

A STUDY OF THE ELECTRONIC COMMERCE FACTORS INFLUENCING  
CONSUMERS' PURCHASING DECISION IN TAUNGGYI CITY, MYANMAR



A STUDY OF THE ELECTRONIC COMMERCE FACTORS INFLUENCING  
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All Right Research

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**Title: A STUDY OF THE ELECTRONIC COMMERCE FACTORS INFLUENCING  
CONSUMERS' PURCHASING DECISION IN MYANMAR**

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A Study of the Electronic Commerce Factors Influencing Consumers' Purchasing Decision in Taunggyi City, Myanmar (98 pp.)

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### **ABSTRACT**

The purpose of this research study is to examine the factor influence of consumers' purchasing decisions toward products/service online in Taunggyi city, Myanmar. The independent factors of website quality, electronic word of mouth, trust, perceived value, service quality, subjective norms, convenience, price and lifestyle were examined for consumers' purchasing decision in Taunggyi city. Research was collected through a survey of consisting of 62 survey questions with 400 collected in Taunggyi city from areas such as supermarkets, university campus, community events and street commuters. SPSS 20 was used to test for demographic profile, reliability test for each factor of items, descriptive statistics and binary logistic regression, tests of individual and model assumption and also hypothesis testing. Results and findings show that Website Quality, Electronic Word of Mouth and Service Quality significantly influence Myanmar consumers' purchase decision to buy product/service online.

For future research it would be useful to study a broader sample given the boundary less nature of online business. Also, profile of subjects being studied should be broader to capture the whole range of different generations (baby boom, generation Y, etc.).

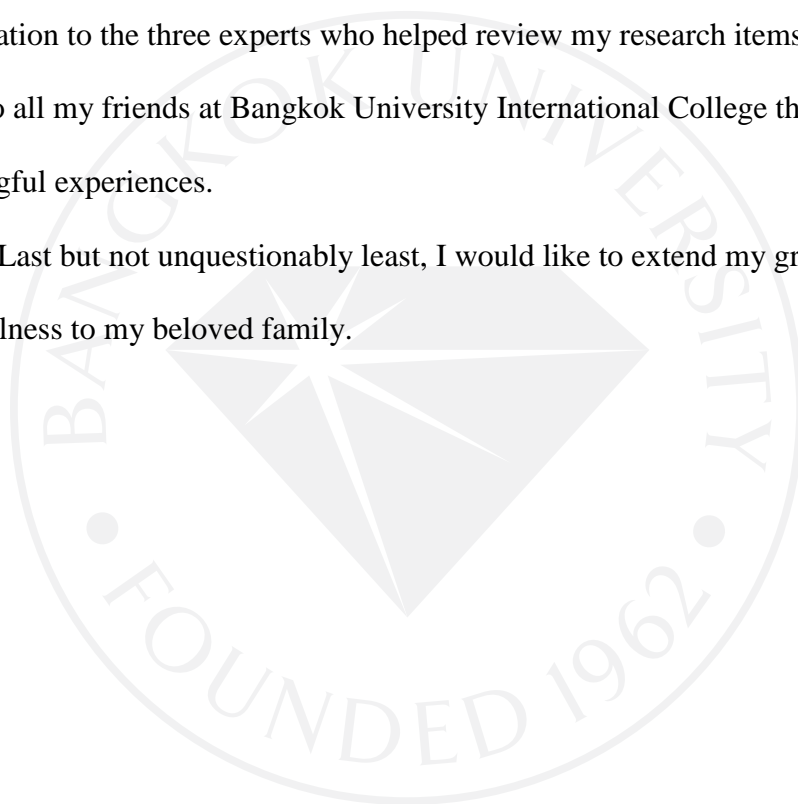
*Keywords: Online shopping, product/service online, consumers' purchasing decision, factors, Myanmar.*



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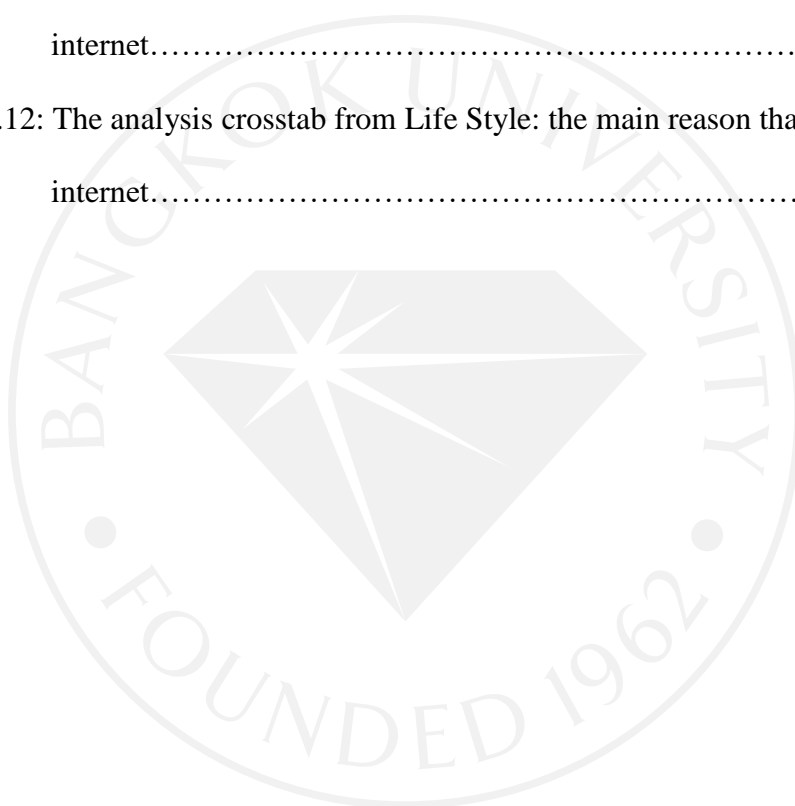
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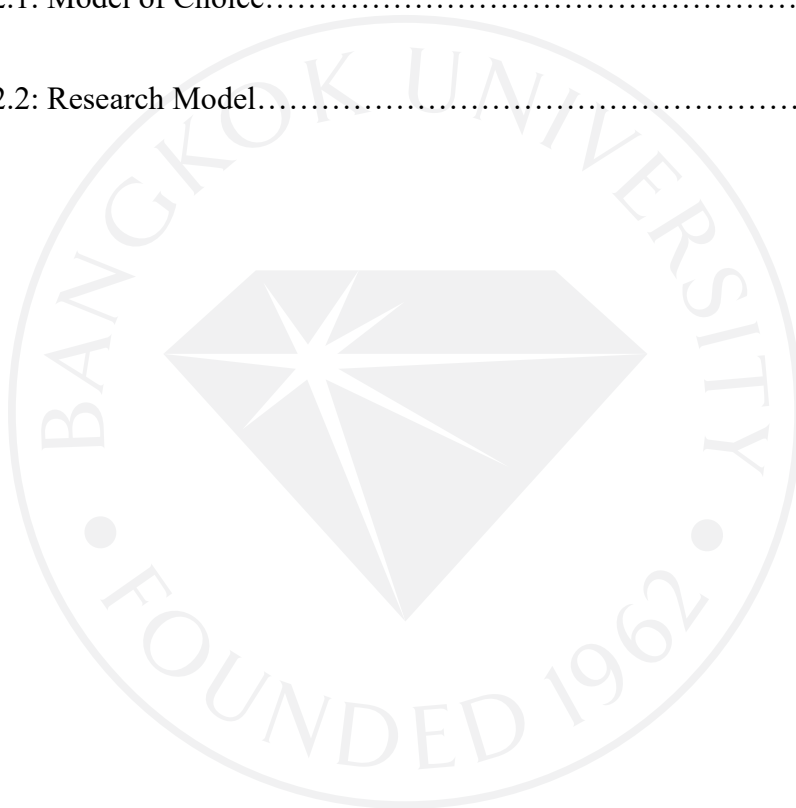
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## CHAPTER 1

### INTRODUCTION

#### Introduction:

In this chapter, the author briefly describes the background which related to the subject of this research. The author is interested to study theories relating to how website quality, electronic word of mouth, trust, perceived value, service quality, subjective norms, convenience, price and lifestyle of the E-commerce factors influence consumers' purchasing decision in Taunggyi city, Myanmar. The statement of problem is introduced by the purpose of this research.

In this chapter the author also provides details of the research study, including Background, Problem Statement, Purposes of Study, Expected Results, Scope of Study and Focus & Limitations as following;

#### 1.1 Background

Electronic commerce (E-commerce) has changed human life in terms of its influence on business models as well as business processes. In the economic world, E-commerce has revolutionized the way information technology and communication works. This business model has opened new ways of trading that traditional businesses were not able to do. With this type of trading model, the E-commerce sector has rapidly grown.

E-commerce refers to the exchange or the buying and selling of goods and services over the Internet. Online shopping is a form of e-commerce which allows consumers to directly buy goods or services from a seller over the Internet using a web browser. Consumers find a product of interest by visiting the website of the

retailer directly or by searching among alternative vendors using a shopping search engine, which displays the same product's availability and pricing at different e-retailers. Because of the expansion of Internet users, e-commerce has become a major commerce activity (Constantinides, 2004). In the global trend, internet retail sales are rapidly rising. According to Statista, in 2018 the revenue of E-commerce market was US\$1,781,240 million and it was increased by 14.4% compared to 2017. China was ranked first with US\$ 636, 087 million followed by United States with US\$504,852 and Japan come third place with US\$104,043 million. The report said that the revenue is expected to show an annual growth rate (CAGR 2018-2022) of 9.9% resulting in a market volume of US\$2,598,923m in 2022. The report also stated that the user penetration was 2,765.2 million (53.8%) which is 3.1% increase compared to 2017. It is expected to hit 59.9% in 2022.

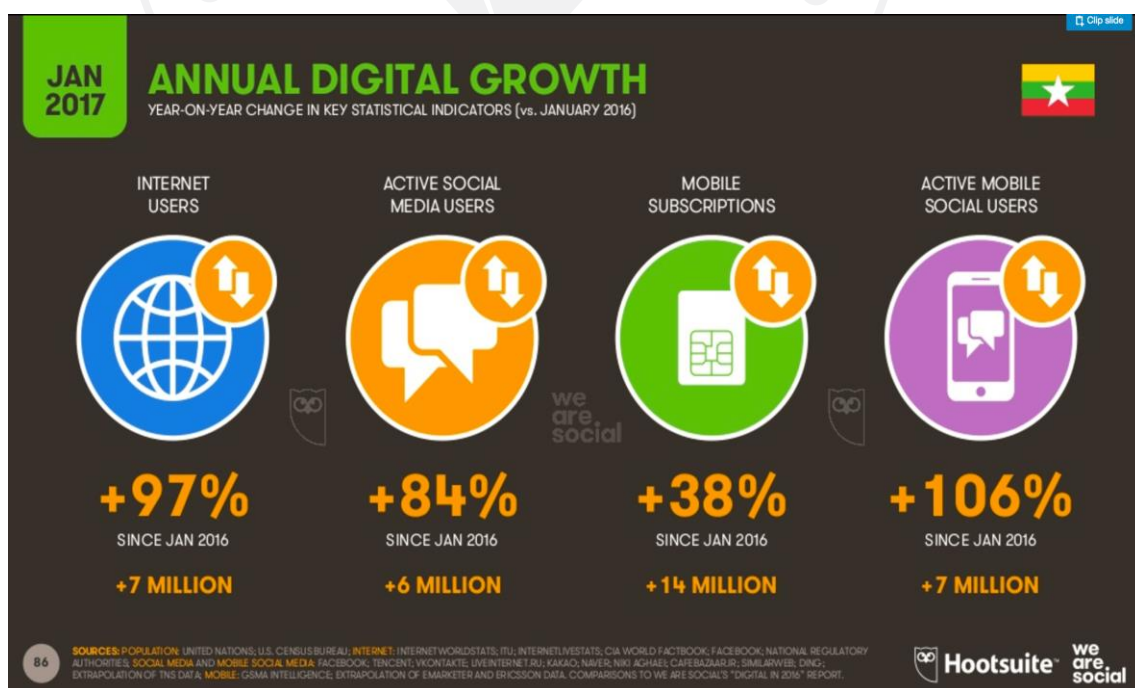


Figure 1.1: Annual digital growth in Myanmar from January 2016 – January 2017.

In Myanmar (Hynes), within less than a decade, the number of internet users has rapidly soared. In a year, internet users increased by 97% and mobile phone users by 80%, according to statistics from We Are Social, in January 2017, out of a population of 54 million in Myanmar, around 25 million actively use the internet (Internet in Myanmar). This change has allowed business people to seize the chance to boost their sales and revenue. However, this change is still regarded as very new to Myanmar customers in general and many other factors limit them from buying online. Therefore, it is a must for electronic marketers to be aware of these limitations and understand the behavior of the Myanmar customer and start to implement e-marketing strategies that motivate Myanmar customers to buy their products or services on the internet.

## 1.2 Statement of Problem

Although e-commerce has grown rapidly in Myanmar in terms of available products and services, there are still many challenges to overcome. The main problem is underdeveloped infrastructure such as transportation and instability of electricity. Another challenge is the lack awareness of technology amongst Myanmar people. Even if they wanted to try online shopping, they are worried about wrong purchased delivery of products, privacy risk and the payment method. According to a joint report by GSMA and LIRNEAsia in 2015, only 2 % of the population use mobile banking services in Myanmar. Therefore, many of them decided to shop at the traditional retailers. Although it is not easy to overcome these challenges, the e-commerce business people have to seek the solutions for their consumers so that it benefits their business.



Research question:

In order to respond this research study, the author set research question following the background and statement of problem as following:

Primary Research Question;

The main research's question which this study seeks to address is "Which factors influence consumers' e-commerce purchasing decisions in Taunggyi city, Myanmar?" Therefore, the author is interested to study the consumers' decision-making in buying products/services online in Taunggyi city, Myanmar.

