

Factors contributing to popularity of lelong in malaysia



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This research proposal studies on the factors which contribute to the low popularity of Lelong in Malaysia. The factors used will be the people perception and view on Malaysia's e-commerce, webpage design of Lelong, popularity of online shopping among Malaysian, weakness and limitations of e-commerce and marketing strategies of Lelong to gain competitive advantage.

2. 0 Research Objectives:

To investigate the people's perception on e-commerce in Malaysia

To find out how the complexity of the webpage design of Lelong affect users' experience

To find out the popularity of using online shopping among Malaysian

To find out how the limitations of e-commerce affect Lelong

To investigate on the marketing strategies of Lelong's to gain competitive advantage

3. 0 Research Questions:

What is the people's perception and view on Malaysia's e-commerce?

Does the webpage design of Lelong too complicated for users?

How popular is online shopping among Malaysian?

How the weakness and limitations of e-commerce affect Lelong?

What are marketing strategies of Lelong to help them gain competitive advantage?

4. 0 Introduction:

Lelong (Lelong. com. my) is an online auction and trading website founded by Interbase Resources Sdn. Bhd at 1998. Their mission statement is “Serving the community and bringing a high standard of quality into homes and businesses by providing an avenue for on-line trading at a low cost”. As compared to the international auction website – ebay. com, Lelong has more public awareness in local rather than internationally. Lelong has a growing amount of users, most users sell their used items through Lelong, and there are quite a few store sellers as well.

As Lelong is with a local flavor, members feel a sense of belonging and constantly keep in contact with the Lelong Development Team to provide feedback, either positive or negative. Lelong has stood on the e-commerce world of Malaysia for more than 10 years. However, the popularity of Lelong is still low in Malaysia. The buyers and sellers of Lelong are mostly people who have stayed together with Lelong for a long time. People who are new are not likely to used Lelong or have a high leaving rate. With the advancement of technology and growing popularity of e-commerce nowadays, Lelong faces more competitors than ever (Lelong, 2010).

In this research, the factors which contribute to the low popularity of Lelong in Malaysia will be studied.

5. 0 Significance of Study

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This research will be useful and beneficial to the Lelong and other online auction or e-commerce businesses. From this research, Lelong will get to know their weaknesses in webpage design and competition with other online auction websites. By getting know their weakness, they can improve on their webpage design and stay competitive. Besides, we will also get to know what are the weaknesses and limitations of e-commerce in Malaysia that will affect the operation of online businesses. Other than that, marketing strategies of gaining competitive advantage in e-commerce can also be learned.

6. 0 Literature Review

6. 1 Perceptions and views on E-commerce

There seems to be a lack of understanding and knowledge on consumers' attitudes towards online shopping. In Malaysia, online shopping is still a new platform and consumers are less familiar and often feel more skeptical towards online shopping (Harn, Khatibi and Ismail, 2006).

Customers may not yet be ready for the transactional purposes and security issues. Most Malaysian customer still have the mentality of afraid doing online shopping or make a transaction online due to security reason. They have a belief that online transactions are not safe enough to protect the payment method such as credit card and also disclosure of information.

6. 2 Webpage design quality influences on users' experience

According to a research made by Hassan and Abdullah, ease of use of the website has an indirect influence on users' online shopping behavior.

Website design features can act as motivator factors that contribute to user

dissatisfaction and satisfaction with a website. The quality of website is determined by four factors, which is ease of use, usefulness, ease of navigation and readability. A website or web store with a good webpage design can help the consumers to complete transaction with ease and smoothly and attract them to pay repeat visit to the website or online store. In contrast, worse quality would hinder their online shopping moves. It is assumed that the higher website quality, the higher intention of consumer to shop online. An attractive website will makes the consumers easier to navigate the website and will make an impact on their choice of electronic store. In order for consumers to purchase from an online store, online retailers need to make sure that the online shopping process through their websites should be made easy, simple and convenient. The website should be easy to understand, easy to navigate and time saving in loading the page (Hassan and Abdullah, 2010).

E-commerce site designer needs to understand both the similarities and differences between the virtual and physical world customer environments as well as to recognize the differences in communication types. With e-commerce, the website reach is global hence the designer will need to consider installing different languages and different time zones in their website to reach different country of users (Files, 2009).

6. 3 Popularity of e-commerce in Malaysia

The current conditions and activity of e-commerce in the Malaysia can only be described as sluggish. However, the government, businesses and regional bodies did pay much attention about e-commerce. According to the Nielsen Company 2007 research, 39% of Malaysians made their purchases online. <https://assignbuster.com/factors-contributing-to-popularity-of-lelong-in-malaysia/>

70% of the Internet users in Malaysia had made a purchase online at some point in the past. Online travel is a favorite e-commerce activity for Malaysians, with 55% of them buying airline tickets or made flight reservations online, while the other 41% said they had made hotel or tour reservations online. In 53% of cases residents name personal recommendations helping them decide where to shop online (Anon, 2009). The future of e-commerce seems to be very bright for Malaysia. However, it can only remain so if consumers place trust and confident in it (Yip, 2005).

