

## Online Repurchase in Malaysia

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### Abstract

Online retailing has been on an upward trend over the years and it has become significant platform for consumers to obtain the needed products and services. This trend is even more obvious due to the COVID-19 pandemic where consumers were bounded at home. Nevertheless, the security issues pertaining to online retailing has bene on the rise as well. Both of these issues are on the same scale. Hence, there is a need to study the repurchase intention with issues that are of concern to buyers. This study aims to study the factors that affect the online repurchasing intention by consumers in Malaysia. A total of 298 respondents was collected for this study that are consumers who have online purchasing experience. This study would be able to provide insights to various stakeholders, buyers, policy maker on the rising concerns on online retailing. Other than that, this study would be able to provide guidelines to online traders, both the buyers and sellers on the need and importance to operate the online business ethically and professionally, create a healthy business environment. This is because consumers would have more confidence when online retailers have the credibility and reliability to their belt, with higher number of online transactions ultimately.

**Key words:** Ethics, online retailing, repurchase intention (RI)

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### Introduction

Internet has been one of the necessities for today and it has been playing a very significant role in one's life. Technology and modernisation has brought flexibility and easy on various asepects in today's life. People today relied everything on internet and digital enhancement has become a part of our lives as we are constantly exposed to the usage of social media and various mobile applications in our daily communications, businesses, education, and employment. Learning the ability to grasp on online learning using, making payment for purchasing groceries to flight tickets etc using various platforms. Consumers today have to embrace the presence and importance of digitalisation and modernisation.

## **Background of the study**

The online shopping trend in Malaysia had become popular in the past years. As of the year 2018, the record shows that up to 79% of the Malaysian population have begun indulging themselves in online shopping for product categories like fashion, beauty items, sports-related goods, and electronics (Anand et al., 2019). Klang Valley has the most population contributing to the highest employment rate, retail growth and development in Malaysia. However, most Malaysians are concerned with continuing the usual social lifestyle as the pandemic has hit hard in the country since the year 2020. Many are tactful in their spending due to the rise of the unemployment rate and job security issues (Shamim, et al., 2021). Research shows that more than 26 million Malaysians have access to the internet and 80% of the current online shoppers are aged between 16 to 64 years old (Aprameya, A., 2021).

In view of the high tendency of switching from physical to online business, one must study the potential issues (pros and cons) that may arise from this transformation. One of the main concerns in the study is the ethics of online retailing. Although there are laws and acts to protect the customers in Malaysia, the online fraud has increased throughout the years with the advancement of hackers, fraudsters, scammers etc with ill intentions.

## **Research Problem**

As internet has been the main source of getting information, doing transactions, it has been showing a significant role in one's daily life. Apart from the changes in life, the COVID-19 pandemic further enhanced the role of internet and living daily using internet, including buying food and purchasing products and services. Hence, the "ethical" issue has been raised due to this phenomenon. The flexibility and ease of purchasing online are the contributing factors to online purchasing. Nevertheless, there is always two sides to a coin, this is a window of opportunity for scammers, hackers to do harm to genuine buyers and genuine sellers. E-commerce fraud has been on the rising trend over the years with various reports from the victims. The techniques used has been evolving over the years by hackers and scammers. E-commerce fraud or online retail fraud has slowly increased from the year 2018 to the year 2019. It also stated that online financial fraud exists and is increasing substantially in the year 2019. Online financial fraud is what makes consumers concern about privacy and security. Moreover, the online frauds is on the rise since COVID-19 pandemic as employees tend to work-from-home and hence the vulnerability on the cybersecurity on their internet at home. (Malaysia Cyber Security Strategy 2020-2024, n.d)

## **Research Objectives**

The research objectives of this research is to study the Malaysian customers' perceptions of online retailing ethics towards repurchase intention. This study aims to investigate the following:

1. To investigate the relationship between the security (S) and the repurchase intention (RI)
2. To investigate the relationship between the privacy (P) and the RI
3. To investigate the relationship between non-deception (ND) and the RI
4. To investigate the relationship between reliability (R) and the RI

## **Research Questions**

This study research questions are as follows:

1. Does security affect repurchase intention in online retailing ethics?
2. Does privacy affect repurchase intention in online retailing ethics?
3. Does non-deception affect repurchase intention in online retailing ethics?
4. Does reliability affect repurchase intention in online retailing ethics?

