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ONLINE BUSINESS SUSTAINABILITY AND CHALLENGES TO MEET THE DEMANDS OF ONLINE CONSUMERS

Diyana Kamarudin (a)*, Suhaidah Hussain (b), Tengku Auwalul Hawa Yahya (c), Nor Suraini Mohd Hasan (d)
*Corresponding author

(a) Universiti Malaysia Pahang, Gambang, Pahang, Malaysia, yanakamarudin@ump.edu.my
(b) Universiti Malaysia Pahang, Gambang, Pahang, Malaysia, suhaidah.hussain@ump.edu.my
(c) Universiti Malaysia Pahang, Gambang, Pahang, Malaysia, awalul_hawa@yahoo.com
(d) Universiti Malaysia Pahang, Gambang, Pahang, Malaysia, suraini_hassan@yahoo.com.my

Abstract

Digital entrepreneurship the trend of entrepreneurship, where entrepreneurs are able to sell their items, as the online space seems to be this unique entrepreneurial space for entrepreneurs. Common perceptions seem to be that very little goes into selling items online, where barriers are expected to be low, with low cost equipment and not much time needed. Even brick and mortar shops are selling items online to sustain their business in this ever growing business space. This research delves into what goes on behind the scene for these online entrepreneurs. It also strives to understand consumer behaviours, where it looks at the different platforms that consumers use most and why these platforms are more trusted. This ethnographic case study looks at the digital business from multiple different angles where consumers, entrepreneurs, instructors, along with an online paying platform staff were given open ended surveys, interviewed online and face to face. The purpose of this research is to evaluate the effort entrepreneurs put in, and how much they are getting back, evaluating consumer's perspectives, and assessing whether entrepreneur practice in the online platform is relevant to what is needed by the consumers. The research implements a micro and macro analysis approach. The micro analysis evaluates different components from the two sets of participants, which are the online shoppers and the online entrepreneurs, with their own separate themes whereas the instructor's answers and the third party customer service answers were used as a macro analysis.

Keywords: Online, business, sustainability, entrepreneurs, case study.

1. Introduction

The internet is seen to be an enabler for entrepreneurs to set up their business platforms. There is also a widespread adaptation to the online digital business where there are endless entrepreneurial opportunities (Martinez, Marlow, & Martin, 2017). This platform seems to be the best for entrepreneurs as there are very little barriers for entrepreneurs to start an online business, does not need any equipment's, and does not require any formal premises (Martinez Dy et al., 2017). It is also seen as a great platform as there are no pre-commitment required, relatively low affordable loss which could be attributed to loss of reputation, and an entrepreneur does not need experience to start an online business (Daniel, Di Domenico, & Sharma, 2015).

Research by Daniel et al. (2015) mentioned that due to the nature of online business and that it is easy to gain access from outside, the entrepreneur should use this opportunity and learn how to exploit it. It is the entrepreneurs job to understand the market needs and learn how to take advantage of this opportunity. Business entrepreneurs should possess certain characteristics in order for their business to sustain online. One characteristic is functional, where the entrepreneur engages their audience and interacts online. This is where the entrepreneur and the computer works together to achieve a goal (Mabrito, 2001).

Online business has brought on a huge impact to the business world, and through this entrepreneurs and shoppers has gone through a paradigm shift. Business owners no longer focus on service and relationship, but rather on customer experience (Bhattacharya & Srivastava, 2018). Bhattacharya & Srivastava (2018)'s research mentioned that superior customer experience has become an important factor to sustainable competitive advantage in the online business platform. Melo, Hernandez-Maestro and Munoz-Gallego (2017)'s research found that there is a correlation between word of mouth and business performance. It is important to understand customer's intention and willingness to purchase an item. Here, some of the major theories highlighted for consumer behaviours are social exchange theory, theory of reasoned action, theory of planned behaviour, retail patronage models and the technology acceptance model where Hwang and Jeong (2016) highlighted causal relationships between beliefs, attitudes and actual intention of the consumer. East, Romaniuk, Chawdhary and Uncles (2016) also highlighted the significance of word of mouth to shopper's intention to purchase products in their research. The word of mouth could also potentially distinguish between a brand that would be successful to those that will not. Pricing items accordingly and fairly is another ethical issue that entrepreneurs should weigh heavily, as this could impact their reputation, which could indirectly affect the sustainability of their business as there are customers seems to have more buying power with the advancement of technology and multiple platforms (Ayadi, Paraschiv, & Rousset, 2017). Utilizing social media such as Facebook to establish a business would be a good step for entrepreneurs as Facebook currently has an estimated of 1.79 billion users world-wide. Social media is a game changer in the customer relationship management platform where a person could reach thousands through different functions within the applications (Wali & Andy-Wali, 2018).

