

## **The Impact of Sales Promotion and Ewom on Consumer's Actual Purchase Online in Kuala Lumpur, Malaysia: a Study on Generation-Y**

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### **Abstract**

The study aims to see the influence of sales promotion (SP) and Electronic Word-of-Mouth (eWOM) on customers' actual purchases online (CAPO) in Kuala Lumpur, Malaysia. As Malaysia is still facing several challenges regarding economic structure and development disparities, therefore, this study will help organizations in Malaysia to better understand the importance of social networking sites (SNS) and its impact on CAPO. The independent variables are SP and eWOM and the dependent variable is CAPO. Technology adoption model (TAM) theory has been applied and the sampling technique used is probability stratified sampling. The sample size of the study is 200 respondents and the students from the private university have been selected who possess undergraduate and postgraduate programs and experienced online purchasing. The results found that there is a significant correlation between SP, EWOM, and CAPO. Therefore, the results concluded that young individuals are highly influenced towards online purchasing, due to SNS.

**Keywords:** Sales promotion, electronic Word-of-Mouth, consumer's actual purchase online, social networking sites, and technology adoption model.

### **Introduction**

Pharmaceutical The study is conducted to see the effect of SP and eWOM on CAPO in Kuala Lumpur, Malaysia based on Generation-Y consumers. Social media has become apparent as an online platform that facilitates consumers to actively use the social platform to do online buying and make purchases (Sharma & Bhatt, 2018). The technological changes bring customers to come together to evaluate the marketplace and can explore relevant information about goods and services (Wang, 2017). Though there are several benefits of online purchasing, however, still Malaysia is facing several issues and challenges regarding economic structure and development disparities. Social media is a good platform especially for those marketers who use SNS as the main medium of conducting marketing activities.

Organizations in the 21st century have become more focused on global development by using social media platforms, rather than providing goods and services by using traditional forms of conducting business activities (Dash & Piyushkant, 2020). Due to the exploring and usage of social media by online users, making purchases and performing online transactions have become more convenient as people can get more information about online retailers.

This study will help the organizations in Malaysia to better find out that why still Malaysia is facing development disparities. The results will help to have a clear conclusion regarding the importance of SP activities and eWOM for the organizations and its impact on CAPO.

## **Literature Review**

### **Sales Promotion**

Sales promotion (SP) is the independent variable of the study which has been selected to evaluate consumers' actual purchase online for generation Y consumers. The purpose to select sales promotion as an independent variable is to evaluate that how social media users are motivated and encouraged towards online purchasing inspired by marketing promotion activities. Sales promotion can be described as a direct encouragement that proposes an additional benefit or inducement for the goods to the sales force, suppliers, wholesalers and the end-user customer to generate immediate sales (Hasim et al., 2018); and it is also defined as a collection of incentive tools, mostly short term, designed to stimulate faster and greater purchase of certain products or services by consumers (Uzir et al., 2021). Based on result by Haudi et al., (2022) revealed sales promotion has a significant effect on purchase decisions and an increase in sales promotion variables will have a significant effect on increasing purchase decision variables and decreasing sales promotion variables will have a significant effect on decreasing purchase decision.

### **Electronic Word-of-Mouth**

Electronic Word-of-Mouth (eWOM) is another independent variable that has been selected to measure the effect on CAPO for generation Y. EWOM can be explained as a statement made by existing, new, and former buyers about a certain product or company, which is made accessible to a multitude of individuals and institutions through the Internet (Pengdeng et al., 2018). Previous studies have indicated that eWOM plays an essential role in the growth of the firm as people are inspired by other individuals' opinions, views and purchase experiences which they share all over the internet (Gupta & Vohra, 2019). It is found that the suggestions and reviews given on social media can immediately convert customers' buying consideration into action. Several prior studies investigating the impact of eWOM have shown its substantial effect in shaping customers' attitudes and behavior and thus affecting buyers' purchase intentions (Farzin & Fattahi, 2018). Torres et al. (2018) identified information adoption on social media tends to affect the purchase intention of an individual and there is a positive relationship between eWOM information adoption and purchase intention, meanwhile Choi-Meng et. al. (2021) reveals that the decision-making process of the purchase of the product is connected to eWOM information adoption.

