THE ROLE OF MATERIALISM ON CONSUMER PERCEIVED VALUES AND ONLINE IMPULSE BUYING BEHAVIOUR AMONG GENERATION Y IN MALAYSIA

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by

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DEDICATION

This is for you, Amma

When God was making mothers,
As far as I can see,
He spent a lot of time on one,
And saved that one for me…

He made a perfect woman,
Compassionate and kind,
With more patience and affection,
Than you could hope to find…

He gave this lovely lady,
A heart of solid gold,
And after God had finished,
He must have broken the mould…

ACKNOWLEDGEMENT

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LIST OF ABBREVIATIONS

AKPK   Agensi Kaunseling dan Pengurusan Kredit

AVE   Average Variance Extracted

CB-SEM   Covariance Based Structural Equation Modelling

CIFE   Consumption Impulse Formation Enactment

CR   Composite Reliability

F^2 Effect Size

FOMCA   Federation of Malaysian Consumers Associations

HTMT   Heterotrait-Monotrait Ratio of Correlations

ICT   Information and Communications Technology

MIS   Management Information System

MR   Mood-Relevant

NGO   Non-Governmental Organisation

PLS   Partial Least Squares

PLS-SEM   Partial Least Squares-Structural Equation Modelling

Q^2 Cross Validated Redundancy

R^2 Co-Efficient of Determination

SCT   Social Capital Theory

SNS   Social Networking Sites

S-O-R   Stimulus-Organism-Response Model

S-R   Stimulus-Response

TCV   Theory of Consumption Values

TR   Task-Relevant

UCLA   University of California, Los Angeles

PERANAN MATERIALISME KE ATAS TANGGAPAN NILAI KONSUMER DAN TINGKAH LAKU MEMBELI SECARA IMPULSIF DALAM TALIAN DI KALANGAN GENERASI Y DI MALAYSIA

ABSTRAK

Tingkah laku membeli secara impulsif dalam talian telah memperolehi kepentingan dengan kemajuan Internet. Di Malaysia, Generasi Y telah dikenal pasti sebagai generasi yang paling aktif di Internet yang menjelaskan penglibatan yang tinggi dalam membeli-belah dalam talian. Memandangkan Generasi Y mempunyai nilai-nilai yang menonjol seperti nilai emosi, sosial dan epistemik, persoalan timbul samada nilai-nilai tersebut mempengaruhi Generasi Y ke arah sikap materialistik yang kemudiannya berakhir dengan tingkah laku membeli secara impulsif dalam talian. Oleh itu, objektif kajian ini adalah untuk mengkaji peranan nilai emosi, perhubungan sosial, perikatan sosial dan nilai epistemik terhadap tingkah laku membeli secara impulsif dalam talian melalui materialisme. Kajian ini menggabungkan tiga teori iaitu Model Rangsangan Organisma Tindak Balas (ROT), Teori Penggunaan Nilai (TPN) dan Teori Modal Sosial (TMS). Sebanyak tiga ratus dua belas responden telah mengambil bahagian dalam kajian ini soal selidik dalam talian. Hasil kajian menunjukkan bahawa nilai emosi dan nilai epistemik telah memberi kesan kepada semua dimensi materialisme (kejayaan, kepentingan, kegembiraan). Perhubungan sosial hanya mempengaruhi satu dimensi materialisme iaitu kebahagiaan manakala perikatan sosial memberi impak kepada kejayaan dan kebahagiaan. Ketiga-tiga dimensi materialisme mempunyai kesan signifikan yang positif terhadap tingkah laku

membeli secara impulsif dalam talian. Tambahan pula, kajian juga mendapati bahawa kejayaan menjadi hubungan pengantara di antara nilai emosi, perikatan sosial, nilai epistemik dan tingkah laku membeli secara impulsif dalam talian. Seterusnya, kepentingan bertindak sebagai pengantara untuk nilai emosi dan tingkah laku secara impulsif dalam talian sahaja. Akhir sekali, kegembiraan menjadi hubungan pengantara antara perhubungan sosial, perikatan sosial, nilai epistemik dengan tingkah laku membeli secara impulsif dalam talian. Berdasarkan hasil kajian, sumbangan secara teori dan praktikal telah dibincangkan. Batasan kajian ini telah diakui dan cadangan untuk penyelidikan masa depan juga diberikan.