2. Problem Statement

The online space is viewed as an easy platform for entrepreneurs to sell things and make money, without understanding the constraints or components that goes into an online business (Martinez et al.,

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2017). Although there are a lot of online business mushrooming, there are not many data on the entrepreneurs themselves. It is important to analyse what goes on when an entrepreneur sets up a business online, and which factors to the business do they weigh more compared to others. It is also important to understand what customers need and want, and how this could contribute to the sustainability of an entrepreneur's online business sustainability. This is due to the global and technological trend where customers or shoppers could protest something if they are unsatisfied with a service or product, which could result in the post going viral. This could directly affect the entrepreneur's business and could propel in the downfall of an online business (Martin & Kracher, 2008). Although there is a rise in the online business platform, particularly independent home business owners, there is relatively little research attention compared to other forms of business (Daniel et al., 2015). It is also important to understand entrepreneur's readiness before delving into the online platform (Pollack, Rutherford, & Nagy, 2017). This research would be beneficial for entrepreneurs as they could see what customer's needs and perception of online shopping in order for entrepreneurs to better sustain their online business.

3. Research Questions

RQ1. What are the themes that could be derived from online shopper's perspectives on their online shopping experience?

RQ2. What do entrepreneurs practice to sustain their business online?

RQ3. How relevant are online entrepreneur's business practice to the market needs?

4. Purpose of the Study

The purpose of this research is to delve and understand customer needs and to assess what online entrepreneur practice, and what they deem to be the most important criteria to their practice. It is also to evaluate the relevance between what is practiced to what is needed, and how this could impact the sustainability of online businesses.

5. Research Methods

This is an ethnographic case study research where it looks at the digital business within Malaysia in depth (Kamarudin, Hussain, Applegate, & Mohd Yasin, 2018) from multiple different angles where consumers, entrepreneurs, instructors, along with workers from online paying platforms would be given open ended surveys, interviewed online and face to face. The purpose of this research is to understand the effort entrepreneurs put in, and how much they are getting back, understand consumer's perspectives, and look at it from another angle, of what happens when something is disputed.

There are 4 different types of participants for this research as it would like to look at this research from multiple angles. Participants consists of online shoppers, online seller, a subject matter expert on online business, and a worker from a third party payment centre. A purposeful and snowball sampling method was applied for this research. Purposeful research was utilized because the researcher wanted participants with prior knowledge on the topic, and for this, purposeful sampling was utilized (Gall, Gall, & Borg, 2014; Creswell, 2013). It is also because the subjects sampled had the information that was needed

from their previous experience (Kamarudin, 2017). Sometimes, it is hard to access to certain populations. In these instances, snowball sampling method is extremely useful, as participants who have volunteered could recommend other people that they know who fits the needs of the research (Creswell, 2014). For this research, Participants were recruited through purposeful sampling, as the researcher has targeted those participants with prior knowledge on the topic or has had experience in online shopping. The researcher also utilized snowball sampling method as this will help the research recruit more participants of the same characteristics, since participants could recruit and recommend other participants into the research. 13 online shoppers, 9 online business owners, 1 subject matter expert and 1 third party payment centre were recruited into this research.

