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The factors affecting the usage of private retail sales portals by Malaysian urban consumers

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THE FACTORS AFFECTING THE USAGE OF PRIVATE RETAIL SALES PORTALS BY MALAYSIAN URBAN CONSUMERS

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DECLARATION

I certify that the substance of this Thesis has not been previously submitted for any degree.

I certify that to the best of my knowledge any help received in preparing this Thesis and all sources used have been acknowledged in this Thesis.

___________________
Allen Lim Chong Guan
October 2011
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ABSTRACT

The purpose of this research is to explore the challenges and advantages affecting the usage of private retail sales portals by Malaysian urban consumers. Most of the previous studies have focused on the usage of private retail sales portals in non-Malaysian urban consumers’ perspectives. This study aims to bridge the gaps created by the lack of literature on the factors that contribute to the successful use of private retail sales portals by Malaysian urban consumers. The research problem is “How can Malaysian private retail sales portals be more efficiently and effectively used by Malaysian urban consumers?”

The rapid globalisation of the world’s economy has increasingly made it a very competitive marketplace more than ever before, partly due to the advancement of information technology, particularly in telecommunications. Globalisation has also brought along greater urbanisation and urban areas in Malaysia are expanding at an unprecedented rate. More Malaysians are moving from non-urban areas to urban areas because of better job opportunities and amenities. Given the enormous increased in urbanisation and the cosmopolitan nature of the Malaysian population, the improved earning powers of Malaysian urban consumers have created more demand for diverse types of consumer goods. As such, the retail sector in Malaysia serves as an important intermediary for the distribution of these goods. It is very important that the retail sector increases its competitiveness in the backdrop of a very competitive marketplace. One of the ways for the retail sector to improve its competitiveness is by establishing private retail sales portals through the use of the Internet.

The case study approach by personal interviews and supported by the questionnaire survey results helped to identify the solutions to fill the gaps to address the research propositions.

The key findings for this research are as follows:
- The development of private retail sales portals is still at an infant stage in Malaysia. There is a need for retailers to have a sound strategic plan to make private retail sales portals more
efficient and effective to attract more consumers to use them. This plan will need to encompass the integrated use of people, processes and technologies.

- A well-structured private retail sales portal can improve the overall supply chain management by adding value to retailers, suppliers and consumers.
- The private retail sales portal environment is very dynamic and retailers must be resilient to be able to adapt quickly and to remain relevant.
- There is a need to create more awareness to promote the use of private retail sales portals among Malaysian consumers. Retailers and the Malaysian government can play a leading role through various media to promote the use of private retail sales portals.

Although there are still challenges that need to be addressed in order to promote greater diffusion of the use of private retail sales portals, this trend is expected to increase. The infrastructure to support the use of private retail sales portals is also good and continuously improving with significant progress. This has enabled private retail sales portals to be used by consumers irrespective of time and place. Private retail sales portals offer the convenience for the busy Malaysian urban consumers to shop online. It is hoped that, organisations and governmental agencies can use the findings of this research to establish improved marketing strategies and develop better policies to promote the use of private retail sales portals. This research also provides a solid foundation for future research that can be extended to a broader scope of the subject matter based on the conceptual framework.
KEYWORDS

Commercial
Information technology
Internet commerce
Legal
Malaysia
Marketing
Privacy
Private retail sales portal
Retail
Security
Social
Telecommunication
GLOSSARY

**Backbones** – high speed communications links that enable Internet communications across a country and internationally.

**Bandwidth** – the speed of data transfer by a particular medium, measured in bits per second (bps).

**Bricks and Mortar** – a traditional physical organisation.

**Broadband Technology** – methods of delivering information at a higher speed by increasing bandwidth across the Internet.

**Business Model** – how a company will generate revenue by identifying its product offering services to target customers.


**Business-to-Consumer (B2C)** – business transactions between companies and consumers.

**Client-Server** – sharing of resources between client computers and database server.

**Digital Certificates (keys)** – A digital certificate is a Secure Sockets Layer (SSL) certificate file installed on a secured Web server to verify the authenticity of the organisation and its website is secure and reliable. An example of a company that acts as a third party to verify the genuineness of the website is Verisign and its symbol could be seen on a secure page that has a Uniform Resource Locator (URL) that starts with "https."

**Digital Signatures** – electronic written signatures which identify individuals or companies by using public-key encryption.
Domain Name – A single domain name identifies with a website. There are also domain names that are registered but without having any websites. They are just used as email addresses.

Electronic Commerce - Electronic commerce or electronic business tends to be perceived by many to be the same as Internet commerce. Electronic commerce has been in existence for many decades prior to the emergence of Internet commerce which only began around 1993/1994. The definition of “Electronic commerce” is not interchangeable with the definition of “Internet commerce” as the former definition is broader. According to Australia’s National Office for Information Technology, electronic business is defined as “doing business electronically” (McGeachie, 1999). This interpretation covers the use of enhanced telephone technologies, facsimile, e-mail, on-line computer systems, electronic funds transfer (EFT/EFTPOS) and others, whereas Internet commerce is defined specifically in the context of using the Internet to do business. The use of the Internet for commerce has evolved gradually rather than in a revolutionary way due to its origin.

Electronic Data Interchange – electronic exchange using digital media for business documents such as purchase orders and invoices between buyers and sellers.

Encryption – Encryption uses an encryption algorithm and one or more encryption keys in secure websites and other forms of medium to transfer data. It could only be decoded by someone who has the right decoding key.

Firewall – A computer firewall is a hardware or/and software that protects the access to the resources that host the data based on predefined rule sets from unauthorised users.

Graphic Interchange Format (GIF) – it is a graphic format used to display images within web pages.

Home Page – the index page of a web site that links to other resources.
HTML (Hypertext Markup Language) – a standard format to define text and layout of web pages.

Internet Backbone – Internet backbone consists of several ultra-high bandwidth connections that link together many different nodes across the world that carry and route data to smaller lines of transmission over long distance.

Internet Service Provider (ISP) – company that provide home or business users with a connection to access the Internet. They can also host web sites or provide a link from web servers to enable other companies and consumers to access a corporate web site.

Intranet – a network within a single company that enables access to company information using the familiar tools of the Internet such as web browsers and e-mail.

Java – a programming language developed and supported by Sun Microsystems that can be accessed from a web browser. Sun Microsystems is currently part of Oracle Corporation.

Joint Photographic Experts Group (JPEG) – a compressed graphics standard used for graphic image.

Personalisation – web-based personalisation involves offering customised content for each individual through web pages or e-mail.

Portal – a web site that functions as a gateway to information that offers research engines, directories, free e-mail and other services.

Private Retail Sales Portal - Internet retail site whereby retailers and consumers can meet to agree to a contract for goods or/and services that are intended to be offered.

Public-key Infrastructure – Public Key Infrastructure (PKI) consists of hardware, software, people, policies, and procedures required to produce, administer, deliver, employ, gather, and revoke digital certificates via a public medium such as the Internet.
In cryptography, PKI is a collection that combines public keys with unique user identities by a certificate authority (CA) binds by establishing registration and issuance process based on various level of assurance.

**Retail** - the sales of commodities or services in small quantities to ultimate consumers. It is the sales of products or services that add value to customers for their personal or family use (Levy and Weitz, 1998).

**Search Engines** – web sites that use automatic tools known as spiders or robots to index web pages. Users can search for information by typing keywords.

**Secure Electronic Transaction (SET)** – a standard for public-key encryption to secure electronic commerce transactions started by Mastercard and Visa.

**Secure Sockets Layer (SSL)** – an encryption technique for data such as credit card numbers to be passed while accessing through the Internet from a web browser to a web server.

**Spam** – unsolicited mails via the Internet.

**Transfer Control Protocol/Internet Protocol (TCP/IP)** – the transferring of data packets through the Internet by TCP/IP. The receiving of web pages and the hosting of web pages must be configured in this protocol.

**Website** – the location of content accessible on the World Wide Web that is created by an organisation or an individual with web address (URL) or domain name.

**World Wide Web** – The World Wide Web (WWW) is a computer information system that is linked to the Internet that enables electronic documents to be linked to other electronic documents by hypertext links. It allows users to search for information by navigating from one document to another. These resources are extracted from the Internet using the Hypertext Transfer Protocol (http). The WWW can be accessed using web browsers.
XML – an advanced markup language that has better control and compatibility than HTML format for structured information on web pages.
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Chapter 1 – Introduction to Thesis

1.1 Introduction

In view of the ever-increasing globalisation of the world’s economy, there is an urgent need for retail organisations to be more competitive than before. Globalisation has been accelerated partly due to the rapid technological advancement in information technology, particularly in telecommunications. With its recent admission into the World Trade Organisation (WTO), China may pose a great threat to, as well as an opportunity for the economies of, the countries in the Association of Southeast Asian Nations (ASEAN). China and many third world countries can offer cheaper labour costs than Malaysia. At the same time, the openness of Malaysia’s economy is more evident with the creation of ASEAN Free Trade Area (AFTA) in the year 2005. In the meantime, Malaysia is trying to find its niche during these dynamic times. Malaysia has taken the strategic direction of moving to the next level of economic development that is more knowledge-based to be competitive. This was foreseen by Drucker (1969) who described the need to create a more knowledge-based economy. Malaysia like any other ASEAN countries is in the process of this transformation.

Malaysia’s former Prime Minister Datuk Seri Dr. Mahathir Mohamad in 2002 explained that there is a number of ways that Malaysia can find a niche for itself to remain competitive (AsiaInt Economic Intelligence, 2002, p. 1). He mentioned that exports and foreign direct investment (FDI) are some of the ways. However, he also stated his reservations on 20th September 2002 while presenting the Malaysian budget for the year 2003 by saying that “Even if we reduce the corporate tax rate, FDI will still go to China.” He added that “We have realized that we are overdependent on foreign investment, FDI, and external trade industries’ contributions to the economic growth without reducing our trade with foreign countries.” In short, the former Prime Minister of Malaysia, Datuk Seri Dr. Mahathir Mohamad was explaining that it was difficult to reduce corporate tax to too low a level to attract FDI. This is due to the larger and cheaper workforce China can offer to investors. According to the FDI Confidence Index, Malaysia fell from the 22nd position to the 25th (Abidin, 2002).

In 2000, 70 percent of Malaysia’s exports in value consisted of electronics and electrical products (Abidin, 2002). However, the demand for these products is cyclical. The former Malaysian Prime Minister in unveiling the Eighth Malaysian Plan (2001-2005), stressed the importance of having a
knowledge-based economy through the use of information communications technology (ICT), particularly in the use of the Internet. The reason he gave was that the Internet is an economical channel to do business anywhere in the world. This is supported by Porter (2001, p. 64) who mentioned that “The key question is not whether to deploy Internet technology – organisations have no choice if they want to stay competitive- but how to deploy it”.

The rapid development of the Internet, coupled with the improved capacity and capability of computers has redefined business processes, forcing businesses to restructure, reorganise and adapt to changing trends. The Internet also has the ability to increase productivity, reduce cost and enhance customer support.

It is important to examine how retailers take advantage of the Internet as they act as the largest intermediary to sell products to consumers. The world is becoming increasingly open as a result of the Internet and the World Wide Web (WWW). Vinton Cerf, the co-founder of the Internet, estimated that 3 billion users would be online by 2010, and the number of devices online is expected to be between six billion and 30 billion by 2020 (Perumal and Shanmugam, 2004). As such, retailers and governments need to understand why people in a particular country may be more adoptive to the Internet than people in other countries, particularly the need to understand the factors that might encourage Internet use.

In order for retailers to decide whether to indulge in Internet commerce, it is important for them to understand the benefits of the Internet and its commercial use. There is also a need to understand the advantage of a click and mortar model as compared to brick and mortar models.

In reviewing other studies, this thesis has also focused on how different infrastructures such as information technology and telecommunications, social/cultural, commercial, government and legal policies, distribution and marketing can influence people to indulge in Internet commerce (Jayalgi and Ramsey, 2001).

1.2 Background
The recent admission of China into the World Trade Organisation (WTO) has also created more competition as well as opportunities for the countries in ASEAN in the economic context (Yusof, 2003). Against this backdrop, Malaysia is trying to find its niche during these dynamic times.
Malaysia needs to move to the next level of economic development that is more value added. With the Internet, selling prices can be lowered with the elimination of the middleman. Online retail sales were estimated at US$1.3 billion in the Asia Pacific region in 2004 alone (Wood, 2004). Given the enormity of this economy, there is a need to know whether Malaysians in Malaysia have been making any inroad in indulging in Internet retail commerce.

The global market can provide this opportunity for the Malaysian retail industry. Major retailers in Malaysia have used the Internet as part of their long-term strategic marketing plan.


AirAsia is a Malaysian low budget airline providing commercial air services in Malaysia as well as across the world (AirAsia, 2010a). Customers could book, pay and print their air tickets online. As such, AirAsia is able to reduce its administrative cost.

Ghee Hiang is an established Malaysian brand that is more than 150 years old and the company produces and sells sesame oil, cookies, pastries and pure white coffee powder (Ghee Hiang, 2010). It has a number of retail outlets and is also selling its products online. This shows that the establishment of private retail sales portals is also applicable for established Malaysian companies with a traditional business model to increase its customer base.

Lelong, is a Malaysian company and market leader in auctioning in Malaysia, similar to that of eBay (http://lelong.com.my) (Lelong, 2010). Although eBay, the world’s largest online auction website, also has a localised Malaysian website, Lelong is able to compete against eBay (Lelong, 2010).
The Royal Selangor Pewter is a 125-year old established Malaysian retail company selling pewter ware (Royal Selangor Pewter, 2010). It sells gift products for home decorations. The online retail sales portal is to complement their high-end retail stores for the convenience of their customers.

Parkson Corporation is a Malaysian retail company with an established retail chain of departmental stores and has ventured into Internet commerce (Parkson Corporation, 2010) to supplement its departmental store business. It sells a wide range of branded consumer products online.

Another Malaysian retail company that has ventured online is MPH Bookstore that has established a bookstore chain (MPH Bookstore, 2010). It sells books online as well to cater to the needs of their Internet savvy customers.

Pasarborong sold groceries such as vegetables, fish, beef and chicken online as well as has its own retail outlets around Kuala Lumpur (Pasarborong, 2007).

AirAsia, Ghee Hiang, Selangor Pewter, Parkson, MPH Bookstore and Pasarborong have established their private retail sales portals as an extension to their retail stores in order to reach out to their existing and prospective customers.

1.3 Research Problems
According to Sekaran (2000, p. 68), a problem statement is defined as “a clear, precise, and succinct statement of the question or issue that is to be investigated with the goal of finding an answer or solution”. There seems to be a lack of comprehensive strategies in addressing the adoption of private retail sales portals by consumers (Doherty and Ellis-Chadwick, 2006). Exploratory research can be used for the formulation of such a problem, such as identifying alternative actions, developing hypotheses, segregating relationships between variables for further assessment, determining an approach to the research problem and prioritisation of future research (Malhotra, 2004). Based on the above, the researcher of this thesis attempts to explore the following research problem:
“How can Malaysian private retail sales portals be more efficiently and effectively used by Malaysian urban consumers?”

1.4 Research Gaps

Despite the research done by research organisations such as International Data Corporation (IDC) and AC Nielsen on the various aspects of the Internet, there seems to be a lack of literature in the body of knowledge of Malaysian consumers’ views in their involvement in Internet retail commerce. The current body of knowledge is rather fragmented in explaining the different infrastructures that can support the growth of private retail sales portals. The feedback from Malaysian consumers is important for a better formulation and application of private retail sales portals. Therefore, the purpose of this research is to try to extend the current body of knowledge by filling some of these gaps.

The existing Internet retailing literature is on the adoption of Internet retailing is based on a retailer, a consumer or a technological perspective (Ngai, (2003); Doherty and Ellis-Chadwick, (2006)). However, according to Doherty and Ellis-Chadwick (2006), the most significant gap in Internet retailing literature relates to a clear and explicit strategic perspective, particularly to questions pertaining to the formulation and application of electronic retailing. Important questions that need to be addressed are whether they are technology-led, social/culturally-led, business-led, and government-led or a combination of some or all of these factors. As such, the feedback is best derived from Malaysian urban consumers as well as management of Malaysian retail organisations that have established private retail sales portals.

Therefore, in this research, the parent disciplines are the Electronic Commerce on the one hand and Strategic Marketing and Sales on the other hand. However, these two disciplines will be greatly influenced and affected by contributing factors such as technology, social behaviour, and commercial aspects of the business and governed by the existing legal framework and environment and marketing effort. These contributing factors (technology, social, commercial, legal and marketing) will comprise the immediate discipline. The degree of how these contributing factors are affecting the success of private retail sales portals usage is little known. This is the research gap the researcher is attempting to review the literature and the research to be conducted in this Thesis. This research attempts to study the extent of these contributing factors that will affect the success of private retail sales portals usage.
1.5 Research Questions
Based on the research gaps identified in 1.4 above, this thesis attempts to examine and understand Malaysian urban consumers’ views on their involvement in Malaysian private retail sales portals. To fulfil this objective, four main research questions are formulated and they are as follows:

1. Organisational Strategies
What strategic actions are required to harness the advantages of the Internet to help in maintaining the firm’s business growth?

2. Private Retail Sales Portals
How can Private Retail Sales Portals support the firm’s strategic plan in increasing returns on investment (revenue and profitability)?

3. Consumer Behaviour
How can consumer behaviour be influenced in order to gain higher adoption in using the Internet for consumer transactions?

4. Consumer Acceptance
How can firms building retail sales portals be able to attract the urban consumers to utilise them?

Figure 1-1 below shows the conceptual framework for this research.
1.6 Research Objectives
The research objectives are:
- To evaluate the efficiency and effectiveness of how organisations change their marketing strategies to be in line with the use of Internet.
- To understand how organisations intend to strategise for the future with the proliferation of the Internet.
- To explain the growth and development of private retail sales portal.
- To analyse Malaysian urban consumers’ perception of different Internet infrastructures, particularly from the technological, social, commercial, legal and marketing.

1.7 Research Propositions
The research propositions were developed based on the research objectives for testing for this research. The research propositions are as follows:
Research Proposition 1
Strategic actions are required in order to harness the reach and advantages of the Internet that will help to maintain and grow its business.

Research Proposition 2
Private retail sales portals can support the firm’s strategic plan in gaining a better than average returns on investment.

Research Proposition 3
Consumer behaviour can be influenced in order to gain higher adoption in using the Internet for consumer transactions.

Research Proposition 4
Firms building retail sales portals are able to attract urban consumers to utilise them.

1.8 Research Methodology
This exploratory research will be predominantly qualitative in nature based on secondary data (gathered from books, journals, magazines, reports, etc) and personal interviews with prominent senior management executives of selected companies for case studies. The questionnaire survey is used to augment the findings in the qualitative research to ensure that the findings are triangulated to include the viewpoints of Malaysian urban consumers. Several research methods have been applied to address the research gaps. Exploratory research has been carried out and subsequently, a structured questionnaire has been designed. Thereafter, a pilot test was carried out by five knowledgeable persons who have indulged in private retail sales portals on the content of the questionnaire survey and personal interview. Then, the questionnaire survey forms were distributed to Malaysian consumers. Since it is quantitative research in nature, such a questionnaire designed is based on nominal, ordinal, interval and ratio scales and only shows patterns or trends based on those numbers. The reporting will be descriptive in nature.

At the same time, personal interview technique was used to interview senior management of Malaysian retail organisations that have established private retail sales portals. The reporting is
also descriptive in nature. It is oriented to gather more in depth information to complement the earlier questionnaire survey. Figure 1-2 below is the overall layout of the research path.

**Figure 1-2: Research Step**

![Research Step Diagram]

Source: Developed for this Research
1.9 Literature Review
The literature review was gathered from journals, books, magazines, the Internet and reports based on various related disciplines such as Internet commerce, consumer behaviour, behavioural aspects of Internet usage, strategic management, marketing and research methods. However, information gathered from journals will be given priority.

1.10 Research Limitations
This research is primarily focused on the factors affecting the usage of private retail sales portals by Malaysian urban consumers. The delimits will be on the study of the factors (technology, social, commercial, legal and marketing) that will attract the Malaysian urban consumers to use private retail sales portals and to suggest strategic actions firms can adopt to cater to their needs and attract them.

There are a number of limitations to this research.

1. The quantitative data collected from Malaysian urban consumers by the use of questionnaire survey is used to support the exploratory and qualitative research. This research may not be able to be generalised to the Malaysian population and to other countries as well.
2. As the scope of electronic commerce is very wide which includes all forms of electronic transaction such as the use of enhanced telecommunication technologies, facsimile, e-mail, on-line computer systems, electronic funds transfer (EFT/EFTPOS) and Internet (McGeachie, 1999), this study will only focus on the dynamics of private retail sales portals.
3. Due to the magnitude of the private retail sales portal environment, there is a trade-off between depth and coverage. Due to time constraints and limited resources, the focus in this study is more towards the coverage of the private retail sales portal environment.
4. This study only limits the research to Malaysian organisations’ private retail sales portals. The outcome may be different for foreign organisations’ private retail sales portals.
5. As this is not a longitudinal study, the study may not indicate all the major potential challenges faced by Malaysians. One might ask whether this study is too early for participants to accurately assess the factors that influence the use of the private retail sales portals. In time, the factors that influence the Malaysian private retail sales portals may prove to be of less concern to participants and researchers.
6. Internet technologies are expected to change over time. As such, it may not be possible to accurately assess the mentioned factors. As such, the findings of this study may need to be updated over a longer period of time.

7. Due to the fast evolution of information and communication technologies, new systems and technologies would have been introduced, implemented, and changed by the time this thesis is completed and published. Therefore, this research may not be considering the latest technologies and systems that are currently in place since the time of writing of this thesis.

1.11 Thesis Outline
The structure of the thesis is based on a standard five-chapter format. It is as follows:

Chapter 1- Introduction of Thesis
This chapter includes an introduction, the background of the study, research problems, research gaps, research questions, research objectives, research methodology, literature review, research limitation and a thesis outline.

Chapter 2 – Literature Review
Chapter 2 discusses the literature review and the analysis of secondary data emerging from the review. The first section explains the overall structure of Chapter 2. The second section reviews the literature on Electronic Commerce (1st parent discipline). The third section describes the Strategic Marketing and Sales environment in Malaysia (2nd parent discipline).

The fourth section assesses the relevant strategic business models, theories and concepts that can be applied to the growth of private retail sales portals. The strategic business models, theories and concepts are based on marketing, consumer behaviour and organisational strategies. The fifth section identifies the research gap whereby there is a lack of thorough research in issues encountered by users and operators of private retail sales portals. The sixth section identifies the factors (technology, social, commercial, legal and marketing) that could affect the use of private retail sales portals (immediate discipline).

Lastly, the seventh section summarises the need for research on the identified research propositions.
Chapter 3 – Research Methodology

Chapter 3 outlines the research approaches with particular emphasis to the justification of the selected methodology. Secondary data has been collected. The information has been reviewed to identify gaps in the existing body of knowledge. Primary data has also been collected to address these research gaps. It explains the procedures and the selection of the participants of the personal interview. The methodology used to create and analyse the questionnaire will be discussed at length. This chapter will also spell out the measures to be taken to ensure that the data is characterised by validity and reliability.

Chapter 4 – Findings

Chapter 4 analyses and explains the findings in response to each of the research propositions. This chapter reviews the findings and analysis of quantitative analysis of the data gathered from the questionnaire survey and qualitative analysis of the data gathered from personal interviews with senior management of the selected organisations. The collected data has been tabulated and coagulated. This has been supported by graphical representation such as tables, graphs and bar charts.

Chapter 5 – Conclusions

The final chapter 5 explains the conclusions to answer the problem investigated. It offers recommendations for future policies and practices. This chapter will also conclude with suggestions for future research.

1.12 Conclusion

This chapter provides the overall plan for the thesis and comprises an introduction, the background of the study, research problems, research gaps, research questions, research objectives, research methodology, a literature review, research limitations and a thesis outline. Subsequently, Chapter 2 covers the information gathered from journals, books, magazines, reports and other resources through exploratory research. Chapter 3 explains the different research methodologies as well as the research path. Thereafter, Chapter 4 analyses and discusses the information gathered from quantitative and qualitative research through a questionnaire survey and case studies’ interviews. Finally, Chapter 5 covers the conclusions and recommendations.
CHAPTER 2 – PRIVATE RETAIL SALES PORTALS
Chapter 2 – Private Retail Sales Portals

2.1 Introduction
This chapter reviews the existing literature on The Factors Affecting the Usage of Private Retail Sales Portals by Malaysian Urban Consumers and is arranged into 7 sections. Section 2.1 explains the overall structure of Chapter 2. Section 2.2 covers the first parent discipline that is on Electronic Commerce and Section 2.3 includes the second parent discipline that is on Strategic Marketing and Sales.

Section 2.4 assesses five relevant strategic business models, theories and concepts that could be applied for the growth of private retail sales portals. The business models, theories and concepts are Michael Porter’s Five Generic Strategies Model, Michael Porter’s Value Chain Analysis, Michael Porter’s Five Forces Model, Service Quality, and Blue Ocean Strategy.

Section 2.5 identifies the research gap identifying the lack of comprehensive research into issues faced by users and operators of the private retail sales portals. Most of the research carried out in this area is rather fragmented. As such, this section evaluates those issues encountered by users and operators of private retail sales portals by explaining the challenges that support or discourage them from using the private retail sales portals.

Section 2.6 covers the immediate discipline that is the contributing factors (technology, social, commercial, legal and marketing) for the success of private retail sales portals usage.

Section 2.7 concludes Chapter 2 with a summary explaining the need for research on the identified research questions. Figure 2-1 below shows the overall layout of Chapter 2.
2.2 Electronic Commerce

Since this research is on the factors affecting the usage of private retail sales portals by Malaysian urban consumers, the existing literature on Electronic Commerce is reviewed. In view of the continuous competitiveness of businesses due to globalisation, portals can play an important role for buyers to acquire information on product availability. Furthermore, with so much information available on the Internet, portals help to narrow the focus to search for this information.

It has been more than a decade since Internet commerce has been in existence. There were more than 170 million portals in the year 2008 (Paul Budde Communication Pty Ltd, 2009). There were 1,542,000,000 (1.542 billion) Internet users in the world in 2008 (International
Telecommunication Union, 2009a). Therefore, more documents are expected to be available in the Internet. With such a large number of documents in the Internet, accessing the right information at the right time in the Internet can be a concern. In order to address this problem, portals can serve Internet users by focusing and narrowing their searches for information.

2.2.1 Definition of Portal
There is currently no universally accepted definition for portal (Brakel, 2003). According to Meisel and Sullivan (2000, p. 480), a portal is defined as “an organisation that provides a collection of digital media/web properties that act as a starting point on the Internet for a user interested in conducting transactions, viewing information and entertainment sites and/or engaging in communications”. Likewise, Lugg and Fischer (2002, p. 81) defined a portal as “A Web-based service, hosting, digital content and/or digital metadata that has been selected from disparate print and electronic sources”.

2.2.2 The Different Types of Portals
Portals can be classified into different groups based on their existing environments and functionalities. Dias (2001) grouped portals into public and corporate environments. Portals in the public environment provide a single gateway to specialised Internet sites. Some examples are AltaVista and Yahoo. These portals generate revenue by attracting as many users as possible. Corporate portals are developed to provide specific business facilities (Dias, 2001). Organisations such as Selangor Pewter and Dell are some examples.

Different scholars and academicians have categorised the various types of portal differently. Brakel (2003) had classified portals into horizontal portals and vertical portals. Horizontal portals are portals that available for public viewing. Vertical portals are restricted within the supply chain such as suppliers, contractors and employees. Rao (2001) suggested that portals could be grouped into internal (corporate) portals, vertical (industry) portals and horizontal portals. A good business model could be developed for horizontal portals based on its content and advertisements such as Yahoo and Yellow Pages (Burgess and Tatnall, 2007).

Raol, Kung, Liu and Yu (2003) have classified enterprise portal as a portal that is able to help organisations and their employees to share and manage different sources of information. Riel and
Ouwersloot (2005) classified brand portals as having e-service brand extensions. Its purpose is to increase web traffic and the brand acts as a reliever for consumers to try out new services.

In the context of this research, private retail sales portal is defined as an extension of a trading company, with or without a corporate portal.

2.2.3 Private Retail Sales Portals

The purpose of private retail sales portals is to provide information on products or services offered, order processing, email marketing, and other uses. Palmer and Griffith (1998) segmented the different products and services offered on the Internet by their intensity of providing information. The selling and supporting marketing function matrix is shown in Table 2-1 below. Dutta and Segev (1999) also maintained that the majority of organisations are using the Internet for providing organisation information. In fact, Palmer and Griffith’s (1998) research had shown that products that are low cost, low risk and high turnover have a tendency to be ordered through the Internet by consumers.

<table>
<thead>
<tr>
<th>Selling and Supporting</th>
<th>High Product Information Intensity</th>
<th>Low Product Information Intensity</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>-Friction-free</td>
<td>-Supporting Existing Channels</td>
</tr>
<tr>
<td></td>
<td>-Direct marketing to consumers</td>
<td>-More limited opportunities</td>
</tr>
<tr>
<td></td>
<td>-Use all capabilities of Web</td>
<td>-Possible to generate new markets</td>
</tr>
<tr>
<td></td>
<td>including marketing channel,</td>
<td>-Must be careful not to</td>
</tr>
<tr>
<td></td>
<td>promoting, selling, and</td>
<td>undercut existing channels</td>
</tr>
<tr>
<td></td>
<td>supporting/servicing</td>
<td>Members</td>
</tr>
<tr>
<td></td>
<td>Products and services</td>
<td>Examples: Avon, Anheuser Busch</td>
</tr>
<tr>
<td></td>
<td>Examples: Dell, Geico</td>
<td></td>
</tr>
</tbody>
</table>

| Not Selling and Supporting Marketing Functions | Failing to Capitalize Potential inefficient allocation of resources, supporting information intensity through more sophisticated Web site development | Retaining a Web Presence Use of Web as presence, replicating existing physical brochures and product/service descriptions, unlikely to generate additional sales |
|                                               | Examples: Home Depot,              | Examples: Exxon,                 |

Table 2-1: A Possible Matrix for Marketing on the Web
A recent empirical study by Cheema and Papatla (2010) also found that utilitarian products such as computer hardware and software have higher information value than hedonic products such as books, music, and movies. Likewise, Bridges and Florsheim (2008) concluded that marketers and web designers should focus on enhancing utilitarian values such as ease of navigation, complete information on product availability, and convenience for ordering and delivery. However, utilitarian products were found to be successful with frequent and infrequent online consumers alike by Overby and Lee (2006). Frequent consumers turn to online to shop because of utilitarian values such as price and convenience. Infrequent consumers tend to favour hedonic products.

A website with higher product pricing tends to have higher content of information (Kotana and Sarvary, 2008). There are also more advertising and more hyperlink points to higher content of information websites. Low content websites generate more sales from their own advertisements whereas high content websites generate more sales from content sales. In short, low content websites benefit from specialisation whereas high content websites benefit from diverse product offering.

2.2.4 The Internet

The origin of the Internet can be traced back to the late 1960s when the U.S. Defence Department undertook research projects on computer networking and developed through various stages (Elsmore, 2000). During the early 1970s, the U.S. Department of Defence Advanced Research Projects Agency (ARPA) conducted the ARPANET project to establish a wide-area network (WAN) service for computer communications. A standard networking protocol that is still used today called Transmission Control Protocol/Internet Protocol (TCP/IP) (a communication protocol for exchanging data between computers on a network) was developed in 1974. TCP/IP enables ARPANET computers to communicate regardless of the operating system or hardware used. At the same time, the introduction of UNIX operating system that is not proprietary to a specific hardware had promoted this connectivity.
By the late 1970s, remote connectivity, file transfer, and electronic mail began to appear. However, it was not until the early 1980s that Internet technology was transferred to the private sector. The Usenet news system appeared in 1981, Gopher search engine made its debut in 1982; and the World Wide Web (WWW) appeared in 1989 respectively. Just like the WWW uses the Internet network, file transfer protocol (FTP), Internet relay chart (IRC), newsgroup and e-mail are using the same network as well. By 1990, ARPANET was managed by National Science Foundation (NSFNET) for networks and organisations which had begun to provide data connections to Internet hosts (Elsmore, 2000).

Although the Internet revolution just started about a decade ago, its importance to modern commerce cannot be ignored. Stewart (1998) explained that the Internet is a converging technology between computers and telecommunications. The Internet as a tool, can assist in communicating information. According to Stewart (1998), the Internet consists of networks linking host computers and their software applications using Internet Protocol (IP) to producers, consumers and intermediaries. Within the expanse of networks, individuals and businesses can be accessed through Internet sites and emails. The common addressing method is the identification of each computer within the jurisdiction of the Domain Name System (DNS) which is identified through an IP address (Stewart, 1998).

Hudson (1997, p. 245) stated that “it is no coincidence that the rise of international telecommunication parallels the emergence of a global economy”. He explained that three decades ago, it was estimated about 50 percent of the economic activity in the United States was information related. Studies by the Organisation of Economic Cooperation and Development (OECD) also found similar levels of economic activities in other industrialised countries. In the past twenty years, there has been tremendous growth in both the primary and secondary information sectors. Information-based services from databases to electronic banking to telemarketing have proliferated, as have products and marketers of telecommunication equipment, computers, and home and industrial electronic equipment. Virtually every economic activity involves information. The Internet took only 4 years to reach 50 million people as compared to other technologies (Stewart, 1998).

For the first time in marketing history, large amounts of data can be collected, processed, and analysed efficiently to offer a personalised marketing approach for each customer (Rayport and
Jaworski, 2001). However, according to Reichheld and Schefter (2000), loyalty is not decided with technology alone but through superior customer experience.

The Internet enables consumers to experience their own self-service encounters. Investing to satisfy consumers does benefit self-service technologies in terms of long-term use (Chen and Chen, 2009). The success of self-service technologies such as retail websites depend on whether the user interfaces can satisfy consumers’ sensory and functional needs. Consumer satisfaction can significantly influence the continuous use of self-service technologies as long as there is a concurrent perceived usefulness, perceived ease of use, subjective norm, and perceived behavioural control (Chen and Chen, 2009). Consumers feel the usefulness of shopping online increases as they gain more experience (Hernandez, Jiminez and Martin, 2009). This experience may lead consumers to purchase goods or and services online.

The main disadvantage posed by the Internet is to get segmented markets to the websites (Dijkstra, Buijtels and Raaij, 2005). The Internet still cannot replace traditional media such as print and television, but is able to complement them. A recent research found that pricing advertised on traditional media is likely to be used for shopping offline whereas prices offered on the Internet are more likely to be used for online shopping (Unni, Tseng and Pillai, 2010). To what extent consumers use the prices on the Internet would depend on the extent of time that consumers spend online.

The five search engines that are widely used are Google, Yahoo, Live, Ask and AOL (Deka and Lahkar, 2010). Google has the best statistical performance in terms of retrieving information. In terms of online shopping, agents could be more effective to search for products online as they are more familiar with their environments (Punj and Moore, 2009). Consumers’ online searches tend to be based on a chain of events and not based on efficient search (Ylikoski, 2005). They rely heavily on hyperlink navigation between websites.

2.2.5 Internet Technology
The programming languages used have been very instrumental to the growth of Internet. For instance, Internet languages that have become the industry standard are Hypertext Markup Language (HTML), Java, Perl and VB.Net. HTML is limited in its capacity as it only provides tags for various document attributes and structures, such as fonts, colours, and image placement.
for producing the most basic Web pages, whereas other programming languages are able to create functions and features to automate manual processes (Yuen and Lee, 2001). If a developer wrote a program that validates a user's password, HTML programming only provides an encoded and tagged document whereas the more sophisticated languages provide a process-oriented script or program. However, in order to do complex tasks such as multimedia interaction with users, new and more complex languages such as Java and Perl have to be used together with HTML. Although HTML has improved over time with more functions, many programmers are looking for a new standard that offer higher levels of programming with a focus on automation and interoperability (Yuen and Lee, 2001).

With the introduction of Extensible Markup Language (XML) format, various format of data can be bundled together to enable different applications to exchange data in a standardised format (PC Magazine, 2011). Unlike HTML format that uses predefined tags, XML allows tags to be defined by developers. This means that data structures such as “product”, “sales rep” and “amount due” can be identified and functioned like database records.

Likewise, large computer hardware, application software, and service organisations have offered Internet enabled features by naming their offerings such as “.Net” for Microsoft, “Network Services” for Oracle, “Web Services” for IBM, and “Open Network Environment” for Sun (Hagel and Brown, 2001).

Virtual reality has been gaining prominence in the Internet recently (Suh and Lee, 2005). Consumers are able to gain knowledge on products based on the virtual reality interfaces. As the cost of virtual reality technology is still high, retailers may want to use virtual reality for only selected products that they want to highlight on their websites.

2.2.6 Internet Service Providers (ISPs)
Internet service providers such as local and national telecommunication organisations, software developers, and cable television organisations provide access to the Internet all over the world to businesses and the general public (Chaffey, Mayer, Johnston and Ellis-Chadwick, 2003). Some ISPs are renting access of the Internet from network operators or national ISPs to offer to businesses and the general public. For example, Qwest Communications, a network operator,
provides national fibre optic services to major telecommunications organisations such as WorldCom, Sprint and GTE.

In Malaysia, there are four telecommunication companies that provide Internet Services (i.e. acting as Internet Service Providers) and they are Telekom Malaysia Berhad via TMNet, Time DotCom Berhad (TimeDotCom), NTT MSC Sdn Bhd (NTT) and Jaring Communication Sdn Bhd (Jaring).

TMNet and Jaring dominated the Malaysian market as the two largest Internet Service Providers (ISPs) with 58% and 23% percent of the market share respectively (Malaysian Industry Development Authority, 2010). TMNet is a subsidiary of Telekom Malaysia, the largest telecommunication company in Malaysia and is owned by the Malaysian government (Telekom Malaysia, 2010). The company owns most of the telecommunication lines in Malaysia and offers dial-up and broadband Internet services.

Jaring was the first that established the first Internet gateway in Malaysia and is owned by the Malaysian Ministry of Finance (Jaring, 2010). The company has established the SuperJARING Internet backbone that is connected from north to south of Peninsular Malaysia at a speed of 2.5 gigabits per second. It also offers dial-up and broadband Internet services.

Time dotCom is a public listed company in Malaysia (Time, 2010). The company has laid 6,000 kilometres of land and submarine fibre optics cables in Peninsular Malaysia (Time, 2010). The company offers broadband Internet services to customers.

NTT MSC is established to provide Internet services in Malaysia and is part of Nippon Telephone and Telegraph Corporation of Japan (NTT MSC, 2010). The company’s Internet services are frame relay, Asynchronous Transfer Mode (ATM), bandwidth management and Internet Protocol - Virtual Private Network (IP-VPN) that is focused on business customers.

During the early days, the Internet could be accessed through dedicated lines, and dial-up telephone lines (Chaffey et al. 2003). Dedicated lines cover T1 and T3 lines, fibre optic lines, digital subscriber lines (DSL) and others. Dial-up lines cover Integrated Service Digital Network (ISDN) and phone lines with the use of a modem. A dedicated telephone line is dedicated to a
specific application such as data communications to a specific location or device (BusinessDictionary.com, 2011). On the other hand, a dialup line is a non-dedicated Internet connection using ordinary telephone line, i.e. a shared resource and the user needs to “dial in” whenever an internet connection is required (BusinessDictionary.com, 2011). Network operators and national ISPs also sell fibre optic networks and bandwidth to telecommunications and Internet access providers (Chaffey et al. 2003).

Table 2-2 below gives a comparison of the transmission speed of T1, T1c, T2, T3 and T4 lines.

<table>
<thead>
<tr>
<th>Line</th>
<th>Transmission Speed</th>
</tr>
</thead>
<tbody>
<tr>
<td>T1</td>
<td>1,544 kbps</td>
</tr>
<tr>
<td>T1c</td>
<td>3,152 kbps</td>
</tr>
<tr>
<td>T2</td>
<td>6,312 kbps</td>
</tr>
<tr>
<td>T3</td>
<td>44,736 kbps</td>
</tr>
<tr>
<td>T4</td>
<td>274,760 kbps</td>
</tr>
</tbody>
</table>

**Table 2-2: Transmission Speed of T1, T1c, T2, T3 and T4 lines**  
(Connectivity Knowledge Platform, 2011)

Currently, with the advancement of telecommunication technologies, broadband and fibre optic is almost the standard used for access to the Internet. Broadband channels can transmit data at intervals from 256 Kilo bytes per second (Kbps) to several billion bytes per second (bps) unlike 1.54 Mbps for T1 and 45 Mbps for T2 lines, up to 100Mbps for satellite channels, and between 52 Mbps and 10 Gbps for fibre optic lines (O’Brien and Marakas, 2008). Fibre optic cables are lighter, easier to install, with increased transmission speeds, and are free from electrical interference as compared with copper cables and land-based microwave relay systems (O’Brien and Marakas, 2008).
2.2.7 Internet Business Models

Internet business models can generally be classified into five different models. The five business models are business-to-business (B2B) (Chaffey et al. 2003), business-to-customer (B2C) (Chaffey et al. 2003), customer-to-customer (C2C) (Chaffey et al. 2003), business-to-government (B2G) (Braun and Davis, 2003), and customer-to-government (C2G) (Xiong, 2006). B2B means commercial transactions between organisations, whereas B2C means commercial transactions between organisations and consumers. Customer-to-customer (C2C) refers to information and financial transactions between consumers through a business website. Business-to-government (B2G) refers to business transactions between an organisation and a government. Lastly, customers to government refer to business transactions between consumers and government (C2G). For this research on The Factors Affecting the Usage of Private Retail Sales Portals by Malaysian Urban Consumers, it is a business-to-consumer (B2C) model that is relevant.

2.2.8 Efficiencies and Effectiveness of Private Retail Sales Portal Marketplaces

The rapid globalisation of the world’s economy has created a condition whereby businesses not only have to embrace new technologies in selling products or services but also have to entice its customers by continuously adding value to its products and/or services. Businesses are moving closer to their customers than ever before by creating value and placing priority on customer relationship rather than just selling (El Sawy and Bowles, 1997).

Although the initial purpose of Internet sites was to provide information, relationships between organisations and customers can also be established (Reyes Pacios Lozano, 2000).

2.2.8.1 The Internet Commercial Channel

Electronic commerce has existed for several decades with technologies such as electronic data interchange (EDI) and electronic fund transfer (EFT). Initially the Internet did not have any multimedia applications and only it was when the Web was introduced to the public in 1991 at the Center for European Nuclear Research (CERN) in Switzerland, that multimedia interfaces were available (O’Leary and O’Leary, 2011). Since its graphic user interface was first introduced in 1993/1994, the Internet has revolutionised how information and business transactions are carried out. Information and business transactions can be transferred or received virtually anywhere (Wang, Head and Archer, 2000).
Keeney (1999) justified the use of the Internet as it can benefit consumers by minimising errors, cost and time as well as creating entertainment. Consumers also do not have to worry about personal safety when buying through the Internet unlike shopping in a brick and mortar environment (Claxton, 1995). They can do their purchases (especially expensive items) through the Internet in the comfort and safety of their home and have the items delivered to their doorsteps without having to worry about personal safety, like getting robbed. They could purchase insurance to ensure compensation in the event the items purchased are lost in transit.

For instance, Boo.com has innovatively created virtual changing rooms to sell designer clothing (Razi, Tarn and Siddique, 2004).

### 2.2.8.2 Cost of Different Sales Channels

Figure 2-2 below shows a comparison of the different channels of large-scale operation where the transaction cost for electronic data interchange (EDI) and the Internet are most economical at about US$1. From the analysis of Figure 2-2 below, it can be said that the more personalised the service, the more expensive is the cost per transaction. Although the cost of transaction for the Internet is only US$1 per transaction, personalisation can also be enhanced.

With better developed customer relationship management (CRM) software, the customers can be profiled to relate to product information instantaneously sent to customers through emails (Hamid and Kassim (2004); Xu, Yen, Lin and Chou (2002); Bradshaw and Brash (2001); Endacott (2004); Park and Kim (2003)).
As mentioned earlier, one area in which the Internet can create economic growth is in the retail business. Although many people are still concerned about Internet security (Labuschagne and Eloff, 2000), there are also many success stories as well such as eBay and eToys. New organisations were the first adopters of Internet, to be followed by established organisations as can be seen below in Table 2-3 (Dinlersoz and Pereira, 2005, p. 269).
Table 2-3: Adoption Dates of Major Early and Late Movers in On-line Retailing

<table>
<thead>
<tr>
<th>Category</th>
<th>Major early adopter(s)</th>
<th>Major late adopter(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Books</td>
<td>Amazon.com (July 1995)</td>
<td><strong>Barnes and Noble</strong> (May 1997), <strong>Borders</strong> (May 1998)</td>
</tr>
<tr>
<td>Electronics</td>
<td>Value America Inc.com (February 1998)</td>
<td><strong>Circuit City</strong> (July 1999), <strong>Radio Shack</strong> (May 1999), <strong>Best Buy</strong> (1999)</td>
</tr>
<tr>
<td>Pet Supplies</td>
<td>Petstore.com (October 1998)</td>
<td><strong>Petsmart</strong> (June 1999), <strong>Petco</strong> (December 2000), Petopia.com (July 1999)</td>
</tr>
<tr>
<td>Software</td>
<td>Egghead.com/Onsale.com (May 1994), Buy.com (June 1997)</td>
<td><strong>Circuit City</strong> (July 1999), <strong>Best Buy</strong> (1999)</td>
</tr>
</tbody>
</table>

Notes: Organisation names including “.com” refer to pure Internet-based organisations. Bold indicates an established traditional organisation that diversified into on-line retailing.

Source: Dinlersoz and Pereira, 2005, p. 269

Consumers will value the combination of traditional and online services at the appropriate per-transactional pricing levels (Iqbal, Verma and Baran, 2003). However, online consumers are more price sensitive than off-line consumers. For the last ten years, there were dynamic changes to the business world in terms of deregulation, call centres, intranet and advancement in Internet technology that has broken away from the norm of traditional marketing (Kasabov and Warlow,
These new business structures offer more competitive product pricing and better customer service as well and are expanding fast. Nevertheless, organisations have to continuously update and learn to meet an ever increasing customer service expectation as well.

The retail decision process would depend on whether organisations decide to sell their products based on store, catalogue or/and online, and pricing (Keen, Wetzels, Ruyter and Feinberg, 2004). Factors on the structure of retail and pricing, are twice more important than ease of use, control, subjective norms and attitudes, according to the authors. The integration of store and online inventory increases certain fixed and variable costs (Bendoly, Blocher, Bretthaeur, Krishnan and Venkataramanan, 2005). Nevertheless, with integrated information sharing on both channels allows for improved customer service.

In a recent research carried out on consumer services such as hotels and airlines, consumers who used telephone to make booking are characterised as having the least external search, frequent buyers, high brand loyalty, and perceived as having lowest risk of unavailability (Magnini and Karande, 2010). On the other hand, Internet third-party buyers do the most external search, evaluate the most number of options, least frequent buyers, least brand loyal, and perceived as having the highest risk of unavailability.

**2.2.8.3 Comparisons of the Click and Mortar Models with the Brick and Mortar Models**

The distinctions between the conventional supply chain model and major retail chain model are logistics and product pricing. The conventional supply chain may enjoy better logistics with more retail outlets, whereas the major retail chain may enjoy better pricing due to economies of scale of their purchases. However, a click and mortar model can benefit from a more efficient delivery, lower cost of maintenance, direct selling to the customer (reduced cost), and economies of scale purchases (Benjamin and Wigand, 1995; Heenan, 1995).

In fact, Argos, a store/catalogue retailer has also developed a multi-channel model that integrated fixed store, print catalogue, telephone, Internet and mobile technologies (IMRG, 2003). Consumers that used multi-channel (online channel and offline channel) have more satisfaction than those who used the offline channel (Lariviere, Aksoy, Cooil and Keiningham, 2011). At the same time, consumers that use company’s and competitors’ offline and online channels have a
higher satisfaction than consumers that only use the offline channel with the company and competitors.

A retailer that uses multi-channel in selling its products should offer as many brand differentiation as possible (Yan, 2010). This is particularly relevant when the price is less sensitive for consumers and the market segment is larger. Trust beliefs on a particular brand can affect online intentions that can be translated into online sales (Becerra and Korgaonkar, 2011). Nonetheless, the vendor trust beliefs on online intentions vary from products and services. A study by Rabinovich and Bailey (2004) argued that multi-channel retailers had better availability of inventory than their pure play competitors due to having access to various distribution channel that yield economies of scale.

A study by Alvarez, Martin and Casielles (2007) identified that the websites of travel agencies are used as additional service for consumers to search for information. As a whole, online browsing has a positive impact on physical shopping whereas online shopping has a negative impact (Weltevreden, 2007). However, a research study conducted by Falk, Schepers, Hammerschmidt and Bauer (2007) concluded that offline channel satisfaction reduced the perceived usefulness and increased the perceived risk of the online channel. There is also a negative relationship between offline channel satisfaction and perceived usefulness that is significantly stronger among older men with less Internet use.

A study in Finland had shown that the number one reason consumers used the Internet is to purchase groceries as it saved them time and they did not have to do product picking and collection (Raijas and Tuunainen, 2001). Factors such as stable and consistent buying patterns, low cost, low risk and low involvement made the Internet suitable for grocery retailing (Watson, Zinkhan and Pitt, 2000). However, a certain level of trust must be established before consumers can go online (Reichheld and Schefter, 2000).

Another testimonial of the benefits of Internet usage is that of OfficeDepot.com which found that the Internet made it easier and more economical to change catalogues than the conventional printed ones (Gulati and Garino, 2000). For the processing of orders, costs were slashed by less than half as compared to processing by the use of telephone. By providing information on the Internet, OfficeDepot.com has actually increased sales at its physical outlets.
The drug store industry is also beginning to combine both the Internet, and the brick and mortar channels. For instance, Drugstore giant Rite Aid took a partnership approach to create an Internet channel (Gulati and Garino, 2000). In June 1999, Rite Aid bought 25.3 percent stake in Drugstore.com. Consumers purchased drugs through the Internet channel which offers better privacy than the brick and mortar environment. Through the partnership of these organisations, sales had increased tremendously. Rather than going through trial and error to create a website, partnership with an established Internet retailer can complement the brick and mortar setup.

2.2.8.4 Internet Retail Growth Models

In order to better understand private retail sales portal, first, there is a need to define the word “retail”. According to the Merriam Webster dictionary (2003), retail as a noun is defined as “the sales of commodities or goods in small quantities to ultimate consumers” or is simply termed as “the industry of selling”. According to Levy and Weitz, (1998), retail is defined as the sales of products or services that add value to customers for their personal or family use. In the context of this paper, retail is defined as the sales of commodities or services in small quantities to ultimate consumers. In this research, the definition of Levy and Weitz (1998) is adopted as it is found to be the most suitable.

Researchers have identified a number of Internet growth models classifying different elements of retail. Recent research in United States, England, New Zealand, China, Brazil and Bulgaria found that Internet shoppers prefer convenience, are impulsive and tend to favour direct marketing and advertising (Barshear, Kashyap, Musante and Donthu, 2009). Therefore, retailers need to seriously review the factors that can influence the growth of Internet commerce. Researchers like Baty and Lee (1995), Hoffman, Novak and Chatterjee (1995), Jarvenpaa and Todd (1997) and Lohse and Spiller’s (1998b) had pointed to navigational feature as a factor for the growth of portals. Koivumaki (2001) had extended its classifications to include trust, transaction safety, privacy and payment mechanism, customer satisfaction, logistics support, customer service, pricing and navigational feature that can influence the effectiveness of retail sales on the Internet.

In evaluating the growth of Internet sales, Lohse and Spiller (1998a) had classified the retail store components as merchandise, promotion, convenience and store navigation as important elements.
Weiber and Kollmann (1998) conceptualised the need to consider prudently the factors of cost, time, flexibility and customer service. However, the importance of navigation was ignored.

Despite the many successes of private retail sales portals, many dotcoms ceased to exist or faced challenging times after the dotcom market crash of 2001. Razi et al. (2004) had argued the failures of these dotcoms were predominantly due to strategic causes (Hoover, McLean, Mishina and O’Brien (2001); Lumpkin, Droge and Dess (2002); Wilson and Abel (2002)), operational causes (Lumpkin et al. 2002), and technical causes and behavioural causes (Goldsborough, 1999). Strategic causes refer to business experience, business model, spending pattern, product differentiation and the ability of the strategists themselves. Operational causes include financial structure, customer support, managerial competency and use of funds, efficiency of promotion, and efficiency of delivery. Technical causes include web design, server stability, loading speed and Internet security protections. The behavioural causes are realistic expectation, reliability of products sold, degree of customer loyalty, and realistic drastic growth.

2.2.8.5 Internet Retail Environment

In 2007, Malaysia had 59.7 Internet users for every 100 inhabitants (United Nations Statistics Division, 2010). Table 2-4 below indicates tremendous increase in the number of Internet users from 2000 to 2007. In 1995, there were only 151 sites and 5 years later in 2000, the number of sites had increased to 10,743 (Paynter and Lim, 2001). Subsequently, in 2007 Malaysia had 158,650 sites (Malaysia, 2007).