THE ROLE OF MATERIALISM ON CONSUMER PERCEIVED VALUES AND ONLINE IMPULSE BUYING BEHAVIOUR AMONG GENERATION Y IN MALAYSIA

ABSTRACT

Online impulse buying behaviour has been gaining importance with the advancement of the Internet. In Malaysia, Generation Y have been found to be the most active generation on the Internet which explains their high involvement in online shopping. As Generation Y has certain prominent values such as emotional, social and epistemic values, the question arises on whether these values influence Generation Y towards materialistic attitude which subsequently ends in online impulse buying behaviour. Therefore, this study aimed to examine the role of emotional value, social bridging, social bonding and epistemic value on online impulse buying behaviour through materialism. The study incorporates three theories which are the Stimulus-Organism Response Model (SOR), Theory of Consumption Values (TCV) and Social Capital Theory (SCT). A total of three hundred and twelve respondents participated in this study via online survey method. The results revealed that emotional value and epistemic value affect all the dimensions of materialism (success, centrality, happiness). Social bridging influences happiness only while social bonding impacts success and happiness. All three dimensions of materialism have a significant positive impact on online impulse buying behaviour. In addition, the study also found that success mediates the relationship between emotional value, social bonding, epistemic value and online impulse buying behaviour. Next, centrality acts as a mediator for

emotional value and online impulse buying behaviour only. Finally, happiness mediates the relationship between social bridging, social bonding, epistemic value and online impulse buying behaviour. Based on the results, theoretical and practical contributions were discussed. Limitations of the study were acknowledged and suggestions for future research were also provided.

CHAPTER 1

INTRODUCTION

1.0   Introduction

This chapter offers an overview of the current research encompassing the background of the study, problem statement, research objectives and research questions. Furthermore, this chapter discusses the significance of the study and the definition of key terms as well as the organisation of the research.

1.1   Background of Study

The Internet has proliferated vastly and has become a crucial marketing platform all over the world, resulting in a dramatic increase in the number of online retailers as well as online shoppers in recent years (Goode & Harris, 2007). For the consumers, the Internet is considered as a treasured communication medium which facilitates the search for up-to-date information in a wide variety of decision-making situations, including online shopping (Nagar, 2016). Customers' increased interest in shopping through the online channels have encouraged several organisations to open electronic or digital stores where customers can shop anytime and almost from anywhere, making the Internet an integral part of a multichannel retail strategy and sometimes even an alternative channel for reaching out to consumers. This has been supported by Keng Kau et al. (2003) that with a growing number of shoppers patronising online stores, more retailers realise the need to sell their products and services using the online channel. In regards to the online buying behaviour, the following section provides an overview of the online purchasing phenomena worldwide and in Malaysia.

1.1.1 Online Buying Behaviour Worldwide

In today's world, the advancement of the Internet such as the information and communication technology (ICT) plays an integral part in various aspects of our lives. People have been using the Internet for communication, information exchange, business activities, entertainment, education and many other purposes. According to Statista.com (2016), currently, about 3.17 billion people access the Internet around the world with a majority of them coming from the Asia Pacific region. Over the years, internet penetration has been continuously growing, and the consumers who are involved in online buying activities have been increasing as well (Jayawardhena, 2004). Therefore, business entities have been expanding into the virtual environment to cater the requirements of the evolving consumer market and to ensure sustainability as well as profitability. Online buying behaviour is defined as the procedure of purchasing products or services through the Internet (Raman & Annamalai, 2011). As consumers worldwide are moving towards the online platform, more variety of products and services are available in this new marketplace.

Table 1.1 displays the product categories that consumers in the Asia Pacific have browsed and intended to purchase online. It appears that airline tickets and reservations top the list, followed by clothing, accessories and shoes at 49% on online browsing and 57% of online buying. According to Table 1.1, the buying intention on cosmetic products online is 43% and online browsing at 39%. Other than that, the table further shows that 41% of consumers' intent to browse and 44% plan on buying mobile phones online. Nielsen (2016) also reported that the top product categories purchased online are airline tickets and clothing with an increase in the purchasing intention since 2011.

Table 1.1 *Online Browsing and Buying Intentions in the Next 6 Months in the Asia Pacific Region*

Product Category	Online Browsing (%)	Online Buying (%)
Airline Tickets and Reservations	43	59
Clothing, Accessories and Shoes	49	57
Tours and Hotel Reservations	44	53
Event Tickets	39	50
Hardcopy Books	40	50
Mobile Phone	41	44
Cosmetics	39	43
Personal Care	38	43
E-Books	39	43
Sporting Goods	39	42
Electronic Equipment	43	41
Groceries	37	41
Toys and Dolls	33	40
Computer Hardware	39	36
Computer Software	36	33
Music (Not Downloaded)	36	33
Videos, DVDs and Games	35	32
Baby Supplies	28	29
Pet-related Products	25	26
Alcoholic Drinks	26	25
Flowers	22	21
Car, Motorcycle and Accessories	26	20

Source: Nielsen (2016)

UCLA (2001) stated that online shopping had been ranked in the third place as the most popular online activity after instant messaging and online browsing. Statista.com (2016) also indicated that online shopping is the most common activity in the cyberspace platform along with social networking, online video and online search. The significance of online buying activities is further confirmed by eMarketer (2016)'s report that online sales attained 22.05 trillion in 2016 worldwide. Moreover, online buyers are expected to reach 1.32 billion in 2016 (Statista.com, 2016). Nielsen (2016) also claimed that the Asia-Pacific region had the highest online buying rates compared to other continents. Likewise, nine out of ten Asia consumers are found to browse or buy products and services online which is higher compared to developed

countries with eight in ten consumers engaging in online purchasing activities (PricewaterhouseCoopers, 2015). This shows the popularity of online buying, particularly in Asia.