Both online shoppers and online entrepreneurs were given an open ended questionnaire to be filled out, along with some follow up interviews to prompt for more in depth explanations concerning their answers. The subject matter expert, is an instructor, specializing in digital business and the sample was interviewed using semi structured interview method. A customer service staff from a third party payment centre was also recruited and interviewed using semi structured interview. The reason why both the instructor and the customer service staff was sampled is to address the trustworthiness aspect which is authenticity, so that there is a balanced view and that the research is not bias in any way.

6. Findings

There would be a micro and macro analysis. The micro analysis would look at the different components from the two sets of participants, which are the online shoppers and the online entrepreneurs and put them into separate set of themes. The instructor's answers and the third party customer service answers would be used as a macro analysis to both of the two sets of themes found in this research.

6.1. Micro - Shoppers

The online shoppers sampled for the study were between the age of 20 to 73. All of the respondents reported that they shop at big online seller platforms such as Lazada, Shopee, 11th Street and Zalora. 4 out of 13 respondents mentioned that they also shop from independent entrepreneurs through Instagram and Facebook. The themes found from this research in descending order are *trust*, *price of the item, and convenience versus problems*. Two subthemes were found under trust which is *customer testimonies* and *information security*. A subtheme was also found under price of the item which is *free shipping*. There is also a cross theme found between *price of the item* and *trust* where participants would link issues about price, and relating it to customer testimonials.

6.1.1. Trust

85% (11 of 13 shoppers) touched on trust issues with online entrepreneurs. The reason behind the majority of response in regards to shoppers not purchasing items from online independent entrepreneurs are due to trust issues. The shoppers do not feel secure enough to purchase items from independent entrepreneurs as compared to online shopping platforms, as they could lodge a complaint against a seller or get a refund if there was something wrong with the transaction. Shoppers informed that they would read

testimonials first before proceeding to buy any products, as there might be a problem later on. Some shoppers also report that they are worried about using their credit card online due to security reasons.

Participant 8 mentioned when asked about whether or not they use third party payment centre:

> I am afraid that the transaction will not be safe or lack of security. I usually look
>
> for regular offers and promotion because I normally repeat orders from trusted entrepreneurs.

Testimonials are an important factor and is a big influencer on whether or not shoppers would buy a product from entrepreneurs. Customers have also mentioned that there are a lot of negative stories concerning independent entrepreneurs that they are worried to purchase items from them.

6.1.2. Price of the Item

77% (10 of 13 shoppers) talked about price of the items. Price of the item seems to be an important factor when it comes to customer decision on whether or not to purchase items. This theme outweighed all the other themes from this micro set of data. A subtheme was also found under this which is free shipping. Customers reported that they preferred using certain websites over the other due to the free shipping services offered.

When asked about what attracts them when purchasing an item online, Participant 11 said:

> I like to buy online because of the price reduction and that it is cheaper than the
>
> retail shops. I also read about the product information and read customer reviews
>
> and testimonials.

This is one example of the cross theme found between trust and price of the item. Even though the price is the main theme found, shoppers would still want to verify whether or not the items or entrepreneurs could be trusted before purchasing the item.

Participants also mentioned that free shipping is plays a major part in their decision making when it comes to purchasing an item online, as they could save more money if the items had free delivery.

Participant 9 said when asked about what entrepreneurs should do to retain their customers:

> I actually prefer Lazada more than Shopee. This is because Shopee's voucher
>
> code sometimes only allow to buy selected items and the shipping fee fixed. It
>
> is different for Lazada sometimes where they have free delivery fee. Lazada
>
> also uses flash sale on selected items. I would read through the pages to get cheaper things
>
> during that period. The best part is the free shipping fee!

6.1.3. Convenience versus Problems

62% (8 of 13) of shoppers mentioned that convenience is a priority to them when it comes to online purchase. There are also some problems that shoppers encounter, which counteracts the experience shoppers are looking for, such as late shipments, wrong items sent, broken items, waiting for a long time for an item.

