

## Factors Influencing Customers' Online Shopping Behaviour: A Study of an E-Commerce in Malaysia

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### ABSTRACT

Shopee is one of the top-notch companies in the e-commerce field. It recorded 343 million visitors per month and its gross merchandise value was even aggregated to USD 19 billion in the second quarter of 2022. Shopee also expanded its business operations aggressively to new regions, namely Europe, Latin America, and South Korea. This study intends to examine the variables that influence customers' online shopping behaviour in Shopee. A survey questionnaire is conducted to collect data from 150 Shopee's users in Malaysia. The findings depicted that perceived trust and security, perceived service quality and perceived ease of use had influenced the customers' online shopping behaviour towards Shopee in Malaysia. Perceived usefulness and perceived convenience did not greatly impact the customers' online buying intention on Shopee in Malaysia. This study can provide Shopee with useful business insights about customers' online shopping behaviour. It is recommended for Shopee Malaysia to prioritize the enhancement of three variables that exhibit a favorable correlation with customers' online shopping behavior, thereby ensuring business growth and expansion.

**Keywords:** Customer Behaviour; E-Commerce; Online Shopping; Malaysia; Shopee

## **INTRODUCTION**

Malaysia presents an immense opportunity for e-commerce enterprises, driven by steady economic growth and a high rate of Internet penetration. According to Koch et al. in Alamanda et al. (2021), the onset of the unprecedented Covid-19 pandemic has reshaped consumer purchasing habits, propelling the online shopping trend to unprecedented heights, especially within the Malaysian market. Reflecting this shift, Malaysia's e-commerce sector experienced a remarkable surge in revenue, reaching RM1.09 trillion in 2021, marking a substantial 21.8% increase compared to the previous year (Malaysia. Ministry of Communications, n.d.). This surge in e-commerce activity is further evidenced by the notable rise in the number of online shoppers in Malaysia, which grew by 8.3% year-on-year, surpassing 15.63 million consumers purchasing various goods online by early 2023. The overall expenditure on e-commerce transactions in 2022 amounted to a significant \$9.08 billion, with expenditures distributed across diverse categories such as fashion (\$2.73 billion), electronics (\$2.83 billion), toys and hobbies (\$1.11 billion), personal care (\$1.08 billion), and food/beverages (\$202 million) (Commission Factory, 2023). These figures underscore Malaysia's burgeoning e-commerce landscape, offering lucrative prospects for businesses across various sectors.

Shopee has distinguished itself as a premier online shopping destination in Malaysia and across the broader Southern Asia region. Notably, it attained the status of the most visited e-commerce website, garnering approximately 55 million clicks by the second quarter of 2022, according to Statista Research Department (2023). This impressive achievement underscores Shopee's growing prominence and popularity among online shoppers, solidifying its position as a leading player in the e-commerce landscape.

Shopee, a prominent e-commerce platform under the Sea Group, boasts its headquarters in Singapore. Its journey began as a startup in 2015, initially launching in Singapore. Since then, it has evolved into an e-commerce behemoth, expanding its operations into diverse markets, including the Philippines, Thailand, Vietnam, South Korea, and Brazil. In the second quarter of 2022, Shopee continued to exhibit robust growth, with its total orders reaching a staggering 2 billion, marking an impressive annual increase of 41.6% (Sea Group, 2022). This sustained growth underscores Shopee's ability to capture and retain a significant market share amidst intensifying competition in the e-commerce sector. Recent financial reports released by the Sea Group in 2022 shed further light on Shopee's remarkable performance. In the second quarter of that year alone, Shopee's Gross Merchandise Value (GMV) soared to USD 19 billion, reflecting a substantial year-on-year increase of 27.2%. Moreover, its total revenue surged to \$1.7 billion, representing an impressive 51.4% year-on-year growth. These figures not only highlight Shopee's financial prowess but also underscore its status as a dominant force in the global e-commerce landscape.

Shopee, a leading e-commerce platform in Malaysia, offers a plethora of unique features designed to enhance customer satisfaction and drive purchase intent. Noteworthy among these features are Shopee Guarantee, Lowest Guarantee Deals, and free shipping vouchers, all geared towards fostering a positive shopping experience for users. Additionally, Shopee boasts efficient logistics services, a secure payment system, and personalized product recommendations, all of which contribute to its success in the competitive e-commerce landscape. However, despite its prominence and the apparent effectiveness of its features, there remains a gap in understanding the specific factors that influence online shopping behavior on Shopee among Malaysian customers.