Some of the reasons which have been identified to attract consumers in Asia market towards online buying behaviour are the ability to provide customised shopping experience based on the individuals' preference. A study reported that consumers spend about 15 minutes on price comparison of products and reading product reviews during each online store visit (Marcresearch, 2013). The availability of smartphones and tablets further accentuates the online marketspace in the eyes of the consumers. Nielsen (2014) described that Malaysia ranked fifth globally with 47% of consumers using the smartphones for purchasing online. The Philippines topped the list with 62% consumers, followed by Indonesia (61%), Vietnam (58%), Thailand (58%) and Singapore (48%). The top five countries which ranked the highest in online purchasing activities are from the Asian region. Consumers engage in the online buying behaviour due to the advantages that it provides compared to the brick and mortar environment.

Online buying in the business-to-consumer market facilitates in many forms of consumer activities such as gathering product information and price comparison, choosing products, ordering them, making payments, delivery of the goods and after-sales service (Sinha, 2010). According to Raman and Annamalai (2011), online buying process has five steps which start from need recognition and information search through the Internet. Next, consumers evaluate the alternatives and select the product or service based on their needs. Later, the product is purchased online and followed by post-purchase services. Even though the brick and mortar shopping environment still

exist, the importance of the online marketplace is undeniable. The online buying behaviour is expected to grow worldwide including in Malaysia continuously.

1.1.2 Online Buying Behaviour in Malaysia

In the Malaysian context, even though the online buying behaviour is in a growing phase, its importance and popularity have been increasing rapidly (Raman & Annamalai, 2011). It was found that 6 out of 10 Malaysians tend to buy products online compared to the other Asian countries. Malaysia came out third highest compared to the other countries around the world in online shopping. Some of the products and services which Malaysians purchase via online include flight tickets (67%) and event tickets (58%). Malaysians are found to be interested in gathering online information on their products and reading reviews of other consumers about the products through social media platforms such as Twitter, Facebook fan pages and Instagram (Nielsen, 2014). Moreover, 2 out of 5 (43%) Malaysians who have no experience in online shopping are expected to try it within the next 12 months (Soon, 2014). TheRakyatPost (2014) also reported that online products delivery by Pos Malaysia has been increasing throughout the years which was initially 29 million in 2011 to 40 million in 2013. This clearly indicates that although online buying behaviour is in the initial stage in Malaysia, it has been undergoing incredible growth over the past years. The Malaysian consumers are progressively moving towards online buying and websites such as Qoo10 and Zalora.com have been gaining popularity, and social media has been playing a major role in the online buying behaviour trend (Chng, 2014).

Social media such as Facebook especially the Facebook fan pages have a prominent influence on the online buying behaviour, particularly in Malaysia. The Internet penetration in Malaysia stands at 64.7% out of the total population

(Jambulingam et al., 2014) with 82.3% of these Internet users having an account on Facebook.com (SocialBakers, 2013) and 92% visit a social networking site (ComScore, 2013). Likewise, Jambulingam et al. (2014) outlined that Malaysia rank 8th in Asia and 21st globally for the highest amount of Facebook.com users. Those between the age of 18 to 24 years was found to be active users of the Facebook.com followed by those aged 25 to 34 (SocialBakers, 2013). Both of these age groups fall within the Generation Y who have been known to be heavily dependent on technologies and social media. They tend to spend one-third of their time on social media. Twitter (15.9%) holds the second place in Malaysia for penetration rates, followed by LinkedIn (13.9%), Tumblr (5.7% and Tagged Inc. (5.3%) (ComScore, 2013). Social media usage and online buying activities are found to escalate as a result of social media and social communities influence.

1.2   Problem Statement

The online buying environment in Malaysia has been expanding over the previous years. Based on a report by PriceWaterCoopers (2013) on the online browsing and buying in developing countries, Malaysia ranks 4th with 84% consumers involved in this activity. China tops the list with 95% consumers, Indonesia with 91% and 86% from India. According to Nielsen (2011), Malaysians spend an average of 22.3 hours online every week. Moreover, Malaysia was listed in the top 30 markets worldwide for its e-commerce potential in the Global Retail E-Commerce Index in 2013 (Ben-Shabat et al., 2013). A report by Euromonitor (Yung-Hui, 2012) predicted that the e-commerce market in Malaysia is expected to reach RM1.99 billion by 2016. The growth of internet penetration has reached 67%, positioning Malaysia at the third place in Southeast Asia after Singapore and Brunei. Also, Malaysia has also been

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identified to possess one of the highest number of online transactions per capita in the year 2015 (RetailAsiaOnline, 2016).