Sub – Question;

1. Whether or not Myanmar people used to or would buy products/services online?
2. Which consumer behavior factor influences their decision in buying products and/or services online in Taunggyi city, Myanmar?

### 1.3 Purposes of Study

This research aimed to study the factors influencing consumers' purchasing decision in Taunggyi city, Myanmar. Study objectives are set as follows:

1.3.1 There is a positive impact of website quality on Myanmar consumers' purchasing decision.

1.3.2 There is a positive impact of electronic word of mouth on Myanmar consumers' purchasing decision.

1.3.3 There is a positive impact of trust towards Myanmar consumers' purchasing decision.

1.3.4 There is a positive impact of perceived value towards Myanmar consumers' purchasing decision.

1.3.5 There is a positive impact of service quality towards Myanmar consumers' purchasing decision.

1.3.6 There is a positive impact of subjective norms towards Myanmar consumers' purchasing decision and subjective norms.

1.3.7 There is a positive impact of convenience towards Myanmar consumers' purchasing decision.

1.3.8 There is a positive impact of price towards Myanmar consumers' purchasing decision.

1.3.9 There is a positive impact of lifestyle towards Myanmar consumers' purchasing decision.

#### 1.4 Importance of the Study

The output of this study will be productive to the e-commerce business sector. Business owner can use this research to improve and develop their e-commerce systems to fit the consumer's need.

The importance of this study is to understand Myanmar consumer behavior in buying products/services online which helps developers to improve the strategy to increase the sale target, expand market share and to serve consumer's demands efficiently.

### 1.5 Scope of Study

This study is to survey the factors influencing consumers' purchasing decisions in Taunggyi city, Myanmar. Questionnaires will be used as a tool for describe the scope of study as following:

#### 1.5.1 Scope of Content

1. This study will focus on how the website quality, electronic word of mouth, trust, perceived value, service quality, subjective norms, convenience, price and lifestyle affect the choices made by people when purchasing products/services online in Taunggyi city, Myanmar.

2. This study is survey research and the sample group was prospective consumer decisions in buying products/services online in Taunggyi city, Myanmar and uses a questionnaire for the random sample group, totaling 400 respondents.

3. This study was undertaken between November 2017 – March 2018

#### 1.5.2 Scope of Demographic, Sample and Location

## 1.6 Focus and Limitations

### Focus:

The focus of this research is Myanmar consumers particularly in Taunggyi, Shan State. Consumers within Taunggyi were approached to allocate the research questionnaire. A sufficient number of questionnaires were distributed to produce rigorous analysis.

### Limitations:

Due to limitations of time and resources, the research project had to be completed within five months during November 2017 to March 2018, also research questionnaire was done within one month around the area of Shan State's Taunggyi, Myanmar.

However, the result of this study will help to extend the existing research on consumers' purchasing decisions on online shopping in this specific business setting. Moreover, the research of this study can also clarify if the factors shaping consumers' behavior, regarding website quality, electronic word of mouth, trust, perceived value, service quality, subjective norms, convenience, price and lifestyle that are studied and tested within the specific area, comply or differ from previous works. Last but not least, this study will be beneficial for both parties of online consumers and online retailers in Myanmar.

## CHAPTER 2

### LITERATURE REVIEW

#### 2.1 Definition of E-commerce

The definition of the electronic commerce (Nanehkaran, 2013) is the exchange of commercial information that is to sell both goods and services through the World Wide Web (WWW) on the Internet. E-commerce includes three main systems which are communication system, data management system and security system (Nanehkaran, 2013) that provides help for customers and business partners to be able to find and present information of goods and services. Since the introduction of the WWW (Trepper et. al. 2000) the e-commerce became an economical way in which small businesses could reach a wider audience easily. What's more, ecommerce can reduce most administrative costs and cycle time, streaming business processes (Trepper, Ecommerce Strategies, 1998) . In addition, it improves the relationships among customers and business partners.

##### 2.1.1 Types of E-commerce

There are many types of e-commerce. They are classified based on the goods sold such as Business-to-Business (B2B), **Business-to-Consumer: (B2C)**, **Consumer-to-Business (C2B)**, Business to Administration (B2A), Consumer to Consumer E-commerce (C2C), Citizen to Government (C2G), Business to Government (B2G) and Business to Employee (B2E):

**Business-to-Business (B2B)** describes the interactions between companies, customers, partners and business partners that operate their business through the Internet (Laura Gatica Barrientos, 2012).

**Business to Consumer (B2C)** as Laura Gatica Barrientos, 2012, stated is "the use of the Internet technologies for transactions among companies and customers." It is the business that is directed from companies to their consumers.

**Business to Administration (B2A)** is a service offered by management companies and to citizens, also, so that the administrative procedures over the Internet can be done (Laura Gatica Barrientos, 2012).

**Consumer to Consumer (C2C)** is the business which is done among consumers themselves. The exchange of electronic mail or via peer to peer (P2P) technologies, are the best description of this type of business. For instance, the consumers can download content such as movies, music game etc., via the Internet without having a primary server. The best examples of this C2C commerce are e-bay or mercadolibre.com (Laura Gatica Barrientos, 2012).

**Citizen to Government (C2G)** relates the consumer with the government, facilitating the electronic exchange of transactions between citizens and public administrations (Laura Gatica Barrientos, 2012).

**Business to Government (B2G)** is defined as company and government directly doing business together which means official institutions have the possibility to contact with their suppliers and allows them to have negotiation to one another (Laura Gatica Barrientos, 2012).

**Business to Employee (B2E)** was introduced because of security problems. This B2E or "business to employee" is used on an Intranet. The reason of using

Intranet is because the companies have a better control and security in the transactions (Laura Gatica Barrientos, 2012).

## **2.2 The Advantages & Disadvantages of E-commerce**

### **2.2.1 Advantages:**

#### **Buying 24/7**

One of the most important advantages of the e-commerce is that it can be sold at any time, (24/7); night or day and 365 days a year (Nanehkaran, 2013).

#### **Decrease Transaction Costs**

Buying online can reduce operational costs for businesses while providing a better quality of service. Businesses do not need spend other unnecessary costs (Nanehkaran, 2013).

#### **Conduct a Business Easily**

Online shopping makes people do business because they do not need to setup a company to open a business. On the customer's side, they do not need to physically go to the shopping mall. They can buy any goods or services wherever they want (Nanehkaran, 2013).

#### **Comparison in Prices**

This is the most significant advantage of using online shopping because users can easily compare fees among other retailers. Again online retailers usually give discounts when compared to traditional retailers (Nanehkaran, 2013). The e-commerce is much cheaper because businesses do not have to have a physical shop in

which to sell goods. This means the business does not have to spend money on electricity, rent etc. and this can make the products they sell cheaper for consumers.

### **2.2.2 Disadvantages:**

#### **Security**

Security is one the most important issues when buying goods and services online. Nowadays, there are millions of websites which may be made by good or bad people and there are a lot fake websites that intend to deceive the user for their benefit (Nanehkaran, 2013).

#### **Guarantee**

There is not really a guarantee in terms of product quality. Products might be slightly different from what is shown on the website or it might be damaged during delivery (Nanehkaran, 2013).

#### **Social Relationships**

E-commerce may provide consumers convenience to buy or sell goods and services online but it creates problem in term of social relationships. People may have no environment of face-to-face shopping and lack contact with other persons (Nanehkaran, 2013).

#### **Impact**

E-commerce has changed business operations such as transaction method. Since e-commerce was introduced many businesses have been impacted which



include marketing, economics, finance and accounting, human resource management, production and operations management, information management systems and computer science (Nanehkaran, 2013).

### 2.3 Online Shopping

Online shopping is a phenomenon that is growing rapidly nowadays. As Lim et al (2016) argues, “A peep into the exponential growth of the main players in this industry indicates there is still a large reservoir of market potential for e-commerce. The convenience of online shopping rendering is an emerging trend among consumers.”

### 2.4 Choice Model

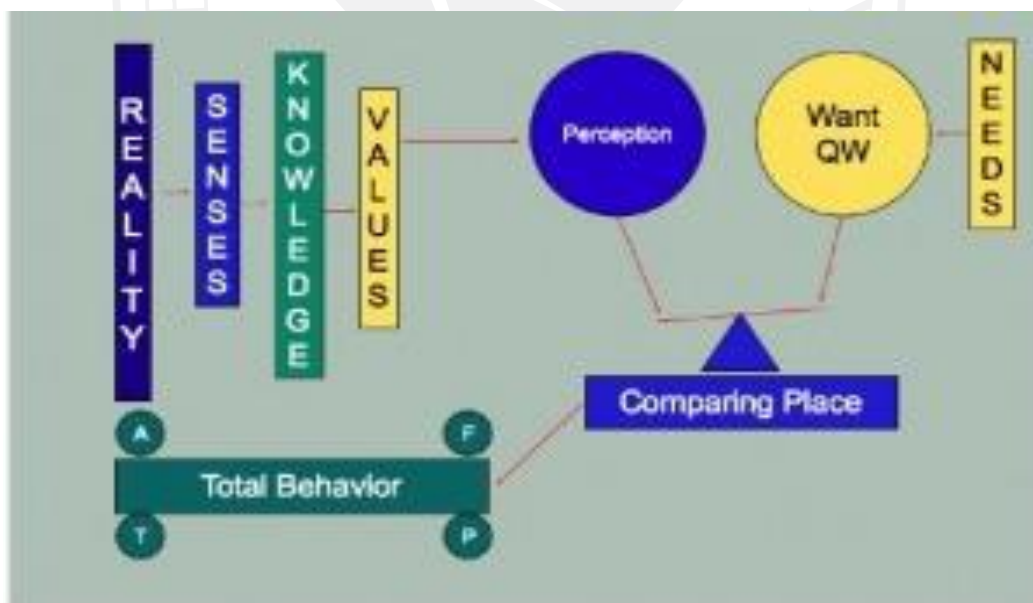


Figure 2.1: Model of Choice

Source: Glasser, W. (2011). *Choice Theory*. Retrieved from

<http://www.funderstanding.com/educators/choice-theory/>

## 2.5 Choice Theory

Choice Theory is a substitute to behaviorism and other external control psychologies. According to Glasser (2011), there are 5 main concepts in order to understand the Choice Theory. They are as following;

### 1. Basic Needs

Human beings are born with 5 basic needs: to survive, to have fun, to be free, to love & belong and to be powerful. All behavior is purposeful, motivated by our incessant desire to satisfy the basic needs woven into our genes. The strength of each need varies from person to person. For example, some are more driven by the social need to love and belong while others are more driven by the need to be free and autonomous.

### 2. The Quality World

According to the conceptual idea of Quality World, it is explained that each of us develops a unique Quality World, the source of all motivation. Whereas the Basic Needs represent “nature”, The Quality World represents “nurture”. While, we live in our place and interact with others, we are each building this Quality World to become a unique space in which we live. Within the Quality World are included the people, activities, values, and beliefs that are most important to us as individuals. Everything we place in our Quality World is need satisfying. Choice Theory suggests that parents, educators, and the community at large can promote environments that encourage others to develop Quality World pictures that let them satisfy their needs responsibly.

### 3. Reality & Perception

Although, we all live in the Real World, Choice Theory argues that what matters is our perception of reality. We behave based on what we perceive to be real, whether we are right or wrong. According to Glasser (2011) Choice Theory states that information passes through three distinct filters as we create our perception of reality, these distinct filters are composed of “the sensory filter, the knowledge filter and the value filter”. Because of these filters, two or more people may witness the same event or participate in the same activity and develop radically different perceptions.

### 4. Comparing Place

Our brain continually compares two images: our perception of reality and our Quality World picture of what we want at that moment. The purpose of all behavior is to create a match between what we perceive and what we want. When there is a match, we will maintain the behaviors we have chosen. When there is enough of a mismatch to cause internal discomfort, we automatically search for new behaviors that will create the match we seek.

### 5. Total Behavior

All behavior has four components: acting, thinking, feeling and physiology. When we change any one component of our behavior, the other components change as well. The two easiest components to control directly are acting and thinking. It is virtually impossible to change your feelings or physiology directly.

## **2.6 Website Quality**

The website design is a critical aspect of e-business strategy and plays an important role in attracting and retaining customers. A high-quality website not only brings huge web traffic but also affects the customers' purchasing decision.

Wolfenbarger and Gilly (2003) found that the key dimensions to an e-business website are website navigation, information, content, security, privacy, ease of use, real-time support, reliability, design and search ease. For instance, as mass information is available, users often are only interested in the top list of search results, and if the website is not easily searchable, it is possible for the visitors to move onto other websites, resulting in loss of consumers.

The website quality is converted into profitability (Zhou et al., 2014). It is important for E-business people to correctly manage technology and website information to win sustainable competitive advantage.

## **2.7 Electronic Word of Mouth**

Online consumer reviews play an important role in influencing consumers' purchasing decisions by providing a wealth of information about products and services. Gelb and Sundaram (2002) reasoned that network word-of-mouth is an unofficial communication channel to distribute the specific products or services over the internet. Tanimoto and Fujii (2003) explained that electronic word-of-mouth was an important resource for customers and potential buyers to express their experience of employing commodities.

Similarly, Hennig-Thurau, Gwinner, Walsh, & Gremler, 2004 stated that electronic word-of-mouth was an exposition to partake the affirmative or negative

point of views associated with the enterprise or the product through the internet platform; this faster and more convenient medium may soon access target purchasers to facilitate the recognition of products that resonated. Many companies currently provide virtual portals for online consumer reviews, allowing previous peer buyers to share their experiences in purchasing and/or consuming products and services (Park et al., 2007). Bickart & Schindler (2001) demonstrated the trustworthy sources from the internet would positively impact consumers' purchase intention; this finding substantiated that electric word-of-mouth would have a degree of persuasion to increase the willingness of purchasing.

Moreover, Kuan, Yang, & Cheng (2005) stated that electric word-of-mouth would be either increase or weaken by services and quality of products that customers found veritably praiseworthy or caustic.

