shopping eliminates traditional method purchasing which is time consuming such as issuing purchase order, getting approval and tracing invoices which could lead to high transaction cost. Online shopping will automate this process which helps companies to increase speed and reduce the cost of purchasing transaction. Customers also could reach a company within 24 hours. This will create new market and segments which increase business competitive advantage. Moreover, selling online products also reduce other cost such as rental or buying a space to operate business. Online shopping also could provide more benefits such as interactive communication, speed of delivery which will only be available through online shopping.

Figure 1: Malaysia: Consumer Spending
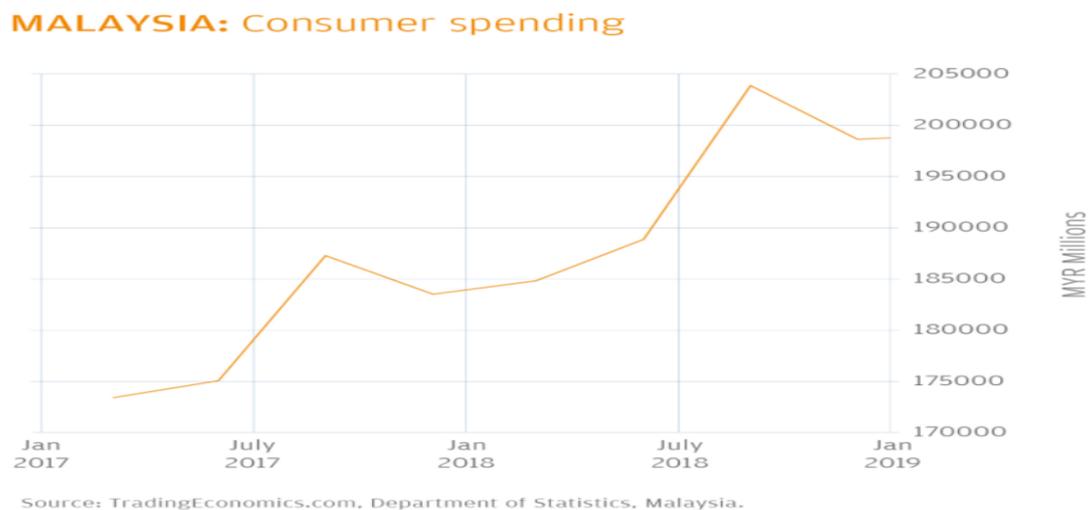
Source: Trading Economics.com Department of Statistics Malaysia.

According to TradingEconomies.com, annual sales have increased significantly since 2017 for ecommerce in Malaysia. Malaysia has high internet penetration of 80.1 percent which is higher compared to other Southeast Asian countries. The Malaysian government plans to increase internet penetration to 90 percent. The online shopping categories include travel which contribute 39 percent of ecommerce. Meanwhile consumer electronics categories contribute around 17.3 percent and furniture and household categories contributes around 13 percent.

Although Malaysia has 4-year growth, but half of Malaysian population not yet shop online. This is because there are some Malaysian people age above 40 years old still prefer to do outdoor shopping. They believe that outdoor shopping is easy, and they can buy directly from shop rather than purchasing it online. There are 16 million shoppers who are not purchasing products from online. The average age of people purchasing online shopping is 24 years' old which is tech savvy. Among Generation, X. Y and Z, Generation Z are known as tech savvy and has technological knowledge compared to Generation X and Y. Generation Z which born in the late 2000's is started to use digital technology and they are comfortable using Internet and social media.

Even tough, Malaysian ecommerce market is in a modest growth, but many Malaysian are using their smartphones to purchase products from online. Around 62 percent of Malaysian people are using smartphone to purchase product from online. Currently Malaysian Internet penetration is 63.9 percent. There are 47 percent of all ecommerce transaction are done through

mobile phones. Shopping through mobile device is expected to increase at 31.4 percent in the following year 2021. This is because many domestic banks are encouraging digital payment system for ecommerce. Thus, this will encourage many people to consume products through online.

