

Identification of Online Shopping Challenges in Malaysia: A Pilot Study

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KEYWORDS	ABSTRACT
Digital economy e-Commerce Online shopping	Digital economy has brought about an era during which sales have become more automated and convenient. Geographical barrier is no longer an issue and traditional business organizations will eventually lose out if they do not change in this new economy. Consumers in Malaysia have become more accustomed to online shopping, especially during the Covid-19 pandemic, due to a number of factors including time saving, price flexibility and range of products. However, several issues such as product quality and delivery time have hindered the full potential of online shopping in Malaysia. This study aims to identify the challenges of online shopping faced by consumers in University College TATI. A pilot study was conducted involving the staffs and students at University College TATI. Results reveal that lack of product information is seen as the most significant factor that inhibits online shopping followed by customer service, delivery time, payment option, and product quality. Additional results include Shopee as the most preferred online shopping platform, followed by Lazada, Amazon and GoShop. Smartphones is the device of choice for online shopping compared to other devices and it is expected that the trend would continue. This paper has empirically confirmed, to some extent, earlier studies regarding online shopping in Malaysia.

1.0 Introduction

Electronic Data Interchange (EDI) can be traced back to the 1960's and can be considered the origin of *Electronic Commerce* (EC). Digital economy has brought about an era during which acquisitions and sales have become more automated and convenient. Business organizations have become more connected both to their customers and other businesses. Geographical barrier is no

longer an issue and traditional business organizations will eventually lose their share of the pie should they do not change in this new economy.

As more and more users have access to the Internet, the value of business transaction - e-commerce – has been showing an upward trend. Consumers in Malaysia have become more accustomed to online shopping, especially during the pandemic, due to a number of factors including time saving, price flexibility and range of products. However, several issues such as product quality and delivery time have hindered the full potential of online shopping in Malaysia.

This paper aims to identify the challenges online shopping faced by consumers in University College TATI. A pilot study was conducted to involving the staffs and students at University College TATI and the results are presented.

2.0 e-Commerce in Malaysia

Online shopping is a form of e-commerce which allows consumers to purchase goods or services over the Internet. Consumers find a product of interest by visiting the website of the retailer or through web engine search, which displays the product's availability and pricing across different retailers. Customers can shop online using a range of different computers and devices, including desktop computers, laptops, tablet computers and smartphones. An online shop evokes the physical analogy of buying products or services at a regular "bricks-and-mortar" retailer or shopping center; the process is called business-to-consumer (B2C) online shopping. When an online store is set up to enable businesses to buy from another business, the process is called business-to-business (B2B) online shopping. A typical online store enables the customer to browse the firm's range of products and services, view photos or images of the products, along with information about the product specifications, features and prices.

2.1 Online Shopping Platform

There are more than 20 online shopping platforms in Malaysia (2020 statistics). The top seven most popular platforms are presented below:

- a) Lazada - founded in 2012 with the intention of establishing the Amazon.com business model in Southeast Asia. Its website was first launched in 2012 and is backed with funding from JP Morgan, Swedish firm Kinnevik, American firm Summit Partners, and Tengelmann. One of its biggest challenge was delivery time which was addressed by investing in warehousing and delivery services. In June 2013, Lazada launched its mobile applications for Android and iOS devices.
- b) Shopee - was launched in Singapore as a mobile-centric marketplace, coming with other platforms in the region including Lazada, Tokopedia and AliExpress. To differentiate itself, Shopee offers online shopping security through its own escrow service called "Shopee Guarantee". Shopee first started as primarily a C2C marketplace but has since moved into both C2C and B2C hybrid model. Shopee partners with over 70 courier service providers across its markets to provide logistical support for its users.
- c) Mudah - was launched in 2007 as an online classified marketplace. Sellers can be individuals or businesses. When buying from individuals, it can be hard to weed out fraudulent sellers, as there is no buyer protection programme in place. There is no rating system to determine if a seller has had past successful purchases, either.
- d) Taobao - started as early as 2003, but was only noticeable a few years ago. It targets mainland Chinese consumers, but is also popular among international users. There are two types of sellers on Taobao, the regular sellers, which could be individuals or small businesses, or Tmall sellers, who are registered businesses or official brands or manufacturers. Taobao guarantees that goods sold on Tmall are genuine. The only major downside for international users is that the website is entirely in Chinese.