<table>
<thead>
<tr>
<th>Year</th>
<th>Internet Users (per 100 Inhabitants)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>21.4</td>
</tr>
<tr>
<td>2005</td>
<td>48.2</td>
</tr>
<tr>
<td>2007</td>
<td>59.7</td>
</tr>
</tbody>
</table>

The financial sector has been the highest adopter of e-commerce systems and all have started to offer Internet banking service to consumers (Adham and Ahmad, 2005). In a recent survey on e-banking in Malaysia, consumers identified privacy and security as the main concerns to them (Poon, 2008). In a study carried out to compare perceptions of website design characteristics, Malaysians preferred high context environment and implicit communication (Fink and Laupase, 2000).

The private retail sales portals have revolutionised how retail business buys and sells products as explained in Section 2.2.

In the Malaysian Internet commerce scene, various retailers are trying to expand their reach to capture the attention and interest of as many Malaysian consumers as possible through different approaches. Dell has created a website dedicated to Malaysian consumers (http://dell.com.my) (Dell Malaysia, 2010). This could mean that there is a need for the content to be localised based on the needs of the Malaysian market.

Likewise, eBay (http://www.ebay.com.my) (eBay Malaysia, 2010) has also a Malaysian website that faces competition with Lelong, the Malaysian market leader in auctioning (http://lelong.com.my) (Lelong, 2010). In fact, eBay had to improve its website and provide a more secure platform in late 2007 before it could compete with Lelong (Economist Intelligence Unit, 2008). These auction websites enable buyers and sellers to buy and sell products or services for a bid at an agreed price.

Other retailers have used intermediaries in different ways. According to Ooi (2007), in May, 2007, Universal McCann, a media agency, published a surprising survey that there were 170 million blog creators and 340 million blog readers worldwide. This new social media has also created many business opportunities as expressed by Ms Ooi that “The emphasis in Asian culture has always been on the personal connection, so the most successful business related blogs emphasize personal interests” (Ooi, 2007, p. 39). Thus it can be said that in Asian culture, business opportunities can flourish better with personal connections.

Ms Ooi has given an example of how a Malaysian, Mr Ho, who loves kayaking, has shared his experiences kayaking through beautiful rainforests in East Malaysia through his blog. His blog is
linked to his business website that offers kayaking trips. From being a personal blogger, Mr Ho now enjoys unprecedented online bookings for kayaking trips.

Likewise, blogging could come in the form of forums such as (http://mforum2.cari.com.my/) (mforum2, 2010) and (http://www.bincang.net/forum/) (bincang, 2010). These forums enable people to express themselves and interact through the Internet on specific matters. Alternatively, retailers could also advertise and publish their products by means of bulletin boards. Examples of popular Malaysian bulletin boards are (http://www.myeg.com.my/) (myeg, 2010) and (http://lawyat.net/) (lawyat, 2010). The first bulletin board website focuses on vehicle issues where consumers who visit this website could easily find related services such as vehicle insurance renewal and driving license renewal. As such, it is easier for consumers to find retailers who offer products or services related to vehicles. The second bulletin website tends to be more general that is linked to other information websites and top searches.

Although there are different types of e-commerce portals in Malaysia, this research is focused on trading companies setting up a private retail sales portal. However, they do provide a clear positive indication of the trends in online habits of the Malaysian public as a whole and the consumers in particular.

2.2.9 Summary
This section has explained the different definitions of portal, what a private retail sales portal is, what the Internet is, the various Internet services offered in the market, and the different types of Internet business models.

Private retail sales portal can be defined in many forms virtually. However, the forms of private retail sales portals may change overtime to meet the needs of businesses. The understanding of how private portals operate in the marketplace is important to realise the potential efficiency and effectiveness of private retail sales portals.

2.3 Strategic Marketing and Sales
As this research is carried out in Malaysia, this section gives a brief introduction on Malaysia. It is followed by a general explanation on Malaysian retail economy.
2.3.1 Introduction to Malaysia

Malaysia is located in South-East Asia, in one of the fastest growing regions in the world (CIA World Factbook, 2007). According to CIA World FactBook (2007), it has a land area of about 328,550 sq km and has a population of 28,294,120 in 2007 (Internet World Stats, 2007). Malaysia is relatively a young country with a median population age of 24.4 years of age (CIA World Factbook, 2007). The Malaysian population is represented by Malays (50.4 percent), Chinese (23.7 percent), Indians (11 percent), ethnic minorities (7.1 percent), and others (7.8 percent) (CIA World Factbook, 2007).

According to Malaysia (2007), Malaysia has undergone a massive transformation from 1971 through the late 1990s, from a producer of raw materials into a diversified economy. Not too long ago, Malaysia’s growth was predominantly driven by electronic and electrical exports (Malaysia, 2007). Malaysia was greatly affected by the global economic downturn in the information technology (IT) sector in 2001 and 2002. However, the Malaysian economy grew by 5.5 percent in 2008 (Economic Planning Unit, 2008), notwithstanding backdrop pressures from Severe Acute Respiratory Syndrome (SARS) and the Iraq War led to some caution in the business community (Malaysia, 2007).

Growth topped 7 percent in 2004 and 5 percent per year in 2005-06 respectively. As an oil and gas exporter, Malaysia has also profited from higher world energy prices. Amidst the rising cost of domestic gasoline and diesel fuel, the government has been forced to reduce government subsidies on them, contributing to higher inflation. The Malaysian government is trying to change that by focusing in the Ninth Malaysia Plan (2006-2010) on the development of more value-added manufacturing and an expansion of the service sector. Malaysia boasts of 4.37 million telephone land lines. Telephone mobile cellular availability is at 19,545,000. She also has two satellite earth stations and 158,650 Internet hosts (Malaysia, 2007).

2.3.2 Malaysian Retail Economy

The Malaysian retail industry was expected to grow at 8 percent in 2007 as compared to 6.3 percent in 2006 in the backdrop of Visit Malaysia Year 2007 (RNCOS, 2006). These figures significantly indicated that the retail industry is a large and growing contributor to the Malaysian economy as a whole. The average Malaysian is 26 years of age and consumer spending exceeded more than RM$2,000 per person per month (The Report Malaysia, 2007). A recent report
published by ReportLinker (2010) claimed that the total retail sales in Malaysia is expected to increase from RM137.56 billion (US$39.05 billion) in 2010 to RM227.16 billion (US$64.44 billion) in 2014. At the same time, the per capita GDP is forecasted to increase from US$7,978 in 2010 to US$9,720 in 2014 (ReportLinker, 2010).

More Malaysians are living in urban areas due to better employment opportunities there. The 1991 census showed that about 51 percent of the population resided in urban areas as compared with only 34 percent in 1980 (Jaafar, 2003). Seventy-six percent of Malaysians are expected to live in urban areas by 2015 and retail sales are expected to increase correspondingly (ReportLinker, 2010). The density of retailers per person in Malaysia is expected to reduce (Choo, 2010). The retail industry in Malaysia has attracted large international retailers such as Tesco, Carrefour, Makro, Jaya Jusco, IKEA, Giant, Court Mammoth and others (Kaliappan, Alavi, Abdullah and Zakaullah, 2009).

In Malaysia, shopping malls have been increasingly patronised by Malaysians for shopping and social activities (Ahmed, Ghingold and Dahari, 2007). Salleh and Ruddock (1998) in their studies of shopping complexes in the city of Ipoh, Malaysia, ranked accessibility as the most important reason that influences shoppers’ decision on which retail stores or shopping complexes to patronise. Malaysians are patronising shopping malls due to convenience, location, product and service pricing, image, atmosphere and tenant mix (Haque and Rahman, 2009). Some of the major shopping malls in Malaysia are Suria KLCC, Midvalley Megamall, Starhill, Bukit Bintang and Sungai Wang.

2.3.3 Summary
The establishment of private retail sales portals through the Internet can be an effective step towards having the most cost effective and efficient sales channel. Nevertheless, some retail companies are strategising their use of private retail sales portals by offering a combination of online and offline options to purchase their products. However, as more retailers begin to establish private retail sales portals, retailers need to differentiate their product offering in order to be competitive. On the other hand, the number of Internet users in Malaysia continues to grow rapidly and this offers immense opportunity for Malaysian retailers to develop and enhance their private retail sales portals.
2.4 Strategic Business Models, Theories and Concepts for the Private Retail Sales Portals

The actual and potential use of the private retail sales portals were discussed in section 2.2. In this section, the researcher attempts to assess the efficiency and effectiveness of the private retail sales portals through the examination of strategic business models, theories and concepts, and their relevance and how it can be applied to retail sales portals. Five different relevant business strategic models, theories and concepts have been selected to highlight the reasons to explain the efficiency and effectiveness of the private retail sales portals and to have a better understanding of the overall conceptual framework.

The business strategic models, theories and concepts reviewed are Michael Porter’s Five Generic Strategies Model (Porter, 1980), Michael Porter’s Value Chain Analysis (Porter, 1985), Michael Porter’s Five Forces Model (Porter, 1979), Service Quality (Parasuraman, Ziemthaml and Berry, 1985), and Blue Ocean Strategy (Kim and Mauborgne, 2005a). It is hoped that the business strategic models, theories and concepts discussed will provide meaningful insights as means of measurement to the efficiency and effectiveness of the private retail sales portals.

In a competitive Internet business, Internet business organisations have to continuously reshape their strategies to remain relevant (Rau, 2007). In fact, a German Internet portal company called WEB.DE AG had managed to transform itself successfully from a three segment business model to become an Internet communication enterprise (Rau, 2007).

2.4.1 Michael Porter’s Five Generic Strategies Model

The organisation can decide on what strategy to use or realign in selling its products or services based on Porter’s Five Generic Strategies Framework (1980). Figure 2-3 below shows the various strategies organisations can pursue to remain competitive.
**Figure 2-3: Porter’s Five Generic Strategies**

**GENERIC STRATEGIES**

<table>
<thead>
<tr>
<th>SIZE OF MARKET</th>
<th>Cost leadership</th>
<th>Differentiation</th>
<th>Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>large</td>
<td>Type 1 Type 2</td>
<td>Type 3</td>
<td></td>
</tr>
<tr>
<td>small</td>
<td>Type 3</td>
<td>Type 4 Type 5</td>
<td></td>
</tr>
</tbody>
</table>

Type 1: Cost Leadership- Low Cost  
Type 2: Cost Leadership- Best Value  
Type 3: Differentiation  
Type 4: Focus- Low Cost  
Type 5: Focus- Best Value

Source: David, 2007, p. 183  
Adapted from Michael E. Porter, Competitive Strategy: Techniques for Analyzing Industries and Competitors

### 2.4.1.1 Low Cost Strategy

The first and second categories emphasise on a low cost strategy that offers products or services at the lowest price. According to Porter (1985), it is categorised as a low cost (Type 1) or best value (Type 2). The first category targets low cost products or services for large markets. The second category stresses the importance on best value offering of products or services for large markets. Low cost strategy could be achieved by pursuing forward, backward, and horizontal integration strategies. Forward integration refers to acquiring or increasing control over distributors and dealers. Backward integration refers to acquiring ownership or increasing control over the organisation’s suppliers. Horizontal integration refers to acquiring or increasing control over suppliers.
Low cost strategy could be applied by considering outsourcing activities (Gray, Roth, and Tomlin, 2009). The leading practitioners of cost leadership are Texas Instruments, Dell, and Wal-Mart (Kotler and Armstrong, 2005).

2.4.1.2 Differentiation Strategy
Porter’s third strategy emphasises on differentiation (Type 3) (Porter, 1985). Differentiation means producing products and services that are unique. These products and services are not as price sensitive as they offer unique features, functions or services. Organisations can pursue differentiation strategy based on different aspects such as the organisation’s value chain and when consumers view these differences as adding values. This value chain may include research and development activities, manufacturing activities, human resource activities, distribution activities, or marketing activities. The most effective differentiation strategies are products or services offering that are difficult to be emulated by competitors. Differentiation strategy is best applied when there are numerous variations to differentiate the product or service, when there are diverse buyers’ needs, when competitors are offering similar product or service, and when technological change is rapid. In a quantitative research carried out on the lodging industry in the United States by Piccoli and Lloyd (2010), more differentiated products sold were found to have less impact on declining consumer search cost.

According to Kotler and Keller (2006), differentiation strategies can be classified into product differentiation, personnel differentiation, channel differentiation, and image differentiation. Product differentiation includes product form, features, performance, conformance, durability, reliability, repairability, style and design. Service differentiation also influences product differentiation in the form of ease of ordering, delivery, installation, customer training and consulting, and maintenance and repair. Some examples such as Nestle and IBM have products that are expected to be of high quality by customers.

Personnel differentiation refers to differentiation by the quality of its trained personnel. The traits of highly trained personnel can be evaluated based on characteristics such as competency, courtesy, credibility, reliability, responsiveness and communicability. For example, Singapore Airlines is reputed to have highly trained flight attendants. Channel differentiation refers to differentiation in the form of channels’ coverage, expertise, and performance. Dell and Avon are
examples of organisations that differentiate themselves from competitors by developing and managing high quality direct marketing channels.

Image differentiation is how an organisation creates an image to consumers. An effective way of creating an image is to establish product’s characteristics and value proposition. One example is the image of Malboro’s macho cowboy image.

### 2.4.1.3 Focused Strategies

The fourth and fifth strategies are focused strategies based on small groups of consumers. The fourth strategy focuses on offering low-cost products or services to a small group of customers at the lowest price. The fifth strategy is focused on best value based on meeting customers’ tastes and requirements. Focus strategies are best used when consumers have special liking and when competitors are not attempting to offer the same products or services in the same target segment. The focus strategies are ideal especially when the target segment market is large, profitable, and still growing. At the same time, market leaders do not consider the niche as vital to their success. Focus strategy can be achieved by market development and market penetration (Porter, 1980). An example of low cost strategy based on value is Ritz-Carlton hotel which focuses on top 5 percent of corporate and leisure travellers (Kotler and Armstrong, 2005).

### 2.4.1.4 Summary

Michael Porter’s Five Generic Model can be applied to products and services offered in private retail sales portals. Strategies that can be adopted are differentiation and cost leadership or by focusing on certain segment markets. Michael Porter’s Generic Strategic centres on cost, differentiation and focus can be applied in multiple ways. An organisation can assume cost leadership generally by emphasising on producing standardised products at a very low per-unit cost for price sensitive buyers. Alternatively, differentiation is a strategy aimed at producing products and services for consumers who are not price sensitive.

Lastly, focused strategy refers to producing products or services that satisfy the needs of small groups of consumers. Larger organisations have the resources to compete on cost leadership and differentiation. However, a recent empirical study by Hughes, Martin, Morgan and Robson (2010) noted that innovation through high technology could support both low cost and
differentiation strategies at the same time. On the other hand, smaller organisations tend to compete on a focus approach.

2.4.2 Value Chain Analysis (VCA)
Another theory that is still relevant to this research is value chain analysis. According to the value chain analysis first conceptualised by Porter (1985), the business of an organisation can be best described as a value chain, in which total revenues minus total costs of all activities undertaken equals yielding value. Similarly, all organisations in any given industry have a similar value chain. The activities in the value chain would include activities such as obtaining raw materials, designing products, building manufacturing facilities, developing cooperative agreements, and providing customer service.

One of the most popular views on value chain consists of inbound logistics, operations, outbound logistics, marketing and sales, and customer service that now can include automated support processes (O’Brien and Marakas, 2008, p. 54) (Figure 2-4). For instance, collaborative workflow intranet can help to increase communication and collaboration to help to increase better administrative coordination and support services. An intranet provides employees with easy self-service access to human resources management function. Likewise, extranets enable an organisation and its global business partners to use the Internet to jointly design products and processes. At the same time, the procurement function can be integrated into private retail sales portals by enabling suppliers to quote their products and services online.

Doing away with the manual system, automated just-in-time warehousing systems are able to support inbound logistic processes such as inventory, computer-aided flexible manufacturing systems, and online point-of-sale and order processing systems to improve outbound logistics processes. Marketing and sales processes can also be supported by developing an interactive targeted marketing capability on the Internet. Lastly, customer service can be drastically improved by including a coordinated and integrated customer relationship management system. In this context, the value chain concept is able to identify where and how to apply the strategic capabilities of information technology to gain competitive advantages (O’Brien and Marakas, 2008).
According to Morden (2004), value chain can be classified into integrated value chain and de-integrated value chain. For integrated value chain, key value creation activities mainly take place within an organisation, within a group of closely inter-dependent and inter-related organisations that function like an integrated value chain. In an integrated value chain, there is an optimal control over the chain. The integrated value chain is ideal for knowledge-based, high-technology, innovative or creative activities. Nevertheless, an integrated value chain can be very complex to manage.

For the de-integrated value chain, the key value creation activities are taking place across different locations with a number of independent organisations. The advantages of de-integrated value chain are that it would be able to minimise an organisation’s complexity and bureaucracy. In addition, each business process can be outsourced to specialised organisations that specialise in their own core competencies. As such, it is more flexible and agile to meet customer needs. On the other hand, a de-integrated value chain will require a high level of trust and sustainability among its partners. There is also a need to harmonise cultures, coordinate systems, coordinate procedures and coordinate processes across the de-integrated value chain. Value chains are synonymous with concepts such as customer relationship management (CRM), supply chain

Source: O’Brien and Marakas, 2008, p. 54
management (SCM) and enterprise resource planning (ERP) as shown in Figure 2-4 above (O’Brien and Marakas, 2008).

According to Gattorna and Walters (1996), value chain should include stakeholders such as suppliers, buyers, intermediaries and end-users in order to create value. Virtual value chain is more important than physical value chain as it is information driven (Rayport and Sviokla, 1995). Information could be sent electronically through virtual value chains to manufacturers and suppliers on real-time (Greis and Kasada, 1997). As such, the value chain analysis can be applied by retailers to private retail sales portals. Values could be created by integrating suppliers, buyers, and intermediaries into the private retail sales portals which are consumer driven.

2.4.2.1 Customer Relationship Management

As mentioned earlier, in view of rapid globalisation that has created a more competitive environment, businesses are moving closer to their customers than ever before by creating value and placing priority on customer relationship rather than just selling (El Sawy and Bowles, 1997). It is also five times more costly to secure a new customer than maintaining existing ones (Kandampully and Duddy, 1999). Based on a quantitative study on store and online channel integration, there is a perception that the greater the integration between store and online channels, the greater the loyalty with customers is (Bendoly et al. 2005).

On the contrary, there is still a lack of awareness on the importance of customer relationship management. Simkin and Dibb (1998) claimed that many organisations surveyed in the UK are happy to look for short-term gains only and few organisations view or adopt long-term marketing plans. The lack of clear objectives is one of the reasons that resulted in failure rate of up to 80 per cent of CRM projects (Snyder and Davidson (2003); Xu and Walton (2005)). According to Galbreath, 2002), for every US$1 of tangible assets (book value), about US$3-$5 of assets are uncounted for in the balance sheet in the market capitalisation of companies in the S&P 500.

The emergence of relationship has its beginning in 1980s (Gronroos (1996); Gronroos (1997)). The modern concept of customer relationship management (CRM) has its roots in the theories of total quality management (Gummesson, 1997). By knowing and understanding each characteristic of each customer, companies will gain an insight into how to personalise and provide high quality service (Gianni and Franceschini, 2003). As such, the marketing model is
changing its focus from a product-centred one to a customer-centred one (Xu et al. 2002). This can be translated into a change of focus to the need for providing total solution to the customer rather than a focus on selling the product alone.

A more comprehensive and contemporary definition of CRM would include methodologies, software, and the use of the Internet to manage customers’ relationships in an organised way (Xu et al. 2002). The channels of communication include telephone, fax, Internet and other electronic mode of communications. Some of the more advanced features are real-time data warehousing, data mining, automated anomaly and exception detection, proactive alerting with automatic recipient determination, seamless follow-through workflow, automatic learning and refinement, geographic information systems and data visualisation (Langseth and Vivatrat, 2003).

The characteristics of CRM in general can be classified into sales force automation, customer service and support, field service and marketing automation (Xu et al. 2002). Sales force automation includes the particulars of current customers, business arrangement and product or service offered to customers. The customers’ sales processing is included in the system so that each customer’s sales pattern can be monitored. Sales data based on customer, region, territory, customer and product sold can be summarised. Sales force automation must also include information on product range, pricing, promotion and discount in order to make marketing campaigns successful. Tools such as email and Internet access will greatly enhance the sales force efficiency.

The customer service and support provide tracking, monitoring, measuring customer service responses and enquiring. There is also a need to have field service included into CRM system in order to provide real-time information. Field service staff needs to communicate effectively and efficiently with customer service staff in remote areas to meet customer’s needs. At the field, customer’s request is logged, allocated, and checked. The scheduling of the availability of personnel and tools are then quickly assigned. Correspondingly, automated CRM systems also help an organisation to reduce inventory cost to the lowest by automating replenishment which is based on cycle-counting functions. At the same time, the knowledge base is available to solve any problem based on detailed instructions. Lastly, the marketing automation which is based on marketing intelligence algorithms, customer database and interactive communication technologies provide real-time information on customers’ buying patterns. Subsequently,
marketing campaigns can immediately be planned based on these trends to capture the market first.

Customer relationship management is more prevalent now as it found that a mere 5 percent increase in customer retention can increase a company’s sales by 20 to 100 percent (Reichheld, Markey and Hopton, 2000). As such, there is a need to undertake various approaches to retain customers.

However, customer loyalty can only be developed and maintained based on perceived trust, and security and privacy protections (Flavian and Guilaniu, 2006). According to a quantitative research by Yen (2010), low perceived risks have a positive influence between switching and customer loyalty in e-commerce and vice versa. Once consumers are committed, they will shop less and will also consider fewer brands (Storey and Hess, 2010). They are also more likely to recommend and purchase the same brand that they are satisfied with even though it is more expensive. Nevertheless, these committed consumers have placed ethical trust on the brand. As such, organisations should uphold ethical values that will not affect the reputation of the brand (Storey and Hess, 2010).

With the introduction of CRM concept into private retail sales portals, personalised marketing approach could be undertaken (Rayport and Jaworski, 2001). An empirical study by Merisavo and Raulas (2004) showed that frequent contact by emails with customers had positive effects on brand loyalty. Therefore, personalised marketing could be carried out by sending emails to customers to build a better relationship with customers.

Other approach would include the development of loyalty programmes in order to better understand customers (Stauss, Schmidt and Schoeler, 2005). In addition, loyalty programmes are able to promote repeated purchase. However, there is a negative correlation between loyalty and product pricing (Lee-Kelley, Gilbert and Mannicom, 2003). This could be overcome by price bundling whereby more than one product is offered (Arora, 2008). The single pricing of the product is more expensive than the price of more than one product combined together. The price bundling offered by a retailer on its private retail sales portal should also continue to remain competitive as other retailers may also offer competitive price bundling as well.
In order to further develop and preserve customer relationship, retail organisations can also provide more information of their products to online communities. Due to fellow community members’ advice, the online community can become a trustworthy place for referrals (Casalo, Flavian and Guinaliu, 2010). The more contribution the retailer provides to the community, the more lenient consumers would perceive utilitarian value of products (Landry, Arnold and Stark, 2005). For instance, in the case of the social networking website, Twitter, its activities are not based on a single distribution communication, but multiple monologues with few intermittent, and loosely structured dialogue communications within them (Ross, Terras, Warwick and Welsh, 2011). This would enable information to be disseminated at a fast pace.

Nevertheless, websites such as government and consumer advocate websites, and information from search engines are considered not influential to consumers to purchase products or/and services (Karakaya and Barnes, 2010). This information may not be accurate or serve the interest of the retailers.

Feinberg and Kadam (2002) and Anton and Postmus (1999) had recommended that e-CRM features that can be applied to private retail sales portals should include the following:

1. **Site customisation** to enable users to customise what information they want to view as websites can have enormous amounts of information. Although a large amount of information is good, the users may not able to stay in focus and view the information required.

2. The **alternative channels** for customers to communicate such as e-mail, fax, toll-free numbers, postal address, call-back button, voice over IP and bulletin board are able to save operational cost and improve customer service.

3. A **local search engine** within a website will enable visitors to quickly search for specific information.

4. Requesting visitors to register as **members** when they enter the websites will enable retailers to gather information. As such, retailers are able to profile their customers.

5. By including visitors’ e-mail addresses to the retailers’ **mailing list** databases, visitors are able to receive automated e-mails.

6. A good private retail sales portal would include a **site tour** for visitors to navigate effectively within a website’s contents.
7. A site map will enable visitors to be aware of a hierarchical diagram of the pages on the websites.

8. Introductory information will be available for visitors entering websites for the first time to instruct them on how to use the websites efficiently.

9. Visitors are able to chat real-time with other visitors and customer service personnel. Retailers are able to gather visitors’ feedback and improve customer service.

10. Electronic bulletin board enables visitors to share information with others. The feedback from stakeholders can be gathered.

11. Visitors are able to purchase online as it is very convenient for them.

12. Customers can read the product information online and subsequently buy the products.

13. Service or product customisation is available.

14. Purchase conditions such as shipping policies, return policies, warranty, guarantee and others are stipulated online.

15. Products can be viewed in a motion picture or demo before purchase.

16. There are external links to complementary products from other companies.

17. Frequently asked questions and their answers are readily available. As such, contact centre traffic could be reduced.

18. Self-help problem solving routines are available for customers.

19. There is a specific area for customers to lodge complaints and get feedback.

20. Spare parts and complementary products can be ordered online to ensure repeat orders.

21. There are affinity programs affiliated with philanthropic organisations.

22. The benefits of specific products are highlighted in certain contexts such as festival season to ensure repeat orders during such seasons.

23. There is a feature that enables a user to request for catalogue.

24. Users are able to check out order quickly within three-clicks.

25. Customers are able to track order status so that they can know when their orders will be delivered.

26. Visitors can purchase gift certificates.

27. There is information on the locations of stores as customers may want to buy the products from stores nearest to them.

28. Member benefits are described on the website.

29. Users can place an order within three clicks.
30. **Speed of download page** is considered fast if it can be downloaded in less than 15 seconds.

31. A user that has registered on the website can view his/her **account information**.

32. There is **customer service page** that contains information on contacting customer service.

33. **Company history and profile** information are shown on the web pages. There is a link as well to the corporate website.

34. **Privacy policy** is spelt out to assure customers that their privacies are protected and protect companies from lawsuits.

### 2.4.2.2 Supply Chain Management

Supply chain management also operates in line with the value chain concept. Supply chain management (SCM) is defined as the management of an entire set of business activities that produces and delivers products or services to the final customer (Cooper, Lambert and Pagh, 1997).

Table 2-5 below states the evolution of supply chain management (Chou, Tan and Yen, 2004, p. 341).
Table 2-5: Stages of SCM Evolution

<table>
<thead>
<tr>
<th>Stage</th>
<th>Years</th>
<th>Milestone</th>
<th>Lessons learned by organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introductory</td>
<td>1960s-1970s</td>
<td>MRP</td>
<td>Organisations are closely linked functions. Internal integration will help serve customers better</td>
</tr>
<tr>
<td>Growing</td>
<td>Late 1970s-late 1980s</td>
<td>EDI</td>
<td>Just-in-time delivery demands for efficient communications with suppliers</td>
</tr>
<tr>
<td>Pre-mature</td>
<td>1990s-present</td>
<td>E-commerce, B2B and B2C</td>
<td>The Internet provides a ubiquitous and cost-efficient way to tie together organisations and their business partners in the supply chain</td>
</tr>
<tr>
<td>Future (mature)</td>
<td>Starting from 2000</td>
<td>C-commerce</td>
<td>Collaboration of business partners will continuously improve the effectiveness of supply chain management</td>
</tr>
</tbody>
</table>

Source: Chou et al. 2004, p. 341

There are numerous ways SCM can be integrated into a private retail sales portal electronically. According to Koh, Demirbag, Bayraktar, Tatoglu and Zaim (2007), operational performance can be improved by flexibility, reduced lead time in production, forecasting, resource planning, cost saving and reduced inventory level.

Flexibility can be improved by reducing supply chain risk. This can be carried out by outsourcing and using third party logistic (3PL) provider. In order to reduce lead time in production, retailers could also ensure sufficient inventory stock, order from a single source, and carry out Just-In-Time practices. This will help to increase sales for retailers. Based on real-time data update whereby information are shared between retailers, suppliers and customers, more accurate forecasting of customer demand could be made. Coupled with e-procurement tools, better resource planning could be made, that is able to further increase cost saving and improve costing. Lastly, JIT practices are able to reduce holding and administrative costs.
2.4.2.3 Enterprise Resource Planning

With the introduction of enterprise resource planning (ERP) concept, organisations are able to integrate various departmental information. ERP has its beginnings from human resource management application. The contemporary ERP is a “do it all” system that performs everything from data entry of sales orders to customer service through integration of the various steps required (Shehab, Sharp, Supramaniam and Spedding, 2004, p. 362). It also attempts to integrate suppliers and customers with the manufacturing environment of the organisation. For example, an automated integration would be in place when a purchase order is entered in the order module, it then passes the order to a manufacturing application, which in turn sends a material request to the supply-chain module, which then orders the necessary parts from suppliers, and finally uses a logistics module to arrange for them to be sent to the factory. At the same time, the purchase transaction shows in a ledger module as revenue. This is in contrast to the traditional application systems where organisations generally treated each transaction separately and were strongly built based on specific functions. Through the existence of various modules, an ERP system is able to share and transfer information among the various modules in a single database.

The ERP modules that could be used for private retail sales portals are sales distribution, order management, production planning, integrated logistics, customer/employee, human resources and, accounting and finance (O’Brien and Marakas, 2008). The ERP could be integrated internally within an organisation with employees as well as external stakeholders such as customers, suppliers, manufacturers, government agencies and other intermediaries.

Ziaee, Fathian and Sadjadi (2006) suggested that the procedure to select ERP software should include software system factors, vendor factors and project factors when developing private retail sales portals.

The software system factors should be based on the following:
1. The ERP software should strategically fit with the vision, mission, strategies and goals of the organisation and be able to adapt to continuous change to its environment.
2. It is hardware and platform independence.
3. The ERP software has a network architecture and offers security.
4. The modules are complete to address any organisational requirement.
5. There is standardisation such as data, multi-language, multi-currency and others.
6. It is user-friendly to operate and learn, and assistance is available online and offline.
7. It is easy to integrate with external systems.
8. It is easy to do in-house development and upgrading.
9. The ERP software uses the latest capabilities of information technology.
10. It enables automatic backup of information.
11. The ERP software has shorter processing time.
12. The ERP software has minimum errors and breakdowns, and easy maintainability.

Factors to consider when selecting vendors should be based on the following:
1. The quality of support and consultancy services.
2. The vendor experience and knowledge of the business area.
3. The vendor track record in IT project implementation, sound financial conditions, ERP market share and the size of the vendor.
4. The vendor research and development (R&D) capability.
5. Pricing of products and services.

Lastly, project implementation factors based on terms and conditions of the contract such as the following ought to be considered:
1. The duration of the project.
2. The total pricing of the project.
3. The cost of training, after sales services, technical support and upgrades of the software.
4. Warranties and penalties for delays.

2.4.2.4 Summary
Nowadays, value chain includes both the physical and virtual chain. The introduction of Internet has enabled many organisations to add value to their chains. This is made more efficient with the introduction of computerised customer relation management (CRM), supply chain management (SCM) and enterprise resource planning (ERP) concepts to name a few.

The customer relationship management concept places the customer as a centre of attention. All related activities are carried out to strive to maintain the customers for as long as possible. The supply chain management (SCM) concept manages the entire set of business activities that
produces and delivers products or services to the final customer (Cooper et al. 1997). The entire set of business activities can be carried out through the Internet to add value. The enterprise resource planning (ERP) concept is able to integrate information from various departments by eliminating duplication of data. Such data can also be accessed through the Internet.

The CRM, SCM and ERP concepts are relevant to improve the efficiency and effectiveness of private retail sales portals. With the inclusion of the CRM concept in developing a private retail sales portal, a retail company is able to place its customers at the centre of attention. Customer relationship can be improved by interacting and engaging customers by offering customers, personalised services. These services can be carried out by monitoring and addressing customers’ complaints promptly, emailing new product offerings and promotions based on customer profiling, offering personalised customer user interface, providing customers who are registered as members certain discounts, and other customer enhancing relationship activities. Barriers for implementing customer analytics can be due to the quality of the data, the complexity of the models used, data ownership, ownership of modelling tools, applicability of the results, and issues on integration of the organisation’s processes (Bijmolt, Leeflang, Block, Eisenbeiss, Hardie, Lemmens and Saffert, 2010).

The SCM concept ensures that sales orders made through private retail sales portals are promptly delivered to the customers. This can be achieved by managing the right availability of inventory and proper tracking of the movement of goods from the suppliers to the customers. Inventory management is important as excess inventory supply can increase holding cost whereas fewer inventories may encourage customers to source for products from competitors. As such, the proper tracking of the movement of goods will help retail companies fulfil their contractual obligations to customers.

Coupled with the ERP concept, private retail sales portals are able to increase efficiency and effectiveness by having a computer system that can integrate suppliers, customers and other stakeholders. Through an integrated computer system that shares and transfers data, stakeholders have direct access to relevant data and do not have to key in duplicate data.
2.4.3 Porter’s Five-Forces Model

Michael Porter’s 1979 five competitive framework shown in Figure 2-5 below is still relevant today to explain threats faced by organisations in the Internet commerce for any specific industry.

**Figure 2-5: Porter’s Five-Forces Model**

![Diagram of Porter’s Five-Forces Model](image)

Source: (Porter, 1979)

2.4.3.1 Rivalry among Competing Organisations

Rivalry among competing organisations is the most powerful force. The availability of the Internet to the public has also reduced the price of many products sold in the Internet due to easy access to information. On top of that, the Internet which has made globalisation a reality has created fierce rivalry among competitors as product lifecycles have decreased and lead times have shortened.

Besides, the use of Internet can enable retailers to establish private retail sales portals to reach any part of the world. The intensity of competition also varies from industry to industry based on the dynamism of its players. Changes in the strategy of an organisation can result in retaliatory measures from competing organisations such as price reduction, quality enhancement, added features, increased service, extended warranties, and increased advertising.
Porter (2008) discussed the rivalry among competitors in different industries would depend on different industry contexts based on the following conditions:

1. If competitors are almost similar in size and power, it is difficult for competitors to increase sales.
2. If a specific industry growth is slow, intensity will increase to compete for market share.
3. If exit barriers are high for an industry, companies will try to remain in the market although these companies may generate only low earning or negative returns.
4. Rivalry among competitors may increase beyond economic performance for reasons such as aspirations for leadership, employment creation and prestige. Employment creation is important particularly for state owned companies.
5. There are also diverse approaches to competing based on different goals of various companies. Competitors may not be familiar with each other’s intentions.

2.4.3.2 Potential Entry of New Competitors
If an organisation finds it easy to enter an industry, then competition in the industry will increase. On the other hand, barriers include economies of scale, technology, experience, customer loyalty, brand preferences, high capital investments, distribution channels, regulatory issues, access to raw materials, patents, undesirable locations, saturation of the market, and counterattack by competing organisations.

Porter (2001) mentioned that the Internet has in fact reduced the barriers for organisations to enter many industries particularly during the early introduction of the Internet during market boom. However, it is difficult for companies to create a vertically integrated online company without partnership. At the same time, larger organisations are more likely to achieve economies of scale (Zhu, Kraemer and Xu, 2003). For Internet commerce, new organisations were the first adopters of Internet (Dinlersoz and Pereira, 2005). This was followed by established organisations.

2.4.3.3 Potential Development of Substitute Products
Many industries are facing stiff competition with producers producing substitute products. For example, newspapers and other printed media companies are facing competition from the Internet and 24-hour cable station. Internet technology enables faster diffusion of information.
Products sold through the Internet are cannibalising products sold through the brick and mortar channels (Porter, 2001). According to Phau and Poon’s (2000) empirical research, private retail sales portals could offer products that are information rich as substitutes in the form of paid subscription to newspapers and online videos/music. In fact, the more interactive the websites are, the more likely that they will be ranked as top websites (Ghose and Dou, 1999). These are new forms of product substitutes that are information rich.

2.4.3.4 Bargaining Power of Consumers

When consumers buy in large volume, consumers’ bargaining power increases, therefore increases the intensity of competition among suppliers. Consumers may be offered extended warranties and increased service level. Consumer empowerment is perhaps the biggest advantage of Internet commerce. This is particularly true for products that tend to be standardised. Similarly, consumers’ bargaining power is increased as the Internet offers wide arrays of products and suppliers. Consumers’ ability to access information at ease through the Internet increases consumers’ knowledge.

According to Harrison, Waite and Hunter (2006), consumers not only could learn how to evaluate a product but also access the evaluations of other consumers in the Internet. Consumers can learn about the quality of an organisation by word of mouth (Varadarajan and Yadav, 2002). A recent empirical study by Cheung, Lee and Rabjohn (2008) also found that the use of word of mouth can influence consumers to use certain specific websites to shop. This is particularly apparent when the information based on word of mouth is deemed to be comprehensive and relevant.

A major finding by Albaum and Wiley (2010), for an empirical research in the United States, identified that consumers valued extended warranties from vendors for purchases through the Internet. Nonetheless, generally, they may not be aware who provide the services for the extended warranties.

In fact, online shoppers are offered large selections of product choice as many brick and mortar, and brick and click establishments have limited storage space (Wolfinbarger, 2001). Furthermore, consumers will have to drive some distance to buy products from brick and mortar establishments. These advantages indicate that there is opportunity for further growth for private retail sales portals.
2.4.3.5 Bargaining Power of Suppliers
The bargaining power of suppliers dictates the intensity of competition in an industry. If the bargaining power of suppliers increases the bargaining power of consumers will decrease. This is particularly true when there is only a small number of suppliers and a few product substitutes. Similarly, bargaining power of suppliers will increase if the switching cost for the customers is high.

However, if more standardised and undifferentiated products are being offered, the bargaining power is shifted to consumers (Porter, 1998). Likewise, by using the Internet, General Electric Company was able to reduce its purchase costs by 20 percent on more than US$1 billion of purchases by pooling its purchases from various divisions worldwide (Hof, 1999). A quantitative study by Polo and Sese (2009) identified that price and advertising can increase the switching cost of suppliers. As such, there is a need to communicate with customers on the service and the brand.

2.4.3.6 Summary
Although Michael Porter’s Five Forces Model is now twenty years old since it was introduced, it is still relevant today. The Five Forces Model can be used to explain the state of an organisation’s competitiveness in its specific industry. Michael Porter’s Five Forces Model compares an organisation’s competitiveness against its competitors based on the bargaining power with its suppliers, the bargaining power with its customers, barriers to the industry, competitiveness of competitors, and technological innovation. It can also be used to explain the state of a private retail portal’s competitiveness against its competitors.

The creation of the Internet has created a low barrier entry for retailers to establish private retail sales portals. The Internet channel increases intensity of competition among competitors as more retailers established their private retail sales portals online. Likewise, the number of product substitutes can be expected to increase as more competitors made their presence felt. As such, retail companies that have established private retail sales portals are expecting the bargaining power of consumers to increase. On the contrary, the bargaining power of suppliers is expected to decrease if more suppliers can be sourced. However, the establishment of private retail sales portals enables retailers to further increase their customer base all over the world.
2.4.4 Service Quality

Customer loyalty is difficult to maintain on the Internet as with a click of a button, consumers can switch to another website to purchase a product or a service from a competitor’s website (Parasuraman and Zinkhan, 2002). Therefore, customer service support is the key to retaining customers online in the long-run. Positive e-service quality does have positive levels of consumer satisfaction and attitudes towards the specific websites (Carlson and O’Cass, 2010).

According to Parasuraman, Zethaml and Berry (1985) service quality is still relevant today even in the context of e-commerce. The SERVQUAL instrument framework is used to determine service quality offered. SERVQUAL is the acronym for Service Quality. SERVQUAL instrument framework will help retailers assess whether there are service quality expectation gaps with their customers for their private retail sales portals. The SERVQUAL instrument framework is based on reliability, responsiveness, assurance, tangibles and empathy dimensions. These dimensions are explained in more detail in subsequent sections.

2.4.4.1 Reliability

Reliability refers to the availability of websites, the ease of connecting to the Internet and the required portal and the reliability of e-mail response. Many organisations failed to ensure 100 percent availability and resulted in a high potential of losing customers in these circumstances. Several recent studies have highlighted the importance of online reliability. Reliability does not only affect the websites itself, but also the reliability of products or services. Although Priceline offered plane tickets at a very competitive rate, the inconvenience of the flying time at odd hours forced customers to switch to other competitors (Riseley and Schehr, 2000).

A recent study on online grocery shopping found that many online shoppers shop online for grocery when they have certain situational circumstances such as when they deliver a baby or are facing health problems, but will discontinue the service once they face problem with a specific website (Hand, Riley, Harris, Singh and Rettie, 2009). In an empirical study of the tourism industry in South Korea, the navigation functions of websites had been significantly perceived by consumers to be reliable (Kim, Chung and Lee, 2011). This suggests that consumers will purchase tourism products and services if the website is perceived to be reliable.
2.4.4.2 Responsiveness

Responsiveness can be referred to as an indicator to the performance of the website and portal in terms of the time taken for a page request to be delivered to the user’s browser as a page impression. Customers expect that their enquiries are responded promptly when enquiring online (Liao and Cheung, 2002; Ziethaml, Parasuraman and Malhotra, 2005). Waiting for service on the Internet can be referred to as download delay, dealing with online advertising, poor usability, poor product delivery, waiting for enquiry response, handling junk mail, search time, general waiting time within the website and outside the website, registration for access, recovering password, offline, waiting for confirmation, and software installation (Ryan and Valverde, 2005).

According to web hosting companies such as Empire-Host and Mesra Hosting, they are advertising their services with a promise that TMNet (Malaysian Internet Service Provider) is offering 99.50% uptime for its services (Empire-Host, 2010; Mesra Hosting, 2010). Time dotcom (Malaysian Internet Service Provider) is offering its customers 99.99% availability for Internet services (Time, 2010). However, in order to achieve those uptimes, TMNet and Time dotCom have to ensure that there are redundancies for hardware and software such as alternate high speed lines, computer servers, data storage and back-up facilities and other back-up services in place. As large infrastructure provider organisations (and TMNet being a Government supported organisation), they have more than adequate resources to ensure this is met. This is a very important factor to be considered as it means that when a private retail sales portal is planned to be set up, the uptime guarantee and the back-up resources availability will mean that its services can have minimum disruption to the operations of private retail sales portals.

2.4.4.3 Assurance

Internet commerce websites and portals can be better assured by having third party certification such as Web Trader or Truste. The assurance dimension is also concerned with customer’s perceived privacy and security (Kassim and Ismail, 2009). Zeithaml, Parasuraman and Malhotra (2005) suggested that e-commerce service should not only be involved with purchasing products through websites but also include post interaction service such as return and delivery. The dimensions of delivery and guarantee were found to be the main factors of consideration for online post-sale purchase (Alzola and Robaina, 2010). However, the rating of e-retailer increases when the leniency of return policy increases for non-consumable products but not for consumable products (Bonifield, Cole and Schultz, 2010).
2.4.4.4 Tangibles

In the context of the Internet environment, tangibles refer to whether it is easy to use the Internet and the design of the website. These include high-quality content, ease of use, downloading speed, frequent updating, coupons and incentives, favourite brands, cutting-edge technology, games, purchasing capabilities, and customisable content. A recent empirical study carried out by Wolfinbarger and Gilly (2003) found that website design factors have a positive relationship with customer quality judgments, satisfaction, and loyalty for Internet retailers. As such, the user interface design must be designed in a way that enables customers to conclude an order without any hassles (Trocchia and Janda, 2003).

Table 2-6 below shows the results of online households’ poll carried out by Forrester Research in 1998. It was found that there is a high likelihood that they would return to the websites they visited. The main reason was due to the quality of the website’s content (at 75 percent) and closely followed (at 66 percent) by the ease of use of those websites. The perceptions on online store environment also do have an impact on shopping enjoyment and involvement, and desire to stay and patronise the online store (Kim, Fiore and Lee, 2007). The results show that respondents with a higher level of interaction with a higher three-dimension image had expressed greater shopping enjoyment and involvement, and more positive outlook on the online store perceptions than those respondents who had a lower level of image interaction. A decodable function could enhance online service as well by providing direct access to a sales representative by clicking a button (Varlander, 2007). Therefore, consumers are able to confirm any information instantaneously without leaving the online channel.
Table 2-6: Forrester Research Poll of 8600 Online Households, 1998

<table>
<thead>
<tr>
<th>Reason to Return</th>
<th>Percentage of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. high-quality content</td>
<td>75</td>
</tr>
<tr>
<td>2. ease of use</td>
<td>66</td>
</tr>
<tr>
<td>3. quick to download</td>
<td>58</td>
</tr>
<tr>
<td>4. updated frequently</td>
<td>54</td>
</tr>
<tr>
<td>5. coupons and incentives</td>
<td>14</td>
</tr>
<tr>
<td>6. favourite brands</td>
<td>13</td>
</tr>
<tr>
<td>7. cutting-edge technology</td>
<td>12</td>
</tr>
<tr>
<td>8. games</td>
<td>12</td>
</tr>
<tr>
<td>9. purchasing capabilities</td>
<td>11</td>
</tr>
<tr>
<td>10. customisable content</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Chaffey et al. 2003, p. 260

The many new users of private retail sales portals face more uncertainties than the traditional retail store customers. As such, tangibles solutions ought to be provided to reduce the uncertainties that consumers may face in the virtual world (Melian-Alzola and Padron-Robaina, 2006).

2.4.4.5 Empathy

The availability of personalisation facilities indicates empathy. Interactive tools ought to be available to help users select a specific product and/or service, diagnose and solve problems, and easily download informational brochures. There is also a need to have customers’ feedback to ascertain how well these services meet customers’ needs.

In fact, personalisation tends to increase the customers’ interest to complete the online transaction (Gianni and Franceschini, 2003). The ability for users to be able to customise their own web pages not only decreases the cost of selling but also enables users to enjoy the pleasure of buying
(Kamis, Stern and Ladik, 2010). As such, it may increase customer loyalty and decrease customer acquisition costs as well. By understanding the flow mechanism how consumers decide to make an order or repeat order would enable organisations to better allocate resources and marketing activities (Smith and Sivakumar, 2004).

A recent empirical study by Calisir, Bayraktaroglu, Gümussoy, Topcu and Mutlu (2010) found that young consumers placed higher priority on usability factors than functionality factors. Navigation and interaction were rated as the most important. A recent study on Internet banking identified that there is also a significant higher level of interaction during the search stage than the purchase stage (Gouranis, Koritos and Vassilikopoulou, 2010). Utilitarian shoppers tend to significantly interact more compared to recreational shoppers.

2.4.4.6 Summary
Service Quality is important not only in physical retail stores but also on private retail sales portals. The SERVQUAL instrument framework enables retailers to assess the performance of their private retail sales portals based on reliability, responsiveness, assurance, tangibles and empathy dimensions. Reliability refers to the ability to consistently produce a particular result accurately. Responsiveness refers to the ability to provide prompt service. Assurance means the ability to convey trust by offering guarantees that the services promised will be provided. Tangibles are defined as the appearance of the website. Empathy means to be able to understand the needs of the customers.

2.4.5 Blue Ocean Strategy
In a globalised world, the competition from every industry has become keener and more open. In these challenging times, Kim and Mauborgne (2005a) introduced the concept of blue ocean strategy that they believed will enable organisations to be able to become more competitive using different thinking and new strategies. Unlike Porter’s (1985) generic strategy, this strategy believed that direct competition can only reduce profit and metaphorically it is called “Red Ocean”. When there is competition, blue ocean strategy advocates that organisations should innovate and recreate new uncontested market space that is called “Blue Ocean” (Kim and Mauborgne, 2005a). Instead of competing with competitors head-on in an existing marketplace, the organisation adds value by innovating to stay ahead of competition.
The red ocean strategy is defined as industries’ scopes that are well defined and accepted by competing based on profits and market shares, and limited market growth (Kim and Mauborgne, 2005b). The blue ocean is defined as tapping uncontested market space, creating new demand, and increasing profits (Kim and Mauborgne, 2005b). Table 2-7 below shows the differences between red ocean strategy and blue ocean strategy.

**Table 2-7: Red Ocean versus Blue Ocean Strategy**

<table>
<thead>
<tr>
<th>Red Ocean Strategy</th>
<th>Blue Ocean Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compete in existing market space.</td>
<td>Create uncontested market space.</td>
</tr>
<tr>
<td>Beat the competition.</td>
<td>Make the competition irrelevant.</td>
</tr>
<tr>
<td>Exploit existing demand.</td>
<td>Create and capture new demand.</td>
</tr>
<tr>
<td>Make the value-cost trade-off.</td>
<td>Break the value-cost trade-off.</td>
</tr>
<tr>
<td>Align the whole system of a firm’s activities with its strategic choice of differentiation or low cost.</td>
<td>Align the whole system of a firm’s activities in pursuit of differentiation and low cost.</td>
</tr>
</tbody>
</table>

Source: Kim and Mauborgne, 2005b, p. 18

In fact, 86 percent of new product launches were only line-extensions, incremental improvement within the red oceans as shown in Figure 2-6 below. It represented 62 percent of the total revenue and 38 percent of the total profits. As such, it is better to create blue oceans of market space (Kim and Mauborgne, 2005b).
According to the authors, there are 6 principles to create a blue ocean strategy (Kim and Mauborgne, 2005a). First, organisations need to redefine the market boundaries as to how to be identified successfully. Second, they need to plan for the long term and not assess performance based on short term. Third, they should not reach out to existing demand but go far beyond that. As such, innovation value has to be created that surpasses the existing demand by aggregating on them. Fourth, they should create a robust business model with the right sequence to ensure stable profit on the blue ocean to reduce risk. Fifth, they need to address how to overcome organisational obstacles in executing a blue ocean strategy in addressing organisational risk. Sixth, they need to address how to motivate people to execute the blue ocean strategy to the best of their knowledge and therefore reduce risk.

The blue ocean strategy should not be static in nature and organisations need to continuously define the market space of creating a new blue ocean. Once the organisation has created a blue ocean, it needs to develop the new market space. As time passes, more competitors may jump into the blue ocean, turning it into a red ocean. As such, a new blue ocean has to be created.
Amazon is a good example of an organisation which uses the Internet to stay ahead of the competition by having a first mover advantage (Liang, Czaplewski, Klein and Jiang, 2009). It offers customers the ability to search for millions of titles of books that are not able to be offered by retail book stores. Other online competitors that later entered the market find it difficult to compete with Amazon in terms of its depth and variety of books sold. As the competition increases, Amazon focuses on broad-based customer demand rather than selective demand.

Kim and Mauborgne (2005b) cited NTT DoCoMo and Dell that had applied blue ocean strategy by using the Internet channel. NTT introduced DoCoMo’s i-mode in 1999 when most telephone operators were competing against each other with technology improvement and price undercutting. NTT DoCoMo created a blue ocean by launching iMode cell phone that could access the Internet. The i-mode service offering was able to converge telecommunication and Internet technology, coupled with competitive pricing.

Unlike NTT Docomo that created a blue ocean by creating value through technology innovation, Dell created a blue ocean by simplifying its process to bring value to its customers. Dell Computer Corporation made history in the mid-1990s by selling customised computers directly to customers through the Internet and telephone. By selling directly to customers, Dell was able to sell its computers 40 percent cheaper than IBM, while boasting profits. On top of that, Dell’s delivery to customers was only 4 days compared to competitors who took more than 10 weeks.

Similar to Dell Computer Corporation creation of a blue ocean that was not based on technology innovation but value innovation such as selling directly to customers through the Internet and telephone, developing and industrialised countries offered many windows of opportunity to create many blue oceans of market space of such nature as well. According to Prahalad (2006), more than 75 percent of the world’s economic growth in the next 20 years will be from 130 developing and newly industrialised countries.

Many organisations can take advantage of these countries by applying the blue ocean strategy through 3 approaches (Porter and Omar, 2008). First, technological advancement will have to be sped up to improve productivity and create a wide array of products and services. Second, the continuous globalisation of the world’s economy will open up more markets. Third, global competition has increased with more suppliers offering the same products and services, without
the increase of demand. Although the Internet holds potential as an efficient and effective communication channel, the main reason of the dotcom crash of 2001 was that organisations were offering the same products and services through the Internet without product differentiation (Porter, 2001). As such, five thousand Internet companies closed or were acquired between 2000 and 2004 (Webmergers.com, 2003).

2.4.5.1 Summary
The blue ocean strategy is a well-thought strategy to compete in this globalised world. As the world’s economy is becoming more open, many suppliers seem to be offering the same products and services. In order for organisations to continue to maintain profitability, they need to reshape themselves by applying blue ocean strategy. By continuously creating value innovation, organisations are able to remain competitive and stay ahead on competition. The converging of information communication technology that includes the use of the Internet can create many new market spaces as prescribed by blue ocean strategy. Therefore, it can be summarised here that firms can extend their market space by establishing Private Retail Sales Portals in a well-thought and through manner to execute “Blue Ocean Strategy”.

