

**THE EFFECTIVENESS OF DIRECT MARKETING THROUGH ONLINE
MEDIUM IN RETAIL STORE MALAYSIA**

NEO CHEE KIAN

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

‘I hereby declared that I had read through this thesis and in my opinion that this thesis is adequate in terms of scope and quality which fulfill the requirements for the award of Bachelor of Technology Management (High Technology Marketing)

SIGNATURE :

NAME OF SUPERVISOR : PUAN AZRINA BINTI OTHMAN

DATE :

SIGNATURE :

NAME OF PANEL : DR. NURUL ZARIRAH BINTI NIZAM

DATE :

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NEO CHEE KIAN

**The thesis is submitted in partial fulfillment of the requirements for the award of
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DECLARATION OF ORIGINAL WORK

“I hereby declare that this report is the result of my own, except certain explanations and passage where every of it is cited with source clearly.”

Signature :

Name : NEO CHEE KIAN

Date :

DEDICATION

I would like to dedicate the appreciation to my family members who supported me in terms of spiritual and financial, beloved supervisor and panel who guided me throughout the research and course mates that assisted me through the journey of research.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my sincere appreciation to my supervisor Puan Azrina Binti Othman for guidance and encouragement throughout the journey of completing this final year project. Throughout her guidance, I managed to finish my final year project successfully within the time frame given. Besides, there are some other important people involved in this final year project, for instance my beloved lecturers, friends and course mates. I am deeply grateful for the guidance and support towards this project as play as an important role for this project.

Next, I am sincerely thanks to the researchers that they have previously conducted the similar study and published online. Although the research topic of the study was different, but the theory and knowledge provided were useful as a reference in this final year project.

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ABSTRACT

In this era of globalization, the marketing strategy was evolved from time to time in order to achieve the customer's satisfaction. Nowadays, the idea of traditional distribution channel faced challenge by another concept which was called direct marketing. Direct marketing became the fastest growing form of marketing since the direct marketing continues to become more Internet-based. In recent year, the giant direct marketing retailer was now transforming their traditional retailing mode into online channel due to the tremendously development of the online channel. For that reason, this study was conducted to investigate the effectiveness of direct marketing through online medium in retail industry in Malaysia. This research was descriptive research and it was used quantitative research method to obtain data. The data were collected using questionnaires from 384 respondents in Johor and Melaka. The result of the analysis showed that cost and time efficiency, information, purchasing pressure and the perceive ease of use has significant impact on the effectiveness of direct marketing through online medium in retail store Malaysia. There was a motivational factor which is convenient factor is not significant in the influence of the effectiveness of direct marketing. The results of this study contributes exceptional judgment to marketers and the retail store owner in Malaysia.

Keywords: fast growing, online medium, direct marketing, retail store, Malaysia

ABSTRAK

Dalam era globalisasi, strategi pemasaran telah berkembang dari semasa ke semasa untuk mencapai kepuasan hati pelanggan. Pada masa terkini, idea bagi saluran pengedaran tradisional menghadapi cabaran daripada konsep pemasaran langsung. Pemasaran langsung telah menjadi satu bentuk pemasaran yang berkembang dengan pesat kerana pemasaran langsung telah menggunakan strategi saluran atas talian. Peruncit pemasaran langsung kini telah mengubah mod peruncitan tradisional mereka ke saluran atas talian disebabkan oleh perkembangan yang pesat bagi saluran atas talian. Oleh itu, kajian ini telah dijalankan untuk mengenalpasti keberkesanan pemasaran langsung melalui media atas talian dalam industri runcit di Malaysia. Kajian ini merupakan kajian secara deskriptif dan menggunakan cara kuantitatif. Data kajian ini telah dikumpulkan melalui soal selidik sebanyak 384 responden di Johor dan Melaka. Keputusan analisis telah menunjukkan bahawa faktor kos dan masa yang efisien, informasi, tekanan pembelian dan sikap terasa mudah penggunaan mempunyai kesan yang besar ke atas keberkesanan pemasaran langsung melalui media atas talian dalam kedai runcit di Malaysia. Manakala, penyelidik mendapati juga faktor kemudahan tidak berperanan dalam mempengaruhi keberkesanan pemasaran langsung. Keputusan kajian ini telah menyumbangkan pemahaman yang luar biasa kepada pemarkar dan pemilik kedai runcit di Malaysia.

