

**AN ANALYSIS ON FACTORS INFLUENCING INTERNATIONAL
ONLINE SHOPPING: INDONESIAN PERSPECTIVE.**

CINDY AUGUSTIE

UNIVERSITI UTARA MALAYSIA

JUNE 2014

**AN ANALYSIS ON FACTORS INFLUENCING INTERNATIONAL
ONLINE SHOPPING: INDONESIAN PERSPECTIVE.**

A thesis submitted to the Faculty of International Studies in partial fulfillment of
requirement for the degree Master of Science (International Business) Universiti Utara

Malaysia

CINDY AUGUSTIE

Copyright © CINDY AUGUSTIE, 2014. All right reserved.

PERMISSION TO USE

In presenting this thesis in partial fulfillment of the requirements for a postgraduate degree of Master of Science (IB) from the Universiti Utara Malaysia, I agree that the University make it freely available for inspection. I further agree that permission for copying this thesis in any manner, in whole or in part, for scholarly purpose may be granted by my supervisor or, in her absence, by the Dean of the Centre for Graduate Studies. It is understood that due recognition shall be given to me and to University Utara Malaysia for any scholarly use which may be made of any material from my thesis.

Request for permission to copy or to make other uses of material in this thesis, in whole or in a part should be address to:

Dean of Centre for Graduate Studies

Universiti Utara Malaysia

06010 Sintok, Kedah Darulaman

Malaysia

ABSTRACT

The advancement in information technology does bring impacts in our daily lives. This includes our purchasing method. Buying products from international online store has become an alternative way to shop and has been widely used all over the world. The general purpose of this study is to examine the adoption of purchasing products from international web site among Indonesian customers. Applying a survey data from 122 Indonesian respondents in Jakarta, this study attempts to examine the impact of website quality and dependability on the international online product purchasing and customer satisfaction. From website quality perspective, the current study investigates the effects of ease of use, perceived usefulness and cultural adaptation on international online product purchasing. As for dependability, three factors, trust, reliability and cultural adaptation, have been identified as critical in influencing international online product purchasing. The types of analysis being done are descriptive analysis and correlation analysis. Based on the findings, all factors appear significant. It shows that all website quality and dependability factors are important and have to be taken into consideration by the online vendors in order to capture higher demand from foreign customers.

ACKNOWLEDGEMENT

Alhamdulillahirrabilalamin. All praise is due to Allah, who has allowed me to complete this dissertation project. This dissertation project has given me so much experience in enhancing knowledge. I learned a lot in process of making of this study, and I know it can be useful for me in the future.

Therefore, in this occasion, I would like to say a million thanks and appreciation to my kindly hearted supervisor, Dr. Norsafinas Md. Saad, who never gets tired to guide and advise me in the process to finish this dissertation project. Her commitment to this dissertation project motivates me to complete this dissertation.

Last but not least, I will not forget to express my gratitude and my highest appreciation to my families, especially to my mom, my dad, and my sister for their unending supports and encouragement to always move forward. For the loved one, Adriansyah, thank you for your support and patience. I will never forget all the prayers, advice, and sacrifice throughout my studies over the years.

Others who involved in this dissertation, whether directly or indirectly, are also highly valued. Only Allah can repay all your kindness. I hope Allah blesses our effort, and it can be beneficial for our future. Ameen.

Wassalam.

TABLE OF CONTENT

CERTIFICATE OF PROJECT PAPER	i
PERMISSION TO USE	ii
ABSTRACT	iii
ACKNOWLEDGEMENT	iv
TABLE OF CONTENT	v
LIST OF TABLE	x
LIST OF FIGURES	xii
LIST OF ABBREVIATIONS	xiii
CHAPTER ONE: INTRODUCTION	
1.1. Background of the Study	1
1.2. Problem Statement	5
1.3. Research Question	7
1.4. Research Objective	7
1.5. Scope of Study	8
1.6. Significance of Study	8
1.7. Definition of Terms	10
1.8. Summary	12

CHAPTER 2: LITTERATURE REVIEW

2.1. Introduction	13
2.2. Theoretical Framework	14
2.2.1. Technology Acceptance Model (TAM)	14
2.3. Factors Influencing Buying Product from International Online Store	15
2.3.1. Website Quality	15
2.3.1.1. Ease of Use	17
2.3.1.2. Perceived Usefulness	19
2.3.1.3. Cultural Adaptation	20
2.3.2. Dependability	23
2.3.2.1. Trust	24
2.3.2.2. Reliability	27
2.3.2.3. Product Quality	28
2.4. Implementation of International Product Purchasing and Customer Satisfaction	30
2.5. Research Framework	34
2.6. Summary	34