Benefits of the e-commerce are surely undeniable. Online consumers have a wider, vast variety of brands and products, more flexibility and convenience, more opportunities for customisation, lower prices and quicker transactions. However, e-commerce also has some challenges and negative impacts that need to be addressed. The advancement and availability of technology could lead towards consumers to buy in excess without being able to control their buying behaviour (LaRose & Eastin, 2002). Online impulse buying behaviour has become the latest problematic buying behaviour due to the booming of the online buying activities. The availability of online retailing 24 hours a day increases the tendency of consumers involving themselves in online buying activities that later on lead to impulse buying behaviour (Donthu & Garcia, 1999). Therefore, there is a possibility that accessibility to the online market environment can contribute to online impulse buying among consumers rather than pre-planned buying activity. Greenfield (1999) and Li et al. (1999) also supported that buying behaviour is out of control in the online environment compared to brick-and-mortar context. Hausman (2000) further stated that impulse buying represents 30 to 50% of the total retail sales and nearly 90% of consumers buy impulsively sometimes. Moreover, it was found that almost 40% of online sales were contributed through impulse buying (Liu et al., 2013).

Impulse buying behaviour has been identified to be an unplanned and instant buying behaviour (Piron, 1991) which is influenced by a strong urge to buy (Rook, 1987). In addition, impulse buying behaviour takes place when individuals purchase

based on their emotions and exposure to the shopping environment (Virvalaite et al., 2009).

This impulse buying behaviour is identified to be a serious issue among the young Malaysians who are known as the Generation Y due to their materialistic attitude (Nair, 2015). Materialism is an escalating problem within the consumers in emerging markets (Lee & Workman, 2015; Podoshen et al., 2011). Materialism refers to the importance that people place on their possessions and how the acquisition of these possessions is important to achieve their goals and desired image (Richins & Dawson, 1992) . As the usage of the Internet is increasing, materialism has been found to be one of the motivational factors that lead towards impulse buying (Park et al., 2007). Mohd. Khalil Jamaldin, the Corporate Communication Head of the AKPK, explained that Malaysian consumers face difficulties in prioritising their needs and some of them continue spending even though they could not afford it (Chai, 2013). In addition, Erin Adlina Adnan, the Public Mutual Agency Manager- Unit Trust Consultant also supported that majority of young Malaysians have been facing trouble in managing their financial issues because of their spending behaviour and lifestyle. They have been found to splurge on branded products, electronic items and cars (TheMalaysianDigest, 2014) which provide evidence on their materialistic attitude. These consumers are considered to be obsessed with materialistic pursuits and possessions, and they tend to buy products which they could not afford for the sake of being accepted by their peers. Moreover, FOMCA's Consumer Research and Resource Centre revealed that the younger generation is dependent on the brand and possession of devices (Muzammil, 2014).

Figure 1.1 portrays that the most number of online buyers in Malaysia are from Generation Y or known as Gen Y regardless of their gender. Hussain and Bohari (2012) also supported that the younger generations of Gen Y who are known to be familiar with technology tend to place more importance on the value of their possessions (materialism) which subsequently leads to online impulse buying behaviour.
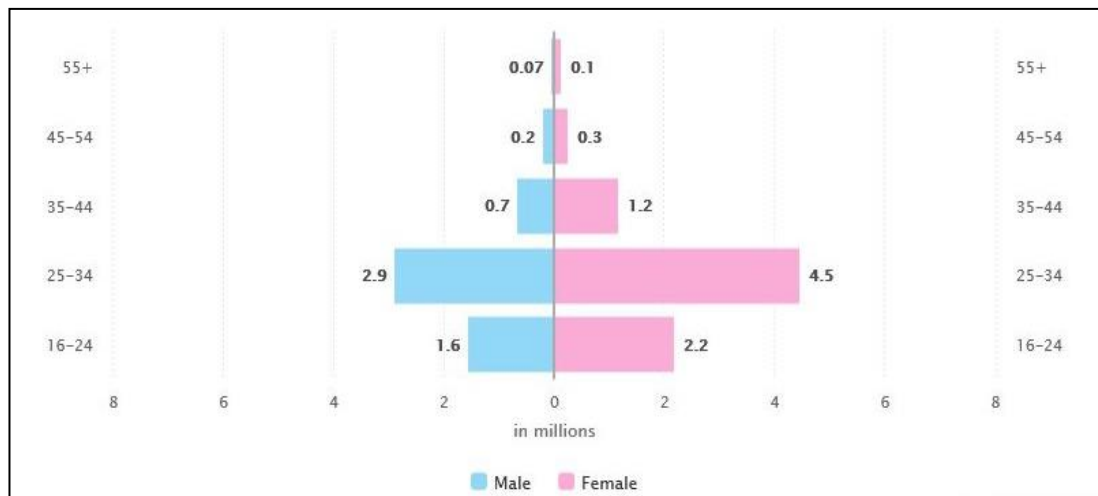
Figure 1.1 User by Age Groups and Gender 2016 (in millions) (estimation)
Source: Statista.com (2015)

Impulse buying could be further stimulated, through the social community in the social media platforms such as Twitter, Facebook fan pages and Instagram. Social media provides more occasions for consumers to influence others in making their purchases instantly (Grange & Benbasat, 2010; Huang & Benyoucef, 2013). Hence, it is suggested that social factors significantly impact a consumer's impulse buying behaviour (Kim & Srivastava, 2007b).