## **2.8 Trust**

Szompka (1999) stated that trust refers to individuals formed a notion which anticipate each other to follow 'normal' pattern and routines in social life. Personalized trust (one form of trust) is reproduced through social practice in localized networks in that individuals interact closely, often face-to-face (Giddens, 1990). Consumers' trust (Grayson et al., 2008) in the company could be affected by the perceived trust of the business context in which it operates.

Trust of cognitive (Johnson et al., 2005) stated that as the affective forms with two dimensions of interpersonal trust in consumer-level service relationships. Cognitive trust means trust which is placed in the trustworthiness of the store and/or

its service of frontline staff. The trust is based on consumer's confidence or willingness to rely on a service provider's competence and reliability.

Therefore, consumers' trust on retailers will be more influential in making purchase decision Myanmar consumers.

## **2.9 Perceived Value**

Woodruff (1997) defined value as "a customer's perceived preference for and evaluation of product attributes, attribute performances, and consequences arising from use that facilitates achieving the customer's goals and purpose in use situation". Another study by Zeithaml, (1988) documented that the consumers defined "value" as "low price"; "the quality I get for the price I pay" and "what I get for what give".

According Plangger (2015) the formulation of the term value equity consists of three components: quality, price and convenience. Narayandas (2005) defined value equity as "the objective assessment of the utility of the brand, based on perceptions of what is given up for what is received". Narayandas et al. (2005) stressed the priority status of providing value, if consumers not perceived it to be adequate, "any advertising campaign or loyalty program will have little effect in retain that consumer".

According to Zohaib et al. (2017), value equity is the ratio of customers' overall evaluation of what they have received compared with what they have paid or given. Customers' perception of high value equity ratio is that they believe what they have received is worthwhile and cost-efficient. Bolton and Lemon (1999) suggested that there is a positive relation between perceived value and satisfactory. Vogel et al.

(2008) found that a positive relation between value equity and purchasing intention towards one particular place.

### **2.10 Service Quality**

The consumer's perception of online service quality is important (Gounaris et al., 2005 and Janda et al., 2002). It is also important to examine how service quality can significantly affect customer attributes such as loyalty (Dai et al., 2011).

E-commerce is growing due to increasing internet and mobile users in emerging markets, the boom in mobile commerce, better shipping, multiple payment options and entry of major brands in the international markets. Globally, websites are emerging as critical channels for retailers (Ding et al., 2011) and through these websites, e-retailers give correct and up-to-date information, run reliable and secure information systems to assure satisfactory service delivery and fulfillment (Ennew and Binks, 1999; Novak et al., 2000). Attracting and retaining new customers over the internet is costly and difficult, but through better service quality, the online vendor can infuse loyalty among their customers (Gefen, 2002).

### **2.11 Subjective Norms**

According to Bandura (1977), Social Learning Theory (SLT) refers to how the behavior of people from an individual's reference groups significantly influences his/her own behavior (Akers & Lee, 1996; Elek, Miller-Day, & Hecht, 2006). The social influences may be derived from significant others (e.g., peers, friends, partners, and families) in one's social network (Park, Oh, & Kang, 2012), or the endorsers represented by celebrities, pop stars, fashion leaders, or familiar community members (Bikhchandani et al., 1992).

According to several studies on social learning theory, when friends' behavior is aggregated in one certain platform that allows users to view and recall friends' actions, it makes the link more salient (Burke, Marlow, & Lento, 2009). People tend to follow endorsers (Till & Busler, 1998). For example, a notable successful individual (Bandura, 1986), reputable early adopters (Abrahamson, 1991), and fashion leaders (Bikhchandani et al., 1992).

Celebrity endorsement enriches the perceived quality of the item, e.g. products, activities, brands, stores, and is correlated with intention-to-adopt (Kamins, Brand, Hoeke, & Moe, 1989; Ohanian, 1991). Therefore, people would like to imitate the endorsers' behaviors, since they are believed to have better information and make correct decisions than the general public (Bandura, 1986).

## **2.12 Convenience**

Convenience has different meanings in varied scenarios and contexts. Convenience means higher efficiency and brings simplicity and comfort to consumers. According to Darian (1987), convenience is one of the most important advantages in online shopping. Convenience provides various benefits to the consumer, for example, flexibility, time saving, and less use of physical effort to do things. It allows consumers to search information easier for what they want at one place. Schafer, 2003 also supported that consumers are likely to seek and buy things at one place. Buyers may not need to wait in line to purchase for the things and also do not need to have conversations with the seller. Online shopping is the best example of convenience as it gives the consumers' opportunities to buy things 24/7. This service is much easier than the traditional way of shopping. Online shopping also



allows consumers to buy the products or service anywhere around the world and means that they only have to search for what they want to buy. Many online retailers provide delivery service across the world; the well-known online retailers are Amazon and Google Express (Holl, 2013).

Rohm and Swaminathan (2004) agree that online shopping is one of the easiest ways to save time and convenience. According to the researcher Nielsen NZ (Boyte, 2015), respondents made an argument that sometimes online shopping take longer due to delivery of goods or services. Morganosky and Cude (2001) also supported that time saving is the initial point of convenience.

### **2.13 Price**

Sinha & Banarjee (2004) and Goldman and Hino (2005) suggested that price is a persuasive tool which attracts consumers to purchase from a particular seller. Ellaway and Macityre (2000) exposed that price has been most influential amongst lower income groups.

Generally speaking, retailers who offer lower prices attract more consumers. Several studies stated that in developing countries a more rapid adoption of supermarkets by wealthier consumers have showed consumers with higher socioeconomic status are more likely to shop at modern retailers (Anand, 2009). Moreover, Amine and Lazzaoui (2011) revealed that modern retail formats act as a scene of social distinction for the upper and middle classes, who looking forward to distinct themselves from the other classes and to showcase their unique social identity.

## 2.14 Statistic Method

### 2.13.1 Multinomial logistic regression

Discrete Choice Model: The random utility component is based on the assumption that a decision-maker  $n$  ( $n = 1, \dots, N$ ), faced with a finite set  $C_n$  of mutually exclusive alternatives  $i$  ( $i = 1, \dots, I_n$ ), chooses the option  $i$  which offers the highest utility  $U_{in}$ .

Each alternative's utility is described as a function of explanatory variables forming the characteristic part of the utility,  $V(\cdot)$ , and random disturbances,  $v_{in}$ :

$$U_{in} = V(x_{in}, \eta_{in}; \beta) + v_{in},$$

where  $x_{in}$  is a  $(K \times 1)$  vector of observed variables and  $\eta_{in}$  is a  $(M \times 1)$  vector of latent variables. These variables symbolize either (latent) characteristics of the decision-maker ( $x_{sin}, \eta_{sin}$ ) or (latent) attributes of the alternatives ( $x_{zin}, \eta_{zin}$ ). The importance of the descriptive variables on the function of the options is reflected in the  $(1 \times (K+M))$  vector  $\beta$ . By assuming, for example, that each  $v_{in}$  is independently, identically distributed (i.i.d.) extreme value, the widely used multinomial logit model results (e.g. Ben-Akiva & Lerman, 1985):

$$P(u_{in} = 1 | x_{in}, \eta_{in}; \beta) = \frac{e^{V(x_{in}, \eta_{in}; \beta)}}{\sum_{j \in C_n} e^{V(x_{jn}, \eta_{jn}; \beta)}},$$

as is common practice in choice modeling, the representative utility  $V(\cdot)$  is specified to be linear in parameters:

$$V_{in} = \beta_x x_{in} + \beta_\eta \eta_{in},$$

where  $\beta_x$  and  $\beta_\eta$  is a  $(1 \times K)$  and a  $(1 \times M)$  vector, respectively.

**Latent Variable Model:** Model identification typically requires that the unobserved  $\eta$ s are operationalized by multiple manifest variables,  $y$ .<sup>2</sup> In the simplest case, a linear factor model is appropriate to describe the mapping of the indicators onto the latent variables, leading to the following measurement equation:

$$y = \Lambda \eta + \varepsilon,$$

where  $y$  is a  $(P \times 1)$  vector,  $\Lambda$  is a  $(P \times M)$  matrix of factor loadings and  $\varepsilon$  is a  $(P \times 1)$  vector of dimension errors which are i.i.d. multivariate normal.<sup>3</sup>

According to Ashok et al. (2002) and Walker and Ben-Akiva (2002) the structural model for the latent variables mixes alternative formulations allowing for interrelationships among the latent variables as well as for the influence of practical explanatory variables  $z$  on the latent variables: <sup>4</sup>

$$\eta = B\eta + \Gamma z + \zeta,$$

where  $z$  is a  $(L \times 1)$  vector, and the  $(M \times M)$  matrix  $B$  and the  $(M \times L)$  matrix  $\Gamma$  contain unknown regression parameters. The  $(M \times 1)$  vector  $\zeta$  represents random disturbances assumed to be i.i.d. multivariate normal.

**Likelihood Function:** Since all information about the latent variables is comprised in the multiple observed indicators, the joint probability of the choice and latent variable indicators conditioned on the exogenous variables is considered. Assuming that the random errors  $v$ ,  $\varepsilon$ , and  $\zeta$  are independent, integrating over the joint distribution of the latent variables leads to the following multidimensional integral:

$$P(u_i = 1, y | x, \theta) = \int_{R_\eta} P_u(u_i = 1 | x, \eta; \beta, \Sigma_v) f_y(y | \eta; \Lambda, \Sigma_\varepsilon) f_\eta(\eta | z; B, \Gamma, \Sigma_\zeta) d\eta,$$

Where  $P_u$  denotes the probability function of observing the choice of a specific alternative (2), the density function  $f_y$  for the latent variable indicators relates to the measurement model (4), and the density function  $f_\eta$  of the latent variables corresponds to the structural model (5).  $R_\eta$  denotes that integration is over the range space of the vector of latent variables that have a direct impact on the choice decision.

### 2.13.2 Descriptive research: Cross tabulation

Cross-tabulation is about taking two variables and tabulating the results of one variable against the other variable. An example would be the cross-tabulation of course performance against mode of study:

Table 1: Cross Tabulation

|               | HD | D  | C  | P  | NN |
|---------------|----|----|----|----|----|
| FT - Internal | 10 | 15 | 18 | 33 | 8  |
| PT Internal   | 3  | 4  | 8  | 15 | 10 |
| External      | 4  | 3  | 12 | 15 | 6  |

Each individual would have had a recorded mode of study (the rows of table) and performance on the course (the columns of table). For each individual, those pairs of values have been entered into the appropriate cell of the table.

### 2.13.3 Source of Questionnaire in each variable

Table 2.1: Sources of questionnaire items

| Constructs               | Indicators   | Sources   |
|--------------------------|--|---|
| Website Quality          | <p>Online retailer's websites are easy to navigate.</p> <p>Online retailer's webpage content quickly loads.</p> <p>It is easy to find the products I am looking for on this online retailer's website.</p> <p>Website provides variety of formats, including video, images and text.</p> <p>The ordering process used by this online retailer is simple.</p> <p>Overall, I think the website is user-friendly.</p> | <p>Mutaz M. Al-Debei,<br/>Mamoun N. Akroush,<br/>Mohamed Ibrahiem<br/>Ashouri, (2015)</p> |
| Electronic Word-of-Mouth | <p>I often read online recommendations to buy products from this online retailer.</p> <p>I often post positive online comments about this online retailer.</p>   | <p>Mutaz M. Al-Debei,<br/>Mamoun N. Akroush,<br/>Mohamed Ibrahiem<br/>Ashouri, (2015)</p> |

( Continued )

Table 2.1 (Continued) : Sources of questionnaire items online retailer

|       |  |   |
|-------|--|---|
|       | <p>I often read positive online reviews about the products of this online retailer.</p> <p>I buy it because my e-community frequently post online recommendations to buy from this online retailer.</p> <p>I buy a product from this online retailer because consumer's online recommendations and reviews make me more confident in purchasing the product.</p> |   |
| Trust | <p>Website is a large company that everyone recognizes.</p> <p>Website has a good reputation.</p> <p>Website is distinguished.</p> <p>Website is reliable.</p> <p>It is safe to pay money and perform a financial transaction on this online retailer.</p> <p>Online retailer will protect to my</p>   | <p>Mamoun N. Akroush,</p> <p>Mutaz M. Al-Debei,</p> <p>(2015)</p> |

( Continued )

Table 2.1 (Continued) : Sources of questionnaire items

|                 |   |  |
|-----------------|---|--|
|                 | <p>financial-related information from being leaked (hacked).</p> <p>Online retailer is secured given that it uses digital certificates.</p> <p>Online retailer will not sell my personal personal information (e-mail, phone number, names, etc.) to others for commercial use.</p> <p>Online retailer guarantees I receive my order on time.</p> |  |
| Perceived Value | <p>The price I paid is very economical.</p> <p>The product is considered to be a good buy.</p> <p>The price I paid is very acceptable.</p> <p>The product appears to be a bargain.</p> <p>The money I paid is fair value for the products I received.</p>   | <p>Minjung Park, Sharron J. Lennon, (2009)</p> |

( Continued )

Table 2.1 (Continued) : Sources of questionnaire items

|                                      |  |  |
|--------------------------------------|--|--|
| Service Quality                      | <p>Online retailers encourage me to make suggestions.</p> <p>Online retailers understand my needs.</p> <p>Online retailers offer good after sales service.</p> <p>It is easy to receive a personalized customer service from an online retailer.</p> <p>I receive quick response from online retailers.</p> <p>Online retailers update information of new products timely.</p> | Michael D.Clemes,<br>ChristopherGan,JunliZhang<br>(2014) |
| Subjective Norm<br>(Social Pressure) | <p>The media influenced my decision to make purchases through the Internet.</p> <p>Marketing communication</p>   | Michael D.Clemes,<br>ChristopherGan,JunliZhang<br>(2014) |

( Continued )



Table 2.1 (Continued) : Sources of questionnaire items

|             |   |   |
|-------------|---|---|
|             | <p>influenced my decision to make purchases through the Internet.</p> <p>Family/friends encourage me to make purchases through the Internet.</p> <p>To make sure I buy the right product or brand, I often observe what others are buying and using.</p> <p>I achieve a sense of belonging by purchasing the same products and brands that others purchase.</p> |   |
| Convenience | <p>It takes only a little time and effort to make a purchase through the Internet.</p> <p>Internet shopping saves me time, so I can do other activities.</p> <p>It is more convenient to shop through the Internet when</p>   | <p>Michael D.Clemes,<br/>ChristopherGan,JunliZhang<br/>(2014)</p> |

( Continued )

Table 2.1 (Continued) : Sources of questionnaire items

|       |  |  |
|-------|--|--|
|       | compared to traditional retail shopping.   |  |
| Price | <p>It takes only a little time and effort to make a purchase through the Internet.</p> <p>Internet shopping saves me time, so I can do other activities.</p> <p>It is more convenient to shop through the Internet when compared to traditional retail shopping.</p> | Michael D.Clemes, ChristopherGan,JunliZhang (2014) |

#### 2.14 Research Model and Hypothesis Development

The independent variables in this research were derived from the factors affecting consumer attitude in terms of website quality, electronic word of mouth, trust, perceived value, service quality, subjective norms, convenience, price and lifestyle of the E-commerce factors that influence consumers' purchasing decision in Myanmar. This research explores how the dependent variable of the consumers' attitude toward online shopping is affected by these independent variables in order to study their effects on Myanmar consumer's purchasing decision of online product/service.