CHAPTER 3: RESEARCH METHODOLOGY

3.1. Research Design	35
3.2. Data Collection	36
3.3. Research Location	37
3.4. Sampling Design	37
3.5. Questionnaire Design	38
3.5.1. Measurement Instrument Development	39
3.5.1.1. Website Quality Construct	40
3.5.1.2. Dependability Construct	43
3.5.1.3. International Product Purchasing Construct	46
3.5.1.4. Customer Satisfaction Construct	47
3.5.3. Pilot Test	48
3.6. Data Analysis	49
3.7. Summary	50

CHAPTER 4: FINDINGS

4.1. Sample of Study	51
4.2. Data Cleaning and Screening	52
4.3. Background of the Respondents	52
4.4. Descriptive Statistic of the Variables	58
4.5. Hypothesis Testing	62
4.6. Summary	70

CHAPTER 5: DISCUSSION

5.1. Website Quality and International Product Purchasing	71
5.2. Dependability and International Product Purchasing	73
5.3. International Product Purchasing and Customer Satisfaction	74
5.4. Summary	75

CHAPTER 6: CONCLUSION AND RECOMMENDATION

6.1. Introduction	76
6.2. Implication of the Study	78

6.2.1. Theoretical Implication	78
6.2.2. Managerial Implication	80
6.3. Limitation and Recommendation for Future Research	81
6.4. Conclusion	81
6.5. Summary	82

REFERENCES

APPENDIX

LIST OF TABLE

Table 1.1: Definition of terms	10
Table 3.1: Ease of Use Construct	41
Table 3.2: Perceived Usefulness Construct	42
Table 3.3: Cultural Adaptation Construct	43
Table 3.4: Trust Construct	44
Table 3.5: Reliability Construct	44
Table 3.6: Product Quality Construct	45
Table 3.7: International Product Purchasing Construct	46
Table 3.8: Customer Satisfaction Construct	47
Table 4.1: Respondent Demographic Factors	53
Table 4.2: Respondent According To Age	53
Table 4.3: Means and Standard Deviation for Ease of Use	58
Table 4.4: Means and Standard Deviation for Perceived Usefulness	59
Table 4.5: Means and Standard Deviation for Cultural Adaptation	60
Table 4.6: Means and Standard Deviation for Trust	60

Table 4.7: Means and Standard Deviation for Reliability	61
Table 4.8: Means and Standard Deviation for Product Quality	62
Table 4.9: Correlation between Ease of Use and IPP	64
Table 4.10: correlation between Perceived Usefulness and IPP	64
Table 4.11: Correlation between Cultural Adaptation and IPP	65
Table 4.12: Correlation between Trust and IPP	66
Table 4.13: Correlation between Reliability and IPP	67
Table 4.14: Correlation between Product Quality and IPP	68
Table 4.15: Correlation between IPP and Customer Satisfaction	69
Table 4.16: Pearson Correlation	70

LIST OF FIGURES

Figures 2.1: Research Framework	34
Figure 4.1: Education Level of Respondents	54
Figure 4.2: Occupation of the Respondents	54
Figure 4.3: Salary Range of the Respondents	55
Figure 4.4: Type of Product Bought by Respondents	56
Figure 4.5: Country of Origin of the Products	56
Figure 4.6: Respondents' Shopping Frequency	57
Figure 4.7: Respondents' Main Reason of Shopping Online	58

LIST OF ABBREVIATIONS

TAM Technology Acceptance Model

IPP International Product Purchasing

EOU Ease of Use

PU Perceived Usefulness

CHAPTER 1

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Nowadays, our lives are so much changed because of major technological developments. Technology helps simplify people's job, not only for work but also assists us from simple to the big and crucial things we do every day. Technology also affects the way customers shop. It changes the way they shop, from traditional shopping to online shopping which has become very popular now. One of the most crucial elements of technology today is the internet. It has spread into all sectors of life and people all over the world have begun to take advantage of its' benefits. Internet is used by all regardless of age, gender, culture, and educational background.