Moreover, Generation Y in Malaysia is found to be involved in impulse buying due to their emotional spending whereby they are inclined to purchase products that they do not need (TheStarOnline, 2015). They tend to hope that they would get an

emotional lift and improvement in their mood state through the purchase. The consumers also expect to experience positive emotions through the impulse purchase experience and are willing to repeat the purchasing process to feel the positive emotions repeatedly.

Furthermore, as those who are engaged in the online impulse buying behaviours are prominently those from Generation Y, they expect to try out new and innovative products (Park et al., 2007). Innovativeness refers to the degree of consumer's receptiveness to new products or new services. Generation Y prefers to try out latest products and technologies in the market. Their instinct to gather knowledge and fulfil their curiosity explains the motivation of epistemic value that focuses on a consumer's novelty value for a new product (Pihlström & Brush, 2008) which also leads to impulse buying behaviour in the online environment.

According to Vinson et al. (1977), values serve as an assessment and criteria for consumers to get involved in a particular buying behaviour. Moreover, some studies have carried out studies pertaining the influence of values towards online impulse buying behaviour. However, these studies have focused on either emotional value which represents perceived utility that can stimulate feelings or social value which relates products with reference groups of customers, but not both together. Other than that, previous empirical research has also ignored the relevance of epistemic value on consumer's online buying behaviour. In order to understand how customers analyse the information they receive from retailers and the online environment, the perceived values that they want to gain from their purchase activities have to be investigated.

1.3 Research Questions

This study addresses the research questions as follows:

1) Do perceived values (emotional value, social bridging, social bonding and epistemic value) influence materialism (success, centrality and happiness) among Generation Y in Malaysia?

2) Does materialism (success, centrality and happiness) influence the online impulse buying behaviour among Generation Y in Malaysia?

3) Does materialism (success, centrality and happiness) mediate the relationship between perceived values (emotional value, social bridging, social bonding and epistemic value) and online impulse buying behaviour among Generation Y in Malaysia?

1.4 Research Objectives

The purpose of the study is to explore the factors influencing online impulse buying behaviour among Generation Y. The factors which are studied in the present study are emotional value, social values (social bridging and social bonding), epistemic value and materialism (success, centrality, happiness). The research objectives are:

1) To investigate the relationship between perceived values (emotional value, social bridging, social bonding and epistemic value) and materialism (success, centrality and happiness) among Generation Y in Malaysia.

2) To investigate the relationship between materialism (success, centrality and happiness) and online impulse buying behaviour among Generation Y in Malaysia.

3) To investigate the mediating effect of materialism (success, centrality and happiness) between perceived values (emotional value, social bridging, social bonding and epistemic value) and online impulse buying behaviour among Generation Y in Malaysia.

1.5 Significance of the Study

This study anticipates to offer significant theoretical and practical contributions in the area of impulse buying behaviour specifically in the online environment. Specifically, the contributions are as follows:

1.5.1 Theoretical Contribution

This study provides several important contributions to the body of knowledge. Based on previous studies, it has been found that the Stimulus-Organism-Response Model (S-O-R) was utilised in the context of impulse buying behaviour (Hyo Jung Chang et al., 2011; Xu, 2007). S-O-R explains that consumers who are aroused by stimuli would react in a certain way based on their inner assessment of emotions which would result in approach or avoidance behaviour. However, the factors representing stimulus in those previous studies are limited to environmental factors such as store design and product display.

Other than that, social values have been used as the stimulus for past studies. However, the present study has incorporated two dimensions for social value namely,

social bridging and social bonding which has been derived from the Social Capital Theory (SCT) (Huang, 2016; Xiang et al., 2016). Social bridging represents the between-group social ties while social bonding refers to within-group social ties. These dimensions were used because it is deemed to be suitable for the online context of this study. Futhermore, the application of the Theory of Consumption Values (TCV) lacks in the impulse buying literature. TCV highlights that consumption values are able to explain why consumers buy a specific product or brand. Therefore, this study included the emotional value, social value and epistemic value to further explain online impulse buying behaviour.

Furthermore, previous literature have only focused on hedonic values in general without specifying the dimensions of it (Chaudhuri, 2015). Hedonic values represent experiential and emotional drives which motivate consumers to engage in shopping activities (Solomon, 2007). Duh (2015) stated that very few studies examined the psychological factors that influenced materialism. Furthermore, past studies have focused on the materialism as a single dimension. One of the most common description of materialism is "the importance a consumer attaches to worldly possessions" (Belk, 1985) and how these acquitions helps in attaining their desired image (Richins & Dawson, 1992). Segev et al. (2015) mentioned that the influence of the three dimensions of materialism on consumption behaviour should be investigated to explore the unique effect of each dimension. The three dimensions mentioned are success, centrality and happiness. Materialistic individuals believe that possession of materials provide them with success in attaining higher status. Centrality refers to the importance that the possession plays in the life of the materialistic individuals while happiness represents the satisfaction and contentment achieved when acquiring the

desired products. The facets' relationships provide more detailed and specific insights into the complex influence of materialism on consumer behaviour.