Consequently, this study seeks to address this gap by investigating the primary factors driving online shopping behavior on Shopee among Malaysian customers. By delving into the intricacies of consumer preferences, perceptions, and behaviors within the context of Shopee's platform, this research aims to provide valuable insights for both academics and practitioners in the field of e-commerce. Understanding these factors not only sheds light on the mechanisms underlying consumer decision-making but also offers practical implications for businesses looking to optimize their strategies on Shopee and similar platforms. Ultimately, this study holds significance for enhancing customer satisfaction, optimizing marketing efforts, and driving business growth in the dynamic e-commerce landscape of Malaysia.

## **LITERATURE REVIEW**

### **E-Commerce**

E-commerce, defined as the conduct of commercial transactions over the Internet, represents a revolutionary force that has reshaped modern existence (Madan et al., 2022). Its profound impact extends across various facets of contemporary life, fundamentally altering business operations and consumer behaviors. By facilitating online transactions, e-commerce has democratized access to goods and services, enabling individuals to shop conveniently and flexibly, unrestricted by geographical or temporal boundaries.

E-commerce encompasses diverse models, including business-to-consumer (B2C), customer-to-business (C2B), and business-to-business (B2B), each serving distinct purposes within the digital marketplace. Regardless of the model, both consumers and sellers rely on internet-based technologies to facilitate their transactions, underscoring the pervasive influence of digital connectivity in modern commerce. This reliance on technology enables transactions to occur seamlessly at any time and from any location, epitomizing the convenience and accessibility that characterize the e-commerce paradigm. E-commerce represents more than just a mode of conducting business; it embodies a transformative force that transcends traditional boundaries, empowering individuals and businesses alike to engage in commerce with unprecedented ease and efficiency.

Shopee, as a prominent retail e-commerce platform operating on a business-to-consumer (B2C) model, exemplifies the transformative nature of e-commerce in contemporary business landscapes. According to Madan et al. (2022), Shopee is a user-friendly online marketplace optimized for mobile devices, facilitating swift and effortless buying and selling experiences for consumers. Implementing a comprehensive integrated marketing communication strategy encompassing the four Ps - place, pricing, promotion, and product - is a key approach that Shopee can adopt to foster customer loyalty and achieve success in the competitive global e-commerce landscape. Through Shopee's platform, consumers have access to a wide array of products and services, reflecting the convenience and accessibility emblematic of the e-commerce paradigm. Moreover, the emergence of innovative business models, like dropshipping, underscores the dynamic nature of e-commerce, wherein businesses can thrive without the need for traditional inventory management. In this evolving digital ecosystem, e-commerce not only facilitates traditional retail transactions but also catalyzes the emergence of novel business models, fostering innovation and driving economic growth in the digital age.

### **Customers' Online Shopping Behaviour**

Online shopping behavior encompasses the actions and decisions customers undertake when making purchases and completing transactions through internet-based platforms. This behavior is shaped by various factors, including but not limited to, convenience, accessibility to information, pricing, product variety, and the ability to compare options (Aryani et al., 2021). A critical determinant of online shopping behavior is customers' comfort level with technology; individuals who are more adept at using the internet and navigating online platforms are likely to exhibit higher propensity for online purchases. Moreover, consumers typically prefer transacting with reputable retailers and may be hesitant to engage with those perceived to have a poor reputation. The overall online shopping experience also plays a pivotal role, encompassing factors such as website navigation ease, availability of product details, social media influence, and website design. Furthermore, the influence of word-of-mouth recommendations from family and friends cannot be understated, as many online shoppers rely on such personal referrals when making purchasing decisions. Understanding the intricate interplay of these factors is essential for businesses aiming to effectively engage and retain customers in the competitive landscape of e-commerce (Subramanian, 2018).

### **Perceived Usefulness**

Perceived usefulness is the extent of usefulness felt by customers while shopping online which will impact the consumer interest in repurchasing (Pham & Ahammad in Aryani et al., 2022). The concept of perceived usefulness, as outlined by Hafit et al. (2020), is highly relevant to understanding customer behavior while shopping online. Just as perceived usefulness influences intention to utilize an application, it also shapes consumers' decisions and actions in the online shopping environment.

In the context of online shopping, customers are more likely to engage with e-commerce platforms and make purchases if they perceive the experience as beneficial and valuable to them. Factors such as the convenience of shopping from home, access to a wide range of products, ease of comparison, and secure payment methods contribute to the perceived usefulness of online shopping platforms.