However, during Covid-19, there are many people are spending less and prefer to save more due to uncertainty of job security and income. People are more cautious of spending money and only purchase more essential things such as grocery items, household items, health items and etc. But Malaysian people are spending more time on online and showing willingness to purchase online items. Malaysian government which announced stimulus package to support the Malaysian economy during uncertain times will provide relief for Malaysian people to continue purchase product. Thus, online shopping will be in demand because many consumers will not go out to do shopping and prefer to purchase products from online.

According to MIDA, income from ecommerce transactions between 2015 and 2017 grew around 6% on which there is an increase of RM50 billion according to Department of Statistics of Malaysia. In Malaysia, the famous shopping website is Lazada and Shopee. According to iPrice Group, Shopee are the highest industry with highest consumer downloads of its mobile application. Apart from local players, international players such as Taobao and AliExpress remains prominent in Malaysia. International sales in Malaysia are high which accounts four out of 10 transactions of e-commerce in this country. The top three countries doing international sales are China, Singapore, and Japan. Moreover, Malaysia reported a low number of frauds in online transaction which only accounts 0.02 percent. This shows that ecommerce is business friendly and trustable by people.

The shopping habit is changing due to many external factors such as price, environmental etc. The growth of ecommerce is continuing to grow because the adoption of ecommerce is growing every year. People are finding it easy to adopt to ecommerce due to flexibility of using it. E-commerce mostly use by large companies to promote their products. This is because many large companies have the resources to promote their business. But for small and medium sized companies are not able to adopt to ecommerce. This is because they lack human resource, IT resources, security issues, internal constraints etc. The ecommerce trading is usually beneficial for large companies and they can generate profit due to their ecommerce business.

The future of ecommerce will continue to grow because Malaysian are slowly adopting to digital economy. Furthermore, customers will also be willing to shop for new products categories. Purchase of product will become more digital, and consumers will feel satisfied when buying new products from online. Although ecommerce is booming in Malaysia, there are numerous challenges ecommerce transaction is facing. One of the challenges of ecommerce is delivery. Delivery process is important in ecommerce business because the reliability of ecommerce depends on delivery process. Ecommerce business must invest in delivery process to reduce disadvantages in ecommerce business. Delivery process is important so that it will build trust and confidence for people to continue to pursue online shopping.

Furthermore, competition is another challenge which ecommerce business is facing. Ecommerce business must maintain competitive price, product, and service to attract consumers to pursue their products and services. This can be accomplished by making their website more attractive and professional. Moreover, ecommerce business also needs to offer unique products or service to attract consumer to pursue their products or service. Ecommerce

also can overcome price competition by selling niche products so that it can cater niche market which is not available in the general market.

Conclusion

Consumer satisfaction will give motivation for people to continue to pursue online shopping. In a recent online survey conducted by UOW Malaysia KDU Business School, 76 percent of Malaysian pay 5% premium on online shopping for three reasons which is convenience, value, and benefits. This is because online shopping is safe and during Covid-19 crisis, it helps people to get products they wanted. This gives satisfaction for people to pursue online shopping further and avoids people to get Covid-19 infections. Online shopping avoids risk of getting Covid-19 infections because consumers can order online by staying at home without doing outdoor shopping. Online shopping becomes a necessity during Covid-19 because many people can shop online by staying at home without having move to another place.

Moreover, without Covid-19, Malaysia internet economy rose at 21% with ecommerce able to drive strong economic growth. This is because people can adopt digital platform very fast, and it slowly becomes necessity rather than become a choice. Digital adoption will help people to influence to do online shopping more.

References

Paynter, J., & Lim, J. (2001). Drivers and impediments to e-commerce in Malaysia. Malaysian Journal of Library & Information Science, 6(2), 1-19.

Rudansky-Kloppers, S. (2017). Key factors influencing the online buying decision when purchasing products in specific product categories. African journal of science, technology, innovation and development, 9(1), 43-54.

Reyes-Mercado, P., & Rajagopal. (2015). Driving consumers toward online retailing technology: Analyzing myths and realities. Journal of Transnational Management, 20(3), 155-171.

Lim, Y. J., Osman, A., Manaf, A. H. A., & Abdullah, S. (2015). The mediating effect of consumers' purchase intention: A perspective of online shopping behavior among generation Y. Journal of Marketing and Consumer Research, 18, 101-112.