According to the Global Internet Survey (2012), people use the internet at least once a day to check their email, social media like Facebook, Twitter, LinkedIn, Google+, Pinterest and Foursquare. They also use internet-based audio or video conference, like Skype and WebEx, and instant messaging and audio or video streaming such as YouTube and Pandora. The internet phenomenon is also affecting many Asian countries. Based on Internet World Stats (Usage and Population Statistics) data, for Asian scope, the population is estimated at 3,922,066,987 people in 2012 and the internet users in Asia are as much as 1,076,681,059 users and 27.5% in rate penetration as of June 2012. Based on these facts, it shows that there is a huge potential in starting an online business. It is also a good platform for companies to widen their market and improve sales.

The contents of
the thesis is for
internal user
only

REFERENCES

- Bansal, H., Dougal, G., Dikolli, S. and Sedatole, K. (2004). "Relating e-satisfaction to behavioral outcomes", *Journal of Services Marketing*, Vol. 18 No. 4, pp. 290-302.
- Cheng, S., Tsai, M., Cheng, N. and Chen, K. (2012), "Predicting intention to purchase on group buying website in Taiwan, virtual community, critical mass and risk", *Online Information Review*, Vol. 36 No. 5, pp. 698-712.
- Chiu, C., Lin, H., Sun, S. and Hsu, M. (2008). "Understanding customers' loyalty intentions towards online shopping: an integration of technology acceptance model and fairness theory".
- Chiu, C., Lin, H., Sun, S. and Hsu, M. (2009). "Understanding customers' loyalty intentions towards online shopping: an integration of technology acceptance model and fairness theory", *Behavior & Information Technology*, Vol. 28 No. 4, pp. 347-360.
- Dawson, S. and Kim, M. (2009). "External and internal trigger cues of impulse buying online", *Direct Marketing: An International Journal*, Vol. 3 No. 1, pp. 20-34.
- Edosomwan, S., Prakasan, S., Kouame, D., Watson, J. and Seymour, T. (2011). "The History of Social Media and its Impact on Business", *The Journal of Applied Management and Entrepreneurship*, Vol. 16 No. 3.
- Garcia, R., Romeo, A. and Subira, E. (2013). "Cross-cultural differences in the content and presentation of web sites" *Kybernetes*, Vol. 42 No. 5, pp. 766-784.

- George (2004). "The theory of planned behavior and internet purchasing", *Internet Research*, Vol. 14 No. 3, pp 198-212.
- Heung, V. (2003). "Internet usage by international travellers: reason and barriers", *International Journal of Contemporary Hospitality Management*.
- Jakpar, S., Na, A., Johari, A. and Myint, K. (2012). "Examining the Product Quality Attributes That Influences Customer Satisfaction Most When the Price Was Discounted: A Case Study in Kuching Sarawak". *International Journal of Business and Social Science*, Vol. 3 No. 23, pp. 221-233.
- K, Hemamalini (2013). "Influence of Product Types on Consumer's Attitude towards Online Shopping: An Empirical Study in the Indian Context", *International Journal of Marketing Studies*, Vol. 5 No. 5.
- Kim, S. and Jones, C. (2009). "Online shopping and moderating role of offline brand trust", *Direct Marketing: An International Journal*, Vol. 3 No. 4, pp. 282-300.
- Kim, J. and Lennon, S. (2010). "Information available on a web site: effects on consumers' shopping outcomes", *Journal of Fashion Marketing and Management*, Vol. 14 No.2, pp. 247-262.
- LeBlanc, R. and Jr, N. (2001). "Cross-cultural consumer decisions: consideration sets – a marketing universal?", *Marketing Intelligence & Planning*.
- Lee, G. and Lin, H. (2005). "Customer perceptions of e-service quality in online shopping", *International Journal of Retail & Distribution Management*, Vol. 33 No. 2.

