

CHAPTER 1

INTRODUCTION

- 1.1 Introduction
- 1.2 Research Background
- 1.3 The Emergence of Blogs
 - 1.3.1 Types of Blogs
 - 1.3.2 Development of Blogs
- 1.4 Research Problem
- 1.5 Research Questions
- 1.6 Research Objectives
- 1.7 Significant of the Study
- 1.8 Scope of the Study
- 1.9 Organization of the Study
- 1.10 Conclusion

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter will create an interest in the subject of the study by starting with a discussion on the background information. The definition of the research problem and the purpose of the study are also presented. This chapter also presents the significance and scope of the study. Finally, the organization of the report is presented to give the reader an overview structure of the thesis.

1.2 Research Background

The Internet has provided a brand new market context where consumers have an unprecedented transcendental role in the final result of the exchange relationship, where they are actively involved in the firm's value creation process (Hoffman and Novak, 1996). The recent progress in electronic communication infrastructure, where the Internet plays a key role, along with the growing use of this infrastructure by firms to develop an exchange relationship with consumers, has raised numerous indications, particularly concerning the implications that the electronic marketplace has on a firm's marketing function (Martinez-Lopes, 2005; Degeratu et al., 2000; Hammil and Ennis, 1999).

As a result of the remarkable growth of the Internet, it has popularized electronic commerce and, thus, increased the segment of the world's population that conducts commercial transactions in novel ways (Adamic and Hubberman, 1999).

In line with this, online marketplaces have received considerable attention in e-business as an increasingly large number of transactions occur over their technology platforms (Pavlou, 2002; Palmer et al., 2000). According to Abell and Lim (1996), among the

perceived benefits of the Internet are improved information gathering and availability of expertise regardless of location. The result of their study indicates that over ninety percent of respondents felt that the Internet had been "effective" or "very effective" in meeting their needs. The Internet users used the Internet to find information on the topic of their interest (Abell and Lim, 1996). The combined function of the Internet as an online marketplace with the perceived benefits of using the Internet contribute to the increasing online sales behaviour.

To support this statement, PR Newswire (April, 2010) reported that consumers not only search the internet to make a purchase, but also use the internet as a tool to make purchasing decision. Furthermore, a research done by Likemind and Vision Critical (2010) stated that ninety percent of consumers now search for their purchase online.

A study by Li and Lai (2000) stated that online shopping behaviour refers to the process of purchasing products or services via the Internet whereas online shopping attitude refers to the consumers' psychological state in terms of making purchases on the Internet.

There have been intensive studies of online shopping attitudes and behaviour in recent years; to name a few, Cheung et al., 2009; Bodendorf et al., 2009; Lam et al., 2009; Chen and Lee, 2008; Martinez-Lopez et al., 2005; Gefen, 2003; Pavlou, 2002; Burke, 2002; Li and Zhang, 2002; Childers et al., 2001; Novak et al., 2000; Dellaert and Kahn, 1999 and many more. All these studies have made important contributions to our understanding of the dynamics of the online shopping field.

However, the studies mentioned focus on the attitude and behaviour of online shopping

in general. This paper attempts to focus on the attitude and behaviour of online shopping, specifically looking at the adoption factors of online shopping through Blogs.

1.3 Understanding Blogs

In order to clarify the objective of this paper, it is important to clearly define Blogs. A Blog is a type of website, usually maintained by an individual with regular entries of commentary, descriptions of events or other material such as graphics or videos (Walsh, 2007). The entries are commonly displayed in reverse chronological order.

The word BLOG is the abbreviation of the word “weblogs” derived from the word ‘web’ and log’. Merriam-Webster Inc (2004) defines Blogs as websites that contain an online personal journal with reflections, comments and hyperlinks.