2.4.6 Conclusion
Although there is a lack of integrated approach by stakeholders to harness the strength of private retail sales portals, retailers can attract consumers to their private retail sales portals by subscribing to prevalent and relevant business strategic models, theories and concepts such as Michael Porter’s Five Generic Strategies Model (Porter, 1980), Michael Porter’s Value Chain Analysis (Porter, 1985), Michael Porter’s Five Forces Model (Porter, 1979), Service Quality (Parasuraman, Ziemthaml and Berry, 1985), and Blue Ocean Strategy (Kim and Mauborgne, 2005a).

With reference to Michael Porter’s Five Generic Strategies Model (Porter, 1980), retailers could sell their products based on cost leadership, differentiation or focusing strategies. These strategies are still relevant today as retailers can be more competitive by deciding whether their product offering should be based on targeting broad based markets or segmented markets.

Michael Porter’s Value Chain Analysis (Porter, 1985) enables retailers to analyse whether activities relating to their private retail sales portals continue to generate revenues more than
costs. More value-added activities can be generated by applying concepts such as customer relationship management, supply chain management and enterprise resource planning. The customer relationship management concept places customers as the centre of attention. The supply chain management concept focuses on the management of delivering the products to customers. The enterprise resource planning emphasises on integrating various departmental information in an integrated computer system.

Michael Porter’s Five Forces Model (Porter, 1979) can help explain how some private retail sales portals are more competitive than others. The competitiveness on private retail sales portals can be based on the bargaining power with its suppliers, the bargaining power with its customers, barriers to the industry, competitiveness of competitors, and product substitute. Therefore, retailers can better address and realign their strategies to remain competitive.

The Service Quality Model developed by Parasuraman, Zethaml and Berry (1985) is also still applicable today. Even on an online environment, customers will be more willing to embrace the use of private retail sales portals if retailers are able to offer them service based on reliability, responsiveness, assurance, tangibles and empathy.

Lastly, the Blue Ocean Strategy (Kim and Mauborgne, 2005a) can be applied by retailers by continuously offering products and/or services that far surpass the existing demand of consumers. By constantly introducing new innovative products and/or services, retailers can continue to enhance the image of their private retail sales portals. As more consumers visit the private retail sales portals attracted by innovative product offering, other related products can also be sold as well.

2.5 Internet Retailing Research

The literature on Internet retailing covers a wide range of areas such as retailing, e-commerce, management, marketing, consumer behaviour and distribution is listed in Table 2-8 below (Doherty and Ellis-Chadwick, 2006, p. 414). According to Ngai (2003), Internet marketing seems to be scattered across a wide spectrum of journals published across marketing, economics, business and management, and information systems and information technology. The author has classified the Internet marketing literature into management and planning, consumer behaviour, and channel of distribution.
Internet retailing can also be viewed from the perspective of retailer, consumer and technology as shown in Table 2-9 below (Doherty and Ellis-Chadwick, 2006). The retailer perspective includes the potential of the Internet as market share, factors contributing to the adoption of the Internet, and managerial challenges. The consumer perspective covered both demographic variables and behaviour variables. The technological perspective includes website design, software tools, and e-commerce infrastructure. The distribution of journal articles showed an equally large spectrum of work based on consumers (133 papers), retailers (107 papers) and technology (25 papers). Although Doherty and Ellis-Chadwick (2006) had identified only ten key journals rather than to quote every paper that has been published on Internet retailing, these journals had been specifically chosen and studied to get a grasp as to the future direction research Internet retailing is heading towards.

From what has been reviewed, there should not be any important themes and significant papers that were left out. In general, the literature on Internet retailing is still highly fragmented that tends to focus on narrowed issues. There seems to be a lack of information based on a holistic view as to how organisations can identify the reaction of the Internet retail consumers about the use of Internet for retail shopping (Doherty and Ellis-Chadwick, 2006). Venkatraman (2000) noted that an effective formulation of an e-commerce strategy would enable management to consider all the key factors working together, and not in isolation. The strategic management would require consideration such as customer requirements, website design, order fulfilment processes, marketing activities and other factors in a coherent manner. Similarly, Nicholls and Watson (2005, p. 439) had noted that “there is evidence that retailers had adopted a rather ad hoc approach to their e-tail activities”, and have not been guided by clear strategic thinking. There is a need to create a strategic framework for organisations that use the Internet for continuous competitive advantage (Porter, 2001).
### Table 2-8: Distribution of Papers by Date and Research Perspective

<table>
<thead>
<tr>
<th>Journal</th>
<th>Number of Papers</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Journal of Retail &amp; Distribution Management</td>
<td>51</td>
</tr>
<tr>
<td>Internet Research: Electronic Networking Applications &amp; Policy</td>
<td>42</td>
</tr>
<tr>
<td>Journal of Business Research</td>
<td>37</td>
</tr>
<tr>
<td>Communications of the ACM</td>
<td>28</td>
</tr>
<tr>
<td>Journal of Retailing &amp; Consumer Services</td>
<td>25</td>
</tr>
<tr>
<td>Journal of Consumer Marketing</td>
<td>21</td>
</tr>
<tr>
<td>Journal of Interactive Marketing</td>
<td>20</td>
</tr>
<tr>
<td>Journal of Retailing</td>
<td>19</td>
</tr>
<tr>
<td>International Review of Retail Distribution &amp; Consumer Research</td>
<td>11</td>
</tr>
<tr>
<td>Journal of Services Marketing</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>265</strong></td>
</tr>
</tbody>
</table>

Source: Doherty and Ellis-Chadwick, 2006, p. 414

### Table 2-9: Distribution of Papers by Date and Research Perspective

<table>
<thead>
<tr>
<th>Year of Publication</th>
<th>Retailer Perspective</th>
<th>Consumer Perspective</th>
<th>Technology Perspective</th>
<th>Total Articles</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>4</td>
<td>0</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>1997</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>1998</td>
<td>2</td>
<td>4</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>1999</td>
<td>3</td>
<td>5</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>2000</td>
<td>11</td>
<td>10</td>
<td>1</td>
<td>22</td>
</tr>
<tr>
<td>2001</td>
<td>16</td>
<td>5</td>
<td>5</td>
<td>26</td>
</tr>
<tr>
<td>2002</td>
<td>17</td>
<td>22</td>
<td>1</td>
<td>40</td>
</tr>
<tr>
<td>2003</td>
<td>13</td>
<td>21</td>
<td>5</td>
<td>39</td>
</tr>
<tr>
<td>2004</td>
<td>21</td>
<td>30</td>
<td>6</td>
<td>57</td>
</tr>
<tr>
<td>2005</td>
<td>16</td>
<td>35</td>
<td>3</td>
<td>54</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>107</strong></td>
<td><strong>133</strong></td>
<td><strong>25</strong></td>
<td><strong>265</strong></td>
</tr>
</tbody>
</table>

Source: Doherty and Ellis-Chadwick, 2006, p. 415
Sixty percent of Internet research is focused on consumer behaviour, Internet strategy, and Internet communications in the past three years (Schibrowsky, Peltier and Nill, 2007). Infrastructure, organisation, commerce, governance, linking and interface will continue to pose research challenges in Internet research in coming years (Schwartz, 2010). These areas are expected to continue to develop and grow just like in the past 20 years. The trend of future research is on how to improve the effectiveness and efficiency of marketing on websites to entice consumers to use the Internet (Schibrowsky et al. 2007). At the same time, the new software development will focus on interacting with virtual communities (Martinez-Torres, Toral, Barrero and Cortes, 2010).

### 2.6 Infrastructures that Influence the Growth of Internet Retail Commerce

Internet commerce depends on key infrastructures to promote its growth. Similarly, in order for retail organisations to decide whether to venture into Internet commerce, it is wise to consider how the various infrastructures such as information technology and telecommunications infrastructure, social/cultural infrastructure, commercial infrastructure, government/legal infrastructure, and distribution infrastructure can influence the use of electronic commerce as shown in Figure 2-7 below (Jayalgi and Ramsey, 2001, p. 380).

Figure 2-7 below shows the theoretical framework for infrastructures that influence the use of Internet retail commerce. Each factor is capable of influencing the use of Internet retail commerce independently or through interactions with other factors, thus implying the concept of integration. These infrastructures may determine the growth of Internet retail commerce. Nevertheless, this simplified theoretical framework needs to be elaborated on to deal with the complexity of the study through the development of a conceptual framework.
2.6.1 Technology

The information and communication technology infrastructure is a very important factor to be considered when organisations are making decisions as to whether to venture into Internet retail commerce. The main areas of concern in information technology and telecommunications infrastructure are Internet access, the cost of Internet use, and security. The information and communication technology infrastructure is the combination of different devices and layouts that are required to access the Internet. These devices include computers, televisions and telephone lines and they are important to increase the penetration rate of the Internet for businesses and consumers (Jayalgi and Ramsey, 2001).

2.6.1.1 Internet Access

Although information and communication technology infrastructure continues to improve, British retail organisations are still concerned about Internet failures, reliability and functionality (Doherty, Ellis-Chadwick and Hart, 1999). Shneiderman (1998) commented that waiting for more than 30 seconds to access the computer system is considered intolerable.

As the speed and the capacity of computers increased, the number of telephones for the Malaysian population also increased from 8 per 100 people in 2001 and was expected to reach 30
per 100 people in 2005 (Ramayah, Dahlan, Teck and Aafaqi., 2003). In order to bridge the digital divide between the rich and the poor, the Malaysian government has also initiated a project whereby buses equipped with Internet-ready computers are being sent to schools and remote villages (Lifestyles Malaysia, 2002).

At this moment, Digital Subscriber Line (DSL) Modem is the most widely used connection for Malaysians to access the Internet. Table 2-10 and Table 2-11 below compare the different available technologies to access the Internet. However, for local area network (LAN), it is cumbersome and costly to wire an office (O’Brien and Marakas, 2008). One solution is the use of wireless LAN. Wi-Fi (wireless fidelity) is faster (as shown in Table 2-11) and less costly than Standard Ethernet and other common wire-based LAN technologies. It is a high-speed wireless radio-wave technology technically utilising the IEEE 802.11b standard. However, the speed of accessing the Internet within the wireless LAN will depend on the speed of subscribed line. In fact, the number of hotspots had increased from 1,227 hotspots to 2,008 hotspots from 2005 to the 3rd quarter of 2008 (Malaysian Communications and Multimedia Commission, 2008) as is shown below in Table 2-12.

According to the Table 2-11 below, Wi-Fi is faster than Standard Ethernet. However, there are 100 Base or 1000 Base high speed Ethernet that is faster than the 10 Base Ethernet (CSGNetwork.com, 2011). The 100 Base or 1000 Base Ethernet is much faster than Wi-Fi (PCMAG.com, 2011). Although, Wi-Fi wireless technology is fast and convenient to users, there are still security concerns (Du and Zhang, 2006). Major risks involved with Wi-Fi wireless technology are unauthorised users, WEP crack, frame spoofing and session hijacking, traffic disruption, and denial of service.

Cellular networks are also offering high-speed transmission. In the United States, Verizon 4G introduced the Long Term Evolution (LTE) network with download speeds of between 5-12 megabits per second (Verizon Wireless, 2011). Recently, Roger Communications Inc. of Canada also announced the launching of a LTE network in Ottawa (Pilieci, 2011). This cellular network offers users’ connection speeds of up to 25 megabits per second.

In fact, the number of hotspots had increased from 1,227 in 2005 to 2,008 in the 3rd quarter of 2008 (Malaysian Communications and Multimedia Commission, 2008) shown below in Table 2-12.
Table 2-10: Comparing Modem and Telecommunication Technologies for Internet and other Network Access

<table>
<thead>
<tr>
<th>Modem (56 Kbps)</th>
<th>DSL (Digital Subscriber Line) Modem</th>
</tr>
</thead>
<tbody>
<tr>
<td>-receives at 56 Kbps</td>
<td>-receives at 1.5 Mbps to 5.0 Mbps</td>
</tr>
<tr>
<td>-sends at 33.6 Kbps</td>
<td>-sends at 128 Kbps to 640 Kbps</td>
</tr>
<tr>
<td>-slowest technology</td>
<td>-users must be near switching centres</td>
</tr>
<tr>
<td><strong>ISDN (Integrated Services Digital Network)</strong></td>
<td><strong>Cable Modem</strong></td>
</tr>
<tr>
<td>-sends and receives at 128 Kbps</td>
<td>-receives at 1.5 Mbps to 5 Mbps</td>
</tr>
<tr>
<td>-users need extra lines</td>
<td>-sends at 128 Kbps to 2.5 Mbps</td>
</tr>
<tr>
<td>-becoming obsolete</td>
<td>-speed degrades with many local users</td>
</tr>
<tr>
<td><strong>Home Satellite</strong></td>
<td><strong>Local Microwave</strong></td>
</tr>
<tr>
<td>-receives at 400 Kbps</td>
<td>-sends and receives at 512 Kbps to 1.4 Mbps</td>
</tr>
<tr>
<td>-sends via phone modem</td>
<td>-higher cost alternative</td>
</tr>
<tr>
<td>-slow sending, higher cost</td>
<td>-may require line of sight to base antenna</td>
</tr>
</tbody>
</table>


Table 2-11: Examples of the Telecommunications Transmission Speeds of Various Network Technologies

<table>
<thead>
<tr>
<th>Network Technologies</th>
<th>Typical-Maximum bps</th>
</tr>
</thead>
<tbody>
<tr>
<td>WiFi: wireless fidelity</td>
<td>11-54M</td>
</tr>
<tr>
<td>Standard Ethernet or token ring</td>
<td>10-16M</td>
</tr>
<tr>
<td>High-speed Ethernet</td>
<td>100M-1G</td>
</tr>
<tr>
<td>FDDI: fibre distributed data interface</td>
<td>100M</td>
</tr>
<tr>
<td>DDN: digital data network</td>
<td>2.4K-2M</td>
</tr>
<tr>
<td>PSN: packet switching network-X.25</td>
<td>64K-1.5M</td>
</tr>
<tr>
<td>Frame relay network</td>
<td>1.5M-45M</td>
</tr>
<tr>
<td>ISDN: integrated services digital network</td>
<td>64K/128K-2M</td>
</tr>
<tr>
<td>ATM: asynchronous transfer mode</td>
<td>25/155M-2.4G</td>
</tr>
<tr>
<td>SONET: synchronous optical network</td>
<td>45M-40G</td>
</tr>
<tr>
<td>Kbps = thousand bps or kilobits per seconds.</td>
<td>Gbps = billion bps or gigabits per seconds.</td>
</tr>
<tr>
<td>Mbps = million bps or megabits per seconds.</td>
<td></td>
</tr>
</tbody>
</table>

Table 2-12: Number of Hotspot Locations in Malaysia

<table>
<thead>
<tr>
<th>Year</th>
<th>Quarter</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td></td>
<td>1227</td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td>1358</td>
</tr>
<tr>
<td>2007</td>
<td></td>
<td>1485</td>
</tr>
<tr>
<td>2008</td>
<td>1</td>
<td>1496</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>1986</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>2008</td>
</tr>
</tbody>
</table>

Source: Malaysian Communications and Multimedia Commission, 2008

With much development in the wireless wide area network (WLAN) technology that have been cost effective and fast to implement, many mobile operators are turning to WiMax as the next promising WLAN (Martikainen, 2006). The IEEE 802.16a “WiMax” standard was introduced in 2002 with the capability to cover an entire city area with just one base station. However, initially there was slower acceptance among mobile operators due to the concerns of security and user authentication for WLAN.

Currently Wi-Fi services are offered by AirZed, Timenet Webbit, Maxis Wireless Broadband and Jaring My015 (Tan, 2005). However, the coverage areas are only up 50 km range. Wi-Fi services are currently only offered in Kuala Lumpur and its surrounding areas (Klang Valley).

The Malaysian government has played a major role to introduce WiMax as the up and coming mainstay technology in Malaysia (WiSOA, 2007). This has come at the right time as the recent survey by the Malaysian Institute of Economic Research (MIER) has indicated that the majority of Malaysians business executives are not satisfied with current broadband service providers (cited in WiSOA, 2007). At the same time, 70 percent of Malaysian Chief Executive Officers (CEOs) polled claimed that broadband technology has now become an integral part of their business operations. The reason for their dissatisfaction was that service providers are not able to provide the access speed as stipulated in their contracts. Sixty-four percent of them claimed that service providers are generally inefficient, and fifty-six percent claimed not enough coverage and thirty-eight percent claimed expensive services.
In March, 2007, the Malaysian government auctioned an allocated 2.3 GHz radio spectrum for WiMax (WiSOA, 2007). Major telecommunications organisations in Malaysia such as Maxis, Telekom Malaysia and DIGI were excluded as they have not fully utilised their existing 2.5 GHz spectrum. Four new service providers that have successfully bid for the auction are Bizsurf, Packet One Networks, Asiaspace Dotcom and Redtone-CNX Broadband (Keong, 2007). With this auction, the Malaysian government expected that the new service providers would be able to provide WiMax services to twenty-five percent of the population by the end of 2007. Subsequently, it is expected that the other seventy-five percent of the population can receive WiMax services by 2010.

WiMax is a relatively new wireless broadband technology that was introduced in the new millennium and the adoption rate is catching on fast. The objective of WiMax technology is to interconnect between houses, public buildings and other hotspots (Fourty, Val, Fraisse and Mercier, 2005). It is defined as having a data rate of 70 Mb/s with a range up to 50km (Fourty et al. 2005).

WiMax became functional only from year 2007 and the most successful provider is Packet One Networks (P1). According to Keong (2009b), in October 2009, the Malaysian Communications and Multimedia Commission (MCMC) had fined 3 out of 4 WiMax licensees, a total of US$1.1 million for failing to cover 25% of the allocated coverage. They were YTL E-Solutions (Bizsurf), Redtone and Asiaspace. Only Packet One Networks (P1) was not penalised. Based on the information provided by WiMax service providers’ websites, P1 (2010) and Asiaspace (2010) have already offered WiMax services. Redtone (2010) only offers WiMax services to East Malaysia. There is no information that Bizsurf (2010) has offered any WiMax services.

Enhanced Data rates GSM/Global Evolution (EDGE) is a way to provide high speed Internet by means of High-Speed Circuit Switch Data (HSCSD) and General Packet Radio Services (GPRS) connections (Reynold and Samuels, 2001). It offers data transmission between 150-200 Kbit/s. Since EDGE can be implemented with TDMA and GSM networks, it offers unified path to 3G technology.
The third generation Internet technology is also called the IMT-2000 standard (Xavier, 2001). Under this standard, the data transmission in all radio environments must be at least 144 Kbit/s and at least 2 Mbit/s in low-mobility and indoor environments.

Fibre to the Home (FTTH) technology refers to a standard established by ITU-T’s Group 15 that reduces costs for operators to cable fibre cable to homes (International Telecommunication Union, 2006). In fact, Time Fibre Broadband, Metrofon and Penangfon have started to offer FTTH services (Wikipedia, 2010a). TMNet (2010) is planning to offer High Speed Broadband (HSBB) that offers up to a maximum Internet speed up to 1,000 Mbps. It uses Fibre to the Home (FTTH), Ethernet to the Home (ETHH) and Very High Speed Digital Subscriber Line 2 (VHSDSL2) technologies.

Other connectivity options are by Streamyx (Streamyx, 2010) and Jaring (Jaring, 2010) and a few others that offer up to 4 MBps high speed broadband. These are services provided by the Internet Service Providers, namely, TMNet and Jaring.

Despite the introduction of various broadband technologies, how fast the Internet could be accessed in Malaysia is dependant on TMNet, owned by Telekom Malaysia, that has a near monopoly over Malaysia’s Internet services as it owns nearly all the main connections across Malaysia (Keong, 2010a).

Mobile devices on broadband are very new and came on the scene in Malaysia around 2008/2009 and has not gained popularity as yet. Recent research carried out by Goi (2008) and Wei, Marthandan, Chong, Ooi and Arumugam (2008) found that the implementation for mobile commerce was still at an infant stage.

Security is a critical issue to the success of m-commerce (Goi, 2008). This can be viewed in the aspects of confidentiality, authentication, integrity, authorisation, non-repudiation and accessibility. Confidentiality means payment method can be protected. Authentication refers to how consumers and content providers can be identified to be genuine consumers or content providers. Integrity means payment information is not tampered with during transit. Authorisation refers to how payment procedures could ensure that legitimate users could purchase content. Non-repudiation refers to how payment method could assure that a user can
disclaim that he or she did not participate in the transaction. Lastly, accessibility means convenience, speed and ease of use.

Although mobile devices are still at the infant stage in Malaysia, mobile operators such as Celcom and Maxis are selling or charging phone usage when downloading ringtones, songs, games and concert tickets (Celcom, 2010; Maxis, 2010). Celcom uses Wireless Access Protocol (WAP) to users to use Channel X that offers music, movies, games and wallpapers based on phone usage rate on General Pocket Radio Services (GPRS) (Celcom, 2010). WAP is defined as one of the Internet standard wireless protocols as a gateway between the Internet and mobile telephones whereas GPRS is a packet switched data radio technology for GSM networks that give connections to mobile users that can be part of the Internet (Telecoms, 2010).

F&N Coca Cola and Celcom (mobile phone service provider) have formed a partnership to introduce “ring a coke” service (Goi, 2008). This partnership is based on a business model that a customer can telephone a toll free phone number and the customer is only billed for the Coca Cola ordered. Celcom will get 10% of each transaction.

Malaysian budget airlines such as AirAsia and FireFly allow consumers to book, check-in and check flight status through mobile devices (AirAsia, 2010b; Firefly, 2010). JobStreet, a job site, is using mobile devices to inform potential employees of availability of job vacancies (JobStreet, 2010).

2.6.1.2 Internet Accessing Cost

Internet access costs consist of broadband access cost, wireless access cost, and affordability of hardware and software (Jutla, Bodorik and Dhaliwal, 2002). Dial-up Internet access is still one of the more popular ways to access the Internet in Malaysia.

The newer technology to access the Internet is by the use of broadband technology, driven by consumer demand on multimedia services (Biggs and Kelly, 2006). Broadband technology offers high speed accessing. In general, accessing the Internet using broadband technology may include installation fee, equipment charges (whether purchase or rental), monthly access fee (flat rate), metered access charge (based on time and bandwidth) and other additional services (e.g. virus check) (Biggs and Kelly, 2006). As a comparison, the penetration of dial-up connection is slower
compared to broadband and cellular phone that have a steady penetration rate as stated in Table 2-13 below.

Table 2-13: Penetration Rates at a Glance

<table>
<thead>
<tr>
<th>Year</th>
<th>Quarter</th>
<th>Per 100 Households DEL</th>
<th>Per 100 Households Broadband</th>
<th>Per 100 Inhabitants Cellular Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td></td>
<td>66.4</td>
<td></td>
<td>21.8</td>
</tr>
<tr>
<td>2001</td>
<td></td>
<td>65.1</td>
<td></td>
<td>30.8</td>
</tr>
<tr>
<td>2002</td>
<td></td>
<td>62.3</td>
<td></td>
<td>36.9</td>
</tr>
<tr>
<td>2003</td>
<td></td>
<td>58.0</td>
<td></td>
<td>43.9</td>
</tr>
<tr>
<td>2004</td>
<td></td>
<td>52.3</td>
<td></td>
<td>56.5</td>
</tr>
<tr>
<td>2005</td>
<td></td>
<td>49.5</td>
<td></td>
<td>74.1</td>
</tr>
<tr>
<td>2006</td>
<td></td>
<td></td>
<td>48.3</td>
<td>10.8</td>
</tr>
<tr>
<td>2007</td>
<td>1</td>
<td>48.9</td>
<td>11.4</td>
<td>77.0</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>48.6</td>
<td>12.5</td>
<td>78.2</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>48.3</td>
<td>13.5</td>
<td>80.8</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>47.8</td>
<td>14.4</td>
<td>85.1</td>
</tr>
<tr>
<td>2008</td>
<td>1</td>
<td>46.6</td>
<td>15.3</td>
<td>87.9</td>
</tr>
<tr>
<td></td>
<td>2</td>
<td>45.8</td>
<td>16.6</td>
<td>90.6</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>45.4</td>
<td>17.6</td>
<td>93.9</td>
</tr>
<tr>
<td></td>
<td>4 (forecasted)</td>
<td>44.5</td>
<td></td>
<td>94.4</td>
</tr>
</tbody>
</table>

Source: Malaysian Communications and Multimedia Commission, 2008

Internet broadband was introduced in the Klang Valley area by area, and it is expected that the service will subsequently be available for the whole country. According to International Telecommunication Union (2009b), there were 1,368,900 broadband subscribers as of 31st March, 2008. With the continuous advancement of broadband technology and increased competition among service providers, the price for using broadband technology to access the Internet continued to drop as shown in Figure 2-8 below. In fact, personal computer penetration rate in Malaysia had increased from 9.5 personal computers for every 100 people in 2000 to 21.8 personal computers for every 100 people in 2006 (World Bank, 2009).
2.6.1.3 Internet Security

Although there is large disparity in the ability to access the Internet worldwide, there is also the concern for Internet security. In fact, studies over the years have consistently shown that the main concern of Internet users is still security (Atif (2002); Kennedy and Dietsch (1995); Koufaris (2002); McBride (1997); Muhammad (1997); Odom, Marcus, Kumar and Saunders (2002); Resnick (1995); Lyons (1995); Udo (2001)). Recent studies by Ghazali, Mutum and Mahbob (2006) and Poon (2008) highlighted that Malaysian society’s main concern in purchasing online is Internet security. Of all the concerns related to Internet security, Philip (2001) pointed out that the number one security threat for the Internet users in Malaysia is viruses.

There is a general perception that consumers are more in control if less technology is used and when there are more human interactions (Smith, 2004). Although there is no 100 percent guarantee on security when using the Internet, improved security systems such as encryption tools and digital signatures have reduced security risks (Ah-Wong, Gardhi, Patel and Shah (2001); Han and Maclaurin (2002)). As such, organisations need to weigh the risk factors of

using different security systems when indulging in Internet retail commerce. Consumers would sacrifice convenience for complex procedures to protect their online transactions (Chen, Hsu and Lin, 2010).

The cost of fraud is relatively difficult to estimate due to non-reporting. The figures may be higher than reported. Saunders (2000) believed that less than 10 percent of computer related crimes are actually reported because disclosing computer related crimes, may affect consumer confidence.

With the private sector involvement, a consortium that consists of Visa and MasterCard developed the Secure Electronic Transaction (SET) in 1997 to prevent fraud (Krutz and Vines, 2001). Encryption technology is used whereby the seller cannot read the information. DES symmetric key uses encryption for payment and RSA for the symmetric key exchange and digital signatures. However, if the credit card number is known to an unauthorised person, the person can still key-in the number. Like other encryption technologies, the vendors still do not guarantee a complete assurance.

Avolio (1998) argued for the need of a multi-approach to Internet security. In the early 1990s, firewalls were the first line of defence. As the complexity of the Internet increased, a comprehensive approach is needed. A multi-approach can be divided into security management, types of security and platforms for deployment. Security management involves planning, policy, procedures, production, products, research and analysis. Types of security involve prevention, detection and response. Platforms of deployment are the network perimeter, computer servers and desktops. At the same time, since Internet is linked globally, it would also require cooperation of businesses, service providers, thousands of operating technicians, and millions of users (Berkowitz, 2003).

In order to further increase the trust of users pertaining to security and other matters, some sites have web security assurance seals such as Verisign, TRUSTe, Good House Keeping and CPA WebTrust (Odom et al. 2002). Still, no matter how advanced the security technology is, there is no 100 percent guarantee of protection. Nevertheless, in a recent study carried out in Taiwan, there is a positive relationship with e-security seals and sales effectiveness (Ho and Oh, 2009). At the same time, there is still a large number of websites that do not use e-security seals.
The Malaysian government also established the Office of the Controller of Certification Authority (CA) in 1998 to serve as a regulatory body to issue licences (Paynter and Lim, 2001, p. 11).

In order to respond to an emergency IT crisis, the Malaysian government has also set up a computer security response centre called the National ICT Security and Emergency Response (NISER) Centre under MIMOS Bhd (Azhar, 2001). The centre’s objective is to identify gaps that could create risk to national security. However, most Malaysian companies are unaware of the existence of NISER. In addition, Malaysian companies have made numerous complaints about NISER’s inability to solve companies’ IT security issues.

As of recent, NISER has been renamed as Cyber Security Malaysia (Cyber Security Malaysia, 2011). Cyber Security Malaysia provides services in assisting Malaysian Internet users to detect, interpret and response to computer security incidents, provide Internet security alert and advice. However, Cyber Security Malaysia does not have the authority to address national cyber security. Two Malaysian government agencies that address issues on national cyber security are GovCert and National Security Council (NSC). GovCert is under the jurisdiction of the Malaysian Administrative Modernisation and Management Planning Unit (MAMPU) and is the Malaysian government-owned digital certificate issuing authority (GovCert, 2011). The National Security Council is under the control of the Prime Minister’s Department and is responsible for national cyber security (National Security Council, 2011).

Third-party certification companies such as Verisign offers SSL, authentication and identity protection, and registry services for organisations and consumers to communicate and carry out commercial activities (Verisign, 2010). Verisign Secured Seal includes Secure Sockets Layer (SSL) with encryption technology to enhance security for data transaction. Under the two-factor authentication concept, for example a username and password could be combined with identification (e.g. a card, token or mobile phone to verify an identity or transaction). VeriSign provides the validation for the other identification. Domain names can enable businesses to reach new and prospective customers. Verisign is the authoritative domain name registry for .com and .net and also offers popular top-level domains (TLDs) such as .tv and .name. It provides authoritative routing support for Web addresses ending with .com or .net. With such certification,
many retailers would expect more customers to visit their websites as it enhances privacy and security.

The credit card payment gateway authorises payment for online retailers and Internet commerce (Wikipedia, 2010c). When a customer sends credit card information online, the data are transferred by using Secure Sockets Layer (SSL) encryption. The merchant then transfers the information to the payment gateway through another SSL. The payment gateway then transfers the information to a payment processor used by the merchant bank. The payment processor then forwards the information to credit card companies such as Visa or Mastercard. The credit card company then routes the information to the credit card issuing bank. The credit card issuing bank receives the authorisation request and then sends a response back to the processor with a response code. The processor then sends the information to the payment gateway. The payment gateway receives the information and then sends the information to the cardholder and merchant. The whole process takes only 2 to 3 seconds.

Credit card companies such as American Express, MasterCard and Visa require all merchants and third party agents to comply with Payment Card Industry Data Security Standard (PCI DSS) (American Express (2010); MasterCard (2010); Visa (2010)). Payment Card Industry Data Security Standard (PCI DSS) is a set of comprehensive requirements to increase the security for payment account data security (PCI, 2010). It was developed by PCI Security Standards Council, American Express, Discover Financial Services, JCB International, MasterCard Worldwide and Visa Incorporated International. The requirements for PCI DSS include security management, policies, procedures, network architecture, software design and other important preventive criteria.

The popular payment gateways that Malaysian retailers can choose from when establishing private retail sales portals are PayPal, 2CheckOut, WorldPay and iPay88 (JustSimple Dotcom, 2009). PayPal (2010) provides security by using encryption, applying fraud detection algorithms, CW2 checks and bank account verification for retailers. iPay88 (2010) prevents fraud through 2 classifications. Before payment is authorised, the data will be checked on transaction filtering, purchase frequency control, limit on transaction amount and cross reference check for blacklisted customers. After payment is authorised, there will be automated fraud screening and fraud monitoring as well.
Security management could be better enhanced by the use of firewalls. Internet firewall is a protective device that enables a network to be connected to the Internet by a certain level of security (Zwicky, Cooper and Chapman, 2000). The Internet firewall is normally used to protect routers, computer hosts, and networks that hold sensitive data. The Host Intrusion Detection and Prevention System (HIDS/HIPS) gives an additional layer of support, in addition to the firewall and anti-virus software to provide a more secured system on the network (perimeter eSecurity, 2011).

Another approach to enhance Internet security is by applying Internet Protocol Security (IPSec) for authentication and encryption (Wikipedia, 2010d). IPSec protects data flow between a host and a gateway, between a host and a host, or between a gateway and a gateway.

According to NetBenefit (2010) that provides hosting solutions, the host can be better secured by firewall and other Internet security options. Security for firewalls could be better enhanced through certified protection. IPSec and SSL VPN support can better secure communication tunnels between networks and clients. Latest anti-virus software, spyware and heuristic detection engines maintain up-to-date defences. The latest anomaly inspection, deep packet inspection, full content inspection and activity inspection engines updated on a daily basis can prevent intrusion.

A complete computer security standard would include backups, audit, anti-virus software, updates, authentication, authorisation, login access, network services and user rights (Vogel, 2009). Backups mean data need to be backups onto external media or remote system. Audit refers to maintaining logs for computer activities. Anti-virus software must be updated to eliminate malicious code or risky files. Authentication is carried out by frequently changing passwords and accounts would be locked after several failing attempts. Authorisation means whether the user, program or device is legitimately allowed to certain data, functions or services. Login access limits console and network access to authorised users and administrators. Network services configure services according to security features of a host-based firewall software and operating system. User rights refer to use file system and registry access controls to restrict access to authorised users such as administrators to carry out certain tasks.
International standards for security management are ISO 27002 and ISO 27201 (Standards Direct, 2010). ISO 27002 refers to a code of practice for information security. It includes hundreds of specific controls that may be applied to secure information and related assets. ISO 27201 refers to specification for an Information Security Management System that is the foundation for third party audit and certification.

### 2.6.2 Social/Cultural

Social and cultural infrastructure is an important consideration in expanding Internet commerce. The speed of adapting to new technology would depend on the particular culture and its resistance to change (Deresky (2002); Ekholm (1988); Loch and Huberman (1999); Ney (1999)).

Hasan and Ditsa (1999) felt that technology is neutral, but social and cultural conditions may influence the formulation of e-business model and the strategies to apply and these may vary from country to country. Indeed, it has been proven in many research studies that social and cultural infrastructure does significantly affect countries performance in the technology sector (Samiee (1998); Van der Meulen and Rip (1996)). In the same way, a recent survey by the IDC had shown that seventy-six percent of Chinese respondents prefer to view the Internet in their own language although the English language is the most widely used business language (Jayalgi and Ramsey, 2001). Hence, Internet sites ought to also include other alternative languages.

Internet diffusion in different social and cultural contexts will also require thinking globally and acting locally (Zakaria, Stanton and Sarkar-Barney, 2003). In simple terms, the IT infrastructure ought to be thought globally in terms of global linkage but its adoption ought to be looked into in the perspective of local social and cultural environment. In order to promote the use of Internet to different social and cultural communities, cultural knowledge and communication skill are important factors to acquire (Veiga, Floyd and Dechant, 2001).

#### 2.6.2.1 Attributes

It is important to inculcate attributes such as willingness to share, change and a love of learning into the social and cultural environment. A recent study has also shown forty-six percent of Malaysian respondents have positive attitudes towards change and fifty-two percent portrayed a strong attitude towards organisational change (Rashid, Sambasivan and Rahman, 2004).
In collective cultures, the emphasis is on causal reasoning and understanding (Davis, Wang and Lindridge, 2008). Therefore, in collective cultures there is a need to create arousal on websites. However, in individualistic cultures, they will avoid websites that are over stimulating. Consumers from individualistic cultures are more likely to purchase customised products online (Moon, Chadee and Tikoo, 2008). Online shoppers tend to be more individualistic than collectivistic (Frost, Goode and Hart, 2010).

However, a recent study by Frost et al. (2010) confirmed that online customer loyalty is not based on whether societies are individualistic or collectivistic centric. Online social networking is more collectivistic as users take advantage of the network interaction from different viewpoints.

Parents also play a key role in providing the support and encouragement for their children’s education. The skills and values taught by parents to their children lay the foundation for the children’s emotional, social and intellectual development (Bowes, 2000).

An empirical research carried out in Taiwan and Japan found that shopping for food and grocery is regarded as women’s chores (Shiu and Dawson, 2004). The use of Internet has made shopping more convenient for these women who are also working. Low socioeconomic class consumers are also less likely to embrace new product technologies than high socioeconomic class consumers (Trujillo, Barrios, Camacho and Rosa, 2010). This is due to different beliefs in self worth, capabilities and product knowledge. However, consumer past online shopping experience has a significant impact on future online shopping (Weisberg, Te’eni and Arman, 2011).

Nowadays, consumers do exercise boycott of goods because of political and unethical reasons in websites such as boycottnike.8m.com and www.palestinecampaign.org (Chatzidakis and Mitussis, 2007). As such, retailers have to be sensitive to address the products they are selling online to minimise or eliminate altogether these issues that may arise as they can affect online sales.

2.6.2.2 Competitiveness
As a whole, International Telecommunication Union (2001a) ranked Malaysia as the 61st country out of 174 countries in the Human Development Index (HDI) with a score of 61 that places the
country in the second quarter of the rating. The ranking shows the higher the number, the lower the level of development. Malaysia scored lower than most other third world countries.

2.6.3 Commercial
The commercial infrastructure relates to the availability of a skilled Information Technology workforce, Internet Service Providers (ISPs), software providers, hardware providers, training providers and other providers. Human resources and Information Technology organisations such as software developers, hardware manufacturers and ISPs are some of the important aspects of commercial infrastructure. Some of the important metrics in this commercial infrastructure are the number of employees who know how to use the computer, their education level, workforce turnover, availability of Internet dial-up service, availability of cable service, availability of Internet broadband service, and availability of hardware and software (Jutla et al. 2002).

2.6.3.1 Technical Know-How
The existing research on Information Technology transfer to developing countries has also identified the need to develop skilled manpower (Bhatnagar 1992; Pawar 1991; Reiter 1996; Resnick 1985; Surjadi and Lubukay 1989), develop national IT policies (Bhatnagar and Odreda 1992; McFarlan 1992; Munasinghe and Blankstein 1985), and employ consultants or create foreign partnerships to bring in expertise with technology (Palvia, Palvia and Zigly, 1992). Singapore, Malaysia’s next door neighbour has been luring top notch IT personnel from Malaysia for years and many Malaysians have been working in Singapore (Devan and Tewari, 2001).

2.6.3.2 Facility Support
At the same time, for the past ten years, many Malaysian companies have contributed to the Human Resource Development Fund (HRDF) set up by the Malaysian government (Fleming and Soborg, 2002). HRDF was established in 1992 to promote training with more than 50 employees. The fund has also been used to enhance employees’ skills through further training. The higher level of commitment had a stronger positive correlation with attendance, effort, and continuing employment with the company (Randall, 1990).

2.6.3.3 Investors
More than 900 companies had been given MSC status against a target of 500 in 2003 (Heong, 2003). These companies employ about 17,800 knowledge workers and 82 percent of them are
Malaysians. However, critics claim that most are local companies and only 59 foreign companies have invested in the Multimedia Super Corridor (MSC). Fifty-five percent of the companies are small and medium size enterprises with a paid-up capital of less than RM$500,000 (Lum, 2004).

Lum (2004) stated the total sales generated in 2001 was RM3 billion and in 2002 it was RM3.93 billion. The sales for 2003 and 2004 were expected to reach RM5.85 billion and RM7.98 billion respectively. It is quite an achievement to have that amount of sales generated from information communication technology (ICT) for a developing country such as Malaysia. With such success with the MSC project, the Malaysian government could create similar projects in other states to promote a more balanced economic growth for the country.

2.6.4 Legal
In order to protect intellectual talent discussed in the previous section, there is a need to regulate Internet commerce. In addition, a regulated Internet commerce can ensure that the economic growth contributed by the Internet will benefit society as a whole and not only certain segments of society.

2.6.4.1 Government Laws
The Malaysian government had adopted a flexible approach to regulating the Internet use by merely depending on industry self-regulation (Xue, 2005). Although Malaysia has created a number of laws to try to protect all parties in the use of the Internet, how effective the laws are when it comes to enforcement is questionable. For instance, the Malaysian Consumer Protection Act 1999 does not define specifically what consumer protection is although the act provides protection against unscrupulous traders in the traditional market (Jawahitha, 2004). It was only in the year 2000 that the Minister of Domestic Trade and Consumer Affairs issued a directive that the act is to include e-commerce.

The Malaysian government has also passed an act called the Digital Signature Act of 1997. This act is to ensure that online transactions require transacting parties to ascertain each other’s identity and the integrity of the message (NITC Malaysia, 2002). This is made possible by the use of encryption on electronic documents by the use of private and public keys. The private key is made available to the signer whereas the public key is made available to the recipient to verify the signature and authenticate the electronic document. The Copyright (Amendment) Act 1997
protects the expression of thoughts and ideas (Likosky, 2001). According to International Intellectual Property Alliance (2007), loss of revenue due to software piracy by software companies in Malaysia was estimated at US$156 million.

The introduction of the Computer Crime Act of 1997 allows the police to inspect and seize computer equipment without a warrant (Malaysia, 2003). Offenders can be jailed up to a maximum of seven years or fined RM$100,000 (US$26,300), or both (Hor, 2000). Hacking incidents can be investigated under Section 5 of the Computer Crime Act 1997. In addition to this, the Anti-Corruption Act empowers the Attorney General to authorise the interception of mail and the wiretapping of telephones in the interest of national security (Privacy and Human Rights, 2003). Associated Press (2001) quoted the Deputy Home Minister Zainal Abidin Zin as saying that the Malaysian government might use the Internal Security Act to deter people from hacking into computers, if the situation deteriorates to the extent of creating a national security threat.

The government is also an important institution that supports the use of the Internet. In France, the Internet language in accordance with the law of the country must be French. All contracts must be written in French. Advertisements written in French are assumed to be targeted towards France (Harrison-Walker, 2002). The legislation to have the French language in the Internet as its purpose is to promote the French language and unity among the French people.

In France, book price discount is limited to only 5 percent for Internet sites (Barrett, 2000). In Finland, there is a ban on advertising showing cars driven at high speed. In the Netherlands, advertisements for fuel claiming to be un-environmental friendly are also banned (Harrison-Walker, 2002). In Sweden, liquor advertisements directed at children less than twelve years of age are banned (Harrison-Walker, 2002).

Ambiguous trade laws can deter the growth of Internet usage (Aalberts, Townsend, Whitman (1998); Adam, Awerbuch, Slonim, Wegner and Yesha (1997)). For example, there was a case in which an American who ordered a CD through the Internet and the site was registered in the United Kingdom. The retailer made a listed price error and the consumer filed a complaint in England under the Consumer Protection Act of 1987 (Zugelder, Flaherty and Johnson, 2000). However, the English law did not apply to an offence committed outside the place of origin.
despite the fact that the Internet can be accessed from anywhere. On defamation, the law in the United States varies from state to state (Zugelder et al. 2000) but tends to favour the defendant by claiming the First Amendment rights to free speech. In a recent research study in Australia and New Zealand on health information, 90% of the respondents believed that the information found on the Internet is true but only one-third of them had validated the credibility of the websites (Gauld, 2010).

Although the Internet can be accessed from anywhere in the world, laws protecting the Internet tend to be territorial based. In order to secure jurisdiction, US Courts limit their jurisdiction in physical terms to a minimum contact for persons and businesses (Zugelder et al. 2000). Minimum contact is interpreted as having a contract equivalent to committing a crime such as fraud or unfair competition. This interpretation can be challenged easily as third parties may use a representative to direct businesses.

For copyright infringement, 80 countries had ratified the law based on the Berne Convention (Zugelder et al. 2000). When it comes to linking, there is a universal legal acceptance that placement of web sites on the Internet gives an implied license for others wishing to link (Zugelder et al. 2000). However, deep linking which is defined as bypassing the main homepage is not acceptable. Framing, defined as when a user links and views the second site’s content through the logo and advertising of the first site, is also not allowed (Zugelder et al. 2000).

The Malaysian Government has also adopted a comprehensive blueprint to integrate social, economic, and technological development, and has established a number of agencies to pursue ICT objectives (Tipton, 2002). The then Prime Minister of Malaysia, Dr. Mahathir Mohamad laid the groundwork for government policy known as Vision 2020 in 1991. Under this vision, Malaysia intends to be a fully developed country by 2020. In order to meet the objectives of Vision 2020, the National Information Technology Council (NITC) was established in 1993 including representatives from the public sector, industry, and community interest groups, and it was chaired by the Prime Minister. In 1998, the Communications and Multimedia Commission (CMC) was given the task of promoting and regulating the converging technologies such as broadcasting, telecommunications, and online services.
Malaysia introduced Vision 2020 with the objective of becoming a developed country by the year 2020. Malaysia is committed to introducing information technology. The Malaysian government embarked on developing a digital city in an area the size of 15km by 50km called the Multimedia Super Corridor (MSC) in 1996 (Tipton, 2002). The Malaysian government has also invested US$10 billion in two high-tech parks called Cyberjaya and Putrajaya to attract high value IT investment (Islam, 2004). The Multimedia Development Corporation confers MSC status. Companies with MSC status can secure incentives that include a ten-year tax-free operation and exemption from foreign exchange regulations. Some of the multinational companies that are already in the MSC are Microsoft, Intel and Motorola. The MSC concept has now been replicated to other states in Malaysia.

2.6.4.2 Privacy

Someone might argue that infringing an individual’s privacy is nothing wrong (Johnson, 2001). This argument lays its basis on that if an individual does not do anything wrong, he or she should not be afraid to disclose any information. However, this argument does not stand on several grounds. First, fictitious information can drastically affect one’s life. Second, public and private organisations can use individuals’ information for their own criteria evaluation that can be inappropriate and discriminatory. Imagine that information based on race, religion, ethnicity, or individuals’ political affiliations even though they are irrelevant are disclosed to decision makers. It is not right for one to be rejected for a job position, insurance coverage, or loan approval based on irrelevant information. Third, there can be a subtle change of individuals’ behaviour if they know that they are being watched. The less privacy they have, the harder to bring about social change. In 1787, Jeremy Bentham used to describe the design of prisons as panopticon whereby prison cells would be arranged in a circle (Johnson, 2001). The side of each cell facing the inside of the circle is all glass. The guard tower is in the centre of the circle that can fully view every cell. However, the prisoner cannot see the guard in the tower. As such, surveillance can shape the behaviour of prisoners. The prison guard may not be present all the time, yet the prisoners may adjust their behaviours for fear of being watched. There is no intention to build a society of panopticon in which everything is being watched. If everything is recorded, then the world is fundamentally
changed from the past. People’s freedom will be lost. Therefore, the invasion of privacy affects everyone (Johnson, 2001).

Nevertheless, the notion that e-commerce can control people’s privacy is an extreme viewpoint (Prabhaker, 2000). However, a survey carried out by Cho, Rivera-Sanchez and Lim (2009) confirmed that more than 70 percent of multinational Internet users were somewhat or highly concerned about Internet privacy. The most important thing in any business relationship with its customers is trust. Without trust, customer loyalty cannot be developed and maintained. Privacy can be a source of competitive advantage if it can be properly managed and leveraged (Prabhaker, 2000).

Many governments around the world are also playing a role in ensuring that their citizens’ privacy is protected when they use the Internet. The concept of privacy has its roots engraved in Article 12 of the United Nations Universal Declaration of Human Rights (1948) that declares, “No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, or to attacks upon his honour and reputation. Everyone has the right to the protection of the law against such interference or attacks.” Wang, Lee and Wang (2000) have defined privacy in short as “the right to be alone, and is related to solitude, secrecy and autonomy”. Electronic commerce practices should strive to ensure that emails, cookies, pop-ups and other technologies used should be as transparent as possible to consumers (Palmer, 2005). It is with this understanding and action, then that consumers’ consent can be gained for Internet commerce. Governments have a role to play too by creating strong public regulations for these new technologies by having third party oversight (Palmer, 2005).

A study conducted by Odom et al. (2002) showed that the second concern for the U.S. community was privacy as well. Other research have also shown privacy concerns (Ghazali, et al. (2006); Kovacich (1998); Miyazaki and Fernandez (2000); Monahan (1998); Poon (2008); Smith (2000); Smith and Rupp (2000); Udo (2001)). The U.S. privacy law of 1974 does not apply to foreigners, private corporations, or other organisations (Wang et al. 2000). There is no conformity of enforcement on a global scale. In fact, a study by Westphal and Towell (1998) has shown that Internet providers were equally split as to whether the Internet ought to be regulated by international law.
As the concern for privacy on the Internet remained pertinent, the Safe Harbor principles were developed to improve Internet-based business transactions to overcome the non-conformity among the international privacy regulations (Tran and Atkinson, 2002). This US approach to privacy protection is based on a combination of legislation, regulation, and self-certification set by the US Department of Commerce, the Federal Trade Commission and the US Department of Transportation. It is also a collaborative effort between the US Department of Commerce and the European to bridge the differences to their approaches to information security. However, the participation of US companies is on a voluntary basis based on a self-regulatory privacy program or establishing their own policy that conforms to Safe Harbor principles.

The Safe Harbor principles include notice, choice, outward transfer, access, security, data integrity and enforcement. Companies are required to give notice to transparently disclose the information they intend to collect, methods of collection, the objective of the data, and how the data will be used. Choice refers to companies asking consumers whether they can allow the companies to use their personal data. Onward transfer means if a company discloses private data to another party that party must also uphold to Safe Harbor practices. At the same time, companies must also give consumers access to their personal information for amendment if there is a need. Likewise, all necessary steps must be taken to protect customers’ personal data sites. Companies must also collect information that is relevant to their intended purpose. There is also a need for enforcement when there are consumer complaints on privacy laws or Safe Harbor principles violation. Lastly, companies that practise Safe Harbor principles do not have to obtain approval to transfer data to Europe. Still, these policies seldom meet the standards set by the European Union. As such, US companies find it difficult to transmit information to their European subsidiaries or conduct business with European companies without violating European privacy laws (Tran and Atkinson, 2002).

One of the greatest controversies of invasion of privacy is towards children. Unlike adults, children may not fully understand what is right and wrong. Therefore, the right to individual freedom cannot be at the expense of allowing companies to frequently ask children to provide personal information about their parents without their parents’ consent (Udo, 2001).

The lack of validation on social networking sites such as Facebook can enable users to create bogus profiles (Light and McGrath, 2010). Facebook not only registered users for social
networking but also for business purpose. Digital software such as Photoshop can be used to modify digital images (Light and McGrath, 2010). Privacy assurances can influence disclosure from consumers who had read the privacy policy (Metzger, 2006). Consumers tend to trust websites with good reputation with strong privacy assurances than those do not.

Despite all the legislation that has been enacted, privacy is often violated. In order to promote Internet commerce, there is a need to have consumer privacy. Wang and Petrison (1993) had shown that two-thirds of Internet consumers are concerned about privacy. Most Malaysians are law-abiding citizens who hardly question the laws. In fact, privacy was not rated as the most important area of the Mukti (2000) study. The main issue of privacy is what data must be considered private and in what context.

The Malaysian Constitution does not specifically provide for the protection of privacy (Azmi, 2002). On the other hand, the Internal Security Act (ISA) was enacted to deal with the Communist insurgency and people arrested under this act can be held up to two years without being charged. The Malaysian government has a limited human rights track record that pertains to the freedom of assembly, speech and movement, as an anti-terrorist course of action takes precedence.

The Communications and Multimedia Bill contains a number of sections making reference to privacy (Malaysia, 2003). For example, Section 234 refrains from unlawful interception of communications. Section 249 has set rules for searches of computers that include encryption keys, and Section 252 authorises the police to intercept communications without a warrant if a public prosecutor feels that the communications are likely to contain information that is related to an investigation. Nevertheless, the Internal Security Act and the Computer Crime Act of 1997 favour Malaysian government interests rather than the individual right to privacy (Munir and Yasin, 2003).

In fact, since 1999, the Malaysian government has started to comprehensively introduce a multipurpose smart card called “MyKad” to all Malaysian citizens. “MyKad” contains photo identification, fingerprint, identification number, driver licence number, passport information, health information and e-cash function (Privacy and Human Rights, 2003). The Malaysian government also wanted to include information about religious affiliation, marital status and
voting constituency. The proposals were criticised by the opposition member of Parliament Teresa Kok as an invasion of privacy. On the other hand, the protection of privacy should not come at the expense of public security.

MyKad could be used for convocation system, discount card, e-library, hotel e-booking, loyalty programme, online statement, record management and traffic management (MSC Malaysia, 2010). According to Hisan (2009), MyKad contained a 64 Kilobytes microprocessor chip, and biometrics thumb print feature.

MyKad is accepted by MyWebResort Online as an identification card to book chalets online in Pangkor Island, Malaysia (MSC Malaysia, 2010). Partnership in this initiative includes both the public and private sectors such as MSC Malaysia, Municipality Council of Manjung and the Association of Chalet Operators of Pangkor Island.

Malaysians are also able to use MyKad as identification to fill electronic tax form through the Internet as well (Ilias, Razak and Yasoa, 2009).