## **Literature Review**

Repurchase intention can be described as a subjective possibility that a person will choose to buy certain goods or services from the online seller or shop in the future (Zhi Yang et al., 2019; Agag & Elbeltagi, 2014; Chiu, Chang, Cheng, & Fang, 2009). The goal of the repurchase is an optimistic customer mindset towards e-retailers that will produce repeat sales (repeat purchasing behaviour). It has been further explained by Chou and Hsu (2015) that the intention to purchase is important for consumers to repeatedly purchase certain products or services to maintain a relationship between consumers and online retailers.

Security is one of the serious concerns by buyers when purchasing online particularly when providing personal information. The issue of security pose as a threat to the reception of purchasing online when consumers are uncertain about their security online during a financial transaction and personal information. Flavian and Guinaliu (2006) further assert that security is where consumers believe that their personal information, including private and financial information, will not be visible, kept, and manipulated by any party. Due to the advancement of technology and the growing importance of digitalisation, this, this issue will continue to pose as one main concerns because there is a need to safeguard consumers' details and payment methods to avoid the ever scheming hackers and scammers.

Non-deception is where consumer believe that online retailer does not use manipulative practices to persuade consumers to buy what the website or platform provides (Agag, El-masry, Alharbi, & Almamy, 2016; Elbeltagi & Agag, 2016; Limbu et al., 2011). Nardal (2020) and Roman (2007) reported that non-deception is another important attribute in online retailing ethics.

Reliability refers to the correct display and definition of a product or services such that what consumers get is what they ordered and bought, in addition to providing the best products or services within the promised structure (Elbeltagi & Agag, 2016; Wolfinbarger & Gilly, 2003). Nardal and Sahin (2011) have found that reliability is where the billing of the price is exactly what consumers expected based on the information written on the online retailing website/ platform

**Research Hypotheses ( $H_0$  vs  $H_k$ ,  $k = 1, 2, 3, 4$  where  $H_k$  is the contrary to  $H_0$ .)**

Research Objective 1

$H_1$ : S has relationship on consumers' RI on online retailing in Malaysia

$H_0$ : S has no relationship on consumers' RI on online retailing in Malaysia

Research Objective 2

$H_2$ : P has relationship on consumers' RI on online retailing in Malaysia

$H_0$ : P has no relationship on consumers' RI on online retailing in Malaysia

Research Objective 3

$H_3$ : ND has relationship on consumers' RI on online retailing in Malaysia

$H_0$ : ND has no relationship on consumers' RI on online retailing in Malaysia

Research Objective 4

$H_4$ : R has relationship on consumers' RI on online retailing in Malaysia

$H_0$ : R has no relationship on consumers' RI on online retailing in Malaysia

**Research Methodology**

This study uses quantitative research method via 5-Likert scale questionnaire with three languages; namely, English language, Chinese language and Bahasa Malaysia language. Bahasa Malaysia and Chinese language are translated using the English language version. The data collected was primary data. It was collected either via QR code; or through a link that is provided via Facebook, Instagram, WhatsApp, and other social media platforms. The respondents targeted for this study are consumers staying in Malaysia with a minimum age of 18 years old with experience of purchasing products or services online. This age group was chosen because they can have their own bank account, hence making payment via online purchase viable. The non-probability sampling technique; which includes the convenience sampling and snowball sampling were used in order to reach the targeted consumers who are far to reach.

**Results of the study**

A total of 298 respondents were collected for this study. Table 1 shows the summary of the demographic details of the respondents of this study.

Table 1: Demographic of respondents

Items	Percentage (%)
Gender	
Male	36
Female	64
Monthly Income	
No income	25
Below MYR2000	17
MYR2000-MYR3999	23
MYR4000-MYR5999	13
MYR6000-MYR7999	12
MYR8000-MYR9999	3
MYR10000 and above	7
Age	
18-24	38
25-34	19
35-44	21
45-54	16
55-64	5
65 and above	1
Total	100

Table 1 shows that approximately 36% and 64% of the respondents from this study were male and female respectively. Approximately 25% and 23% of the respondents are with no monthly income and MYR2000-3999 respectively because majority of the respondents are of age 18-24 years old with 38% and 35-44 years old with 21%. The younger respondents cover most of the sample for this study because the questionnaire was distributed online using various media platforms. Most of the users of media and social accounts platforms are younger generation.

