

# Importance for singapore companies to internationalise on the 'carousel' example

[Parts of the World](#), [Asia](#)



## **Introduction**

### Background:

Based on research, 80% of Singapore business firms has expanded overseas which helps them grow their businesses and earn profits. It increases experiences and acts as a role model to other local companies who have yet to expand abroad. However, there are challenges that these companies must face, for instance, businesses require extra help to understand standards in overseas markets, require more information on taxation rules overseas and finding workers with appropriate skills and attitude (Singapore Business Review, 2018). Therefore, it is essential for companies in Singapore to expand overseas which allows a larger market to recognize their company and increase the chance of growth.

### Purpose:

The purpose of the report is to show the importance for Singapore companies to internationalise which is a key engine for growth to these companies due to the lack in natural resources. Thus, a local social media shopping application, Carousell, is a great example to validate Enterprise Singapore's key findings. Carousell allows people to purchase, sell or rent new or second-hand items. It has expanded its market, created new jobs and increased its revenues.

### Scope:

Carousell, founded by Singaporean entrepreneurs, Quek Siu Rui, Lucas Ngoo, Marcus Tan on 14th May 2012(Yap, 2014). It is available in 9 countries; Malaysia, Indonesia, Taiwan, Australia, Hong Kong, Philippines, New Zealand, Canada, and Singapore (Carousell, 2018). There are 3 factors chosen to ensure success of companies internationalising – digital marketing, mobile application and customers. The benefits of digital marketing includes price comparison of different shopping platforms and availability of reviews from buyers and sellers to decipher one’s reliability and trustworthiness. Carousell can promote itself through advertising and promotional mails. Digital Marketing provides convenience to customers, especially for working adults or students who have limited time to shop. Available in the form of mobile application, users can easily access to Carousell. Carousell has different categories and is able to recommend or filter products to meet user’s interests and findings. The presence of digital marketing created mobile applications and online websites. Customers can purchase products from sellers at their own convenience. They can make payments through bank transfer and their products mailed to them within a short period of time. Customers are important in bringing profits to the business as they can spread good word of mouth, bringing recognition to the company.

Limitations:

Carousell does not have a large variety of products and there are competitions among companies in the country. Other factors like technology, infrastructure and local workforce were not chosen as they are unsuitable for Carousell due to being too widespread and vague, thus specific factors was

chosen for a clearer perspective. For technology, it includes smartphones and computers in general which is irrelevant to the objectivity, for infrastructure it is not related as the company uses mobile application which focuses on consumer interest, so there is no link. Furthermore, for the local workforce, it is not applicable since they are venturing abroad hence, the demand for workers overseas is higher than Singapore.

#### Method:

For the collection of data, secondary methods were used as it is convenient to adopt information online compared to primary methods like surveys and interviews. Information from reliable sources like Wikipedia where they cite from authentic websites, such as “ <https://sg.carousell.com/>”, were gathered. Primary sources were not used as it is very time consuming and difficult to meet up with the workers from Carousell personally or even conduct surveys that takes time to come to a conclusion.

#### Findings & Analysis

##### SWOT Analysis

##### Strength

Carousell is an online shopping application that can be easily downloaded into a mobile device or surfed through the net. The online shopping application is unique as buyers and sellers can communicate directly instead of emailing. Carousell’s strength is its convenience, although there are alternatives to sell products, other platforms do not have the same feature

as Carousell. For instance, selling through Facebook or Instagram does not filter items that users are looking for and thus, causing a hassle. In Carousell, items are divided into categories such as, Men's and Women's Fashion, electronics and entertainment which includes attraction or concert tickets. Therefore, grants ease in online shopping experience.

