

FACTORS AFFECTING ONLINE PURCHASING BEHAVIOR

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Abstract

The study examined the relationship between consumer personality and cultural dimensions to that of purchasing behavior through cyber advertising. Krugman's Low Involvement theory and Hofstede's Cultural Dimensions were incorporated in the study. A survey was conducted in the Subang Jaya, Puchong and Kuala Lumpur area. The sample consisted of 504 respondents drawn from a simple random sampling. Spearman Correlation Coefficients was used to analyze the data. The study showed as suggested by Krugman's Low Involvement theory, high involvement products and attitude towards Internet contributed significantly to the purchasing behavior through cyber advertising. Thus indicating the Internet to be better suited for high involvement products and services as well as help increase the tendency to purchase products and services online. Similarly, the study also showed that the convenience dimension of the consumer personality variable formed a significant relationship with purchasing behavior through cyber advertising. Although Hofstede's Cultural Dimensions argued that cultural dimensions influences the adoption of innovations, yet results obtained from the study failed to support the theory as it was found that risk personality which represent the other dimension of the consumer personality and the cultural dimensions failed to support the hypotheses as observed in the non-significant relationships between the variables and the purchasing behavior through cyber advertising.

Abstrak

Kajian ini meneliti hubungan personality pengguna dengan dimensi budaya dalam tingkah laku pembelian menerusi periklanan siber. Teori Penglibatan Rendah Krugman dan Dimensi Budaya Hofstede digunakan dalam kajian ini. Survei mengandungi 504 responden yang dipilih secara rawak mudah. Korelasi Spearman digunakan untuk analisis data. Kajian ini menunjukkan bahawa Teori Penglibatan Rendah Krugman, produk penglibatan tinggi dan sikap terhadap Internet menyumbang ke arah tingkah laku pembelian dalam periklanan siber. Ini menunjukkan bahawa Internet sesuai untuk produk dan perkhidmatan penglibatan tinggi serta menunjukkan kecenderungan membeli produk dan perkhidmatan atas talian. Kajian ini juga menunjukkan bahawa dimensi mudah dalam angkuh personality pengguna membentuk hubungan signifikan antara tingkah laku pembelian melalui periklanan siber. Namun Dimensi Budaya Hofstede menunjukkan bahawa dimensi budaya mempengaruhi adopsi inovasi, namun dapatan kajian gagal menyokong teori ini dan kajian ini mendapat personaliti berani ambil risiko yang membentuk dimensi lain personaliti pengguna dan dimensi budaya gagal menyokong hipotesis. Ini diperlihatkan dalam hubungan tidak signifikan antara angkuh dengan tingkah laku pembelian dalam periklanan siber.

Keywords: Internet, Hofstede Cultural Dimension, Krugman Low Involvement Theory, advertising, online purchasing behavior.

The Internet Era: Cyber Advertising and Media Planning

The development in the new media technologies that range from the Internet, interactive kiosks and CD-ROMS, to digital TV and radio are today ushering in a new era and have opened up new avenues for marketing communications. These new media are not only revolutionizing marketing and marketing communications but it has also influence consumers' behavior.

The advent of the new technology namely the internet has tremendously altered the way consumers behave. The new media has not only offered consumers a better way to view products and services but also has helped created a better relationship between marketer and consumers. Thus, transforming them into a more sophisticated, well-informed and savvy buyers and as suggested by Arens (1999) consumers today are becoming "active controllers" of the messages they see and hear. Apparently, these past few years have also witnessed the rise and rapid growth in economic importance of a group of consumers whose attitudes, aspirations and purchasing patterns are unlike any before them. Today, they are the new consumers. They are already a potent force in the developed world, and within the next decade will probably dominate consumption in all parts of the world. This new consumers with their distinctive style of consumption differs in their purchasing decisions from that of the old consumers.

These past centuries has seen the spread of industrial production and an emphasis on material consumption. Historically, the consumer revolution occurred in certain areas of Western Europe at different times. Numerous theorists have addressed the issues regarding the origin and spread of consumer culture. However, they vary in their interpretation of the role of consumer ideology in capitalism and the specific time as well as place for the rise of consumer culture. According to Mukerji (1983), the development of capitalism started circa 16th and 17th centuries in the Netherlands. Yet, Campbell (1987) and McKendrik et al. (1982) suggested that the original site of consumer culture was England during the 18th century. However, O'Guinn et al. (2003) noted that even though consumer culture was already advancing prior to the period between 1875– 1918, yet it was deemed that during this age that consumer culture really took hold and the rise of modern advertising also had a lot to do with it. In fact the violent wave of the development in the field of advertising has also been said to alter the situation. Thus, breaking the union of production and consumption to split between the producers from the consumer and eventually transformed the consumer culture (Toffler 1980).

Clearly, the society that we live in today is highly consumptive. We consume mass produced commodities in abundance. It is only appropriate to suggest that we buy to fulfill our needs both basic and the not-so basic. Hence, we are consumer society that buys, use and discard to survive. However, in the past one hundred years, the phenomenon of mass consumption emerged where huge numbers of people consume a variety of relatively cheap, industrially-produced products. A significant change in the socio-economic order occurred and consumption becomes, "the idiom of daily life." Mass consumption has radically changed the understandings, expectations, as well as mechanics of society (<http://www.peak.sfu.ca/cmss/issue2/ads.html>) and today we are seeing the Internet as a powerful business tool that has transformed the dynamics of many social and commercials

interactions. The barriers that have too often accompanied traditional commerce are giving way to new business approaches. Consumers, producers and distributors can now have access to flexible, fast and inexpensive ways of participating in the global marketplace.