- Li, N. and Zhang, P. (2002). "Consumer Online Shopping Attitudes and Behavior: An Assessment of Research", *Eighth Americas Conference on Information System*.
- Lucero, C. (2008). "A relationship model between key problems of international purchasing and the post-purchase behavior of industrial firms", *Journal of business & Industrial Marketing*, Vol. 23 No. 5, pp 332-341.
- Martin, S. and Camarero, C. (2008), "Consumer Trust to a Web Site: Moderating Effect of Attitudes toward Online Shopping", *Cyber Pshychology & Behavior*, Vol. 11 No. 5, pp 549-554.
- Monsuwe, T., Dellaert, B. and Reyter, K. (2004), "What drives consumers to shop online? A literature review", *International Journal of Service Industry Management*, Vol. 15 No. 1, pp. 102-121.
- Sahney, S., Ghosh, K. and Shrivastava, A. (2013). "Conceptualizing consumer 'trust' in online buying behavior: an empirical inquiry and model development in Indian context", *Journal of Asia Business Studies*, Vol. 7 No.3.
- Singh, N. and Matsuo, H. (2002), "Measuring cultural adaptation on the web: a study of US and Japanese web sites", *Advances in Consumer Research*, Vol. 29.
- Singh, N., Zhao, H. and Hu, X. (2003), "Cultural Adaptation on the web: a study of American companies' domestic and Chinese web sites", *Journal of Global Information Management*, Vol. 11 No. 3, pp. 63-80.

Singh, N., Kumar, V. and Baack, D. (2004), "Adaptation of cultural content: evidence from B2C e-commerce firms", *European Journal of Marketing*, Vol. 39 No. ½, pp.71-86.

Singh, N., Zhao, H. and Hu, X. (2005), "Analyzing the cultural content of web sites; A cross-national comparison of China, India, Japan and US", *International Marketing Review*, Vol. 22 No. 2, pp. 129-146.

Warden, C., Liu, T., Huang, C and Lee, C. (2003). "Service failures away from home: benefits in intercultural service encounters", *International Journal of Service Industry Management*, Vol. 14 No. 4, pp. 436-457.

APPENDIX

APPENDIX 1 - QUESTIONNAIRE



RESEARCH QUESTIONNAIRE

Dear Sir/Madam,

My name is Cindy Augustie, a postgraduate student from Universiti Utara Malaysia, taking MSc. International Business. I am conducting a survey which entitled: **An Analysis on Factors Affecting International Online Shopping: An Indonesian Perspective.**

The following survey has been developed to collect data required for the completion of a project paper at the Universiti Utara Malaysia's Graduate School of Business. Your participation will remain completely anonymous. The information you provide will be used for academic research purposes only and will be kept strictly confidential. Your willingness to complete the survey is greatly appreciated.

Please provide the response for each item that best representative your own perception. I shall feel obliged if you could kindly cooperate with us to maximum degree of response in order to make this research a very successful one. May Allah bless you.

Ameen

If you have any clarification, please do not hesitate to contact me:

Cindy Augustie
Ghazalie Shafi Graduates School of Government
Universiti Utara Malaysia
e-mail: cindyaugustie@yahoo.com

SECTION A: PERSONAL INFORMATION

Instruction: Kindly answer the following questions. Your cooperation in providing the correct answers is greatly appreciated. Tick (/) or write which ever appropriate.

- 1) Gender
 - Male
 - Female

- 2) Age
 - 18-25 years
 - 26-33 years
 - 33-40 years
 - 40-47 years
 - 47-54 years
 - 54-60 years
 - 60 years and above

- 3) Highest Level of Education
 - SMP
 - SMA
 - Bachelor Degree
 - Master Degree
 - Others (Please state)

- 4) Occupation, please state _____

- 5) Salary
 - Below Rp 3.000.000,00
 - Rp 3.000.000,00 – Rp 4.499.999,00
 - Rp 4.500.000,00 – Rp 5.999.999,00
 - Rp 6.000.000,00 – Rp 7.499.999,00
 - Rp 7.500.000,00 – Rp 10.000.000,00
 - Rp 10.000.000,00 above

- 6) Please state **ONE** type of product you usually buy from international online _____

- 7) Please state (**ONLY ONE**) which country is your selected international online originated from _____

- 8) How often do you shop from international online website?
 - Every time
 - Every week
 - Every month
 - Every 6 month
 - Once a year
 - Others, please specify _____

- 9) **ONE** main reason why you buy the products from international websites:
 - Product quality
 - Convenience
 - Unavailable locally
 - Social status
 - Cheaper price

SECTION B: WEBSITE QUALITY

Please read the following statements and **TICK (/)** based on the scale how much you agree with each statement. *Silahkan baca pernyataan di bawah ini dan beri tanda ceklis (/) pada pernyataan yang paling sesuai dengan jawaban anda.*

1 = strongly disagree	2 = disagree	3 = neutral	4 = agree	5 = strongly agree
-----------------------	--------------	-------------	-----------	--------------------