A more detailed definition of Blogs would be a web page that contains regularly posted inlays that are archived and arranged in reverse chronological order (Wright, 2006). Compared to the regular sites on the web, which generally do not change much on a daily, weekly or even monthly basis, Blogs are updated more frequently (Blood, 2000). They are user-friendly, inexpensive, and involve self-publication of content for a potentially vast audience on the web.

Tremayne (2002) describes in his book that the entries in the Blogs are called Blog posts. Blogs are more flexible and interactive than previous publication print and digital formats. They contain numerous hyperlinks that are often accompanied by comments regarding the destination of the link. Blogs are designed to be part of a network and are connected to each other through links that are generally related to the content providing readers with the opportunity to comment on the Blog posts.

According to Agarwal and Liu (2007), the popularity and widespread use of Blogs can be attributed to the changes brought by Web 2.0 in the way users interact with the web. Blogs can be considered as a type of social network that encompasses interaction between different people, members of a community or members across different communities. Furthermore, open standards and low barriers to publishing allow anyone to submit Blog posts and contribute or participate in journalism.

Another important key word to understand is **Blogosphere**. Blogosphere is the term used to describe the global network of Blog postings. Blogs can be thought of as a gateway to vast sources of information where users may respond to a Blogger by sending comments and links to additional information. In this sense, it is fulfilling many needs (Tremayne, 2007). Adding a post to Blogs is as simple as sending an email (Holtz and Demopoulos, 2006).

The term Bloggers refers to individuals who read or write in Blogs. They can be paid professionals or just ordinary people. The Bloggers who meet and then become a community are then known as the Blogosphere. Wright, 2006 defines Blogosphere as a community of Blogs, Bloggers and Blog posts.

1.3.1 Types of Blogs

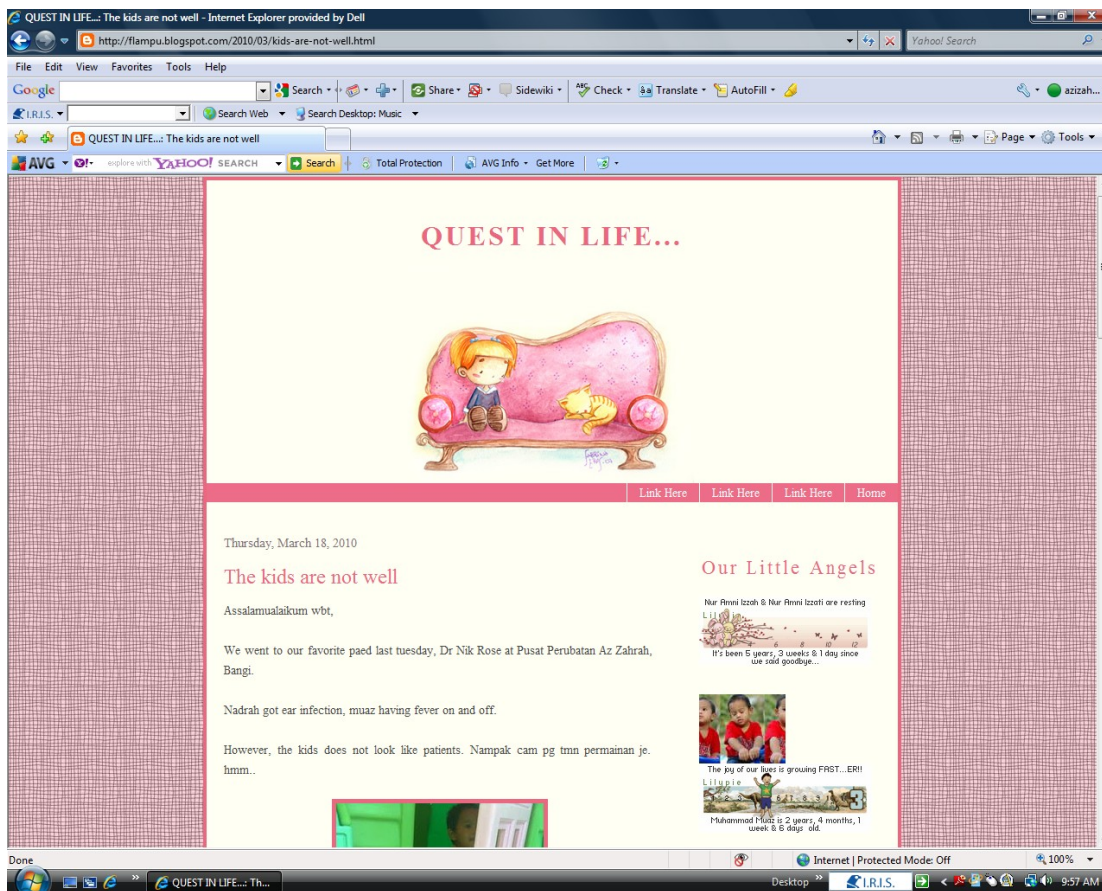
There are three different types of Blogs – diary Blog, collaborative Blog and company Blog. A diary Blog is often about what is happening in a person's life. It can be a mixture of a diary and a guide site, and there are as many unique types of Blogs as there are different people (Tremayne, 2007). Due to the nature of Blogs, which allows readers to freely read and interpret the Blog post, the author has the possibility to post information

