

Markets in malaysia and hong kong

[Business](#), [Marketing](#)



Regarding the research question " Are wet markets in Malaysia and Hong Kong operating at a similar level of competition and generating profit close to normal profit? " my hypothesis is wet markets, no matter in Hong Kong or in Malaysia, do operate at similar level of competition, and their profit is close to normal profit. BACKGROUND INFORMATION Wet markets have played an important role in the daily life and culture of both Malaysia and Hong Kong people. They are given the name " wet" because their floor is usually wet.

In wet markets, we can find varieties of fresh goods like fresh vegetables, meats, poultry, fish and live chicken. Compared to supermarkets, wet markets not only provide wider choices of fresh goods but also allow us to bargain the price. We can check the quality of goods and pick our desired one, as the products do not come in packets. My grandparents used to work in a wet market. I remember days helping my Grandpa cut the huge snowy ice into small cubes and picking out little worms from the newly arrived vegetables.

When I first came to HK1, I was surprised by the fact that people here also buy fresh food from the wet markets. This enticed me to further investigate the nature of the wet markets and the difference between markets in HK and Malaysia. Markets can be classified into different structures according to different degrees of competition. Wet markets are considered to have monopolistic competition because of their high degree of competition. There are many sellers and buyers in the market, and the products sold differentiate from each other, though not much.

People have most of the information about the goods they are selling or buying. There is a very low barrier of entry into this industry and sellers have control on the price of their goods. Economic profit can be earned in short run, as sellers do not keep their price identical. From my observations of wet markets, fierce competition exists in the areas of price, types of goods, quality, and services. Although sellers have control on the price of their goods, they will not increase their price unnecessarily because they fear losing customers.

In fact, to maximize profits, sellers sell their goods according to customers' preferences. They also obtain goods with lower cost so that profit is earned. They are being productively efficient. Usually, wet market sellers can leave or enter a business freely. However, as storeowners need government permission to open new stalls in wet markets, barrier of entry emerges. To make research more focused and manageable, I narrowed down my research target into two wet markets, emphasizing comparing the level of competition between them.

Both markets have similarities (size, ways of functioning, influential factors) that are suitable for comparison. Levels of competition is fairly high regarding the 1) large number of stores, 2) identical goods sold, 3) high price elasticity of demand, 4) control on goods prices, 5) low barrier of entry, and 5) other outer influences enhancing level of competition in the market. Sellers might earn some economic profit in short run but not in long run because of the high degree of competition existing in the wet markets.

METHODOLOGY APPROACH AND INVESTIGATION

Two similar sized wet markets situated in middle- income areas were chosen: Sunshine Wet Market is at the center of Ma On Shan in HK, whereas, Pasar Port Dickson is in Port Dickson, Malaysia. Both markets are important in the daily life of people living nearby. The types of goods sold in both wet markets are similar. This surely makes them more suitable for comparison. For HK wet market information, I will refer to the extended essay done by Sally Mui, a former student from my school, on the topic " Investigation of the market structure of vegetable stores in wet markets at Ma On Shan" quite often since I have a communication problem in HK.

Nevertheless, research in both countries' wet markets will still be done. Primary information will be obtained via interviews and surveys with storeowners and customers visiting the wet markets. Questions will be asked to help identify the level of competition and profits earned by storeowners. Also, as supermarkets appear rapidly nowadays, I decided to do a survey of supermarkets nearby to aid the comparison of the competition. This includes, again, interviewing the customers. Surveys on price and types of goods in both countries wet markets and supermarkets will be done too.

Vegetable store in Pasar PD Exploring the competition and the profit earned in Hong Kong and Malaysian wet markets Competition in Pasar Port Dickson, Malaysia (Pasar PD) The level of competition in Pasar PD is very high. The storeowners mainly experience two forms of competition: non-price and price competition within the wet market and from nearby supermarkets. Competition Within Pasar PD Within Pasar PD, competition experienced by

sellers is extremely high. There are 24 stores selling vegetable, 15 selling fishes and 7 selling chickens.

When a market is highly competitive, consumers gain more sovereignty. Therefore, to maintain reputation and attract more customers, storeowners seek ways to meet their customers' preferences. Two main forms of competition observed in Pasar PD are the non-price and price competition. Non-price competition is the competition that does not involve price. Storeowners compete among themselves in terms of store's image, services offered, and quality of goods. For example, Khoo always keeps her stall clean and hygienic so people feel safer and more comfortable buying fish from her.

Mrs Tan, a young housewife, especially emphasized that she only buys fish from the stall with the least houseflies. This shows how important it is for stores to give good impressions and images to people in order to survive in a competitive market. Moreover, for convenience and attraction purposes, storeowners "display" their goods neatly and put price labels on their goods. This makes process of purchasing easier. Also, I noticed non-price competition occurs because of the differences in quality of goods, services provided, and the attitude of storeowners.

Every morning, vegetable storeowners check their stock and pick out the rotten or gone-off vegetables in order to present the best side of their vegetables. Sometimes, they offer special services like free delivery of goods to customers. They hope by providing fresher, better quality vegetables and services, more people will buy from them. In addition to quality of goods and

services, personal service of the storeowners such as their personality also makes one store more popular than another.

Ahmad, owner of the most popular vegetable store⁴ in Pasar PD said, "... in pasar, no matter what social status you have, if you want to earn a living, politeness, friendliness and honesty are musts. A grumpy and rude person is seldom liked by customers. " Thus, considering Ahmad's good virtues, there is no doubt why so many people like to visit his store. A result obtained from comparing two vegetable stores shows the non-price competition between stores. During busy hours, Store A attracts 9 customers in 10 minutes while Store B attracts 12.

Cik Wan, who visited Store B, said that although vegetables there are slightly more expensive than those in Store A, she preferred to visit Store B because of the freshness of the goods and the owners' warm attitude. The second type, and also the most significant type of competition existing in wet markets is price competition. Price is the invisible hand in a market. It acts as rationing device, signal and incentive to both sellers and buyers. Since most customers are price sensitive, price competition can be observed as the major and most influential type of competition in wet market.