Kata Kunci: perkembangan pesat, saluran atas talian, pemasaran terus, kedai runcit, Malaysia

TABLE OF CONTENT

CHAPTER	CONTENT	PAGES
	DECLARATION OF ORIGINAL WORK	i
	DEDICATION	ii
	ACKNOWLEDGEMENT	iii
	ABSTRACT	iv
	ABSTRAK	v
	TABLE OF CONTENT	vi
	LIST OF TABLE	xi
	LIST OF FIGURES	xiii
	LIST OF ABBREVIATION	xiv
	LIST OF APPENDIX	xv
CHAPTER 1	INTRODUCTION	
	1.0 Introduction	1
	1.1 Background of Study	1-3
	1.2 Problem Statements	3
	1.3 Research Questions	3-4
	1.4 Research Objectives	4
	1.5 Scope of Study	4
	1.6 Limitations of Study	5
	1.7 Importance of Study	5
	1.8 Summary	6
CHAPTER 2	LITERATURE REVIEW	
	2.0 Introduction	7
	2.1 Marketing for Today Business	7-8

2.1.1 Online Marketing	8
2.2 Direct Marketing	8-12
2.2.1 History of Direct Marketing	12
2.2.2 Forms of Direct Marketing	12-14
2.2.3 Successfully Direct Marketing Campaign	14-17
2.2.4 Direct Marketing in Retailing	17-18
2.2.5 Advantages of Direct Marketing Through Online Medium	18-19
2.5.6 Disadvantages of Direct Marketing Through Online Medium	19-20
2.5.7 Ethics and Regulations Issue of Direct Marketing	20
2.3 Successful Factors of Direct Marketing in Retail Industry	21-23
2.3.1 Theoretical Framework	24-25
2.4 Hypotheses	25-26
2.5 Summary	26
CHAPTER 3	RESEARCH METHODOLOGY
3.0 Introduction	27
3.1 Research Design	27-29
3.2 Methodology Choices	29
3.3 Primary and Secondary Data Source	29-30
3.4 Location of Research	30
3.5 Questionnaire Design	30-31
3.6 Sampling Design	31-32
3.7 Research Strategy	32-33
3.7.1 Pilot Test	33
3.8 Data Analysis Method	33-34
3.9 Validity, Reliability and Generalizability	34

3.9.1 Internal Validity	35
3.9.2 External Validity	35
3.9.3 Construct Validity	35-36
3.9.4 Reliability	36
3.10 Summary	36-37
CHAPTER 4	DATA ANALYSIS
4.0 Introduction	38-39
4.1 Pilot Test	39
4.2 Descriptive Statistic Analysis	39
4.2.1 Profile of Respondents	39-40
4.2.1.1 Gender	40
4.2.1.2 Age	41
4.2.1.3 Race	42
4.2.1.4 State	42-43
4.2.1.5 Education Level	43
4.2.1.6 Income Level	44
4.2.1.7 Occupation	45
4.2.1.8 Daily Usage of Internet	46
4.2.1.9 Acknowledgement of online platform provided by retail store	47
4.2.1.10 Respondents' experience towards online platform provided by retail store	48
4.2.1.11 The acceptance of respondents towards online platform provided by retail store	49
4.2.1.12 The preference of respondents towards the option of retail store	50
4.3 The Impacts of Online Medium to Retail	

Store	51-52
4.4 Data Analysis of Research Questions	52
4.4.1 Descriptive Analysis of Independent Variable and Dependent Variable	52
4.4.2 Descriptive Statistic of Cost and Time Efficiency (IV 1)	53-54
4.4.3 Descriptive Statistic of Convenient (IV 2)	54-55
4.4.4 Descriptive Statistic of Information (IV 3)	56-57
4.4.5 Descriptive Statistic of Purchasing Pressure (IV 4)	57-58
4.4.6 Descriptive Statistic of Perceive Ease of Use (IV 5)	59-60
4.5 Result of Measurement	61
4.5.1 Test validity	61-63
4.5.2 Reliability Test	63
4.5.2.1 Cronbach's Alpha Coefficient	63
4.5.2.2 Reliability Test for Dependent Variable	64
4.5.2.3 Reliability Test for Independent Variable	65
4.5.2.4 Reliability Test for Both Dependent Variable and Independent Variable	66
4.6 Hypothesis Testing	67
4.6.1 Multiple Regression Analysis	68-69
4.6.2 Hypothesis Testing	69
4.6.2.1 Multiple Regression Analysis	69-72
4.6.2.2 Summary For Hypothesis Testing	72-73

4.7 Summary	73
CHAPTER 5 DISCUSSION, RECOMMENDATIONS AND CONCLUSION	74
5.0 Introduction	74
5.1 Summary of the Study	74-75
5.2 Discussion of Major Findings	75-78
5.3 Implication of Study	78-80
5.4 Limitation of Study	80-81
5.5 Recommendation For Future Research	81-82
5.6 Conclusion	82
5.7 Summary	82-83
REFERENCES	84-91
APPENDIX	92-103