The Internet has affected the way the world do business by altering the basic business dynamics. The dynamics that have shaped economic practices since the early nineteenth century are being replaced by a new set of fundamental principle based on the new digital economy. The Internet has also helped increased global exposure for both businesses and consumers alike. Domestic companies expand internationally just by going online and investing in e-business. At the time consumers can also expand their shopping horizons by using the Internet to search for the best deals and expose themselves to e-retailers from around the globe.

Obviously, the Internet has offer tremendous new opportunities to businesses regardless of their size. As a medium, it is equally accessible to both the large as well as the small operators. This has thus, resulted in local and international marketplace. The Internet is changing the way advertisers present, sell, and communicate with consumers. Today, a variety of practices are being used to reach consumers.

Clearly, the Internet has both supported the advertising and also relies on advertising for its own success. Today, consumers worldwide can shop online 24 hours and some market sectors such as insurance, financial services, computer hardware and software, travel, books, music-video, flowers as well as automobiles are experiencing rapid growth in online sales (www.ms.com/insight/misc/inetretail.html).

New consumers transcend all ages, ethnic groups and to some extent, income. They can be found among the affluent over-fifties as in the case of developed countries or they can also be among the ambitious under-thirties. Initially, when they first emerged in the marketplace, new consumers were predominantly male, however today as more women gain better economic power both as wealth producers and consumer decision makers, they are now equally likely to be of either sex. Living in economies where their basic needs are quickly and easily satisfied, New Consumers becomes more concerned to satisfy their wants, which frequently focus on original, innovative and distinctive products and services. Thus, they tend to reject mass-produced and mass-marketed commodities.

The New Consumers were born into a society that was slowly moving away from years of austerity that was initially caused by the great depression of the 1920s and early 1930s and subsequently, by the second world war (Lewis & Bridger 2003). These New Consumers are independent, individualist, involved and well-informed on consumer matters. These New Consumers are already rated as significant players in an increasingly fragmented and fragmenting marketplace. There appears to be a number of different ways to classify consumer groups in terms of lifestyle depending upon the unique set of defining events that took place during the formative years of a person's life, their current circumstances, their education and their country.

A Roper Starch survey of consumers around the world has identified six value segments among consumers namely, **Strivers** who comprised 23% of the world's adult population and are prominent in the developed and developing nations of Asia. Material things are important to these consumers and they have little time for any media except newspapers. Then there are the **Devouts** that comprised 22% of the world's adult population and are

concentrated in Africa, Asia and the Middle East. These consumers have more traditional values such as faith, duty, and obedience. They are least likely to be involved with the media and least likely to want western brands.

The **Altruists** comprised 18% of the world's adult population. They are out-focused, interested in social issues, and generally found in Latin America and Russia. **Intimates** make up 15% of the adult population worldwide. They focus on relationships, are involved with their homes and are found most often in Britain, Hungary, Netherlands and the U.S. **Fun Seekers** make up 12% of the adult population worldwide. They are the youngest group, and espouse values of pleasure, excitement, and good looks. They are more global in their lifestyle, like music, and are part of the MTV generation. The last segment is the **Creatives** who are 10% of the adult population worldwide and are dedicated to learning, knowledge, and technology. They are global trendsetters in adopting new media (Schuster 2004). It is essential that marketers have an understanding of the fragmentation of consumer groups. For such is critical in developing an integrated marketing communication campaign.

Currently, the consumer market with the most potential for growth is Asia (Schuster 2004) and the past 50 years saw all of Asia undergoing major changes. However, the transition is not yet complete. The Chinese people in the People's Republic of China constitute a large market, the Chinese diaspora in the rest of Asia is even a larger market. GDP per capita varies from a low US \$ 155 in Myanmar to US \$990 in the Philippines to US \$ 4,016 in Malaysia to a high of US \$ 25,864 in Singapore (Selected ASEAN Indicators 2000, ASEAN Statistics, Association of Southeast Asian Nations , www.aseansec.org. Nov 13, 2001).

The growth and expansion of the Internet technology has revolutionized the basic business dynamics. This has thus, form a new paradigm that allows consumers, producers and distributors access to flexible, fast and inexpensive ways of participating in the global marketplace. The utilization of Internet in marketing process has also introduced cyber advertising (cyber ads). The emergence of cyber ads in Malaysia can be traced from as early as circa 1998 when the Multimedia Super Corridor (MSC) project was launched on 27 June 1998 (<http://www.mdc.com.my/msc/index.html>). With the inception of the MSC, there was the widespread use of the Internet and this include conducting business transaction. However, during its nascent stage, cyber ads in the country was not advancing as rapidly as other developed countries, yet it was found that cyber ads was affecting conventional ads (Norliza Ahmad, *Berita Harian*, 4th July 2000). In fact several organizations were already actively involved in cyber ads. As such it is interesting to study the relationship between the cultural dimensions and purchasing behavior through the cyber ads. This study suggests that there is a significant relationship between cultural dimensions and purchasing behavior through cyber ads. That leads to the following hypotheses.