The MSC Malaysia MyKad Retrieval System allows Internet users to download an applet that could read data confined in MyKad (MSC Malaysia, 2010). It also allows third party organisations to access MyKad information. As such, there will be less dependence on smart readers and the cardholder could just present a verified authenticity printout. This document will be signed electronically for independent identification. The verified document is informative for driving institutions, vehicle repair centres, motor insurance agents and police use (MSC Malaysia, 2010).

The government/legal/policy infrastructure is important in forming a regulated framework as the Internet can be accessed from anywhere in the world. Therefore, the Malaysian government has an important role to play in ensuring the clarity of Internet related Malaysian laws and their effective enforcement.

2.6.5 Marketing
Porter (2001) felt that although the Internet does provide a better technological platform than say Electronic Data Interchange (EDI), nevertheless gaining competitive advantage does not mean
that there is a need to have a radical change to proven business strategy. For instance, the dotcom crash of 2001 was not due to the Internet itself but rather a lack of product differentiation. Porter (2001) argued that as more businesses embrace the Internet, the Internet advantage will be further neutralised. However, Internet companies’ size is associated with increased chances of failure (Cochran, Darrat and Elkhal, 2006). This can be due to a situation such as high sales but low profit, with increased risk of poor performance.

2.6.5.1 Product/Service Differentiation
Advertising on the Internet can be in various forms (Faber, Lee and Nan, 2004). Banner advertisements that have low information are placed on high traffic areas. Other advertisements are in the form of pop-up advertisements, commercial advertisements just like radio and television, email notices and third parties. Metrics for pages accessed can also be traced to measure the traffic (Faber et al. 2004). Email advertisement is normally used to communicate promotions and offers (Danaher and Rossiter, 2011).

Consumers derive utility by shopping online for well known branded products from established websites rather than lesser known brands and websites (Lee and Tan, 2003). In a survey on consumers’ spending habits on Internet clothing websites, it was found that consumers tend to buy more compulsively online than at traditional retail stores (Kukar-Kinney, Ridgway and Monroe, 2009). This could be because the use of Internet to shop can be done privately and it avoids social interaction. Likewise, a study carried out by Vijayasarathy (2002) seemed to indicate there is no correlation between product cost and perception of risk.

Consumers also have a higher propensity to avoid or have ambivalence to Internet advertisements that have low interactions (Jin and Villegas, 2007). However, greater exposure to Internet advertising content does generate more desirable communications’ effects from consumers (Yang, 2004). A quantitative study carried out by Bayus and Mason (2003) found that younger consumers with higher income and innovative tendencies have a tendency to adopt new products. Consumers tend to search for search goods rather experience goods online (Moon et al. 2008). Consumers would also like to touch high experiential products (Citrin, Stem, Spangenberg and Clark, 2003). In order to better convince consumers to purchase these products, organisations need to create three-dimensional imageries on their websites.
Similarly, products with high differentiation are better suited to be sold on the Internet than products with low differentiation (Phau and Poon, 2000). In fact, product differentiation can be based on numerous design parameters such as form, features, performance quality, conformance quality, durability, reliability, repairability, and style (Kotler and Keller, 2006). Form can be differentiated based on size, shape, or physical structure of a product item. For example, aspirin comes in different dosage, size, shape, colour, coating, or action time. Features can come in the form of varying features besides the core function. Car manufacturers tend to offer the same car with price packages that include and exclude certain features like accessories such as sports rim, built-in television and others. An example of differentiation of product based on performance and conformance quality is cars that accelerate faster and other features deemed beneficial to consumers. Durability refers to the operating life of a product. Consumers may tend to pay more for vehicles and kitchen appliances that are long-lasting. Similarly, consumers may not mind paying a premium for products that are reliable and do not break down. Repairability refers to the measurement of the ease of repairing a product when it is not functioning. Finally, style refers to the product’s look and feel according to consumers. Nevertheless, product differentiation cannot separate itself from service differentiation when an organisation offers its products to consumers. Service differentiation such as ease of ordering, delivery, installation, customer training, customer consulting, and maintenance and repair are also important.

On the other hand, people will not like to take risk to purchase low differentiation products (Phau and Poon, 2000). However, Palmer and Griffith (1998) segmented a possible matrix for different product classifications based on the purpose of using the Internet and the degree of product information on the Internet. According to the researchers’ study, evidence has shown that products that are low cost, low risk and high turnover are the favourable factors that influence consumers to make their decision to place orders for products through the Internet. Another form of matrix for product classification on the Internet is by Watson et al. 2000. The classification indicates that industrial products tend to have high information content.

In another classification, grocery forms the largest portion of retailing (Raijas and Tuunainen, 2001). The buying pattern for grocery items seems to be stable and consistent, hence low cost, low risk and low involvement items such as grocery are suited for Internet retail as concluded by Watson et al. (2000) in their research. A recent study in Finland has shown that the reasons why consumers use the Internet to purchase grocery are to do with quality product picking, delivery
and time (Raijas and Tuunainen, 2001). Nonetheless, a certain level of trust ought to be in existence before consumers can go online. Finland is a rich country with one of the highest per capita incomes in the world. In the cities, its citizens are short of time. Additional services, price competitiveness and a wider assortment of choice do not influence the Finns to go online. Internet shoppers generally also feel that Internet shopping is less time-consuming (Kaufman-Scarborough and Lindquist, 2002) and they are likely to be concerned with time usage (Karayanni, 2003).

Likewise, a comparative qualitative study between two electronic grocery companies found that an electronic company can go out of business because of the quality of the products. Webvan was cutting cost until the quality of its products was compromised (Lunce, Lunce, Kawai and Maniam, 2006). This had affected their sales as consumers soon realised what they were paying for was not the product with the same high quality they used to enjoy earlier. In addition, Webvan’s markets were too stretched out whereas Peapod, its competitor, concentrated on certain specific markets that have density.

2.6.5.2 Inventory Availability

The study of American retailing between the period after the First World War and before the Second World War will offer better understanding of the evolution of distribution infrastructure (Table 2-14). Savitt (1999) observed that the American retailing industry was expanding rapidly starting from the second half of the nineteenth century. The expansion of the new American frontiers to the Pacific also encouraged population dispersion towards the west. Concurrently, larger and greater number of stores and improvement in communication and transportation systems enable products to be delivered faster.

Despite the improvement in communication and transportation systems, the years leading to the Great Depression in 1929 were served by inefficient inventory planning. The U.S. Congress even singled out the retailing industry for being one of the reasons for the Great Depression in 1929, claiming it was due to too large an inventory that did not meet the consumers’ needs. Retailers at that time did not look at the demand side of the economy. Inventory management was not taken seriously then.
Sears in 1920, for example, seemed to increase inventory without proper analysis of consumers’ demands (Savitt, 1999). Even Sear’s employees who were not authorised to issue purchases, did so indicating that there were no proper policies for making orders. Another challenge faced then was Sears shifted its operations from delivering products by mail order to operating retail stores during that time. It posed a challenge for inventory management in a country as large as the United States of America. Some stores were in excess supply of certain products, whereas certain stores were in short supply of other products. Because of that, specialised purchasing roles were being created.

From what has been discussed, mail order was once the norm to purchase products as the United States is a large country. As the western part of the United States was opened up, more retail stores were opened which were greater in size. Retail stores initially kept increasing the product inventory, perhaps because of the lack of product availability then. However, this led to excessive supply which was one of the causes of The Great Depression of 1929.

A lesson learnt from The Great Depression of 1929 is that it would be ideal to have a Just-In-Time (JIT) inventory whereby there is no need to keep stock. In order to achieve that, there is a need to share information between both vendors and customers (Cagliano, Caniato and Spina, 2003). Through consignment stock, vendor managed inventories or managing of vendors’ inventories at customers’ sites could also reduce holding cost (Cagliano et al. 2003).
Table 2-14: Retail Challenges. 1929-1939

<table>
<thead>
<tr>
<th>Attracting more customers</th>
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<tr>
<td>• Fresher and newer merchandise</td>
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<tr>
<td>• Better matching of needs and wants with offerings</td>
</tr>
<tr>
<td>• More effective selling activities – displays, personal and promotional materials</td>
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<table>
<thead>
<tr>
<th>Increasing productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Better use of assets – more frequent stock turns</td>
</tr>
<tr>
<td>• Better use of space – allocate space by recognizing differences in demand</td>
</tr>
<tr>
<td>• Increasing profits – lower costs of operations</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Improving competitive positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>• More effective product assortments</td>
</tr>
<tr>
<td>• Improvement in use of space</td>
</tr>
<tr>
<td>• Increasing promotional activities in obtaining customers</td>
</tr>
</tbody>
</table>

Source: Savitt, 1999, p. 310

According to Jones, George and Fane (2005), Just In Time (JIT) was first introduced by Toyota Motor Company (Toyota.com). The JIT system could be used in a manufacturing or a retail environment. The main principle of JIT system is that there should not be inventory goods at warehouses waiting for customers to buy. The supply process is directly linked to suppliers’ systems or a retail system.

There are numerous benefits in implementing a JIT system according to the authors. Investment in inventory could be used for marketing and promotion, and the development of new systems for selling to customers. At the same time, more physical space is available for other beneficial uses. The cycle time for delivery could be reduced and as such improved production capacity. Therefore, there tend to be less obsolete products available.
2.6.5.3 Supply Chain
The more layers there are in the supply chain, the higher the selling price to consumers will be. Yet, a study by Auger and Gallaugher (1997) had shown that many businesses in United States had not reduced the number of intermediaries when making purchases. Also, under ASEAN Free Trade Area (AFTA), trade tariffs between Association of South-East Asian Nations (ASEAN) members are to be reduced to between zero and five percent (Arshad, 2002).

Computer technology could help private retail sales portals to be competitive. The Electronic Supply Chain Management (E-SCM) system could improve the efficiency of communication with suppliers (Lancaster, Yen and Ku, 2006). It could help reduce paperwork, filing and record keeping. E-SCM will help to streamline the implementation of JIT. A new generation of Enterprise Resource Planning (ERP) system structure uses middleware to link to suppliers’ software systems (Moller, 2005). An open flexible architecture offers flexibility to accommodate any change to customers’ demand.

However, cost does matter in investing in logistics system. Webvan, an online grocery company as mentioned earlier, had poorly implemented its new logistics system that resulted in its closure (Lunce et al. 2006). Peapod, its competitor, was more conservative in its online business by not expanding too fast. Nonetheless, Webvan was too aggressive in its investment on its technology and infrastructure that was too expensive for its business operations in the quest for increasing sales. Technology and infrastructure investment require extensive consideration as their investment can impact sales.

2.6.6 Demographic Values
Demographic values such as gender, age, ethnicity, marital status, education level, IT literacy level and period of Internet use can have an impact on the online buying behaviour of consumers. The subsequent sections will explain in further detail the impact of these demographic values.

2.6.6.1 Gender
Recent research has shown that the profile of online shoppers is not really based on gender. A study by Goldsmith and Flynn (2005) showed no significant difference in terms of online purchase between males and females. In the year 2000, in the USA, women represented almost 60 percent of the online shoppers (Sorce, Perotti and Widrick, 2005). Similarly, a study by John
and Gorman (2002) in relation to South Korea showed that male users spent about 13.54 hours per week on the Internet whereas female users spent about 10.26 hours per week.

On the contrary, a qualitative research carried out by Singh (2001) found that women are more likely to use the Internet for activity purposes such as communication and other personal activities. In a recent study on a pharmaceutical website, men were found to have less exploratory behaviour and develop less involvement with the website than women (Richard, Chebat, Yang and Putrevu, 2010). Nevertheless, as a whole, both sexes appreciate entertainment, challenge and effective information content.

Another study found that life stages such as employment and marital status influenced the differences of men and women when they use the Internet (Helsper, 2010). Take for instance shopping for the family might be more open for women who have stable relationships. The gender gap is also wider in the developing countries due to social and cultural values (Moghaddam, 2010). In these countries, women tend to have less access to new information and telecommunication technologies.

2.6.6.2 Age
The use of Internet and texting (SMS) are highest among the younger people (Danaher and Rossiter, 2011). A study in the United States found that younger people are more willing to use unfamiliar online stores (Stranahan and Koisel, 2007). They are also the largest segment of online consumers in terms of spending and frequency of use. On the other hand, seniors over the age of 65 tend to spend the least and are the least likely to visit retail websites.

Nevertheless, an empirical study carried out by Sum, Matthews, Pourghasem and Hughes (2009) found that the use of the Internet by older people confirmed that they are more satisfied with their health and social life. Older people who frequently used the Internet were found to have a higher sense of belonging to their online communities. Therefore, private retail sales portals should take the opportunity to reach out to online communities if they want to extend their marketing communication to older people.

In contrast, a qualitative study found that the younger generation is associated technologies with the ability to interact with them (McMillan and Morrison, 2006). The older generation is less
aware of using technologies for interaction. It was also found that family plays a role in introducing interactive technologies to young adults. A qualitative research based on personal interviews with older people in the United Kingdom by Sourbati (2009) seems to strengthen the findings of previous researchers that friends and family do create interest among the non-Internet users to use the Internet.

2.6.6.3 Ethnicity
Different ethnic groups in different countries do have different purchasing patterns. For example, Caucasian Americans purchased more online than African Americans and Hispanic Americans (Stranahan and Koisel, 2007). Cultural factors are important to understand the underlying traditions of a country as how its people act in a certain way (Haniffa and Cooke, 2002). Malaysia has a unique cultural heritage as besides the majority Malays, the country is greatly influenced by cultures from China and India whereby the Chinese and Indians are the second and third largest ethnic groups respectively. These groups have uniquely diverse religions, customs and languages although the national language is Malay (language spoken by the largest group) and English is widely spoken as a business language. As such, private retail sales portals that intend to target Malaysian urban consumers should offer them the choice of interacting either in English, Malay, Chinese or Tamil languages.

A recent empirical survey found that the use of Internet among the young Malay users in Malaysia is sustainable (Hasim and Salman, 2010). There is a high usage of the Internet for interpersonal and social networking use.

2.6.6.4 Marital Status
According to the research by Liebermann and Stashevsky (2002), they indicated that married people perceived higher risk in using the Internet. This is because once people get married, they are more cautious with money. It is important that private retail sales portals can ensure that order processing is highly secure.

2.6.6.5 Education Level
According to Eastman and Iyer (2004), and Liebermann and Stashevsky (2002), Internet access seemed to increase with the increase in educational levels. It seems only rational that the more educated a person is, the greater the tendency for him or her to use the Internet to gather
information. People who are more educated are more aware of the risks of using the Internet in terms of security and payments. Therefore, they are more aware of the level of risks of using the Internet despite the lack of guarantee of 100 percent security in the Internet. Likewise, it was identified that university educated Americans spent the most money online compared to other less educated groups (Stranahan and Koisel, 2007).

2.6.6.6 IT Literacy
Likewise, there seems to be a large disparity in the use of the Internet based on age group. Seventy-nine percent of the Internet users in Malaysia are between the ages of sixteen and thirty-five years and the majority of them have tertiary education (Malaysia Overview, 2001). Like anywhere else in the world, a sizeable proportion of the users are from the younger age group. The vast majority of Malaysian population is “Generation X” (The Contact, 2003). This generation is defined as people born after 1966. In fact, the median age for Malaysians is 23.8 years (CIA, 2004). Thirty three percent of Malaysian population is between the age of 1 to 14 years and sixty two percent is between the age of 15 and 64 (CIA, 2004). This generation tends to be early adopters of new technologies rather than baby boomers. They work in white-collar jobs in urban cities. They fit well in the world of information technology and telecommunications. Generation Xs’ are comfortable to use remote channels such as e-mail and the Internet. They pay their bills by phone or via the Internet, and seek information online or by phone (CIA, 2004).

This youthful group sometimes may be interpreted as impatient. It was recently reported in Malaysia that the number of consumer complaints has been increasing rapidly. This is a massive 1,326 percent increase since the tribunal began operations in 2000. About 85 percent of the complaints are from urban areas where there is a presence of a strong, educated and growing middle class in Malaysia. Generation Xs’ also enjoy fast and hassle free contact with organisations. They want their requests to be processed efficiently.

A younger generation than Generation X is Generation Y, for those people that are of age from 14 to 31 in 2008 (Noble, Haytko and Phillips, 2009). They were born in the Internet era and are more exposed to the use of Internet compared to Generation X or the baby boomers. Generation Y also has a higher level of brand loyalty that they want to associate themselves with.
2.6.6.7 Period of Using the Internet

Only 27 percent of the users that have used the Internet less than 6 months bought products online compared to 60 percent of the users who have three to four years Internet experience (George, 2002). However, this may vary among Malaysians. New Internet adopters rely on brands when doing online shopping (Ward and Lee, 2000). As they gain more experience using the Internet, and improve their search capability, they will rely less on brands. Consumers bound to expect engaging experience as well when using the Internet (Mascarenhas, Kesavan and Bernacchi, 2006). In order for consumers to realise engaging experiences, companies should develop websites that include both functional and emotional benefit in their product offering. Once an emotional bond has been developed and established, it is more difficult for competitors to break it.

Based on domain specific search, the higher amount of Internet use is associated with increased product purchase from the Internet (Citrin, Sprott, Silverman and Stem, 2000). However, in terms of online purchases, the importance of online information decreases as consumers have more Internet experience (Cheema and Papatla, 2010). Consumers trust in search engines also decreases as consumers have more Internet experience as well. Nevertheless, in an empirical study on familiarity and usability on loyalty for journalistic services, when a reader has little Internet experience and is disoriented with the website, the degree of loyalty to the website will diminish (Flavian, Guinaliu and Gurrea, 2006).

2.6.7 Summary

The Internet can undoubtedly be used as an economical channel that can reduce the cost of products if the approaches are correct. It is the cheapest medium to provide global sales and can reduce the number of layers through which products and services can be delivered to the consumers. Organisations of the future will be expected to be cost effective in view of globalisation and the establishment of the private retail sales portals can serve as a tool to be competitive.

Privacy and trade laws are continuously being adopted and adapted with time and different conditions. In many developing countries, although there a number of laws enacted to ensure that Internet commerce is conducted in a proper manner, enforcement may not be effective due to corruption, nepotism and cronyism. These controversies may further deter many businesses from
considering establishing the private retail sales portals whereby the issue of jurisdiction of the laws has created much debate until now. On top of that, as mentioned earlier, seeking information from children is a major controversy that needs to be studied and addressed. Unlike adults, children may not be mature enough to be able to discriminate between right and wrong.

Therefore, before companies decide whether to establish the private retail sales portals, there is a need to ascertain the factors that can influence the use of the Internet.

2.7 Conclusion

The various sections in Chapter 2 have explored the various problems that could prevent or promote the efficiency and effectiveness of the use of private retail sales portals. They are as follows:

Section 2.1 gave an overview of the structure of Chapter 2.

Section 2.2 covered the literature of Electronic Commerce (1st parent discipline) that described the private retail sales portals marketplaces. It identified the development of the various components of the marketplaces such as the various types of portals, Internet technologies, service providers and Internet business models. This section also discussed that efficiencies and effectiveness could be created among the various players such as suppliers, intermediaries, buyers and customers in the supply chain through partnership with one another.

Section 2.3 focused on Strategic Marketing and Sales (2nd parent discipline) that introduced Malaysia and described the retail economy in Malaysia.

Section 2.4 explained the various models, theories and concepts that could be applied to explain the efficiency and effectiveness of the private retail sales portals. The various models, theories and concepts examined were Michael Porter’s Five Generic Strategies Model, Michael Porter’s Value Chain Analysis, Michael Porter’s Five Forces Model, Service Quality, and Blue Ocean Strategy.
Section 2.5 identified and described the literature gap on contemporary literature on Internet retailing research. It recognised the issues and challenges encountered by the private retail sales portals and the current research into these issues and challenges is rather fragmented.

Section 2.6 explored the factors (technology, social, commercial, legal and marketing) that could improve the efficiency and effectiveness use of the private retail sales portals and a theoretical framework developed (immediate discipline).

Section 2.7, summarised the content of Chapter 2.

The seven sections in Chapter 2 have provided a comprehensive review of the literature derived from the four research questions to establish the efficiency and effectiveness of the private retail sales portals. The comprehensive review of the literature reinforced the four research questions created to provide a conclusive study to the research problem.

Although the literature review has presented a comprehensive overview of the private retail sales portals in the marketplaces, it has not provided a greater insight as to why and how organisations can adopt the use of the private retail sales portals in a wider context. Despite the potential of creating increased efficiencies and effectiveness for the private retail sales portals being tremendous, many organisations are not seen to be rushing to create private retail sales portals to increase sales. This is the gap that is present in the current body of knowledge to understand comprehensively why that is so. The gap is expressed in the form of research propositions, and they will be used as the basis of the research methodology in Chapter 3, findings in the form of data analysis in Chapter 4 and conclusions in Chapter 5.

The research propositions have been determined and are as follows:

**Research Proposition 1**
Strategic actions are required in order to harness the reach and advantages of the Internet that will help to maintain and grow its business.

**Research Proposition 2**
Private retail sales portals can support the firm’s strategic plan in gaining a better than average returns on investment.
Research Proposition 3
Consumer behaviour can be influenced in order to gain higher adoption in using the Internet for consumer transactions.

Research Proposition 4
Firms building retail sales portals are able to attract urban consumers to utilise them.

The case studies with in depth interviews will help to identify the solutions to fill the gaps and answer the research questions, supported by the survey questionnaire results.
Chapter 3 – Research Methodology

3.1 Introduction
In a doctorate programme in business, research is an important aspect to substantiate findings. According to Sekaran (2000), business research is defined as an organised, systematic, stored, critical, objective, scientific inquiry or investigation into a specific issue. Its objective is to find a solution to an issue.

This chapter explains how the research is designed for the conceptual framework of this thesis. It provides a better understanding on how research is structured and why certain methods are chosen over others to answer the research problem. Different research strategies are also discussed to identify other possible options.

Chapter 3 is divided into 11 sections. Section 3.1 introduces the chapter and reiterates the research questions for this thesis. Section 3.2 reviews the different paradigms, designs, approaches and methods. Section 3.3 describes the research path for this thesis. Section 3.4 defines the quality of the research in the aspects of error, quality measurement, validity and reliability. Section 3.5 justifies the types of sampling used. Section 3.6 explains the coverage of ethical issues whereas Section 3.7 details the pilot testing procedures. Section 3.8 describes the questionnaire survey structure that covers questionnaire design, scale and the main questionnaire survey exercise. Section 3.9 discusses the various personal interview methods criteria for selection, and administering the personal interview. Section 3.10 describes how the quantitative and qualitative data have been analysed. Lastly, Section 3.11 summarises Chapter 3. Figure 3-1 below gives an overview of the layout of Chapter 3.
Figure 3-1: Structure of Chapter 3

3.1 Introduction

3.2 Paradigms, Design, Approaches and Methods in Research

3.3 Research Path

3.4 Quality of the Research

3.5 Sampling

3.6 Ethical Issues

3.7 The Pilot Test

3.8 The Questionnaire Survey Structure

3.9 Interviews

3.10 Analysis Procedures

3.11 Conclusion

Source: Developed for this Research
3.1.1 Research Questions

1. Companies’ Strategies
What strategic actions are required to harness the advantages of the Internet to help in maintaining the firm’s business growth?

2. Private Retail Sales Portals
How can Private Retail Sales Portals support the firm’s strategic plan in increasing returns on investment (revenue and profitability)?

3. Consumer Behaviour
How can consumer behaviour be influenced in order to gain higher adoption in using the Internet for consumer transactions?

4. Consumer Acceptance
How can firms building retail sales portals be able to attract the urban consumers to utilise them?

Figure 3-2 below shows the conceptual framework for this research.

Figure 3-2: Growth of Private Retail Sales Portals

Source: Developed for this research
3.2 Paradigms, Design, Approaches and Methods in Research

Hussey and Hussey (1997) stressed at length the need to understand the nature of research. The authors highlighted the need to understand the term “paradigm”. Paradigm, according to Hussey and Hussey (1997), refers to the development of scientific practice based on people’s comprehension of their surroundings. Research needs to be conducted based on this comprehension.

3.2.1 Justification of Paradigm

Hussey and Hussey (1997, p. 47) explained in more detail by mentioning that there are two research paradigms that can be labelled as positivist and phenomenological. Positivist paradigm seeks out the facts of the phenomena and avoids human emotional state whereas phenomenological paradigm deals with human thought. Other terms used to refer to positivistic paradigm according to the authors are objectivist, scientific, experimentalist and traditionalist. In contrast, phenomenological paradigm is referred to as subjectivist, humanistic and interpretivist. McMurray (2006) has classified paradigms into positivist, interpretivist and critical paradigms. A more comprehensive classification of paradigms is into positivism, constructivism, critical theory and realism (Guba and Lincoln (1994); Perry, Riege and Brown (1999)).

Correspondingly, according to Creswell’s study (1994), there are five contemporary assumptions for paradigms that are classified into ontological, epistemological, axiological, rhetorical and methodological. However, most literature has classified the assumptions into ontological, epistemological and methodological (McMurray, 2006).
### Table 3-1: Four Scientific Paradigms

<table>
<thead>
<tr>
<th>Paradigm</th>
<th>Element</th>
<th>Positivism</th>
<th>Constructivism</th>
<th>Critical theory</th>
<th>Realism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ontology</td>
<td>Reality is real and apprehensible</td>
<td>Multiple local and specific “constructed” Realities</td>
<td>“Virtual” reality shaped by social, economic, ethnic, political, cultural, and gender values, crystallised over time</td>
<td>Reality is “real” but only imperfectly and probabilistically apprehensible and so triangulation from many sources is required to try to know it</td>
<td></td>
</tr>
<tr>
<td>Epistemology</td>
<td>Findings true – researcher is objective by viewing reality through a “one-way mirror”</td>
<td>Created findings – researcher is a “passionate participant” within the world being investigated</td>
<td>Value mediated findings – researcher is a “transformative intellectual” who changes the social world within which participants live</td>
<td>Findings probably true – researcher is value-aware and needs to triangulate any perceptions he or she is collecting</td>
<td></td>
</tr>
<tr>
<td>Common methodologies</td>
<td>Mostly concerns with a testing of theory. Thus mainly quantitative methods such as: survey, experiments, and verification of hypotheses</td>
<td>In-depth unstructured interviews, participant observation, action research, and grounded theory research</td>
<td>Action research and participant observation</td>
<td>Mainly qualitative methods such as case studies and convergent interviews</td>
<td></td>
</tr>
</tbody>
</table>

Source: Based on Perry et al. (1999), which itself was based on Guba and Lincoln (1994) from which the quotations were extracted (cited in Sobh and Perry, 2006, p. 1195)

#### 3.2.1.1 Positivism

With reference to Table 3-1 above, the ontological assumption of positivistic paradigm is to consider the world from an objective perspective as the world is perceived as being external to the researcher. The existence of reality is separated from the observer (McMurray, 2006). It is characterised by natural laws that are free from generalisations. Knowledge only holds significant if it can be based on observations of external reality (Easterby-Smith, Thorpe and Lowe, 1991).
The epistemology assumption is more concerned about the study of knowledge and what is accepted as knowledge. In this context, the positivists believe that only phenomena that can be observed and quantified can become knowledge. The use of scientific principles can uncover the true nature of reality (Perry, Alizadeh and Riege, 1997). Therefore, researchers consider themselves as objective, distant, non-interactive, value and bias free (McMurray, 2006). The researchers are apart from the research process that results in findings that are value-free and theory-free (Guba and Lincoln, 1994). However, Habermas (1970) felt that knowledge cannot be value-free as knowledge is a mechanism of self-preservation.

The common methodologies are surveys and experiments to confirm or disconfirm hypotheses. Researchers believe that the methodology used, must be objective when quantifying characteristics of the real world (McMurray, 2006).

The positivist paradigm is inappropriate for this research for several reasons. First, the dynamics of the private retail sales portals are very complex and diverse as it involves many groups of stakeholders such as consumers and organisations, as well as other aspects such as legislations, technologies, marketing and cultural aspects. As such, the environment of private retail sales portals is unobservable. Reality is a multiple set of mental constructions created and accessible to humans (Lincoln and Guba, 1985).

Second, the factors that have an impact on the private retail sales portals in other countries may not necessarily affect the usage of Malaysian private retail sales portals by urban Malaysian consumers based on literature review.

Third, positivistic research mainly uses quantitative methods. Statistical methods are inflexible and they are not very effective to understand people’s actions in an integrated complexity of the private retail sales portals’ environment. Positivistic research also reduces the whole to the simplest components to facilitate analysis (Easterby-Smith et al. 1991).

3.2.1.2 Constructivism
Constructivism paradigm is the same as interpretivist paradigm. The ontological perspective is there are many realities subject to different social interactions (McMurray, 2006). The epistemology stand is that researchers have personal values, beliefs and attitudes that may be
biased when they carry out research subject to their own interpretations (McMurray, 2006). The researcher is a “passionate participant” (Guba and Lincoln, 1994, p. 112). In order to overcome personal bias, the researcher and the participant should consensually agree to the findings (Lincoln and Guba, 1985). Methodologies used are in-depth unstructured interviews, participant observation, action research, and grounded theory research (Perry et al. (1999); Guba and Lincoln (1994)).

Constructivism paradigm is not suitable for this research as it relates to human emotions and thoughts. It does not relate to the operations of the private retail sales portal environment. Furthermore, the research on the efficiency and effectiveness of the private retail sales portals would require understanding their dynamics as realistically as possible.

The environment that surrounds the operations of private retail sales portals involved many stakeholders such as retail companies as well as consumers and changes very quickly with renewed advertisement and establishment of more retail sales portals. As such, the application of constructivist paradigm that depends on interpretations of the subjects on reality is not suitable. Triangulating the data from different methods and sources can enhance the dependability and reliability of the data (Lincoln and Guba, 1985). A research study carried out by Simpson and Docherty (2004) on e-commerce adoption support and advice for United Kingdom’s small and medium industries (SMEs), applied various data collection methods and explored several sources. The data were collected from interviews with e-commerce practitioners and e-business advisors, literature review, government statistics and independent surveys.

3.2.1.3 Critical Theory
The critical theory paradigm is synonymous with critical paradigm. The critical theory paradigm understanding on the ontological element resembles both the positivist and the interpretivist paradigms (McMurray, 2006). Critical theorists still believe in reality but reality is subjective and is viewed based on values. The epistemological aspect focuses on the researcher’s intent to convince their subjects as to what makes logical sense rather than accepting them or their views (McMurray, 2006).

On the issue of methodology, there is no such thing as objectivity. Objectivity is a myth and data is subject to the researcher’s subjective interpretation. However, myth can be eliminated by
“enlarging insights through action” (Neuman, 2006, p. 34). Research methodologies are often longitudinal such as ethnography, and historical research on organisational structures and processes (Healy and Perry, 2000). Due to that, it is value-dependent and not value-free (Guba and Lincoln, 1994).

The critical theory paradigm is not suitable for the research on private retail sales portal environment as the researcher does not intend to transform the top management executives’ contemporary business practices. Its objective is to document a phenomenon that is little known for top management executives to think about.

3.2.1.4 Realism

The realism paradigm perspective on ontology element believes the “real external world is only imperfectly and probabilistically apprehensible” (Guba and Lincoln (1994). Realists acknowledge that there are differences between the real world and various views relative to time and space (Riege, 2003).

On the epistemology position, there is a need to see a “bigger picture” by triangulating on the different perceptions (Saunders, Lewis and Thornhill, 2007, p. 105). The realism paradigm allows for quantitative as well as qualitative data collection methods such as in-depth interviewing, focus groups, instrumental case research, survey and structural equation modelling (Healy and Perry, 2000).

The researcher is of the opinion that realism paradigm is suitable for this research as it investigates real world phenomena that include both observable and unobservable elements such as the private retail sales portals’ environment. The observable elements refer to physical or virtual objects such as websites and physical retail stores that can be viewed by the researcher. The unobservable elements refer to how the players involved in private retail sales portals such as consumers and management executives think.

3.2.2 Research Design

Exploratory research is carried out to resolve an issue that is unknown, have very few or no studies at all for reference (Sekaran, 2000). Questions such as “how”, “what”, “when”, and “where” are normally asked in exploratory research (Zikmund, 2003). Research is carried out based on case studies, and observation of an historical analysis in the form of quantitative or qualitative data (Hussey and Hussey, 1997). Its approach is wide to allow for gathering of as much information as possible. The theories identified are then tested in the Malaysian private retail sales portal environment through questionnaire surveys and personal interviews.

Questions in descriptive study are phrased in the forms of “Who”, “What”, “When”, “Where”, and “How” (Cooper and Schindler, 2001, p. 146). One of the earliest descriptive surveys was based on the Domesday Book which described the population of England in 1085 (Saunders, Lewis and Thornbill, 2007). According to Cavana, Delahaye and Sekaran (2001, p. 110), the following outcomes are expected from descriptive research:
- awareness of the characteristics or a group or a situation
- ability to identify the characteristics of a situation
- ability to provide information for further research
- ability to assemble data around possible change.

The descriptive study describes the target population that consists of Malaysian urban consumers and senior management executives of Malaysian companies operating Malaysian private retail sales portals. This study is to better understand the urban consumers’ usage and their preferences of goods. It is hoped that with this understanding private retail sales portals are able to attract Malaysian urban consumers to their retail sales portals. The management of retail companies can develop their portals that will attract them. As more retail portals are established, retail companies need to adapt and strategise their retail sales portals to remain competitive based on the general perception of the urban consumers towards the usage of these portals for online purchases and services.

Causal study is the same as explanatory study (Hussey and Hussey, 1997). Explanatory study describes what has been seen and from there analyses its causal effect (Hussey and Hussey, 1997).
3.2.3 Justification for Quantitative and Qualitative Research

The logic to apply in a research study can be deductive or inductive (Hussey and Hussey, 1997; Parkhe, 1993; Sekaran, 2000). Deductive research simply means that conceptual or theoretical structure is tested with quantitative data. As such, deduction is made from general inferences. Inductive research is a contrast to deductive research whereby from observation of quantitative data, a theory is generated. The application of the outcome of the research can be categorised into applied or basic research (Hussey and Hussey, 1997). Applied research can apply the findings to solve similar issues.

3.2.4 Data Collection Methods

In this research, the data collection methods are in the form of questionnaire survey and personal interview. Questions that start with “Who”, “What”, ”Where”, “How many” and “How much” tend to be predictive and refer to questionnaire survey whereas questions that begin with “How” and “Why” are explanatory in nature and relate to case studies as shown in Table 3-2 below (Yin, 1989, 1994).

<table>
<thead>
<tr>
<th>Propositions/Research Methodology</th>
<th>Focuses on contemporary events?</th>
<th>Requires control over behavioural events?</th>
<th>Type of research problem</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Case study</td>
<td>√</td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Survey</td>
<td></td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Archival analysis</td>
<td>√</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Convergent interview</td>
<td>√</td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>Experiment</td>
<td>√</td>
<td></td>
<td>√</td>
</tr>
<tr>
<td>History</td>
<td></td>
<td></td>
<td>√</td>
</tr>
</tbody>
</table>

Source: Yin, 1989, 1994
3.3 The Research Path
Section 3.3 outlines the different methods and approaches that were discussed in the previous sections. The inductive approach was selected as the researcher wanted to scrutinise a phenomenon in detail. However, it is more difficult to validate the findings in the inductive approach. The research was initiated by observing the reality that the private retail sales portals have great potential on how businesses can be transformed to be more efficient and effective.

Thereafter, information was collected to understand this phenomena and to identify theories to explain the efficiency and effectiveness of private retail sales portals. The nature of inductive approach required the researcher to ask general questions as the objective is to find applicable theories. As such, empirical results were used for analysis.

The process began when exploratory research was carried out by gathering information from business journals, books, magazines, Internet references and others. This research provided an insight into how private retail sales portals operate in the marketplace. After that, a pilot test (questionnaire survey and personal interviews) was conducted on 5 knowledgeable persons. The participants were asked to complete the questionnaire survey and questions for the personal interview. They were also asked to give their opinions on the layout of the questions, sentence structure and grammar, and other comments on the content of the questionnaire survey and personal interviews. The findings were then used to improve the content of the questionnaire survey and personal interviews that are of descriptive design in nature.

Pugh realised that his own research that was focused on positive paradigm, needs to include case studies of organisations to better understand the phenomena that happened (Pugh, 1988).

Descriptive design was used for qualitative research based on personal interviews with top management executives of four Malaysian retail companies that have established private retail sales portals. Due to lack of resources and time constraint, researchers tend develop case companies concurrently (Eisenhardt, 1989). The ideal number of case companies for a good understanding of a research should not be less than 4 (Eisenhardt, 1989). Qualitative descriptive design based on various case studies with diverse conditions offers richness of information for cross analysis and comparison (Yin, 1994). Descriptive information is necessary in an attempt to solve current research problem that did not involve the researcher (Yin, 1994). The case
companies could be compared based on similarities and differences (Yin, 1994). Content analysis was carried out to identify the main themes, patterns, key words and phrases. The data were then cross-analysed.

Quantitative data were collected from Malaysian urban consumers to support the case studies by means of questionnaire survey. Questionnaire survey was selected because it is economical, fast and accurate (Sekaran, 2000). A cover letter explaining the purpose of the research was attached with the questionnaire survey. The purpose of quantitative descriptive design is to summarise the characteristics and the distribution of set values (Lee, 2009). The author mentioned that descriptive statistics have a data series that include minimum, maximum, range, percentile, mean, median, mode, mean deviation, standard deviation, variance, skewness and kurtosis. A sample size of more than 30 but less than 500 is considered sufficient for most research (Roscoe, 1975). Quantitative and quantifiable data based on the participants’ information were analysed using descriptive statistics such as frequency distributions, averages, percentages, rankings and standard deviations. A 5-point Likert scale for opinion measurement was also used for the outputs. The quantitative and quantifiable data were edited, coded, categorised and entered into the Statistical Package for Social Sciences (SPSS) software for analysis.

Lincoln and Guba (1985) feel that triangulation of data collection methods can increase the dependability and the reliability of the data. By triangulating the data collection, this research hopes to suggest policies and strategies that will able to promote the growth of private retail sales portals to all stakeholders such as Malaysian urban consumers, Malaysian retail companies and policy makers.

The research path is graphically illustrated in Figure 3-3 below.
Figure 3-3: Research Path

Research Design
Inductive Approach

Research Questions
Research Objectives
Research Propositions

Exploratory Research

Literature
Pilot Test
Main Test

Quantitative Research
Questionnaire Survey
Descriptive Design
Data Analysis
- Coding data
- Programming
- Create data file
Interpretation of the result

Qualitative Research
Personal Interviews
Descriptive Design
Discussion
Conclusion
Findings,
Implications,
Recommendations

Source: Developed for this Research
3.4 Quality of the Research
The objective of this section is to discuss errors, quality measurement, validity and reliability of the research.

3.4.1 Error
The risk of participants creating errors was minimised by ensuring that the demographic composition of the general user population was represented. Likewise, participants in positions such as Managing Director, Operation Manager and Directors in their respective companies were also selected for the same reason.

The rigorous pilot testing of the questionnaire survey was to minimise errors that could occur in the main questionnaire survey (Sekaran, 2000). Personal interviews were carried out to complement the main questionnaire survey exercise so that a general picture of the efficiency and effectiveness of private retail sales portals could be established. This was also made possible by allowing the interviewees to express themselves freely on the subjects discussed and their related issues. These perspectives not only include Malaysian urban consumers in the questionnaire survey but also views from the management of Malaysian companies that have established private retail sales portals from personal interviews.

3.4.2 Quality Measurement
Validity, reliability and objectivity are the canons of scientific rigorousness (McMurray, 2006) that should be put to practice.

3.4.2.1 Source Validity
The sources from the initial exploratory research were gathered from academic references as well as the business community. The literature review was gathered based on related disciplines such as Internet commerce, consumer behaviour, behavioural aspect of Internet usage, strategic management, marketing and research methods. These sources are in the forms of journal publications, conference papers, books, Internet references, research publications and other materials. However, many research publications may overestimate their figures with other objectives in mind. The researcher is aware of this predicament and special attention was taken to ensure that the figures are reliable by confirming with other alternative sources.
As the private retail sales portals operate within the Internet environment that changes very fast, the main questionnaire survey was completed in one month. The relatively short period of time carrying out the research helped to reduce the history and maturation effects.

3.4.2.2 Reliability
The reliability of this research cannot be assured because of the following reasons.

a) The environment of the private retail sales portals is very dynamic.
b) The interaction between the different players within the private retail sales portals surrounding such as consumers, service providers, governments and other stakeholders is very complex.

3.5 Sampling
Questionnaire survey was used for the collection of data from Malaysian urban consumers as it is fast and not expensive to administer. The five participants for the pilot test questionnaire survey were selected based on judgment sampling as the sample was small. According to Neuman (2000), judgment sampling is most suited for small samples. Convenience sampling technique was used for the selection of Malaysian urban participants. For questionnaire survey, a sample size of 31 and higher but less than 500 is considered acceptable for most research (Roscoe, 1975). The participants selected for the main questionnaire survey were different from the participants of the pilot questionnaire survey in order to prevent duplication of the results.

Judgment sampling technique was used for the selection of senior management executives of Malaysian companies that have established private retail sales portals for personal interview. This group was chosen as the sample size required is small. For personal interview, 4 to 10 cases studied are considered sufficient to give a good understanding of the research area (Eisenhardt, 1989). All participants were at least 18 years of age. Case studies could be used to extend to replicate previous case studies or extend the emergent theory (Eisenhardt, 1989). Miles and Huberman (1994) feel that case studies should be within 2 to 10 cases. With fewer than 4 case studies, it is difficult to generate theory with a high level of complexity (Eisenhardt, 1989). On the other hand, having more than 10 case studies involve too much complexity and data (Eisenhardt, 1989).
3.6 Ethical Issues

The following parties were involved in the research:

a. the researcher
b. industry experts
c. Malaysian urban consumers
d. senior management executives
e. Southern Cross University

There should not be deception by means of deliberate misinformation that might contaminate results (Burns, 1997).

The researcher secured informed consent from the participants by first explaining the purpose of the research in writing. Potential participants were informed of the purpose of the research, who the researcher is and his affiliation, how the research would be carried out, the participants’ rights and the contact of the ethics officer if there is any ethics issue to clarify. Once the participants have agreed to participate in the research, the researcher should remain within the aims of the research (Zikmund, 2000). Should there be any changes to the research aims, the researcher has to renegotiate with the participant again (Zikmund, 2000). The volunteers also could withdraw at anytime from participating in the research (Bouma, 2000). The volunteers’ rights to privacy and the rights to be informed on all aspects of the research were respected in this research. Every effort was made to ensure these responsibilities were upheld to the best knowledge of the researcher.

The researcher took every care to remove traces from any identifying material as early as possible. Every step has been taken to ensure that participants are protected from any harm or other undesirable effects within the ethical guideline of Southern Cross University’s Research and Higher Degrees Committee. The researcher maintained confidentiality and anonymity by reporting the findings with no reference to participants’ names, companies or any related references. Only the researcher keyed the data into the computer and interviewed the participants. Just the researcher and supervisor have access to the raw data. A copy of the findings was given to the volunteers as promised. All sensitive data is kept by the researcher in a locker for 5 years.
The recorded data is saved in the hard disk of a computer with 2 backup CDROM copies. The CDROMs are kept in a cool place and away from the sun to prevent any damage to the data. The CDROMs are kept in CDROM trays at two different locations. One copy is kept in a safe deposit box. Another copy is kept in a safe location at the researcher’s home. The condition of the data will be checked every year.

3.7 The Pilot Test
In order to ensure major areas of the topic were covered, extensive review of existing literature was carried out to ensure a high level of content validity and reliability. On top of that, feedback from experts was received for content developed for the questionnaire survey as well as the personal interview. They were subsequently submitted as part of the ethics form for approval from the Southern Cross University’s ethics committee.

Only when the Southern Cross University’s ethics committee had given approval for ethical clearance, was a pilot test for the content of the questionnaire survey and personal interview carried out involving 5 knowledgeable persons who had established private retail sales portals. The participants for the pilot test were asked to comment on the clarity and comprehensiveness of the items and the organisation of the questions, and to make suggestions to further strengthen content validity and reliability.

3.8 The Questionnaire Survey Structure
The anonymous questionnaire survey consists of two sections. Section A comprises eleven items to obtain information on the participant’s characteristics. Information such as gender, age, ethnicity, marital status, education level, IT literacy level, knowledge of retail sales portal used, language preference, period and purpose of Internet use, and types of website frequented. Section B comprises items in relation to technological, social, commercial, legal and marketing aspects.

3.8.1 Questionnaire Design
Questionnaire survey is the most popular way of getting data. Data that was keyed into Statistical Package for Social Service (SPSS) could easily be converted into graphs. The questions were written according to the level of participants’ understanding. Structured instructions were written to explain to the participants how to complete the questionnaire correctly. The questionnaire
survey was phrased in a mixture of positive and negative questions to avoid participants’ tendency to answer by ticking extreme ends of scales.

Based on suggestions by Sekaran (2000), the questions were also not phrased in a manner whereby the participants may tend to answer in a socially acceptable manner and emotionally charged questions that may be biased were also avoided. Each question asked was based on one subject only as suggested by Ticehurst and Veal (2000). If there are two subjects stated in one question, the participant’s answer given would be analysed based on generalising the subject matter.

3.8.2 Scale
Gill and Johnson (1997) classified scales into nominal, ordinal, interval and ratio. An example of nominal scale is the classification of people into mutually distinguished groups such as male and female. It does not have any mathematical value. The ordinal scale represents the dissimilarity between the various categories but does not indicate the magnitude of the differences. An example would be ranking the different categories of importance of job satisfaction. The interval scale is almost similar to the ordinal scale except that the breakdown of the continuum is equal and number zero is arbitrary. It is used to measure attitudes. On the other hand, ratio scale has a continuum that is broken equally and has a mathematical value of zero.

The questions were designed based on a combination of nominal scale, ordinal scale, interval scale and ratio scale. Nominal scale was used to categorise gender, ethnicity, knowledge of using Internet and private retail sales portal, language preference, purpose of using the Internet, website preference, decision to purchase from private retail sales portal, reasons for deciding to purchase from the Internet, recommendation of the private retail sales portal used and factors to improve customer service. Ratio scale was used to classify percentage of time spent online for shopping, and important factors to make a purchase.

An example of an interval scale is the 5-point Likert scale. For this research, it is scaled to measure consumer viewpoints such as laws, privacy and security surrounding the Internet and private retail sales portal.
Ratio scale was used to collect data from questions such as age, education level, IT literacy level, period of using the Internet, and time spent shopping on the Internet.

3.8.3 The Main Questionnaire Survey Exercise
The information sheet contained information on the purpose of the research, who the researcher was, his affiliation, how the research would be carried out, the participants’ rights, the process for dealing with grievances, and the contact information of the researcher, supervisor and ethics officer at the Southern Cross University. The questionnaire survey could be completed within 15 minutes.

3.9 Interviews
There are numerous ways to collect information. Some of the most effective ways to gather information is by interview. Interviews such as questionnaire surveys are highly structured whereas qualitative interviews are more unstructured, non-directive, in-depth and informal (McMurray, 2006).

According to Sekaran (2000), there are several modes of data collection by interview. Personal or face-to-face interviews tend to have a high response rate. Through personal or face-to-face interview, the interviewer is able to establish better rapport and motivate the interviewee as it is carried out on a one to one basis. Unlike other forms of interview, personal or face-to-face interview enables the interviewee to ask any question that he or she has doubts on.

However, the personal or face-to-face interview also has its disadvantages. It is time consuming and costly especially if the interviewees are widely dispersed (Ticehurst and Veal, 2000). Interviewees may also be concerned with issues of confidentiality and anonymity of information that may discourage them from participating. Even if the interviewees participate, it is a universal acceptable ethical standard that interviewees can decide to withdraw from the research at anytime (Bouma, 2000). In order to encourage participation in interviews, interviewers would require training and they must not be biased or perceived to be biased (Perry et al. (1999); Guba and Lincoln (1994)). Therefore, a good interviewer has to be aware of his or her impact of information gathering such as appearance, sex, attitude, speech, race and others (McMurray, 2006).
The second form of interview used was by telephone.

Personal interview was used to gather information from senior management executives of Malaysian companies who are involved in the establishment of private retail sales portals. Personal interview techniques enabled the researcher to probe further into the inner workings of the private retail sales portals environment.

3.9.1 Criteria for Case Selection
Four to ten cases studied are considered sufficient to give a good understanding of the research area (Eisenhardt, 1989). Due to limited resources and time constraint, the researcher was forced to limit the number of case studies. Four Malaysian companies that have established private retail sales portals were selected. They were selected based on diverse retail industry. It provided the researcher with a wide range of perspectives and insights from industries although generalisations are difficult.

3.9.2 Conducting the Personal Interviews
For the personal interview, information sheets and consent forms were sent to participants. The information sheet stated the purpose of the research and the measures taken to safeguard the rights of the participants. Subsequently, the researcher followed up by contacting the prospects to confirm whether they had decided to accept the researcher’s invitation to participate in the research. Once the prospects accepted the invitation, the researcher collected the consent letters from the participants personally. The researcher telephoned each of the participants and made an appointment to confirm the time, place and date of the interview. The duration of the personal interview was about an hour for each participant. There was no travel required by the participants as the researcher travelled to meet them. The information collected was written in a notebook.

3.10 Analysis Procedures
Quantitative data based on the participants’ demographic information was analysed using descriptive statistics such as frequency distributions and percentages. Nominal scale, ordinal scale, and interval scale were used. The quantitative and quantifiable data were edited, coded, categorised and entered into the Statistical Package for Social Sciences (SPSS) software for analysis.
Interviewees were allowed to express themselves freely on the subjects discussed and their related issues. The data collected from the interviews was recorded in a notebook. It was manually analysed thoroughly. Data collected from each question in the interview was then summarised. Content analysis was carried out to identify the main themes, patterns, key words and phrases. The data was also cross-analysed in coded and tabulated formats. Pseudonyms were used when referring to participants and their companies in order to maintain confidentiality and anonymity.

3.11 Conclusion

Realism paradigm was selected over other paradigms for this research as it investigates observable and unobservable elements of real world phenomena such as private retail sales portals’ environment. Nevertheless, the real world can only strive for perfection and be probabilistically apprehensible (Guba and Lincoln (1994) by triangulation, collecting data from questionnaire survey and personal interview (Saunders, Lewis and Thornhill, 2007).

The inductive approach was chosen as the researcher wanted to explore a phenomenon as comprehensively as possible by collecting information from business journals, books, magazines, Internet references and other materials. Thereafter, deductive testing was conducted by the researcher by collecting quantitative and qualitative data from Malaysian urban consumers and senior management executives to confirm validity and reliability.

The efficiency and effectiveness in the use of private retail sales portals by Malaysian urban consumers were measured by using questionnaire survey. The main objective of personal interviews was to seek answers to the research questions from the perspectives of the senior management executives of Malaysian companies that have established the private retail sales portals. The personal interviews undertaken were an attempt to have an insight into the strategies and foresights established by these companies. How the private retail sales portals are managed and strategically shaped, have a strong impact on the success or failure of Malaysian private retail sales portals. The analysis was made in Chapter 4.
Chapter 4 – Data Analysis

4.1 Introduction

This chapter presents the findings and analysis of the data collected from personal interviews with senior management executives of various Malaysian retail companies that operate retail sales portals and from the questionnaire survey of urban consumers in general. The questionnaire survey was completed by 62 Malaysian respondents. The personal interviews were conducted with senior management executives of 4 Malaysian retail companies that operate retail sales portals as case studies. Due to the requirement of strict confidentiality to be maintained by all the senior management executives of the selected companies, pseudonyms are used. The 4 selected Malaysian retail companies that are operating retail sales portals are as follows:

- Company A, a battery manufacturing company;
- Company B, a stationery manufacturing company;
- Company C, a fabric trading company and
- Company D, a T-Shirt designing company.

Chapter 4 is divided into six main sections. The first section introduces the chapter. The second section provides the findings and subsequent improvements of the personal interview questions and questionnaire survey from the pilot testings. The third section provides the details of the personal interviews, and their procedures and findings. The fourth section presents the results of the questionnaire survey and the analysis. The fifth section summarises the information gathered from the personal interviews and questionnaire survey. The sixth section gives the concluding comments by converging and correlating the findings. Figure 4.1 shown below outlines the structure of Chapter 4.
The findings of the personal interviews and questionnaire surveys were structured according to the research questions spelt out below.

**Research Question 1**
What strategic actions are required to harness the advantages of the Internet to help in maintaining the firm’s business growth?

**Research Question 2**
How can Private Retail Sales Portals support the firm’s strategic plan in increasing returns on investment (revenue and profitability)?

**Research Question 3**
How can consumer behaviour be influenced in order to gain higher adoption in using the Internet for consumer transactions?
Research Question 4

How can firms building retail sales portals be able to attract the urban consumers to utilise them?

The research propositions are as follows:

Research Proposition 1
Strategic actions are required in order to harness the reach and advantages of the Internet that will help to maintain and grow its business.

Research Proposition 2
Private retail sales portals can support the firm’s strategic plan in gaining a better than average returns on investment.