LIST OF TABLES

NO.	TABLE	TITLE	PAGE NUMBER
1	4.2.1.1	Gender of Respondents	40
2	4.2.1.2	Age of Respondents	41
3	4.2.1.3	Race of Respondents	42
4	4.2.1.4	State of Respondents	42
5	4.2.1.5	Education Level of Respondents	43
6	4.2.1.6	Income Level of Respondents	44
7	4.2.1.7	Occupation of Respondents	45
8	4.2.1.8	Daily Usage of Internet of Respondents	46
9	4.2.1.9	Acknowledgement of respondents towards online platform provided by retail store	47
10	4.2.1.10	Respondents' experience towards online platform provided by retail store	48
11	4.2.1.11	The acceptance of respondents towards online platform provided by retail store	49
12	4.2.1.12	The preference of respondents towards the option of retail store	50

13	4.3.1	Descriptive Statistics of Dependent Variable	51
14	4.3.2	Mean Score Interpretation	51
15	4.4.1	Descriptive Statistics of DV and IV	52
16	4.4.2	Descriptive Statistic of Cost and Time Efficiency	53
17	4.4.3	Descriptive Statistic of Convenient	54
18	4.4.4	Descriptive Statistic of Information	56
19	4.4.5	Descriptive Statistic of Purchasing Pressure	57
20	4.4.6	Descriptive Statistic of Perceive Ease of Use	59
21	4.5.1.1	Correlation	61-62
22	4.5.2.1	Cronbach's Alpha Coefficient range	63
23	4.5.2.2	Reliability Test for Dependent Variable	64
24	4.5.2.3	Reliability Test for Independent Variable	65
25	4.5.2.4	Reliability Test for Both Dependent Variable and Independent Variable	66
26	4.6.1.1	Multiple Regression Analysis	68
27	4.6.1.2	Multiple Regression Analysis	68
28	4.6.2.1	Multiple Regression Analysis	69
29	4.6.2.2	Summary for Hypothesis	72
30	5.3.1	Multiple Regression Result for Factor of Convenient	76

LIST OF FIGURES

TABLE	TITLE	PAGE NUMBER
2.1	A system perspective of direct marketing model	10
2.2	Managing Direct Marketing Campaign	16
2.3	Theoretical Framework	24

LIST OF ABBREVIATIONS

ABBREVIATIONS	MEANING
CD	Consumer-Direct
DMA	Direct Marketing Association
H ₀	Null Hypothesis
H ₁	Alternative Hypothesis
SPSS	Statistical Packages for Social Science
DV	Dependent Variable
IV	Independent Variable
CTE	Cost and Time Efficiency
C	Convenient
I	Information
PP	Purchasing Pressure
PEU	Perceive Ease of Use

LIST OF APPENDIX

APPENDIX	TITLE
APPENDIX 1	Gantt Chart PSM1
APPENDIX 2	Gantt Chart PSM2
APPENDIX 3	Questionnaire

CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter contained the information about the background study of researcher topic which was the effectiveness of direct marketing through online medium in retail store Malaysia. At the same time, researcher described about the direct marketing. Researcher believed that this chapter was a beginning of discussion to bring success research to the consumer. Further, researcher discussed the problem statement, research problem, research objectives, scope and limitation of study and important of research.

1.1 Background of Study

In this era of globalisation, the marketing strategy was evolved from time to time in order to fulfil the customer's satisfaction. Nowadays, the idea of traditional distribution channel faced challenge by another concept which was called direct marketing. With the trend toward narrower targeting and the surge in digital and social media technologies, many companies were adopting direct marketing, either as a primary marketing approach or as a supplement to other approaches (Kotler & Armstrong, 2016).

According to Kotler and Armstrong (2016), direct marketing involved engaging directly with carefully targeted individual consumer and customer communities to both obtained an immediate response and built lasting customer

relationships. In another words, direct marketing attempted to acquire and retain customers by contacting them without the use of intermediary (Jobber, 2008). With the elimination of intermediary, the transactional cost can be reduced and thus the price of the item will be lower.

Direct and digital marketing became the fastest growing form of marketing and thus direct marketing continued to become more Internet-based (Kotler & Armstrong, 2016). As we know, the traditional direct marketing tools included direct mail, kiosk marketing, telemarketing and catalogue marketing. But in recent year, the world's business was carried out using digital networks that connect people and companies and thus direct marketing was applying a new set of online tools for examples web sites, online advertisements and promotions, online video and blogs. By using the new set of online tools, direct marketers were much easier to reach to their target customers whereas for the buyers, they were convenient and easy to access at anytime and anywhere.

The word “retailing” meant that all the activities that involved in selling products or services directly to final consumers (Kotler & Armstrong, 2016). The major store retailer types were specialty store, department store, supermarket, convenience store, discount store, off-price retailer and superstore. Without the effort of retailing and the function of major store retailer, the products or services could not reached to the final consumers.