Internet advertising or cyber advertising (ads) is a form of advertising where companies or organizations promote their products or services through the new medium or the Internet (Belch & Belch 2004). Advertising on the Internet employs a variety of forms such as banners, sponsorships, pop-ups, and interstitials. This new form of advertising has allowed companies to "push" their message to consumers instead of waiting for consumers to locate them.



Cyber advertising is becoming an important element in the Internet era. As reported by Na Li and Ping Zhang (2002), online shopping has become the third most popular Internet activity after e-mail using and web browsing. In fact, it was considered more popular than browsing for entertainment and news. Online shopping behavior or also known as online buying behavior and Internet shopping refers to the process of purchasing products or services via the Internet. Past research has shown a similar pattern, according to the Pew Research Center, 46 percent of Internet users use email everyday, and 36 percent of email users receive unwanted messages, 72 percent of which are sales solicitations (Witt, G.E. 1999. You've Got Spam. *American Demographics*. Sept. 22). As reported by Korgaonkar and Wolin (2002), in the USA, 42.9 percent of all households or 45.9 million households are actively connected to the Web with 88 million adults over the age of 18 surfing the Web. As such it is not at all surprising that many companies are turning to the Web to advertise their products or services.

Indeed, the Internet has not only provides new ways for consumers to learn about and acquire products and services online but has also reshape consumer buying patterns. However, the figures are still very low. Apparently there have also been extensive studies on online purchasing behavior in recent years. Internet users have not only used the Internet to research online purchases, but they are also buying online albeit low in number.

After a period of decline, online shopping is on the rise again. It was estimated that total US spending on online sales increased to US \$ 5.7 billion in December 2001 from US \$ 3.2 billion in June of 2001 (www.forrester.com/ER/Press/Release/0,1769,678,FF.html). By these same estimates, the number of households shopping online increased to 18.7 million in December 2001 from 13.1 million in June 2001. Consumers spent an average of US \$ 304 per person in December 2001, compared with US \$ 247 in June 2001. Thus, this shows that online retail remained stable despite the social and economic instability and proved e-commerce is positioned to stand up to poor economy (www.forrester.com/ER/Press/Release/0,1769,636,00.html).

Although the online advertising expenditure is still very low as compared to the used of the conventional media, yet as the Internet grows the online purchasing expenditure is also increasing. It was reported that online retail trade was about US \$ 217.8 billion by 2000 and this account for 8 percent of total retail. By 2001, domestic online sales showed a total of more than US \$ 53 billion a growth rate of about 20 percent compared to the year 2000 (<http://iml.jou.ufl.edu/projects/Fall02/Kim/Introduction.htm>). It was reported that an estimated US \$ 167 million was spent on cyber ads in 2002. Cyber ads was also cited as a strongly performing media sector (<http://www.nielsenmedia.com.au/industry.asp?industryID=22>). The US \$ 167 million in expenditure was reported in three broad advertising categories – general advertising, classified advertising and search and direction advertising.

Obviously, the number of consumers who are purchasing online is growing sharply. The U.S. advertising market reported that the Internet showed the most robust year-over-year gain for 2004, posting US \$ 24.5 billion, an increase to US \$ 7.4 billion in ad spending as compared to 2003 (<http://www.tnsmi.com/news/03082005.htm>). Internet advertising spending has grown by over half in 2004, and it is expected to expand dramatically over the next year (<http://www.e-consultancy.com/newsfeatures/156652>). In Asia, computers, online booking and travel lead in cyber advertising retail with 28, 25, 11 percent respectively of the total market (Kotler et al. 2003). Such low number in cyber ads purchasing in Asia may be due to the fact that most Asian consumers are hybrid, they buy books from places like Kinokuniya and sometimes order books from Amazon.com, smell the perfume and interact with salespeople. Further more Asians view shopping as a leisure activity for the family and as such made the Internet less popular especially for products that must be touched or examined in advance (Kotler 2003).

Some Asian characteristics make Internet shopping unattractive. For example, Hong Kong with its compact urban geography, hardworking low population of household car ownership was thought to be suited for online grocery services. Thus, Admart was started. However, it closed down within 18 months. Several reasons accounted for this, Hong Kongers are not used to buying in bulk. Living space in Hong Kong is so cramped that few people have the cupboard space needed for bulk buying. Further, food shopping is an experience deeply ingrained in the Chinese culture where a maid or the wife is likely to visit the market twice a day so that both lunch and dinner will be made from the freshest ingredients. People like to feel the food, touch it, and squeeze it (Kotler et. 2005).

Similarly in Malaysia, Ray Cheng, 48, sets up a family greengrocers' in USJ with a website in 2000. His intention was to become the first family 'e-grocer,' unfortunately his business suffered after the dotcom crash of 2000. Cheng discovered that Malaysians are still reluctant to transact online, especially so when it comes to buying food (Postill 2004). Another research conducted by Universiti Teknologi Mara (UiTM) submitted to the Consumers International Asia Pacific found that 35 percent of Malaysian used the Internet, yet only three to four percent had made transactions online (Berita Harian, 23 June 2005, pg 12).

Although the growth and expansion of the Internet technology in Malaysia has been said to revolutionized the basic business dynamics and has thus form a new paradigm allowing consumers, producers as well as distributors access to flexible, fast and inexpensive ways of participating in the global marketplace, however it was also found that cyber advertising in the country was not advancing as rapidly as other developed countries (Berita Harian, 4th July 2005).