- e) Carousell - was launched in 2012 as a marketplace for new and used items. Most of the sellers are individuals selling pre-owned items.
- f) eBay - founded in 1995 and one of the world's first notable e-commerce website. In Malaysia, eBay is not as popular, since most of the sellers are based in the US and shipping fees could amount to hundreds of ringgit. However, in the last couple of years, more local and regional sellers have joined the platform, which meant faster and more affordable shipping.
- g) Amazon - an international e-commerce platform although for reasons similar to eBay, is not popular in Malaysia. Sellers are individuals, small businesses, major brands, and even Amazon itself. Shipping fees might be comparatively high with some seller will not even ship to Malaysia.

The most popular online shopping platform in Malaysia is Shopee, making the list of top 20 Google search (Figure 1) and ranked top 3 for traffic volume (Figure 2).



Figure 1: Top 20 Google Search Results in Malaysia (2020)



Figure 2: Top 10 Websites based on Traffic Volumes in Malaysia (2020)

2.2 Online Shopping App

Almost 90% of the Internet users in Malaysia utilizes online shopping Apps (Figure 3). E-Commerce activities include product search (91.8%), product browsing (91.1%), and online purchasing (82.9%) (Figure 4).

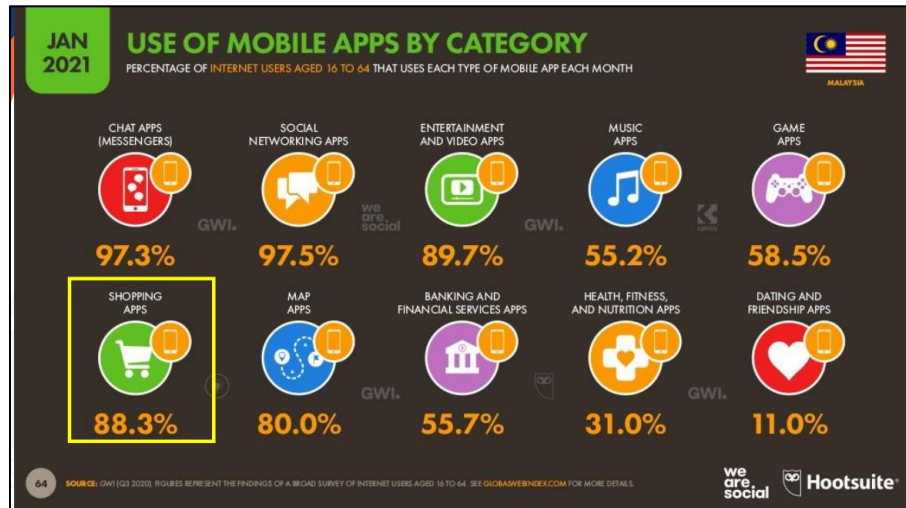


Figure 3: Mobile Apps Utilization in Malaysia (2020)



Figure 4: e-Commerce Activities in Malaysia (2021)

2.3 Factors Promoting/ Inhibiting Online Shopping

Free delivery is the most significant factor that promotes online shopping in Malaysia at 51.1%. Other factors include discount (39.6%), reviews (33.1%), return policy (31.8%), checkout process (28.6%), delivery time (28.0%), loyalty points (25.9%), and social media (21.4%) (Figure 5).

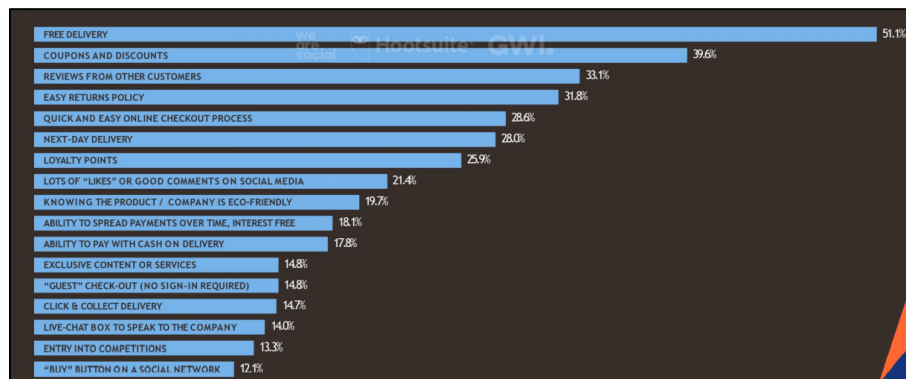


Figure 5: Factors Promoting Online Shopping in Malaysia (2021)

Factors that inhibit online shopping include (Tram, 2021):