### Weaknesses

Carousell must catch up with the improvements competitors make to reduce chance of getting defeated. Many factors can cause the loss of users and bad reputation. Firstly, Carousell must be able to solve problems raised by users by assuring them, gain trust and loyalty from them. If concerns are not considered, users will lose interest and stop using it. Secondly, frauds and scams should be prevented for a pleasant online shopping experience. Dishonesty from sellers such as faulty or fake products and price differences while buyers cause inability or delay of payments after ordering or not meeting sellers after scheduling. Lastly, the communication between sellers and buyers as negotiations are allowed in Carousell, however, some buyers tend to offer unreasonable prices to them.

### Opportunities

Through Carousell, sellers and buyers can reach a wider market to sell or find their products. Since it is convenient for them to communicate, products are bought or sold without a hassle. Carousell recommends products to buyers based on their past searches, giving them opportunities to explore and find better products to suit their interests. Sellers can also benefit from

this as their products are recommended to buyers. In addition, Carousell encourage buyers to share their reviews to help ease the worries of other buyers. They also created meetup spots (refer to fig A) in selected malls to avoid complication when meeting in common areas. Therefore, by assuring users, it makes them want to continue using the application.

### Threats

Other companies have larger variety of products and can reach out to more countries compared to Carousell. Some items sold from other platforms can be cheaper which attracts people to get better alternatives. With other companies consistently improving, Carousell must catch up to stay relevant. Companies such as Qoo10 and Taobao has gained popularity, thus Carousell needs to improve its functions to attract consumers. Carousell is a smaller company, hence lesser demand. To cater to a bigger market, the supply of products for other online shopping platforms is more than Carousell, which makes them more attractive and gain more fame, giving a rise in number of users using other platforms, thus posing a threat to Carousell. Most of the items sold on other platforms are brand new while on Carousell, some are second-hand which might be unappealing to consumers. With factors threatening the position of Carousell in the market, they need to improve their business to not get “overpowered” by their competitors.

### Visuals and Infographics

The statistics shows that 12.84% of users come from Malaysia, 38.30% from Singapore, 5.64% from Philippines, 10.26% from Hong Kong and 8.

57% from Taiwan. Singapore, the country that Carousell came from, has more users and thus, Carousell should venture abroad so that it can cater to people overseas. Internationalisation improved Carousell's revenue and promote the usage of it overseas. By doing so, it will expand the market and increase opportunities for people to buy or sell their items, earning profits and carry out businesses.

More users access Carousell through mobile application. It is more convenient to access the application than website. Since consumers are leaning towards convenience, the factor should be considered before making improvements of any functions in the application. " Referrals" and " social" shows that people do get influenced to use Carousell from recommendations or reviews, which is a key function of Digital Marketing and advancement of technology.

March has the highest number of 12, 800, 000 visits, while February has the lowest number of 10, 700, 000 visits. Improvement in technology allows people to access Carousell easily. With digital marketing, Carousell could advertise on commonly used social medias like Facebook and Twitter. This widens Carousell market and attract more users. However, there is a slight decrease on February which might be due to lack of attraction in the application.

## Conclusion

Local entrepreneurs should expand their businesses overseas so that businesses can diversify their assets, expand their markets and talent pool,

have a competitive edge over opponents and stand chances to get foreign investments (Rossum, 2017). Based on research, different companies have different features, thus causing an increase in competition amongst businesses of the same industry. Digital Marketing helps Carousell to promote its business through online advertisements, in-app promotions and other forms to increase knowledge about Carousell to overseas market. Digital Marketing also allows price comparison of different companies. Furthermore, being available in mobile application helps the business expand overseas as users from different countries can install it. Customers are the ones that help the company grow as they bring in profits and leave good reviews, bringing fame and recognition to the application.