Moreover, customers' perceptions of usefulness extend beyond the features of the platform itself to encompass other aspects of the online shopping experience, such as the reliability of the seller, the clarity of product descriptions, and the efficiency of customer service. Positive experiences in these areas enhance customers' perceptions of usefulness and, consequently, their intention to continue shopping online.

When customers use an application to purchase daily essentials, fashionable items, and even food, the usefulness of the application will affect the purchase intention. This can be observed in Shopee, which is continually innovating to address customer problems despite the numerous discounts that drive up the use of this platform. Several earlier studies that have been done also lend support to this narrative. Based on research from Febrianda and Indayani (2022), when using e-commerce, perceived usefulness will greatly influence customers' transaction interests. The customers perceive the usefulness of an e-commerce platform according to the availability of comprehensive information of product (AL-Shukri & Udayanan, 2019). In other words, a person will be more interested in purchases online due to the usefulness of using E-commerce. According to Sohn's research (2017), both aesthetics and information quality can positively impact the perceived usefulness of online shopping platforms for information search. Hence, it can be hypothesised as follows.

H1: Perceived usefulness is positively related to online shopping behaviour.

### **Perceived Ease of Use**

Perceived ease of use, as articulated by Davis in Gupta et al. (2021), pertains to the degree to which customers perceive that utilizing a specific system would involve minimal effort. It encapsulates customers' perceptions regarding the simplicity and straightforwardness of using a particular website or application. In essence, perceived ease of use reflects customers' judgments about the level of difficulty or ease associated with interacting with a digital platform.

Perceived ease of use is crucial in determining how likely a user is to make a purchase on an online shopping platform. The clarity and simplicity of the website or app's user interface, the availability of helpful information and support, the speed and reliability of the site or app, and the overall user experience contribute to the ease of use of an e-commerce platform. Research has shown that users tend to make a purchase if they perceive the online shopping process to be easy and seamless. On the other hand, if users find the process to be confusing or frustrating, they may be less likely to complete a purchase. Thus, online retailers should focus on improving perceived ease of use to increase sales and customer satisfaction. Hence, it can be hypothesised as follows.

H2: Perceived ease of use is positively related to online shopping behaviour.

### **Perceived Trust and Security**

Security concerns rank among the primary worries for online shoppers in Malaysia, with consumers gravitating toward platforms that bolster safety measures to safeguard their interests. The perceived trustworthiness and security of online shopping platforms play a pivotal role due to the virtual nature of transactions, which lack face-to-face interactions and thus heighten customers' insecurities.

During online shopping, customers lack the ability to physically inspect and handle products before finalizing their purchase decisions (Al-Debei et al., 2015). Additionally, individuals engaging in online shopping are susceptible to various risks, including fraud, cyberattacks, and technical glitches, which may lead them to reconsider or abandon their transactions. Consequently, establishing trust among customers is crucial in the e-commerce realm, particularly given that purchasing decisions are based solely on product images displayed on e-commerce platforms (Sullivan & Kim, 2018).

Shopee must prioritize the security aspect of its online shopping platform to cultivate a strong rapport with its customers (Pardede et al., 2018). Establishing and consistently demonstrating the platform's reliability in terms of security is crucial for fostering customer loyalty. Research indicates that customers are more inclined to engage in online transactions on platforms they perceive as trustworthy (Aineah, 2016). Ensuring the security of customers' transactions is paramount, as they seek assurance that their funds will remain intact and their bank accounts will not fall victim to hacking during online purchases.

Moreover, the trustworthiness of sellers operating on the online shopping platform is another significant concern for customers. The transparency and completeness of sellers' e-commerce pages play a pivotal role in shaping customers' trust levels when making online purchases. Insufficient content or unclear information provided by sellers can undermine customers' confidence in the platform and deter them from completing transactions. Consequently, enhancing consumer trust in online shopping environments is imperative for increasing their purchase intentions and fostering repeat business. Therefore, it can be hypothesized as follows.

H3: Perceived trust and security is positively related to online shopping behaviour.

### **Perceived Convenience**

The rising popularity of online shopping can be attributed to customers' increasing desire to save time and effort when purchasing goods. Convenience, a key determinant in consumer behavior, is characterized by factors such as the time required for shopping, the location, and the overall buying process (Tarhini et al., 2021). Online shopping practices effectively streamline the purchasing process, significantly reducing the time and effort expended by customers (Chen et al., 2010). This convenience factor acts as a powerful motivator for customers to engage in online shopping activities.