Research Proposition 3
Consumer behaviour can be influenced in order to gain higher adoption in using the Internet for consumer transactions.

Research Proposition 4
Firms building retail sales portals are able to attract urban consumers to utilise them.

4.2 Pilot Testing

The researcher recognises that the quality of the data would depend on the validity and reliability of the personal interviews and questionnaire survey. Content validity and reliability are expected to be high due to the comprehensive literature review and pilot testing. The pilot testing was carried out with 5 knowledgeable persons to test the validity of the questions in the personal interviews and the questionnaire survey.

The first knowledgeable person graduated with a bachelor’s degree in business administration majoring in finance. The person managed the operation of a private retail sales portal for a Malaysian bank for the past 5 years. He had several years of working experience in the area of online strategy in numerous industries.

The second knowledgeable person graduated with a master’s degree in computer based information systems and a bachelor’s degree in computer science. He is the Chief Executive Officer of a Malaysian IT company. The company is involved in software development and offers technical support for private retail sales portals.

The third knowledgeable person graduated with a bachelor’s degree in business administration majoring in marketing. He is a senior manager that manages the sales and operation of a private
retail sales portal selling quality pens for the past 7 years. He has about 5 years work experience involved in usability teams that developed private retail sales portals.

The fourth knowledgeable person graduated with a bachelor’s degree in business administration majoring in accounting. He has been a Marketing Director for the past 6 years for an IT company that sells online computer hardware such as personal computers and notebooks. He manages the sales of computer hardware generated from its private retail sales portal. He has had about 10 years of working experience in cost accounting in several industries.

The fifth knowledgeable person graduated with a bachelor’s degree in management information systems and a master’s degree in business administration. She has worked as an IT consultant for a conglomerate company that is involved in banking, steel, household goods and healthcare for the past 9 years. She has helped the organisation to establish private retail sales portals.

According to these knowledgeable persons, the questions were generally easy to understand. Furthermore, the targeted interviewees for the personal interviews and the selected respondents for the questionnaire survey have all completed at least high school education, and are Internet and computer savvy. These respondents were found in companies, offices in shopping complexes, community centres and educational centres. The respondents were selected when the researcher saw them using computers and then were asked whether they are Internet and computer savvy. Although the number of questions on the questionnaire survey was numerous, most of the questions just needed to be marked and did not require written explanation. It was expected that a respondent would complete the questionnaire within 15 minutes.

4.2.1 Personal Interviews for Case Studies
Below are the comments by 5 knowledgeable persons on the questions created for personal interviews for the case studies and researcher responses. The comments and responses were grouped based on each knowledgeable person.

**Knowledgeable Person 1**
1. The instructions written were easy to understand.

**Comments:** Yes. The instructions were short and direct.

**Researcher Responses/Actions:** Not required.
2. The questions were difficult to understand.

Comments: This knowledgeable person claimed that the questions were difficult to understand. However, the questions asked may be easy to understand for interviewees with business degrees or higher qualifications.

Researcher Responses/Actions: The selected interviewees are senior management executives who are involved in the establishment of private retail sales portals. They have completed tertiary education.

3. Word usages were concise and clear.

Comments: Interviewees who have business degrees or higher qualifications may find the word usages concise and clear. However, it may be difficult for other interviewees to understand it completely.

Researcher Responses/Actions: Similar to statement 2 above, the interviewees represent senior management executives who are involved in the establishment of private retail sales portals. They are generally well educated and have completed tertiary education.

4. The flow of the questions was proper.

Comments: Most of the questions seemed to be independent of each other. As such, the flow of the questions was not important.

Researcher Responses/Actions: Not required.

5. Other Comments

Comments: Nil.

Researcher Responses/Actions: Not required.

Knowledgeable Person 2

1. The instructions written were easy to understand.

Comments: Yes. The questions were straightforward and clearly defined.

Researcher Responses/Actions: Not required.

2. The questions were difficult to understand.

Comments: No. The questions were not difficult for anyone to understand.
Researcher Responses/Actions: Not required.

3. Word usages were concise and clear.
Comments: Yes. The questions were unambiguous.
Researcher Responses/Actions: Not required.

4. The flow of the questions was proper.
Comments: Yes. One question led to another.
Researcher Responses/Actions: Not required.

5. Other Comments
Comments: Nil.
Researcher Responses/Actions: Not required.

Knowledgeable Person 3
1. The instructions written were easy to understand.
Comments: Yes. The instructions were easy to understand.
Researcher Responses/Actions: Not required.

2. The questions were difficult to understand.
Comments: No.
Researcher Responses/Actions: Not required.

3. Word usages were concise and clear.
Comments: Yes. The word usages were very concise and clear.
Researcher Responses/Actions: Not required.

4. The flow of the questions was proper.
Comments: Yes.
Researcher Responses/Actions: Not required.

5. Other Comments
Comments: Nil.
Researcher Responses/Actions: Not required.

Knowledgeable Person 4

1. The instructions written were easy to understand.
   Comments: Yes.
   Researcher Responses/Actions: Not required.

2. The questions were difficult to understand.
   Comments: No.
   Researcher Responses/Actions: Not required.

3. Word usages were concise and clear.
   Comments: Yes.
   Researcher Responses/Actions: Not required.

4. The flow of the questions was proper.
   Comments: Yes.
   Researcher Responses/Actions: Not required.

5. Other Comments
   Comments: Nil.
   Researcher Responses/Actions: Not required.

Knowledgeable Person 5

1. The instructions written were easy to understand.
   Comments: Yes. The instructions were easy to understand.
   Researcher Responses/Actions: Not required.

2. The questions were difficult to understand.
   Comments: No. The questions were not difficult to understand.
   Researcher Responses/Actions: Not required.

3. Word usages were concise and clear.
**Comments:** Yes. The word usages were concise and clear.

**Researcher Responses/Actions:** Not required.

4. The flow of the questions was proper.

**Comments:** Yes. The flow of the questions was proper.

**Researcher Responses/Actions:** Not required.

5. Other Comments

**Comments:**

**Comment A**
This knowledgeable person argued that if she was a manager of the retail company, she would not spend time answering so many questions unless some free consultancy services would be offered to the company.

**Researcher Responses/Actions:**

**Comment A**
Each interviewee is expected to be interviewed for about 1 hour. Only 2 interviewees are required to represent each company. By participating in this research, Malaysian retail companies would also benefit from the research outcome of the existing and potential benefits of private retail sales portals. Malaysian retail companies would be able to formulate more effective strategies and policies to support the growth of Malaysian private retail sales portals.

**Comment B**
This knowledgeable person felt that if she was the manager of the retail company, she would not reveal certain sensitive questions.

**Researcher Responses/Actions:**

**Comment B**
The name of companies and interviewees would be protected by the use of pseudonym. The companies can choose to withdraw their participation at anytime and prior data collected would be destroyed.
4.2.2 Questionnaire Survey

Just like the questions in the personal interviews, the questions for the questionnaire survey were validated by the 5 knowledgeable persons. The validation comments and researcher responses are grouped based on each knowledgeable person.

Knowledgeable Person 1

1. The instructions written were easy to understand.

Comments: It was easy to understand the written instructions as the English used was simple.

Researcher Responses/Actions: Not required.

2. The questions were difficult to understand.

Comments: The questions were short and easy to understand.

Researcher Responses/Actions: Not required.

3. Word usages were concise and clear.

Comments: The words used were direct and concise.

Researcher Responses/Actions: Not required.

4. The flow of the questions was proper.

Comments: Yes. The questions were quite independent of each other. The flow of the questions was not crucial.

Researcher Responses/Actions: The sub-questions were cohesively linked with the main questions.

5. Other Comments.

Comments: Nil.

Researcher Responses/Actions: Not required.

Knowledgeable Person 2

1. The instructions written were easy to understand.

Comments: Yes. The instructions were well organised and presented in simple English.

Researcher Responses/Actions: Not required.
2. The questions were difficult to understand.
   **Comments:** No. It was easy to understand the questions presented using simple English.
   **Researcher Responses/Actions:** Not required.

3. Word usages were concise and clear.
   **Comments:** Yes. There was no jargon words used that ordinary people would not understand.
   **Researcher Responses/Actions:** Not required.

4. The flow of the questions was proper.
   **Comments:** The questions were arranged systematically and organised by categories.
   **Researcher Responses/Actions:** Not required.

5. Other Comments.
   **Comments:** Nil.
   **Researcher Responses/Actions:** Not required.

**Knowledgeable Person 3**

1. The instructions written were easy to understand.
   **Comments:** Yes. The instructions were easy to understand.
   **Researcher Responses/Actions:** Not required.

2. The questions were difficult to understand.
   **Comments:** No.
   **Researcher Responses/Actions:** Not required.

3. Word usages were concise and clear.
   **Comments:** Yes. The words used were concise and clear.
   **Researcher Responses/Actions:** Not required.

4. The flow of the questions was proper.
   **Comments:** Yes.
   **Researcher Responses/Actions:** Not required.
5. Other Comments.

Comments: Nil.

Researcher Responses/Actions: Not required.

Knowledgeable Person 4

1. The instructions written were easy to understand.

Comments: Yes.

Researcher Responses/Actions: Not required.

2. The questions were difficult to understand.

Comments: No.

Researcher Responses/Actions: Not required.

3. Word usages were concise and clear.

Comments: Yes.

Researcher Responses/Actions: Not required.

4. The flow of the questions was proper.

Comments: Yes.

Researcher Responses/Actions: Not required.

5. Other Comments:

Comments: Nil.

Researcher Responses/Actions: Not required.

Knowledgeable Person 5

1. The instructions written were easy to understand.

Comments: Yes. Instructions were easy to understand.

Researcher Responses/Actions: Not required.

2. The questions were difficult to understand.
Comments: No. The questions were not difficult to understand. However, this knowledgeable person felt that she was not too sure whether other respondents would find the questionnaire survey difficult to understand.

Researcher Responses/Actions: The selected respondents must have completed at least high school education, and are familiar with using the Internet and other computer applications. These respondents were selected based on convenience sampling of selected companies, offices in shopping complexes, community centres and educational centres. The respondents were then randomly selected when the researcher saw them using the computers and they were also asked whether they were Internet and computer literate. They were required to have at least high school education as it is necessary for them to be able to read and write to complete the questionnaire survey and to use the private retail sales portals. Equally, they ought to be Internet and computer literate so that they are able to use the private retail sales portals and know their benefits. As such, the respondents were able to understand the questions as they were written in concise and simple English words.

3. Word usages were concise and clear.
Comments: Yes. The words used were concise and clear. However, the main questions or the sub questions for Question 7, Question 8 and Question 9 should be rephrased. The answer selection should be changed as the answers by ranking the importance did not coincide with the questions.

Researcher Responses/Actions: Not required.

4. The flow of the questions was proper.
Comments: Yes. The flow of the questions was proper.

Researcher Responses/Actions: Not required.

5. Other Comments:
Comment A
If the knowledgeable person was a respondent, she did not think that she would spend time answering the questionnaire unless there was a free gift or service
**Comment B**
There are too many questions, some of the questions are lengthy, and some of the questions should be phrased to be answered in a way that coincides with the selected answers.

**Comment C**
The questions or sub-questions need to be rephrased to give a clearer picture of the type of answers required (level of importance). For Question 8 and Question 8(a) instead of asking respondents to select an answer based on a 5-point Likert scale that stated the “… importance of privacy …”, the answers should state the “Level of Importance”. This knowledgeable person suggested that Question 8 should be phrased as “The importance of privacy factors when buying from a retail sales portal.” Question 8(a) should be based on “Accessing of my information about me through Internet should be restricted.”

Some of Question 9’s sub-questions should be rephrased or the answers should be amended. Question 9 was asking about the level of importance and the respondents should answer to state the level of importance. However, sub-question 9(a) asked whether “E-mails are safer than postal mails”. This sub-question was asking an opinion whether e-mails are better than postal mails. Therefore, the answer should not be answered based on a 5-point Likert scale based on the “level of importance” but only whether respondents “Agree” or Disagree”.

**Researcher Responses/Actions:**

**Comment A**
A free gift or service would not be given to participants in order to strive to ensure impartiality. In addition, participants should participate in the research voluntarily.

**Comment B**
The number of questions could be reduced as these are the comprehensive list of questions designed to gather and interpret data in response to the research questions. The questionnaire survey is expected to take about 15 minutes to complete as most of the questions and statements would only require the respondents to place a mark on a box.
Comment C
The answers for Item 6 to Item 9 (Section B) had been revised in line with the questions and statements asked. The following items had been amended for the following reasons:

Item 6 (Section B)
Item 6 had been rephrased from a question format to a statement format asking the respondents to indicate the degree of importance of the various variables to improve customer services based on a 5-point Likert scale. The researcher felt that Item 6 should be converted from nominal/dichotomous data to a 5-point Likert scale as it is more precise to measure the degree of various variables for customer service.

Item 7 (Section B)
A 5-point Likert scale was designed to gauge how strongly respondents feel about the importance of digital law and legal protection when buying from a private retail sales portal. Nominal/dichotomous data were designed for the variables to elicit specific answers.

Item 8 (Section B)
Item 8 began with a general question asking the respondents how strongly they feel about the importance of privacy factors when buying from a private retail portal based on a 5-point Likert scale. The various variables were also measured in the same manner based on a 5-point Likert scale, but based on how strongly the respondents agree on the statements.

Item 9 (Section B)
A 5-point Likert scale was created to gauge how strongly the respondents feel about the importance of a secured website when making a decision to purchase from a particular retail sales portal. For more specific statements, nominal/dichotomous data were designed to gather more specific answers from Item 9(a), Item 9(b), Item 9(c) and Item 9(d). Item 9(e) and Item 9(f) were designed based on a 5-point Likert to measure how strongly the respondents agree as to whether encryption and third party certification are sufficient to provide security and monitor the transaction process for a retail sales portal.

4.3 Personal Interviews – Case Studies
For the case study analysis, pseudonyms were used for the interviewees and companies in order to maintain confidentiality. Interviewees were allowed to express themselves freely on the subject matters and related issues. The interviews were arranged within a month as the private retail sales portal environment is very dynamic and ever changing. Each company was
represented by two top executives who are involved in strategic and operational matters as mentioned in Table 4-1 below.

Table 4-1: Profile of Interviewees

<table>
<thead>
<tr>
<th>Company Pseudonym</th>
<th>Position</th>
<th>Date of Interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Managing Director</td>
<td>9/1/09</td>
</tr>
<tr>
<td>A</td>
<td>Operation Manager</td>
<td>9/1/09</td>
</tr>
<tr>
<td>B</td>
<td>Director 1</td>
<td>13/1/09</td>
</tr>
<tr>
<td>B</td>
<td>Director 2</td>
<td>13/1/09</td>
</tr>
<tr>
<td>C</td>
<td>Director 1</td>
<td>17/1/09</td>
</tr>
<tr>
<td>C</td>
<td>Director 2</td>
<td>17/1/09</td>
</tr>
<tr>
<td>D</td>
<td>Director 1</td>
<td>22/1/09</td>
</tr>
<tr>
<td>D</td>
<td>Director 2</td>
<td>22/1/09</td>
</tr>
</tbody>
</table>

Source: Developed from the Personal Interview Data

4.3.1 Introduction

The companies were selected based on their agreement to participate in this research and they represented a significant spectrum of the retail industry. Malaysian retail companies would also benefit from added knowledge of the existing and potential benefits of private retail sales portals. Information sheet and consent forms were sent to them. The consent form states the purpose of the research and the measures taken to safeguard the rights of the participants. Interviewees completed a consent form for personal interview.

The researcher reiterated the purpose of the interview and allowed the interviewees to comment freely on the questions asked. Every effort was taken to ensure that the interviewees were comfortable and at ease. In fact, the interviewer tried to socialise and get to know each of the interviewees before starting the interview. Questions were also phrased in a way so that interviewees did not lose face.
4.3.2 Personal Interview - Company A

Company A is a Malaysian battery manufacturing company. The Managing Director and Operation Manager were interviewed. The Managing Director is overall in charge of the company whereas the Operation Manager manages the day-to-day production.

4.3.2.1 Organisational Strategies

Company A uses the Internet to reduce paperwork, communicate orders with the Malaysian government, source for materials, and find information about competitors. The development of the private retail sales portal is outsourced and the source code is maintained by the vendor. The main difficulty encountered is when there is a need for a change to the portal layout, when Company A has to refer to the vendor, of which at times the vendor would charge additional fees. It is also sometimes difficult to contact the vendor.

As a whole, the representatives of Company A feel that the implementation of Internet infrastructure is below expectation. It seems that Malaysian government officials are not well aware of the benefits that Internet commerce can bring to the retail industry. Many Malaysian retailers are still concerned with security when developing Internet commerce. According to the Managing Director, “Many Malaysians would try to cheat whenever they can.” For example, they claim to be someone they are not. This is done by keying another person’s credit card particulars. Despite this constraint, Company A feels that the future of Internet commerce is expected to grow as it offers convenience to consumers to shop.

Likewise, the revenue generated from Company A’s private retail sales portal is expected to grow as well. Company A has taken steps to streamline and simplify its processes in coming years to support its private retail sales portal. However, Company A is uncertain about the amount of investment for its private retail sales portal in the next 1 to 5 years in view of the profound deterioration of the world’s economy.

4.3.2.2 Private Retail Sales Portals

Although Company A mainly sells batteries, it has also expanded its range of offerings to include stationery and electrical appliances. Currently, only about 40 percent of the total sales are generated from its private retail sales portal. The company generates a total sale of about US$20 million per year. However, the level of knowledge of the Internet and business-to-consumer
(B2C) e-commerce of the senior management of the company is not high. Nevertheless, senior management personnel have continuously been sent by the company for e-commerce courses. The courses were related to the use of Internet, business model development and technical support.

During the Internet era, the company created a private retail sales portal in order to try to generate more sales revenue. At the moment, the retail sales portal is not electronically linked to any supplier but Company A intends to do so in future. The business-to-consumer (B2C) e-commerce is expected to increase its profit margin by 20 percent and sales by 30 percent in 5 years. The company is very positive about its future and intends to expand its market internationally by offering more competitive pricing, quality and service. It is able to do so as it is not a retail intermediary but a retail manufacturing company.

In terms of delivery, there would be additional delivery charges outside the Klang Valley, the largest urban area in Malaysia. In order to attract customers, Company A advertises through newspapers and exhibitions. The values, features or attractions of the retail sales portal focus on the use of colours and product information. Although the prices of batteries in the marketplace keep fluctuating in view of the price elasticity of its raw materials, the company’s batteries are priced lower compared to competitors in order to continuously attract consumers to the retail sales portal. As such, Company A needs to keep updating its pricing on its private retail sales portal. Besides batteries, Company A is slowly introducing new products such as stationery and electrical appliances. It is hoped that this can create more interest among its e-consumers.

**4.3.2.3 Increasing Acceptance**

Company A prefers to target the consumer market as payment is less of a problem. The installation of batteries in customers’ cars is carried out at the manufacturing facility. The retail sales portal does not have any privacy policy statement. However, the Managing Director claimed that “It is not our practice to sell or distribute consumer information without their consent.”

Company A felt that international trade laws are sufficient to foster Internet commerce. However, the conformity of international trade laws can still be improved in terms of jurisdiction and enforcement. Company A felt that consumers all around the world are concerned whether
defective products can be replaced from anywhere in the world. These consumers are purchasing products without knowing the company’s credibility and reliability.

However, Company A will uphold all the terms and conditions stipulated for the purchase of batteries. On the other hand, the management of company A claimed that they are not familiar with Malaysian laws about Internet and e-commerce. They explained that they do not have experience in handling any dispute in relation to Malaysian laws on Internet usage and purchases Company A also claimed that they are not aware of Malaysian government incentives to companies to indulge in Internet commerce. The company has not benefited from any incentive from any organisation and they hope that the Malaysian government will offer companies incentives such as tax reductions and free software to participate in e-commerce.

4.3.3 Personal Interview - Company B
Company B is a stationery manufacturing company. Two directors of the company were interviewed. One director is in charge of the sales and marketing of the products and the other director manages the purchases and the production of the stationery.

4.3.3.1 Organisational Strategies
Company B uses the Internet by setting up a retail sales portal for online orders, issuing of electronic purchase orders, and present information. The main difficulty that the company faces when adopting business-to-consumer (B2C) retail sales portal is the need to continuously update information. This information has to pass on to outsourced IT suppliers as they are responsible for maintaining the private retail sales portal. It is also a security concern when an IT supplier is used to update information. There is a concern whether sensitive information updated by the IT supplier may be given to unauthorised parties.

According to Company B, although prospective customers cannot feel or touch the products shown on the private retail sales portals, the future of Internet commerce in the retail industry is promising as more people can have access to computers. The Internet could also be operated at anytime and anywhere in the world as long as one has an access to the World Wide Web. With the Internet, more people can shop online by comparing product prices and information of different retailers. Likewise, the future of Internet commerce for Company B is also promising as it enables customers to directly order a product for delivery to their homes.
The design of private retail sales portal could still be improved by enabling prospective customers to purchase its products by credit cards. By creating user names and passwords for customers to access the private retail sales portal, the profiling of customer purchases can be made. Other forms of customer information could be kept as well. Company B intends to continue to invest in Internet commerce on billing processes, customer relationship management and online communities in the next 1 to 5 years. Other forms of improvement would be based on customer feedback. However, it would also depend on the availability of funds in view of the current adverse economic condition.

4.3.3.2 Private Retail Sales Portals
The range of products offered by this company is office stationery and general printing. About 50 percent of the company revenue is generated from its private retail sales portal. The current company annual turnover is about US$6,000,000. The level of knowledge of the Internet and business-to-consumer (B2C) e-commerce of the company’s senior management could be considered to be moderate. However, the company would continue to send them for seminars and courses for the latest updates in Internet commerce. Company B also offers a delivery service to customers.

Since the Internet was made available in Malaysia, Company B has upgraded its printing machines, bought a new building, employed more employees, and bought more transportation vehicles. This was done partly to support sales generated from the retail sales portal. The company intends to recruit current and previous customers as members. These members would be given discounts and the more they order the more points they would get to exchange for free gifts. It is expected that the investment in business-to-consumer (B2C) e-commerce in 5 years would generate about 30 percent of overall company revenue. At the same time, operational cost is expected to reduce and profit margin after taxation is expected to be around 15 percent.

The strategic objectives in expanding via business-to-consumer (B2C) retail sales portal are to create awareness among existing customers and prospective customers of the use of the portal. Advertising on the private retail sales portal is not expected to have a significant impact on sales. Malaysians in general are still concerned about online security. Currently, the company’s customer base is generally in Malaysia, although there are some customers in Indonesia. The
company is able to sell to customers in Indonesia because of the superior quality of its products and prompt delivery.

The products are delivered by courier service. Free delivery service within the state of Selangor in Malaysia is provided for a sales order of at least RM200. Customers would have to pay for the delivery charges according to market quoted rates outside the state of Selangor. Company B hopes to attract consumers by offering lower pricing, superior service, and quality products by registering its own brand. The company also advertises in the print media such as Info Pages and Super Pages. The design of the retail sales portal has been created for easy navigation by consumers and is consistently being updated with the latest information.

The prices of the products offered to consumers are lower than the normal retail prices as Company B buys raw materials in large volume and adds value to the products. Other revenue stream generated from the retail sales portal is by allowing an IT company to advertise computer hardware on its retail sales portal. In return for every sale generated from the retail sales portal, the IT Company would pay 10 percent in sales revenue to Company B.

4.3.3.3 Increasing Acceptance

The market segment that Company B targets is Klang Valley, the largest urban area in Malaysia. It is very convenient for Company B to offer delivery to consumers as their offices are also located in the Klang Valley. On the question of data privacy, Director 1 said, “We are not too familiar with the privacy policy for consumers.” However, consumers’ personal information was never given to any third party without consent.

Nevertheless, Company B felt that the international trade laws and cyber laws in Malaysia are not sufficient to foster Internet commerce in view of their experience with fraud. According to Company B, it is very difficult to identify fraudsters. There is a need to have a more concerted effort internationally to eliminate or minimise fraud as fraudsters could be from anywhere. In the context of Malaysia, it seems that the police are neither trained nor knowledgeable enough to enforce cyber laws. Very few fraudulent cases that were reported were solved locally.

Company B claimed that the Malaysian government did offer incentives for companies like them to indulge in Internet commerce by giving them grants. The incentives were given by a

4.3.4 Personal Interview - Company C
Company C is a fabric trading company. Two directors were interviewed. One director is in charge of the maintenance of its private retail sales portals. The other director manages the physical retail store and the purchase of fabrics.

4.3.4.1 Organisational Strategies
Company C took the opportunity to harness the advantages of the Internet by creating a private retail sales portal. Initially, when prospective customers enquired about a specific fabric, Company C had to show them the physical fabrics. It was rather inconvenient to do so as fashion changes very fast. By placing the different fabric design in a retail sales portal, consumers could view the latest fabrics in the comfort of their home. That was more convenient to consumers than coming all the way to Kuala Lumpur’s Chinatown which has chronic traffic congestion. By establishing a private retail sales portal, the company was able to market and promote its products to a greater market.

Company C has improved its user interfaces over the years based on customer feedback and continuously strives to keep up to date on the latest Internet technology and business models. According to Director 1, “The future of Internet commerce in the retail industry is online.” Consumers would want convenience by shopping in the comfort of their homes or offices. The future of Internet commerce for Company C is bright as it is relevant to the fabric trading business. Various types of fabric can be delivered directly to consumers.

The rental of Company C’s shop near Chinatown it is also high and is no longer a centralised location. There are other more spacious locations that are available in the suburbs of Kuala Lumpur which are far cheaper. There were also a lot of robberies and break-ins in the Chinatown area in the past years. With the use of a private retail sales portal, Company C could become a 100 percent online fabric retail company as this would be operationally cost effective.

However, the Internet commerce practiced in the company can still be improved. Company C intends to include an auto-mailing responder by offering free electronic books to promote
membership. The company is expected to invest regularly in the next 1 to 5 years. The investment is expected to be small and incremental. Company C also hopes to offer consumer value added services such as free electronic books that do not require a large investment. On the private retail sales portal, there are also a number of recommended tailors for Company C’s customers as well.

4.3.4.2 Private Retail Sales Portals
Company C offers a comprehensive range of medium to high quality fabric. At the moment, only about 60 percent of the company’s sales revenue is generated from its private retail sales portal. The company’s turnover is about US$6 million per year. The senior management of the company has a working knowledge of the Internet and business-to-consumer (B2C) e-commerce. The management of Company C will continue to attend global Internet forum, and learn new applications in order to increase their knowledge on Internet commerce.

The company expanded during the Internet era by creating a retail sales portal. Over the years, it has incorporated new ideas such as special interest group and an online community. Not much advertising is carried out by Company C. Coupled with the company’s quality fabric offering and superior service, the use of the word of mouth has enabled Company C to increase its customer base. As customers require a high level of delivery service, about 50 percent of the inventory has been allocated for its private retail sales portal. When there is an order through the retail sales portal, consumers expect the delivery of the fabrics to be fast.

The strategic intent in expanding the business via its private retail sales portal is that it is hoped that in future Company C does not need to operate a physical store. This would help to reduce operational cost tremendously as the cost of rental in the city area is expensive. It is expected that the net profit margin returns from business-to-consumer (B2C) e-commerce will reach 35 percent to 50 percent in 5 years. The variation of focus to reach new markets is by advertising through its private retail sales portal focusing on medium to high quality fabric for women. The company provides free delivery service within the state of Selangor.

Company C attracts consumers by advertising on Google Adverts, Facebook, Bidadvertiser (pay per click) and opinion memberships. The retail sales portal also provides information such as how much fabric is required to make a shirt, a coat or other attire. The different kinds of cuts are
also described. Generally, Company C’s customers are not too concerned about the pricing of the fabrics as they are aware they are buying fabrics of premium quality. Other revenue streams that have generated sales through its private retail sales portal are downstream tailoring products such as advertisers’ threads and sewing machines. The advertisers would pay Company C a sales commission for every item sold through the private retail sales portal.

4.3.4.3 Increasing Acceptance

The market segment that Company C is targeting is mainly working female adults, housewives and students. Company C has taken several steps to protect the privacy of consumers that access its retail sales portal by having a third party certification called “pay88”. The company only maintains cookies of emails, addresses and telephone numbers. It also has a private policy statement that states that confidential data would not be revealed to any third party without the consumers’ consent.

Company C’s representatives believe that international trade laws are sufficient to foster Internet commerce. Director 1 said that, “We would uphold the terms and conditions for the sales of the fabric irrespective of whether the customer is in Malaysia or any part of the world. It is important for us to protect our image.” Although Cyber laws in Malaysia are thought to be adequate for the use of Internet and e-commerce, Company C’s representatives feel that the Malaysian government should stress on the aspect of enforcement.

Company C’s representatives claimed that the Malaysian government does not offer incentives to companies to indulge in Internet commerce. The representatives feel that the Malaysian government should organise and subsidise training courses to be offered by “netprenuers” and technocrats on the use of new Internet technology. In this way, retailers are able to gain more practical knowledge when establishing their own private retail sales portals. There should also be corporate tax reduction for companies that indulged in Internet commerce. This will encourage more Malaysian retail companies to establish private retail sales portals.
4.3.5 Personal Interview - Company D

Company D is a T-Shirt designing company. Two directors were interviewed. One director manages the private retail sales portal and sales and the other director manages the operation and design of the T-Shirts.

4.3.5.1 Organisational Strategies

Company D is harnessing the advantages of the Internet by practising a marketing method called the Search Engine Optimization (SOP) concept. Company D is a 100 percent online Internet T-Shirt designing company. The company sells ready-made and custom-designed T-Shirts according to the customised requirement of its customers. This company designs T-Shirts based on different contemporary concepts or specifically illustrated designs requested by the customers. For instance, a punk rocker may want to purchase a T-Shirt for his friend and will request a design based on a punk rocker perspective and Company D will then design the T-Shirt.

Its unique name can also be easily searched by Internet surfers when using Yahoo and Google search engines. As Company D is a 100 percent online Internet company, the main difficulty that the company faces is the idea of not having a physical store. As such, prospective customers cannot feel its physical products. However, they can suggest the design of the T-Shirts they want to order.

The future of Internet commerce in the retail industry is expected to be good. When Company D established its private retail sales portal selling customised T-Shirts 2 years ago in Malaysia, there were few companies around which did that. Now, shirts can be bought from many online shops and blogs. The younger generation in Malaysia is more receptive to the idea of buying online. According to its directors, another reason why there is a great future for the retail industry to establish private retail sales portals is because retailers need not pay store rental. Company D claimed that the older generation is more sceptical of using private retail sales portals because they are concerned about security on the Internet. They are worried that their credit card may be abused or that private retail sales portals may be a scam.

Accordingly, Company D felt there is a bright future in Internet commerce. Over the past 2 years, sales generated from its private retail sales portal have grown exponentially and people are more receptive to buying customised T-Shirts online. Even if Company D decides to open a physical
store, it will continue with online sales. However, the Internet commerce practices in Company D can be improved further. In fact, Company D intends to link to community-based portals. This will add value in increasing interaction with more consumers and expand the market at the same time. This is a sound strategy as the company has established a large fan base, with an average of about 50,000 visitors per month. Company D intends to continue to invest more within the next 1 to 5 years in Internet commerce as its fan base continues to increase despite the current adverse economic environment.

4.3.5.2 Private Retail Sales Portals
The products offered on the private retail sales portal are customised T-Shirts for the younger generation that carries Company D’s brand. Its sales are almost 100 percent derived from the retail sales portal. The company generates an average of US$1.5 million dollars of sales per year. The knowledge of the senior management on Internet and business-to-consumer (B2C) e-commerce is good. The senior management gained its Certified E-commerce Consultant (CEC) certification, and they also have attended classes in fashion design. This knowledge gained is highly beneficial to their business.

Company D has also structured its supply chain by providing electronic mail confirmation, and arranges free delivery service within Malaysia by an outsourced courier service. It also has included a search optimisation engine that attracts an average of 50,000 visitors per month. Company D’s presence online assists them to build a strong brand for their company and products. Subsequently, they intend to expand to include online communities. Company D is expected to have a 40 percent net profit margin in 5 years generated from its retail sales portal.

Its narrow market target strategy will continue to be focus on producing its own branded T-Shirts for the younger generation. Although several companies have offered to advertise on its private retail sales portal by offering a sales commission for every item sold, Company D was not interested as it wanted to concentrate on strengthening its own brand name. Its brand name continues to remain popular with an average of 50,000 visitors per month to its private retail sales portal. With this retail sales portal, Company D is able to expand globally and the number of visitors to the private retail sales portal is expected to increase further. By offering quality and creative T-Shirts, new sales orders are generated in a very healthy way.
Company D’s strategy is based on quality and therefore the T-Shirts sold are not based on the lowest price. The quality and pricing of its products are on par with medium and high quality international brands in the market. The print media does not attract much attention for the younger generation. The management of the Company D is of the opinion that the younger generation is much more comfortable with surfing the Internet. Therefore, Company D advertises its products by emailing and utilising Facebook, a cyber networking community. Offline methods are also used for organising bazaar gatherings, and introducing product launches by sending customers electronic invitation cards. These approaches are also advertised on its private retail sales portal. The plan is to link its private retail sales portal to more community sites to further expand its customer base in the near future.

4.3.5.3 Increasing Acceptance
Company D targets the teenagers and young adult markets. These groups of people are more fashion conscious. According to the Marketing Director, they find that the younger generation are willing to spend more on clothing than any other age group. Consumers are not required to register as members when they purchase their products. If they do register, it would be on their own accord. Customer information is kept in an offline database. The company also does not keep credit card information. The credit card transactions are managed by PayPal, a third party credit card payment facilitation company. According to Company D, they were told that PayPal does not keep Company D’s customer information.

Company D feels that in general international trade laws offer sufficient protection to foster Internet commerce. However, they are of the opinion that to a lesser extent, the trade laws of any particular country are also important. However, Director 1 claimed that in general, Malaysians do not feel secure with the current Internet commerce or digital laws in Malaysia. Company D feels that there are not sufficient laws in place to protect sellers and buyers. According to Director 2, “In Malaysia, there is no government tax on sellers and buyers. Anybody can set up an online website without Malaysian government approval.” In Malaysia, when fraud takes place on the Internet, not much could be done by the police, as in most cases it is difficult to track down the violators.
According to Company D, there are no incentives for new companies to start up Internet commerce. Grants should be made available easily to new companies entering the Internet commerce market.

Company D also suggested that the Malaysian government should simplify the process of an online payment gateway, especially for new business start-ups. They are not satisfied with PayPal as PayPal only accepts and facilitates Internet commerce transactions in US dollars. There is a currency exchange risk involved as the US dollar appeared to be quite unstable in the world’s market. It would be more convenient for credit card transactions to be paid in Malaysian Ringgit.

4.4 Questionnaire Survey Research (Proposition 3: Consumer behaviour can be influenced in order to gain higher adoption in using the Internet for consumer transactions.)

The questionnaire survey was used to collect quantitative and quantifiable data to determine the demand of Malaysian urban consumers’ for Malaysian private retail sales portals. According to Sekaran (2000), descriptive statistics could be referred to as the transformation of raw data into a form that could present information to describe a set of factors in a specific situation. This is carried out by ordering and manipulating the raw data that had been keyed into the Statistical Process Social Science (SPSS) software. Descriptive statistics used for this research are based on frequency, percentage, mean value and rank.

The questionnaire survey attempts to answer the following Research Proposition 3:

Research Proposition 3: Consumer behaviour can be influenced in order to gain higher adoption in using the Internet for consumer transactions.

This research proposition addresses how consumer behaviour could be influenced to increase consumer use of the Internet for consumer transactions. Based on the data collected from respondents, retailers could better formulate and strategise their marketing plan based on consumer behaviour. From the data collected from 62 respondents, the following key facts were identified:
4.4.1 Introduction
Sixty-two Malaysian urban consumers were selected randomly. For the questionnaire survey, a sample size of 31 and higher but less than 500 is considered acceptable for most research (Roscoe, 1975). The 62 Malaysian urban consumers who were profiled as living in urban areas, belonged to middle and higher income groups and having completed at least high school education, are Internet savvy and computer literate, aged between 25 and 60 years of age, and in the white collar workforce. Malaysian urban consumers were targeted as they were deemed to be more Internet savvy and belonged to the middle to high income group. The respondents were required to have at least high school education as they were required to have the ability to complete the questionnaire survey. They must also be Internet and computer literate, and aware so that they are more likely to use the private retail sales portals and know their benefits.

The information sheet and questionnaire were given to the potential participants at shopping complexes, sports complexes, offices, high-end educational establishments and community centres in urban areas in Malaysia. It was not a broadcast survey. Prospective respondents were informed of the purpose of the research, how the research would be carried out, their participant rights and the process for dealing with grievances.

4.4.2 Analysis of Data
The data was collected in the form of nominal, ordinal, interval and ratio data (Cooper and Schindler, 2001). Nominal data was collected in the form of gender, ethnicity marital status, knowledge of using the computer and the Internet language preference, purpose of using the Internet, main criteria to access the retail sales portals via the Internet to purchase, and knowledge of any retail sales portal. Some of the questions relating to privacy, legal and security matters were also structured in the manner as to whether a respondent “Agree” or “Disagree” with the statements.

Ordinal data were collected based on questions such as the choice of five websites, and the ranking of the most important factors to purchase. Interval data were also collected from questions relating to customer service, and digital law and legal protection of a retail sales portal when making purchasing decision. Interval data were collected in the following the 5-point Likert scale formats (Figure 4-2 below):
Figure 4-2: Likert Scales Designed for the Questionnaire Survey

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Not Important at all</td>
<td>Not So Important</td>
<td>Important</td>
<td>More Important</td>
<td>Very Important</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Totally Disagree</td>
<td>Somewhat Disagree</td>
<td>Agree</td>
<td>More than Agree</td>
<td>Totally Agree</td>
</tr>
</tbody>
</table>

Source: Developed for the Questionnaire Survey Data

Ratio data were collected from questions such as age, education level, IT literacy level, period of using the Internet, and time spent shopping on the Internet.

The data were collected from December 2008 until January 2009. Due to the rapid changes in Internet technology and commerce, the data were collected within 1 month.

4.4.3 Profile of the Questionnaire Survey Respondents

Sixty-two respondents took part in the questionnaire survey. Male respondents represented 58 percent and females represented 42 percent of the total respondents, respectively. Ninety-four percent of the respondents were between the ages of 25 and 54. Only 6 percent of the respondents were between the ages of 55 and 60. The respondents were represented by Malaysia’s major ethnic groups such as the Chinese, Indians and Malays. The respondents consisted of 50 percent Chinese, 23 percent Indian, 16 percent Malay and 11 percent Others. They were selected at random and the ethnic groups were not representative of the country’s population spread.

Sixty-one percent of the respondents were married whereas 37 percent were single. Only 1 respondent that represented about 2 percent of the respondents was divorced. Sixty-three percent were university graduates and 37 percent of the respondents were high school graduates. IT literacy among the respondents was mainly at the intermediate level at 70 percent. Only 19 percent of the respondents’ IT literacy was high and 11 percent were low. Seventy-three percent
of the respondents had also noted they have between 1 to 10 years of Internet experience. Only 27 percent of the respondents claimed that they had been using the Internet for up to 15 years. Figure 4-3 below provides the various demographic representations of the respondents.

**Figure 4-3: Demographic Representation of Respondents**

**Gender (Section A – Question 1)**

- 94% female
- 6% male

**Age (Section A – Question 2)**

- 58% 25-54 years
- 42% 55-60 years

**Ethnicity (Section A – Question 3)**

- 50% Chinese
- 23% Indian
- 16% Malay
- 11% Others

**Marital Status (Section A – Question 4)**

- 61% Married
- 37% Single
- 2% Divorced

Source: Developed for the Questionnaire Survey Data
4.4.4 Knowledge of Internet and Retail Sales Portal Use (Section A – Question 7)
The respondents were asked to choose a maximum of 2 sources of how they gained the knowledge of the use of Internet and private retail sales portal. As indicated in Figure 4-4 below, 49 of the respondents gained their IT Knowledge from the workplace whereas 27 of them learned it from school and 15 of them from friends. This is followed by IT Knowledge learned from attending IT classes with 9 of the respondents and accessing Internet through extra-curricular
education with 6 of the respondents. Only 1 respondent each claimed that they got to know IT knowledge from friends and relatives.

**Figure 4-4: Knowledge of Internet and Retail Sales Portal Use (Section A – Question 7)**

![Bar chart showing IT Knowledge Gathered](chart)

- IT Knowledge from School
- IT Knowledge learnt from the Workplace
- Attending IT Literacy Class
- Accessing Internet through Extra Curriculum Education
- From Friends
- From Parents
- From Relatives

Source: Developed from the Questionnaire Survey Data

### 4.4.5 Language Preference of Malaysian Consumers (Section A – Question 8)

The respondents were asked to choose more than one language of choice. As shown in Figure 4-5 below, overwhelmingly 59 of the respondents preferred the use of English as the language of communication for the retail sales portals. Twenty-one respondents chose the use of Malay language, 10 respondents chose the Chinese language and 3 respondents chose the Tamil language. From the data collected, the English language is accepted by the majority of the
respondents. The Malay, Chinese and Tamil languages have a secondary following among the respondents.

**Figure 4-5: Language Preference of Malaysian Consumers (Section A – Question 8)**

![Language Preference Chart]

Source: Developed from the Questionnaire Survey Data

With reference to Figure 4-6 below, although 50 percent of the respondents were Chinese, English is still preferred as a choice of language. Thirty Chinese respondents chose English as the preferred language of communication. Ten Chinese respondents and 7 Chinese respondents also chose Chinese and Malay languages as the preferred languages of respectively. This shows that some Chinese respondents still prefer their native language and the national language, as well as the Malay language, as preferred languages. None of the Chinese respondents chose Tamil as the language of preference.

Comparatively, the Indian respondents, that represented 23 percent of the total respondents, also overwhelmingly chose English as the preferred language of communication. Fourteen Indian respondents chose the English language as a choice of language. At a smaller number, 3 Indian respondents chose the Malay language and another 3 Indian respondents chose the Tamil language as the other language of choice. No Indian respondents chose the Chinese language as their language of choice.
Likewise, an overwhelming number of Malay respondents, which represented 16 percent of the total respondents, also chose the English language as the language of choice. Eight Malay respondents chose the English language and another 8 Malay respondents chose the Malay language as their language of choice. None of the Malay respondents chose the Chinese and Tamil languages as their languages of choice.

Lastly, the “Other” respondents, that represented 11 percent of the total respondents, also selected the English language as their language of choice. A total number of 7 “Other” respondents chose the English language. Surprisingly, only 3 “Other” respondents chose the Malay language as the language of choice. None of the “Other” respondents chose the Chinese language and Tamil languages.

Despite most of the respondents choosing the English as their language of choice, some of the respondents representing various ethnic groups also chose their own languages and the national language, the Malay language, as the other languages of choice.

**Figure 4-6: Language Preferences of Various Ethnic Groups**

![Chinese Respondents Chart](image)

![Indian Respondents Chart](image)
Source: Developed from the Questionnaire Survey Data

### 4.4.6 Purpose of Using the Internet (Section A – Question 10)

With reference to Figure 4-7 below, the respondents were asked to select more than 1 purpose of using the Internet. Respondents seemed to use the Internet for diverse purposes. Almost an equal number of respondents claimed that they were using the Internet for email communications (56) and searching for information on goods and services (50). Other purposes include general browsing (45), searching for information related to education (37), electronic banking activities (32), accessing government websites (31), downloading software (27), buying goods and services (25) and looking for employment (23). Respondents seemed to indicate the least use of the Internet for chatting (17) and playing games or music (14).

As 56 of the respondents used the Internet for email communications, retail companies ought to consider including email communications as an approach to reach consumers. As 50 of the respondents used the Internet search for goods and services, and 25 respondents buy goods and services on the Internet, this shows that a substantial number of respondents do shop online. The Internet is also used for other business activities and entertainment as well.
Figure 4-7: Purpose of Using the Internet (Section A – Question 10)

Source: Developed from the Questionnaire Survey Data

4.4.7 Top 5 Websites Most Frequented (Section A – Question 11)
The respondents were asked to choose the top 5 websites they frequented. They indicated that books and stationery related websites (46) were the most frequented as shown in Figure 4-8
below. The second most frequented websites were related to music and video (32). Subsequently, almost equally, the respondents had pointed out that electrical goods (26), health and beauty (25), and newsagents (23) related websites were frequently visited.

Books and stationery appeared to be the most frequented websites whereas the others (music and video, electrical goods, health and beauty and newsagents) had almost equal preference. This shows that retailers could sell a wide array of products online.

**Figure 4-8: Top 5 Websites Most Frequented (Section A – Question 11)**

![Bar Chart](image)

*Source: Developed from the Questionnaire Survey Data*

### 4.4.8 Main Criteria to Assess the Private Retail Sales Portals to do Purchase (Section B – Question 1)

As shown in Figure 4-9 below, the respondents were asked to select the criteria they considered as important to use the retail sales portal. The user friendliness (39) of the retail sales portal was the most important criterion to consider. This was followed, almost evenly, by other criteria such as easy availability of information for intelligent purchase (34), online security (33), attractive pricing (32), quality of the product (28), speed (26), ease of payment options (24), privacy policy (19) and ease of navigation of the pages through the retail sales portal (19). The least important criterion was the need for an instalment option payment (5).
From the answers to this question, criteria like user friendliness, availability of information for intelligent purchase, online security, attractive pricing, quality of product, speed and ease of payment options are important considerations to access private retail sales portals when making purchases. User friendliness refers to when consumers used private retail sales portals, whether they are at ease and comfortable (Chaffey et al. 2003). Consumers do not want to have a dreadful experience when using private retail sales portals. The availability of information for intelligent purchase enables consumers to access up-to-date information on the company’s products on their private retail sales portals (Chaffey et al. 2003). Consumers need to be assured of online security when accessing the private retail sales portals (Kassim and Ismail, 2009).

Attractive pricing and the quality of the products offered by the private retail sales portals could entice consumers to their sites (Porter, 1980). According to Porter’s Five Generic Strategies, the products could be sold based on low cost, best value or differentiation. Consumers are impatient if they have to wait too long to download page. Speed of downloading a page below 15 seconds is considered fast (Feinberg and Kadam, 2002; Anton and Postmus 1999)). Ease of payment options could improve the effectiveness of private retail sales portals (Koivumaki, 2001). Navigational features and privacy are considered as factors that can influence retail sales on the Internet (Koivumaki, 2001).

Since only 5 respondents felt that instalment options is an important criteria to consider, instalment options are not an important consideration to be included in private retail sales portals.

Based on the criteria indicated by respondents, respondents are looking for convenience and value when accessing private retail sales portals. Therefore, it is important that in order to encourage consumers to access private retail sales portals, retailers need to include the criteria that consumers’ expect such as user friendliness, availability of information for intelligent purchase, online security, attractive pricing, quality of product, speed, ease of payment options, privacy policy and ease of navigation within the private retail sales portal.
4.4.9 Criteria Considered Important when Assessing the Internet to Make a Purchase

(Section B – Question 2)

This question is to get feedback from respondents on what are the important factors to consider important when assessing the Internet to make a purchase. Just like the assessment of retail sales portals, security seemed to be a very important criterion to consider when assessing the Internet to make a purchase. With reference to Figure 4-10 below, security (34) was regarded as the most important criterion. This was followed closely by the convenience of using the Internet at home.
(33) and the personal needs to purchase certain products (30). Thereafter, the ease of use and privacy were rated by 23 and 14 respondents respectively. The least rated criterion was the need to purchase products for the family (5).

Security, the convenience of using the Internet at home and the personal needs to purchase certain products appeared to be equally important criteria to consider when deciding to access the Internet to make purchases. Just like what was identified by the respondents, security is a main concern when accessing the Internet to make an online purchase (Kassim and Ismail, 2009). Earlier studies by Mukti (2000) and Paynter and Lim (2001) highlighted that Malaysian society’s main concern in purchasing online is Internet security. The Internet has enabled consumers to conveniently purchase products online at home (Feinberg and Kadam (2002) and Anton and Postmus (1999)). The respondents also indicated that personal needs products could be purchased from the Internet. As such, consumers could use the Internet to conveniently purchase personal needs products within the privacy of their homes.

Twenty-three respondents felt that ease of Internet use could propel them to purchase online. Fourteen respondents felt that privacy was an important consideration when purchasing online. This shows a lack of awareness and understanding of individual privacy rights among the respondents. According to Mukti (2000) study, most Malaysians are law-abiding citizens and hardly question the laws. Only 5 respondents felt that purchasing products for family members was an important consideration when purchasing from the Internet. This reveals that purchasing product for family on the Internet is not a practice.
4.4.10 Time Spent for Online Shopping when Accessing the Internet (Section B – Question 3)

This question is to gather feedback from respondents on how much time they spent on online shopping when accessing the Internet. The question is phrased by asking the respondents to categorise the percentage of time they spent shopping online. With reference to Table 4-2 below, 61 percent of the respondents spent only up to 20 percent of the time shopping when accessing the Internet. It was found that only 31 percent of the respondents spent between 21 percent to 40 percent of their time online to shop and 6 percent of the respondents spent between 41 percent to
60 percent of the time shopping. Lastly, only 2 percent of the respondents stated that they spent more than 61 percent of the time shopping when accessing the Internet.

As 61 percent of the respondents spent only up to 20 percent of their time surfing the Internet to shop, it offers a lot of opportunity for retailers to try to generate more revenue from their private retail sales portals.

Table 4-2: Time Spent for Online Shopping when Accessing the Internet (Section B – Question 3)

<table>
<thead>
<tr>
<th>% of time spent shopping when accessing the Internet</th>
<th>UP TO 20%</th>
<th>21%-40%</th>
<th>41%-60%</th>
<th>61%-100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Respondents</td>
<td>61%</td>
<td>31%</td>
<td>6%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: Developed from the Questionnaire Survey Data

4.4.11 Important Factors to Consider when Making a Purchase Decision (Section B – Question 4)

This question is to identify how the respondents in general prioritised the various factors when making a decision to purchase. The respondents ranked the various factors mentioned in the questionnaire. With reference to Table 4-3 below, the combination of price and quality was ranked as the most important factor to consider by respondents when making a decision to purchase. Price itself was ranked second. These rankings reflected that irrespective of whether it is online or offline purchase, product price and quality are important considerations for consumers.

The cost of delivery, delivery service and after sales service were ranked third, fourth and fifth respectively.

This is a clear indication for retailers to consider that their product offerings are competitive not only in terms of pricing and quality, but in the overall delivery function in terms of cost and
quality and sound after sales service in order to attract consumers to their private retail sales portals. As the private retail sales portals could be accessed from anywhere in the world, they have to provide attractive after sales service as regards their terms and conditions.

Among the different types of products such as daily used goods, speciality goods and unsought goods, speciality goods and unsought goods were ranked between sixth and ninth positions. This shows that these goods are not so important when making purchasing decisions. Response to enquiry before purchase was ranked seventh. As promotion was ranked seventh, the respondents seemed not to be concerned as to whether the products are on promotion or not. Features like animation and music were ranked tenth, the last ranking (least important). Animation and music only present an aesthetic and conducive environment for consumers. Likewise, the quality of the products was also ranked tenth and this indicates that consumers do not base their decisions on the quality of products alone but on the best price for the perceived quality of the products purchased, that was ranked first in making purchase decision.

**Table 4-3: Important Factors to Consider when Making a Purchase Decision**
*(Section B – Question 4)*

<table>
<thead>
<tr>
<th>Factors</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price and quality</td>
<td>1</td>
</tr>
<tr>
<td>Price</td>
<td>2</td>
</tr>
<tr>
<td>Cost of delivery</td>
<td>3</td>
</tr>
<tr>
<td>Delivery service</td>
<td>4</td>
</tr>
<tr>
<td>After sales service</td>
<td>5</td>
</tr>
<tr>
<td>Daily use goods</td>
<td>6</td>
</tr>
<tr>
<td>Response to enquiry before purchase</td>
<td>7</td>
</tr>
<tr>
<td>Specialty goods and unsought goods</td>
<td>7</td>
</tr>
<tr>
<td>Promotion</td>
<td>7</td>
</tr>
<tr>
<td>Specialty goods</td>
<td>8</td>
</tr>
<tr>
<td>Unsought goods</td>
<td>9</td>
</tr>
<tr>
<td>Features like animation and music</td>
<td>10</td>
</tr>
<tr>
<td>Quality</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Developed from the Questionnaire Survey
4.4.12 Getting to Know a Particular Retail Sales Portal (Section B – Question 5)

This question is to identify how the respondents are able to recognise and know the various private retail sales portals on the Internet. The respondents could indicate more than one source. This information is important for retailers to strategise their advertisements and publicity campaigns to create awareness and attention of consumers, to attract them to their sites. According to Figure 4-11 below, it seemed that word of mouth recommendations from friends (42) is the most effective way for respondents get to know a specific private retail sales portal. This was closely followed by search engines (38), newspaper advertisement (37), advertisements from television (26), email advertisements (26), advertisements from magazines (24), advertisements from radio (14), online communities (13), advertisements from billboards/outdoor signs (10), word of mouth from family members (10), word of mouth from relatives (7), and advertisements from yellow pages (2).