### Consumer's Actual Purchase Online

Consumer's actual purchase online (CAPO) is the dependent variable of the study which has been selected to examine the impact on consumer's buying intention which leads towards actual purchase online (Saeed et al., 2019). There are several studies which have conducted earlier about consumer's buying intention, repurchasing of goods online, or continuous purchasing online, however, there is a great difference between customer intention and planning to purchase and make a final decision which leads towards actual purchasing (Leong et al., 2019). Though industries in Malaysia are investing in their businesses to further expand and improve their firm performance but still, it is found that industries in Malaysia are clustered in a low value-added category with the minimum implementation of modern technologies (Leong et al., 2019). That is the major reason why organizations in Malaysia are still facing inconsistency in their economic growth due to less focus on actual purchasing. So, organizations in Malaysia should consider all these aspects before investing capital into businesses. Based on the above facts, not only goods promotional activities are essential but working on technological knowledge and implementation, improving on social sites, positive market reputation and reviews are also essential, which will help industries in Malaysia to increase their number of sales online and improve their business growth.

### Research Background

#### Technology Adoption Model Theory

The theory which has been applied in this research is TAM theory which means technology adoption model theory. TAM theory was established by Fred Davis in 1989 and the purpose to establish this theory is to analyze that which factors are involved that influence people to accept or reject information technology (Li, 2010; Lin & Kim, 2016). According to Ying et al., (2021), TAM theory is a commonly accepted model that is used to evaluate an individual's behavior adopted from the usage of recent technology. The study further finds out that eWOM, website quality, and consumer trust significantly influenced customers' purchase intention.

#### Theoretical Framework

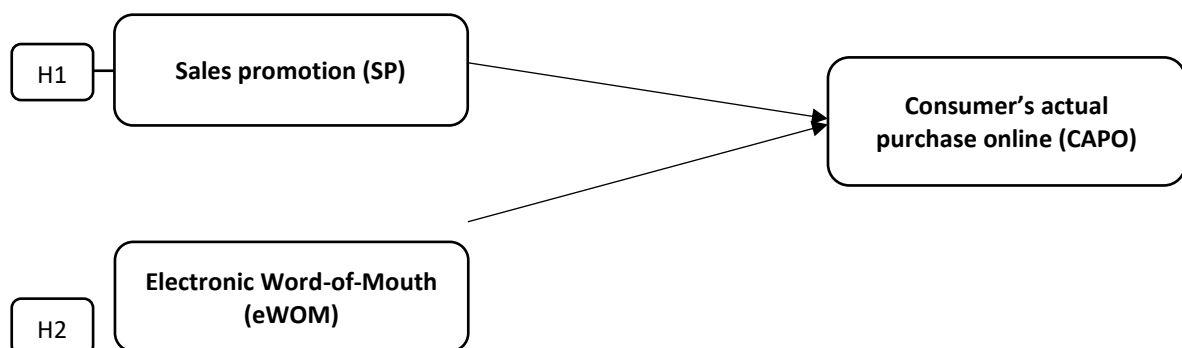


Figure 1: Theoretical Framework, source from the writer.

Figure-1 represents the theoretical framework that has been adapted from (Ahmad et al., 2015) and (Farzin & Fahhahi, 2018).

## Methods

The appropriate approach for this study is the deductive approach where a theory is already established and is measurable. The study is conducted by using the 5 points Likert scale questionnaire which will be used for the data collection purpose and the questionnaire will be distributed among 200 respondents. The population of the study includes the youth who belongs to Generation Y in Kuala Lumpur, Malaysia aged between 20 to 29 years. The sample of the study is private university students who possess undergraduate and postgraduate programs from Kuala Lumpur, Malaysia and the sampling method applied is the probability stratified sampling technique. The data will be analyzed by using SPSS software.

## Flow of Method

The following flow of method has used to find out the relationship among SP, eWOM and CAPO:

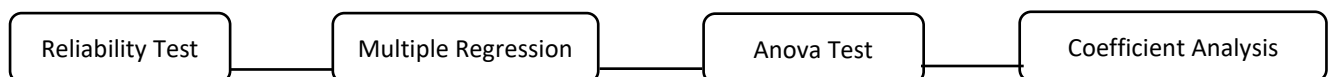


Figure 2: Flow of Method used to find relationship among variables, **source from the writer.**

## Results

### Demographic Profile of Respondents

**Table 1 Demographic Analysis**

Items	Category	Frequency	Percentage (%)
Gender	Male	104	52%
	Female	96	48%
Age	20-29 years	200	100%
Occupation	Student	143	71.5%
	Student and working full time	20	10%
	Student and working part-time	37	18.5%
Average monthly income	None	95	47.5%
	Below RM 2500	92	46%
	RM 2500 to RM 5000	11	5.5%
	RM 5001 to 7500	2	1%
Program of study	Diploma	5	2.5%
	Bachelor's degree or equivalent	158	79%
	Postgraduate	37	18.5%

Based on the Table 1, there are 52% male respondents and 48% female respondents. Whereas all 200 respondents lie between the age of 20 to 29 which is the required sample of the study. 71.5% of respondents are students, 10% are students who are working full time, and 18.5%

are students working part-time. The next item is the average monthly income in which 47.5% are not doing the job, 46% are below RM 2500, whereas 5.5% were lying between RM 2500 to RM 5000. And 1% of respondents lie between RM 5001 to RM 7500. The next item is a program of study in which 2.5% are students with a Diploma degree, 79% were having bachelor's degrees and 18.5% are having a postgraduate degree.

