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E-Commerce Business Opportunities for Telekom Malaysia

Ali Khatibi[1], V. Thiagarajan[1] and Hishamuddin Ismail[2]

1. Faculty of Management, University Multimedia, Malaysia
E-mail: ali.khatibi@mmu.edu.my
2. Faculty of Business & Law, University Multimedia, Malaysia

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ABSTRACT In the present paper, it is observed that e-commerce potential in Malaysia is very promising. Telekom Malaysia must view this as a business opportunity and seriously look into the problems by the right positioning and application of proper marketing strategies. In addition it has to provide better telecommunication infrastructure, proper security systems, and right business applications and content to the net users.

INTRODUCTION

Each firm is vying with each other to develop additional customers or at least to retain the existing customers. The development of information technology and the growth of communication network over the period have radically transformed the local markets into global markets. In addition penetration of personal computer market, telecom de-licensing and growth of Integrated Service of Digital Network have aggravated the problem. In short, the rapid diffusion of web technology into commercial arena has given rise to an emergence of new type of trade, new services, new innovative entrepreneurs and variety of goods with mass customization. Under the liberalized global electronic market arena the firms have to restructure and redefine their business strategies. Web is considered as a bi-directional mediated communication environment in which consumers can interact with the company through its web pages. These unique forms of interactivity of machine form and personal interaction have contributed to the rapid diffusion of web as a commercial medium in the recent past.

In short, the current technological and market turbulence of the web has paved a way to the new marketing concept rather than a mere technological evolution. It has created an evolution of new concept known as electronic commerce. In this endeavor the firms are not only attempt to discover and satisfy the customers' need in a more profitable manner, but also engages in utilization of new marketing paradigm positively. The emerging electronic medium may prove to be more co-operative, rewarding than competition. This type of information sharing between customer and firm is more fruitful.

Emerging New Vistas of Market

The e-commerce is a precursor of market globalization. Although the rise of e-commerce has been predicted much earlier but the reality is seen only now. Internet and web technology have enabled the expansion of e-commerce to a great extent. According to Terry Retter, the director of Strategic Technology Co. of USA e-commerce between 1996 and 1997 has registered a two fold increase and during 1998 the rate of acceleration has also doubled once in six months, By 2002, the value of goods and services traded through internet is estimated at $434 billion.

Further, he stressed that the growth of e-commerce will be fueled by a combination of increased internet access, user confidence, better payment system and rapidly improving web security systems. The value of consumer purchases through internet is expected to increase by nearly 1800 per cent between 1997 and 2002.

The internet is revolutionizing every aspect of business throughout the world. Although the quantum of business done through internet is small, it is growing exponentially. In the early 1998 experts estimated that internet retailing might reach US $ 7 billion by the year 2000. This level was probably exceeded in the 1999 and forecasst now projected online retail sales will be US $ 40 billion by 2002. As to overall electronic commerce in the last year as per Emerging Digital Economy Report that suggested a possible level

of $300 billion by 2002 including business to business activity and it is estimated at 1.3 trillion by 2003.

Thus, the growth of e-commerce has closer relationship with the growth of web technology and advancement of technology in telecommunication.

Trends in Malaysia

Richard Jacobson a senior analyst of International Data Corporation (IDC) of Asia Pacific estimates that the e-commerce in Malaysia will triple or multiple in four fold in value each year for the next five years. His estimation is US$ 1 billion by the turn of 2001. The growth of e-commerce is mainly due to the intense corporate interest in the Malaysian internet field.

An independent study conducted by IDC corporation identified that around 60% of Malaysian companies recognized the importance of internet and its importance in their marketing strategy. It was only 52% in the rest of Asia pacific region and 30% in US and Japan while only 16% in Europe.

IDC further stressed that the growth of e-commerce is mainly due to rapid increase in the PC ownership in Malaysia as well as the high proportion of PC hooked up to the Internet each year. Currently there are 390,000 registered internet users, however, it is estimated that it may touch 469,000 by the end of 2000. Out of the total, majority of them is subscribing to Telekom Malaysia i.e. TMnet. It is estimated that the proportion of systems attached to internet will grow from 20% today to around 70% in four years time. Therefore, there is a high percentage of potential customers in future.

Recognizing the importance of e-commerce in the telecommunication industry, the Telekom Malaysia wants to utilize the full potential of e-business. Such an understanding can assist them in preparing for the telecommunication platform to such a commercial emergence.

The present paper analyzes the scope of e-commerce to the Telekom Malaysia and suggests the ways and means to modify their present marketing strategy which is essential in the current market environment.

