

# **AN EXPLORATORY SURVEY OF ONLINE SHOPPPERS IN MALAYSIA**

*Presented to*

**Consumer International Asia-Pacific for the  
Asia IT&C Project on Protecting Consumers in E-Commerce Transactions  
(PROCONNECT)**

*By*

**Associate Professor Dr Kiranjit Kaur  
Associate Professor Mangalam Gopala Iyer  
Noraziah Abdul Jabar  
Norliza Abdul Hamid**

*Through the*

**Institute of Research, Development and Commercialisation (IRDC)  
Universiti Teknologi MARA,  
Shah Alam, Selangor,  
Malaysia**

**January 2005**

## ACKNOWLEDGEMENT

We wish to express our gratitude and appreciation to all those involved in ensuring the success of this project. Our special thanks go to the participants in the survey and our research assistants who helped us in many ways. We are also appreciative of the input from our Thai collaborators on this project. The project was made more challenging as a result of working with their team.

The assistance provided by several organisations and individuals also deserves a special mention in our acknowledgement. Individuals who assisted us in the preparatory stages of our work include especially Alison Hopkins from Consumer International head office in London, United Kingdom; Perry Perfors from Consumentenbond, Netherlands; and Beau Brendler from Consumerwebwatch, United States of America. Terima kasih for all your wonderful advice and assistance.

We also wish to convey our gratitude to the European Union for the Asia IT & C Grant that helped to sponsor this project.

Lastly, we wish to extend our appreciation to the Consumer International Asia Pacific office and the Institute of Research, Development and Commercialisation (IRDC), Universiti Teknologi MARA for their support and advice on conducting this project.

Thank you.

## ABSTRACT

This study examines the patterns of e-commerce transactions in Malaysia by determining the criteria that influenced shopping decisions made by 126 online shoppers. The study also identified problems faced by consumers and what they felt about the way retailers addressed their grievances. Saving time and convenience were cited by the shoppers as the main reasons for shopping online. Key problems faced by consumers were returning unwanted or damaged products and cancellation of orders. Consumers also feared a lack of privacy and security that may result in their names and addresses being put on unwanted mailing lists, receiving spam mail, and the possible abuse of credit card information given online. There were complaints also about a few traders who were slow to respond to consumer complaints about their grievances, and affected consumers resolved to avoid those sites in future. Most of the shoppers thought it is crucial for the country to examine and improve upon the existing regulatory procedures in order to raise consumer confidence in e-commerce.

<b>CONTENTS</b>	<b>PAGE</b>
Acknowledgement	ii
Abstract	iii
Contents	iv
1.0 Introduction	1
1.2 Objectives	2
1.3 Specific Research Questions	2
1.4 Significance of Study	3
2.0 Research Methodology	3
2.1 Sample	3
2.2 Research Instrument	4
2.3 Scope of Study	4
3.0 Research Findings	4
3.1 Demographic Profile	4
3.2 Consumer Transaction Patterns	7
3.3 Decision to Purchase Product/Service Online	13
3.4 Reasons for Shopping Online	14
3.5 Criteria Important for Online Shoppers when Buying Products Online	19
3.6 Expenditure on Shopping Online	23
3.7 Payment Options for Making Online Purchases	24
3.8 Provision of Personal Information in Online Shopping	24
3.9 Shopping Experience	27
3.10 Problems Faced by Online Shoppers	34
3.11 Information on Websites Read by Shoppers	39
3.12 General	44
4.0 Conclusions	44
Appendices	
Appendix 1: Advantages of shopping online	46
Appendix 2: Problems of shopping online	47
Appendix 3: Types of responses to problems desired of retailers	48
Appendix 4: Fears of online shopping	49
Appendix 5: Questionnaire for online shoppers	50

## 1.0 Introduction

Internet penetration has not achieved a significant growth in Malaysia. According to a study in 2002<sup>1</sup>, only 21% of Malaysians have used the Internet. Of these, only 3% have shopped online. According to the study, one of the main obstacles to the growth of e-commerce was the widespread concern over Internet security. Thirty eight percent of Malaysians felt that it was safer buying goods or services in a store and 36% of them did not want to disclose their credit card details because of potential misuse of credit card details. This and the limited legislation on electronic transactions, has resulted in a general lack of trust and confidence in e-commerce transactions among Malaysian consumers.

E-commerce is a huge business. E-marketer, a research company, predicted that worldwide e-commerce revenues will surpass USD1.4 trillion by the end of 2003<sup>2</sup>. In Asia, revenues from e-commerce are expected to increase to more than USD338 billion. In the case of Malaysia, several measures have been taken in the past decade to support the progress of e-commerce, including establishing and nurturing several Multimedia Super Corridor (MSC) projects. This includes encouraging banking institutions to venture into electronic banking transactions. With these measures, the Malaysian government predicts that revenues from this business will increase to RM3.5 billion<sup>3</sup>.

Every day, businesses are sprouting on the Internet, providing convenient and easy shopping at the touch of 'your fingertips' in the comfort of 'your home'. According to a report<sup>4</sup>, e-commerce business is the cheapest in terms of transaction costs and hence, it needs to be encouraged. However, there is a need to increase consumer confidence in e-commerce transactions in Malaysia.

---

<sup>1</sup> Taylor Nelson Sofres, (13/7/01). *Obstacles to growth of e-commerce*, [www.ebusinessforum.com](http://www.ebusinessforum.com), Accessed on 20/12/04.

<sup>2</sup> *What the government is doing to promote e-commerce in Malaysia*. (6/7/01). [www.ebusinessforum.com/globalnewsanalysis](http://www.ebusinessforum.com/globalnewsanalysis), Accessed on 20/12/04.

<sup>3</sup> [www.nua.com/surveys](http://www.nua.com/surveys), Accessed on 20/12/04.

<sup>4</sup> *Role of e-commerce in the 21<sup>st</sup> century*, [www.arraydev.com/commerce](http://www.arraydev.com/commerce), Accessed on 20/12/04.