### 2.14.1 Research Model

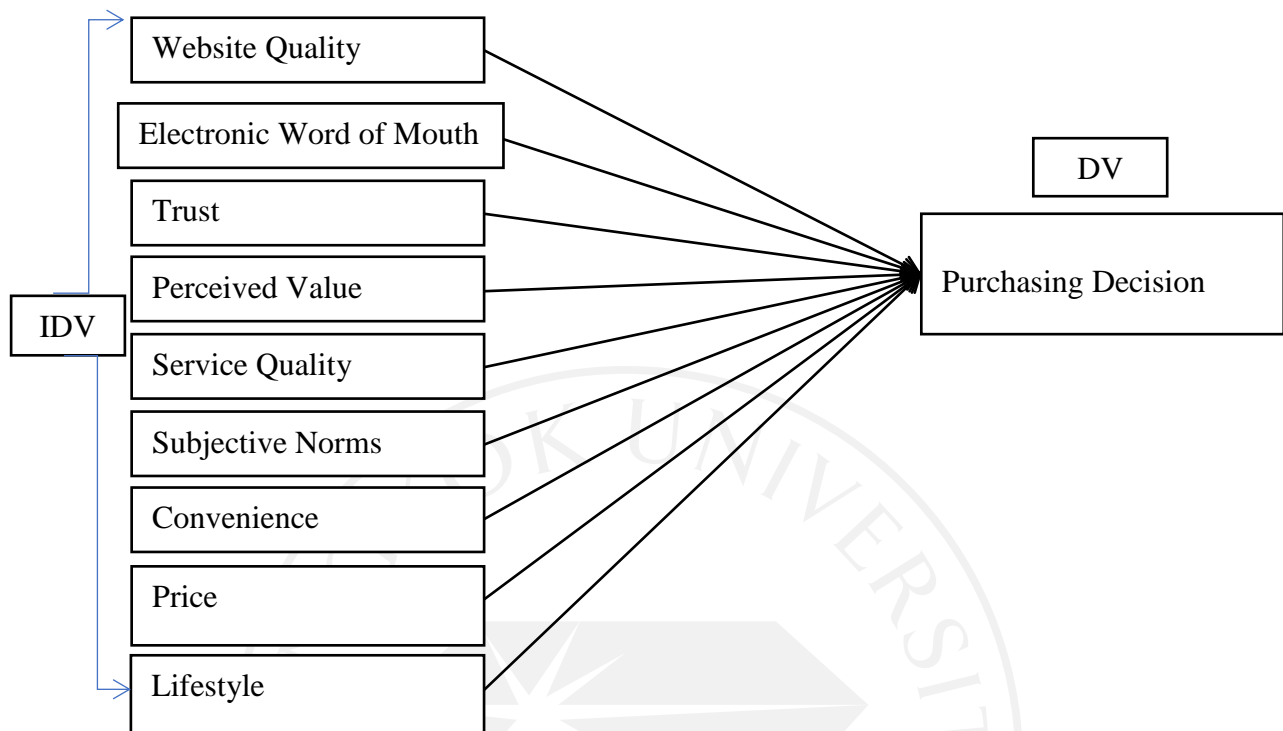


Figure 2.2: Research Model

### 2.14.2 Hypothesis Development

H1: There is a significant relationship between Myanmar consumers' purchasing decision and website quality.

H2: There is a significant relationship between Myanmar consumers' purchasing decision and electronic word of mouth.

H3: There is a significant relationship between Myanmar consumers' purchasing decision and trust.

H4: There is a significant relationship between Myanmar consumers' purchasing decision and perceived value.

H5: There is a significant relationship between Myanmar consumers' purchasing decision and service quality.

H6: There is a significant relationship between Myanmar consumers' purchasing decision and subjective norms.

H7: There is a significant relationship between Myanmar consumers' purchasing decision and convenience.

H8: There is a significant relationship between Myanmar consumers' purchasing decision and price.

H9: There is a significant relationship between Myanmar consumers' purchasing decision and lifestyle.

## CHAPTER 3

### METHODOLOGY

This research is based on quantitative methodology to collect data in order to attain the aims and objectives. The research strategy and approach are explained in the following section. The questionnaire was the main survey tool and was distributed to the consumer respondents.

#### 3.1 Research Strategy

In this research, the author gathered data and analyzed data through using a questionnaire. The aim of this research is to explain the factors influencing customers' decisions in buying products or services online in Myanmar.

Quantitative research is 'Explaining phenomena by collecting numerical data that are analyzed using mathematically based methods (in particular statistics)'. It means that the professional quantitative research has been based on accurate data. Therefore, the questionnaire setting, population and sampling designing and data collection has been set reasonably.

#### 3.2 Questionnaire Design

In this research, the questionnaire was designed to assess the factors that affect decisions in buying a product or service online in Myanmar, including the website quality, electronic word of mouth, trust, perceived value, service quality, subjective norms, convenience, price and lifestyle to affecting choices decision in purchasing products/services in Myanmar.

### 3.3 Population and Sample

Population: in this research, the population was those who buy or would buy products/services on the internet in Shan State's Taunggyi, Myanmar.

Sample: Shan State has a huge population that has potentially engaged with internet activity. Therefore, author has chosen Taunggyi as the sample for this study.

According to Taro Yamane (1973) formula at confidences level of 95% and precision levels = 0.05

$$n = \frac{N}{1 + N*(e^2)}$$

Where

n = the sample size

N = the population size

e = the acceptable sampling error

\* 95% confidence level and p = 0.5 are assumed

So:

$$\begin{aligned} n &= \frac{2,042}{1 + 2,042 (0.05)^2} \\ &= 334.47 \end{aligned}$$

Referring to formula calculated above, the result of the sample size required for conducting research is 334.47 respondents. However, to make this research reliable the sample size in this study is 400 people from Shan State's Taunggyi, Myanmar by using at 95% confidence level to avoid deviation.

### Sampling Design

Table 3.1: Amount of questionnaire

| Sample area          | Percentage | Number of Questionnaires |
|----------------------|------------|--------------------------|
| Taunggyi, Shan State | 100%       | 400                      |
| Total                | 100%       | 400                      |

The author focuses on Taunggyi city because this city ranks the 3<sup>rd</sup> internet active users in the country and has high potential in term of e-commerce business.

#### 3.4 Survey Instruments

As the author mentioned above, the questionnaire for this research is based on the topic which is the customer's decision-making in buying a product/service online in Myanmar, therefore, the questionnaire totally has four parts, as follows:

**Part 1:** It refers to whether or not people in Taunggyi city have the experience or are willing to buy a product or service online.

Table 3.2: Level of Information Measurement and Criteria

| Variable                               | Level of Measurement | Criteria Classification |
|--|----------------------|-------------------------|
| Do/Will you buy product/service online | Nominal              | 1. Yes<br>2. No         |

**Part 2:** It relates factors affecting decision in buying product/service online in Taunggyi

This part consists of 8 factors: website quality, electronic word of mouth, trust, perceived value, service quality, subjective norms, convenience, price and lifestyle.

All factors were weighted by target respondents on a seven-point Likert scale. For each, questions are scaled by Number 0 indicate as “Not any effect” to number 7 indicate as “Extremely important”.

The weight (scores) are fixed in each level as below

Extremely important = 7 points

Very important = 6 points

Moderately important = 5 points

Neutral = 4 points

Slightly important = 3 points

Low important = 2 points

Not at all important = 1 point

Not any effect = 0 point

For the measurement analysis the author uses mean and interval class formula to calculate the range of information in each level as followed;

Interval class = Range (Max value – Min Value)

Number of Interval

= (8-1)

8

= 0.86



Therefore, the analysis and interpretation of factors in each aspect will use the average score interpretation that are;

Average score of 6.03 – 7.00 refers to extremely important level

Average score of 5.17 – 6.02 refers to Very important level

Average score of 4.31 – 5.16 refers to moderately important level

Average score of 3.45 – 4.30 refers to Neutral level

Average score of 2.58 – 3.44 refers to slightly important level

Average score of 1.73 – 2.58 refers to Low important level

Average score of 0.87 – 1.72 refers to Not at all important level

Average score of 0.00 – 0.86 refers to not any effect level

**Part 3:** It relates to factors of website quality, electronic word of mouth, trust, perceived value, service quality, subjective norms, convenience, price and lifestyle which influence consumers' decisions in buying product/service online in Myanmar.

1. Website Quality aspect includes 5 questions:

WQ10: This online retailer's websites are easy to navigate

WQ11: This online retailer's webpage content quickly loads

WQ12: It is easy to find the products I am looking for on this online retailer's website.

WQ13: This website provides a variety of formats, including video, images and text

WQ14: The ordering process used by this online retailer is simple

WQ15: Overall, I think the website is user-friendly

2. Electronic Word-of-Mouth aspect includes 5 questions:

EWM16: I often read online recommendations to buy products from this online retailer

EWM17: I often post positive online comments about this online retailer

EWM18: I often read positive online reviews about the products of this online retailer

EWM19: I buy it because my e-community frequently post online recommendations to buy from this online retailer

EWM20: I buy a product from this online retailer because consumer's online recommendations and reviews make me more confident in purchasing the product

3. Trust aspect includes 9 questions

TR21: This website is a large company that everyone recognizes

TR22: This website has a good reputation

TR23: This website is distinguished

TR24: This website is reliable

TR25: It is safe to pay money and perform a financial transaction on this online retailer

TR26: This online retailer will protect my financial-related information from being leaked (hacked)

TR27: This online retailer is secured given that it uses digital certificates

TR28: This online retailer will not sell my personal information (e-mail, phone number, names, etc.) to others for commercial use

TR29: This online retailer guarantees I receive my order on time

4. Perceived Value aspect includes 5 questions

PV30: The price I paid is very economical

PV31: The product is considered to be a good buy

PV32: The price I paid is very acceptable

PV33: The product appears to be a bargain

PV34: The money I paid is fair value for the products I received.

5. Service Quality aspect includes 6 questions

SQ35: Online retailers encourage me to make suggestions

SQ36: Online retailers understand my needs

SQ37: Online retailers offer good after sales service

SQ38: It is easy to receive a personalized customer service from an online retailer

SQ39: I receive quick response from online retailers

SQ40: Online retailers update information of new products timely

6. Subjective Norm (Social Pressure) aspect includes 5 questions

SN41: The media influenced my decision to make purchases through the Internet

SN42: Marketing communication influenced my decision to make purchases through the Internet

SN43: Family/friends encourage me to make purchases through the Internet

SN44: To make sure I buy the right product or brand, I often observe what others are buying and using

SN45: I achieve a sense of belonging by purchasing the same products and brands that others purchase

7. Convenience aspect includes 3 questions

C46: It takes only a little time and effort to make a purchase through the Internet

C47: Internet shopping saves me time, so I can do other activities

C48: It is more convenient to shop through the Internet when compared to traditional retail shopping

8. Price aspect includes 4 questions

P49: Online shopping allows me to save money as I do not need to pay transportation costs

P50: Online shopping allows me to buy the same, or similar products, at cheaper prices than traditional retailing stores

P51: Online shopping offers better value for my money compared to traditional retail shopping

P52: I think the Internet offers lower prices compared to retail stores

All items were weighted by target respondents on a five-point Likert scale. In each questions are scaled by Number 1 indicate as “Strongly Disagree” to number 5 indicate as “Strongly Agree”.

The weight (scores) are fixed in each level as below

Strongly Agree = 5 points

Somewhat Agree = 4 points

Neutral = 3 points

Somewhat Disagree = 2 points

Strongly Disagree = 1 point

For the measurement analysis the author use mean and interval class formula to calculate the range of information in each level as followed;

Interval class =  $\frac{\text{Range (Max value - Min Value)}}{\text{Number of Interval}}$

$$= \frac{(5-1)}{5}$$

$$= 0.8$$

Therefore, the analysis and interpretation of factors in each aspect will use the average score interpretation that are;

Average score of 4.21 – 5.00 refers to Strongly agree level

Average score of 3.41 – 4.20 refers to Agree level

Average score of 2.61 – 3.40 refers to Neutral level

Average score of 1.81 – 2.60 refers to Disagree level

Average score of 1.00 – 1.80 refers to Strongly Disagree level

**Part 4:** It relates to demographics and lifestyle factors affecting decisions when buying a product/service online in Myanmar.

