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A proposed marketing strategy for GO2HK.COM

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A Proposed Marketing Strategy for GO2HK. COM

Submitted to

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Acknowledgments

Abstract

Within these few years, the Internet becomes popular in the world.   There are many well-known websites, such as the eBay, Amazon and Yahoo, etc..   In foreign countries, Web auction is very famous for the Internet users in foreign countries, while it is a new kind of electronic business in Hong Kong.   The trend of web auction has penetrated into Hong Kong in this few years, but it is still at a growth stage of the industry life cycle.

Web auction seems to be a new type of business in electronic commerce, thus it can attract the people to participate it in future.   The potential market for web auction is quite large.   In Hong Kong, there are four major companies that work on the business of web auction.   They are the (1) Red-dots, (2) Go2hk, (3) Ya hoo and (4) Clubciti.   Whereas, go2hk is the smallest company in terms of company size, it is the second in terms of the number of registered users.   The industry is growing rapidly and facing a keen competition.   Therefore, the company needs to have good marketing mix strategies to establish its brand name.

This project aims to purpose an appropriate marketing strategy of GO2HK.COM, which can allow the company to match the consumer needs with marketing strategy. Interviews are conducted and questionnaire surveys are initiated to look into the most preferable strategy for GO2HK.

Before doing the questionnaire survey, we have interviewed the company, in order to identify the current marketing mix first.   After that, questionnaire surveys are used to access the information about the procedure of non-users, sellers and bidders.

Based on the findings, a proposed marketing strategy is recommended for go2hk. To conclude, security is the most critical aspect that both users and non-users are highly concerned.

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1 Introduction

1.1 Rationale

In today's hottest technology, the electronic commerce becomes more and more popular for different types of business. Moreover, Hong Kong has a favorable environment for the development of electronic commerce. In foreign countries, web auction is well known for all the Internet users. And the trend of web auction has penetrated into Hong Kong in this few years and now is in the growth stage of the industry cycle.

Auction is an interesting business and now it is being putting online, web auction is a new type of business in electronic commerce. It will attract many people to participate in it in the future. Although most of the people may not know about what is web auction, or some of them would not interested in the auction, web auction can provide a good opportunity for both the buyers and sellers.

Companies decide to explore in the web auction industry, should be put more focus on the marketing strategy. A well-prepared marketing mix would be a essential success factor for a business. Therefore, we want to study the most appropriate marketing strategy for a new company in web auction industry.

Recently, GO2HK.COM Limited was established in July of 1999, which is a company providing the web auction.

1.2 Research Objectives

The objectives of the research are as follows:

(1) To identify the current marketing mix strategy of GO2HK.COM Limited;

(2) To study the opinions and preferences of Internet users towards web auction; and

(3) To recommend the most appropriate marketing strategy for GO2HK.COM Limited based on research results.

From the research objective one, we need to find out the current marketing strategy in terms of products, pricing, distributions and promotions. This study is mainly focus on the product, pricing, distribution and promotion of marketing strategy.

1.3 Scope of Research

This report mainly focuses on the whole industry environment in Hong Kong and

propose a marketing strategy for GO2HK.COM Limited. However, the

business activities and trend of web auction companies of foreign countries are

considered as a reference purpose.

2 Literature Review

2.1 Marketing Mix

Organizations must create a marketing mix to satisfy the needs of their target markets. The marketing mix (4P's) combines the firm's product, pricing, distribution, and promotion strategies. The marketing mix allows the organization to match consumer needs with product offerings. All variables of marketing mix are closely interrelated.

Briefly speaking, product strategy includes decisions about a firm's package design, brand names, trademarks, warranty, product life cycle, and the new-product development.

Price contributes to the company's profit and revenue directly. From the customers' point of view, price is important as a component of value. Value is the ratio of perceived benefits of customer to price and any other incurred costs. Consumer will consider whether the products or services are worth to buy before making a purchase decision. The products or services are 'worth or not' depends on the price of that products or services and the value perceived by customers.