for consumption for others. In addition, diary Blogs provide the readers the opportunity to add comments regarding the content thereby making it an interactive Blog.

Diary Blogs have several benefits, according to Madden (2005). They can be started with very little effort and the necessary software is inexpensive or very often free. Furthermore, the Blogger does not need high speed Internet in order to create a diary Blog. The authors that are writing on a diary Blog all have different opinions regarding things and express their view concerning whatever they are writing about. This is a demonstration of the personal and dynamic capacity of a diary Blog according to Searles and Sifry (2002).

Pomerantz and Stutzman, (2006) describe diary Blogs as web pages that arrange discrete posts that contain chunks of information that may contain images, multimedia and text. According to Lamshed, Berry and Armstrong (2002) diary Blogs are very personal and if the reader does not like the author and his/her opinion, it may not interest them enough to return. The Blogger can use the diary Blog for personal enjoyment and for archiving the happenings in their lives.

Figure 1.1: Example of a diary Blog

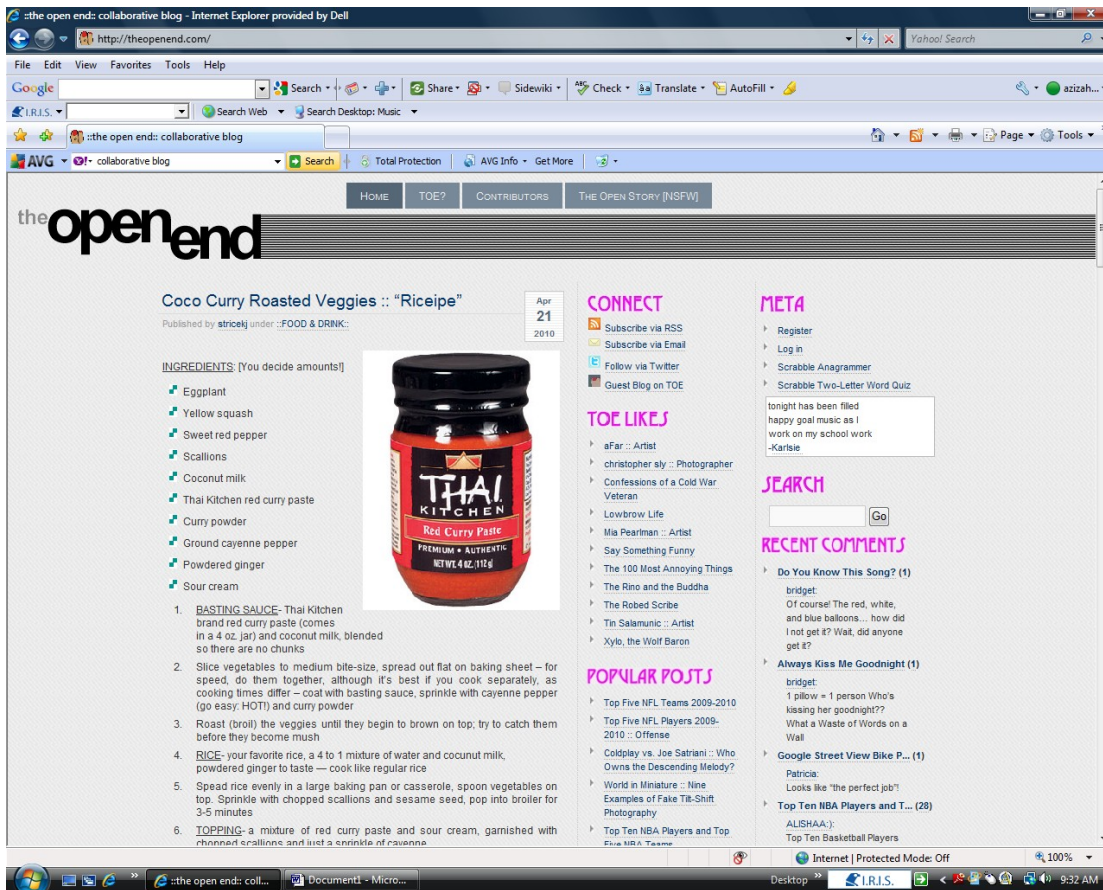


A collaborative Blog is a type of weblog in which posts are written and published by more than one author (Wikipedia, 2010, March 14). A collaborative Blog contains information that is posted by several individuals not just one author. The majority of high profile collaborative Blogs are based around a single unifying theme, such as politics or technology. In collaborative Blogs, readers have the possibility of contributing with links or posting comments, in order to participate with their opinions, answers and questions. Most collaborative Blogs focus on a specific topic, and the authors can be both regular people as well as experts within the topic (Holtz and Demopoulos, 2006).

The collaborative Blogs are an online group created by the Bloggers in the Blogosphere. These groups focus on certain topics in order to encourage readers to correspond with each other, which is similar to a normal discussion group. The purpose, according to