Appropriately, this study was conducted with the aim of examining the online shopping behavior in the country and specifically it aims to examine the possible determinants of cyber advertising purchases namely the personality variables (risk propensity and convenience), cultural dimensions (uncertainty avoidance, power distance and individualism/ collectivism), internet usage capability, internet usage to obtain product information, experience of internet usage, product characteristics and attitude toward internet advertising and purchasing through cyber advertising.

Theories and Conceptual Background

The study examined seven hypotheses based on the integration of Krugman's Low

Involvement Theory, Elaboration Likelihood Model (ELM) and Hofstede's Cultural Dimensions. Krugman (1965) incorporated the theory of low involvement into advertising suggesting that information by consumers is different in high consumer involvement situations as opposed to the low-involvement ones. He has also noted that the process of receiving advertising information by consumers is different in high consumer involvement situations as opposed to the low-involvement ones. As consumers are exposed to internet advertisements, they develop an attitude toward the internet as an advertising medium. The more that a consumer accepts the internet as a legitimate medium for advertising, the more likely that consumer is to purchase good and services through cyber advertising. While Petty and Cacioppo's (1986) Elaboration Likelihood Model, conceptualized that information processing and attitudinal change depend on the amount and length of information processed. Hofstede's Cultural Dimensions have been found to affect the diffusion process of new innovations. Indeed many researchers have argued that cultures high on uncertainty avoidance are less likely to be early adopters of any innovation.

Conceptualization

The technology today has become more sophisticated and internet offers an unlimited marketplace to marketers. Billions of advertising messages travel along the huge commercial networks that make up only part of the internet. To the consumers, the case for shopping on the internet is compelling. Consumers can both save time by shopping at places that are internet access and also avoid crowded shopping malls. However, online purchasing does not appeal to all consumers. Studies showed that when it comes to online purchasing, personality variables play an important role in influencing consumers to purchase online. The two personality variables that will be discussed in this paper are risk propensity and convenience.

Risk propensity

The concept of risk is important for understanding how internet consumers make choices. Individual faces risk when a decision, action, or behavior can lead to different possible outcomes (Bem 1980). Shopping environments on the internet may be uncertain for the majority of online shoppers, especially if they are novices. Online buyers may not be able to physically inspect the product that they intend to buy and this can be a drawback to the electronic business.

Therefore, perceived risk can thus be considered a function of uncertainty about the potential outcomes of a behavior and the possible unpleasantness of these outcomes (<http://www.auburn.edu/~forsysa/NTC/archive.htm>). When it is related to online shopping, the risk may then be defined as the subjectively-determined expectation of loss by an online purchaser in contemplating a particular online purchase. Amongst the identified perceived risk are financial, product performance, social, psychological and time/ convenience loss.

Financial risk stems from paying more for a product than being necessary or not getting enough value for the money spent (Roehl and Fesenmaier 1992). While performance risk or quality risk referred to the belief that a product will not perform as well as expected or will not provide the benefits desired (Bo-chiuan, Su 2003).

Physical risk involves the potential threat to a consumer's safety or physical health and well-being. When a purchase made fails to reflect on its purchaser's self-image or personality then that is considered as psychological risk. While social risk is concerned

with an individual's ego and the effect that will have on the opinions of reference groups. Risk propensity can be defined as the frequency with which people do or do not take different kinds of risks. It is also a risk taking behavior of an individual across time and situations. Based on the literature review, the following hypothesis incorporating the risk propensity variables was proposed:

Hypothesis 1: Risk propensity is significantly related to the likelihood that a consumer will make a purchase through cyber ads.

Hypothesis 2: Risk propensity is significantly related to the purchasing behavior through cyber ads.

Convenience

The online stores are open 24 hours a day and offering shopping convenience at little or no additional cost to the owner. This has thus facilitates shopping by anyone, anytime, anywhere in the world who is connected to the internet. Maignan and Lukas (1997) identified the internet as a medium that facilitates the consumption of other goods and services.

Local and international customers will benefit from companies offering shopping convenience. For instance an international customer from across the world who wants to look for a certain reference book can do so by logging-on to the websites in mid-day and order the book from companies such as Amazon.com while the U.S retailers are quietly asleep at night. The same user may be shopping from home, from work, or any other place that he/ she may have access to the internet for further convenience.

To consumers purchasing through cyber ads can be compelling. For instance they can save time by shopping at a place where they have internet access and they can also avoid crowded shopping malls. Based on the above discussion, the following hypotheses were proposed:

Hypothesis 3: Convenience variable is significantly related to the likelihood that a consumer will make a purchase through cyber ads.

Hypothesis 4: Convenience variable is significantly related to the purchasing behavior through cyber ads.

Individualism/ Collectivism Dimension

Hofstede (1984) developed the individualism/ collectivism dimension to describe the relationship between the individual and the collectivity that is reflected in the way people live together. It is to emphasize the goals, needs and view of the in-group over those of the individual or subjugating the individual's goals, needs and views to group. This dimension encompasses the way in which the self and others are regarded as well as the interaction between them. It reflects the extent to which a society regards the individual as its most fundamental component and the degree of acceptance of an individual's satisfaction of his or her own needs within collective groups.