In situations where physical shopping is deemed inconvenient, such as when stores are located far apart, customers are more inclined to turn to online platforms to fulfill their purchasing needs (Delafrooz et al., 2009). The virtual nature of online shopping allows customers to access multiple sellers simultaneously, further expediting the shopping process and minimizing effort (Schaupp & Belanger, 2005). Research has shown that customers perceive virtual shopping as more convenient than its physical counterpart (Shen et al., 2020), leading to a greater propensity for online purchases.

Given the evident correlation between perceived convenience and online shopping behavior, it is reasonable to hypothesize as follows.

H4: Perceived convenience is positively related to online shopping behaviour.

### **Perceived Service Quality**

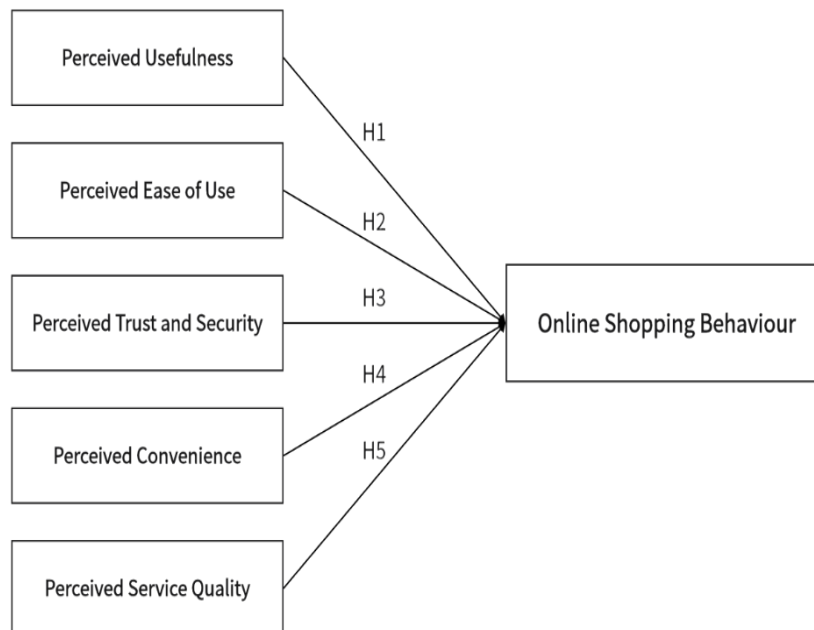
The concept of "quality of service" within the realm of online shopping encompasses the overall excellence of the service provided by the platform (Zeithaml, 1988). Customers' perceptions of service quality are determined by their assessment of the platform's performance in comparison to their expectations, with satisfaction playing a central role in this evaluation process (Jiang & Wang, 2006). Therefore, it becomes imperative for online shopping platforms to prioritize the delivery of superior e-services in order to enhance customer satisfaction and ultimately, drive purchasing intentions.

Past research has established a positive correlation between service quality and customer satisfaction, underscoring the significance of this aspect in shaping consumers' perceptions and behaviors (Agus et al., 2007). Perceived service quality encompasses various features of a website that contribute to an effective shopping experience, including service delivery, reliability, and responsiveness. Ensuring excellence in these areas not only fosters customer satisfaction but also strengthens the overall perception of the platform's service quality. In light of these findings, it can be hypothesized as follows.

H5: Perceived service quality is positively related to online shopping behaviour.

Figure 1 presents the research framework. A total of 5 hypotheses were formulated.

Figure 1. Research Framework



## RESEARCH METHOD

### Sample and Procedure

The sample size of the survey consists of 150 Shopee users in Malaysia. To collect data from the target respondent, we conducted an online survey using a Google form, majority of the questionnaires were adapted the online shopping behaviour intention scale measures from Yo et al. (2021).

### Measures

The researchers adapted the Core Self-Evaluations Scale (CSES) with a 12-item scale to measure each participant's CSE (Judge et al., 2003). In this study, a 5-point Likert format ranging from 1 (disagree strongly) to 5 (agree strongly) was implemented to evaluate each measurement item.

#### ***Perceived Usefulness***

There was one item assessed adapted from Yo et al. (2021) while the other two items were developed by the researchers for this study. A sample item is "I have no problem completing transactions on Shopee with various options of payment methods."

#### ***Perceived Ease of Use***

Three items assessed were adapted from Yo et al. (2021) with some minor modifications to make the statements more precise and detailed. A sample item is "Shopee provides reviews and ratings of the products to help me in making online purchase decisions".