Lamshed et al. (2002), is to break down the barriers between people and extend the Blog to more than just one author to create a discussion among its members. Collaborative Blogs have standard rules about participation in order to avoid the development of poor quality content, which does not encourage new and current readers to come back on a regular basis.

Figure 1.2: Example of a collaborative Blog



A company Blog can include two types of Blog, product and customer service Blogs. Product Blogs can consist of different approaches. One approach is to provide updates about the product so customers can receive the latest information. A second approach is to provide customers with insights and information directly from those who are responsible for the products. A product Blog that keeps customers updated can build loyalty to the product and the brand/company. The customer service Blog is rather similar to product Blogs, but customer service Blogs focus completely on issues on the

already purchased products. The customer service Blogs provide a channel to address the issues concerning the products for the customers that have purchased the product (Holtz and Demopoulos, 2006).

Figure 1.3: Example of a company Blog



1.3.2 Development of Blogs

Blog usage spread during 1999 and subsequent years, being further popularized by the near-simultaneous arrival of the first hosted Blog tools such as open diaries (1998) and Blogger.com (1999). Thousands of people use services such as Blogger to simplify and increase the publishing process.

As the World Wide Web approaches its teens, people have new expectations about both the right to express an opinion and access to information upon which to base that

opinion. Blogs have played a role in raising these expectations, thus, Blogs have demonstrated influence: the power to affect events (Gill, 2004)

In the beginning, the rapid growth of Blogs was dependent on extreme events. Examples of events, after which Blogging rapidly increased were during and after the attack on the World Trade Center, wars, political campaigns and natural disasters (Wikipedia, 2010, March 14). People started using the Blogs because they wanted to express themselves about these mentioned events. Blogging about these events has attracted the attention of the mainstream news media, further contributing to the popularization and adoption of this new phenomenon of computer mediated communication.