However in the collectivist societies the group is considered to be the most fundamental component of society. In such societies, the individual's rights are secondary to those of group. According to the study of Hofstede (1984), the Asian culture is an example of a collectivistic nation where dependence is valued and society expects the individual to

subordinate his own needs to those of the group.

Hypothesis 5: Individualism / collectivism dimensions is significantly related to the purchasing behavior through cyber ads.

The Power distance dimension

Power distance measures the extent to which a society tolerates inequality of power in organizations and in society. In a high power distance society, hierarchy is strong and power is centralized at the top. Individuals are very conscious of their rank, and superiors and subordinates feel separate from each other. Korea for example is of high power distance society just like most of the other Asian countries (Schutte & Ciarlante 2000).

Darley and Luethge (2003) refers to power distance as the acceptance of inequality in power and authority between individuals in a society. While inequality may exist within any culture however the degree to which it is accepted varies considerably across cultures. Therefore, individuals who come from cultures exhibiting high power distances such as Malaysia, Egypt, India, Nigeria, Saudi Arabia and Venezuela (Hofstede 1991) might be expected to respond in socially desirable ways designed to please those in higher positions of power, stressing coercive, established and referent power (Simon 2001).

Hypothesis 6: Power Distance dimension is significantly related to the purchasing behavior through cyber ads.

Uncertainty Avoidance dimension

The third dimension chosen for this study is the uncertainty avoidance. This item reflects a culture's tolerance or intolerance of uncertainty. In a high uncertainty avoidance culture, uncertain, ambiguous, risky or undefined situations are viewed as threatening and to be avoided at all costs. In order to avoid uncertainty avoidance culture, risk is regarded as a natural component of life that can often produce opportunity. Since individual are regarded as the engines of change, therefore they must take risks (Schutte & Ciarlante 2000). While Hofstede (1991) stressed that uncertainty avoidance is the extent to which the members of a culture feel threatened by uncertain or unknown situations.

Cultures that are risk averse are also cultures that have low uncertainty avoidance while those that are not risk averse tend to have high uncertainty avoidance. In low uncertainty avoidance culture there is a tendency to accept calculated risk as necessary in order to seize opportunity. However, in a high uncertainty culture risk is regarded as threatening and to be avoided. In the study conducted by La Ferle (2002), Malaysia was found to be in the groups of countries that was the least risk averse.

Hypothesis 7: Uncertainty Avoidance dimension is significantly related to the purchasing behavior through cyber ads.

Method

A survey was conducted in the middle of September 2004 and 504 completed questionnaires were returned by early November 2004. A 12-pages questionnaires survey forms were distributed to respondents chosen through simple random sampling from amongst the Internet users from the Subang Jaya, Puchong and Kuala Lumpur areas. The sample is relatively homogenous in terms of its demographics and thereby helps enhance internal validity. Appropriately the simple random sampling was chosen since the purpose

of the study was to test the relationships among the variables (Calder, Phillips and Tybout 1981). The questions consisted of both open-ended and close-ended questions.

The purchasing behavior through cyber ads was operationalized by asking three interrelated questions. The first question asked the respondents whether they had purchased goods or services from cyber ads in the previous six months, with a dichotomous “yes” or “no” as possible response. Two questions designed to capture the Ringgit amount as well as the frequency of purchases made in the past twelve months.

The demographics information provided by the respondents included age, gender measured as either male or female, ethnic, education, and profession. The sample consisted of 53 per cent respondents between the age brackets of 20 – 29 years old and the least number represented was from the age group of 50 years and older. As reported by Kotler et al. (2005), in Malaysia, a consumer lifestyle segmentation by attitudes toward technology showed that the “e-savvy” segment comprises high proportion of young people in their 20s (29 percent). In fact many Internet surveys agreed that online population and purchasers are relatively younger, more educated and wealthier (Bellman et al.1999). In terms of gender, the sample was almost evenly divided with the number of female respondents (56 percent) slightly higher than that of the males (44 percent). A majority of the respondents are Malays (77 percent) with 14 percent Chinese followed by Indians and others with six and three percent respectively.

The response rate of people that have finished upper secondary school is 13 percent and lower secondary school is one percent. The respondents in the study were primarily involved in the educational field (20 percent), finance (14 percent), computer (11 percent), advertising (3 percent), insurance (3 percent), telecommunications (2 percent) and various other professions (27 percent). Table 1 shows the detailed information of the profile of the respondents.

Table 1: The demographic profile of the respondents

| Items | (%) |
|-----------------------|-----|
| Age (n=497) | |
| 20 -29 | 53 |
| 30 -39 | 29 |
| 40 -49 | 14 |
| > 50 | 4 |
| Sex (n=497) | |
| Male | 44 |
| Female | 56 |
| Ethnic (n=497) | |
| Malay | 77 |
| Chinese | 14 |
| Indian | 6 |
| Others | 3 |

A great number of respondents had a university degree or higher education with a bachelor and Master’s degree with 58 percent and 15 percent respectively. The study shows that fact that this category of people was more familiar with the use of a personal computer, the internet and purchasing through cyber advertising. There is a possibility that

they may have use the computer or internet for work related activities. There were only two percent of the respondents who have completed their Doctoral Degree and only 13 percent respondents who have completed their Upper Secondary level.