#### ***Perceived Trust and Security***

There were two items assessed were adopted from Yo et al. (2021). The researchers develop one item for this study. A sample item is "I feel comfortable and safe when using Shopee for online purchases."

#### ***Perceived Convenience***

There were two items assessed adopted from Yo et al. (2021) while there was one item developed by the researchers for this study. A sample item is "Purchased products via

Shopee are delivered during the stipulated delivery time.”

**Perceived Service Quality**

All the items were developed by the researchers for this study. A sample item is “I am satisfied with the responsiveness of the customer services of Shopee.”

The questionnaire comprised a total of 33 questions and was split into four sections which are respondents' demographic profile, customers' experiences with Shopee, influencing factors on customers' online buying behaviour, and customers' online shopping behaviour. Single-statement items were applied to analyse demographic data of Shopee's users in Malaysia, which include age, gender, ethnicity, monthly income, highest education level, occupation, current location, and area of residence.

The independent variables include perceived usefulness, perceived ease of use, perceived trust and security, perceived convenience, and perceived service quality. 15–items scale were implemented to evaluate the factors that influence customers to choose Shopee for online purchasing. The items included “Shopee provides reviews and ratings of the products to help me in making online purchase decisions” (perceived usefulness); “I find that Shopee is easy to navigate” (perceived ease of use); “Shopee online payment system security is trustworthy” (perceived trust and security); “Using Shopee to have online purchasing helps me to save my time” (perceived convenience); “The refund and return process of Shopee is fast” (perceived service quality). The dependent variable is customers' online shopping behaviour. The researchers created a 3–item scale to determine the customers' online shopping behaviour towards Shopee. The sample item included “I intend to continue using Shopee for online purchases in the future.”

**RESULTS**

According to Table 1, the majority of Shopee users were Gen Z respondents (47.3%) and the profile indicates that more than half were female (55.3%) and the rest were male. Ethnicity, 62 (41.3%) of the respondents were Chinese, while 50 (33.3%) were Malay, 37 (24.7%) Indian and the other ethnic minorities made up 0.7% of Kadazan respondents, which represented only one respondent. 50% of respondents are categorized as B40 with monthly income of below RM 4,850. Most of the respondents are still students (74%) and 63.3% of the total respondents were highly educated as their educational level is a bachelor's degree. This study includes 83 respondents (55.3%) from urban areas and most of them come from Pulau Pinang (26%), Pahang (18%), and Selangor (12%).

**Table 1.** Summary of Respondent's Demography (N=150)

Response	Frequency	Percentage (%)
<b>Age Category</b>		
Age 10 – 25 (Gen Z)	71	47.3
Age 26 – 41 (Millennials)	52	34.7
Age 42 – 57 (Gen X)	27	18.0
<b>Gender</b>		
Male	67	44.7
Female	83	55.3
<b>Ethnicity</b>		
Malay	50	33.3
Chinese	62	41.3
Indian	37	24.7



Kadazan	1	0.7
Monthly Income (including students' loan/allowance)		
RM 4849 and below (B40)	75	50.0
RM 4,850 – RM 10,969 (M40)	60	40.0
RM 10,970 and above (T20)	15	10.0
Highest Education Level		
High school or equivalent	17	11.3
Diploma	21	14.0
Bachelor's Degree	95	63.3
Master's Degree	14	9.3
Ph.D. Degree	3	2.0
Occupation		
Student	74	49.3
Private Sector	21	14.0
Government Sector	22	14.7
Self-employed	25	16.7
Unemployed	1	0.7
Retiree	7	4.7
Current Location		
Johor	10	6.7
Kedah	7	4.7
Kelantan	3	2.0
Melaka	7	4.7
Negeri Sembilan	10	6.7
Pahang	27	18.0
Perak	9	6.0
Perlis	7	4.7
Pulau Pinang	39	26.0
Sabah	4	2.7
Sarawak	3	2.0
Selangor	18	12.0
Wilayah Persekutuan	6	4.0
Area of Resident		
Sub-urban	67	44.7
Urban	83	55.3

In order to explore consumer experience with Shopee, questions related to the frequency, the years of having online purchase experience with Shopee, the type of product usually shop, and the amount spent on each purchase using Shopee were asked. According to Table 2, majority of respondents undergo online purchasing more than once a month which made up 38% of the respondent's contribution. In addition, the data indicate that 37.3% of respondents have been using Shopee for two to three years for online shopping. Moreover, respondents preferred purchasing clothes and fashion accessories (59.3%) and health and beauty products (57.3%). 55 respondents (36.7%) spend between RM101 and RM 500 on online purchases using Shopee. When purchasing on Shopee, over half of the respondents (53.3%) opted to use online banking as a payment option. In terms of online shopping experience, 54% of respondents agree that they are satisfied when using Shopee and 88 respondents (58.7%) said they would recommend Shopee to their family and friends as a platform for online shopping.