Table 3.3: Level of Information Measurement and Criteria

| Variable                | Level of Measurement | Criteria Classification  |
|-------------------------|----------------------|--|
| Age                     | Ordinal              | 1. 20-25 years<br>2. 25-30 years<br>3. 30-35 years<br>4. 35-40 years<br>Above 40 years                               |
| Gender                  | Nominal              | 1. Male<br>Female  |
| Married Status          | Nominal              | 1. Single<br>2. Married<br>Divorced  |
| Highest Education Level | Ordinal              | 1. High School<br>2. Bachelor's Degree<br>3. Master's Degree<br>4. Doctor of<br>Philosophy<br>Other (Please specify) |

( Continued )

Table 3.3 (Continued) : Level of Information Measurement and Criteria

|                           |         |  |
|---------------------------|---------|--|
| Occupation                | Nominal | <ol style="list-style-type: none"> <li>1. Employee of public company</li> <li>2. Employee of private company</li> <li>3. Business owner</li> <li>4. Student</li> <li>5. Other (Please specify)</li> </ol>  |
| Income                    | Ordinal | <ol style="list-style-type: none"> <li>1. Less than 100,000 Kyats per Month</li> <li>2. 100,000-300,000 Kyat per Month</li> <li>3. 300,000-600,000 Kyat per Month</li> <li>4. 600,000-1,000,000 Kyat per Month</li> <li>5. More than 1,000,000 Kyat per Month</li> </ol> |
| Accessibility of Internet | Nominal | <ol style="list-style-type: none"> <li>1. Yes</li> <li>2. No</li> </ol>  |

( Continued )

Table 3.3 (Continued) : Level of Information Measurement and Criteria

|                               |         |   |
|-------------------------------|---------|---|
| Frequency usage of Internet   | Nominal | <ol style="list-style-type: none"> <li>1. Less than 1 year</li> <li>2. 1-2 years</li> <li>3. 3-4 years</li> <li>4. 5-6 years</li> <li>5. More than 6 years</li> </ol>   |
| Daily usage of Internet       | Nominal | <ol style="list-style-type: none"> <li>1. Less than 1 hour per day</li> <li>2. 1-2 hours per day</li> <li>3. 2-3 hours per day</li> <li>4. 3-4 hours per day</li> <li>5. More than 4 hours per day</li> </ol> |
| Main reason of using Internet | Nominal | <ol style="list-style-type: none"> <li>1. Play game online</li> <li>2. Read news</li> <li>3. Watch Youtube</li> <li>4. Watch movies/music</li> <li>5. Use Facebook/Wechat/Viber</li> </ol>                    |

### 3.5 Content Validity and Reliability

The survey analyzes two significant aspects, which are content validity and reliability to make sure that the respondents have the same frequent understanding of



the questionnaire. After that they can respond based on reality, emotion and knowledge to demonstrate the statistical reliability of the questionnaire.

### 3.5.1 Content validity

Each questionnaire of this research is from previous works and literature. The author submitted this questionnaire to three experienced experts and an independent study advisor in order to make sure its content is valid to the study. Below is the name of experts related to this field of study;

1. Mr. Nadim Xavier Salhani, Chief Executive Officer and Director  
(Mudman Public Company Limited)
2. Ms. Yang Feng, Owner & Manager (Taiwan Perfect Bus Co., Ltd)
3. Mr. Ross Settles, Senior Advisor Digital Media (Media Development Investment Fund)

To establish the reliability of questions, the researcher uses the Index of Item Objective Congruence (IOC) method to calculate the consistency between the objective and content or questions and objective.

$$IOC = \frac{\sum R}{N}$$

IOC = consistency between the objective and content or questions and objective.

$\sum R$  = total assessment points given from all qualified experts.

N = number of qualified experts.

The consistency index value must have the value 0.5 or above to be accepted.

After measurement result, the questions have been adapted to make sure that each question has the constancy index value more than 0.5.

Therefore,

$$IOC = \frac{56}{62}$$

$$= 0.9030$$

According to the IOC result of 62 questions, this questionnaire has a value index of item objective congruence (IOC) equal to 0.9030 and no question has an IOC index score of less than 0.5. Thus, all questions are reasonable.

### 3.5.2 Reliability

The researcher chooses the questionnaire to sample as a pilot experiment to examine the reliability of the questionnaire. The reliability test for this study processes on SPSS statistic program by using Cronbach's alpha coefficient.

Table 3.4: Criteria of reliability

| Cronbach's alpha coefficient | Reliability Level | Desirability Level |
|------------------------------|-------------------|--------------------|
| 0.80 – 1.00                  | Very high         | Excellent          |
| 0.70 – 0.79                  | High              | Good               |
| 0.50 – 0.69                  | Medium            | Fair               |
| 0.30 – 0.49                  | Low               | Poor               |
| Less than 0.30               | Very low          | Unacceptable       |

However, Cronbach's alpha coefficient is more than 0.70. The questionnaire's reliability is acceptable (Cronbach, 1951; Olorunniwo et al., 2006).

Table 3.5: Cronbach's Alpha Result

| All Variables                              | Cronbach's Alpha |
|--|------------------|
| All Parts                                  | 0.925            |
| 1) Website Quality (WQ)                    | 0.926            |
| 2) Electric Word-of-Mouth (EWM)            | 0.925            |
| 3) Trust (TR)                              | 0.922            |
| 4) Perceived Value (PV)                    | 0.921            |
| 5) Service Quality (SQ)                    | 0.923            |
| 6) Subjective Norms (SN) (Social Pressure) | 0.928            |
| 7) Convenience (C)                         | 0.922            |
| 8) Price (P)                               | 0.923            |
| 9) Lifestyle (L)                           | 0.926            |

The value of Cronbach's alpha coefficient of the 30 pre-test questionnaire of factor is 0.925 so that the result is very high level.

Table 3.6: The Result of Cronbach's Alpha Test with pre-test for 30 respondents:

Website Quality, Electronic Word of Mouth, Trust, Perceived Value,  
Service Quality, Subjective Norms, Convenience and Price.

| All Variables   | Output<br>Reliability |
|---|-----------------------|
| All parts   | 0.924                 |
| Website Quality (WQ)  | 0.924                 |
| WQ10: This online retailer's websites are easy to navigate                                | 0.924                 |
| WQ11: This online retailer's webpage content quickly loads                                | 0.923                 |
| WQ12: It is easy to find the products I am looking for on this online retailer's website. | 0.924                 |
| WQ13: This website provides variety of formats, including video, images and text          | 0.925                 |
| WQ14: The ordering process used by this online retailer is simple                         | 0.924                 |
| WQ15: Overall, I think the website is user-friendly                                       | 0.923                 |
| Electronic Word-of-Mouth (EWM)  | 0.925                 |
| EWM16: I often read online recommendations to buy products from this online retailer      | 0.925                 |

( Continued )

Table 3.6 (Continued) : The Result of Cronbach's Alpha Test with pre-test for 30 respondents: Website Quality, Electronic Word of Mouth, Trust, Perceived Value, Service Quality, Subjective Norms, Convenience and Price.

|   |       |
|---|-------|
| EWM17: I often post positive online comments about this online retailer   | 0.924 |
| EWM18: I often read positive online reviews about the products of this online retailer  | 0.924 |
| EWM19: I buy it because my e-community frequently post online recommendations to buy from this online retailer  | 0.925 |
| EWM20: I buy a product from this online retailer because consumer's online recommendations and reviews make me more confident in purchasing the product | 0.925 |
| Trust (TR)  | 0.924 |
| TR21: This website is a large company that everyone recognizes  | 0.923 |
| TR22: This website has a good reputation  | 0.923 |
| TR23: This website is distinguished   | 0.923 |
| TR24: This website is reliable  | 0.924 |

( Continued )

Table 3.6 (Continued) : The Result of Cronbach's Alpha Test with pre-test for 30 respondents: Website Quality, Electronic Word of Mouth, Trust, Perceived Value, Service Quality, Subjective Norms, Convenience and Price.

|   |       |
|---|-------|
| TR25: It is safe to pay money and perform a financial transaction on this online retailer   | 0.924 |
| TR26: This online retailer will protect t my financial-related information from being leaked (hacked)                             | 0.923 |
| TR27: This online retailer is secured given that it uses digital certificates   | 0.923 |
| TR28: This online retailer will not sell my personal information (e-mail, phone number, names, etc.) to others for commercial use | 0.925 |
| TR29: This online retailer guarantees I receive my order on time  | 0.925 |
| Perceived Value (V)   | 0.924 |
| V30: The price I paid is very economical  | 0.923 |
| V31: The product is considered to be a good buy   | 0.923 |

( Continued )

Table 3.6 (Continued) : The Result of Cronbach's Alpha Test with pre-test for 30 respondents: Website Quality, Electronic Word of Mouth, Trust, Perceived Value, Service Quality, Subjective Norms, Convenience and Price.

|   |       |
|---|-------|
| V32: The price I paid is very acceptable  | 0.923 |
| V33: The product appears to be a bargain  | 0.925 |
| V34: The money I paid is fair value for the products I received.                    | 0.924 |
| Service Quality (SQ)  | 0.924 |
| SQ35: Online retailers encourage me to make suggestions                             | 0.925 |
| SQ36: Online retailers understand my needs  | 0.924 |
| SQ37: Online retailers offer good after sales service                               | 0.923 |
| SQ38: It is easy to receive a personalized customer service from an online retailer | 0.924 |
| SQ39: I receive quick response from online retailers                                | 0.924 |
| SQ40: Online retailers updates information of new products timely                   | 0.923 |
| Subjective Norm (SN) (Social Pressure)  | 0.925 |
| SN41: The media influenced my decision to make purchases                            | 0.923 |

( Continued )

Table 3.6 (Continued) : The Result of Cronbach's Alpha Test with pre-test for 30 respondents: Website Quality, Electronic Word of Mouth, Trust, Perceived Value, Service Quality, Subjective Norms, Convenience and Price.

|   |       |
|---|-------|
| through the Internet  |       |
| SN42: Marketing communication influenced my decision to make purchases through the Internet           | 0.925 |
| SN43: Family/friends encourage me to make purchases through the Internet                              | 0.924 |
| SN44: To make sure I buy the right product or brand, I often observe what others are buying and using | 0.924 |
| SN45: I achieve a sense of belonging by purchasing the same products and brands that others purchase  | 0.927 |
| Convenience (C)   | 0.924 |
| C46: It takes only a little time and effort to make a purchase through the Internet                   | 0.924 |
| C47: Internet shopping saves me time, so I can do other activities                                    | 0.925 |

( Continued )



Table 3.6 (Continued) : The Result of Cronbach's Alpha Test with pre-test for 30 respondents: Website Quality, Electronic Word of Mouth, Trust, Perceived Value, Service Quality, Subjective Norms, Convenience and Price.

|  |       |
|--|-------|
| C48: It is more convenient to shop through the Internet when compared to traditional retail shopping                     | 0.924 |
| Price (P)  | 0.925 |
| P49: Online shopping allows me to save money as I do not need to pay transportation costs                                | 0.926 |
| P50: Online shopping allows me to buy the same, or similar products, at cheaper prices than traditional retailing stores | 0.925 |
| P51: Online shopping offers better value for my money compared to traditional retail shopping                            | 0.923 |
| P52: I think the Internet offers lower prices compared to retail stores  | 0.925 |

The value of Cronbach's alpha coefficient of the 30 pre-test questionnaires of Website Quality, Electronic Word of Mouth, Trust, Perceived Value, Service Quality, Subjective Norms, Convenience, Price and Lifestyle is 0.924 so that the result is very high level.

### 3.6 Data Collection

The data was collected in December of 2017 and throughout the area of Shan State's Taunggyi, Myanmar. Some related correlation data and related statistical function were conducted and analyzed through SPSS.

In this study, data used within this research comprise of two types of data which are primary data and secondary data

1. Primary Data are data received from the questionnaire that have been self-administered by the sample group, which are customers from Taunggyi, Shan State. The total number of questionnaires is 400 copies.

2. Secondary Data are information that has been collected, analyzed and organized throughout this research from the review of literature in related topics such as international journal, local journal, articles, books, research and the Internet. The data collection process has been conducted from December 2017 to March 2018.

## CHAPTER 4

### RESEACH FINDINGS AND DATA ANALYSIS

In this chapter, the author presents the analytical results in each part which is to classify related factors that influence customer choice decision in buying products/services online in Taunggyi city, Myanmar through SPSS program by using 400 respondents' data based on the conceptual framework.

As a result of analysis, the data is shown in separated parts as following:

Part 1: The analysis of hypothesis testing by using binary logistics to study the influential in Website Quality, Electronic Word of Mouth, Trust, Perceived Value, Service Quality, Subjective Norms, Convenience, Price and Lifestyle.

Part 2: The analytical result of Crosstab method for demographic and lifestyle toward customer choice decision in buying or would buy product/service online in Taunggyi city, Myanmar.

Part 1: 4.1 The analytical results for hypothesis testing

Table 4.1: The factors influence on choosing decisions in buying product/service online in Taunggyi city, Myanmar. Binary Logistic Regression Analysis Result:

| Factors                  | B     | S.E. | Wald  | df | Sig. | Exp(B) |
|--------------------------|-------|------|-------|----|------|--------|
| Website Quality          | .190  | .068 | 7.669 | 1  | .006 | 1.209  |
| Electronic Word of Mouth | -.230 | .075 | 9.365 | 1  | .002 | .795   |
| Trust                    | -.020 | .081 | .064  | 1  | .800 | .980   |
| Perceived Value          | .105  | .084 | 1.585 | 1  | .208 | 1.111  |
| Service Quality          | .179  | .081 | 4.915 | 1  | .027 | 1.196  |
| Subjective Norms         | -.011 | .063 | .032  | 1  | .858 | .989   |
| Convenience              | -.051 | .074 | .473  | 1  | .491 | .951   |
| Price                    | -.036 | .074 | .241  | 1  | .623 | .964   |
| Lifestyle                | .071  | .069 | 1.055 | 1  | .304 | 1.074  |

Binary logistic regression shows that Website Quality, Electronic Word of Mouth and Service Quality significantly influence Myanmar consumer's purchase decision to buy product/service online in Taunggyi city, Myanmar.

Therefore, in conclusion, based on our IS conceptual framework, we can reject  $H_0$  ( $p\text{-value} < .05$ ) that Website Quality, Electronic Word of Mouth and Service Quality do not significantly influence Myanmar consumer's purchase decision to buy products/services online in Myanmar and accept  $H_a$ , therefore Website Quality, Electronic Word of Mouth and Service Quality do significantly influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.