There were more respondents that indicated that they got to know a specific private retail sales portal through word of mouth recommendations from friends than any other sources. A study by Varadarajan and Yadav (2002) also showed that consumers could be made to know about the quality of an organisation by word of mouth. As such, retailers need to strategise their advertisement for their private retail sales portals based on various advertising modes.
Figure 4-11: Getting to Know a Particular Retail Sales Portal (Section B – Question 5)

Source of Knowing a Retail Sales Portal

<table>
<thead>
<tr>
<th>Source</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertisement from yellow pages</td>
<td>2</td>
</tr>
<tr>
<td>Word of mouth from relatives</td>
<td>7</td>
</tr>
<tr>
<td>Word of mouth from family members</td>
<td>10</td>
</tr>
<tr>
<td>Advertisement from billboards/outdoor signs</td>
<td>10</td>
</tr>
<tr>
<td>Online communities</td>
<td>13</td>
</tr>
<tr>
<td>Advertisement from radio</td>
<td>14</td>
</tr>
<tr>
<td>Advertisement from magazines</td>
<td>24</td>
</tr>
<tr>
<td>Through an email advertisement</td>
<td>26</td>
</tr>
<tr>
<td>Advertisement from television</td>
<td>26</td>
</tr>
<tr>
<td>Advertisement from newspapers</td>
<td>37</td>
</tr>
<tr>
<td>From search engine</td>
<td>38</td>
</tr>
<tr>
<td>Word of mouth from friends</td>
<td>42</td>
</tr>
</tbody>
</table>

Source: Developed from the Questionnaire Survey Data
4.4.13 Factors that are Important to Improve Customer Service on the Private Retail Sales Portal (Section B – Question 6)

This question is designed to understand the importance of various aspects of customer service in the private retail sales portal environment. The comparisons were classified by Product and Warranties, After Sales Service, and Marketing and Communication. According to Table 4-4 below, the overall mean values for Products and Warranties, and After Sales Service were 4.05 and 3.88, respectively. Product and Warranties was rated “More Important” and After Sales Service was closely rated as “More Important”. Marketing and Communication was rated as “Important” at an overall mean value of 3.45.

Therefore, Products and Warranties, and After Sales Service were rated higher than “Marketing and Communication”. This clearly indicated that Product and Warranties, After Sales Service, and Marketing and Communication are essential to maintain the credibility of private retail sales portals. As private retail sales portals could be accessed anywhere in the world, consumers are concerned whether the warranties of the products sold would be covered in their countries. Consumers would naturally be concerned whether the goods bought would offer good after sales service such as customer enquiries, replacements and repairs.

With mean values of 4.13 and 3.88, Products and Warranties, and After Sales Service had a negatively skewed distribution. As the 5-point Likert scale has a range of 4, it appears that most of the ratings are at the higher end of the scale. As the standard deviations for Product and Warranties, and After Sales Service were computed as 0.83 and 0.93 respectively, the mean values between different respondents and the mean distribution on a 5-point Likert scale is about 1 point.

However, Marketing and Communication category mean value was 3.45 and it appears somewhat in the middle of the 5-point Likert scale. Nevertheless, with a standard deviation of 0.93, based on the mean distribution on a 5-point Likert scale, most respondents indicated 1 point between the mean.
Table 4-4: Factors that are Important to Improve Customer Service on the Private Retail Sales Portal (Section B – Question 6)

<table>
<thead>
<tr>
<th>Factors</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Products and Warranties</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Warranties</td>
<td>4.44</td>
<td>0.72</td>
</tr>
<tr>
<td>Product information</td>
<td>4.42</td>
<td>0.76</td>
</tr>
<tr>
<td>Online security</td>
<td>4.37</td>
<td>0.94</td>
</tr>
<tr>
<td>Availability of products</td>
<td>4.05</td>
<td>0.82</td>
</tr>
<tr>
<td>Fulfilment of terms and conditions</td>
<td>3.90</td>
<td>0.90</td>
</tr>
<tr>
<td>A variety of payment options</td>
<td>3.77</td>
<td>0.78</td>
</tr>
<tr>
<td>Reasonable delivery charges</td>
<td>3.76</td>
<td>0.82</td>
</tr>
<tr>
<td>A variety of delivery options</td>
<td>3.66</td>
<td>0.92</td>
</tr>
<tr>
<td><strong>Overall Mean Value</strong></td>
<td><strong>4.05</strong></td>
<td><strong>0.83</strong></td>
</tr>
<tr>
<td><strong>After Sales Service</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excellent after sales service</td>
<td>4.13</td>
<td>0.88</td>
</tr>
<tr>
<td>24 hours customer response to enquiries</td>
<td>3.84</td>
<td>0.93</td>
</tr>
<tr>
<td>24 hours 365 days call centre support</td>
<td>3.66</td>
<td>0.97</td>
</tr>
<tr>
<td><strong>Overall Mean Value</strong></td>
<td><strong>3.88</strong></td>
<td><strong>0.93</strong></td>
</tr>
<tr>
<td><strong>Marketing and Communication</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Various modes of communication (e.g. fax, telephone, Internet, mail etc)</td>
<td>3.77</td>
<td>0.93</td>
</tr>
<tr>
<td>Intelligent search engine</td>
<td>3.74</td>
<td>0.81</td>
</tr>
<tr>
<td>Company Information</td>
<td>3.60</td>
<td>0.84</td>
</tr>
<tr>
<td>Rating system for products</td>
<td>3.55</td>
<td>0.90</td>
</tr>
<tr>
<td>Clear privacy policies</td>
<td>3.53</td>
<td>1.02</td>
</tr>
<tr>
<td>Various languages of communication</td>
<td>3.47</td>
<td>1.02</td>
</tr>
<tr>
<td>Frequently asked questions (FAQs tools)</td>
<td>3.44</td>
<td>0.97</td>
</tr>
<tr>
<td>Personalised service</td>
<td>3.36</td>
<td>0.79</td>
</tr>
<tr>
<td>Loyalty programmes</td>
<td>3.35</td>
<td>1.03</td>
</tr>
<tr>
<td>Customer testimonials</td>
<td>3.24</td>
<td>1.07</td>
</tr>
<tr>
<td>Discussion groups</td>
<td>2.86</td>
<td>0.85</td>
</tr>
<tr>
<td><strong>Overall Mean Value</strong></td>
<td><strong>3.45</strong></td>
<td><strong>0.93</strong></td>
</tr>
</tbody>
</table>

Source: Developed from the Questionnaire Survey Data
Table 4-5: Significance Test (Section B – Question 6)

<table>
<thead>
<tr>
<th>Question No:</th>
<th>N</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>6a</td>
<td>62</td>
<td>4.42</td>
<td>0.76</td>
</tr>
<tr>
<td>6b</td>
<td>62</td>
<td>3.60</td>
<td>0.84</td>
</tr>
<tr>
<td>6c</td>
<td>62</td>
<td>3.47</td>
<td>1.02</td>
</tr>
<tr>
<td>6d</td>
<td>62</td>
<td>3.74</td>
<td>0.81</td>
</tr>
<tr>
<td>6e</td>
<td>62</td>
<td>3.44</td>
<td>0.97</td>
</tr>
<tr>
<td>6f</td>
<td>62</td>
<td>3.66</td>
<td>0.97</td>
</tr>
<tr>
<td>6g</td>
<td>62</td>
<td>3.84</td>
<td>0.93</td>
</tr>
<tr>
<td>6h</td>
<td>62</td>
<td>3.90</td>
<td>0.90</td>
</tr>
<tr>
<td>6i</td>
<td>62</td>
<td>4.13</td>
<td>0.88</td>
</tr>
<tr>
<td>6j</td>
<td>62</td>
<td>4.44</td>
<td>0.72</td>
</tr>
<tr>
<td>6k</td>
<td>62</td>
<td>3.35</td>
<td>1.03</td>
</tr>
<tr>
<td>6l</td>
<td>62</td>
<td>3.66</td>
<td>0.92</td>
</tr>
<tr>
<td>6m</td>
<td>62</td>
<td>3.76</td>
<td>0.82</td>
</tr>
<tr>
<td>6n</td>
<td>62</td>
<td>3.77</td>
<td>0.78</td>
</tr>
<tr>
<td>6o</td>
<td>62</td>
<td>3.36</td>
<td>0.79</td>
</tr>
<tr>
<td>6p</td>
<td>62</td>
<td>3.77</td>
<td>0.93</td>
</tr>
<tr>
<td>6q</td>
<td>62</td>
<td>4.05</td>
<td>0.82</td>
</tr>
<tr>
<td>6r</td>
<td>62</td>
<td>3.55</td>
<td>0.90</td>
</tr>
<tr>
<td>6s</td>
<td>62</td>
<td>3.24</td>
<td>1.07</td>
</tr>
<tr>
<td>6t</td>
<td>62</td>
<td>2.86</td>
<td>0.85</td>
</tr>
<tr>
<td>6u</td>
<td>62</td>
<td>3.53</td>
<td>1.02</td>
</tr>
<tr>
<td>6v</td>
<td>62</td>
<td>4.37</td>
<td>0.95</td>
</tr>
</tbody>
</table>

Source: Developed from the Questionnaire Survey Data

With reference to Figure 4-12 below, it was found that Products and Warranties, After Sales Service and Marketing Communications are important for the success of private retail sales portals. A total of 98 percent of the respondents felt that Products and Warranties was “Very Important”, “More Important” and “Important”, and almost similarly for After Sales Service which had a total of 92 percent. Marketing and Communication gained a total of 85 percent. This in a way confirms that these 3 categories are of fundamental importance and needed high attention to be given for any private retail sales portal to succeed.
Based on the graph (Figure 4-12) below, it could be construed that there was a closer association between Products and Warranties, and After Sales Service than Marketing and Communication. Consumers expect that private retail sales portals not only sell reliable products but they also provide quality after sales service. Without good after sales service, the credibility of the private retail sales portals would be affected. It could also be interpreted that all the factors for Products and Warranties, After Sales Service, and Marketing and Communication were rated as either “More Important” or “Important”. All the factors mentioned contribute to the quality of customer service of private retail sales portals.

Figure 4-12: Comparison between the Importance of Marketing and Communication, After Sales Service, and Products and Warranties (Section B – Question 6)

Source: Developed from the Questionnaire Survey Data
Figure 4-13: Breakdown of 5-point Likert Scale for Customer Service Factors by Percentage (Section B – Question 6)

- **Warranties**
  - Not Important at All: 0%
  - Not So Important: 0%
  - Important: 31%
  - More Important: 31%
  - Very Important: 50%

- **Product Information**
  - Not Important at All: 0%
  - Not So Important: 0%
  - Important: 16%
  - More Important: 26%
  - Very Important: 58%

- **Online Security**
  - Not Important at All: 2%
  - Not So Important: 2%
  - Important: 17%
  - More Important: 16%
  - Very Important: 63%

- **Availability of Products**
  - Not Important at All: 0%
  - Not So Important: 0%
  - Important: 31%
  - More Important: 34%
  - Very Important: 35%

- **Fulfilment of Terms and Conditions**
  - Not Important at All: 0%
  - Not So Important: 3%
  - Important: 36%
  - More Important: 29%
  - Very Important: 32%

- **A Variety of Payment Options**
  - Not Important at All: 0%
  - Not So Important: 2%
  - Important: 39%
  - More Important: 40%
  - Very Important: 19%

- **Reasonable Delivery Charges**
  - Not Important at All: 0%
  - Not So Important: 3%
  - Important: 39%
  - More Important: 17%
  - Very Important: 21%

- **A Variety of Delivery Options**
  - Not Important at All: 0%
  - Not So Important: 8%
  - Important: 40%
  - More Important: 29%
  - Very Important: 23%
4.4.13.1 Product and Warranties

Product and Warranties classification consisted of warranties, product information, online security, availability of products, fulfilment of terms and conditions, a variety of payment options, reasonable delivery charges and a variety of delivery options.

Warranties had a mean value rating of 4.44 that was translated as “More Important” (Table 4-5 above). All the respondents said that warranties were “Very Important”, “More Important” and
“Important” (Figure 4-13 above). Fifty-six percent of the respondents claimed that warranties was “Very Important”, 31 percent mentioned it was “More Important” and the remaining 13 percent said it was “Important”. By having product warranties, consumers are more convinced about buying from private retail sales portals as their claims of their product offering are assured.

All the respondents felt that product information (mean value 4.42) was “Very Important”, “More Important” and “Important” (Table 4-5 above). Fifty-eight percent of respondents felt that product information was “Very Important”, 26 percent said it was “Important” and the balance 16 percent mentioned it was “Important” (Figure 4-13 above). As consumers could not feel and touch the products sold, a comprehensive product information could assist consumers in their decision to purchase the product.

The survey clearly provided the importance of online security as it had a 4.37 rating (“More Important”) (Table 4-5 above). Ninety-six percent of the respondents also felt that online security was “Very Important”, “More Important” and “Important” (Figure 4-13 above). Sixty-three percent of the respondents maintained that it was “Very Important”, 16 percent said it was “More Important” and 17 percent of the respondents said that online security was “Important”. Negligibly, only a total of 4 percent of the respondents said that online security was “Not So Important” and “Not Important at All”. This shows that consumers are very aware of online security. Retailers therefore will require to ensure that online security in all forms is implemented well in order to secure returning buyers to their retail sales portals.

Availability of products (mean value 4.05) was also rated in the “More Important” category (Table 4-5 above). All the respondents felt that the availability of the products was “Very Important”, “More Important” and “Important” (Figure 4-13 above). Thirty-five percent of the respondents said it was “Very Important”, 34 percent mentioned it was “More Important” and the remaining 31 percent felt that the availability of products was “Important”. Therefore, there is a need to ensure the availability of products sold on the private retail sales portals so that consumers would not choose to purchase the product from rival private retail sales portals. The availability of products can also be construed as efficiency in inventory and the supply chain management.
The fulfilment of terms and conditions had a mean value of 3.90, which was closer to the category of “More Important” (Table 4-5 above). Ninety-seven percent of the respondents felt the fulfilment of terms and conditions was considered “Very Important”, “More Important” and “Important” (Figure 4-13 above). Thirty-two percent of respondents said it was “Very Important”, 29 percent claimed it was “More Important” and 36 percent of the respondents said it was “Important”. Only a small percentage at 3 percent said that it was “Not So Important”. The terms and conditions of products sold on private retail sales portals should be strictly upheld to as consumers could be from any part of the world and they could not touch and try out the products. If retailers uphold to the terms and conditions of the products sold, there is a stronger possibility that consumers will purchase the products again from the same private retail sales portal.

A variety of payment options was categorised at a mean value of 3.77 by the respondents, which was closer to the category of ‘More Important” (Table 4-5 above). Ninety-eight percent of the respondents had categorised a variety of payment options as “Very Important”, “More Important” and “Important” (Figure 4-13 above). Nineteen percent, 40 percent and 39 percent of the respondents had categorised their opinions as “Very Important”, “More Important” and “Important” respectively. Only a small percentage of them, at 2 percent, indicated “Not So Important”. A variety of payment options enabled retailers to offer convenience for consumers to pay by online and offline modes such as different types of credit card, cheque, bank draft, money order or cash. This could enable retailers to increase their sales.

Reasonable delivery charges had a mean value of 3.76, which was closer to the category of “More Important” (Table 4-5 above). Ninety-seven percent of the respondents felt that reasonable delivery charges was “Very Important”, “More Important” and “Important” (Figure 4-13 above). Twenty-one percent of the respondents felt it was “Very Important”, 37 percent maintained it was “More Important” and 39 percent said it was “Important”. The remaining 3 percent said that it was “Not So Important”. As delivery charges may not be included as part of the product pricing, purchasing products online may be expensive. However, delivery services offer convenience for consumers to shop online.

The factor on a variety of delivery options had a mean value of 3.66, which was closer to the “More Important” category (Table 4-5 above). Ninety-two percent of the respondents felt that it was “Very Important”, ‘More Important” and “Important” (Figure 4-13 above). Twenty-three
percent felt it was “Very Important”, 29 percent said it was “More Important” and 40 percent of the respondents maintained that a variety of delivery options was “Important”. Only 8 percent said it was “Not So Important”. By giving consumers a variety of delivery options such as delivery to homes or offices, or allowing the consumers to collect from stores may increase the chances that consumers would purchase for private retail sales portals. Consumers could reason out the various delivery options available by considering their costs and conveniences.

4.4.13.2 After Sales Service
The After Sales Service category consisted of excellent after sales service, 24 hours customer response to enquires, and 24 hours 365 days call centre support.

Excellent after sales service (mean value 4.13) was rated as “More Important” (Table 4-5 above). Ninety-four percent of the respondents said that excellent after sales service was “Very Important”, “More Important” and “Important” (Figure 4-13 above). Thirty-nine percent, 42 percent and 13 percent of the respondents felt that it was “Very Important”, “More Important” and “Important” respectively. The other 6 percent said it was “Not So Important”. The concept of customer service should not be considered on the basis of selling the products, but also as after sales service.

Twenty-four hours customer response to enquiries was categorised with a mean value of 3.84 (Table 4-5 above). Ninety-three percent of the respondents had categorised twenty-four hours customer response to enquiries as “Very Important”, “More Important” and “Important” (Figure 4-13 above). Twenty-nine percent claimed it was “Very Important”, 32 percent said it was “More Important” and 32 percent of the respondents felt that it was “Important”. The remaining 7 percent said it was “Not So Important”.

Twenty-four hours 365 days call centre support (mean value 3.66) was rated closer to “More Important” category (Table 4-5 above). Ninety percent of the respondents had categorised the importance of twenty-four hours 365 days call centre support as “Very Important”, “More Important” and “Important” (Figure 4-13 above). Twenty-six percent, 24 percent and 40 percent of the respondents said it was “Very Important”, “More Important” and “Important” respectively. The balance 10 percent claimed it was “Not So Important”. By enabling consumers to telephone customer service at anytime, customers’ frustration could be reduced or resolved immediately.
This is a clear indication of the importance of “After Sales Service” and therefore, emphasis should be put on it to ensure that there is a high level of customer satisfaction.

4.4.13.3 Marketing and Communication

The Marketing and Communication category was classified into various modes of communication, intelligent search engine, company information, rating system for products, clear privacy policies, various languages of communication, frequently asked questions, personalised service, loyalty programmes, customer testimonials and discussion groups.

The various modes of communication had a mean value of 3.77 that was closely grouped as “More Important” (Table 4-5 above). Ninety-three percent of the respondents felt that it was “Very Important”, “More Important” and “Important” (Figure 4-13 above). Twenty-seven percent of the respondents felt that it was “Very Important”, 29 percent maintained it was “More Important” and 37 said that various modes of communication was “Important”. The balance of 7 percent said it was “Not So Important”. This clearly shows that by increasing the number of modes of communication, customer service could be improved.

The intelligent search engine factor was categorised with a mean value of 3.74 (Table 4-5 above). Ninety-eight of the respondents categorised this factor as “Very Important”, “More Important” and “Important” (Figure 4-13 above). Twenty-one percent, 34 percent and 43 percent of the respondents said that intelligent search engine was “Very Important”, “More Important” and “Important” respectively. Only 2 percent said it was “Not So Important”. Efficient intelligent search engines will assist consumers to find products they want, which in turn could increase sales revenue and retain customers for repeat purchases.

Company information had a mean value of 3.60, which was translated as more closely classified as “More Important” (Table 4-5 above). Ninety-five percent of the respondents felt that company information was “Very Important”, “More Important” and “Important” (Figure 4-13 above). Eighteen percent of the respondents felt that company information was “Very Important”, 29 percent maintained that it was “More Important” and 48 percent said it was “Important”. The remaining 5 percent said it was “Not So Important”. By providing company information, consumers are able to get to know more of the company and clear any doubts they may have.
Rating system for products had a mean value of 3.55 that was more closely classified as “More Important” (Table 4-5 above). Ninety-two percent of the respondents said that rating system for products were “Very Important”, “More Important” and “Important” (Figure 4-13 above). Twenty percent, 24 percent and 48 percent of the respondents felt that it was “Very Important”, “More Important” and “Important” respectively. Only 8 percent said it was “Not So Important”. With the availability of a rating system for products, consumers will be able to rate the quality of products and services provided and at the same time know the overall rating of the products and the company. By providing a rating system, the credibility and image of the private retail sales portals could be enhanced.

Clear privacy policies had a mean value of 3.53 that was more closely classified as “More Important” (Table 4-5 above). Eighty-nine percent of the respondents said that clear privacy policies were “Very Important”, “More Important” and “Important” (Figure 4-13 above). Twenty-four percent of the respondents felt that clear privacy policies was “Very Important”, 18 percent said it was “More Important” and 47 percent said that it was “Important”. Only 10 percent and 1 percent of the respondents said that it was “Not So Important” and “Not Important at All” respectively. Clear privacy policies may assure consumers that their personal data would be maintained in a strict confidential manner.

Various languages of communication had a rating of a mean value of 3.47 that was translated more towards “Important” (Table 4-5 above). Eighty-two percent of the respondents said that various languages of communication were “Very Important”, “More Important” and “Important” (Figure 4-13 above). Twenty-one percent, 22 percent and 39 percent of the respondents said that it was “Very Important”, “More Important” and “Important” respectively. The remaining 18 percent said it was “Not So Important”. Although English is the most widely used language in the world, by giving consumers options to select other languages on the private retail sales portals could help to improve communication, as there is an obvious indication that many would prefer to their own native language.

Frequently asked questions has a mean value of 3.44, that was translated as “Important” (Table 4-5 above). Eighty-five percent of the respondents felt that frequently asked questions was “Very Important”, “More Important” and “Important” (Figure 4-13 above). Nineteen percent of the respondents felt that it was “Very Important”, 19 percent maintained it was “More Important”
and a substantial number of respondents, at 47 percent claimed that it was “Important”. The balance 15 percent said that it was “Not So Important”. If answers are provided on the private retail sales portals, retailers do not have to reply to consumer questions unnecessarily and enable consumers to find the answers to their questions or doubts conveniently. As the same time, retailers could reduce administrative costs.

Personalised service was rated with a mean value of 3.36, that was translated as “Important” (Table 4-5 above). Eighty-nine percent of the respondents said that personalised service was “Very Important”, “More Important” and “Important” (Figure 4-13 above). Eight percent, 31 percent and 50 percent of the respondents said that it was “Very Important”, “More Important” and “Important” respectively. The remaining 11 percent said that it was “Not So Important”. Private retail sales portals could still offer personalised service to consumers by allowing them to personalise some of the web pages to a certain extent. It would enable them to focus on the content they want to view. Personalised service could also come in the form of emailing the latest product offerings and promotions and it can be automated based on the profile of consumer previous purchases.

The loyalty programmes had a mean value of 3.35, that was translated as “Important” (Table 4-5 above). Seventy-seven percent of the respondents said that the loyalty programmes was “Very Important”, “More Important” and “Important” (Figure 4-13 above). Fourteen percent of the respondents felt that it was “Very Important”, 31 percent maintained it was “More Important” and 32 percent claimed that it was “Important”. Only 21 percent and 2 percent of the respondents said that it was “Not So Important” and “Not Important at All” respectively. These loyalty programmes are developed for the purpose of encouraging customers to return and continue to purchase from the private retail sales portals which will help to generate a repeat sales. These loyalty programmes may reward customers in the form of discounts and free gifts.

Customer testimonials had a mean value of 3.24, that was translated as “Important” (Table 4-5 above). Seventy-eight percent of the respondents said that it was “Very Important”, “More Important” and “Important” (Figure 4-13 above). Eighteen percent, 15 percent and 45 percent of the respondents felt that customer testimonials were “Very Important”, “More Important” and “Important” respectively. Only 19 percent and 3 percent of the respondents said that it was “Not So Important” and “Not Important at All” respectively. A customer referral and testimonial
program could add credibility to the private retail sales portals especially if the testimonials are coming from prominent people.

Lastly, only discussion groups had a mean value of less than 3.00. Discussion groups had a mean value of 2.86, that is close to “Important” category (Table 4-5 above). Sixty-three percent of the respondents felt that discussion groups were “Very Important”, “More Important” and “Important” (Figure 4-13 above). Six percent of the respondents felt that discussion groups was “Very Important”, 10 percent maintained that it was “More Important” and 47 percent claimed that it was “Important”. However, a significant percentage of respondents, at 37 percent still felt that discussion groups were “Not So Important”. Still, consumers are able to share their experiences in using the products. These discussions could increase customer loyalty towards private retail sales portals.

4.4.14 Importance of Digital Law and Legal Protection Factors (Section B – Question 7)

Question 7 was provided to determine the overall importance of digital law and legal protection factors by consumers. As a whole, with a mean value of 4.13, the respondents felt that digital law and legal protection factors were “More Important” to consider when buying from private retail sales portals.

Table 4-6: Importance of Digital Law and Legal Protection Factors (Section B – Question 7)

<table>
<thead>
<tr>
<th>QUESTION NO:</th>
<th>N</th>
<th>MEAN</th>
<th>STANDARD DEVIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>62</td>
<td>4.13</td>
<td>0.82</td>
</tr>
</tbody>
</table>

Source: Developed from the Questionnaire Survey Data

Figure 4-14 below shows the breakdown of the respondents’ evaluation based on percentage. It was very revealing that all the respondents’ responses were that digital law and legal protection was “Very Important”, “More Important” and “Important”. Forty percent of the respondents maintained they were “Very Important”, 32 percent was “More Important” and the balance of 28 percent of the respondents answered that digital law and legal protection were “Important”. It is
absolutely obvious that consumers felt digital law and legal protection are essential to the growth of private retail sales portals.

**Figure 4-14: Importance of Digital Law and Legal Protection Factors (Section B – Question 7)**

![Bar chart showing the importance of digital law and legal protection factors.]

Source: Developed from the Questionnaire Survey Data

According to Figure 4-15 below, about 66 percent of the respondents felt that the international trade laws are adequate to foster Internet commerce (Section B – Question 7a). Therefore, it can be concluded that a majority (66 percent) of the respondents felt that international trade laws are sufficient to support the growth of private retail sales portals.

Likewise, sixty-one percent of the respondents claimed that the Malaysian government tends to protect the privacy of each individual (Section B – Question 7b). This shows that an overwhelming number of respondents felt the Malaysian government is able to protect the privacy of individuals.

On the contrary, only 42 percent of the respondents said that people who misused computers are usually charged in Malaysian courts (Section B – Question 7c). As such, a substantial number of Malaysian respondents at 58 percent felt that people who misused computers are not charged in Malaysian courts. This shows that respondents do not think that the enforcement of Malaysian laws is effective enough.
Figure 4-15: Statements on Digital Law and Legal Protection

Source: Developed from the Questionnaire Survey Data

4.4.15 Importance of Privacy Factors when Buying from a Private Retail Sales Portal

(Section B – Question 8)

Question 8 attempts to find out how important privacy factors are for the respondents when buying from a private retail sales portal. With reference to Figure 4-16 below, 96 percent of the respondents considered that privacy factors were “Very Important”, “More Important” and “Important” when buying from a private retail sales portal. This shows that almost all the respondents felt that their privacy should not be violated.

Table 4-7: Importance of Privacy Factors (Section B – Question 8)

<table>
<thead>
<tr>
<th>QUESTION NO:</th>
<th>N</th>
<th>MEAN</th>
<th>STANDARD DEVIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>62</td>
<td>4.00</td>
<td>0.98</td>
</tr>
</tbody>
</table>

Source: Developed from the Questionnaire Survey Data
With reference to Table 4-8 below, the mean value of 3.97 could be translated that respondents closely felt “More Than Agree” on the statement that private retail sales portals should not disclose personal information of their customers (Section B - Question 8a) (Table 4-8 below). Eighty-four percent of the respondents felt that the “Totally Agree”, “More Than Agree” and “Agree” with the statement (Figure 4-17 below). Nineteen percent of the respondents felt that they “Totally Agree” with the statement, 13 percent said they “More Than Agree” and 52 percent of the respondents said that they “Agree”. Only 11 percent and 5 percent said that it was “Somewhat Disagree” and “Totally Disagree” respectively. This shows that respondents profoundly support the notion that personal information of customers should not be disclosed to unauthorised parties.

Likewise with a mean value of 3.69, respondents also closely felt “More Than Agree” that retail sales portals must obtain consent from customers if they want to use information about their buying habits (Section B - Question 8b) (Table 4-8 below). Eighty-nine percent of the respondents felt that they “Totally Agree”, “More Than Agree” and “Agree” on the statement (Figure 4-17 below). Thirty-three percent, 18 percent and 38 percent of the respondents said that they ‘Totally Agree”, “More Than Agree” and “Agree” with the statement respectively. Only a fraction of the respondents, at 10 percent and 1 percent said that they “Somewhat Disagree” and “Totally Disagree” with the statement respectively. This also shows that customer buying information should not be released to unauthorised parties without the consent of customers.
Besides the need to seek the consent of customers, the respondents gave a mean value of 3.48 which indicated they “Agree” that customers should be informed about how private retail sales portals used the information about the customers’ buying habits (Section B – Question 8c) (Table 4-8 below). Ninety-seven percent of the respondents felt that they “Totally Agree”, “More than Agree” and “Agree” with the statement (Figure 4-17 below). Sixteen percent of the respondents felt that they “Totally Agree” with the statement, 31 percent said they “More than Agree” and 40 percent said they “Agree”. The balance 11 percent and 2 percent said that they “Somewhat Disagree” and “Totally Disagree” respectively. This shows that most of the respondents felt that retailers should not only need to seek the consent of customers if they want to release their buying information to a third party, but customers must also be aware how their buying information would be used.

Likewise, the respondents revealed that they “Agree” that children should not be asked to provide information about their parents’ activities on the private retail sales portals with a mean value of 3.44 (Section B – Question 8d) (Table 4-8 below). Seventy-two percent of the respondents said they “Totally Agree”, “More Than Agree” and “Agree” with the statement (Figure 4-17 below). Thirty-two percent, 19 percent and 21 percent of the respondents said that they “Totally Agree”, “More Than Agree” and “Agree” respectively. Only 15 percent and 13 percent of the respondents said that they “Somewhat Disagree” and “Totally Disagree” respectively. This statement also reveals that customer information still would require the consent of customers and would not try to gather them from their children.

The respondents also “Agree” that the Internet has made it much easier for anyone to obtain personal information about himself or herself with a mean value of 3.31 (Section B – Question 8e). Eighty-four percent of the respondents said they “Totally Agree”, “More Than Agree” and “Agree” with the statement (Figure 4-17 below). Nineteen percent of the respondents “Totally Agree” with the statement, 13 percent said “More than Agree” and 52 percent of the respondents said they “Agree”. The remaining 11 percent and 5 percent of the respondents said that they “Somewhat Disagree” and “Totally Disagree” respectively. As a whole, the respondents felt that it is easy to obtain personal information of somebody through the Internet as the information on the Internet could be easily searched from anywhere in the world.
The respondents indicated a mean value of 3.03 for statement on whether only a limited amount of personal information should be requested from the children on the private retail sales portals (Section B – Question 8f) (Table 4-8 below). This was translated to they “Agree” on the statement. Eighty-four percent of the respondents claimed they “Totally Agree”, “More Than Agree” and “Agree” with the statement (Figure 4-17 below). Nineteen percent, 13 percent and 52 percent of the respondents said they “Totally Agree”, “More Than Agree” and “Agree” respectively. Only 11 percent and 5 percent of the respondents felt that they “Somewhat Disagree” and “Totally Disagree” respectively. Children do not have the knowledge and life experience to think like adults. In order to avoid any legal quandary, retailers should act with caution and seek legal advice when asking personal information from children.

Similarly, the respondents also “Agree” that impersonation is common on the private retail sales portals with a mean value of 3.00 (Section B – Question 8g)(Table 4-8 below). Eighty-six percent of the respondents said they “Totally Agree”, “More Agree” and “Agree” with the statement (Figure 4-17 below). Two percent of the respondents “Totally Agree” with the statement, 13 percent said they “More than Agree” and substantial numbers, at 71 percent claimed they “Agree”. The balance 13 percent and 1 percent of the respondents felt that they “Somewhat Disagree” and “Totally Disagree” respectively. As such, retailers will have to ensure an effective, secure and strong method in authenticating consumers when buying online.

Lastly, the respondents felt slightly less than “Agree” that the privacy of private retail sales portals’ customers is usually not violated with a mean value of 2.81(Section B – Question 8h)(Table 4-8 below). This is the only privacy statement that respondents had indicated a mean value of less than 3.00. Sixty-five percent of the respondents felt they “Totally Agree”, “More Than Agree” and “Agree” with the statement (Figure 4-17 below). Three percent of the respondents “Totally Agree” with the statement, 13 percent maintained they “More than Agree” and a substantial number, at 49 percent said that they “Agree”. Quite a substantial percentage of the respondents as well, at 32 percent felt that they “Somewhat Disagree” that the privacy of private retail sales portals’ customers is usually not violated. Only 3 percent felt that they “Totally Disagree”.

This can mean that consumers still do not have a high confidence that personal information could be profoundly protected. As such, retailers ought to take steps to demonstrate and reassure
consumers that personal information are not given to unauthorised people by establishing a privacy policy on the private retail sales portal and only asking for the necessary minimum personal information from consumers. This will help to further assure consumers that their personal information is safeguarded.

Table 4-8: The Importance of Various Privacy Factors (Section B – Question 8a until Question 8h)

<table>
<thead>
<tr>
<th>Privacy Factors</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail sales portals cannot disclose personal information of their customers.</td>
<td>3.97</td>
<td>1.12</td>
</tr>
<tr>
<td>Retail sales portals must obtain consent from customers if they want to use information about their buying habits.</td>
<td>3.69</td>
<td>1.08</td>
</tr>
<tr>
<td>Customers should be informed of how retail sales portals use information about customers’ buying habits.</td>
<td>3.48</td>
<td>0.95</td>
</tr>
<tr>
<td>Children should not be asked to provide information about their parents on the retail sales portals.</td>
<td>3.44</td>
<td>1.41</td>
</tr>
<tr>
<td>The Internet has made it much easier for someone to obtain personal information about me.</td>
<td>3.31</td>
<td>1.10</td>
</tr>
<tr>
<td>Only limited amount of personal information should be requested from children on the retail sales portals.</td>
<td>3.03</td>
<td>1.13</td>
</tr>
<tr>
<td>Impersonation is common on the retail sales portals.</td>
<td>3.00</td>
<td>0.63</td>
</tr>
<tr>
<td>The privacy of retail sales portals’ customers is usually not violated.</td>
<td>2.81</td>
<td>0.83</td>
</tr>
</tbody>
</table>

Source: Developed from the Questionnaire Survey Data
Figure 4-17: Breakdown of the Importance of Privacy Factors (Section B – Question 8a until Question 8h)

Retail sales portals cannot disclose personal information of their customers.

- Totally Disagree: 6%
- Somewhat Disagree: 11%
- Agree: 52%
- More Than Agree: 19%
- Totally Agree: 19%

Retail sales portals must obtain consent from customers if they want to use information about their buying habits.

- Totally Disagree: 4%
- Somewhat Disagree: 10%
- Agree: 38%
- More Than Agree: 18%
- Totally Agree: 33%

Children should not be asked to provide information about their parents on the retail sales portals.

- Totally Disagree: 13%
- Somewhat Disagree: 10%
- Agree: 40%
- More Than Agree: 19%
- Totally Agree: 32%

The Internet has made it much easier for someone to obtain personal information about me.

- Totally Disagree: 6%
- Somewhat Disagree: 11%
- Agree: 52%
- More Than Agree: 19%
- Totally Agree: 19%

Only limited amount of personal information should be requested from children on the retail sales portals.

- Totally Disagree: 13%
- Somewhat Disagree: 11%
- Agree: 47%
- More Than Agree: 18%
- Totally Agree: 11%

Impersonation is common on the retail sales portals.

- Totally Disagree: 1%
- Somewhat Disagree: 19%
- Agree: 19%
- More Than Agree: 21%
- Totally Agree: 39%

The privacy of retail sales portals’ customers is usually not violated.

- Totally Disagree: 9%
- Somewhat Disagree: 32%
- Agree: 49%
- More Than Agree: 13%
- Totally Agree: 3%
4.4.16 Importance of a Secured Website when deciding to Purchase from a Particular Private Retail Sales Portal (Section B – Question 9)

Question 9 attempts to find out how important is a secured website to respondents when deciding to purchase from a private retail sales portal.

Figure 4-18 below shows that almost all the respondents felt a secured website was “Very Important”, “More Important” and “Important” when deciding to purchase from a particular private retail sales portal. This is significant as a secured website is definitely required when operating a retail sales portal. It is mandatory that retailers provide this very important feature when setting up one.

Table 4-9: Importance of a Secured Website in Deciding to Purchase from a Particular Retail Sales Portal (Section B – Question 9)

<table>
<thead>
<tr>
<th>QUESTION NO</th>
<th>N</th>
<th>MEAN</th>
<th>STANDARD DEVIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>62</td>
<td>4.31</td>
<td>0.86</td>
</tr>
</tbody>
</table>

Source: Developed from the Questionnaire Survey Data

Figure 4-18: Importance of a Secured Website in Deciding to Make a Purchase from a Particular Retail Sales Portal (Section B – Question 9)

Source: Developed from the Questionnaire Survey Data
With reference to Figure 4-19 below, the reaction from respondents was mixed with 58 percent “Agree” that e-mails are safer than postal mails against 42 percent of the respondents who said that they “Disagree”. The opinion here is therefore quite equal and it can be interpreted that consumers perceived the safety of both emails and postal mails to be almost the same. Therefore, retailers should consider both form of communications for promotions and marketing communications.

Likewise, the reaction was also mixed on whether Internet shopping is safer than mail order shopping. Forty-eight percent of respondents “Agree” that Internet shopping is safer than mail order shopping against 52 percent who “Disagree”. It is a split opinion again from the results. It could be translated that Internet shopping and mail order shopping safety are almost the same. As such, there is a need for retailers to promote the convenience and safety of Internet shopping in order to increase Internet shopping through their respective private retail sales portals.

However, only 15 percent of the respondents “Agree” that Internet shopping is safer than traditional shopping against 85 percent who “Disagree”. This shows most of the respondents are concerned about using the Internet for shopping. As such, retailers should improve security for Internet shopping to better promote the use of private retail sales portals. Likewise, only 18 percent of the respondents “Agree” that credit card information is safe to be released on the private retail sales portals against 82 percent who “Disagree”. This shows that the majority of the respondents felt that releasing credit card information on the private retail sales portals is unsafe and may discourage the respondents from carrying out online transactions. This concern needs to be addressed by the retailers in order to encourage consumers to visit their private retail sales portals.
The mean values of 9e and 9f that were at 2.97 and 3.19 respectively show that the respondents “Agree” that encryption and a trusted third party are effective to protect private retail sales portals (Table 4-10 below).

**Table 4-10: Statements on Security Features (Section B- Question 9a and Question 9b)**

<table>
<thead>
<tr>
<th>QUESTION NO</th>
<th>N</th>
<th>MEAN</th>
<th>STANDARD DEVIATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>9e</td>
<td>62</td>
<td>2.97</td>
<td>0.96</td>
</tr>
<tr>
<td>9f</td>
<td>62</td>
<td>3.19</td>
<td>1.05</td>
</tr>
</tbody>
</table>

Source: Developed from the Questionnaire Survey Data

Question 9e of Section B asked whether encryption is sufficient to provide security when conducting business transactions on the private retail sales portals. It had a mean value of 2.97, which was translated as “Agree” (Table 4-10 above). With reference to Figure 4-20 below, 67 percent of the respondents were of the opinion they “Totally Agree”, “More Than Agree” and “Agree” with the statement. Ten percent, 13 percent and 44 percent of the respondents said that
they “Totally Agree”, “More Than Agree” and “Agree” respectively. However, a substantial number of respondents at 32 percent felt that they “Somewhat Disagree” with the statement. Only 1 percent of the respondents “Totally Disagree”. This shows that a substantial number of respondents do not feel fully secure with encryption to provide security for business transactions on private retail sales portals.

Question 9f of Section B asked whether a trusted third party should monitor the transaction process, which had a mean value of 3.19. This was interpreted as “Agree” (Table 4-10 above). Quite similarly, 79 percent of the respondents indicated that they “Totally Agree”, “More Than Agree” and “Agree” on the statement (Figure 4-20 below). Sixteen percent, 13 percent and 50 percent of the respondents felt that they “Totally Agree”, “More Than Agree” and “Agree” respectively. Only 16 percent and 5 percent of respondents respectively felt that they “Somewhat Disagree” and “Totally Disagree” with the statement. It also shows that a trusted third party approach alone could not fully provide security for private retail sales portals.

Although a very high percentage of respondents claimed that encryption and a trusted third party are effective to provide security, there were a number of respondents who thought otherwise. As such, retailers may consider an integrated approach to improve security on their private retail sales portals.

Figure 4-20: Statements on Security Features (Section B – Question 9e and Question 9f)

Source: Developed from the Questionnaire Survey Data
4.4.17 Summary

This section will summarise the research findings from the questionnaire survey. From the questionnaire survey results it was found that almost 80 percent of the respondents gained knowledge of the Internet and private retail sales portals from their offices. This could mean that office workers could be a good market target for retailers to focus on when promoting their retail sales portals.

Most of the respondents had overwhelmingly chosen the English language as one of the languages of choice. A substantial number of respondents also indicated the preferences for Chinese and Malay languages.

As more respondents use the Internet for email communications than for any other purposes, retail companies ought to include email communication as a marketing tool to reach consumers. Likewise, an almost equal number of respondents are using the Internet to search for, and buy goods and services. The Internet is also used for other business activities and entertainment such as electronic banking activities, accessing government websites, downloading software, buying goods and services, looking for employment, chatting, and playing games or music.

The respondents seem to frequent a very wide range of private retail sales portals such as books and stationery, music and video, electrical goods, health and beauty, and newsagents. This indicates that all types of products could be sold on the private retail sales portals.

Criteria such as user friendliness, availability of information for intelligent purchase, online security, attractive pricing, quality of product, speed and ease of payment options are deemed important for the respondents to consider when accessing private retail sales portals. Similarly, security, convenience of using the Internet at home, and the personal needs to purchase certain products are all almost equally important criteria when accessing the Internet. Consumers are expecting convenience and value when accessing the Internet and private retail sales portals.

It was found that about 60 percent of the respondents spent only up to 20 percent of the time shopping when they were online. Irrespective of whether it is an online or offline purchase, price and quality, and price were ranked as the most important considerations when respondents made a purchase decision. This was followed by the cost of delivery, delivery service, and after sales
service. As private retail sales portals could be accessed from anywhere, the importance of logistic and after sales service should be considered as being of primary importance.

Based on the feedback from respondents, it seems that that the credibility of the private retail sales portals is imperative as more respondents claimed they got to know private retail sales portals by word of mouth from friends than from any other sources. Many of the respondents also got to know private retail sales portals based on online and print media. As such, retailers need to integrate their advertisement with the combination of both media such as search engines, newspapers, televisions, emails, magazines and radios, in order to have an extensive coverage of the market.

The respondents feel that customer service as a whole is an “Important” consideration for private retail sales portals to gain credibility. Products and Warranties, and After Sales Service were rated as “More Important”. Marketing and Communication was rated as “Important”. Therefore retailers need to strategise their marketing plan not only to look into the aspects of products and warranties, but also to bundle them together with an effective After Sales Service plan.

Digital law and legal protection was considered as “More Important”. About two-thirds of the respondents felt that international trade laws are sufficient to support Internet commerce and that the Malaysian government tends to protect the privacy of each individual. However, only about 60 percent of respondents felt that people who misused computers are usually charged in Malaysian courts. Likewise, the respondents also felt that privacy factors are considered as “More Important”. Similarly, security is also considered as “More Important” by the respondents.

The respondents were almost split on whether e-mails and Internet shopping are safer than mail orders. However, most of the respondents felt that Internet shopping is not safer than traditional shopping. Similarly, most of the respondents did not agree that credit card information released on the private retail sales portals is safe. However, about two-thirds of the respondents thought that safe features such as encryptions are sufficient enough to provide security for private retail sales portals. Similarly, about 80 percent of the respondents felt that a trusted third party should monitor the transaction process.
4.5 Summary of the Study

This section first summarised the key findings of the personal interviews and questionnaire survey as an integrated study on the following research propositions and research problem:

Research Proposition 1
Strategic actions are required in order to harness the reach and advantages of the Internet that will help to maintain and grow its business.

Research Proposition 2
Private retail sales portals can support the firm’s strategic plan in gaining a better than average returns on investment.

Research Proposition 3
Consumer behaviour can be influenced in order to gain higher adoption in using the Internet for consumer transactions.

Research Proposition 4
Firms building retail sales portals are able to attract urban consumers to utilise them.

Research Problem
How can Malaysian private retail sales portals be more efficiently and effectively used by Malaysian urban consumers?

It commenced with the personal interviews on the strategies and efforts of four existing retail sales portals and then went on to seek the comments, feedback and requirements of consumers about using online private retail sales portals.

The creation of private retail sales portals has enabled retail companies to integrate and automate their marketing activities. Other actions taken to increase the efficiency and effectiveness of the private retail sales portals are by outsourcing their IT and logistic support. From the data gathered from the personal interviews, the senior management executives unanimously felt that there is a great future for Internet commerce for the retail industry. The retailers had automated many of their business processes when integrating their private retail sales into their business models.
lot of person-to-person service interactions are being replaced by self-service technologies. As such, retailers are able to reduce their operational costs, which help them remain competitive.

A major challenge faced by retailers is to try to ensure the availability of products. Excessive inventory and/or shortage of inventory would increase operational costs and reduce sales respectively. In order to better aggregate the demand of products from consumers, it would be good that the private retail sales portals offer information sharing on the availability of the items in their inventory with their suppliers.

A number of key findings of Malaysian urban consumer behaviour have been identified. The workplace serves as an important learning ground for Malaysian urban consumers to learn how to use the Internet and private retail sales portals. The English language is the most preferred language of communication. The Chinese and Malay languages are also considered major languages of communication.

A surprising finding is that the number one reason consumers used the Internet is for the purpose of email communication. Closely following behind, the Internet is used as a tool to search for goods and services. About 60 percent of the respondents spent only up to 20 percent of the time shopping when accessing the Internet. Price and quality, and price alone were rated as the most important considerations when making purchase, followed closely behind by cost of delivery, delivery service, and after sales service.

Unexpectedly, more consumers claimed that they got to know about private retail sales portals from friends rather than from any other sources. This was followed by online and print media. The respondents also felt that customer service is “Important” for private retail sales portals. Under the customer service factors, Products and Warranties, and After Sales Service factors were rated higher as “More Important” than Marketing and Communication factors that was rated as “Important”.

Digital law and legal protection was rated as “More Important” as well. Two thirds of the respondents felt that international trade laws are adequate to support Internet commerce and the Malaysian government with the appropriate digital laws does protect the privacy of each individual. However, 40 percent of respondents felt that enforcement against fraud is difficult and
ineffective. Privacy and security were also rated as “More Important”. The respondents’ opinions on whether e-mails are safer than postal mails, and whether Internet shopping is safer than mail order were mixed. However, most of the respondents felt that Internet shopping is less safe than traditional shopping. Likewise, most the respondents also felt that releasing credit card information is not considered to be safe on the private retail sales portals. However, most respondents felt that encryption technologies and third party certification were found to offer enough security for private retail sales portals.

As there were more respondents that claimed that they got to know particular private retail sales portals by word of mouth from friends, it is important that retailers maintain the credibility of their private retail sales portals. The findings from the personal interviews and questionnaire survey also suggest that advertisements for the private retail sales portals should include online and print media such as emails, blogs, online communities, search engines, newspapers and magazines. These advertisements should focus more on media that offer advertisements in English as it is the preferred language of communication by most respondents surveyed.

The data gathered from the personal interviews and questionnaire survey showed that convenience, security, price and/or quality of the products and after sales service are important justifications for consumers to take into account when visiting private retail sales portals. Hence, Malaysian retailers must continue to add value to their services by promoting products that are of interest to consumers, offering superior customer service that includes after sales services, better interactive interfaces and useful information. The retailers can add value to their private retail sales portals by collaborating with online communities and interest groups, forming alliances with other retailers to generate other revenue streams, and strategic partnering with suppliers. The issue of security, that is a grave concern of the respondents, needs to be addressed properly by the retailers in order for them to promote their private retail sales portals.

Although the creation of private retail sales portals could offer convenience for consumers to shop online, the retail companies studied somewhat still lacked expertise and knowledge particularly in the area of legal and privacy matters to create private retail sales portals that could enable them to reach out to a broader consumer market. These inhibitors may curtail the retailers’ strategic plans to create a stronger “pull factor” to entice consumers to their private retail sales portals.
From the data collected from interviewees and respondents, retail companies could better plan to establish their private retail sales portals based on consumer behaviour. The retailers studied have outsourced their IT and logistic services. It is important that retail companies engage contractors that are credible and reliable. Consumers expect convenience when shopping online. They also expect products to be delivered economically and promptly. In fact, cost of delivery and delivery service were assessed as one of the important criteria in making purchase decision. Consumers could shift to other private retail sales portals if the existing private retail sales portals are not credible and reliable.

The Malaysian government could play an important role by providing funding and know how to retailers to venture into establishing private retail sales portals. In fact, there are funds provided by the Malaysian government through its agency called Small and Medium Industries Development Corporation (SMIDEC) (www.smidec.gov.my). However, most retailers are not aware of it. As such, there is a need for SMIDEC to do more publicity and advertising to promote the availability of the fund.

Digital Law and Legal Protection has been rated as “More Important” by the respondents. Although an overwhelming number of respondents felt that international trade laws are sufficient to support Internet commerce and the Malaysian government does protect individual privacy, respondents had mixed responses as to whether computer violators are charged in courts. Company B felt that law enforcement officers are not well-trained to enforce cyber laws. Company C felt that the Malaysian government should stress on the enforcement of laws to charge computer violators. Company D felt that it is more difficult to track and charge people on the Internet that have violated the laws. This shows a lack of trust and confidence in Malaysian urban consumers and retailers towards the enforcement of cyber laws.

Although privacy and security factors were rated by the respondents as “More Important”, most of the interviewees seemed to lack knowledge in these areas and had a lacklustre attitude towards them. This attitude has to change if retailers intend to increase the sales generated from private retail sales portals. The respondents’ opinions were mixed as to whether e-mails are safer than postal mails or whether Internet shopping is safer than mail order shopping. However, most respondents felt that Internet shopping is less safe than traditional shopping. Although credit card
information is considered not safe to be released online, the respondents felt that encryption technologies and third party certification provide good security for private retail sales portals.

The retail companies are able to generate revenue and increase traffic by linking their private retail sales portals with other retailers’ private retail sales portals. However, feedback from respondents showed that they got to know about private retail sales portals through online media as well as offline media such as community sites, newspapers, business directories and exhibitions. As such, retailers need to integrate both online media as well as offline media in their marketing plan to optimise their marketing coverage. According to Company D, the younger generation is also comfortable and regularly access online media. About 60 percent of the respondents spent only up to 20 percent of their time shopping when they are on the Internet. This offers a lot of “window of opportunity” for retailers to increase sales generated from private retail sales portals.

As mentioned earlier, there is no single business model for all retail companies. Some retail companies have developed a fully online business model without having a physical store. There are more respondents that claim that they got to know private retail sales portals by word of mouth from friends than from any other sources. Therefore, the credibility and reliability of the private retail sales portals are important for consumers to visit and keep returning to the sites. Respondents felt that customer service is “Important”. The respondents had stated that they expect security, alternative payment options, product information and availability, warranties, delivery service, good after sales service, and marketing communication.

Most of the respondents would like to communicate in English, although a smaller number would also like to communicate in the Chinese and Malay languages as well. Private retail sales portals that target Malaysian consumers should allow them to select the languages of their choice.

More respondents claimed they used the Internet for e-mail communication than any other purposes. Therefore, retailers should take advantage of the e-mail for marketing communication. Closely following behind, the respondents used the Internet to search for goods and services. Company D created a unique brand name for its private retail sales portal so that it could be easily searched or located by consumers using online search engines. At the same time, based on
respondents’ feedback, the navigation to search for product information within these private retail sales portals should be designed with the consumers’ ease of use in mind.

From the questionnaire survey feedback, respondents rated price and quality, and price as the most important factors when making purchase decisions. This shows that consumers purchased products based on perceived value. Therefore, private retail sales portals have to price their products competitively based on the perceived value by consumers. While it is not necessary that only quality products should be sold online, all types and different quality products could be sold online depending on consumer needs.

4.6 Conclusion
Chapter 4 provided the result of the personal interviews of senior management for the four case studies and the analysis of the responses from the questionnaire survey. The interviewees are senior management executives of Malaysian retail companies, managing the operational and strategic aspects of the companies’ private retail sales portals. The questionnaire surveys were completed by Malaysian consumers living in urban areas, belonging to middle and higher income groups, have completed at least high school education, are Internet savvy and computer literate and aware, aged between 25 and 60 years old, and in the white collar workforce. The conclusions to the research problem and research questions and recommendations are discussed in detail in Chapter 5.