**Table 2.** Summary of Consumer Experience with Shopee (N =150)

	Frequency	Percentage (%)
Frequency of Purchasing Online		
Almost every day	6	4.0
Once a week	14	9.3
Few a week	13	8.7
Once a month	56	37.3
More than once a month	57	38.0
Not even	4	2.7
How long you have been using Shopee for online shopping?		
Less than a year	21	14.0
1 – 2 year	22	14.7
2 – 3 year	56	37.3
3 years and above	51	34.0
What type of products that you usually shop online on Shopee?		
Health & Beauty	86	57.3
Groceries & Pets	58	38.7
Home & Living	61	40.7
Muslim Fashion	24	16.0
Computer & Accessories	28	18.7
Home Appliances	40	26.7
Shoes and Bags	66	44.0
Sports & Outdoor	34	22.7
Tickets & Vouchers	8	5.3
Automotive Accessories	10	6.7
Travel & Luggage	15	10.0
Games, Books & Hobbies	27	18.0
Clothes and Fashion Accessories	89	59.3
Gaming & Consoles	8	5.3
Toys, Kids and Babies	12	8.0
Mobile & Gadgets and Watches	47	31.3
Snack, Food	2	1.4
How much do you typically spend on online purchases using Shopee?		
Below RM 100	43	28.7
RM 101 – RM 500	55	36.7
RM 501 – RM 1,000	42	28.0
Above RM 1,000	10	6.7
Customer Satisfaction Towards Shopee Method of Payment for Online Purchase on Shopee		
Cash on Delivery	10	6.7
Online Banking	80	53.3
Credit Card / Debit Card	42	28.0
Cash Payment at 7-Eleven	12	8.0
Shopee Pay	6	4.0
My shopping experience on Shopee is always satisfying		
Strongly Disagree	4	2.7
Disagree	8	5.3
Neutral	46	30.7
Agree	81	54.0
Strongly Agree	11	7.3
Would you recommend Shopee as the choice of online purchase platform to		

your family and friends?		
Yes	88	58.7
No	8	5.3
Maybe	54	36.0

**Table 3.** Descriptive Statistics, Cronbach's Coefficients Alpha, and Zero-order Correlations of All Study Variables

Variables	1	2	3	4	5	6
Perceived Usefulness	<b>0.702</b>					
Perceived Ease of Use	0.513**	<b>0.718</b>				
Perceived Trust and Security	0.474**	0.488**	<b>0.786</b>			
Perceived Convenience	0.456**	0.504**	0.430**	<b>0.601</b>		
Perceived Service Quality	0.527**	0.400**	0.450**	0.529**	<b>0.701</b>	
Customers' Online Shopping Behaviour	0.431*	0.480*	0.571*	0.430*	0.527*	<b>0.806</b>
Number of Items	3	3	3	3	3	3
Mean	3.65	3.96	3.93	3.99	3.89	3.61
Standard Deviation	0.75	0.57	0.78	0.66	0.77	0.81

Note. N = 150; \*p < 0.05, \*\*p < 0.01, \*\*\*p < 0.001. Diagonal entries in bold represent Cronbach's coefficients alpha

Table 3 displays the descriptive statistics, results of reliability of the scale and zero-order correlations among study variables. The independent variables' coefficients alpha revealed internal consistency values of 0.702, 0.718, 0.786, 0.601, 0.701, and 0.806, respectively. According to Ursachi et al. (2015), an alpha between 0.6-0.7 implies acceptable reliability, while an alpha of 0.08 and above indicates excellent reliability. Hence, each variable was deemed to be reliable because each value was minimum 0.6 to acquire a pertinent compound reliability finding (Awang, 2012). It is therefore possible to draw the conclusion that five independent variables showed a direct correlation with customers' online shopping behaviour. The overall variables have a mean range greater than the median of 3. All independent variables are concurred to influence customers' online shopping behaviour by most respondents.