Table 2: Products or services purchased online

Products or services purchased online	Gender	
	Male (%)	Female (%)
Health/ Beauty products	14	86
Groceries/ Food/ Drinks	32	68
Clothing and accessories	34	66
Children's product	35	65
Streaming services	38	63
Household appliances	38	62
E-tickets/E-bookings	40	60
Reading materials/ Books	41	59
Electronic gadgets	49	51
Sports related goods	67	33

Table 2 shows the types of products and services purchased online by consumers. From the results, it can be seen that most of the female consumers purchased most products and services online except for sports related goods; the male consumers tend to purchase more of this product compared to female consumers with 67% and 33% respectively. However, the highest type of product purchased by female consumers are health/beauty related products with approximately 86%. While, beauty related products have the least number of online male consumers.

Table 3: Online retailing platforms

Platform	Percentage (%)
Shopee	39
Lazada	32
Hermo	6
Zalora	6
GoShop	5
Tao Bao	4
Carousell	2
Mudah.com	2
11 Street	1
eBay	1
Lelong.my	0.4
Others	2

Table 3 illustrates the statistics for various online retailing platforms in Malaysia for this study. It shows Shopee and Lazada are the leading online retailing platform in Malaysia has the highest number of buyers from the respondents of this study with 39% and 32% respectively. Meanwhile, the lowest number of buyers is the Lelong.com platform with 0.4%.

Table 4: Payment methods

Payment methods	Percentage (%)
Online Banking	57
Debit card	19
Credit card	18
E-wallet	4
Others	2

Table 4 illustrates the results for the payment methods used by online purchase by respondents of this study. It shows that the highest payment method used is online banking with 57% of the respondents of this study uses this payment method. It follows with debit card and credit card with 19% and 18% respectively. The least used are E-wallet and others payment method by the respondents of this study.

Table 5: Security issues encountered by respondents

Security issues	Percentage (%)
Products and services different from description	61
Did not receive paid products and services	53
Damaged/ faulty products	50
Financial Fraud	11
Unreasonable Pricing	10
Identity Theft	6
Others	2

Table 5 identifies the security issues that were encountered by the respondents for this study. Respondents can choose more than one of the security issues listed. The highest three concern pertaining to security issues are products and services different from description, did not receive the paid products and services and damaged/faulty products with 61%, 53% and 50% respectively. Hence, there is a need to bring awareness to sellers the importance of ethics when conducting transactions online. There are two different types of concern regarding to online purchasing, namely; security and privacy.

Respondents are very concerned on these issues and sellers need to ensure that the platforms that they engaged with are genuine and are well-equipped with security features.

Table 6: Model Summary

	Coefficients	Standard Error	P-value
Intercept	0.401	0.059	0.000
Security	0.432	0.084	0.000
Privacy	0.210	0.090	0.021
Non-deception	-0.032	0.070	0.652
Reliability	0.297	0.073	0.000

Table 6 illustrates the model summary, where all the independent variables are significant at 5% except the factor of non-deception. This illustrates that all the independent variables, security, privacy and reliability have relationship with online repurchase intention. These are all in tandem with the current issues of cybersecurity issues pertaining to increasing number of frauds techniques such as phishing, ransomware, spyware, malware, SQL injection, passwords attacks, emotet, denial of service etc. Due to advancement of technologies and also the evolution of hackers, all these became a very crucial issues and concerns for the buyers on online repurchase intention.

## Conclusion & Recommendations

Since COVID-19 pandemic, the number of buyers purchasing online has been increasing due to the restrictions on movements in all countries etc. The rapid growth of online retailing has been a serious concern particularly on the security, privacy and reliability of the inline platforms etc. Hence, there are various steps that can be taken by all parties, namely; sellers, consumers and government. Sellers needs to engage with a trusted platform and also have honest and responsible traits in selling their products and services. Sellers also need to ensure that the consumer's personal particulars are secured and always be kept confidential with only necessary information and keeping the unnecessary date to the minimum. Apart from that, consumers need to be alert on various fraud techniques from time to time to avoid being duped and hence reducing the intention to purchase online in the future. Government also needs to play a significant role in securing the security and privacy of the online retailing, where the government can formulate, implement a stricter on the guidelines and regulations on online retailing transactions with various types of punishment for unethical sellers.

Apart from consumers' knowledge and awareness on the possibility of being scammed, there is a need to have tighter and comprehensive coverage on laws and regulations on online retailing. Sellers, financial institutions, seller platforms need to upgrade their security system to avoid possible leakage of information to safeguard consumers' welfare because the hackers and scammers are very creative and find new tactics to hack, scam and dupe not only consumers but sellers. There is always a price to pay for modernisation and digitalisation, hence the issue of online security needs to be taken seriously by various stakeholders.

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