Table 2: The demographic profile of the respondents

| Items | (%) |
|------------------------------|-----|
| Education (n=487) | 1 |
| Lower secondary school | 13 |
| Upper secondary school | 3 |
| Vocational/ Technical school | 57 |
| Bachelor degree | 15 |
| Master’s degree | 3 |
| Doctoral degree | 8 |
| Others (please specify) | |
| Profession (n=486) | 66 |
| Banking/ Finance | 15 |
| Advertising/ Marketing | 11 |
| Public Relations | 56 |
| Computers/ Electronics | 97 |
| Education | 12 |
| Insurance | 89 |
| Government/ Public services | 9 |
| Telecommunications | 131 |
| Others | |

Analysis and Results

The data from Table 3 indicate that most people are still not buying online or through cyber ads. The study found that only 13 percent of the respondents have purchased good from the Internet through cyber ads. The number was definitely small. However this is not surprising, as previous studies had also reported that online purchasing among Malaysians are indeed very low (Berita Harian, 23 June 2005, Manju et al. 2003). This result is also not uncommon as proven by the research conducted by Donthu and Gracia (1999) who found that from 790 successful interviews that were conducted, only 122 respondents (15 percent) were cyber ads shoppers.

Although e-commerce was introduced since the 1990s in Malaysia, yet online purchasing is still developing in the country. This being a new practice will need time for a full adoption process. There is also a possibility that cultural values may be a factor affecting the adoption of purchasing online. As explained by Herbig and Miller (1991) cultures that exhibit large power distance will be less innovative and consequently as mentioned by Le Ferle et al. (2002), Malaysia was ranked as having the most rigidity between superiors and subordinates and this explained its large power distance. Therefore, there is a possibility that the unwilling to adopt the new online purchasing activity is impacted by the cultural values.

It was also found that respondents were also unwilling to spend much online. As shown

from the Table 3, only 33 percent had spent between RM100 – RM400, while only 16 percent had spent more than RM800. Although some respondents are already willing to make online transactions, however the amount of money spent online is still low. Data in Table 1 also indicate that a low 9 percent have spent between RM401 – RM600. It is apparent that consumers are still unwilling to spend much on online purchase of products or services and this can thus said that they were not willing to risk losing money on this new type of transactions.

The study also shows that respondents are still considered lighter users of the Web as they were shown to purchase lesser items. As mentioned by Korgaonkar and Wolin (2002) in terms of Web usage, the lighter users tend to purchase lesser items as compared to the heavier users.

When it comes to the frequency of the transactions made, a majority of 34 percent reported that they have made transactions less than once per month. 24 percent said that they had made transactions between 2 – 5 times while 22 percent had transacted 1 – 2 times/ month. The study also showed that the respondents who have made more than 10 transactions were still very low (3 percent). Clearly, suggesting that purchasing through cyber ads is still unpopular amongst Internet users and since nearly half of the respondents have only purchased less than once a month therefore they can be categorized as occasional buyers. (<http://iml.jou.ufl.edu/projects/Fall02/Kim/measurement.htm>).

Table 3: Purchasing through cyber ads.

| Items | Percentage |
|--|------------|
| In the past six months, have you ever purchased products or services through the cyber ads ? (n=504) | 13 |
| How much would you estimate you have spent with the Internet retailer in the past twelve months (n=63) | |
| Less than RM100 | 32 |
| RM101 – RM400 | 33 |
| RM401 - RM600 | 9 |
| RM601 - RM800 | 10 |
| More than RM800 | 16 |
| How often have you transacted with the Internet retailer in the past twelve months ? (n=63) | 14 |
| Never | 34 |
| Less than once/ month | 22 |
| 1 - 2 times/ month | 24 |
| 2 - 5 times/ month | 3 |
| 6 - 9 times/ month | 3 |
| > 10 times/ month | |

What are people buying through cyber ads? The survey asked respondents to indicate the purchase of items from different product/ services categories within the last six months. The data (Table 3) indicate that most people are not yet buying online. The most popular

transactions occurred in the e-banking services with 80 percent respondents reported to have used the service. 65 percent have bought books online, 63 percent bought flowers while 50 percent had experienced buying household items. The least purchased category was cars (10 percent). This could be also due to the fact that cars are luxury and expensive items. It is also a high-involvement product and as noted by Na Li and Ping Zang (2002) product involvement affect consumers' online shopping attitudes and behavior.

While their purchasing activity is not as high, interestingly data shown in Figure 1 indicate that respondents had purchased various products such as food (46 percent), cosmetics (41 percent), computer equipment (40 percent), home furnishing (39 percent), fast food (33 percent), fashion apparel (33 percent), jewelry (31 percent), CDs (32 percent), luxury watch (27 percent), shampoos (25 percent), house (24 percent) and using the financial services (44 percent).

Past studies also showed that consumers who frequently engaged in online purchasing more often purchased books, computer products, electronic goods, entertainment and internet-related products (Kwak et al. 2002). These are considered high-involvement products and as suggested by Yoon and Kim (2001), the Internet is a medium better suited for high-involved products.