**Table 4.** Summary of Regression Analysis

Variables	Customers' Online Shopping Behaviour Beta
Perceived Usefulness	0.017
Perceived Ease of Use	0.176*
Perceived Trust and Security	0.334***
Perceived Convenience	0.045
Perceived Service Quality	0.274***
Adjusted R <sup>2</sup>	0.427
F Value	23.237
Durbin-Watson Statistic	1.751

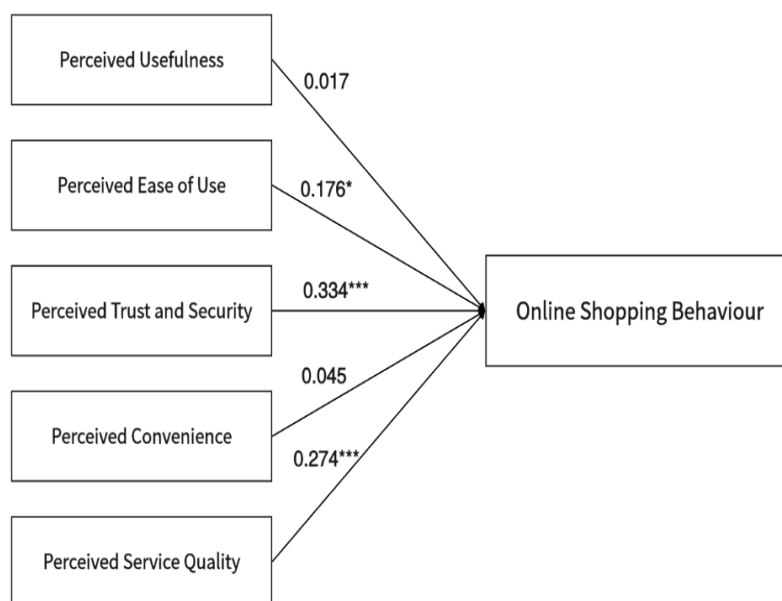
Note. N = 150; \*p < 0.05, \*\*p < 0.01, \*\*\*p < 0.001.

As presented in Table 4, the hypotheses developed, which are H1, H2, H3, H4 and H5 were evaluated by using regression analysis. The adjusted R<sup>2</sup> value of the output is 0.427, which means perceived ease of use, perceived trust and security, and perceived service quality explains 42.7% of the variance in customers' online shopping behaviour in Shopee. The output also indicated that perceived ease of use, perceived trust and security, and perceived service quality were positively related to customers' shopping

behaviours. It was found that perceived trust and security has the greatest impact on customers' behaviour with its largest and strongest beta ( $\beta$ ) value of 0.334, perceived service quality with  $\beta$  value of 0.274 and perceived ease of use with  $\beta$  value of 0.176. As a result, H2, H3, and H5 are proven. In contrast, perceived usefulness and perceived convenience were not significant influences on customers' online shopping behaviour. Thus, H1 and H4 are not supported.

The summary of our hypothesized model is as below in Figure 2.

**Figure 2.** Hypothesized Model



Note. N = 150; \*p < 0.05, \*\*p < 0.01, \*\*\*p < 0.001.

## DISCUSSION

This study has proved that these identified factors can affect customers' online shopping behaviour on Shopee in Malaysia. It provides insight for Shopee Malaysia to develop strategies to improve competitiveness and always keep ahead of the competition.

According to the findings, perceived trust and security of Shopee significantly impact the customers' online shopping behaviour. The result synced with the findings from prior study where the impact of trust has the biggest impact on the customers' desire to use Shopee (Rafsandjani, 2018). The customers' trustworthiness towards the security of the online shopping platform would drastically influence the customer purchase behaviour (Bhatti et al., 2020) and the assurance of customer personal data security can encourage the buying intention of customers (Novitasari & Sari, 2019). The trust for the security towards online shopping platforms is one of the main barriers where Malaysians avoid themselves from buying online (Tasin, 2017). Hence, it is advisable for Shopee to enhance and protect consumer privacy and other basic consumer rights in order to maintain consumer trust. Aside from extending protection, Shopee should continue to develop reliable payment systems so that customers have confidence when purchasing online on Shopee.