Table 4.2: Binary Logistic Regression of Website Quality, Electronic Word of Mouth, Trust, Perceived Value, Service Quality, Subjective Norms, Convenience and Price (5 Likert Scale)

| <b>Effect</b>   | <b>B</b> | <b>S.E.</b> | <b>Wald</b> | <b>Df</b> | <b>Sig.</b> | <b>Exp(B)</b> |
|---|----------|-------------|-------------|-----------|-------------|---------------|
| WQ10: This online retailer's websites are easy to navigate                                | -.171    | .194        | .782        | 1         | .376        | .842          |
| WQ11: This online retailer's webpage content quickly loads                                | .088     | .188        | .220        | 1         | .639        | 1.092         |
| WQ12: It is easy to find the products I am looking for on this online retailer's website. | -.219    | .201        | 1.189       | 1         | .276        | .804          |
| WQ13: This website provides variety of formats, including video, images and text          | .239     | .199        | 1.446       | 1         | .229        | 1.271         |
| WQ14: The ordering process used by this online retailer is simple                         | .473     | .187        | 6.413       | 1         | .011        | 1.605         |
| WQ15: Overall, I think the website is user-friendly                                       | -.095    | .180        | .278        | 1         | .598        | .909          |
| EWM16: I often read online recommendations to buy products from this online retailer      | -.456    | .186        | 6.031       | 1         | .014        | .634          |

( Continued )

Table 4.2 (Continued) : Binary Logistic Regression of Website Quality, Electronic Word of Mouth, Trust, Perceived Value, Service Quality, Subjective Norms, Convenience and Price (5 Likert Scale)

|   |       |      |       |   |      |       |
|---|-------|------|-------|---|------|-------|
| EWM17: I often post positive online comments about this online retailer   | .145  | .184 | .620  | 1 | .431 | 1.155 |
| EWM18: I often read positive online reviews about the products of this online retailer  | -.027 | .174 | .025  | 1 | .875 | .973  |
| EWM19: I buy it because my e-community frequently post online recommendations to buy from this online retailer  | .467  | .177 | 7.001 | 1 | .008 | 1.596 |
| EWM20: I buy a product from this online retailer because consumer's online recommendations and reviews make me more confident in purchasing the product | -.084 | .162 | .266  | 1 | .606 | .920  |
| TR21: This website is a large company that everyone recognizes  | -.274 | .189 | 2.102 | 1 | .147 | .760  |

( Continued )

Table 4.2 (Continued) : Binary Logistic Regression of Website Quality, Electronic Word of Mouth, Trust, Perceived Value, Service Quality, Subjective Norms, Convenience and Price (5 Likert Scale)

|   |       |      |       |   |      |       |
|---|-------|------|-------|---|------|-------|
| TR22: This website has a good reputation  | .344  | .223 | 2.381 | 1 | .123 | 1.410 |
| TR23: This website is distinguished   | -.139 | .233 | .356  | 1 | .551 | .870  |
| TR24: This website is reliable  | .133  | .216 | .380  | 1 | .538 | 1.142 |
| TR25: It is safe to pay money and perform a financial transaction on this online retailer             | -.267 | .178 | 2.245 | 1 | .134 | .765  |
| TR26: This online retailer will protect t my financial-related information from being leaked (hacked) | -.007 | .184 | .001  | 1 | .970 | .993  |
| TR27: This online retailer is secured given that it uses digital certificates                         | -.193 | .193 | .998  | 1 | .318 | .824  |
| TR28: This online retailer will not sell my personal information (e-mail, phone                       | -.129 | .158 | .671  | 1 | .413 | .879  |

( Continued )

Table 4.2 (Continued) : Binary Logistic Regression of Website Quality, Electronic Word of Mouth, Trust, Perceived Value, Service Quality, Subjective Norms, Convenience and Price (5 Likert Scale)

|   |       |      |       |   |      |       |
|---|-------|------|-------|---|------|-------|
| number, names, etc.) to others<br>for commercial use                    |       |      |       |   |      |       |
| TR29: This online retailer<br>guarantees I receive my order<br>on time  | .491  | .179 | 7.484 | 1 | .006 | 1.634 |
| PV30: The price I paid is very<br>economical                            | .018  | .195 | .009  | 1 | .925 | 1.018 |
| PV31: The product is<br>considered to be a good buy                     | .252  | .208 | 1.472 | 1 | .225 | 1.287 |
| PV32: The price I paid is very<br>acceptable                            | .222  | .210 | 1.109 | 1 | .292 | 1.248 |
| PV33: The product appears to<br>be a bargain                            | -.115 | .182 | .398  | 1 | .528 | .892  |
| PV34: The money I paid is fair<br>value for the products I<br>received. | -.137 | .191 | .509  | 1 | .475 | .872  |
| SQ35: Online retailers<br>encourage me to make<br>suggestions.          | -.174 | .189 | .845  | 1 | .358 | .840  |

( Continued )



Table 4.2 (Continued) : Binary Logistic Regression of Website Quality, Electronic Word of Mouth, Trust, Perceived Value, Service Quality, Subjective Norms, Convenience and Price (5 Likert Scale)

|   |       |      |       |   |      |       |
|---|-------|------|-------|---|------|-------|
| SQ36: Online retailers understand my needs  | -.468 | .216 | 4.694 | 1 | .030 | .626  |
| SQ37: Online retailers offer good after sales service                                       | .373  | .223 | 2.792 | 1 | .095 | 1.452 |
| SQ38: It is easy to receive a personalized customer service from an online retailer         | -.263 | .190 | 1.918 | 1 | .166 | .768  |
| SQ39: I receive quick response from online retailers  | .191  | .189 | 1.015 | 1 | .314 | 1.210 |
| SQ40: Online retailers updates information of new products timely                           | .000  | .162 | .000  | 1 | .999 | 1.000 |
| SN41: The media influenced my decision to make purchases through the Internet               | -.181 | .173 | 1.095 | 1 | .295 | .835  |
| SN42: Marketing communication influenced my decision to make purchases through the Internet | -.087 | .194 | .203  | 1 | .652 | .916  |

( Continued )

Table 4.2 (Continued) : Binary Logistic Regression of Website Quality, Electronic Word of Mouth, Trust, Perceived Value, Service Quality, Subjective Norms, Convenience and Price (5 Likert Scale)

|   |       |      |       |   |      |       |
|---|-------|------|-------|---|------|-------|
| SN43: Family/friends encourage me to make purchases through the Internet                              | .340  | .182 | 3.471 | 1 | .062 | 1.405 |
| SN44: To make sure I buy the right product or brand, I often observe what others are buying and using | .438  | .198 | 4.879 | 1 | .027 | 1.549 |
| SN45: I achieve a sense of belonging by purchasing the same products and brands that others purchase  | -.403 | .184 | 4.823 | 1 | .028 | .668  |
| C46: It takes only a little time and effort to make a purchase through the Internet                   | -.020 | .189 | .011  | 1 | .916 | .980  |
| C47: Internet shopping saves me time, so I can do other activities                                    | .181  | .211 | .736  | 1 | .391 | 1.198 |
| C48: It is more convenient to shop through the Internet when  | .303  | .174 | 3.058 | 1 | .080 | 1.355 |

( Continued )

Table 4.2 (Continued) : Binary Logistic Regression of Website Quality, Electronic Word of Mouth, Trust, Perceived Value, Service Quality, Subjective Norms, Convenience and Price (5 Likert Scale)

|  |       |      |       |   |      |       |
|--|-------|------|-------|---|------|-------|
| compared to traditional retail shopping  |       |      |       |   |      |       |
| P49: Online shopping allows me to save money as I do not need to pay transportation costs                                | .298  | .165 | 3.262 | 1 | .071 | 1.348 |
| P50: Online shopping allows me to buy the same, or similar products, at cheaper prices than traditional retailing stores | -.613 | .198 | 9.630 | 1 | .002 | .542  |
| P51: Online shopping offers better value for my money compared to traditional retail shopping                            | -.527 | .203 | 6.766 | 1 | .009 | .590  |
| P52: I think the Internet offers lower prices compared to retail stores  | .166  | .198 | .702  | 1 | .402 | 1.181 |

According to the table 4.2, there are nine variables that significantly influence decisions in buying or would buy products/services online in Taunggyi city, Myanmar (p-value < .05).

The variables that significantly influence decisions in buying or would buy products/services online in Taunggyi city include the ordering process used by the online retailer is simple (p-value = 0.011), I often read online recommendations to buy products from this online retailer (0.014), I buy it because my e-community frequently post online recommendations to buy from this online retailer (0.008), the online retailer guarantees I receive my order on time (0.006), Online retailers understand my needs (0.030), To make sure I buy the right product or brand, I often observe what others are buying and using (0.027), I achieve a sense of belonging by purchasing the same products and brands that others purchase (0.028), Online shopping allows me to buy the same, or similar products, at cheaper prices than traditional retailing stores (0.002), Online shopping offers better value for my money compared to traditional retail shopping (0.009).

Therefore, the hypothesis can explain as following:

H1: Website Quality factor:

We cannot reject the following null hypotheses:

- 1.1) H1<sub>o</sub>: This online retailer's websites are easy to navigate does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.
- 1.2) H2<sub>o</sub>: This online retailer's webpage content quickly loads does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.
- 1.3) H3<sub>o</sub>: It is easy to find the products I am looking for on this online retailer's website does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.

- 1.4) H4<sub>o</sub>: This website provides variety of formats, including video, images and text does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.

We can reject the null hypothesis and accept the following alternative hypothesis:

- 1.5) H5<sub>a</sub>: 'The ordering process used by this online retailer is simple' significantly influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city. ( $0.011 < 0.05$ ).

We cannot reject the following null hypothesis:

- 1.6) H6<sub>o</sub>: Overall, I think the website is user-friendly does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.

H2: Electronic Word of Mouth factor:

We can reject the null hypothesis and accept the following alternative hypothesis:

- 2.1) H7<sub>a</sub>: I often read online recommendations to buy products from this online retailer significantly influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city ( $0.014 < 0.05$ ).

We cannot reject the following null hypothesis:

- 2.2) H8<sub>o</sub>: I often post positive online comments about this online retailer does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.

- 2.3) H9<sub>o</sub>: I often read positive online reviews about the products of this online retailer does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.

We can reject the null hypothesis and accept the following alternative hypothesis:

- 2.4) H10<sub>a</sub>: I buy it because my e-community frequently post online recommendations to buy from this online retailer significantly influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city ( $0.008 < 0.05$ ).

We cannot reject the following null hypothesis:

- 2.5) H11<sub>o</sub>: I buy a product from this online retailer because consumer's online recommendations and reviews make me more confident in purchasing the product does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.

H3: Trust factor:

- 3.1) H12<sub>o</sub>: This website is a large company that everyone recognizes does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.
- 3.2) H13<sub>o</sub>: This website has a good reputation does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.

- 3.3) H14<sub>0</sub>: This website is distinguished does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.
- 3.4) H15<sub>0</sub>: This website is reliable does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.
- 3.5) H16<sub>0</sub>: It is safe to pay money and perform a financial transaction on this online retailer does not influence consumers' purchase decision to buy products/services online in Taunggyi city.
- 3.6) H17<sub>0</sub>: This online retailer will protect t my financial-related information from being leaked (hacked) does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.
- 3.7) H18<sub>0</sub>: This online retailer is secured given that it uses digital certificates does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.
- 3.8) H19<sub>0</sub>: This online retailer will not sell my personal information (e-mail, phone number, names, etc.) to others for commercial use does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.

We can reject the null hypothesis and accept the following alternative hypothesis:

- 3.9) H20<sub>a</sub>: This online retailer guarantees I receive my order on time significantly influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city ( $0.006 < 0.05$ ).

H4: Price factor:

We cannot reject the following null hypothesis:

- 4.1) H21<sub>o</sub>: The price I paid is very economical does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.
- 4.2) H22<sub>o</sub>: The product is considered to be a good buy does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.
- 4.3) H23<sub>o</sub>: The price I paid is very acceptable does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.
- 4.4) H24<sub>o</sub>: The product appears to be a bargain does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.
- 4.5) H25<sub>o</sub>: The money I paid is fair value for the products I received does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.

H5: Service quality factor:

- 5.1) H26<sub>o</sub>: Online retailers encourage me to make suggestions does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.

We can reject the null hypothesis and accept the following alternative hypothesis:

- 5.2) H27<sub>a</sub>: Online retailers understand my needs significantly influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city ( $0.030 < 0.05$ ).



We cannot reject the following null hypothesis:

- 5.3) H28<sub>0</sub>: Online retailers offer good after sales service does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.
- 5.4) H29<sub>0</sub>: It is easy to receive a personalized customer service from an online retailer does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.
- 5.5) H30<sub>0</sub>: I receive quick response from online retailers does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.
- 5.6) H31<sub>0</sub>: Online retailers update information of new products timely does not influence Myanmar consumer's purchase decision to buy product/service online in Taunggyi city.

H6: Subjective Norms factor:

- 6.1) H32<sub>0</sub>: The media influenced my decision to make purchases through the Internet does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.
- 6.2) H33<sub>0</sub>: Marketing communication influenced my decision to make purchases through the Internet does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.
- 6.3) H34<sub>0</sub>: Family/friends encourage me to make purchases through the Internet does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.

We can reject the null hypothesis and accept the following alternative hypothesis:

6.4) H35<sub>a</sub>: To make sure I buy the right product or brand, I often observe what others are buying and using significantly influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city (0.027<0.05).

6.5) H36<sub>a</sub>: I achieve a sense of belonging by purchasing the same products and brands that others purchase significantly influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city (0.028<0.05).

H7: Convenience factor:

We cannot reject the following null hypothesis:

7.1) H37<sub>o</sub>: It takes only a little time and effort to make a purchase through the Internet does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.