Today, Blogging in the Blogosphere concerns business, for example, about markets, customer service, and products (Tremayne, 2007). According to Technorati (2009, September 13), there were more than 133 million Blogs available on the Internet as of the end of October 2008.

Research by the Pew Internet and American Life Project (2007) also indicates that Blog readers today are similar to the early adopters of the Internet and other new communication technologies. The Bloggers are young, well-educated and more likely to be males.

The new stage of the development of Blogs is the business sector. Blogs are tactics that you can use to achieve your communication goals (Holtz and Demopoulos, 2006). Business has become a new phase of the communication that appears on the Blogosphere today. Bloggers communicate and share information with each other since Blogs are a new way for customers to reach out to the sellers. This scenario has made

the sellers more alert to listen to their customers' demands through the Blogosphere. Enterprises now have the opportunity to gain new knowledge from the customer and gain an idea about what the customers are saying about them.

Observations have been made on why Internet users connect to Blogs. Blogs seem to encourage a sense of community, especially for those who seek more in-depth information than what is available through traditional media. An estimated 25 million Europeans have changed their minds about a company or its products after reading a Blog, according to a survey from Ipsos MORI (New Media Age, 2006).

Blog content generally reflects the bias of the Blogger, who tends to take one side of an issue. Furthermore, it contains a sense of belonging to a group of like-minded individuals.

Information seeking is also a reason for accessing Blogs. Bloggers provide the latest news and analysis by experts and others with inside knowledge, some of which is glossed over or omitted by the traditional channels. Blog users can also frequently use one certain Blog to follow a story for a longer period of time than they would be able to do if the story came from traditional media.

1.4 The Emergence of Blogs

When the first Blogs appeared in the late 1990s, they were primary web pages that contained many links, offering mostly "personal information" and easy to update. The Blogosphere has been expanding rapidly over the last few years. According to the New York Times and Pew Research, nearly one Blog per second is created (Tremayne, 2007).

Media also paid attention to the buzz Blogs created. In January 2005, Fortune magazine featured a story called “Why there’s no escaping the Blogs” and in May 2005, Business week posted on the cover issue about “Blogs will change your business”. This has contributed to the rise of this phenomenon today, as Wulfhorst (2005) reports that the influence and importance of Blogs are well recognized in the United States.

Wulfhorst’s (2005) report was backed up by a study done by Pew Internet and American Life Project conducted in the year of 2005. The result of the Pew Internet (2005) study indicated a growth of nearly nine million Americans creating Blogs between 2004 and 2005, a shift from approximately one million to ten million Bloggers.

There have been a number of studies aimed at understanding the size of the Blogosphere, yielding widely disparate estimates of both the number of Blogs and Blog’s readership. All studies agree, however, that Blogs are a global phenomenon that has hit the mainstream (Technorati, 2008).

In another report done by a marketing research company, comScore Networks Inc on “Behaviours of the Blogosphere” in 2005, they found that nearly 50 million Americans, or about thirty percent of the total United States internet population, visited Blogs during quarter one in the year of 2005. This represents an increase of forty-five percent compared to the same quarter in the previous year. This finding indicates a significant increase in the online community’s visiting behaviour towards Blogs.

Other key findings of comScore Networks Inc (2005) report that Blog readers also visit nearly twice as many web pages as the Internet average, and they are much more likely to shop online.

One of the results from the Internet penetration growth, Blog marketing has emerged as a new innovative way to create a closer relationship with the customers. It has also provided consumers the possibility of discussing with each other prior to making an actual purchase. Blog marketing allows marketers to establish closer relationships with a small segment, as well as allowing for relationship marketing towards larger segments.