Distribution strategy involves physical distribution of goods, selection of distribution channels, and organization of wholesaling intermediaries and retailers who distributes the firm's products.

Promotional strategy involves advertising, sales promotion, public relations and personal selling.

2.1.1 Product

Once a product is actually on the market, it often goes through a series of four stages, known as the product life cycle. The four stages of product life cycle are introduction, growth, maturity, and decline. The details are shown in Figure 1.

From Figure1, we can see that different stages of the product life cycle have different objectives, different competitive environment and different product strategies. The concept of the product life cycle helps the marketer to anticipate developments throughout the various stages of a product's life. Product life cycle not only has tightly correlation with product, but also the others – pricing, distribution, and promotion. Different stages require

different strategies in marketing mix.

Figure 1 How stages of the product life cycle relate to a firm's marketing objectives and market mix action

	Introduction	Growth	Maturity	Decline
Marketing Objective	Gain awareness	Stress differentiation	Maintain brand loyalty	Harvesting, deletion
Competition	None	Growing	Many	Reduced
Product	One	More versions	Full product line	Best sellers
Price	Skimming or penetration	Gain share, deal	Defend share, profit	Stay profitable
Promotion	Inform, educate	Stress competitive differences	Reminder oriented	Minimal promotion
Place (distribution)	Limited	More outlets	Maximum outlets	Fewer outlets

Source: Berkowitz, Eric N., Kerin, Roger A., and William Rudelius (1997), *Marketing*. New York: McGraw-Hill Publishing Co. 319.

Apart from the product life cycle, branding, packing, and other product features are also the important elements of product mix. These elements can be used for a company to differentiate from its competitors.

2.1.2 Pricing

There are two essential roles those pricing plays:

1) To affect consumer perceptions

2) To be used in capacity management

Most of the services have a limited capacity due to the inseparability of the service from the service provider and the perishable nature of the service. In this aspect, pricing mix is a tool for influencing consumer demand. Many service businesses use off-peak pricing, which consists of charging different prices during different times of the days or days of the week to reflect variations in demand for the services. Because of the intangible nature and insufficient physical evidence of services, price can indicate the quality of the services.

Psychological pricing and price-quality relationship can be used to affect consumer perceptions of the products or services. Some consumers perceive that higher the price, higher the service quality will be delivered.

There are four common approaches that can be used in pricing mix:

1) demand-oriented approach

2) cost-oriented approach

3) profit-oriented approach

4) competition-oriented approach

Figure 2 shows the details of these four approaches.