The diagram below is an adaptation from the FCB Planning Model (Belch & Belch 2004) and it provides a brief explanation of what respondents had purchased from the Internet. As shown in the figure the products/ services that had received high percentage in terms of the products/ services that were purchased were from the high-involvement cognitive grid of the model. Products/ services such as e-banking, books, financial services, computer equipment, house furnishing, house and autos are categorized as high-involvement cognitive products/ services. While such products like jewelry, cosmetics, fashion apparel, luxury watch and CDs are considered as high-involvement affective products. The figure indicates that products such as food, fast food, household items and shampoos are categorized as low-involvement habit formation products. One of the products included in the study was flowers and it is categorized as low-involvement self-satisfaction product.

| | Thinking | Feeling |
|------------------|---|---|
| High Involvement | Informative (thinker) e-banking (80 percent) Books (65 percent) Financial services (44 percent) Computer equipment (40 percent) House (24 percent) Autos (10 percent) House Furnishings (39 percent) | Affective (feeler) Jewelry (31 percent) Cosmetics (41 percent) Fashion Apparel (33 percent) Luxury Watch (27 percent) CDs (32 percent) |
| Low Involvement | Habit formation (doer) Food (46 percent) Fast Food (33 percent) Household Items (50 percent) Shampoos (25 percent) | Self-satisfaction (reactor) Flowers (63 percent) |

Figure1: The FCB Planning Model adapted from Belch & Belch. 2004. *Advertising and Promotion. An Integrated Marketing Communication Perspective*. 6th Edition. Singapore: McGraw Hill. pgs 154 – 155.

In order to test the hypothesis a spearman correlations coefficients was computed between the two variables (risk propensity variable and likelihood to purchase through cyber ads). The relationship between the two variables was found negative ($r=-.100$) and not significant. Therefore, hypothesis 1 was not supported in the study. The negative relationships suggested that greater values in one variable are associated with lower values in the other. Although the findings are in contrast with that of Kwak et al. (2002), yet the previous study had also found a weak impact of risk-taking tendencies to purchasing online. There is also a negative ($r=-.087$) relationships between risk propensity and purchasing through cyber ads. Therefore hypothesis 2 was rejected. The implication of these findings is that even risk takers are found as not likely to engage in purchasing through cyber ad.

Table 5: Relationship between personality variables and purchasing behavior through cyber ads.

| Personality variables | Purchasing through cyber ads | | Likelihood to purchase through cyber ads | |
|-----------------------|------------------------------|------|--|------|
| | r | p | r | P |
| Risk propensity | -.087 | .052 | -.100 | .026 |
| Convenience | .231 | .000 | .364 | .000 |

Table 5 shows that there is a moderately-positive ($r=.364$) and significant relationships between convenience and likelihood to purchase through cyber ads. This confirms the hypothesis 3. Convenience variable is found to be a significant positive determinant of the likelihood to purchase through cyber ad. With respect to the convenience variable impacting purchasing through cyber ads, the findings demonstrate that there is a moderately-positive ($r=.231$) and significant relationships between the two variables.

Therefore, hypothesis 4 was supported.

Personality variables explain a modest amount of variance in consumers’ purchasing purchases outside of cyberspace. It is expected that the two variables in the study will play an important role in virtual world. However, this study demonstrated that only the convenience variable is significantly related to the purchasing behavior.

Table 6 presents the spearman correlations coefficients between the cultural dimensions and purchasing behavior through cyber ads. Hypothesis 5 proposed that there is a significant relationship between individualism/ collectivism and the purchasing behavior through cyber ads. The data shown in table 6 reports that there is a positive relationship between the variables individualism/collectivism and purchasing through cyber ads ($r=.014$, $p=.751$). However, no significant relationship was found between the two variables and therefore it can be said that the cultural dimension individualism/collectivism have no significance impact on purchasing behavior through cyber ads. Therefore the increase in the individualism/ collectivism variable will not affect the purchasing behavior through cyber ads.

Hypothesis 6 suggested that there is a significant relationship between power distance and purchasing through cyber ads. The result showed a negative relationship between the two variables. The table also showed that no significant relationship was found between the power distance dimensions and purchasing through cyber ads ($r=-.060$, $p=.186$). Thus suggesting that the second cultural variable have no significance impact on the behavior to either purchase a product or service through cyber ads or otherwise.

Hypothesis 7 claimed that there is a significant relationship between uncertainty avoidance and purchasing through cyber ads. Thus, suggesting that the respondents who have a high risk averse are less prone to purchase through cyber ads. A positive relationship with no significance was formed between the uncertainty avoidance and purchasing through cyber ads ($r=.080$, $p=.079$)

Table 6: Relationship between cultural dimensions and purchasing behavior on cyber ads

| Cultural dimensions | Purchasing through cyber ads | |
|-----------------------------|------------------------------|------|
| | r | p |
| Individualism/ Collectivism | .014 | .751 |
| Power distance | -.060 | .186 |
| Uncertainty avoidance | .081 | .079 |

Discussion

Researchers in the country have concentrated much of their internet research efforts on the understanding of e-commerce and describing the evolution of the purchasing and factors affecting the online transaction through cyber space. Yet, reports are still lacking on the consumer and consumer purchasing behavior in cyberspace. Therefore this study attempts to examine the purchasing behavior through cyber ads by examining the relationship between two variables namely the personality as well as cultural dimensions and the behavior of purchasing through cyber ads.

Purchasing through cyber ads has become the third most popular internet activity,

immediately following e-mail using and web browsing (Na Li and Ping Zhang 2002). While Nie and Erbring (2000) have also noted that 52 percent of the consumers use the Internet for product information, 42 percent for travel information, and 24 percent for buying. Similarly, Internet activities in Malaysia has also seen e-mailing as the most popular Internet activity, followed by general surfing, music listening, purchase of products/ services and Internet phone (<http://www.acnielsen.com.my/news.asp?newsID=59>).