- a) Unclear Product Information
- b) Poor Logistic and Long Delivery
- c) Poor Searching Engine
- d) Inflexible return policy
- e) Quality of product is not as expected when shopping online
- f) Boring Interfaces
- g) Lack of payment options
- h) Nonsensical requirement to complete a purchase
- i) Poor customer service

This section has presented the current status of e-commerce in Malaysia, focusing on online shopping platforms. A Chua, A Khatibi & H Ismail (2017) conclude that online consumers in Malaysia still lack confidence and trust in utilizing the Internet as a shopping channel. They are mainly concerned about issues related to privacy and trust when dealing with online retailers. On the other hand, H Momtaz et al. (2011) confirmed that advertisements, product quality, brand names, and prior shopping experiences do play a significant role in customer satisfaction among online shoppers in Malaysia. We also have established the promoting factors for successful online shopping, there is a lack of data to support the inhibiting factors as listed above. As such, this study aims to investigate this issue further.

3.0 Methodology

Questionnaire was chosen as the research tool. It was developed and validated with a group of experts and found suitable for data collection purposes. In this pilot study, the respondents were confined to only staffs and students at University College TATI. The questionnaire was distributed using Google form to 120 respondents using random sampling. Data collection was for the period of two weeks and with a 84.2% return rate (101 respondents). The questionnaire listed, among other things, challenges of online shopping, to be measured using a five-point Likert scale from 1 (Highly Unlikely) to 5 (Highly Likely). Respondents were also asked about their preferred online shopping platform and devices used.

4.0 Results and Discussion

4.1 Demographic Profile

85% of the respondents are Male. 78.2 % are aged between 18-22; 6.9% between 23-27; 3% between 28-32; and 11.9% are above 33 (Table 1).

Table 1: Demographic Profile of Respondents

AGE	FREQUENCY	PERCENTAGE
18-22	79	78.2%
23-27	7	6.9%
28-32	3	3%
33 and above	12	11.9%
TOTAL	101	100 %

All respondents fall in the 15-64 age group based on the Department of Statistics classification where almost 70% of the Malaysian population are in this group as of 2021.

4.2 Online Shopping Challenges

Lack of product information (37%) is seen as the most significant factor that inhibits online shopping followed by customer service (31%), delivery (27%), payment option (2%), and product quality (2%) (Table 2).

Table 2: Online Shopping Challenges

CHALLENGES	FREQUENCY	PERCENTAGE
Lack of product information	38	37%
Poor customer service	31	31%
Poor logistic and delivery	27	27%
Lack of payment option	2	2%
Quality of the products	2	2%
Others	1	1%
TOTAL	101	100 %

Results are as expected as lack of product information such as poorly written text, quality image or specifications would affect the user's perception of the product quality, and in turn, affect online shopping. Customer service especially return policy and delivery time would also affect online shopping. However, it is surprising that product quality only scored 2% in the survey. We anticipate that this is due to the quality can only be confirmed once the product has been delivered, as opposed to physical shopping where the user can inspect the product before buying.

4.3 Preferred Online Shopping Platform

The most preferred online shopping platform is Shopee (51.48%), followed by Lazada (34.7%), Amazon (6.9%), and GoShop (5.9%) (Table 3).

Table 3: Preferred Online Platform

PLATFORM	FREQUENCY	PERCENTAGE
Shopee	52	51.5 %
Lazada	35	34.7 %
Amazon	7	6.9 %
Goshop	6	5.9 %
Others	1	1.0 %
TOTAL	101	100 %

Results confirmed earlier findings (2020) although now we can put a number to the score which is 51.5%. We would expect to see little difference (if any) to the ranking with an increased sample size due to the large gap between the top three platforms.

4.4 Online Shopping Device

Devices used for online shopping include Smartphone (75.2%), Laptop (21.8%), and Others (3.0%) (Table 4).

Table 4: Online Shopping Device

DEVICE	FREQUENCY	PERCENTAGE
Smartphone	76	75.2 %
Laptop	22	21.8 %
Others	3	3.0 %
TOTAL	101	100 %

Smartphones is the device of choice for online shopping and we expect the trend to continue. This is due to the fact that smartphones are more “mobile” than laptops and other devices and therefore would be more convenient to the users.

5.0 Conclusion

This paper has presented status of e-commerce in Malaysia, focusing on online shopping platform. Shopee is the most preferred platform with the respondents. Mobile phones are more preferred than other devices for online shopping due to its mobility. Top three challenges for online shopping is lack of product information, customer service, and delivery time. This paper has empirically confirmed earlier online shopping studies in Malaysia. Future works include the distribution of questionnaire to a larger sample size and the inclusion of promoting factors for online shopping.

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