The retailers felt there is a great future for Internet commerce for the retail industry. They have benefited from process automations that support the operation of private retail sales portals. Nevertheless, a major concern faced by retailers is to ensure the availability of products offered by them. Excessive inventory and shortage of inventory would increase operational cost and reduce sales respectively. This matter could be better improved by sharing information with customers, suppliers and other stakeholders.

Another major challenge faced by retailers is the maintenance of their private retail sales portals. An ineffective and inefficient private retail sales portal may discourage consumers from using that portal. As such, it is important that retailers are able to secure the services of reliable vendors and IT personnel. Since more respondents claimed that they got to know particular private retail
sales portals by word of mouth from friends, consumers who have good experience with using certain private retail sales portals would able to introduce their friends to these portals.

Advertisement for the private retail sales portals should be strategised to include online and print media based on their effectiveness to increase advertising coverage from the feedback from the personal interviews and questionnaire survey. Based on the feedback from the respondents, advertisement in English is the most preferred language for advertising. For extended advertisement coverage, the respondents also preferred advertisements to be in their native languages such as Malay and Chinese.

The data gathered from qualitative and quantitative data also showed that convenience, security, legal and privacy matters, price and/or quality of the products and after sales service are important considerations when consumers use private retail sales portals. Therefore, in order for retailers to offer superior customer service online, retailers need to continuously improve their private retail sales portals by offering value and address the issues of concerns of consumers in order to promote the growth of private retail sales portals.

This concludes Chapter 4 and Chapter 5 is where the conclusion of the whole thesis is provided as well as the recommendations and the proposals for further research. The limitations to the research will also be discussed in the next chapter.
Chapter 5 – Conclusions

5.1 Introduction

This chapter is the conclusion of the research and provides the recommendations. The implications of the findings are discussed in relation to theory and practice. The contributions, limitations and recommendations are also presented in this chapter. The structure of Chapter 5 is shown in Figure 5-1.
Figure 5-1: Structure of Chapter 5

5.1 Introduction

5.2 Analysis of the Results of the Interviews
5.2.1 Research Proposition 1: Strategic actions are required in order to harness the reach and advantages of the internet that will help to maintain and grow its business.
5.2.2 Research Proposition 2: Private retail sales portals can support the firm’s strategic plan in gaining a better than average returns on investment.
5.2.3 Research Proposition 3: Consumer behaviour can be influenced in order to gain higher adoption in using the internet for consumer transactions.
5.2.4 Additional Information

5.3 Findings
5.3.1 Research Proposition 1: Strategic actions are required in order to harness the reach and advantages of the internet that will help to maintain and grow its business.
5.3.2 Research Proposition 2: Private retail sales portals can support the firm’s strategic plan in gaining a better than average returns on investment.
5.3.3 Research Proposition 3: Consumer behaviour can be influenced in order to gain higher adoption in using the internet for consumer transactions.
5.3.4 Research Proposition 4: Firms building retail sales portals are able to attract urban consumers to utilise them.
5.3.5 Conclusions on the Research Problem
5.3.6 Summary of Findings

5.4 Implications
5.4.1 Implications for Malaysian Urban Consumers
5.4.2 Implications for Malaysian Retailers
5.4.3 Implications for Malaysian Government

5.5 Contributions
5.5.1 Contribution to Malaysian Society
5.5.2 Contribution to the Body of Knowledge
5.5.3 Contribution to Theory on Private Retail Sales Portals
5.5.4 Contribution to Retail Management Practices

5.6 Limitations

5.7 Future Research

Source: Developed for this Research
This research explored the research problem “How can Malaysian private retail sales portals be more efficiently and effectively used by Malaysian urban consumers?” as identified in Chapter 1.

Four research propositions were identified to answer the research problem. The four research propositions are:

**Research Proposition 1**
Strategic actions are required in order to harness the reach and advantages of the Internet that will help to maintain and grow its business.

**Research Proposition 2**
Private retail sales portals can support the firm’s strategic plan in gaining a better than average returns on investment.

**Research Proposition 3**
Consumer behaviour can be influenced in order to gain higher adoption in using the Internet for consumer transactions.

**Research Proposition 4**
Firms building retail sales portals are able to attract urban consumers to utilise them.

This research has also identified the research gaps, research questions, research propositions and research path undertaken.

Chapter 1 gave a brief outline of the background of the study, the research problem, research gaps, research questions, research objectives, research methodology, literature review, research limitations and thesis outline.

Chapter 2 focused on literature review and the analysis of secondary data emerging from the review. The first section explained the overall structure of Chapter 2. The second and the third sections focused on Electronic Commerce (1st parent discipline) and Strategic Marketing and Sales (2nd parent discipline) respectively. The fourth section assessed the relevant five business
models, theories and concepts. The fifth section identified the research gaps. The sixth section explained the theoretical foundation and how it can be applied to the research problem (immediate discipline). The seventh section summarised and concluded Chapter 2.

Chapter 3 outlined the research paradigms, designs, approaches and methods. Then it described the research path undertaken, explained the quality of the research, justified the sampling used, addressed ethical issues, explained the pilot testing procedures, described the questionnaire survey structure, discussed the various personal interview methods, described data analysis, and clarified the thesis limitations.

Chapter 4 analysed and explained the findings in response to each of the research propositions from data collected from the personal interviews and questionnaire survey. The collected data were tabulated and coagulated in the form of tables, graphs and bar charts.

Chapter 5 explained the findings to answer the research problem and research propositions being investigated. The data analysed were linked to theories established in the literature review of Chapter 2. It made conclusions, implications and contributions for future policies and practices. This chapter will also highlight the limitations and suggestions for future research.

5.2 Analysis of the Results of the Interviews
This section analyses the results of the interviews based on the following sections.

5.2.1 Research Proposition 1: Strategic actions are required in order to harness the reach and advantages of the Internet that will help to maintain and grow its business
This section intends to answer Research Proposition 1: Strategic actions are required in order to harness the reach and advantages of the Internet that will help to maintain and grow its business. Research Proposition 1 addresses what strategic actions have the retail companies taken to harness the advantages of the Internet for their business growth. Based on the data gathered from this research, retailers are able to formulate and strategise the benefits of the Internet for their own organisational and business development. From the information gathered from the 4 Malaysian retail companies, the following key facts were established:
5.2.1.1 Benefits of Using the Internet

All the retailers felt that their implementation of private retail sales portals has brought tremendous benefits. They are using the Internet and establishing private retail sales portals to automate their work processes, information gathering, communications, sourcing and selling their products. According to the retailers’ perspective, they can replace digital catalogues easily without having to print the catalogues that are far more costly as in the case of the traditional catalogue marketing.

In spite of expanding to Internet commerce, Company A can synergise and streamline its processes and activities. Customers can order batteries online and get the batteries to be installed into their vehicles at its premises. Company B has exercised a membership drive to increase its online membership. Members can enjoy special discounts for products offered online. It is hoped with this, Company B is able to better develop and build its customer relationship. Therefore, customers can be better retained. On the contrary, Company C is faced with high operational costs as their physical store is in the congested heart of Kuala Lumpur, the capital city of Malaysia. However, Company C is considering shifting its premises to the suburbs or becoming an online company only.

Compared with other retail companies studied, Company D has managed to reduce its operational cost substantially by being only an online company. Company D also benefits from the use of the Internet by utilising a marketing method called the Search Engine Optimization (SOP) concept. With this concept, Company D has created a brand name that is unique and easily located online. However, they feel that improvements could still be made to promote the use of private retail sales portals to a higher level.

These benefits come in the form of operational costs reductions and increased revenue. These usages have been expanded to most stakeholders in the supply chain that includes customers, governments and suppliers. However, it was found that none of the Malaysian retail companies has integrated their suppliers in terms of automated ordering when the private retail sales portals’ inventories have reached a certain threshold or critical stage. With an electronic integration with suppliers in a Business-to-Business (B2B) e-commerce manner, it would reduce not only administrative cost to order product replenishments but also improve efficiency to strive to ensure a continuous availability of products. Excessive inventories for retailers would increase
their holding costs. On the contrary, a shortage of inventories would deprive the retailers from increasing their sales revenues (O’Brien and Marakas, 2008, Woo, 2002).

5.2.1.2 Technical Support
It seems that all the retail companies studied have outsourced the development of their private retail sales portals to IT support vendors. This may be due to the fact that it is cheaper to outsource the development of private retail sales portals. However, retailers need to select their vendors carefully to ensure good after sales service support. In terms of Company A’s experience, the company found that the vendor was difficult to contact. In times of urgency, if a customer has difficulty in completing an order, the customer may get frustrated and may decide to choose an alternative private retail sales portal to order a particular product or may simply give up.

As it is common for retailers to continuously update their latest product information, it is important that retailers choose IT support vendors that provide them the tools and allow them to update information on their private retail sales portals easily. Company A and Company B have experienced difficulties in asking their vendors to quickly update the latest information on their private retail sales portals. Delay in updating of information on the private retail sales portals may result in retailers introducing their new products slower than their competitors, and therefore they may lose out in generating more revenue.

5.2.1.3 Concern for Security
Company A feels that the Malaysian government officials are not sufficiently aware of the business benefits Internet commerce can bring to the retail industry. There is a need to improve communication and coordination between the Malaysian government and the e-commerce industry to further promote Internet commerce. Company A felt that security is still a problem for Internet commerce, particularly with credit card usage. Security issues come in the form of credit card fraud.

Company B is unsure how secure their data will be by asking its IT supplier to update sensitive information. They are still undecided whether to employ their IT personnel to update information for their private retail sales portal due to lack of budget.
Company C is very concerned about its inventory allocated for its sales generated from its private retail sales portal as they are placed in its Chinatown retail store. Over the years, there were a lot of burglary and break-ins in the area. The company plans to convert its business operation to a fully online company with a possibility of creating and linking its suppliers to a business-to-business online concept.

Company D explained that the older generation is more concerned about security on private retail sales portals. They are not sure how safe it is to use their credit cards to purchase online. The older generation has less experience in using computers than the younger generation. They may be more sceptical about online buying because they cannot see and touch the physical product.

5.2.1.4 Benefits to Consumers
Despite numerous constraints faced by retailers in establishing private retail sales portals, all the retailers agree that Internet commerce as a whole for the retail industry in Malaysia is expected to grow. According to them, it is perceived by the consumers that by purchasing from the private retail portals consumers can enjoy the convenience and privacy to purchase products to be delivered to their homes or offices as long as they have access to the World Wide Web. They can also compare the prices and information of different products easily. Furthermore, it is expected that more consumers will have access to the Internet as the prices of computers continue to drop.

5.2.1.5 Future Investments
Despite the current economic downturn, all the retail companies intend to invest further to develop their private retail sales portals. Nevertheless, they will be cautious as to the amount they invest because of the current economic uncertainty. The investments come in the forms of enabling consumers to purchase by credit cards, customer profiling, billing processes, auto mailing, free electronic books and customer relationship management software.

5.2.2 Research Proposition 2: Private retail sales portals can support the firm’s strategic plan in gaining a better than average returns on investment
This section aims to answer Research Proposition 2: Private retail sales portals can support the firm’s strategic plan in gaining a better than average returns on investment. It addresses how the retailers that were involved in this research use private retail sales portals to support their organisational strategic plans to increase returns of investment. Using the data collected from this
research, retailers are able to establish private retail sales portals to support their organisations’ strategic intent to increase their returns on investment. The following key information was confirmed:

5.2.2.1 Revenue Generation

In order to further attract consumers to the retailers’ private retail sales portals, various values, features or attractions were created. Company A has focused on using colours and effective product information communication. In addition, its batteries are priced lower than its competitors. Company A has also diversified its product offering to consumer products that are frequently used such as stationery and electrical appliances.

Company B encourages its customers to sign up as members if they want to enjoy discounts and receive free gifts based on the sales amount ordered, calculated based on points. This means that the more the customers order, the more discounts and free gifts they are entitled to. On top of that, Company B also attracts consumers by offering lower price for its products, supports superior service and offers its own brand of quality products. Its private retail sales portal is also designed for easy navigation and consistency with latest information.

Company C chooses to attract consumers by linking its private retail sales portal to special interest groups and online community. Its ensures consistent delivery service by allocating 50 percent of its inventory for its private retail sales portal as online consumers expect fast delivery for fabrics. Company C also offers advice on how to make various fashion attires.

It was found that all the retailers, with the exception of Company D, have expanded their range of products in order to increase sales. They have also allowed other retailers to link to their private retail sales portals to generate additional revenue by receiving sales commissions.

Company D’s strategic plan is to concentrate on enhancing its brand by offering superior quality customised T-Shirts. The material to make them is carefully checked and Company D does not compromise on quality. Company D also attracts consumers by possessing a unique brand name that is easily located through online search engines. It also organises shows and bazaars. These shows and bazaars help to showcase the design and quality of Company D’s products. Company D’s products are perceived by consumers to be of high quality and are priced like any other
international brands. Unlike other retailers that only generate up to 60 percent of their total revenue from their private retail sales portals, Company D generates almost 100 percent of its revenue from its private retail sales portal. Being a totally online retail company has also helped Company D to reduce its operational costs.

Company B and Company C increased their income by getting commissions by linking to other private retail sales portals that sell related products. However, Company A and Company D choose to focus on their own products and develop their own brands. Company B and Company D are able to sell their products substantially outside Malaysia. Company B was able to sell its stationery products to Indonesia because of the superiority of its products. Custom designed T-Shirts sold by Company D are sold internationally as their quality and design are well received. Although Company D only established its private retail sales portal a few years ago, it has a first mover advantage by being the first Malaysian retail company to sell custom-made T-Shirts online. With about 50,000 hits a month on its private retail sales portal coupled with a unique brand name. Company D has been able to expand its customer base internationally.

These retailers not only advertised on their private retail sales portals but also through other forms of media. As car batteries are generally purchased by the public at large, Company A also advertises through newspapers and exhibitions. Likewise, Company B that sells stationery products also advertises through the print media in Info pages and Super Pages. Company C feels that it is able to attract consumers by advertising through online media such as Google Adverts, Facebook, Bidadvertiser (pay per click) and opinion memberships. Similarly, Company D finds that it is more effective to advertise to the younger generation online through emailing and Facebook.

These retail companies foresee an increase in their sales and profit margins in the next 5 years. Whatever marketing mix that the retailers pursued, all the retailers will continue to provide free delivery service for a minimum order within a stipulated area, either within the Klang Valley or within the state of Selangor or even within Malaysia. It is mandatory that private retail sales portals offer delivery services irrespective of whether it is charged or not.
5.2.2.2 Establishment of Private Retail Sales Portals

The strategic intent of the various retailers is to increase sales generated from the private retail sales portals. However, the approaches taken by the various retailers do differ. All the retailers want to create awareness of the current product offering to current and potential customers. Company A and Company B want to continue to maintain their physical retail stores as well as their private retail sales portals. Company C and Company D’s strategic intent is to establish private retail sales portals that will enable them to become fully only online retail companies. This approach could reduce Company C and Company D operational costs.

Company A, Company B and Company C have established their private retail sales portals to generate more sales during the peak of the introduction of Internet to the public. Products from Company A, Company B, Company C and Company D are batteries, stationeries, fabrics and T-Shirts respectively that are common consumer products.

In order to better manage their private retail sales portals, it is important that the management of retail companies have a good technical and business understanding of Internet commerce like the management of Company D. In general, the senior management of the retail companies in this research have a moderate understanding of Internet commerce. However, the top management of these retail companies have industry knowledge of their products. As such, it is a good approach by the retailers to continue to send their senior management for training in order to increase their understanding of Internet commerce.

5.2.3 Research Proposition 4: Firms building retail sales portals are able to attract urban consumers to utilise them.

This objective of this section is to answer Research Proposition 4: Firms building retail sales portals are able to attract urban consumers to utilise them. Based on the data collected from the interviewees, retailers are able to develop private retail sales portals that could attract urban consumers. The following findings were identified:

5.2.3.1 Appeal and Value

It was found that there are numerous approaches that retailers use to attract urban consumers to their private retail sales portals. Company A markets batteries and attracts urban consumers to utilise its private retail sales portal by offering a “cash and carry” concept, as well as the free
installation of batteries in their vehicles at its facility. Company B markets stationery products that target consumers in the Klang Valley. Company B’s office and operation is strategically located in the Klang Valley to enable it to provide free delivery to consumers within the Klang Valley. The product that is offered is clothing fabrics and the market segment that Company C targets are female working adults, housewives and students. These groups of people do not mind paying more for quality. Company D markets T-Shirts for the young generation who are fashion-conscious and don’t mind paying more for quality as well.

5.2.3.2 Privacy
All the retailers maintain strict confidentiality and do not give their customers’ private information to any third party without consent. However, most of the retailers are not familiar with privacy laws. Only Company C has a privacy policy. As private retail sales portals can be accessed anywhere in the world, consumers may not know whether their personal data will remain private. This can impact on the consumer’s decision to purchase.

With the availability of a privacy policy, consumers are more confident using these private retail sales portals as they have a written assurance that their personal information will not be divulged to a third party (Feinberg and Kadam (2002); Anton and Postmus (1999)). In fact, Company C uses a third party certification called “pay88”. The data transmission from the consumers to the private retail sales portal is encrypted and the keys to activate the data are only known to “pay88”.

5.2.3.3 Laws Governing Internet Commerce
All retailers except for Company B felt that international trade laws are sufficient to foster Internet commerce. The Internet has created many advantages to shop online but has many drawbacks. In the online world, business transactions are carried out in a borderless environment, anywhere and any place in the world as long as a person is able to access the World Wide Web (WWW). Enforcement, conformity and jurisdiction of international trade laws can pose a challenge to governments, retailers and consumers all over the world.

All the retailers in this research have no experience in dealing with consumer disputes in relation to international trade laws. This can inhibit the retailers from increasing their sales internationally. Company A claimed it will uphold all the terms and conditions stated in the
purchase contract. However, in terms of national jurisdiction, certain trade laws of certain countries may supersede the legality of the purchase contract. Therefore, it is important that retailers review the trade laws of the markets they intend to develop.

There were mixed reactions from the retailers on their views on the adequacy of Malaysian laws on Internet and e-commerce. Some retailers were not familiar with the laws and were concerned about its enforcement. The nature of the Internet environment that can transcend international borders also makes it difficult to track a violator on the Internet as his or her identity can be easily falsified. Without a strong legal platform to support online business and effective enforcement, the growth of online shopping in Malaysia can be hindered.

5.2.3.4 Funding and Support
Only Company B managed to secure grants from a Malaysian government agency called Small and Medium Industries Development Corporation (SMIDEC). The other retailers weren’t aware of the availability of grants from the Malaysian government. This shows that there is a lack of publicity for the grants being offered. SMIDEC needs to better promote the grants offered so that more Malaysian companies can benefit from them. The retailers hoped that the Malaysian government can grant their wish by offering tax incentives, free software, training courses, payment in Malaysian Ringgit and grants for them to develop Internet commerce.

As the majority of the customers are Malaysian consumers, companies such as PayPal that facilitate online credit card transaction should consider allowing Malaysian consumers to pay in Malaysian Ringgit. Although the US dollar is widely traded internationally, it is getting more unstable. As two retail companies have no experience in dealing with international consumers, in line with the Malaysian government aspiration to promote Internet commerce, the Malaysian government should consider organising training courses that focus on international trade laws which include privacy laws and Internet commerce. Another area of great importance is training in the security aspects of Internet commerce. As there is a grave concern by retailers in this aspect of security, it is important that retailers are made aware on how to minimise the security risk of online businesses.
5.2.4 Additional Information

For items such as batteries that can be heavy and bulky, it may be more cost effective that inventories are kept in countries that have a sizeable amount of sales. Not doing so may be difficult for Company A to increase its sales outside Malaysia.

In terms of Information Technology (IT) technical support, all the retailers have outsourced their private retail sales portals’ maintenance. This may be a general trend for retailers to outsource their IT technical support. It may help the retailers improve their IT technical support and better control their operational costs. However, the performance of IT technical support vendors engaged by the retailers was mixed. Therefore, retailers have to assess carefully the benefits of outsourcing. It is not necessary so that outsourcing will improve IT technical support and reduce operational costs.

A surprising revelation is that most of the retailers were not aware of the incentives offered by Small and Medium Industries Development Corporation (SMIDEC) (www.smidec.gov.my). It seems that not much publicity had been made on these incentives offered by the Malaysian government. SMIDEC needs to put more effort in publicising these incentives that can help many Malaysian retailers jumpstart their businesses as regards to Internet commerce.

Another surprising finding was most of the retailers are not well aware of the need of online consumer privacy protection. Retailers need to give a serious thought to online consumer privacy protection as private retail sales portals can be accessed from anywhere in the world. Consumers may not be familiar with private retail sales portals that they have not used before. With privacy policy clearly spelt out and having a third party certification, this could convince and encourage consumers to use these private retail sales portals. As such, retailers need to educate themselves on online consumer protection to encourage consumers to use their private retail sales portals.

By credit card facilitating companies such as PayPal enabling consumers to purchase products online based on different types of countries’ currencies, and not only in United States Dollars, it will enable consumers to save cost on currency exchange. This will help to better promote Internet commerce.
5.3 Findings

The structure of the findings is based on the sequence of the following research propositions.

5.3.1 Research Proposition 1: Strategic actions are required in order to harness the reach and advantages of the Internet that will help to maintain and grow its business

This section will discuss the issues of Research Proposition 1: Strategic actions are required in order to harness the reach and advantages of the Internet that will help to maintain and grow its business. Research Proposition 1 explores what strategic actions retail companies could take to harness the advantages of the Internet for their business development.

5.3.1.1 Benefits of Using the Internet

The strategic action undertaken by the Malaysian retail companies studied is to use the Internet to reduce paperwork, communicate orders, source for materials, find information about competitors, online order, issuing of electronic purchase order, present information and monitor delivery service. It is very clear that the use of the Internet can help Malaysian retail companies become more efficient and effective. These companies are able to reduce operating cost by automating their operational processes.

The service level provided by the major Internet Service Providers (ISPs) in Malaysia has improved over the years. With the guarantee of high uptime or low downtime, firms setting up Retail Sales Portals will not be in doubt to harness the benefits of using the Internet to achieve high efficiency and effectiveness for their operations. With this assurance from the ISPs, more retailers are expected to establish their Retail Sales Portals in the near future in view of the many benefits that the Internet could bring to commerce.

By updating the catalogues of the latest product online, the retail companies studied do not have to print additional catalogues. Similarly, OfficeDepot.com found that the Internet made it easier and more cost effective to change catalogues electronically than printing the catalogues (Gulati and Garino, 2000). OfficeDepot.com was able to reduce its costs by more than half as compared to order processing by using the telephone. At the same time, placing information on its private retail sales portal enabled OfficeDepot.com to increase sales at its physical retail outlets.
It is also not necessary for a retail company to maintain a physical store. As such, retailers could save on store rentals. The development of Internet commerce does not necessarily depend on the size of the retail companies. The Internet can transcend time and distance whereby consumers at anytime of the day and at any place, as long as they have access to the World Wide Web (WWW), are able to order a product to be delivered to their homes or offices or collect them from the physical retail stores.

Whether the retailers decide to use an online business model, physical business model or a combination of them would depend on the nature of the business and on the ability of the retailers to increase sales. An online business model that is only based on the Internet channel may enable retailers to reduce office rental and operational cost. However, certain segments of the consumer markets may not be IT literate to use the private retail sales portals. On the other hand, retaining the traditional physical retail stores may prove far less effective for retailers as it may lead to higher operational cost to increase sales.

However, developing a business model based on a combination of a private retail sales portal and physical retail stores could increase sales. A study carried out by Rabinovich and Bailey (2004) showed that by enabling consumers to access multiple channels such as online and physical retail stores, retailers are able to increase their availability of inventory more than their competitors who are fully online. This is because as consumers have access to more distribution channels, such retailers are able to operate by selling their products in larger volume.

Nevertheless, retailers must have the capabilities and resources to support a multi-channel business model. In order for private retail sales portals to better manage their inventories and meet consumer demand, it would be more productive to link electronically to their suppliers. Consumer demand could be better met by electronically issuing purchase order once inventory level of a specific product drops to a certain level.

5.3.1.2 Technical Support
The Malaysian retail companies studied also faced difficulty in maintaining technical support for their private retail sales portals. Some of these companies have outsourced the technical operation of their private retail sales portals as they may find it costly to employ technical personnel. Some vendors do not allow the retail companies to directly access the retail sales portals to update
information. At times, they have to pay additional costs for any service rendered by the vendors after the implementation of private retail sales portals. Therefore, retailers must give serious thought as to how they are able to maintain their private retail sales portals efficiently and effectively.

Some of the major causes of failures of dotcoms were identified as due to operational causes (Lumpkin et al. 2002), and technical causes and behavioural causes (Goldsborough, 1999). Likewise, based on this research, there were more respondents who claimed that user friendliness of the private retail sales portals is a more important criterion than any other criteria when assessing private retail sales portals (Figure 4-9, Chapter 4). Whether retailers employ their own personnel or outsource the technical maintenance of their private retail sales portals would depend on their ability to maintain the private retail sales portals efficiently and effectively. Some of the important factors to consider when selecting and assessing a vendor will have to depend on whether the vendor focused on quality in their deliverable service, price, reputation, resources and location.

Consumers are too impatient to wait for slow accessing or slow download and do not tolerate a situation where they are not able to gain access. They may just decide to use other private retail sales portals without any hesitation. It may then be more difficult to lure these consumers back to use the particular private retail sales portal.

In 2009, Malaysia was ranked thirty-eight among the top seventy countries for a country’s information and technology communications (ICT) readiness (Economist Intelligence Unit, 2009). Among the countries in South East Asia, only Singapore was ranked higher than Malaysia at number seven. Malaysia is well positioned for the establishment of private retail sales portals by trading firms. Therefore, this research confirms the viability for various trading firms to expand their business online for more revenue growth.

5.3.1.3 Concern for Security

Consistently, many studies as well as this research have shown that stakeholders such as the Malaysian retail companies as well as Malaysian consumers are still concerned about security when participating in Internet commerce. Internet security has been a concern expressed by consumers for many years (Kassim and Ismail (2009), Saunders (2002), Paynter and Lim (2001)
and Mukti (2000)). Based on the feedback from the interviewees (Section 4.3.6.1.3, Chapter 4) and respondents (Figure 4-9, Figure 4-10, Figure 4-18, Chapter 4), Internet security is a major concern.

In order to reduce security risk to private retail sales portals, retailers could address security risk by developing a multi-approach method. The multi-approach method is by means of security management, types of security and platforms for deployment (Avolio, 1998). Security management includes planning, policy, procedures, production, products, research and analysis whereas types of security address prevention, detection and response. Lastly, platforms for deployment encompass network perimeter, computer servers and desktops. A multi-approach method in addressing Internet security could significantly reduce security threat to private retail sales portals.

Despite the concern of Internet security, by shopping online, consumers do not have to worry about traffic congestion and personal security. Consumers are also able to compare at ease the range and pricing structure of different products. Private retail sales portals offer consumers the convenience of shopping within the privacy of their homes or other domains as well.

5.3.1.4 Future of Private Retail Sales Portals
Generally, the respondents felt that ease of payment options is an important aspect when making a decision whether to purchase from private retail sales portals (Questionnaire, Section B-Q1). They indicated a variety of payment options could improve customer service for private retail sales portals as “More Important” (Questionnaire, Section B-Q6n). The respondents also agreed that credit card information is safe to be released on the private retail sales portals (Questionnaire, Section B-Q9d).

Despite the concern for security when using private retail sales portals, the future of Internet commerce is promising as more people are expected to have access to computers in the coming years. This is confirmed by the increase of Internet users in Malaysia from 21.4 users per 100 inhabitants in 2000 to 59.7 users per 100 inhabitants in 2007 (United Nations Statistics Division, 2010). Furthermore, the Malaysian population is relatively young, whereby the average age of Malaysians is 26 years of age (The Report Malaysia, 2007). This young generation is classified as “Generation X” (The Contact, 2003). Generation X is being defined as people who were born
after 1966. This generation tends to be IT savvy. As such, more Malaysians are expected to use the Internet.

There were only 151 websites established in Malaysia in 1995 (Paynter and Lim, 2001), and by 2007, the number had increased to 158,650 websites (Malaysia, 2007). This shows that website development has gained acceptance in Malaysian society as well. Nevertheless, the level of competition in retail industry is expected to increase as more retailers “jump onto the bandwagon” to develop private retail sales portals. Therefore, the ability of retailers to add value to their product and service offering online is more pertinent than before.

The contributions of Vinton Cerf and Robert Kahn to the development of Transmission Control Protocol/Internet Protocol (TCP/IP) have laid the foundation of the establishment of Internet (Leiner, Cerf, Clark, Kahn, Kleinrock, Lynch, Postel, Roberts and Wolff, 2009). TCP/IP’s objective is to enable computers to communicate over long distance through networks by grouping data into packets by routing them to host computers by Internet Protocol (IP). At the international stage, according to Vinton Cerf, the co-founder of Internet, the number of Internet users worldwide is expected to reach 3 billion people by 2010 (Perumal and Shanmugam, 2004). This holds a lot of potential for Malaysian retailers to increase their sales internationally.

The retail companies studied also foresee a great future for Internet commerce for their companies. They expect their private retail sales portals to be better coordinated, streamlined and simplified in the coming years to provide more value added services to customers. The retail companies are able to synergise their business models linking to online communities and blogs thus allowing other advertisers to link to their retail sales portals.

Companies have realised the importance of logistics as a strategic tool for competitive advantage (Ali, Jaafar and Mohamad, 2008).

A good supply chain model for Malaysian retailers to emulate is the model developed by Dell Computers. Customers are able to customise their orders, and track their delivery orders from the manufacturing process to the delivery process at Dell’s website (Kumar and Craig, 2007). It also enables Dell to bring new products faster to customers. Dell only managed a limited amount of inventory and depended on its suppliers for products. This is possible as Dell shares information
with suppliers on expected customers’ 90 days forecast so that they could stock their supplies. In order to reduce shipping costs for suppliers and the whole supply chain, Dell booked blocks of flights from Asia, whereby most of its suppliers are located. This would also enable Dell to better leverage a sudden shift of customers’ demand. However, the blocking of flights would require large volume of sales orders. In this aspect, smaller retail companies may not be able to benefit from lower transportation costs if they do not have sizeable sales volume.

As Malaysian private retail sales portals increase their sales globally, it is important that they are able to better manage their supply chains in order to be more competitive. By maintaining low inventory, companies could save on storage costs. On the other hand, by not having enough inventory will reduce their sales orders. As such, retailers should share information with their customers and suppliers to track their order delivery and sales orders to cater for customer demand.

Another challenge faced by Malaysian retailers to go global is the issue of transportation costs. Many of the Malaysian retailers may not have the large sales capacity of Dell Computers to be able to book blocks of flights at a competitive rate. Nevertheless, a Malaysian retail company is able to extend its sales internationally by offering unique and quality products (Royal Selangor Pewter, 2010). In the study of Royal Selangor Pewter, it was found that they made a special arrangement with Federal Express (FedEx) where a fix rate (above RM320) is provided for delivery to many places around the world. This enabled efficient delivery from their premises in Malaysia and afforded them an effective way of satisfying their customers on a global scale. This is in contrast to Dell where Dell has the volume whereas Royal Selangor Pewter does not.

As the expectations of customers may vary from country to country, it is important that Malaysian retailers should clearly state the terms and conditions of selling products online on issues such as shipping to the wrong address, defect product, delivery date and related matters (Mollenkopf, Rabinovich, Laseter and Boyer, 2007).

However, when asked on the amount of investment that these retail companies are willing to pay in the next 1 to 5 years in Internet commerce, their responses were mixed. It is without doubt, retailers are very concerned about the current economic situation with no improvement in sight. In the backdrop of a profound deterioration of the world’s economy, it has proved to be difficult
for retailers to allocate funds for future investment. As such, retailers must invest cautiously when they intend to establish their private retail sales portals or enhance their private retail sales portals strategically. Nevertheless, private retail sales portals hold great potential for retailers to increase their retail sales as it is an economical channel of communication.

5.3.2 Research Proposition 2: Private retail sales portals can support the firm’s strategic plan in gaining a better than average returns on investment.

This section will discuss the issues of Research Proposition 2: Private retail sales portals can support the firm’s strategic plan in gaining a better than average returns on investment. This research proposition helps to answer how the retailers could use private retail sales portals to support their organisational strategic plans to increase returns of investment.

5.3.2.1 Revenue Generation

The Malaysian retail companies studied are in the business of retailing batteries, stationery, electrical appliances, general printing, fabric and T-shirts. Based on the feedback from the respondents, price and quality were ranked as the most important criteria when making a purchase (Table 4-3, Chapter 4). Retailers could sell their products based on cost leadership, differentiation or focusing strategies according to Michael Porter’s Five Generic Strategies Model (Porter, 1980). In a consumer market that is getting intensely competitive, it would be ideal if retailers could sell products on their private retail sales portals based on blue ocean strategy (Kim and Mauborgne, 2005a). Retailers should introduce products that are not necessarily based on internationally renowned brands but based on product quality that far surpasses the expectation of consumers in relation to pricing.

The percentage of the sales revenue generated from the private retail sales portals from the Malaysian retail companies studied is moderate except for Company D which depended on 100 percent of its sales revenue online. In line with establishing private retail sales portals, the Malaysian retail companies have to make numerous realignments to their supply chains. All the companies mentioned provided delivery service. Delivery service is a standard service offering for Internet commerce as consumers expect convenience when they order online.

Generally, it can be concluded that any product could be sold on private retail sales portals. However, besides providing all the facilities online, the other key aspect for private retail sales
portals to be successful is a well-managed logistics operation. Therefore bulky and heavy products such as batteries were found to be limited in scope. Company A could strategise its logistic and delivery system to ensure that the online orders are fulfilled effectively and customers are kept satisfied. This will have to be operated as an integral part of its online retail strategy.

Retail companies could be more agile if their non-core activities such as logistic, IT support and other auxiliary activities could be outsourced. It enables retailers to better manage their revenue and profit in difficult economic times if retailers decide to downsize their operations. As such, it is important that retailers are able to thoroughly analyse their activities constantly to ensure that the total revenues generated from their activities are more than the costs based on Michael Porter’s Value Chain Analysis (Porter, 1985).

Premium products such as medium to high-end quality fabrics and customised T-shirts are not so price sensitive, and are easier to be sold globally. As such, value adding is important to sell products globally. Since Company A and Company B produced their own batteries and stationeries under their own brand names, and carried out marketing online, they were able to sell their products at lower prices than normal retail price. In addition, they are also offering free delivery service within Klang Valley with a minimum order.

The various retail companies have used different approaches to advertise and attract consumers. There can be a synergy for retail companies to use both physical and online stores to attract consumers to make purchase. The retail companies in this study advertised not only on their private retail portals, but print media has also proved to be effective. They had advertised through the newspapers, Info pages and Superpages. However, for the younger generation, advertisements in electronic media such as emailing, Facebook, Google adverts and Bidadvertiser proved to be more effective. Other offline methods of advertisement practised by the retailers are exhibitions and bazaar gathering. The various retail companies have also created many features such as ease of navigation, paying online, tracking of delivery, linking to interest groups and online communities, offering suggestions, and linking to other retailers. Through proven quality, service and value pricing, satisfied customers can also recommend to their friends to interact with the private retail sales portals they visited by word of mouth.
In order to increase retail sales, all the retail companies studied have either given consumers the option to register as members immediately or to do so in the near future. When consumers register as members, the opportunity for retail companies to maintain customers and to continue to generate revenue from them is greatly increased. Customer relationship can also be better managed for these companies by continuous communication with customers to inculcate and enhance relationships. This can be done by keeping the members abreast of latest development and by offering promotional free gifts. Offering regular customers competitive product pricing and product bundling could lock-in these customers for a longer period of time. As such, the customers may be deterred from using other private retail sales portals as their switching cost could be high.

The retail companies are also generating sales from other revenue streams by offering related products. Company B that mainly sells stationeries, is also linking to a retailer that sells computer hardware. Similarly, Company C that sells fabric online, also advertises for retailers selling thread and sewing machines. However, Company D felt that they would not want to offer related products as they are not able to focus on selling their own customised branded T-shirts. By allowing other retailers to advertise on their private retail sales portals, they can provide more convenience to customers. Customers do not have to source for related products elsewhere.

As more respondents preferred the use of English language as compared to any other languages (Figure 4-5, Chapter 4), the content on the private retail sales portals must be written in the English language. In addition, in view of the fact that a significant number of respondents would also like to view the content in the Malay language and Chinese language (Figure 4-5, Chapter 4), it would add value if private retail sales portals also give Malaysian consumers an option to view the content in those languages. As 49 of the respondents or 79 percent claimed that they learned IT from their workplace as one of the two sources, Malaysian retailers may want to try to reach this group to introduce their private retail sales portals (Figure 4-4, Chapter 4). This group also has more money to spend as they are employed.

There is no better advertising than getting to know a specific private retail sales portal by word of mouth (Figure 4-11, Chapter 4). More respondents in this research got to know a specific private retail sales portal by word of mouth from friends than from any other sources. A surprising finding is that more respondents claimed that they are using the Internet for email communication.
than any other purposes (Figure 4-7, Chapter 4). As such, email marketing should offer a good opportunity for retailers to reach Malaysian consumers. Alternatively, retailers should also consider advertising using search engines such as Google and Yahoo in view of a large number of respondents who said that they use the Internet for a wide variety of purposes and search engines are popularly used for searching for information (Figure 4-7, Chapter 4).

Retailers should also not depend on only a single form of advertising as respondents said that they got to know private retail sales portals from various advertising modes such as newspapers, television, magazines, radio, online communities, billboards, outdoor signs and yellow pages (Figure 4-11, Chapter 4). Whatever advertising modes retailers used to introduce their private retail sales portals would depend on the industries and business strategies of the retailers themselves. Retailers have to take into consideration the cost effectiveness of various media in relation to generating revenue and profit.

Based on the feedback from respondents, in order to further enhance the attractiveness of private retail sales portals to solicit consumers to visit, criteria like user friendliness, availability of information for intelligent purchase, online security, attractive pricing, quality of product, speed and ease of payment options must also be in place (Figure 4-9, Chapter 4).

Coupled with that, in order for retailers to retain their customers, private retail sales portals also have to provide quality customer service just like physical retail stores. A quality customer service should include components such as warranties, product information, online security, availability of products, fulfilment of terms and conditions, a variety of payment options, reasonable delivery charges, a variety of delivery options, excellent after sales service, 24 hours customers response to enquires, 24 hours 365 days call centre support, various modes of communication, intelligent search engine, company information, rating system for products, clear privacy policies, various languages of communication, frequently asked questions, personalised service, loyalty programmes, customer testimonials and discussion groups as highlighted by the respondents (Table 4-4, Chapter 4).

A critical success factor of Ford Motor Company (Ford Case, 2001) (cited in Al-Mashari, 2002, p. 188) is to provide its customers with 24/7 connectivity through www.ownerconnection.com to order parts and accessories.
Dell Malaysia (2010) offers its customers 24/7, 365 days a year call centre support through a toll free telephone number for sales, service and support. Email enquiries will get a response within 2 business days. Malaysian budget airlines such as AirAsia and Firefly also offer their customers 365 days a year call centre customer service support (AirAsia, 2010a; Firefly, 2010). Although AirAsia and Firefly do not operate 24/7 call centres, customers are able to access the Internet 24/7 to book, check-in and check flight status. Using multiple channels such as telephone and email, could improve organisational performance when the structures are properly aligned with the organisational strategy with its environment (Kabadayi, Eyuboglu and Thomas, 2007).

Consumers’ frustration could be reduced if they are able to have a 24/7 access to a communication channel or contact a call centre 365 days a year to enquire about or address matters. This may deter them from buying from competitors.

In order to assess the quality service of private retail sales portals, SERVQUAL instrument could be used (Parasuraman, Ziehthaml and Berry, 1985). SERVQUAL instrument is assessed based on reliability, responsiveness, assurance, tangibles and empathy dimensions (Section 2.4.4, Chapter 2). Some aspects of reliability refer to availability, reliability and email replies. Responsiveness refers to aspects such as download speed, email response, call back and fulfilment. Assurance and empathy refer to call centre communication, personalisation, privacy and security. Lastly, tangibles refer to ease of use, content quality and product pricing.

It could be said that it is not possible to have one standard service quality for Internet retailing (Francis, 2007). Different customers have different expectations when shopping online. Nevertheless, the service quality expectation gaps have to be more periodically assess to see how private retail sales portals are performing. If consumers’ expectations on service quality are not met online, it could lead to declining sales (Long and McMellon, 2004). However, by maintaining a high service quality, customer loyalty can be maintained or enhanced (Ziehthaml, Bitner, and Gremler, 2006). Reliability, responsiveness, assurance, tangibles and empathy dimensions of SERVQUAL instrument could ensure companies improve their return on investment (ROI).
At a broader perspective, retailers should also frequently assess the quality of their private retail sales portals compared to their competitors in view of the dynamic consumer environment. This could be carried out by using Michael Porter’s Five Forces Model (Porter, 1979). The model assessment is based on bargaining power with its suppliers, bargaining power with its customers, barriers to the industry, competitiveness of competitors, and product substitute (Section 2.4.3, Chapter 2).

5.3.2.2 Establishment of Private Retail Sales Portals
The purpose of establishing private retail sales portals by the retailers studied is to increase retail sales. These retailers have applied different approaches to harness the benefits of establishing private retail sales portals. Company A and Company B chose to maintain their physical retail stores as well as their private retail sales portals. These companies hope that they could benefit from this synergy. Company C intends to become a fully online retail company whereas Company D is already a fully online one. These retail companies’ intention to be fully online is to reduce operational costs by automating their processes and saving on rental costs.

It is clear that in order to manage the private retail sales portals well, retailers must not only understand the business aspects of their retail industries but also understand how private retail sales portals could be applied to increase their retail sales. The interviewees seemed to have mixed opinions of their senior management’s understanding of Internet commerce. Although the senior management of the retail companies studied have industry knowledge of their products, nevertheless, it is important that senior management of these companies continue to receive training on the latest know-how for Internet commerce.

5.3.3 Research Proposition 3: Consumer behaviour can be influenced in order to gain higher adoption in using the Internet for consumer transactions
This section discussed the issues of Research Proposition 3: Consumer behaviour can be influenced in order to gain higher adoption in using the Internet for consumer transactions. Research Proposition 3 addresses the issues of how consumer behaviour could be shaped to intensify consumer use of the Internet for consumer transactions.
5.3.3.1 Consumer Purchasing through Private Retail Sales Portals

About 80 percent of Malaysian consumers felt that workplace environment is the major source of gaining IT experience compared to any other places (Figure 4-4, Chapter 4). A substantial number of Malaysian consumers also claimed that they learnt IT knowledge from school and friends. This shows that it is a necessity that employees are equipped with IT knowledge. Also, many schools are now training their students to be equipped with IT knowledge. Friends are also a good source of support base to learn and exchange ideas on how to use a computer. Learning can take place faster particularly when guided by people who have practical IT knowledge. These sources are a good source for retailers to promote their private retail sales portals. As more Malaysians are able to gain IT knowledge, private retail sales portals could be better promoted. Perhaps, giving out flyers in schools and offices, and placing banners and billboards at strategic educational institutions and office vicinities will help to create awareness of the existence of these private retail sales portals to these potential customers.

About 60 percent of the respondents surveyed spent only up to 20 percent of the time shopping when accessing the Internet (Table 4-2, Chapter 4). This shows that online shopping among Malaysian consumers is still at an infant stage but growing. It offers a lot of opportunity for Malaysian private retail sales portals to further increase retail sales.

Nevertheless, retailers also have a leading role to play by developing credible private retail sales portals. Just like many other research studies, security continues to pose as the number one concern for respondents when assessing the Internet to purchase products (Figure 4-10, Chapter 4). The respondents had also rated convenience of using the Internet at home to purchase on the Internet as the number two criterion. Closely following behind, the respondents would also like to purchase personal needs products from the Internet. Then, ease of use and privacy are rated as the other important criteria. This shows that consumers expect convenience when shopping on the Internet.

Likewise, when asked “What are the main criteria to assess the retail sales portal to do purchases?”, the respondents considered user friendliness as the most important criteria to consider (Figure 4-9, Chapter 4). Other important criteria are easy availability of information for intelligent purchase, online security, attractive pricing, quality of the product, speed, ease of payment options, privacy policy and ease of navigation of the pages through the retail sales
portal. Therefore, it is very important that retailers take into consideration these criteria when establishing their private retail sales portals. Based on this feedback, it is important for retailers to provide convenience for consumers when using private retail sales portals.

Malaysian consumers seem to frequent the books and stationery related websites the most (Figure 4-8, Chapter 4). This is followed by websites that are related to music and video. Closely following behind are websites related to electrical goods, health and beauty, and newsagents. This reflects a wide variety of products that could be sold by private retail sales portals. It is important that they should continue to try to differentiate themselves from competitors as more retail companies are establishing their private retail sales portals.

Based on the feedback from respondents, the respondents have in general used the Internet for email communication and searching for information on goods and services (Figure 4-7, Chapter 4). About two-third of the respondents got to know a particular retail sales portal from friends (Figure 4-11, Chapter 4). Almost an equal number of them also highlighted that they are aware of retail sales portals from search engines and newspaper advertisements. A lesser number of the respondents got to know about a specific private retail sales portal from television, emails, magazines, radios, online communities, outdoor advertisements and word of mouth from family members and relatives. It seems that Malaysian consumers are getting to know retail sales portals from not only online mode such as search engines but also from print media. As such, multi-approach advertisements by means of online and offline media should be extensively used for retailers to promote their private retail sales portals.

The respondents ranked a combination of price and quality as the number one consideration when making purchases (Table 4-3, Chapter 4). This was followed by price alone. The cost of delivery, delivery service and after sales service was ranked as third, fourth and fifth important factors respectively. This shows that Malaysian consumers still emphasise value proposition such as pricing, product quality, delivery and after sales service when deciding whether to purchase from a physical store or an online store. As a significant number of respondents got to know a private retail sales portal from friends (Figure 4-11, Chapter 4), reliable service and consumers’ perceived price to product quality are important factors for Malaysian retailers to take note.

There were more respondents that have chosen the English language than any other language to communicate (Figure 4-5, Chapter 4). The different ethnic groups also want to have the content
on the private retail sales portals written in the Malay language and Chinese language. Therefore, Malaysian retailers should include these languages as an alternative to English on their private retail sales portals so that they can reach out to a wider spectrum of Malaysian society. The content written in these other languages must also be written based on the cultural expressions and beliefs of these minorities.

5.3.3.2 Factors to Improve Customer Service

The respondents had stated that customer service is “Important” for private retail sales portals to operate. The factors for customer service are grouped into Product and Warranties, After Sales Service, and Marketing Communication. Product and Warranties, and After Sales Service have overall mean values of “More Important” compared to Marketing Communication factors that are generally rated as “Important”. As private retail sales portals can be accessed anytime and anywhere in the world, the emphasis on warranties and after sales service are more pertinent.

The Product and Warranties factors are warranties, product information, online security, availability of products, fulfilment of terms and conditions, a variety of payment options, reasonable delivery charges, and a variety of delivery options. The After Sales Service factors are excellent after sales service, 24 hours customer response to sales enquiries, and 24 hours 365 days call centre support. The Marketing Communication factors are various modes of communication, intelligent service engine, company information, rating system for products, clear privacy policies, various languages of communication, frequently asked questions (FAQs tools), personalised service, loyalty programmes, customer testimonials, and discussion groups.

All the factors mentioned are almost similar to what constitutes an excellent customer service for physical retail stores. However, there is a need for retailers to stress on online security, delivery and intelligent service engine for private retail sales portals. Depending on the business models used by retailers, consumers expect their products to be delivered. Customer service personnel are also not able to interpret the cues and body movements of their customers unless they meet them in person. However, this could somewhat be overcome as multimedia technologies are beginning to be introduced on the private retail sales portals. Multimedia technologies enable customer service personnel to communicate with customers interactively that include sound and live image. Products shown on the private retail sales portals could be viewed three-dimensionally as well.
5.3.3.3 Digital Law and Legal Protection

As a whole, respondents regarded digital law and legal protection factors as “More Important”. However, about two-third of the respondents also felt that the international trade laws are adequate to foster Internet commerce. A major concern in relation to international trade laws is the issue of jurisdiction. This means that the use of private retail sales portals can transcend time and place whereby any consumer could access the World Wide Web (WWW) at anytime and any place in the world. The server and database of a private retail sales portal could be in a particular country and consumers could be from anywhere. The issue arises when trying to identify which country’s law governs the private retail sales portal online transaction. It is important that retailers that have established private retail sales portals ensure that their policies and guidelines abide by the laws of the country they are selling the products to. This could be a subject for further research.

However, a surprise finding is that only about 40 percent of the respondents believe that people who misused computers are usually charged in Malaysian courts. This could reveal that the general perception is that the enforcement of laws governing computer abuse does not seem to be effective. As such, the local authorities have to provide more comprehensive training on laws governing Internet commerce for law enforcement officers in order to improve confidence and encourage the use of private retail sales portals by consumers. On the part of the retailers, they have to improve security as well on their private retail sales portals.

5.3.3.4 The Importance of Privacy Factors and a Secure Website to Make a Purchase from a Private Retail Sales Portal

Almost two-thirds of the respondents also thought that the Malaysian government does protect the privacy of each individual. As a whole, the respondents had indicated privacy factors as “More Important”. The respondents “Somewhat Disagree” that the privacy of retail sales portals’ customers is usually not violated. However, respondents “More Than Agree” that retail sales portals cannot disclose personal information of their customers.

These statements show that although Malaysian consumers feel that their personal information should not be disclosed, they are quite divided as to whether in practice their personal information could be disclosed. Therefore, Malaysian retail companies must place a strong
emphasis on building trust in order to encourage Malaysian consumers to visit their private retail sales portals. Malaysian retailers should establish privacy policy that explains to their customers how their personal information will be managed. A third party certification such as Verisign and Webtrust can help reduce the mistrust among Malaysian consumers. The Malaysian government also has a role to play by making sure that the laws are not only written to protect consumer privacy but are fully enforced without fear or favour.

As a whole, the respondents felt that a secured website is a “More Important” criterion when deciding to make a purchase from a particular retail sales portal. However, the respondents are almost split on whether e-mails are safer than postal mails or whether Internet shopping is safer than mail order. This shows that many respondents still have no confidence in buying online or buying by mail.

Nevertheless, most of the respondents were of the opinion that Internet shopping is safer than traditional shopping. However, almost the same number of respondents thought that credit card information is safe to be released on the retail sales portal. Likewise, respondents also “Agree” and “More Than Agree” that encryption and a trusted third party certification have been effective to provide security. With this feedback, there is still a need to ensure a high level of security when Malaysian retailers establish their private retail sales portals. If there is any security breach, Malaysian retailers need to address the issue as soon as possible so that it will not become an inhibitor to promote the growth of private retail sales portals.

In terms of privacy and security, it is a good practice to follow guidelines and policies established by renowned websites such as Amazon.com and ebay.com.my. According to Amazon (2010), security enhancement suggestions are to always logout when not online and password should not be known to others. It is best to change password now and then, and to use a combination of alphabets and numbers for a password that are not a dictionary word. Passwords created for entry to Amazon website are case sensitive and avoid using the same password for multiple online accounts. Avoid using passwords that are easy to guess and passwords must have at least 6 characters. Amazon.com has a policy of not phoning or emailing a customer to ask for password, credit card or bank account number. This information is only updated by the customer online. Buyers and sellers using third-party platform (Marketplace) should check order and shipment confirmation emails against transaction records found in seller account. Payment for items should
be made through Shopping Cart or 1-Click at Amazon’s website. For sellers, shipment of products should be based on the addresses given by Amazon.com.

For privacy, Amazon.com acknowledges it uses cookies to track customers online. However, Amazon.com also mentioned that customers could also disable the cookies but cannot use Amazon’s products and services by signing in. Amazon.com also does not sell customers’ information to others. Although customers’ information could be accessed by affiliated businesses, third party service providers or any third parties, this information will remain private within the boundary of the law. Before information is sent to a third party by Amazon.com, Amazon.com will inform the customers and customers that they can decide whether they want to share their information with others. Amazon.com uses Secure Sockets Layer (SSL) software with encryption technology. Only four digits of the customer’s credit card numbers would be revealed for order confirmation. Children under the age of 18 can only use Amazon.com with the involvement of their parents or guardians. Amazon.com is a participant in the Safe Harbor program.

According to eBay, all users of the website must be at least 18 years old (eBay Malaysia, 2010). Similarly, with Amazon, eBay does not sell or rent personal information to others without written consent. If there is a dispute when using eBay Malaysian website, it is governed by Malaysian laws. eBay’s affiliates, subsidiaries and joint ventures practice the same privacy policy. eBay also uses cookies for customers’ tracking. Nevertheless, customers can choose to switch off the cookies.

eBay Malaysia also reminded its customers not to pay through third-party such as instant cash transfer services such as Western Union or MoneyGram (eBay Malaysia, 2010). The eBay toolbar with Account Guard has a security feature that warns you if you go to a suspected fraudulent website.