7.2) H38<sub>o</sub>: Internet shopping saves me time, so I can do other activities does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.

7.3) H39<sub>o</sub>: It is more convenient to shop through the Internet when compared to traditional retail shopping does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.

H8: Price factor:

- 8.1) H40<sub>o</sub>: Online shopping allows me to save money as I do not need to pay transportation costs does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.

We can reject the null hypothesis and accept the following alternative hypothesis:

- 8.2) H41<sub>a</sub>: Online shopping allows me to buy the same, or similar products, at cheaper prices than traditional retailing stores significantly influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city ( $0.002 < 0.05$ ).
- 8.3) H42<sub>a</sub>: Online shopping offers better value for my money compared to traditional retail shopping significantly influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city ( $0.009 < 0.05$ ).

We cannot reject the following null hypothesis:

- 8.4) H43<sub>o</sub>: I think the Internet offers lower prices compared to retail stores does not influence Myanmar consumers' purchase decision to buy products/services online in Taunggyi city.

Part 2: The analytical result of Crosstab method for demographic and lifestyle towards customer choice decision in buying products/services online in Taunggyi city.

Table 4.3: The analysis crosstab from Demographics and Life Style: Age

| Age            | Consumer's decision choice in buying product/service online in Myanmar |     | Total |
|----------------|--|-----|-------|
|                | Not Buy  | Buy |       |
| 20-25 years    | 92   | 120 | 212   |
| 25-30 years    | 35   | 58  | 93    |
| 30-35 years    | 22   | 27  | 49    |
| 35-40 years    | 4  | 21  | 25    |
| Above 40 years | 6  | 15  | 21    |
| Total          | 159  | 241 | 400   |

According to the table 4.3, the result can be analyzed as following:

- The majority frequency age for consumers' that responded to the survey questionnaire were age 20 – 25 years (212), and followed by 25 – 30 years (93), 30 – 35 years (49), 35- 40 years (25) and above 40 years (21) respectively.
- The age of most female respondents was 20 – 25 years (120).

Table 4.4: The analysis crosstab from Demographics and Life Style: Gender

| Gender | Consumers' decision choice in buying products/services online in Myanmar |     | Total |
|--------|--|-----|-------|
|        | Not Buy  | Buy |       |
| Male   | 81   | 86  | 167   |
| Female | 78   | 155 | 233   |
| Total  | 159  | 241 | 400   |

According to the table 4.4, the result can be analyzed as following:

- Gender has an impact on consumer behavior. In the survey results, more women than men responded to the survey, female (233) and followed by male (167) respectively.
- More females than males stated in the survey that they had bought products/services online in Myanmar (155).

Table 4.5: The analysis crosstab from Demographics and Life Style: Married status

| Married status | Consumer's decision choice in buying product/service online in Myanmar |     | Total |
|----------------|--|-----|-------|
|                | Not Buy  | Buy |       |
| Single         | 121  | 176 | 297   |
| Married        | 35   | 58  | 93    |
| Divorced       | 3  | 7   | 10    |
| Total          | 159  | 241 | 400   |

According to the table 4.5, the result can be analyzed as following:

- The majority frequency of the marriage status of those surveyed was single status (297) and followed married (93) and divorced (10) respectively.
- The most respondents that bought products/services online in Myanmar are single (176).

Table 4.6: The analysis crosstab from Demographics and Life Style: Highest education level

| Highest education level   | Consumer's decision choice in buying product/service online in Myanmar |     | Total |
|---------------------------|--|-----|-------|
|                           | Not Buy  | Buy |       |
| High School               | 53   | 50  | 103   |
| Bachelor's degree         | 90   | 165 | 255   |
| Master's degree           | 9  | 14  | 23    |
| Doctor of Philosophy      | 2  | 4   | 6     |
| Other (below high school) | 5  | 8   | 13    |
| Total                     | 159  | 241 | 400   |

According to the table 4.6, the result can be analyzed as following:

- The majority frequency of the highest education level of those surveyed was Bachelor's degree (255), followed by High school (103), Master's degree (23), Other (13) and Doctor of Philosophy (6) respectively.
- The most respondents that bought products/services online in Myanmar have highest education level of bachelor's degree (165).

Table 4.7: The analysis crosstab from Demographics and Life Style: Occupation

| Occupation                                  | Consumer's decision choice in buying product/service online in Myanmar |     | Total |
|---|--|-----|-------|
|   | Not Buy  | Buy |       |
| Employee of public company                  | 33   | 49  | 82    |
| Employee of private company                 | 20   | 51  | 71    |
| Business owner                              | 28   | 47  | 75    |
| Student                                     | 62   | 78  | 140   |
| Other (labor worker, unemployment and etc.) | 16   | 16  | 32    |
| Total                                       | 159  | 241 | 400   |

According to the table 4.7, the result can be analyzed as following:

- The majority frequency for occupation of those surveyed was student (140), followed by employee of public company (82), business owner (75), employee of private company (71) and other (32) respectively.
- The most respondents that bought products/services online in Myanmar have occupation as student (78).

Table 4.8: The analysis crosstab from Demographics and Life Style: Income

| Income                           | Consumer's decision choice in buying product/service online in Myanmar |     | Total |
|----------------------------------|--|-----|-------|
|                                  | Not Buy  | Buy |       |
| Less than 100,000 kyat per month | 67   | 66  | 133   |
| 100,000-300,000 kyat per month   | 63   | 90  | 153   |
| 300,000-600,000 kyat per month   | 18   | 45  | 63    |
| 600,000-1,000,000 kyat per month | 4  | 24  | 28    |
| More than 1,000,000 per month    | 7  | 16  | 23    |
| Total                            | 159  | 241 | 400   |

According to the table 4.8, the result can be analyzed as following:

- The majority frequency for income of those surveyed was 100,000-300,000 kyat per month (153), followed by less than 100,000 kyat per month (133), 300,000-600,000 kyat per month (63), 600,000-1,000,000 kyat per month (28) and more than 1,000,000 per month (23) respectively.
- The most respondents that bought products/services online in Myanmar have income 100,000 -300,000 kyat per month (90).



Table 4.9: The analysis crosstab from Demographics and Life Style: Usage of Internet

| Usage of Internet | Consumer's decision choice in buying product/service online in Myanmar |     | Total |
|-------------------|--|-----|-------|
|                   | Not Buy  | Buy |       |
| Use               | 152  | 240 | 392   |
| Not use           | 7  | 1   | 8     |
| Total             | 159  | 241 | 400   |

According to the table 4.9, the result can be analyzed as following:

- The majority frequency for usage of internet for those surveyed was 'have usage of internet' (392) and 'not usage of internet' (8) respectively.
- The most respondents that bought products/services online in Myanmar have usage of internet (240).

Table 4.10: The analysis crosstab from Demographics and Life Style: How long have you used the Internet

| How long have you used the internet | Consumer's decision choice in buying product/service online in Myanmar |     | Total |
|-------------------------------------|--|-----|-------|
|                                     | Not Buy  | Buy |       |
| Less than 1 year                    | 7  | 7   | 14    |
| 1-2 years                           | 33   | 41  | 74    |
| 3-4 years                           | 51   | 82  | 133   |
| 4-5 years                           | 32   | 63  | 95    |

( Continued )

Table 4.10 (Continued) : The analysis crosstab from Demographics and Life Style:

## How long have you used the Internet

|                   |     |     |     |
|-------------------|-----|-----|-----|
| More than 6 years | 30  | 48  | 78  |
| Total             | 153 | 241 | 394 |

According to the table 4.10, the result can be analyzed as following:

- The majority frequency regarding length on time that respondents have used the internet was 'have used the internet 3-4 years' (133), followed by 4-5 years (95), more than 6 years (78), 1-2 years (74) and less than 1 year (14) respectively.
- The most respondents that bought products/services online in Myanmar have used the internet 3-4 years (82).

Table 4.11: The analysis crosstab from Demographics and Life Style: use the internet on average per day

| Use the internet on average per day | Consumer's decision choice in buying product/service online in Myanmar |     | Total |
|-------------------------------------|--|-----|-------|
|                                     | Not Buy  | Buy |       |
| Less than 1 hour                    | 23   | 19  | 42    |
| 1-2 hours                           | 32   | 35  | 67    |
| 2-3 hours                           | 24   | 49  | 73    |
| 3-4 hours                           | 39   | 54  | 93    |
| More than 4 hours                   | 35   | 84  | 119   |
| Total                               | 153  | 241 | 394   |

According to the table 4.11, the result can be analyzed as following:

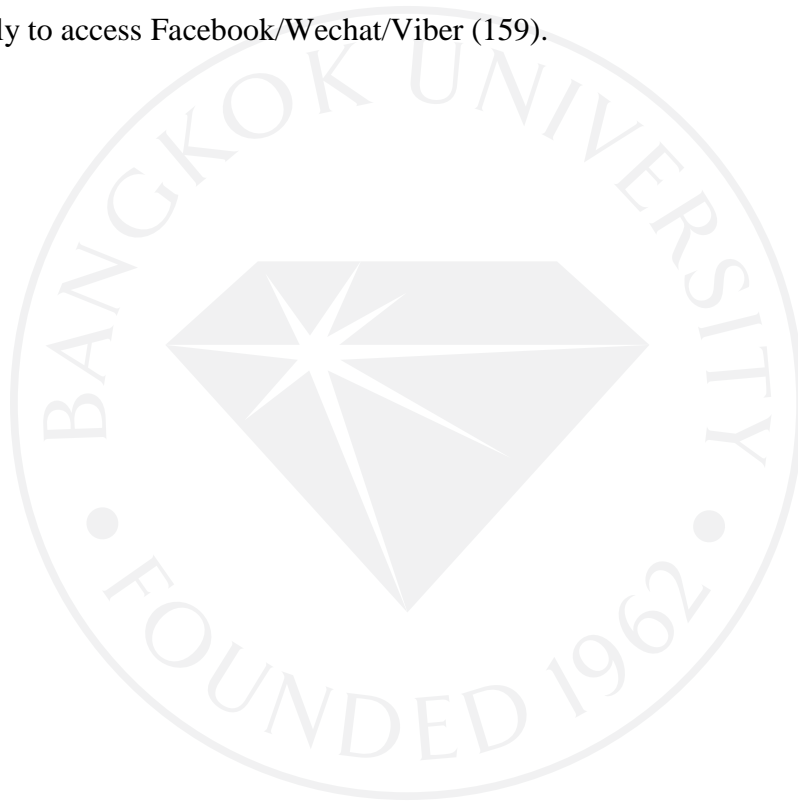
- The majority frequency regarding daily internet use of those surveyed was more than 4 hours (119), followed by 3-4 hours (93), 2-3 hours (73), 1-2 years (67) and less than 1 hour (42) respectively.
- The most respondents that bought products/services online in Myanmar use the internet more than 4 hours per day (84).

Table 4.12: The analysis crosstab from Demographics and Life Style: the main reason that you access the internet

| The main reason that you access the internet | Consumer's decision choice in buying product/service online in Myanmar |     | Total |
|--|--|-----|-------|
|  | Not Buy  | Buy |       |
| Play game online                             | 15   | 13  | 28    |
| Read news online                             | 32   | 47  | 79    |
| Watch Youtube                                | 6  | 8   | 14    |
| Watch movies/music                           | 7  | 14  | 21    |
| Use Facebook/Wechat/Viber                    | 93   | 159 | 252   |
| Total  | 153  | 241 | 394   |

According to the table 4.12, the result can be analyzed as following:

- The majority frequency regarding reason to access the internet of those survey was to use Facebook/Wechat/Viber (252), followed by reading news online (79), playing game online (28), watching movies/music (21) and watching Youtube (14) respectively.
- Most respondents that buy products/services online in Myanmar use the internet primarily to access Facebook/Wechat/Viber (159).



## CHAPTER 5

### DISCUSSION AND CONCLUSION

#### 1.1 Research findings and conclusion

This study used a quantitative methodology, which conducted a questionnaire with 400 people who live in Taunggyi, Shan State, Myanmar. The questionnaire was designed to assess how the following factors influence consumers' decisions to purchase services and products online: website quality, electronic word of mouth, trust, perceived value, service quality, subjective norms, convenience, price and lifestyle.

The findings of this study reveal important insights into the demographic profile of online consumers. The results demonstrate that female respondents who are single are more interested in online shopping than males. This study also reveals that most online consumers are aged between 20-25 years old with an income between 100,000-300,000 kyat per month. Students are the largest occupational group that buys products/services from online shopping in Taunggyi. The demographic results also show that respondents who have used internet between 3-4 years are most likely to shop online. Facebook is the main reason for respondents to access to online shopping.

Binary Logistic regression applied to hypothesis testing in this study. The results showed that website quality (P Value = 0.006), electronic word of mouth (P Value = 0.002), service quality (P Value = 0.027) were the most important factors in

shaping consumer's online shopping choices, at the statistically significant level at 0.05. In contrast, the study shows that the rest of this study's hypothesizes need to be rejected since those factors of trust, perceived value, subjective norms, convenience, price and lifestyle do not impact strongly on consumers' online shopping choices at the 0.05 level of significance.

## 5.2 Discussion

This research examined eight factors (website quality, electronic word of mouth, trust, perceived value, service quality, subjective norms, convenience, price and lifestyle) through testing 62 items developed in the research questionnaire, which were drawn from previous works. The findings of the study show that Myanmar consumers are strongly interested in shopping online.

Overall, the website quality, electronic word of mouth and service quality are the most important factors that influence Myanmar consumers' purchasing decisions when buying products/services online in Taunggyi city, Myanmar. Regression analysis verifies that Hypothesis 1 – website quality – has significant relationship with consumers' purchasing decisions. This finding reinforces the analysis developed by Zhuo Fan Yang, Yong Shi, Bo Wang and Hong Yan (2014), who argued that a high-quality website not only brings huge web traffic but also affects the customers' purchasing decisions once they are on the website. Hypothesis 2 – electronic word of mouth – has a significant positive impact on consumers' purchasing decision, as expected in line with previous literature that network word-of-mouth is an unofficial communication channel to distribute the specific products or services over the internet

(Gelb and Sundaram 2002). Hypothesis 5 – service quality – also has a significant relationship with consumers' online purchase decisions. This reinforces findings in the wider literature, for example Dai et al., (2011) who suggest that service quality can significantly affect attributes such as consumer loyalty. Gefen, (2002) also recommends that with better service quality, the online vendor can infuse loyalty among their customers. This study also shows that trust, perceived value, subjective norms, convenience and price were not detected as significant in impacting upon consumers' online purchasing decisions after binary logistic regression analysis.