	PLEASE PROVIDE YOUR ANSWERS BASED ON YOUR FAVOURITE INTERNATIONAL ONLINE STORE THAT YOU HAVE PREVIOUSLY BOUGHT PRODUCT FROM.	1	2	3	4	5
1.	It is easy to become skillful at using the website.					
2.	Learning to operate the web site is easy.					
3.	The web site is flexible to interact with.					
4.	My interaction with the web site is clear and understandable.					
5.	The web site is easy to use.					
6.	The web site enables me to search and buy goods faster.					
7.	The web site enhances my effectiveness in goods searching and buying.					
8.	The web site makes it easier to search for and purchase goods.					
9.	The web site increases my productivity in searching and purchasing goods.					
10.	The web site is useful for searching and buying goods.					
11.	The web site reflects aspects of my country's culture.					
12.	The image, colors, information, and symbols on the site are reflective of my country.					

SECTION C: DEPENDABILITY

Please read the following statements and **TICK (/)** based on the scale how much you agree with each statement. *Silahkan baca pernyataan di bawah ini dan beri tanda ceklis (/) pada pernyataan yang paling sesuai dengan jawaban anda.*

1 = strongly disagree	2 = disagree	3 = neutral	4 = agree	5 = strongly agree
-----------------------	--------------	-------------	-----------	--------------------

	PLEASE PROVIDE YOUR ANSWERS BASED ON YOUR FAVOURITE INTERNATIONAL ONLINE STORE THAT YOU HAVE PREVIOUSLY BOUGHT PRODUCT FROM.	1	2	3	4	5
1.	Based on my experience with the online store in the past, I know it is honest.					
2.	Based on my experience with online store in the past, it is not opportunistic.					
3.	Based on my experience with the online store in the past, I know it keeps its promises to customers.					
4.	Based on my experience with the online store in the past, I know it is trustworthy.					
5.	The quality and quantity of the product I received was exactly the same as I ordered.					
6.	The product I ordered was delivered to me within the time promised by the online store.					
7.	The billing process was accurately handled.					
8.	The online store responded to my inquiry promptly.					
9.	When the online store promised to e-mail or call me by certain time, it did so.					
10.	The system of the web site rapidly retrieved the information I requested.					
11.	Detailed information is provided regarding the range of products offered.					
12.	Compliance with promised quality and delivery term conditions.					
13.	The online store offer good price quality level product.					
14.	The online store offer customized products.					
15.	The online store offer wide range of products.					

SECTION D: INTERNATIONAL PRODUCT PURCHASING

Please read the following statements and **TICK (/)** based on the scale how much you agree with each statement.
Silahkan baca pernyataan di bawah ini dan beri tanda ceklis (/) pada pernyataan yang paling sesuai dengan jawaban anda.

1 = strongly disagree	2 = disagree	3 = neutral	4 = agree	5 = strongly agree
-----------------------	--------------	-------------	-----------	--------------------

	PLEASE PROVIDE YOUR ANSWERS BASED ON YOUR FAVOURITE INTERNATIONAL ONLINE STORE THAT YOU HAVE PREVIOUSLY BOUGHT PRODUCT FROM.	1	2	3	4	5
1.	I enjoy buying over the internet.					
2.	Buying over the internet is cheaper than buying in a store.					
3.	Buying over the internet is quicker than buying in a store.					
4.	Buying over the internet is more efficient than buying in a store.					
5.	I like shopping online.					

SECTION E: CUSTOMER SATISFACTION

Please read the following statements and **TICK (/)** based on the scale how much you agree with each statement.
Silahkan baca pernyataan di bawah ini dan beri tanda ceklis (/) pada pernyataan yang paling sesuai dengan jawaban anda.

1 = strongly disagree	2 = disagree	3 = neutral	4 = agree	5 = strongly agree
-----------------------	--------------	-------------	-----------	--------------------

	PLEASE PROVIDE YOUR ANSWERS BASED ON YOUR FAVOURITE INTERNATIONAL ONLINE STORE THAT YOU HAVE PREVIOUSLY BOUGHT PRODUCT FROM.	1	2	3	4	5
1.	I think I made a right decision by using this online store.					
2.	My shopping expectations have been met by this online store.					
3.	My shopping experience on this online store has been satisfactory.					
4.	I am happy with the product I have bought from this online store.					
5.	I am generally happy with the service provided by this online store.					