Moreover, previous studies have included motivational factors which are more related to the environment and products purchased (Dholakia, 2000; Kacen et al., 2012; Sharma et al., 2010). However, the current study will only be focusing on the motivational factors represented by psychological and social elements as perceived values that are more relevant in the context of online impulse buying behaviour.

Prior studies have been carried out on consumption values in normal buying behaviour, but limited studies focused on impulse buying behaviour. Moreover, the past scholars have been focusing on the traditional shopping environment such as retail stores and branded outlets but have overlooked the online context. Limited information has been gained on the impulse buying behaviour particularly in the online settings. As the continuous advancement of the Internet, the importance of understanding online buying behaviour particularly online impulse buying is significant. The findings of the present research can contribute to expanding the existing body of knowledge. The present study serves as one of the early empirical studies on perceived values, materialism and online impulse buying behaviour and among the few addressing Generation Y in Malaysia.

Next, this study contributes to the existing research on examining the mediating effect of materialism between perceived values and online impulse buying behaviour. This study provides an advancement on previous studies which only focused on the relationship between perceived values and impulse buying behaviour or materialism and impulse buying behaviour. Perceived value dimensions have rarely been examined

in previous research particularly related to impulse buying behaviour in the online environment.

1.5.2 Practical Contribution

The applicability of the proposed research model would provide practical contribution within the context of consumers, policymakers and non-governmental organisations (NGOs). As for the consumers, they would be able to get an insight on impulse buying behaviour and the seriousness of the problem among Generation Y. By identifying the perceived values and the relationship between these values and online impulse buying behaviour, Generation Y consumers would be able to understand and evaluate their buying behaviour. Since online impulse buying leads to many negative consequences, this study will assist in improving consumer awareness towards impulse buying. The realisation of the adverse effects of impulse buying behaviour will benefit consumers in their purchasing behaviour which will be able to shape a better future for the Generation Y. When consumers understand the severity of impulse buying behaviour, they would be more careful on their purchasing activities. They will try their best to purchase rationally which would further improve their evaluation of the buying process. Moreover, they would only purchase products that they need rather than splurging on unnecessary items.

Other than that, the findings from this study would assist public policy makers and non-governmental organisations (NGO) to educate consumers to reduce the cases of online impulse buying behaviour in Malaysia, particularly among Generation Y. As consumer's buying behaviour has evolved from the traditional market to the online marketplace, this new buying craze should be investigated further. By having more insights on the online impulse buying behaviour, public policy makers and non-

governmental organisations (NGO) would be able to identify the factors encouraging this activity. Moreover, this study will benefit them in coming up with new strategies, campaigns and plans to educate the community on the impulse buying phenomena in the online marketplace which is increasing. This would alert the consumers to take precautions and shop without following their feelings and urge.

1.6   Definitions of Key Terms

The definitions of the key terms utilised in the present study are provided to ensure a better understanding of the concepts:

Online Impulse Buying Behaviour- Online impulse buying is an unplanned online purchase behaviour that is the result of exposure to a stimulus, and decided on-the-spot. After the purchase, the customer experiences emotional and cognitive reactions (Piron, 1991; Vonkeman et al., 2017).

Generation Y: The population of a country who were born between the year 1982 and 2004 (Howe & Strauss, 2000; Tung & Comeau, 2014) and had experienced historical events during the same point in their life (Edmunds & Turner, 2005).

Perceived Value: A consumer's perceived view of what they want from a specific consumption situation, through the assistance of a product and service ordering, to achieve the desired purpose (Hsin Chang & Wang, 2011; Woodruff & Gardial, 1996).

Emotional Value: Refers to the perceived utility attained from an option's capability to stimulate feelings or affective states (Sheth et al., 1991).

Social Value: Defined as the perceived utility of an option that is derived from image and symbols which represent connection or disconnection with reference groups (Sheth et al., 1991).

Social Bridging: The relationship that provides access to new information with a minimal level of emotional support to offer (Ellison, 2010; Williams, 2006).

Social Bonding: The relationships which offer companionship, emotional attachment, mutual understanding and emotional support (Ellison, 2010; Williams, 2006).

Epistemic Value: The perceived utility of a choice's capability in stimulating curiosity, offer uniqueness and fulfil a longing for knowledge (Sheth et al., 1991).

Materialism: The importance a person gives to possessions and its acquisition is required or necessary to attain the preferred end state (Richins, 2004; Richins & Dawson, 1992).

Success: Success and status of the individual is represented by the possession of products (Richins, 2004; Richins & Dawson, 1992).