One of the major Blog search engines announced their 2008 statistics, showing that since 2002 it has recorded 133 millions Blogs indexed by Technorati, of which about 7.4 millions Blog owners have made a post to their Blog within 120 days (Technorati, 2008). This shows that the Blogs are active and contributing.

A Blog directory website (www.Blogtopsite.com) ranked the number of unique visitors (statistic describing a unit of traffic to a website) each registered Blog received on a daily basis. In January 2010, it recorded, on average, about 3.2 million unique visitors daily. These 3.2 million visitors viewed about 7.6 million Blog pages per day. It is important to note that this number only represents the Blogs that have registered with the website. The actual number of unique visitors to unregistered Blogs are not accounted for, hence the actual number of people visiting could be many more.

However, the concept of Blogs and Blogging is a relatively new phenomenon in Malaysia. Looking in the Malaysian context, one of the websites that compiles a Malaysian Blog is www.Blogmalaysia.com. As at Jan 2010, this website recorded that 5,261 Malaysian Blogs were registered with them. Another Blogs Marketing firm, Nuffnang, which originated from Malaysia registered about 40,000 Blogs within one year of their official launching in June 2007. These Blogs come mainly from Malaysia and

Singapore. To date, they already have more than 100,000 Blogs from Asia Pacific with three million recorded unique visitors daily.

Nevertheless, not much research has been conducted on Blogging as a marketing activity, let alone on the reason why consumers trust this channel so much that they are willing to make online purchases through Blogs. Thus, this research paper is taking the opportunity to further explore the adoption factors for online purchases through Blogs and, consequently, the intention to purchase through Blogs in the context of Malaysian consumers.

1.5 Research Problem

The Malaysian government promotes and puts effort into creating awareness among Malaysians in order to ensure its citizens are exposed to information and communication technology. Some of the efforts made by the Malaysian Communications and Multimedia Commission (MCMC) include regulating the price of Internet access and collaboration with Internet service providers to provide infrastructure for broadband throughout Malaysia. This has contributed to the growth of Internet penetration in Malaysia from only fifteen percent Internet penetration over population in 2000 to about sixty six percent penetration in year 2009 (Internet World Statistic, 2009).

The Malaysian Communication and Multimedia Corporation (MCMC) conducted a survey in 2005 that indicated that nine percent of Internet users had purchased products or services through the Internet. However, a more recent survey by the IDC Market Research Sdn. Bhd (2007) indicated that nearly fifty percent of Internet users in Malaysia have purchased something online.

A combination of the significant percentage of online purchases by Malaysian consumers and, as mentioned in the introduction, the rapid growth of the Blogosphere in Malaysia, this study is taking the opportunity to obtain further understanding on the adoption factors for Malaysian consumers to make online purchases through Blogs. Consequently, this paper will also look at the purchase intention outcomes from the attitudes towards online shopping through Blogs.

1.6 Research Question

This research aims to identify the adoption factors that influence the Malaysian consumers purchase decision in online shopping, specifically focusing in the context of purchases made through Blogs.

While there are a number of factors that affect the use of web shopping, this study focuses on five determinants, namely, utilitarian orientation, hedonic orientation, opinion leadership, trust and website features. To obtain the answer to the above issues, this research aims to answer the following questions:

- Q1 Does utilitarian and hedonic shopping orientation have a positive effect on consumers' attitude towards online purchase through Blogs?
- Q2 Does opinion leadership have a positive influence on consumers' attitude towards online purchase through Blogs?
- Q3 Does trust have a positive effect on consumers' attitude towards online purchase through Blogs?
- Q4 Do web features have a positive effect on consumers' attitude towards online purchase through Blogs?
- Q5 Do attitudes towards Blogs influence the intention to purchase through Blogs?

By answering these questions, this research hopes to identify the strong adoption factors that contribute to consumers' attitudes towards online purchase via Blogs, which will then lead to the intention to purchase through Blogs.