## Recommendations

### Shipping locally to reduce expenses

With localized distributing channels, quality products are delivered quicker. Carousell has distribution channels in the 9 countries. Hence, products delivered locally will ensure speed and accuracy of delivering compared to products shipped internationally. Also, this company do not do cross shipment and customers need not wait for prolonged period to get their products. Other companies can do this to ensure that customers get their products at optimum conditions and as quickly as possible, for better control of delivery process. They can set up more distribution channels like offices in various countries so that the products can be sent more quickly within the country. As for the Return on Investment (ROI), since companies do not



practice cross shipment, the expense for shipping fee can be saved. For example, total value of goods for 20 customers shipping fee and government service tax (GST), is about \$431. 50. So, companies would incur expenses of \$21. 57 for each customer. But if goods were only to be exported locally, on average, transportation fee is about \$3. 50 for electronic road pricing (ERP) when driving and about \$1. 75 for public transportations. Each customer requires \$5. 25 and \$105 to deliver goods to 20 customers. Companies hence gain returns of \$326. 50 if they do not cross ship and deliver goods to one region only.

#### Overview of category to save time and money

With an overview of its category, buyers require less time to look for something. Based on users' most recent or frequent searches, Carousell recommends related items through email and notifications on the application. Unlike other social media shopping applications, Carousell has a function whereby interests and frequent searches by users will be taken note of, and will be easier for users to find what they are looking for, this feature is considered as a unique selling point for Carousell. Other companies can adapt this feature, which will attract more consumers as they know that with the help of the company, their online shopping experience would be convenient and fast. For the ROI, expenses can be decreased since workers are not needed to answer users' enquiries. Hiring workers could cost \$500-\$700 per month. Furthermore, attending to customers' enquiries will not earn any profits in return. So, companies will incur expense, not earn profits, which is not ideal.

## Platform to communicate to a group of people

Carousell provides a direct conversation platform between sellers and buyers, allowing buyers to clarify their doubts about the products immediately. Therefore, buyers will feel assured when their doubt is cleared, and encourage them to purchase the product. Carousell has “ interest groups” for people to join, including sellers to promote new products. Consumers are grouped according to their interests of products, so that they are updated with the latest products’ arrivals. People with the same interest update and share with each other about items that they are interested in which is another unique selling point for Carousell. Other companies can do the same by creating interest groups that will benefit users. Users can choose the option of receiving information about products that they interested in. By creating this interest group, it saves cost and time because other companies can now target many customers at once, not just an individual which saves manpower and resources. For example, one worker can target an interest group which is around  $\frac{1}{5}$  of the total number of customers. One worker uses one computer to communicate with the customers. So, if there are five interest group, five computers are needed which is about \$4300 which is lesser compared to buying several computers for every worker. This strategy will yield a large amount of returns at the end of the day.

## Trustable meetup points

In Singapore, Carousell collaborated with Frasers Property Singapore, and has “meetup points” in shopping malls, making it easier for buyers and sellers to meetup, which also protects both parties. Before “meetup points” was installed, buyers and sellers often have problems of not being able to find each other, which leads to the buyer cancelling the transaction.

Having meet-up points allow users to build trust towards sellers and Carousell itself. By placing the meet-up points in the mall, it protects sellers and buyers from getting scammed and provides ease in arrangements between two parties as it is a common meetup point. These are surveilled spots by the malls’ security officers and the 24-hour CCTV network. They are recommended as options when Carousellers are choosing a meet-up location (Idris, H, 2018). Furthermore, these meet-up stops can act as an advertisement to passers-by which promotes Carousell and widen its customer base. Other companies can follow this act to make selling and buying easier for their consumers which will attract more people since it is trustworthy which acts as an exemplary company for other competitors in the same business industry. Hence, they can learn from this point and find ways for users to build up their trusts towards them. With this meet-up point, it saves the time of buyers and sellers. For example, each person buys goods worth \$20 and two out of five people are impatient and cancels the transaction after not being able to find out where the seller is. So, in total \$40 is lost and only \$60 is earned. This does not only affect the seller but affects the company as the impatient customers would not use Carousell again because of the bad experience. On the brighter side with these

meetup points, most buyers and sellers can find their way to complete the transaction, so Carousell will not lose customers and broaden their customer base in return.