Centrality: The importance that individuals give to possessions and acquisition in their lives (Richins, 2004; Richins & Dawson, 1992).

Happiness: The view that acquiring possessions is important to ensure well-being and satisfaction in life (Roberts et al., 2008).

1.7   Organisation of Thesis

This thesis consists of five chapters. Chapter one comprises of the background of the study, research problem, research questions, research objectives, the significance of study and definition of key terms. Chapter two reviews the previous research literature on impulse buying behaviour in the offline and online context, the variables related to the theoretical framework of the present study and its related theories. Other than that, it also includes the research hypotheses and research framework of the study. Chapter three provides the research design, unit of analysis, population, sample size, sampling technique, data collection procedure, research instruments and statistical analysis. Chapter four comprises of the data preparation, screened out response, response rate, the demographic profile of respondents, descriptive analysis results, common method variance as well as the assessment of measurement and structural model. Chapter five provides an overview of the research, discussion of the findings, contributions, and implications of the study, limitations, future research as well as the conclusion of the study.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter offers a review of previous literature on the relevant variables which are used in the present study. It starts with the discussion on consumer behaviour, rational and irrational buying behaviour. Later on, it focuses on one of the irrational behaviour namely, impulse buying behaviour. Subsequently, online impulse buying behaviour will be reviewed followed by perceived value along with its dimensions which are the independent variables of the current research. Next, the chapter discusses on materialism and its dimensions which function as the mediating variables in the current research. Additionally, the underlying theories which are the building blocks for the development of the research framework in the present study are discussed. Finally, the chapter concentrates on the research framework as well as hypotheses development of the study.

2.1 E-Commerce Scenario in Malaysia

In Malaysia, the Internet usage has been steadily growing since the introduction of the first Internet Service Provider (ISP) JARING in the year 1990 and continued later by TMNET in 1996. In recent decades, the Internet usage in Malaysia has increased significantly. From a mere number of 90 Internet users in 1992, the internet population has reached 21 million representing 68.6% from the total Malaysia population ((InternetLiveStats, 2018). Malaysia's Internet penetration has become the third highest in Southeast Asia region behind Singapore (83.1%) and Brunei (71%)

(InternetLiveStats, 2018). The e-commerce sector is among the fastest growing industries in Malaysia. Based on the Malaysian Communication and Multimedia Commission (MCMC, 2017), online shopping is ranked 11th among the top 15 reasons why Malaysians access the Internet. Recent estimates by Statista discovered that e-commerce platforms has garnered revenue as much as RM4.2 billion as of 2017. Furthermore, the industry is expected to increase to earn approximately RM9.8 billion by the year 2022 (Statista.com, 2018a). This proves the great opportunity and potential of e-commerce in Malaysia.

The adoption of e-commerce during the early years was spurred by the increased availability of internet services and usage of computers in households and offices. Harn et al. (2006) supported that e-commerce earned a high growth potential due to the rapid rise in number of PCs and faster internet connections each year. Platforms such as eBay and Lelong boomed during these years as it provided the opportunity for individuals to sell products in a convenient and credible way. Consumers who are unfamiliar with the online payment methods could opt for cash on delivery. This increased the trust that consumers had on online buying platforms. As the e-commerce has begun to gain popularity, consumers were introduced to various online payment methods. For example, eBay provided Malaysians access to international products which could be paid through PayPal.

The 2000s era also witnessed an uprise in online boutiques offering numerous types of items such as technology-related products and fashion. During these years, new platforms which has become the most popular online marketplaces today were introduced. In 2012, Lazada, Zalora, Rakuten, Hermo and 65daigou (rebranded as EzBuy later) entered into the online market. These e-commerce platform overtook

pioneers such as Lelong and eBay. Lazada became Malaysia's most searched e-commerce website by 2014. Within two years of its launching, Lazada has increased its funding by US$814 million which led to its significant growth and popularity among Malaysians. Since then, Lazada remains as one of the most successful online marketplace in Malaysia till date.

By the end of 2014, the Global eCommerce (B2C) sales exceeded US $1 trillion for the first time with every continent seeing double-digit growth (Statista.com, 2018a). However, the e-commerce in Malaysia remained relatively new and has just begun to move towards maturity. The Malaysian government acknowledged the situation and launched the National E-commerce Strategic Roadmap in 2016. With the aim of doubling the e-commerce growth by year 2020, the Malaysian government focused on encouraging e-commerce among the small and medium enterprises (SMEs). By educating them with proper online marketing capabilities, it targeted to expand the country's market access. In 2015, a few new players entered the online marketplace such as GoShop, 11street and Shopee. Shopee became a prominent and within two years, they became one of the strongest competitor for Lazada. The growth of e-commerce between 2015 and 2017 was also caused by the growing popularity of online sale periods such as MYCyberSale, Singles' Day (11th November), Black Friday, Cyber Monday and 12.12 Sale.