6. 4 Limitations and Barriers of E-commerce

There are several barriers and limitations of e-commerce, such as globalization, contractual and financial issues, ownership, privacy and security, interconnectivity and interoperability and deployment. The most frequently reported problems are security, Internet access, payment issues and technical issues. Privacy issues such as lack of security and censorship would discourage communication. From a past research of Mukti in 2000, the result shown security is the most important barrier to e-commerce. As it says people are worried about giving out their credit card numbers when they want to conduct e-commerce. The second most frequent issue is contractual and financial. This kind of barrier arises because much e-commerce is conducted across national boundaries and partly because e-commerce is still new and only a little legal precedence has been establish, especially in Malaysia. Followed by hacker's intervention, which is the third barrier to e-commerce. As e-commerce uses the Internet, hackers might break through the security measures use by a computer which known as " firewalls" and gain access to the computer. Besides, some company are lacking of IT skilled

personnel, which deter them from conducting e-commerce. Other than the above problems, there are also some minor problems like lack of computers or Internet connection in users' home (Mukti, 2000).

6. 5 Marketing strategy to gain competitive advantage in e-commerce

The Internet can significantly lower entry barriers for new competitors. It is because companies can enter into e-commerce easily as they do not need a huge amount of capital investment compared to offline markets. As the number of people with Internet access increases, the competition for online business also increases. Several strategies are used in e-commerce to gain competitive advantage (Shin, 2001).

Product Strategy

With e-commerce, consumers can easily collect information about products or services without the need to travel to stores to inspect products and compare prices. It is time consuming to do it in an offline market. As consumers can now compare products easily and at no cost, companies will need to differentiate their products from the others, for example, the use of product bundling. Product bundling promotes the benefits of the whole package, thus keeping buyers from comparing individual items. Other product strategies that can be used are like introducing of niche products and expansion of product lines (Shin, 2001).

Price Strategy

Zero cost of comparing prices through the Internet make sellers to compete on pricing. To make it harder for buyers to compare prices, sellers can

employ a price discrimination strategy that is charging different price for different market, depending on the market conditions and differences in how customers value the product. Besides that, seller can also use cost leadership strategy or improve their products and services with added value, thus increasing the switching cost of buyers (Shin, 2001).

Promotion Strategy

To manage a brand in e-commerce effectively and efficiently, companies have to use different promotion strategies from those used by traditional marketing. One of it is to build a direct link with consumers, or better known as one-to-one marketing. This allows them to customize products and tailor promotions to meet customer needs and build customer loyalty. Besides, companies can also revenue-sharing strategy, that is to partner or affiliate with other companies and gain mutual benefits (Shin, 2001).

Place Strategy

The place aspects of the marketing mix are related to the distribution and delivery of products or services. The Internet has changed the way how products and services are delivered by reducing transaction and distribution costs. One way for companies to differentiate their products from rival companies is faster and more efficient delivery of products to their customers. Another strategy is to use click-and-mortar strategy rather than just pure play (Shin, 2001).

7.0 Methodology

Primary data collection is going to be carried out to investigate and achieve the objectives of this research. A set of questionnaire comprising of 30

questions will be handed to the public comprising of people from age 18 and above. There will be 5 questions on demographic and 25 questions on the variables tested in the hypotheses. The target number of respondents will be 100 people.

The sample method used in this research will be convenience sampling. Convenience sampling is a non-probability method and sample is chosen because of convenience and easy to reach (Kahl, 2010). Convenience sampling is used under the constraints of time and budget. The survey will be carried out in different colleges in order to obtain results from students from different ages and different backgrounds. Doing survey in colleges is appropriate as this group of people is the one who use the Internet most. From there, we can gather information about their perception and views toward e-commerce in Malaysia and get to know how popular is online shopping among them.

Secondary data collection will be obtained from various sources such as Internet, magazines, newspapers, journals and articles. Limitations of e-commerce and marketing strategies used in e-commerce to gain competitive advantage information will be obtained from past research posted in the Internet. Related articles will be used as reference to understand how webpage design can affect the users' experience.

Theoretical framework for this study is:

Marketing Strategies

Weakness and Limitations of e-commerce

Popularity of online shopping

Webpage design

People perception on e-commerce

Popularity of Lelong

Independent Variables Dependent Variable