The research further delved into the profound impact of perceived service quality on customers' online shopping behavior, echoing and strengthening the findings of earlier studies such as those by Nurlifillah and Nasrul et al. (2020). It became evident that service quality plays a pivotal role in shaping customer satisfaction, with positive implications for their purchasing intentions. When customers perceive the service quality of an online shopping platform to be high, their satisfaction levels rise, consequently bolstering their inclination to make purchases. The linkage between service quality and customer satisfaction underscores the critical importance for online shopping platforms to prioritize and excel in delivering exceptional service experiences. A positive perception of service quality not only enhances customer satisfaction but also serves as a key driver for customer loyalty, as satisfied customers are more likely to continue patronizing the platform. Thus, the service quality provided by Shopee directly influences customers' online shopping behaviors, playing a significant role in retaining their loyalty and encouraging continued usage of the platform.

The study findings underscore the significant impact of perceived ease of use on customers' online shopping behavior, aligning with prior research by Ru et al. (2021). It is evident that the more user-friendly an online platform is perceived to be, the higher the likelihood that customers will choose to make purchases there. Conversely, if customers perceive difficulty in navigating or completing transactions on an online platform, they are likely to refrain from shopping online altogether, consistent with findings from Rahmiati's research in 2017. These insights emphasize the critical importance for Shopee to prioritize simplicity and ease of navigation within its platform. By ensuring a seamless and intuitive user experience, Shopee can effectively mitigate the risk of customers seeking alternative online shopping platforms. This underscores the need for continuous efforts to streamline and optimize the platform's interface and functionality, thereby enhancing customer satisfaction and loyalty. Shopee's commitment to maintaining a user-friendly online environment will be pivotal in securing its position as a preferred choice among online shoppers and driving sustained business growth.

The findings of this study revealed that perceived usefulness did not exert a significant influence on customers' online shopping behavior on Shopee. This contrasts with previous research by Chiu et al. (2005), which suggested that prolonged information retrieval processes may lead to perceptions of low usefulness in online platforms. However, the absence of a significant relationship between perceived usefulness and online shopping behavior does not necessarily imply that customers will refrain from making purchases altogether. Instead, customers may simply seek reliable information to inform their purchase decisions on Shopee before opting to purchase the product from another online platform.

Interestingly, the research findings diverge from those of previous studies that highlighted the significant influence of perceived convenience on customers' online shopping behavior, as demonstrated by Yo et al. (2021), Shanthi & Desti (2015), Ching et al. (2021), and Mustakim et al. (2022). This discrepancy prompts further examination into the potential reasons behind the observed differences. One possible explanation could be the presence of overlapping influences from other independent variables, as noted by Rosufila et al. (2018), which may have obscured the direct impact of perceived usefulness and convenience on online shopping behavior.

The inconclusive findings regarding perceived usefulness and convenience underscore the complexity of factors influencing customers' online shopping behavior. It is plausible that these variables may interact with other factors in nuanced ways, necessitating a more comprehensive understanding of the underlying mechanisms at play. Further

research, potentially involving larger sample sizes and more diverse methodologies, may shed light on the intricate dynamics shaping customers' decision-making processes in the online shopping environment.

### **CONCLUSION**

In summary, three of five hypotheses were empirically supported, while two others were not supported. Based on this research findings, perceived trust and security is the variable that significantly influences customers' online shopping behaviour prioritized by perceived service quality and followed by perceived ease of use. As the outcome, Shopee Malaysia is advised to focus on those three variables that have a positive association with customers' online shopping behaviour in order to assure the expansion of business.

The results show that perceived convenience and usefulness have negligible impact on customers' online shopping behaviour. However, Shopee should make an effort to retain and enhance customers' perceived usefulness and convenience towards their platforms while dedicating adequate resources and support to the most affecting variables described previously. As a result, Shopee needs to improve the aspect regarding timing, actual delivery time, response promptly and search functionality to encourage existing customers to continue using Shopee.

### **LIMITATION**

In our study, some limitations are identified to be rectified in the future studies. Firstly, the sample size is considered too small to give an accurate representation of the entire population of the Malaysia context. Hence, it is suggested that future studies expand the sample size to improve the representation and gain a complete comprehension of the factors that influence customers' online shopping behaviour.

Second, the scope of the study was restricted to five variables which impact the Malaysian customers' online shopping behaviours on Shopee. Future researchers can concentrate on different online shopping platforms to obtain more significant results through comparison. In addition, future research studies also could consider using the longitudinal research approach to research how customers' online shopping behaviours develop over time.

Finally, in order to further enhance the understanding of customers' online shopping behaviour, future study can explore additional variables that might have an impact on it.

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N/A

### **DECLARATION OF CONFLICTING INTERESTS**

The authors have no conflicts of interest to declare.

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