### Kmo and Bartlett's Test Analysis

**Table 2 Kmo and Barlett's Test**

<b>KMO and Bartlett's Test</b>			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.			.914
Bartlett's Test of Sphericity	Approx. Chi-Square		4094.289
	df		21
	Sig.		.000

KMO and Bartlett's test has used to ascertain the adequacy of the sample size. Based on the Table 2, the value of KMO is 0.914 which is greater than 0.5 and the level of significance is  $< 0.05$  which demonstrate that a considerable and substantial relationship exists between SP, eWOM, and CAPO.

### Reliability Analysis

**Table 3.1 Reliability Statistics of SP**

<b>Reliability Statistics</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.761	.763	3

According to the Table 3, there are a total of three items representing SP and the value of Cronbach's alpha is 0.761. According to Sekaran and Bougie (2017), the value of Cronbach's alpha more than 0.7 to less than 0.8 represents a good internal consistency. Therefore, the reliability test of SP and CAPO indicated that it is likely to have a good internal consistency among variables.

**Table 3.2 Reliability Statistics of eWOM**

<b>Reliability Statistics</b>		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.749	.750	3

According to the Table 3.2, there are three items to measure the eWOM. According to Sekaran and Bougie (2017), the reliability analysis indicated the value of Cronbach's alpha which is 0.749 indicating that it is likely to have a good internal consistency among variables.

**Table 3.3 Reliability Statistics of CAPO**

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.881	.880	2

Table 3.3 representing the reliability analysis of the dependent variable which is CAPO. The value of Cronbach's alpha is 0.881 which indicated that there is a high internal consistency among variables. Among all the variables, CAPO is the first variable having the highest internal consistency.

### Multiple Regression Analysis

**Table 4 Multiple Regression Model**

Model Summary <sup>b</sup>						
Model	R	R Square	Adjusted R Square	R	Std. Error of the Estimate	Durbin-Watson
1	.991 <sup>a</sup>	.982	.981		.14006	1.860
a. Predictors: (Constant), eWOM, SP						
b. Dependent Variable: CAPO						

Based on the Table 4, R-Square is 0.982 and the adjusted R-Square is 0.981. It indicated that 98% of variations in the dependent variable i.e., CAPO can be explained by independent variables i.e., SP and eWOM. The adjusted R Square shows a significant relationship among all variables. The value of Durbin-Watson is 1.860 which is less than 2.0 that indicated a positive and significant autocorrelation among variables.

**Table 5.1 Anova Test**

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	201.764	6	33.627	1714.254	.000 <sup>b</sup>
	Residual	3.786	193	.020		
	Total	205.550	199			
a. Dependent Variable: CAPO						

Predictors: (Constant), eWOM, SP

According to Table 5.1 of Anova is having a significant P Value of 0.000 which is  $< 0.05$ . It shows that SP and eWOM significantly influence CAPO.

**Table 5.2 Coefficient**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	-.030	.046		-.664	.507	-.120	.060
	SP	.187	.056	.198	3.320	.001	.076	.298
	EWOM	.211	.063	.220	3.347	.001	.087	.335
a. Dependent Variable: CAPO								

The coefficient table indicated the significance p-value for all variables. The p-value for SP and eWOM is 0.01 which is  $< 0.05$ . Therefore, SP and eWOM significantly influence on CAPO. This result consistent with Haudi et al., (2022), Torres et al., (2018) and Choi-Meng et al., (2021).

## Discussion

The results found that SP, eWOM and CAPO have a significant positive relationship. The study further found that Malaysian people who belong to generation Y and have experienced online purchasing are highly motivated to make a purchase decision due to sales promotion offered online and has been influenced by people's positive or negative feedbacks which affect their actual purchasing.

There are two limitations of the study, first is, the data which is gathered is completely online, which means the data collection process has done based on SNS such as Facebook, WhatsApp, webchat. Therefore, it is suggested that in the future physical survey can also be conducted. Second is, the respondents that have answered the questionnaire have belonged from Kuala Lumpur. So, it is suggested that in future, similar research can also be conducted in other cities of Malaysia to get a wider response.

## Conclusion

Hence, in conclusion, the reason why this research has been performed is that Malaysia is facing several issues and challenges regarding economic structure and development disparities. And this study will help industries in Malaysia to improve their sales promotion

activities through social media and work on eWOM marketing because these are the major reason which has a significant impact on CAPO.

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