### **5.3 Recommendation for managerial implication**

Since our Independent Study results allow us to know what criteria influence consumer online purchase decisions and also to know the potential targeted customer profile, it provides retail companies with valuable information regarding how they can better target customers and develop more effective and efficient marketing strategies tailored-made to these demographic profiles. Providing this information to retailers also has the potential to improve online services for consumers by providing an effective feedback loop, which can enable retailers to develop online shopping experiences that align with consumers' priorities. Besides, the study also serves to demonstrate to consumers that online shopping offers various advantages such as greater convenience than traditional shopping methods.

### **5.4 Recommendation for further research**

This study presented the most important factors that impact upon consumers' online purchasing decisions. However, this study also has a number of limitations. Most importantly, the research was conducted only in a short period of time and the

sample is also only focused on people who live Taunggyi. This is quite a narrow survey, which inevitably cannot capture the whole population across the country. For example, by conducting the research in Taunggyi - a small city – the study is not able to assess the factors that impact on the online purchasing decisions of those consumers living in rural areas or in large cities. Furthermore, the fact that Taunggyi has a large university student population means that the survey results include a significant number of responses from students. Thus the specific demographic profile of Taunggyi may also impact upon the results presented in the study. Despite, these limitations, however, this study provides one of the first systematic and statistically robust analyses of factors that influence online consumers' decision-making and thus provides important insights into a rapidly growing economic sector in Myanmar, which will be particularly useful for businesses throughout the country that are looking to develop or improve their online consumer base.

For future studies a broader sample would be better given the boundary-less nature of online business. Also, a profile of those being studied should be broader to capture the whole range of different generations (baby boom, generation Y, etc.). Future studies could also focus specifically on certain products or sectors – for example, clothing, technology, entertainment – to provide sector-specific findings.



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# APPENDICX: The Result of IOC

| Questions   | The Experts |   |   | Total Score<br>$\Sigma R$ | $\Sigma R$ | Interpretation |
|---|-------------|---|---|---------------------------|------------|----------------|
|   | 1           | 2 | 3 |                           | X          |                |
| <b>E-commerce factors influencing consumers' purchasing decision in Taunggyi city, Myanmar</b>          |             |   |   |                           |            |                |
| 1) Website Quality  | 1           | 1 | 1 | 3                         | 1          | Acceptable     |
| 2) Electric Word of Mouth   | 1           | 1 | 1 | 3                         | 1          | Acceptable     |
| 3) Trust  | 1           | 1 | 1 | 3                         | 1          | Acceptable     |
| 4) Perceived Value  | 1           | 1 | 1 | 3                         | 1          | Acceptable     |
| 5) Service Quality  | 1           | 1 | 1 | 3                         | 1          | Acceptable     |
| 6) Subjective Norms (Social Pressure)   | 1           | 1 | 1 | 3                         | 1          | Acceptable     |
| 7) Convenience  | 1           | 1 | 1 | 3                         | 1          | Acceptable     |
| 8) Price  | 1           | 1 | 1 | 3                         | 1          | Acceptable     |
| 9) Lifestyle  | 1           | 1 | 1 | 3                         | 1          | Acceptable     |
| <b>Question (factors affecting decision in buying product/service online in Taunggyi city, Myanmar)</b> |             |   |   |                           |            |                |
| <b>Website Quality</b>  |             |   |   |                           |            |                |
| WQ10: This online retailer's websites are easy to navigate  | 1           | 1 | 0 | 2                         | 0.7        | Acceptable     |
| WQ11: This online retailer's webpage content quickly loads  | 1           | 1 | 0 | 2                         | 0.7        | Acceptable     |
| WQ12: It is easy to find the products I am looking for on this online retailer's website.               | 1           | 1 | 1 | 3                         | 1          | Acceptable     |
| WQ13: This website provides variety of formats, including video, images and text                        | 1           | 0 | 1 | 2                         | 0.7        | Acceptable     |
| WQ14: The ordering process used by this online retailer is simple                                       | 1           | 1 | 0 | 2                         | 0.7        | Acceptable     |
| WQ15: Overall, I think the website is user-friendly   | 1           | 1 | 0 | 2                         | 0.7        | Acceptable     |

| <b>Electric Word-of-Mouth (EWM)</b>   |   |   |   |   |     |            |
|---|---|---|---|---|-----|------------|
| EWM16: I often read online recommendations to buy products from this online retailer  | 1 | 1 | 1 | 3 | 1   | Acceptable |
| EWM17: I often post positive online comments about this online retailer   | 1 | 1 | 1 | 3 | 1   | Acceptable |
| EWM18: I often read positive online reviews about the products of this online retailer  | 1 | 1 | 0 | 2 | 0.7 | Acceptable |
| EWM19: I buy it because my e-community frequently post online recommendations to buy from this online retailer  | 0 | 1 | 1 | 2 | 0.7 | Acceptable |
| EWM20: I buy a product from this online retailer because consumer's online recommendations and reviews make me more confident in purchasing the product | 1 | 0 | 1 | 2 | 0.7 | Acceptable |
| <b>Trust (T)</b>  |   |   |   |   |     |            |
| TR21: This website is a large company that everyone recognizes  | 1 | 1 | 1 | 3 | 1   | Acceptable |
| TR22: This website has a good reputation  | 1 | 1 | 1 | 3 | 1   | Acceptable |
| TR23: This website is distinguished   | 1 | 1 | 1 | 3 | 1   | Acceptable |
| TR24: This website is reliable  | 1 | 1 | 1 | 3 | 1   | Acceptable |
| TR25: It is safe to pay money and perform a financial transaction on this online retailer   | 1 | 1 | 1 | 3 | 1   | Acceptable |
| TR26: This online retailer will protect t my financial-related information from being leaked (hacked)   | 1 | 0 | 1 | 2 | 0.7 | Acceptable |
| TR27: This online retailer is secured given that it uses digital certificates   | 1 | 1 | 1 | 3 | 1   | Acceptable |
| TR28: This online retailer will not sell my personal information (e-mail, phone number, names, etc.) to others for commercial use                       | 1 | 1 | 1 | 3 | 1   | Acceptable |
| TR29: This online retailer guarantees I receive my order on time  | 1 | 1 | 1 | 3 | 1   | Acceptable |

|   |   |   |   |   |     |            |
|---|---|---|---|---|-----|------------|
| <b>Perceived Value (V)</b>  |   |   |   |   |     |            |
| V30: The price I paid is very economical  | 0 | 1 | 1 | 2 | 0.7 | Acceptable |
| V31: The product is considered to be a good buy   | 1 | 0 | 1 | 2 | 0.7 | Acceptable |
| V32: The price I paid is very acceptable  | 1 | 1 | 1 | 3 | 1   | Acceptable |
| V33: The product appears to be a bargain  | 1 | 1 | 1 | 3 | 1   | Acceptable |
| V34: The money I paid is fair value for the products I received.                                      | 0 | 1 | 1 | 2 | 0.7 | Acceptable |
| <b>Service Quality (SQ)</b>   |   |   |   |   |     |            |
| SQ35: Online retailers encourage me to make suggestions   | 1 | 1 | 0 | 2 | 0.7 | Acceptable |
| SQ36: Online retailers understand my needs  | 1 | 1 | 1 | 3 | 1   | Acceptable |
| SQ37: Online retailers offer good after sales service   | 1 | 1 | 1 | 3 | 1   | Acceptable |
| SQ38: It is easy to receive a personalized customer service from an online retailer                   | 1 | 1 | 1 | 3 | 1   | Acceptable |
| SQ39: I receive quick response from online retailers  | 1 | 1 | 1 | 3 | 1   | Acceptable |
| SQ40: Online retailers updates information of new products timely                                     | 1 | 1 | 1 | 3 | 1   | Acceptable |
| <b>Subjective Norm (SN) (Social Pressure)</b>   |   |   |   |   |     |            |
| SN41: The media influenced my decision to make purchases through the Internet                         | 1 | 1 | 1 | 3 | 1   | Acceptable |
| SN42: Marketing communication influenced my decision to make purchases through the Internet           | 1 | 1 | 1 | 3 | 1   | Acceptable |
| SN43: Family/friends encourage me to make purchases through the Internet                              | 1 | 1 | 1 | 3 | 1   | Acceptable |
| SN44: To make sure I buy the right product or brand, I often observe what others are buying and using | 1 | 1 | 1 | 3 | 1   | Acceptable |
| SN45: I achieve a sense of belonging by purchasing the same products and brands that others purchase  | 1 | 1 | 1 | 3 | 1   | Acceptable |

|  |   |   |   |   |     |            |
|--|---|---|---|---|-----|------------|
| <b>Convenience (C)</b>   |   |   |   |   |     |            |
| C46: It takes only a little time and effort to make a purchase through the Internet                                      | 1 | 1 | 1 | 3 | 1   | Acceptable |
| C47: Internet shopping saves me time, so I can do other activities   | 1 | 0 | 1 | 2 | 0.7 | Acceptable |
| C48: It is more convenient to shop through the Internet when compared to traditional retail shopping                     | 1 | 0 | 1 | 2 | 0.7 | Acceptable |
| <b>Price (P)</b>   |   |   |   |   |     |            |
| P49: Online shopping allows me to save money as I do not need to pay transportation costs                                | 1 | 1 | 0 | 2 | 0.7 | Acceptable |
| P50: Online shopping allows me to buy the same, or similar products, at cheaper prices than traditional retailing stores | 1 | 0 | 1 | 2 | 0.7 | Acceptable |
| P51: Online shopping offers better value for my money compared to traditional retail shopping                            | 1 | 1 | 1 | 3 | 1   | Acceptable |
| P52: I think the Internet offers lower prices compared to retail stores  | 1 | 0 | 1 | 2 | 0.7 | Acceptable |
| <b>Demographics and Lifestyle factors affecting decision in buying product/service online in Taunggyi city, Myanmar</b>  |   |   |   |   |     |            |
| 53: Gender   | 1 | 1 | 1 | 3 | 1   | Acceptable |
| 54: Age  | 1 | 1 | 1 | 3 | 1   | Acceptable |
| 55: Marital Status   | 1 | 1 | 1 | 3 | 1   | Acceptable |
| 56: Education  | 1 | 1 | 1 | 3 | 1   | Acceptable |
| 57: Occupation   | 1 | 1 | 1 | 3 | 1   | Acceptable |
| 58: Income   | 1 | 1 | 1 | 3 | 1   | Acceptable |
| 59: Do you use the internet?   | 1 | 1 | 1 | 3 | 1   | Acceptable |
| 60: How long have you used the internet?   | 1 | 1 | 1 | 3 | 1   | Acceptable |
| 61: How many hours do you use the internet on average per day?   | 1 | 1 | 1 | 3 | 1   | Acceptable |
| 62: what is the main reason that you access the internet?  | 1 | 1 | 1 | 3 | 1   | Acceptable |

Where: IOC = Consistency between the objective and content or questions and objectives.

$$IOC = \frac{\Sigma R}{N}$$

$\Sigma$  = Total assessment points given from all qualified experts.

N = Number of qualified experts.

Therefore, 
$$IOC = \frac{56}{62}$$
  

$$= 0.903$$

The assessment result of questions on this questionnaire has value index of item objective congruence (IOC) equal to 0.9030 without any question that has IOC index less than 0.5.

**BIODATA**

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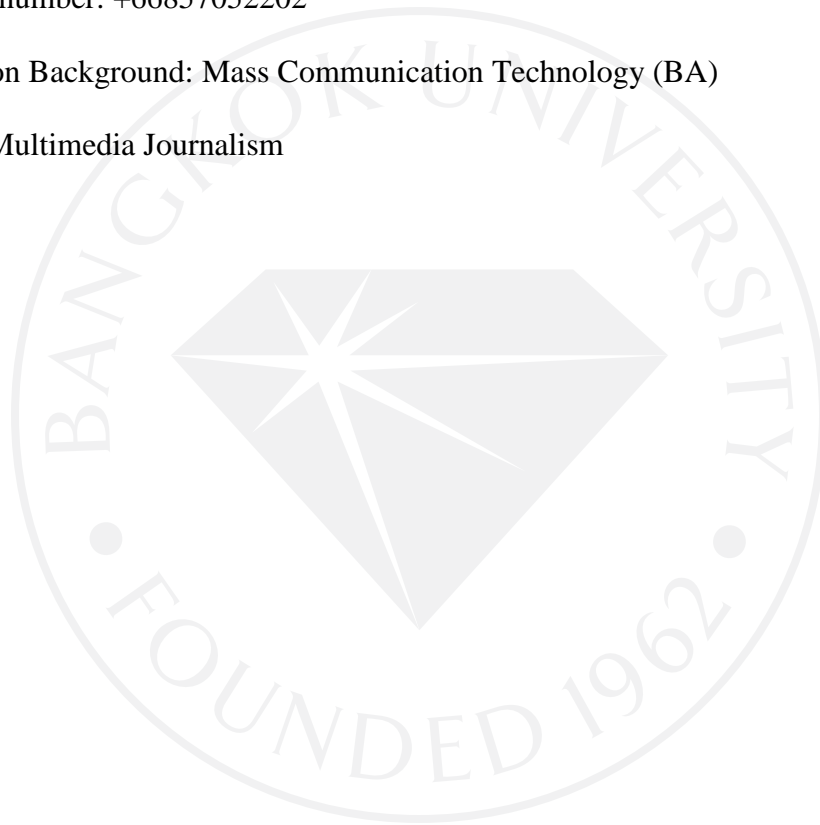
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