Within the next 10 years, e-ommerce in Malaysia has become extremely diverse and is expected to see more growth spurred both by businesses and governmental initiatives. Among the growth catalysts include the Digital Free Trade Zone (DFTZ) initiated by the Malaysian Digital Economy Corporation (MDEC) and is commissioned by the Malaysian government (DFTZ, 2018). Therefore, the e-

commerce industry is expected to continuously grow and provide more platforms for Malaysian consumers to engage in online buying behaviour.

2.2 The Role of Social Networking Sites in Malaysia's E-Commerce

As Malaysia embarks into the Fourth Industrial Revolution, the government has increased their efforts to promote digital transformation across all the sectors including e-commerce. Several initiatives have already been imposed to the overall Industry 4.0 concept including the National Strategic Roadmap on Internet of Things, the Digital Free Trade Zone and framing 2017 as the year of the Internet Economy for Malaysia. With the proliferation of e-commerce, more businesses are expected to explore the online platform in the years to come. Under Malaysia's National e-Commerce Strategic Roadmap headed by the International Trade and Industry Ministry, the Government aims for e-commerce to contribute 20.8% to the gross domestic product (GDP) by year 2020 from 18.2% in 2017 (TheStarOnline, 2017).

The continuous growth of e-commerce in Malaysia is further boosted by the advancement of social media through Web 2.0 technology which transformed e-commerce into a customer-oriented platform (Huang & Benyoucef, 2013). Social media is described as a collection of applications that are on the Internet and utilises the technology of Web 2.0 (Baghdadi, 2016). Social media can be divided into six different categories which are social networking sites (LinkedIn, Facebook), microblogging (Twitter, Tumblr), media sharing (YouTube, Flickr), bookmarking sites (Delicious), blog forums (Blogger) and social news (Digg, Reddit). One of the most prominent social media is social networking sites. In Malaysia, the number of Facebook users have reached 11.9 million in the year 2017 (Statista.com, 2018b). Facebook is the most popular social media platform in Malaysia with 97.3% of Internet

users owning a Facebook account (MCMC, 2017). 64% of the Facebook users access their account daily. Furthermore, Malaysians are found to spend approximately 3 hour and 19 minutes on average per day on social media (DigitalInfluenceLab, 2017).

Facebook has grown tremendously over the past decade with the help of social interactions from word-of-mouth marketing, social capital influence and product brand establishment (Jin, 2013). Facebook has been used by companies to communicate with the community and establishing a fan base, for promotional activities of forthcoming events or sales and creating brand awareness through advertising. According to Martínez-Navarro and Bigné (2017), Facebook fan pages are used as platforms to reach consumers for interaction and communication because of its high assessibility and low cost. Other than that, social networking sites have contributed in boosting sales for businesses (Chen et al., 2014). Marsden (2009) found that 83% of social network users are prone to share their purchase information with friends in social networking sites and approximately 67% of them make their purchase decisions based on their friends' recommendations and feedback. The influence of Facebook on purchase decisions is also confirmed by TheStarOnline (2016) whereby 94% of Malaysians are introduced to brands and products through Facebook and 62% buy those items that they have discovered. These statistics prove the important role of social networking sites, particularly Facebook in influencing purchase decisions of Malaysian consumers. Facebook has enabled consumers to interact with each other and share relevant information regarding a product or service.

2.3 Conceptualisation of Consumer Behaviour

Studies in the field of consumer behaviour are essential as it provides the fundamental knowledge on the different buying behaviours based on consumers'

decision-making and factors influencing consumers purchase decisions. Besides that, consumer behaviour research explains the characteristics of consumers based on generation cohorts and its influence on purchase decisions. Due to its significance, consumer behaviour has been studied extensively. Consumer behaviour is defined as the activity where individuals acquire, use and dispose of a particular product or service (Bay et al., 2008; Blackwell et al., 2001). The study of consumer behaviour uses the knowledge contributed by economics, sociology, and psychology to help understand why and how to purchase (Kotler & Armstrong, 2012). The analysis of consumer behaviour is mainly about preferences and how they are formed in the mind of the consumer (Zanoli & Naspetti, 2002). Numerous studies indicate that most consumers make their purchase decisions based on the rational perspective where they evaluate the brand or product attributes before buying. However, there are times where consumers skip this evaluation process and purchase on impulse which is also known as impulse buying behaviour (Chan et al., 2016). This buying behaviour is known as an irrational buying, contradicting rational purchasing which is based on a pre-planned and organised decision-making process.

2.4 Rational and Irrational Buying Behaviour

Consumers' buying behaviour can be categorised into two types namely, rational (normal) buying, and irrational (impulse and compulsive buying) (Amos et al., 2014; Penman & McNeill, 2008; Rook, 1987). Rational or normal buying behaviour is the buying behaviour where an individual goes through all the steps in the buying process starting from need recognition, searching for information, evaluating the alternatives, purchase and post-purchase. However, during the irrational buying behaviour, consumers might fail to pursue the normal buying process. For example, they might