Many Malaysian retail companies that are doing online businesses are taking the issues of privacy and security seriously as well. AirAsia, a Malaysian budget airline, has an online privacy and security policy that explains how customers’ information is being used (AirAsia, 2011). Personal information such as names and addresses of children under the age of 13 will not be asked. Its online reservation system uses Secure Socket Layers (SSL) with encryption. Cookies
are used to recognise the browser and billing information, and tracking software is being used only to monitor customers’ traffic and website patterns.

Another Malaysian retail company that is doing business online is the Royal Selangor Pewter that sells pewter wares (Royal Selangor Pewter, 2011). The Royal Selangor Pewter does not keep any payment details and only forward the information to its payment gateway partner which is an international bank. Its customers and potential customers are also being made aware of any privacy policy change, by posting them on its website. The Royal Selangor Pewter also mentioned on its website, that it cannot guarantee that the transmission of information over the Internet is 100% secure.

5.3.4 Research Proposition 4: Firms building retail sales portals are able to attract urban consumers to utilise them

This section discussed the issues of Research Proposition 4: Firms building retail sales portals are able to attract urban consumers to utilise them. This research proposition identifies how the retailers could attract urban consumers to their private retail sales portals.

5.3.4.1 Appeal and Value

The retail Companies chosen for the case studies, target different market segments due to the nature of their business. For Company A that sells batteries, it is not viable to offer delivery service to customers as it is not competitive to absorb the delivery cost by the company as well as customers. It will only be practical if the sales volume is large. Then again, products such as batteries are not frequently used items by consumers. Company A would prefer its customers to collect and install the batteries from its physical retail outlet.

Company B that sells stationery products targets the Klang Valley, the largest urban area in Malaysia that includes Kuala Lumpur, the capital city, and it offers free delivery service within Klang Valley. Stationery products are generally generic products that can be found anyway and selling price is not high. Just like batteries, it is only more feasible to sell to international customers in a larger volume. A study by Palmer and Griffith (1998) showed that products that are low cost, low risk and high turnover are suited to be sold on the Internet. Stationery products sold by Company B seem to fit this classification. Perhaps for products such as batteries that have
low turnover but are required to be replaced, Company A could offer discounts for returning customers besides providing free installation.

However for Companies C and Company D that sell high-end fabric and customised T-shirts, it is easier to segment a broader customer base that can be extended to international markets as their products are highly differentiated. A study carried out by Phau and Poon (2000) supported Company C and Company D’s strategies that showed that products with differentiation are more suited to be sold on the Internet. In fact, Company C has been continuously updating its private retail sales portal by giving advice on how to purchase the latest attires.

5.3.4.2 Privacy and Laws
All the private retail sales portals do not have privacy policy except for Company C. There are numerous approaches by which the retail companies studied have addressed the issues of consumer privacy. There is a need to establish a privacy policy statement. It is only ethical and legal for retail companies to seek consent from consumers if they want to provide consumer personal information to an unauthorised third party. This will enhance consumer’s confidence as they are aware how the retail companies will manage and use their personal information. Third party certification will be good to confirm certification and control data transferred as well.

In terms of international trade laws, all the retail companies except for Company B felt that it is sufficient to support Internet commerce. However, there is still work that needs to be done in the area of standardising international trade laws. Perhaps, the countries that are beginning to embrace and support Internet commerce are also concerned that they could lose their sovereignty as well. Then again, no countries in the world can hide from globalisation. The impetus of globalisation is to promote international trade and improve the quality of life of the global community by reducing tariffs and other trade barriers, and the characteristics of private retail sales portals can certainly help to do that. Therefore, the standardisation of international trade laws is necessary as the use of Internet for commerce can transcend time and place. Consumers can access the private retail sales portals at anytime and any place as long as they have access to the World Wide Web (WWW). Therefore, the jurisdiction of the law remains an issue until today.
The adequacy of Malaysian laws on Internet and e-commerce had received mixed reactions from the retailers studied. Some retailers are unfamiliar with the laws that govern Internet commerce and are concerned about their enforcement. It is difficult to track a violator on the Internet as they could remain anonymous by giving false identification. It may also require the cooperation of other countries and foreign bodies to track these violators.

In order for Malaysian retail companies to sell their products domestically and globally, building trust with consumers is important. Consumers from another part of the world may not be aware or familiar with Malaysian private retail sales portals and their operations. As such, it is important for Malaysian retail companies to uphold the terms and conditions stipulated in their sales contracts irrespective of wherever the customers are. Retailers have to also make sure that the terms and conditions in their sales contracts do not contradict commercial laws of the countries they intended to sell their products to.

5.3.4.3 Funding and Support
In the context of Malaysia, it seems that Malaysian retailers are not well versed with the laws that govern Internet and e-commerce. These laws should be enacted to protect the retailers as well as consumers, with an overall purpose of diffusing the use of electronic commerce. Likewise, many Malaysian retail companies are not aware of the incentives offered by the Malaysian government to participate in Internet commerce. There is a need for the Malaysian government to better disseminate information to these retailers. Whatever incentives given by the Malaysian government have to address the interest of not only the retailers but all the stakeholders in the spectrum of using private retail sales portals. The ultimate objective is to tie the government funding to the promotion of Internet commerce. The retailers also hoped that funding by the Malaysian government will come in the form of free software and training courses as well.

Another issue that does not make the use of private retail sales portals’ friendly is concerning credit card transactions. In order to encourage consumers to use private retail sales portals, credit card transactions should be allowed to pay in major international currencies and not mainly in the United States dollar.

5.3.5 Conclusions of the Research Problems
The research problem identified in Section 1.3 of Chapter 1 is as follows:
“How can Malaysian private retail sales portals be more efficiently and effectively used by Malaysian urban consumers?”

Section 2.2 described the Electronic Commerce environment. Section 2.3 focused on the Strategic Marketing and Sales in Malaysia. Section 2.4 explained the different business models, theories and concepts that can be applied for private retail sales portals to remain competitive. Section 2.5 explained the research gaps and the theoretical framework to explain them. Some of the strategies and critical success factors of private retail sales portals have been examined from data collected from personal interviews with senior management executives of Malaysian retail companies in Section 4.3. The questionnaire survey was analysed in Section 4.4 to gather feedback from Malaysian consumers on the use of private retail sales portals.

The conclusion of the research problem is explained based on the efficiency and effectiveness of private retail sales portals, supply chain management, and strategies for private retail sales portals.

5.3.5.1 Efficiency and Effectiveness of Private Retail Sales Portals

According to the questionnaire survey feedback, with about 60 percent of the consumers spending less than or up to 20 percent of their time on the Internet to do shopping, there are a lot of opportunities for retailers to promote their private retail sales portals to Malaysian urban consumers. The efficiency and effectiveness of private retail sales portals can only be achieved if the Malaysian retail companies are aware of the inhibitors and promoters of private retail sales portals.

From the data gathered from the questionnaire survey, more consumers tend to know about specific private retail sales portals from their friends than any other sources. As such, the credibility and reliability of the private retail sales portals are important in order to increase sales. However, retailers still need to integrate their marketing communications to include advertising on online and offline media such as search engines, newspapers, televisions, emails, magazines and radios.

Malaysian retail companies can harness the benefits of private retail sales portals by making sure that the interests of stakeholders such as customers, suppliers, employees and companies are
realised. This can be achieved by planning the right vision statement, mission statements, objectives, guidelines, policies, process realignment and contingency plans aligned to their strategies. It is important to plan meticulously as investment in a private retail sales portal can be substantial and may take some time to breakeven.

A good private retail sales portal should include many value added features to enhance consumer convenience. This can be achieved by offering consumers value-based propositions that not only satisfy their needs but also impress them. With a proper customer relationship management and supply chain management, retail companies can continue to generate revenue with these consumers. These concepts are important as the need to establish a private retail sales portal is very relevant in a backdrop of a very competitive retail environment. Therefore, it is important for Malaysian retail companies to employ competent people, use simplified processes, and purchase reliable software and hardware to support their private retail sales portals. If a retail company does not have the internal expertise to establish a private retail sales portal, outside expertise can be sought.

5.3.5.2 Strategies for Private Retail Sales Portals
From the literature reviewed in Chapter 2 and from the data gathered from the questionnaire survey and personal interviews in Chapter 4, there is a need for Malaysian retail companies to strategise wisely in order to benefit from the establishment of private retail sales portals. The actions that Malaysian retail companies should take are as follows:

a. Apply one or any combination of the 5 strategies discussed in Section 2.4 such as Michael Porter’s Five Generic Strategies Model, Michael Porter’s Value Chain Analysis, Michael Porter’s Five Forces Model, Service Quality, and Blue Ocean Strategy.

b. Collaborate with online communities and interest groups to create more consumer interest and interaction.

c. Form alliances with other retailers to link the private retail sales portal to other related product offering to generate other streams of revenue.

d. Partner with suppliers to electronically link their systems with the private retail sales portal for sourcing and purchasing.

e. Carrying out outsourcing activities if vendors are found to be effective and efficient.
It is evident that for the online retail sales portals to be effective, they need to involve a total strategy of not only online technology and development, but an integrated system approach ensuring the linkage of all the functions of the company as well. This will need a strategy for an integrated strategy of online retail sales portal as the core with linked strategies for SCM, CRM and ERP so the efficiencies and effectiveness could be optimised totally.

5.3.6 Summary of Findings

From the data collected from the questionnaire survey and personal interviews, the establishing of private retail sales portals is the way forward for Malaysian retail companies. This is still prevalent as retail companies are intermediaries in a supply chain that supply products to consumers. Private retail sales portals are a convenient and economical channel of communication between the stakeholders. Retailers need to continuously reinvent themselves to adopt a business model that continues to offer value services to consumers.

The strategies proposed in Section 2.4 are still relevant today. Michael Porter’s Generic Strategies model (1980) enables retailers to strategise whether they want to offer their products based on low cost strategies, differentiation strategies or focus strategies. The Five Forces Model (Porter, 1979) can help retail companies to strategise to reduce competition among competitors, increase entry barriers for competitors, reduce the threat of product substitutes, reduce bargaining power of consumers, and reduce bargaining power of suppliers.

The Value Chain Analysis (Porter, 1985) can help retailers assess whether their processes after summing all the revenues generated minus all the costs, still produce profit. The private retail sales portal has the potential to reduce cost by integrating various stakeholders such as suppliers, customers, companies, and various online communities and interest groups. By analysing each of the operational processes in greater detail against revenue with cost, retail companies can redefine their processes to ensure that they still generate value.

The SERVQUAL instrument framework (Parasuraman, Ziethaml and Berry, 1985) is still relevant today even in the virtual world to assess the service quality of the private retail sales portals. It is examined based on reliability, responsiveness, assurance, tangibles and empathy. Consumers expect the same service quality, if not better when they access the private retail sales portals.
The blue ocean strategy (Kim and Mauborgne, 2005a) has become a very popular strategy in recent years. In this competitive globalised world, many retailers are offering products that are similar. They compete with each other by reducing price, thus reducing profits. Retailers should compete based on product innovation, not just product differentiation to outpace competitors and this strategy is metaphorically called ‘blue ocean’ strategy. While a retailer is in the blue ocean, the retailer must continue to create value. Once competitors have caught up, then it becomes a red ocean. Then the retailer will have to create another blue ocean to stay ahead of competition. By applying the blue ocean strategy, retailers do not have to compete in a red ocean with continuous shrinking profits.

In conclusion, the main findings of this research are as follows:
- Malaysian consumers’ awareness of the benefits of private retail sales portals is still low.
- The use of private retail sales portals to generate sales by Malaysian retailers is still in the infant stage.
- Malaysian retailers must not have “jump onto the bandwagon” mentality to follow others that have established private retail sales portals but should only do so with a well thought through and executed strategy.
- A well organised strategy should be formulated by retailers in order to harness the full benefits of private retail sales portals. This strategy should include people, process and technology.
- The Malaysian government must play a more active role to support and create awareness of the benefits of private retail sales portals for Malaysian retailers as well as Malaysian consumers. By doing so, it will help to rejuvenate the Malaysian economy in the backdrop of a worsening global economy. The private retail portals have the potential of reducing operational cost and increasing sales for Malaysian retailers. They also open a “window of opportunity” for Malaysian retailers to increase sales by expanding their businesses not only in the local market but as also in the international market. Malaysian consumers may also benefit with the growth of private retail sales portals as they can lower operational cost of doing business. By doing so, some of the cost reductions may benefit consumers by means of lower product pricing.
5.4 Implications

In order to benefit fully from the private retail sales portals, retailers need to study how they can shape the private retail sales portals according to the needs of the organisations and the conditions of their industries. This integration will need to take into consideration the technology, social, commercial, legal and marketing fit.

5.4.1 Implications for Malaysian Urban Consumers

Although the introduction of private retail sales portals by Malaysian retailers is still at an infant stage, online shopping can offer unparalleled benefits that have not been fully tapped by Malaysian urban consumers. Within the privacy of consumers’ homes, consumers can search the Internet for goods to purchase and have them delivered directly to their homes. This offers convenience unmatched by other modes of shopping such as conventional shopping or mail order.

In conventional shopping, Malaysian urban consumers have to put up with traffic congestion, parking problem and personal security. By ordering a product by mail, consumers have to pay cheque or money order and post the mail. It is inconvenient for Malaysian urban consumers who are “hard-pressed for time” to order by mail.

Private retail sales portals are also able to reduce the operational cost for retailers. As such, Malaysian urban consumers may enjoy cheaper pricing of products when buying online. However, online shopping is not without its problems. In general, many Malaysian urban consumers are still concerned about certain issues about shopping online. By the nature of online shopping, consumers are not able to touch the product. However, the use of high resolution technology in the form of multimedia interaction and three dimensional graphics would somewhat minimise this disadvantage. Security violations also serve as a serious concern for consumers in the forms of fictitious private retail sales portals, infringement of consumer privacy and offering of fake goods to name a few.

5.4.2 Implications for Malaysian Retailers

The private retail sales portal is another channel for Malaysian retailers to integrate into their business strategies. Whether Malaysian retailers choose to embrace a fully online business model or an online and physical business model setup will depend on the nature of their industry and
how their businesses have been strategised. However, it is imperative that Malaysian retailers must “go online” in one way or another to take advantage of the various benefits of the Internet and e-commerce and reach out to the consumers for business and market expansion.

5.4.2.1 Value Creation
As retailers are intermediaries in a supply chain, retailers need to constantly add value. A virtual value chain can connect the retailers’ suppliers and customers in a value-added manner. The virtual value chain would include functional processes such as procurement, sales, marketing and distribution. The virtual value chain can reduce various costs such as inventory cost, transaction cost and incremental cost. Benchmarking activities such as processing time, delivery time and other critical success factors could help private retail sales portals remain competitive against their rivals.

The value chain concept is synonymous customer relationship (CRM) concept and supply chain management (SCM) concept. All these concepts integrate people, process and technology. In order to effectively manage the private retail sales portals, the implementation of these concepts cannot be ignored.

The customer relationship management (CRM) concept is centred on the consumers as the centre of attention. Retailers need to create value rather than just sell products to build customer relationship. By automating the activities of managing customer relationship, consumers’ spending pattern based on various demographic compositions and marketing mix such as product range, pricing, promotion and discount can be monitored on real-time. As such, marketing campaigns can be better organised.

Automated CRM systems are able to reduce inventory holding cost as they can automatically replenish supplies by electronically issuing purchase orders once the availability of inventory items is below the threshold set.

The CRM concept is very pertinent in today’s business as it costs many times more to convince a former customer to return to the private retail sales portal compared to maintaining the customer. Therefore, it is very important that retailers continuously add value to their services in order to retain customers for as long as possible, particularly loyal and profit-generating customers.
Offering discounted product rates for consumers, who have become members of the retailer’s private retail sales portal based on their sales volumes, may deter them from using rival private retail sales portals as their switching cost may increase. Other ways to build customer relationship can come in the form of offering customers samples, coupons, rebates, contests, games and sweepstakes.

In a digital economy, customers can be from outside the borders of a country. As such, retailers need to educate themselves on laws governing Internet commerce. It is important for them to do so in order to build better relationships with customers. Any betrayal of trust could deter customers from returning to the respective private retail sales portals.

It can be said that supply chain management (SCM) covers the entire activities that produce and deliver products to consumers. It strives to offer customers the right product and quantity to the right place, and at an appropriate time based on an acceptable price. By applying the supply chain management concept, retailers can reduce costs, and increase efficiency and effectiveness by reducing the supply chain cycle time as it becomes demand driven rather than supply driven.

Malaysian retail companies can also enhance the competitiveness of their private retail sales portals by ensuring that their supply chain is well managed. This supply chain can be enhanced by integrating suppliers and customers electronically with a private retail sales portal. By integrating private retail sales portals with suppliers, customer demand can be better met. This could be done by setting inventory threshold for electronic reordering. As more retail companies begin to establish their own private retail sales portals, there is a constant need to ensure that there is continuous value adding to a private retail sales portal to ensure that it remains competitive. The more automation there is across the supply chain, the more cost effective it is for the supply chain.

5.4.2.2 Differentiation

It is becoming a “must have” for retail companies to establish private retail sales portals. As such, it is important that private retail sales portals differentiate themselves in order to stay ahead of competition. This differentiation can generally be made through superior customer service and technology.
5.4.2.2.1 Differentiation through Customer Service

Customer service differentiation can be made in numerous ways. With a wide related product selection, it creates convenience for consumers to shop only on one private retail sales portal rather than multiple portals. Competitive pricing will also discourage consumers from not only ignoring other portals but also other physical retail stores. This will be made easy by offering prompt value-for-money delivery service to customers’ homes.

As consumers could not touch the products, warranties and excellent after sales service are important. Providing truthful product information and reliable order fulfilment will also help to build trust and confidence with consumers that may increase the chances of customers returning to the portals.

Malaysian urban consumers are rushing for time in the hustle and bustle of their daily activities. Fast and easy navigation will enable consumers to quickly identify a product or make an order. There ought to be attractive features which can capture consumers’ attention. Linking to other retailers selling related products, may also help to improve interaction and loyalty with customers as this feature creates convenience for customers to shop online. This can be further extended to include online communities and special interest groups. Creating chat rooms and message board systems will enable customers or potential customers to interact and share information as a group.

It is also very important that retailers do not reveal customers’ private information to unauthorised people to ensure that retailers should clearly display their privacy policy on their private retail sales portals. This can be further strengthened by having third party certification such as Verisign and Webtrust. Verisign Secured Seal verifies an organisation as a legal entity and that the website belongs to the organisation with a Secure Sockets Layer (SSL) certificate with encryption technology (Verisign, 2010). WebTrust Seal is certified by Chartered Accountants and Certified Public Accountants licensed by the Canadian Institute of Chartered Accountants and the American Institute of Certified Public Accountants based on WebTrust Principles and Criteria that includes security, availability, processing integrity, online privacy and confidentiality (WebTrust, 2010).
5.4.2.2 Differentiation through Technology
With the advancement of high speed broadband wireless technologies such as WIMAX, Voice over Internet Protocol (VoIP) and other multimedia applications, customer service for private retail sales portals can be improved to a higher level. By offering self service technologies on the private retail sales portals, consumers do not have to waste time queuing up to make payment like in a physical retail store. They can complete the transaction within the privacy of their homes or offices.

In order to maintain personalised service with each customer, private retail sales portals should record detailed information of each customer visit and create a personal profile. Then email notices on promotions and discounts can be sent to each customer. Each customer may receive different types of promotions, discounts and special offers based on the history of their previous transactions.

As the amount of transactions and accesses can be high on the private retail sales portals, it is important that security and reliability features are in place. Retailers need to ensure that there are sufficient server power and network capacity to support heavy traffic.

5.4.3 Implications for Malaysian Government
As the use of private retail sales portals is still in the infant stage, it is important that the Malaysian government takes immediate measures to create awareness and support the use of private retail sales portals. The use of private retail sales portals can not only provide more convenience to Malaysian urban consumers, but can also increase the growth of Malaysian economic activity in the backdrop of a worsening global economy.

The absence of this support may dilute the competitive edge of Malaysian retailers as their international counterparts are already using this channel extensively. Private retail sales portal is the impetus for reducing the cost of doing business and should not be regarded as just a passing fad. The Malaysian Government should offer incentives to encourage businesses to establish private retail sales portals by offering various forms of incentives. This can be offered in the form of tax incentive, credit facility, free training classes, etc. Small and medium size industry (SMI) will benefit most as they may lack funds and skills to establish private retail sales portals.
Also, although the Malaysian government has not enacted laws to support the growth of Internet Commerce, the enforcement is weak and proves unconvincing. For example, the Malaysian Consumer Protection Act 1999 does clearly spell out what consumer protection is although the act provides protection against unscrupulous traders only in the traditional market (Jawahitha, 2004).

The Malaysian government should continue to liberalise its economy particularly in the information technology industry. By reducing or eliminating taxes and duties on computer peripherals altogether, more Malaysian consumers will be able to afford to own computers and this can be translated into an increase of private retail sales portals used.

5.5 Contributions

This thesis contributes to the current literature on Malaysian electronic commerce and private retail sales portals. The understanding of the environment surrounding private retail sales portals will help retailers to better formulate strategies when implementing private retail sales portals. The findings of this study are especially relevant to shape theory and practice on private retail sales portals, and help to enhance retail management practices.

5.5.1 Contribution to Malaysian Society

From this research, Malaysian society should become more aware of the existence and potential benefits of private retail sales portals as the findings of this study have revealed that it is much more convenient to use the private retail sales portals to purchase online, compared to conventional shopping. For example, Malaysians do not have to be concerned with searching for a parking slot, or be concerned about personal security and traffic congestions. Just like anywhere in the world, Malaysian society is experiencing the effects of globalisation, trying to strive for a work life balance. Online shopping with private retail sales portals offers unparalleled convenience particularly to urbanites who are always rushing for time.

5.5.2 Contribution to the Body of Knowledge

The literature review showed that there is a lack of knowledge on the literature on factors that affect Malaysian consumers’ decisions to use private retail sales portals. The research gaps are substantial in view of the growing importance to revitalise the Malaysian economy in the
background of a worsening global economy. This research has partly helped to fill these gaps in the body of knowledge.

5.5.3 Contribution to Theory on Private Retail Sales Portals
This thesis has established a theoretical framework to explain the factors and demographic variables that can affect the growth of private retail sales portals. The recognition of these factors and demographic variables provides a holistic view-point of the research problem. This research can be used as a base to help researchers shape the direction for future research.

The outcome of this research also reinforces the theoretical framework of the factors and demographic variables affecting the usage of Malaysian private retail sales portals by Malaysian urban consumers. Additional research would extend the understanding of this framework.

5.5.4 Contribution to Retail Management Practices
Comprehending the factors and variables that can influence the use of private retail sales portals will help stakeholders shape the retail management practices. The stakeholders are infrastructure providers, technology companies, policy makers and retailers. They will benefit most from this research as they will be able to formulate more effective strategies and policies to support the growth of Malaysian private retail sales portals.

Infrastructure providers and technology companies can better plan for the future infrastructure requirement of the Malaysian retail industry, hence paving the way ahead for future innovations and development of private retail sales portals. Policy makers are able to develop more effective policies and enforce them better as they are able to empathise with Malaysian consumers. Lastly, retailers will be able to formulate improved strategic plan and realign their business processes in their pursuit to go online.

5.6 Limitations
This research is focused solely on the private retail sales portals. The environment surrounding the private retail sales portals is very vibrant. It may affect the validity and reliability of the research. The limitations of this research are as follows:
First, this research was carried out in a short period of time and the area focused on is the efficiency and effectiveness of private retail sales portals. There are many other areas of focus to carry out research on private retail sales portals such as knowledge management, organisational learning, individual learning and others.

Second, this research is focused on exploratory and qualitative research. The questionnaire survey is to supplement for triangulation to test the research propositions that developed from literature review. The sample size for the questionnaire survey for Malaysian urban consumers cannot be generalised to the population. It is to confirm the elements and factors that contribute to the efficiency and effectiveness of private retail sales portals.

Third, while every effort had been made to ensure that this study had been conducted in a comprehensive and systematic manner, like any other form of social science study, it has a number of weaknesses. More specifically, the questionnaire survey and personal interview limits the number and strength of the questions that can be answered. As such, this study may not answer all the questions in this area of study. Lincoln and Guba (1985) felt that it could be overcome by having participants who are credible. To overcome this problem, rigorous literature review from various sources and pilot testing by knowledgeable persons and senior management executives of Malaysian companies that had established private retail sales portals offer some credibility to improve validity and reliability. However, as these persons may have different experiences, there may be certain level of bias. At the same time, the researcher also cannot be completely value-free but can be value-aware (Guba and Lincoln, 1994; Perry et al. 1999). The researcher can only be value-aware by the triangulation of data collection from questionnaire survey and personal interview.

Fourth, the research findings may be suitable to the Malaysian environment. However, the inhibitors and promoters of private retail sales portals may vary from country to country.

Fifth, there is a limited amount of literature on private retail sales portals in the Malaysian context. Literature written based on experiences from other industries and countries can be very different.
Sixth, many related areas such as supply chain management (business-to-business), customer relationship management and technical aspects have not explained in greater detail. Certain aspects of these may have been missed out.

Seventh, the personal interviews carried out on four Malaysian retail companies may not represent all the Malaysian retail companies.

Eighth, due to the fast evolution of information and communication technologies, new systems and technologies would have been introduced, implemented, and changed by the time this Thesis is completed and published. Therefore, this research may not have presented with the latest technologies and systems that are currently in place since the time of writing of this Thesis.

5.7 Future Research
This research has discussed and explained the research problem based on a narrow perspective. As the environment surrounding the private retail sales portals is very dynamic, a longitudinal approach may produce better results from the quantitative as well as qualitative aspects of the research. The findings offer an opportunity to extend future research in the area of Internet usage, consumer behaviour in the use of private retail sales portals and how businesses can take advantage of Internet retail commerce in reaching a global market. Future research can be carried out on Malaysian consumers’ behaviour based on demographic variables using probabilistic statistical techniques to analyse quantitative data in order to be able to generalise the characteristics of the targeted population. Additional research also needs to be carried out on outsourcing activities to better understand how these activities can impact private retail sales portals usage by Malaysian consumers.

This qualitative research is focused on Malaysian retail companies that have already established private retail sales portals. For those companies that have not established private retail sales portals, their opinions may be different. As this research is focused on the retail industry, the outcome of research carried out in other industries and other countries may differ as well. Comparative research based on different industries and different countries and regions may also develop new knowledge as to how to promote the diffusion of private retail sales portals.
5.8 Conclusion

The information drawn from the literature review and the data collected for this research shows that private retail sales portals hold great potential to improve marketing communication to consumers all over the world. The efficiency of these back office functions can be improved by computerising those processes with CRM, SCM and ERP software but this does not necessarily improve the effectiveness of the private retail sales portals in generating sales revenue. The lessons learnt from the dotcom crash of 2001 show that it was not due to the Internet channel, but rather there was lack of product differentiations (Porter, 2001). In order for retail organisations to benefit most and harness the use private retail sales portals, retail organisations need to understand the advantages and the challenges in using private retail sales portals so that their marketing and operational strategies can be better reshaped and realigned. These reshaping and realignment need to be carried out continuously as the environment surrounding the private retail sales portals is very dynamic.

Based on the data collected from this research, it is obvious that security and privacy are major concerns of Malaysian urban consumers. There is still a substantial lack of security features for the private retail sales portals studied. If these concerns are not addressed properly, they may hinder the growth of private retail sales portals. There is a need to establish a comprehensive approach to maintain security and privacy by including proper security management, types of security and platforms of deployment (Avolio, 1998). It is also clear that any products could be sold on the Internet. However, Malaysian urban consumers are looking for products that reflect “value for money” when buying from private retail sales portals. Although more respondents indicated that they got to know private retail sales portals by word of mouth recommendation from friends than any other sources, in order to reach as many consumers as possible, a combination of online and offline modes of advertising could be more effective. Therefore, in order for private retail sales portals to increase their retail revenues, private retail sales portals need to continuously enhance their credibility by adding value to their services.

It is apparent that in order for Private Retail Sales Portals to be embraced by more Malaysian urban consumers, the above recommendations must be considered conscientiously and put into action. This concludes the Thesis on “The Factors Affecting the Usage of Private Retail Sales Portals by Malaysian Urban Consumers”.

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Appendices

Appendix A - Questionnaire Survey - Information Sheet

Appendix B - Personal Interview - Information Sheet

Appendix C - Questionnaire Survey Pilot Assessment Form

Appendix D - Personal Interview Pilot Assessment Form

Appendix E - Questionnaire Survey

Appendix F - Personal Interview
THE FACTORS AFFECTING THE USAGE OF PRIVATE RETAIL SALES PORTALS BY MALAYSIAN URBAN CONSUMERS

Dear _______________.

You are invited to participate in a questionnaire survey study that seeks to investigate the efficiency and the effectiveness use of private retail sales portals. This research forms part of the partial requirements of the degree in Doctor Business Administration. The researcher is a doctoral candidate in the Graduate College of Management of Southern Cross University and supervised by Professor Dr. Andy Woo.

Vinton Cerf, the “father” of the Internet, estimated that 3 billion users would be online by 2010, and that the number of devices online could exceed six billions by 2020. For instance business-to-consumer e-commerce is expected to grow from US$ 1.1 billion in 2005 to US$ 3.0 billion by the year 2008 in Malaysia.

This growth is attributed to the value of the Internet. In a sense it eliminates the role of the middleman and therefore reduces transaction cost. However, personal computers to 100 people were estimated only at 19.2 in Malaysia in 2005. Therefore, the prime aim of this research is to establish the reasons for the low usage of personal computers and the Internet for retail commerce in Malaysia.

Procedures to be Followed

The questionnaire survey should take 15 minutes to complete. Participation is purely voluntary and no financial remuneration or incentive will be offered for taking part in this research. There are no travel expenses, nor are there any costs associated with participation in this research. For instance, there should be no cost to you apart from your time.

It is deemed that you have given consent if you completed the questionnaire. You are invited to complete the questionnaire and mail it back using the stamped addressed envelope provided to the researcher at...
52 Jalan SS19/6S, Subang Jaya 47500, Selangor, Malaysia. The information collected will be stored by the researcher and the Southern Cross University for five years.

Responsibilities of the Researcher
It is our duty to make sure that any information given by you is protected. Your name and other identifying information will not be attached to data collected. Your name will only be used to facilitate an appointment for the study. Any identifying information will be destroyed after your participation in the study. A procedure is in place to ensure that your personal details can at no time be matched, identified or tracked back to the data collected on your performance in this project. The information will be presented as overall data. The research findings may be submitted for publication and will be made available at the Southern Cross University library at the later stage. The information collected will be stored by the researcher and the Southern Cross University for five years.

Responsibilities of the Participant
If there is anything that might impact upon your test results such as medications/drugs, health or problems with eyesight, you are asked not to participate. You may leave the research voluntarily without explanation of such factors. If you feel there is any safety concern, please let us know.

Freedom of Consent
If you decide to participate, you are free to withdraw your consent and to discontinue participation at any time. However, we would appreciate you letting us know your decision.

Inquiries
This form is yours to keep for future reference. If you have any questions, please let us know. If you have any additional questions at any time please ask:

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The ethical aspects of this study have been approved by the Southern Cross University Human Research Ethics Committee. The approval number is ECN-08-141. If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Ethics Complaints Officer, Ms S. Kelly, (telephone (02) 6620 9139, fax (02) 6626 9145, email: sue.kelly@scu.edu.au).
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All complaints, in the first instance, should be in writing to the above address. All complaints are investigated fully and according to due process under the National Statement and this University. Any complaint you make will be treated in confidence and investigated, and you will be informed of the outcome.
Appendix B: Personal Interview-Information Sheet

RE: THE FACTORS AFFECTING THE USAGE OF PRIVATE RETAIL SALES PORTALS BY MALAYSIAN URBAN CONSUMERS

Dear ________.

You are invited to participate in a personal interview study that seeks to investigate the efficiency and the effectiveness use of private retail sales portals. This research forms part of the partial requirements of the degree in Doctor Business Administration. The researcher is a doctoral candidate in the Graduate College of Management of Southern Cross University and supervised by Professor Dr. Andy Woo.

I intend to pursue a research based on interview with senior management executives that are actively involved in Internet retailing to investigate how technology, social, commercial, legal and marketing influence the use of Internet for your retail company. I will like to invite 2 senior management executives of your company that have managed the company’s Internet retail web site for an interview.

Vinton Cerf, the “father” of the Internet, estimated that 3 billion users would be online by 2010, and that the number of devices online could exceed six billions by 2020. For instance business-to-consumer e-commerce is expected to grow from US$ 1.1 billion in 2005 to US$ 3.0 billion by the year 2008 in Malaysia.

This growth is attributed to the value of the Internet. In a sense it eliminates the role of the middleman and therefore reduces transaction cost. However, personal computers to 100 people were estimated only at 19.2 in Malaysia in 2005. Therefore, the prime aim of this research is to establish the reasons for the low usage of personal computers and the Internet for retail commerce in Malaysia.

Procedures to be followed

The personal interview should take 1 hour to complete. Important demographic information will be collected. Participation is purely voluntary and no financial remuneration or incentive will be offered for taking part in this research. There are no travel expenses, nor are there any costs associated with participation in this research. For instance, there should be no cost to you apart from your time. The information collected will be stored by the researcher and the Southern Cross University for five years.

Responsibilities of the Researcher

It is our duty to make sure that any information given by you is protected. Your name and other identifying information will not be attached to data collected. Your name will only be used to facilitate an appointment
for the study. Any identifying information will be destroyed after your participation in the study. A procedure is in place to ensure that your personal details can at no time be matched, identified or tracked back to the data collected on your performance in this project. The research findings may be submitted for publication and will be made available at the Southern Cross University library at the later stage. The information collected will be stored by the researcher and the Southern Cross University for five years.

Responsibilities of the Participant
If there is anything that might impact upon your test results such as medications/drugs, health or problems with eyesight, you are asked not to participate. You may leave the research voluntarily without explanation of such factors. If you feel there is any safety concern, please let us know.

Freedom of Consent
If you decide to participate, you are free to withdraw your consent and to discontinue participation at any time. However, we would appreciate you letting us know your decision.

Inquiries
This form is yours to keep for future reference. If you have any questions, please let us know. If you have any additional questions at any time please ask:

Allen Lim Chong Guan
Researcher
Graduate College of Management
Southern Cross University
PO Box 157
Lismore NSW 2480
Australia
Email: pinallen1@hotmail.com
Phone: +(6013) 233 4276

Professor Dr. Andy Woo
Supervisor
Graduate College of Management
Southern Cross University
PO Box 157
Lismore NSW 2480
Australia
Email: aclwoo@gmail.com
Phone: +(6013) 208 2698

*The ethical aspects of this study have been approved by the Southern Cross University Human Research Ethics Committee. The approval number is ECN-08-141. If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Ethics Complaints Officer, Ms S. Kelly, (telephone (02) 6620 9139, fax (02) 6626 9145, email: sue.kelly@scu.edu.au).*

Ms Sue Kelly
Ethics Complaints Officer and Secretary
HREC
Southern Cross University
PO Box 157
Lismore, NSW, 2480
Telephone (02) 6626-9139 or fax (02) 6626-9145
Email: sue.kelly@scu.edu.au

*All complaints, in the first instance, should be in writing to the above address. All complaints are investigated fully and according to due process under the National Statement and this University. Any*
complaint you make will be treated in confidence and investigated, and you will be informed of the outcome.
Informed Consent to Participate in the following research project

This consent form is based on Guidelines from the National Statement on Ethical Conduct Involving Human Participants as issued by the NHMRC.

**Name of Project:** The Factors Affecting the Usage of Private Retail Sales Portals by Malaysian Urban Consumers

**Researchers:**

Researcher: Allen Lim Chong Guan  
Telephone Number: +(6013)2334276  
Email: pinallen1@hotmail.com

Supervisor: Professor Dr. Andy Woo  
Telephone Number: +(6013)2082698  
Email: aclwoo@gmail.com

☐ I have been provided with information at my level of comprehension about the purpose, methods, demands, risks, inconveniences, and possible outcomes of this research (including any likelihood and form of publication of results).

☐ I agree to participate in the above research project. I have read and understand the details contained in the Information Sheet. I have had the opportunity to ask questions about the study and I am satisfied with the answers received.

☐ I do not agree to my interview being audio-taped and prefer the researcher to take hand written notes.

☐ I understand that if I withdraw from participation in this research, that any tapes or handwritten notes about my contribution will be destroyed.

☐ I understand that any personal information which may identify me will be de-identified at the time of analysis of any data. Therefore, I, or information I have provided, cannot be linked to my person/or company. (*Privacy Act 1988 (Cth)*)

☐ I understand that neither my name nor any identifying information will be disclosed or published, except with my permission.

☐ I understand that all information gathered in this research is confidential. It is kept securely and confidentially for 5 years, at the University.

☐ I understand that I am free to discontinue participation at any time. I have been informed that prior to data analysis, any data that has been gathered before withdrawal of this consent will be destroyed.

☐ I am aware that I can contact the Supervisor or other researchers at any time with further inquiries, if necessary.

☐ The ethical aspects of this study have been approved by the Southern Cross University Human Research Ethics Committee (HREC). The Approval Number is ___________
If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Ethics Complaints Officer:

Ms Sue Kelly
Ethics Complaints Officer and Secretary
HREC
Southern Cross University
PO Box 157
Lismore, NSW, 2480
Telephone (02) 6626-9139 or fax (02) 6626-9145
Email: sue.kelly@scu.edu.au

All complaints, in the first instance, should be in writing to the above address. All complaints are investigated fully and according to due process under the National Statement on Ethical Conduct in Research Involving Humans and this University. Any complaint you make will be treated in confidence and you will be informed of the outcome.

☐ I understand that I will be given a copy of this consent form for my records. The researcher will also keep a copy in safe storage at the University.

☐ I have read the information above and agree to participate in this study. I am over the age of 18 years.

Name of Participant: ..............................................................................................................................................

Signature of Participant: .............................................................................................................................................

Date: .................................................................................................................................................................

☐ I certify that the terms of the Consent Form have been verbally explained to the participant and that the participant appears to understand the terms prior to signing the form. Proper arrangements have been made for an interpreter where English is not the participant’s first language.

Name & Contact Detail of Witness: ......................................................................................................................................

..........................................................................................................................................................................................

Signature of Witness: ......................................................................................................................................................

Date: .................................................................................................................................................................

NOTE:
The witness should be independent of the research, where possible. If this is not possible at the place of consent, please inform the researcher and state a reason below.

Reason: .................................................................................................................................................................

..........................................................................................................................................................................................

..........................................................................................................................................................................................

Name and signature of the researcher: .................................................................................................................................

..........................................................................................................................................................................................

Date: .................................................................................................................................................................
APPENDIX C - QUESTIONNAIRE SURVEY PILOT ASSESSMENT FORM

Dear Participants,

We seek your assistance to complete the pilot version of this questionnaire survey. Please explain your answer.

1. The instructions written were easy to understand.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

2. The questions were difficult to understand.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>

3. Word usages were concise and clear.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
</table>
4. The flow of the questions was proper.

<table>
<thead>
<tr>
<th>Yes</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td></td>
</tr>
</tbody>
</table>

5. Other comments.


PERSONAL INTERVIEW PILOT ASSESSMENT FORM

Dear Participants,
We seek your assistance to complete the pilot version of this questionnaire survey. Please explain your answer.

1. The instructions written were easy to understand.

<table>
<thead>
<tr>
<th>Yes</th>
<th></th>
<th>No</th>
</tr>
</thead>
</table>

2. The questions were difficult to understand.

<table>
<thead>
<tr>
<th>Yes</th>
<th></th>
<th>No</th>
</tr>
</thead>
</table>

3. Word usages were concise and clear.

<table>
<thead>
<tr>
<th>Yes</th>
<th></th>
<th>No</th>
</tr>
</thead>
</table>

4. The flow of the questions was proper.

<table>
<thead>
<tr>
<th>Yes</th>
<th></th>
<th>No</th>
</tr>
</thead>
</table>
5. Other comments.
Appendix E- Questionnaire Survey

QUESTIONNAIRE SURVEY

Please complete the QUESTIONNAIRE SURVEY. The survey seeks your opinion about the use of the Internet as a tool in business-to-consumer (B2C) marketing. Thank you for your response. Your opinion on the following is invited:

Section A. Participant Information

1. Gender
   Male [ ]   Female [ ]

2. Age
   [ ]

3. Ethnicity
   Malay [ ]   Chinese [ ]   Indian [ ]   Others [ ]

4. Marital Status
   Married [ ]   Single [ ]   Divorced [ ]

5. Education level
   High School Graduate [ ]
   University Graduate [ ]

6. IT Literacy level
   Low [ ]
   Intermediate [ ]
   High [ ]
7. The knowledge of using the Internet and retail sales portal derives from **(you can tick on a maximum of 2 boxes)**:

- IT knowledge from school
- IT knowledge learnt from the workplace
- Accessing Internet through extra curriculum education
- Attending IT literacy class
- From parents
- From relatives
- From friends

8. Language preference **(you can tick on more than 1 box)**

- English
- Chinese
- Malay
- Tamil
- Others, please state.  ________________

9. Period of using the Internet **(number of years)**.

______
10. What is your purpose of using the Internet? (You can tick more than one answer)

<table>
<thead>
<tr>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Searching for information about goods and services</td>
</tr>
<tr>
<td>Email communication</td>
</tr>
<tr>
<td>General browsing</td>
</tr>
<tr>
<td>Searching for information related to education</td>
</tr>
<tr>
<td>Buying goods and services</td>
</tr>
<tr>
<td>Electronic banking activities</td>
</tr>
<tr>
<td>Looking for employment</td>
</tr>
<tr>
<td>Downloading software (eg. music, games etc)</td>
</tr>
<tr>
<td>Playing games or music</td>
</tr>
<tr>
<td>Use chart rooms/sites</td>
</tr>
<tr>
<td>Accessing government websites</td>
</tr>
<tr>
<td>Others, Please state</td>
</tr>
</tbody>
</table>

11. Choose 5 websites that you visit frequently in order of preference (Please choose 1 to 5):

<table>
<thead>
<tr>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alcohol</td>
</tr>
<tr>
<td>Books and stationery</td>
</tr>
<tr>
<td>Clothing</td>
</tr>
<tr>
<td>Grocery</td>
</tr>
<tr>
<td>Gardening</td>
</tr>
<tr>
<td>Electrical goods</td>
</tr>
<tr>
<td>Footwear</td>
</tr>
<tr>
<td>Furnishing (hard and soft)</td>
</tr>
<tr>
<td>Health and beauty</td>
</tr>
<tr>
<td>Jewellery</td>
</tr>
<tr>
<td>Music and video</td>
</tr>
<tr>
<td>Newsagents</td>
</tr>
<tr>
<td>Specialist food</td>
</tr>
<tr>
<td>Sports goods</td>
</tr>
<tr>
<td>Toy and hobby</td>
</tr>
<tr>
<td>Others, please state</td>
</tr>
</tbody>
</table>

Section B Please tick (√) on the following selected boxes.

1. What are the main criteria to assess the retail sales portal to do purchases?

<table>
<thead>
<tr>
<th>Criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>User friendly</td>
</tr>
<tr>
<td>Easy availability of information for intelligent purchase</td>
</tr>
<tr>
<td>Ease of navigation of the pages through the retail sales portal</td>
</tr>
<tr>
<td>Speed</td>
</tr>
<tr>
<td>Online security</td>
</tr>
<tr>
<td>Privacy policy</td>
</tr>
</tbody>
</table>
Quality of the product
Attractive pricing
Ease of payment options
Instalment options

2. What are the criteria that you consider as important when assessing the Internet to do purchases?

Personal needs of certain products
Purchasing products for family
Ease of use
Convenience of using the Internet at home
Security
Privacy

3. I like to shop on the Internet. Please indicate the time you spend for online shopping when you access the Internet. (please tick on one box only)

Up to 20%
21%-40%
41%-60%
61%-80%
81%-100%
4. In your decision to make a purchase, please rank the most important factors which will affect your decision.

a) Specialty goods  

b) Unsought goods  

c) Specialty goods and unsought goods  

d) Daily use goods  

e) Price  

f) Quality  

g) Price and quality  

h) Promotion  

i) Delivery service  

j) Cost of delivery  

k) Response to enquiry before purchase  

l) Features like animation and music  

m) After sales service

5. How do you normally get to know a particular retail sales portal? **You can tick on more than 1 box.**

Word of mouth from friends  

Word of mouth from family members  

Word of mouth from relatives  

From search engine  

Through an email advertisement

Online communities

Advertisement from newspapers

Advertisement from magazines

Advertisement from television

Advertisement from radio

Advertisement from yellow pages

Advertisement from billboards/outdoor signs

6. Please indicate the level importance that is required to improve customer service on the retail sales portals.

a) Product Information

1 Not Important at all
2 Not So Important
3 Important
4 More Important
5 Very Important

b) Company Information

1 Not Important at all
2 Not So Important
3 Important
4 More Important
5 Very Important

c) Various languages of communication

1 Not Important at all
2 Not So Important
3 Important
4 More Important
5 Very Important
d) Intelligent search engine

1 Not Important at all
2 Not So Important
3 Important
4 More Important
5 Very Important

e) Frequently asked questions (FAQs tools)

1 Not Important at all
2 Not So Important
3 Important
4 More Important
5 Very Important

f) 24 hours 365 days call centre support

1 Not Important at all
2 Not So Important
3 Important
4 More Important
5 Very Important

g) 24 hours customer response to enquiries

1 Not Important at all
2 Not So Important
3 Important
4 More Important
5 Very Important

h) Fulfilment of terms and conditions

1 Not Important at all
2 Not So Important
3 Important
4 More Important
5 Very Important

i) Excellent after sales service

1 Not Important at all
2 Not So Important
3 Important
4 More Important
5 Very Important

j) Warranties

1 Not Important at all
2 Not So Important
3 Important
4 More Important
5 Very Important
<table>
<thead>
<tr>
<th></th>
<th>Loyalty programmes</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Not Important at all</td>
<td>2</td>
<td>Not So Important</td>
<td>3</td>
<td>Important</td>
</tr>
<tr>
<td>l) A variety of delivery options</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Not Important at all</td>
<td>2</td>
<td>Not So Important</td>
<td>3</td>
<td>Important</td>
</tr>
<tr>
<td>m) Reasonable delivery charges</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Not Important at all</td>
<td>2</td>
<td>Not So Important</td>
<td>3</td>
<td>Important</td>
</tr>
<tr>
<td>n) A variety of payment options</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Not Important at all</td>
<td>2</td>
<td>Not So Important</td>
<td>3</td>
<td>Important</td>
</tr>
<tr>
<td>o) Personalised service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Not Important at all</td>
<td>2</td>
<td>Not So Important</td>
<td>3</td>
<td>Important</td>
</tr>
<tr>
<td>p) Various modes of communication (eg. fax, telephone, Internet, mail etc)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Not Important at all</td>
<td>2</td>
<td>Not So Important</td>
<td>3</td>
<td>Important</td>
</tr>
<tr>
<td>q) Availability of products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Not Important at all</td>
<td>2</td>
<td>Not So Important</td>
<td>3</td>
<td>Important</td>
</tr>
</tbody>
</table>
7. Digital law and legal protection are important factors to consider when buying from a retail sales portal.

a) The international trade laws are adequate to foster Internet commerce.

Agree □  Disagree □

b) The Malaysian government tends to protect the privacy of each individual.

Agree □  Disagree □
c) People who misuse computers are usually charged in Malaysian courts.
Agree ☐ Disagree ☐

8. How important are privacy factors when buying from a retail sales portal?

Not Important at all ☐ Not So Important ☐ Important ☐ More Important ☐ Very Important ☐

a) The Internet has made it much easier for someone to obtain personal information about me.

Totally Disagree ☐ Somewhat Disagree ☐ Agree ☐ More than Agree ☐ Totally Agree ☐

b) Retail sales portals cannot disclose personal information of their customers.

Totally Disagree ☐ Somewhat Disagree ☐ Agree ☐ More than Agree ☐ Totally Agree ☐

c) Customers should be informed of how retail sales portals use information about customers’ buying habits.

Totally Disagree ☐ Somewhat Disagree ☐ Agree ☐ More than Agree ☐ Totally Agree ☐

d) The privacy of retail sales portals’ customers is usually not violated.

Totally Disagree ☐ Somewhat Disagree ☐ Agree ☐ More than Agree ☐ Totally Agree ☐

e) Retail sales portals must obtain consent from customers if they want to use information about their buying habits.

Totally Disagree ☐ Somewhat Disagree ☐ Agree ☐ More than Agree ☐ Totally Agree ☐
f) Impersonation is common on the retail sales portals.

1 2 3 4 5
Totally Somewhat More than Totally
Disagree Disagree Agree Agree Agree

9. How important is a secured website to you in your decision to make a purchase from a particular retail sales portal?

1 2 3 4 5
Not Not So More Very
Important at all Important Important Important

a) E-mails are safer than postal mails.

Agree Disagree

b) Internet shopping is safer than mail order.

Agree Disagree

c) Internet shopping is safer than traditional shopping.

Agree Disagree

d) Credit card information is safe to be released on the retail sales portals.

Agree Disagree
e) In your opinion the current security features such as encryption are sufficient to provide security when conducting business transactions on the retail sales portals.

Total Agree
More than Agree
Agree
Somewhat Agree
Totally Agree

f) A trusted third party should monitor the transaction process (eg. Verisign, TRUSTe etc).

Total Agree
More than Agree
Agree
Somewhat Agree
Totally Agree

END

If you like to receive a summarised copy of the research findings, please write your email address or postal address below.

_____________________________________________________________________________
_____________________________________________________________________________

Thank you for completing the questionnaire survey assessment form.
Appendix F - Personal Interview

1. Companies’ Strategies
What strategic actions are required to harness the advantages of the Internet to help in maintaining the firm’s business growth?

Sub-Question 1a
What strategic actions are taken by the company to harness the advantages of the Internet to help to maintain its business growth?

Sub-Question 1b
What were the difficulties that you encounter when adopting business-to-consumer (B2C) retail sales portal? Explain.

Sub-Question 1c
How do you foresee the future of Internet commerce in the retail industry?

Sub-Question 1d
How do you foresee the future of Internet commerce in your company?

Sub-Question 1e
Do you think that the Internet commerce practices in your company can still be improved?

Sub-Question 1f
Are you expecting your company to invest more in the next 1 to 5 years in Internet commerce?

2. Private Retail Sales Portals
How can Private Retail Sales Portals support the firm’s strategic plan in increasing returns on investment (revenue and profitability)?

Sub-Question 2a
What is the range of products that are sold on the retail sales portal?

Sub-Question 2b
If you have a retail sales portal, what is the percentage of retail sales portal sales compares to your company overall sales?

Sub-Question 2c
What is your latest company annual turnover? (in US Dollar)

Sub-Question 2d
In your opinion, what do you think is the level of knowledge of the Internet and business-to-consumer (B2C) e-commerce of your senior management of your company?

Sub-Question 2e
What actions have been taken on the importance of Internet in the business-to-consumer (B2C) e-commerce to educate your senior management?

Sub-Question 2f
How is your supply chain been structured for the business-to-consumer (B2C) e-commerce business?
Sub-Question 2g
What actions have you taken to expand your business if you have expanded during the Internet era?

Sub-Question 2h
What was the strategic intent in expanding via retail sales portal?

Sub-Question 2i
What kind of returns are you expecting when you invest in business-to-consumer (B2C) e-commerce in 5 years?

Sub-Question 2j
What are you strategic objectives in expanding your business via business-to-consumer (B2C) retail sales portal?

Sub-Question 2k
Is there variation of market focus when you plan to reach new markets by advertising business-to-consumer (B2C) retail sales portal on the Internet that will help to expand the growth of business?

Sub-Question 2l
Do you think by adopting business-to-consumer (B2C) retail sales portal, you can expand your business globally? If yes, how? If no, why?

Sub-Question 2m
How can products be delivered and at what cost?

Sub-Question 2n
What are the advertising and other means to attract consumers?

Sub-Question 2o
What are the values, features or attractions to draw consumers to the retail sales portal?

Sub-Question 2p
At what level of pricing will it attract consumers to buy and utilise the retail sales portal?

Sub-Question 2q
What other revenue stream can be generated from the retail sales portal?

4. Consumer Acceptance
How can firms building retail sales portals be able to attract the urban consumers to utilise them?

Sub-Question 4a
Which market segment are you targeting?

Sub-Question 4b
How do you protect the privacy of consumers that access your retail sales portal?

Sub-Question 4c
Do you think the international trade laws are sufficient to foster Internet commerce?

Sub-Question 4d
Do you think the Cyber Laws in Malaysia are adequate for the use of Internet and E-commerce?
Sub-Question 4e
Does the Malaysian government offer incentives to your company to indulge in Internet commerce? If yes, how? If no, what incentives should be offered?