1.7 Research Objectives

The main objective of this research is to identify adoption factors that influence Malaysian consumers attitudes towards online shopping, specifically looking at purchases made through Blogs. This study will then go further by looking at the actual intention to purchase through Blogs.

To achieve the objective, several determinants have been selected as the main focus of this research. The determinants are utilitarian orientation, hedonic orientation, opinion leadership, trust and website features. These determinants will be discussed further in the next chapter of this research. Hence, the objectives of this study are listed as below:

1. To identify the adoption factors that contributes to the purchase decision of Malaysian consumers using Blogs.
2. To analyze the relationship of these determinants with consumer's attitude towards online purchase through Blogs.
3. To provide possible solutions and recommendations to marketers on the issue of influencing customers decision to make on purchase through Blogs

By mapping out the research findings, it is hoped that companies can learn how to use this information to formulate their marketing strategy in a new and innovative way to appeal to consumers and build a virtual trust relationship with them.

1.8 Significance of the Study

As Blogs are still a growing phenomenon in Malaysia, existing theory on consumer purchase decision and marketing channel preference might not be completely integrated with Malaysian consumers. It is believed that this study will provide insight to the behaviour of Malaysian consumers towards online shopping, specifically online shopping through Blogs.

It is hoped that this study will uncover reasons behind the adoption of online purchase using Blogs. From this discovery, the information will be useful to marketers or individual entrepreneurs who are using Blogs in order to increase their sales and customer base.

The findings may also assist web stores to possibly boost their online customer base and sales if they choose to utilize the adoption factors. It is anticipated that the findings of this research will help improve Malaysia's e-commerce industry if the information is used effectively by marketers.

1.9 Scope of the Study

This research will concentrate on the adoption factors for online purchase, specifically looking at online purchases that were made through Blogs in the Malaysian consumers' context.

This study was carried out through stratified random sampling. Data was collected by distributing emails of questionnaires and physical hard copies of questionnaires to possible respondents throughout Malaysia.

A predetermined set of determinants were chosen as the adoption factors for online purchase via Blogs in this study. The determinants are utilitarian orientation, hedonic orientation, opinion leadership, trust and website features. Hypotheses were developed to test the relations of the determinants with consumer attitude towards adopting online purchase through Blogs. This study will then look further by relating the outcomes of the attitudes with the intention to purchase online through Blogs.

1.10 Organization of the Study

This thesis is divided into five main chapters. The organization of this study is as follows:

Chapter One – Introduction

The first chapter is about the research background, it describes online shopping and defines Blogs. This chapter identifies the research questions, which is followed by the purpose of the study. It will also include the significance of the study and scope of the study followed by the organization of the study.

Chapter Two – Literature Review

The second chapter talks about understanding the Blogs and the Blog phenomenon. It also contains related and relevant literature, which discusses about attitudes towards online shopping and attitudes towards Blogs. This chapter will also explore Blogs as a marketing channel. Lastly, it will present related and relevant literature on the five determinants chosen as the adoption factors in this study.

Chapter Three – Research Methodology

In the third chapter, it will describe the theoretical framework of the study. The framework is presented in a diagram and this chapter explains the approach this study takes in order to achieve its objectives and the means and ways used by this study to gather the information and data for its results. It consists of the research hypotheses, sampling

design, research instruments, data collection procedure and data analysis techniques.