Retailing has changed dramatically in the last two decades due to the advent of the online channel and ongoing digitalization. In specific retail markets, the online channel had become very dominant and can be considered a disruptive development (Christensen and Raynor 2003). In recent years, we have observed a further digitalization in marketing and retailing with specific challenges (Leeflang et al. 2014). More specifically, with the dawn of the mobile channel, tablets, social media, and the integration of these new channels in online and offline retailing, the retail landscape continued to change (Verhoef, Kannan, & Inman, 2015).

In recent year, for the giant retail store was now transforming their traditional retailing mode into online channel. Through the online channel, those giant retail stores were able to deliver message to their target customers and create customer's attention towards their marketing effort. In previous time, direct marketing retailers

have traditionally mailed the catalogue and provided consumers with order channels such as mail order and call center. With the advent of the online channel, the direct marketing retailers have reported a “channel shift” toward Internet-based orders. (Rhee, 2010).

Due to the tremendously growth of direct marketing retailers through online medium, the researcher took this opportunity to look further on the effectiveness of direct marketing through online medium in retail store Malaysia. By doing this study, the researcher will contributed the most significant factor that influence the effectiveness of direct marketing through online medium in retail store Malaysia in order to increase the sales of direct marketing retailers and to retain the customer relationship between the companies and customer.

1.2 Problem Statements

The past researchers have done the marketing study regarding to the contribution of channel to the firm’s revenue and loyalty. In this research, the researcher will defined the challenges that affect the effectiveness of direct marketing through online medium. According to Brubaker (2007), the spamming of email was the biggest challenge of direct marketing in retail store. Some of the direct marketers were vigorously sending the email, message or calling to their target customer brings annoy effects to the recipient. Besides that, Brubaker (2007) also mentioned privacy security issue was another challenge that always faced by direct marketing in retail industry. The customer personal details will be leaked out in unethical way to other company in order to create bonding between two companies. From the past researches, the researcher defined that it faced challenges to achieve effectiveness of direct marketing through online medium in retail store Malaysia.

1.3 Research Question

In this study, three research questions have formatted from the problem statement.

1. What are the impacts of online medium that influence the effectiveness of direct marketing in retail store Malaysia?

2. What are the factors that influence the effectiveness of direct marketing through online medium in retail store Malaysia?
3. What is the most significant factor that influence the effectiveness of direct marketing through online medium in retail store Malaysia?

1.4 Research Objectives

The primary objective of this study was to investigate the effectiveness of direct marketing under research among the Melaka and Johor residents. Besides, the study also determined most significant factors that influencing the effectiveness of direct marketing in retail store Malaysia.

1. To identify the impacts of online medium that influence the effectiveness of direct marketing in retail store Malaysia.
2. To investigate the factors that influence the effectiveness of direct marketing through online medium in retail store Malaysia.
3. To determine the most significant factor that influence the effectiveness of direct marketing through online medium in retail store Malaysia.

1.5 Scope of Study

The purpose of this study was to propose to identify the most significant factor that influences the effectiveness of direct marketing through online medium in retail store Malaysia. In this study, researcher suggested that there were five factors which associated with the effectiveness of direct marketing through online medium in retail store Malaysia. Those factors were cost and time efficiency, convenient, information, purchasing pressure, perceive ease of use. Researcher believed that these factors have strong relationship towards the effectiveness of direct marketing in retail store Malaysia. Besides, this study also determined how effectively the online medium brought positive impact towards the direct marketing among the Melaka and Johor residents.

1.6 Limitations of Study

Limitations were influences beyond the researcher control in every single study. Limitations were the shortcomings, conditions or influences that cannot be controlled by the researcher that place restrictions on the research methodology and conclusions (Baltimore Country Public School, 2014). The limitation of this study was the limited coverage of the state which only covered the Melaka and Johor residents. Therefore, the results of the study cannot be generalized to every single state in Malaysia; therefore, future research needed to include large sample of states. In the process of data collection, researcher could not found the suitable respondents even though the respondents familiar with online medium but some of them were still unaware of direct marketing online methods. Due to this limitation, researcher unable to make accurate data collection.

1.7 Importance of Research

The important of this research was to get to know with the impacts of online medium that influence the effectiveness of direct marketing in retail industry. Besides that, the researcher also determined the most significant factor that influence the direct marketing through online medium in retail store Malaysia. This study will beneficial for direct marketers to generate new ideas in order to achieve future growth and foster the customer relationship.

In addition, this study was helpful for all kinds of the organizations and firm because the researcher provided the research information regarding to customers perception towards the direct marketing through online medium in retail store Malaysia. This study will be served as future reference for researcher to proceed on the topic of the effectiveness of direct marketing through online medium in further.

1.8 Summary

In this chapter, researcher discussed about background of study and problem statement. Findings of problem statement enabled to determine the both research questions and research objectives. Besides, researcher also revealed scope of study, importance of this study and limitations of this study.