The study aims at the following

1. To understand the current usage pattern of TM net users
2. To establish the areas of concern of the current and potential consumers.
3. To assess the consumer's perceptions towards the e-business.

METHODOLOGY

The present study was confined to TM net users of Malaysia. The questionnaire was used to collect the data. The questionnaire consisted three parts, the first part was devoted to Demographic information. The second and third part designed to collect the information regarding the use of internet and business done through the internet. The sample consists of 320 respondents and the data were collected from major cities and towns of Malaysia (Table 1). Stratified convenience sampling method was used to collect the data. The data were mostly collected using Likert five point scale ranging from Strongly Agree to Strongly Disagree.

Table 1: Respondent profile

Dermographic information	*N*	*%*
Age Group		
20-24	58	18
25-29	96	30
29-34	166	52
Racial Groups		
Malays	164	51
Chinese	125	39
Indians	31	10
Educational Level		
Primary	84	26
Secondary	144	45
Tertiary	92	29
Job Category		
Ass. Manager	103	32
Manager	144	45
Manager and above	73	23

RESULTS AND DISCUSSION

In order to find out the relationship of demographic variables on the purchasing pattern of the respondent the t-test of analysis were carried out and the results are given in table 2.

In can be seen from the table that there was a significant difference between the income level and buying behavior of the people through Internet. The other demographic variables such as gender, educational level, age and job category had no significant level of difference among the groups.

Further, in order to find out the relationship between the various other variables and buying perceptions the correlation analysis were carried out and results are given in table.3. The

Table 2: t-test between buying through the internet and other factors

		t	*df*	*Sig*	*Mean Diff.*
Gender	EVS	-1.72	305	.086	-0.18
	EVNS	-1.88	29.45	.071	-0.18
Edulev	EVS	0.65	305	.516	-0.29
	EVNS	-0.85	32.67	.403	0.29
Age	EVS	1.14	305	.255	0.41
	EVNS	1.11	28.16	.275	0.41
Job	EVS	-0.02	305	.984	-1.79
	EVNS	-0.02	30.68	.981	-1.78
Income	EVS	3.62	305	.000*	-0.99
	EVNS	3.16	27.17	.004*	-0.99

Note: *Significant at 0.05 level (2-tailed)
EVS—Equal variances assumd
EVNS—Equal Variances not assumed

correlation pattern shows that there is high correlation between the purchasing through TV (telemarketing) and purchasing through Net. This give a clear indication that the respondents were exposed through mass media and in turn had the knowledge of the product in advance while purchasing through Internet.

Table 3: Correlation coefficient

Correlation between	*N*	*Pearson*	*Sig*
BuythruNet/BuythruTV	319	.407**	.000
Gender/Income	319	-.323**	.000
Age/Income	319	.459**	.000
Edulevel/Own Access	319	-.223**	.000
Gender/Own PC	319	.149**	.008
Own Access/Own PC	319	.481**	.000
Edulevel/Own PC	319	-.249**	.000
Gender/Own Access	319	.149**	.000

**Correlation is significant at the 0.01 level (2-tailed)

Similarly there was a high correlation between income category, and Purchasing intention through net and also Owning PC and Own access to the purchasing intention. This gives clear indication that the people who own a personal computer had time to browse through the net to make the choice of the products.

Finally, in order to test whether the different type of access and other personal variables has got any significant difference the t-test was carried out, the results are given in table 4. The results of the above table clearly shows that there is a significant difference as regards age, education level, gender, and income with respect to type of internet access. Only job factor was not significantly different.

Table 4: t-test between have different access to internet and other factors

		t	*df*	*Sig*	*Mean Diff.*
Age	EVS	3.707	313	.000*	0.69
	EVNS	3.711	312.7	.000*	0.69
Edulev	EVS	7.059	313	.000*	1.48
	EVNS	7.071	311.1	.000*	1.48
Gender	EVS	-3.55	313	.000*	-0.19
	EVNS	-3.55	312.4	.000*	-0.19
Income	EVS	6.779	313	.000*	0.95
	EVNS	6.832	258.4	.000*	0.95
Job	EVS	-0.51	313	.610	-0.25
	EVNS	-.051	308.4	.610	-0.25

Note: * Significant at 0.05 level (2-tailed)
EVS – Equal variances assumed
EVNS – Equal variances not assumed

CONCLUSION

From the study it is concluded that the e-commerce potential in Malaysia is very promising. Telekom Malaysia must view this as a business opportunity and seriously look into the problems by the right positioning and application of proper marketing strategies. In addition it has to provide better telecommunication infrastructure, proper security systems, and right business applications and content to the net users.

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