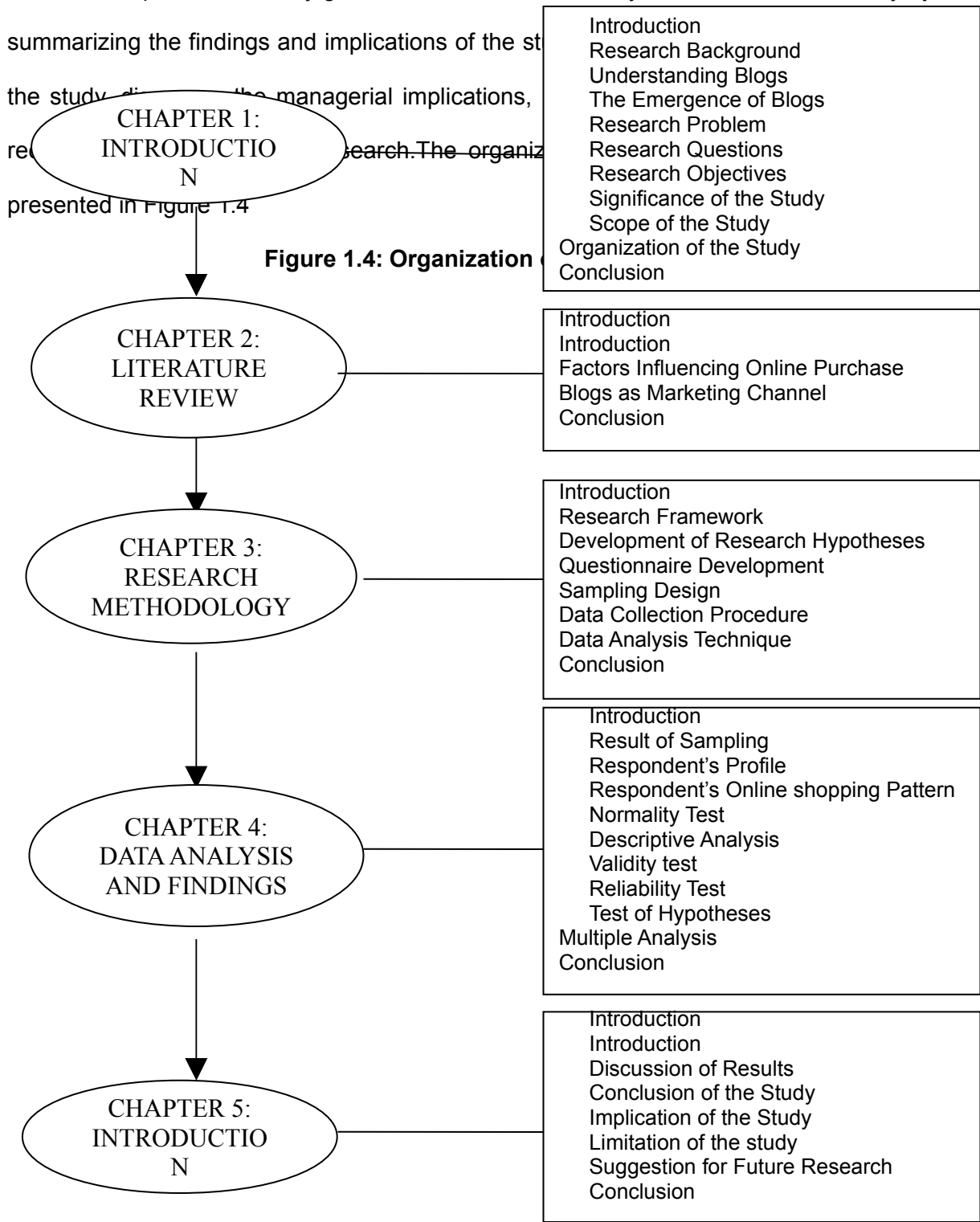
Chapter Four – Research Result

The fourth chapter presents the overall findings of the study and the discussion on the research result. It provides a profile of the respondents from the data collected. It also includes analysis and explanation of the survey findings.

Chapter Five – Conclusion and Recommendations

The final chapter of this study gives an overview of the study and concludes the study by summarizing the findings and implications of the study.

the study discussed the managerial implications, research. The organization presented in Figure 1.4



1.11 Conclusion

This chapter describes the general view of the present study and discusses related information. The problem statement, research objectives and research questions were clearly defined. Then, the scope and significance of the study were presented followed by the organization of the study. The literature of this study is reviewed in chapter two.