Studies showed that while the internet and e-commerce is gaining the attention of consumers yet, purchasing online is still low among internet users. It was reported that there are 35 percent of the internet users in the country and of that number only four percent experienced making an online transaction (Berita Harian, 25 June 2005). A similar study conducted by Bellman et al. (1999) has also found that only 1.7 percent said that they used the internet for purchasing. With only 13 percent respondents who had experienced purchasing through cyber ads, this study has thus supported past literature that has stressed that shopping through the internet is still relatively slow. This may be due to the fact that while internet is expanding rapidly, yet it still reaches only limited demographics.

The internet infrastructure in the region is also still lagging behind the more developed countries. Internet users often complaint that downloading web site can be a problem that kept them away from returning to a web site that they have had a bad experience and also the reason why some consumers abandon their cyber shopping carts. In addition, some Asian characteristics make Internet shopping unattractive. An excellent example is Hong Kong. With its compact urban geography, hardworking low population of household car ownership was thought to be suited for online grocery services. Thus, Admart was started. However, it closed down within 18 months. Several reasons accounted for this. Hong Kongers are not used to buying in bulk. Their living space is so cramped that few people have the cupboard space needed for bulk buying. Further, food shopping is an experience deeply ingrained in the Chinese culture where maid or the wife is likely to visit the market twice a day so that both lunch and dinner will be made from the freshest ingredients (Kotler et al. 2005).

Similarly in Malaysia, Ray Cheng, 48 who wanted to set up a family greengrocers' in the USJ area with a website in 2000 found that his business suffered not only due to the dot.com crash but Cheng discovered that Malaysians are still reluctant to transact through cyber ads, especially when it comes to buying food (Postill 2004). Further more as reported by Postill (2004), Malaysians prefer the shopping experience, they want to be excited and they also love window shopping, to be able to touch and smell what they are buying. Research has shown that there is a significant relationship between a positive online shopping experience and the frequency of online purchasing behavior. Consumers were found to visit the same retailer online and in person therefore a positive experience will reinforce their visiting habit to the web site (<http://iml.jou.ufl.edu/projects/Fall02/Kim/rsk.htm>). People who have been on the Internet for years have the tendency toward a *net-oriented style* (Kim et al. 1999) and similarly people who have been buying product/ services online will have the tendency to continue buying online. The data obtained in this study found that respondents are still not spending much time to purchase through cyber ads. As a result they were also not spending as much money online.

Consumers of different cultures are considered to behave differently when making a purchase of a product or service. However, they can be global in their preferences. This study finds that there is no significant relationship between the three cultural dimensions and consumer purchasing behavior through cyber ads. Clearly, this shows that the three cultural variables have no influence on such behavior.

As the new internet technology offers millions of web sites as well as cyber ads and a staggering volume of information, navigating it can be frustrating, confusing and time consuming for consumers. With this chaotic and cluttered environment therefore it is not at all surprising to see cyber ads go unnoticed. Even when noticed, to hold consumer attention can be difficult. This coupled with the restricted access to the required infrastructure can be a barrier in making this new technology popular among consumers. Consequently, as reported by a PEW survey, consumers, spend more time online because broadband connections make it easier and they spend less time at other activities such as watching television, shopping, and reading newspapers (“Asia’s Internet Usage Overview,” Netvalue, www.netvalue.com, January 8, 2002).

In fact today’s economy and most companies are a hybrid of the old and new economy. While companies need to retain skills and competencies of the past, yet they will also need to add new understanding of the current consumer market. Today’s marketplace is a combination of traditional consumers (who do not purchase through cyber ads), cyber consumers (who purchase through cyber ads) and hybrid consumers (who do both). It was found that most consumers are hybrid, for example they buy books from Kinokuniya or MPH bookstores and then also sometimes order books from Amazon.com. Asian characteristics also make cyber shopping unattractive for example they still like to squeeze the tomatoes, touch the fabric, smell the perfume, chat with the salesperson and price haggling. Obviously, consumers are motivated by other needs than only shopping efficiency and According to Kotler et al. (2003) to Asians, shopping is view as a leisure activity for the family. These are among the resistance factors to shop through cyber ads.

Cyber ads may serve a useful purpose especially as a supplement to other marketing efforts. However, many marketers still question the value of cyber ads as an effective tool. Since many firms are still experimenting with cyber ads, therefore it is not surprising that cyber ads expenditures still represent only a small fraction of overall advertising media expenditures.

Conclusions

In this study an attempt has been made to understand the online purchasing behavior of consumers in country, the amount that they had spent on online purchasing, the frequency of their online purchasing activities and the products that they had purchased. This finding suggests that online purchasing is fast emerging as an important media choice for certain products/ services.

The result also implies that the Internet is medium better suited for high-involvement products/ services especially in the Informative category. This further suggests that cyber advertising will be able to fulfill consumers’ information needs.

While the percentage of online shoppers are still very low, however as the growth rate of Internet users in Malaysia increased, there is a possibility of the increase in online purchasing. Coupled this with the improvement in the infrastructure, certainly online

consumers will show an increase in numbers.

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