Participant 7 said when asked about the things that attract them about online shopping:

The main thing is convenience - I do not need to spend time and cost on petrol, parking, tiredness, queuing, and time spent to scout for available stocks. Since I have a back injury, it is a problem to walk around big malls to shop. Online shopping is a good solution for my back.

6.2. Micro - Entrepreneurs

Nine online independent entrepreneurs, aged 28 to 37 year olds were recruited into this research. All 9 entrepreneurs sell their items on social media such as Facebook and Instagram. Two entrepreneurs also sell their items on online shopping platforms such as Shopee on top of the social media platforms. Two seller also reported that they sell their items on the Whatsapp applications, on top of the social media platforms. Two themes were found for this set of participants which are *advertising* and *services*. A subtheme was found under services which is *trust.*

6.2.1. Advertising

89% (8 of 9) online entrepreneurs talked about advertising in their open ended questionnaire and interview. Advertising took on many forms to these entrepreneurs such as utilizing the Instagram advertisements, to educate customers on product information, continuous posting of products and live marketing on social media. The entrepreneurs mentioned that it is important to have a schedule when to post items. They also mentioned that testimony is important and relevant when promoting a product.

6.2.2. Services

89% (8 of 9) online entrepreneurs also touch on another important aspect of selling products online are services. This is also related to the subtheme found under service which is, trust. The better the service, the more trustworthy the seller is. Entrepreneurs informed that they would keep in touch with customers, update them on promotions, reply to messages sent effectively, consult and provide the best service that they could. This would in return, give them good testimony to help promote their product better. Entrepreneurs also mentioned that they try to be open an honest with shoppers as they would like to establish a good and trustworthy relationship with their customers.

6.3. Macro Analysis

There seems to be a cross theme between the online shopper's data and the online entrepreneur's data which is trust. Shoppers are sometimes reluctant to purchase items as they are worried about transactions and not receiving items. Shoppers also check for testimonies first before purchasing items. Entrepreneurs strive to create trust between them and the shoppers, so that they get more potential buyers.

An interview from a subject matter expert on the subject mentioned in their interview that theoretical and practise is different. He mentioned that it is extremely important to spot the trend and conduct a market research on the target group. Entrepreneurs should also try to figure out and find their niche and not follow what everyone else is doing. Entrepreneurs should understand the market needs first before the product. This seems to be the opposite of what entrepreneurs are doing in this research where the most dominant theme for the online entrepreneurs are advertising, and promote their products.

A customer service representative from a third party payment centre informed that not many people know how to use third party payments. There are also a lot of complaints in regards to delayed shipments which correlates with some of what customers reported. When paying with a third party centre, customers have a place to lodge their complaints and a customer service representative would try to help guide and solve their problems. When purchasing with independent entrepreneurs, this is where customers reported about trust issues. Customers also reported that they prefer to use online shopping platforms because of these services.

7.   Conclusion

As a conclusion, it is important that entrepreneurs understand and study the market needs first before proceeding with the products. They then should try to create trust between entrepreneurs and shoppers, as shoppers still have trust issues when it comes to purchasing items from online independent entrepreneurs, as there are too many stories out about being cheated, and that it would be hard or a hassle for them to get their money back, the opposite of what they are looking for when purchasing online items, which is convenience. Customer reference is a valuable tool in the marketing arena (Morgado, 2018) where given the right circumstances, entrepreneurs could win over potential clients. Although advertising is important, it might be more worthwhile for entrepreneurs to spot trends and try to find their niche, that distinct difference between them and other entrepreneurs to propel them forward in the online business world. This also ensures their online business sustainability. While entrepreneurs are striving to provide good services to receive good testimony to ad on to their credibility, entrepreneurs should also know how to aggregate the comment to maximize their usage. According to Melo et al. (2017), they should aggregate information according to positive comments to enhance customer attraction and obtain useful comments to guide improvement. This is to avoid abundance of information. Entrepreneurs should also learn how to write and be courteous online. Online comments should be given extra attention as these are what customers need and want.

Acknowledgments

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