Figure 2 Four approaches for selecting on approximate price level
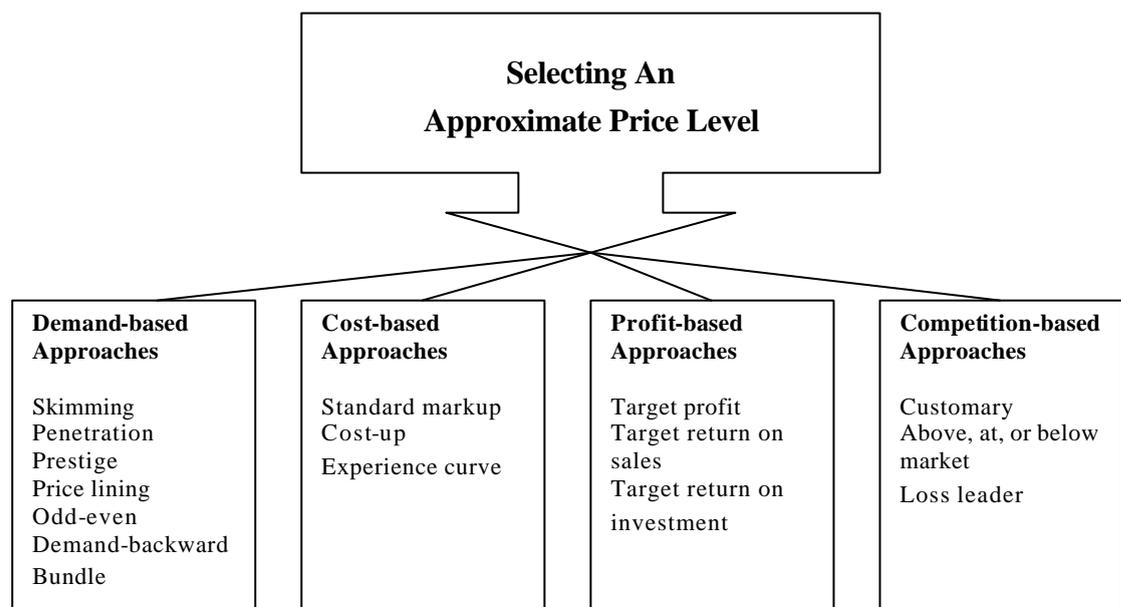
Selecting An Approximate Price Level			
Demand-based Approaches Skimming Penetration Prestige Price lining Odd-even Demand-backward Bundle	**Cost-based Approaches** Standard markup Cost-up Experience curve	**Profit-based Approaches** Target profit Target return on sales Target return on investment	**Competition-based Approaches** Customary Above, at, or below market Loss leader

Source: Berkowitz, Eric N., Kerin, Roger A., and William Rudelius (1997),
Marketing. New York: McGraw-Hill Publishing Co. 391.

2.1.3 Distribution

Organization's distribution strategy can be divided into two components:

distribution channels and physical distribution.

Distribution channel is the path through which products and services flow from producer to consumer. Physical distribution is the actual movement of products from producers to users. Customer services, transportation, inventory control, materials handling, order processing and warehousing are the examples of physical distribution.

Figure 3 shows the different channels of distribution:

Figure 3 Primary channels of distribution

Producer				→	Consumer
Producer			→ Retailer	→	Consumer
Producer		→ Wholesaler	→ Retailer	→	Consumer
Producer	→ Wholesaler	→ Wholesaler	→ Retailer	→	Consumer

Business Goods and Services

Producer		→	Business User
Producer	→ Wholesaler	→	Business User

Source: Boone, Louis E. and Kurtz, David L. (1996), *Contemporary Business.* New York: The Dryden Press. 414.

Marketing intermediary plays a vital role in distribution channels. Marketing intermediaries perform various functions that help the distribution channel to operate smoothly, including buying, selling, storing, and transporting products. It also facilities the exchange process because it reduces the number of transactions needed between the producer and the consumer. Marketing

intermediaries provides information to other channel members and reduces the cost of transaction greatly.

2.1.4 Promotion

Promotional strategy is the function of informing, persuading, and influencing a consumer decision [Boone and Kurtz 1996]. It includes all activities the company undertakes to communicate and promote its products or services to the target market. Promotional mix can be divided into four elements – advertising, sales promotion, public relations and personal selling. The first three elements are often called as mass selling (or non-personal selling) because they are used with group of prospective buyers. In contrast, personal selling uses person-to-person interaction between a seller and a prospective buyer. The strengths and weaknesses of the four promotional elements are shown in Table 1.

Table 1 The strengths and weaknesses of the four promotional elements

Promotional Elements	Strengths	Weaknesses
Advertising	➢ Efficient means for reaching large numbers of people	➢ High absolute costs ➢ Difficult to receive good feedback
Sales Promotion	➢ Effective at changing behavior in short run ➢ Very flexible	➢ Easily abused ➢ Can lead to promotion wars ➢ Easily duplicated
Public Relations	➢ Often most credible source in the consumer's mind	➢ Difficult to get media cooperation
Personal Selling	➢ Immediate feedback ➢ Very persuasive ➢ Can select audience ➢ Can give complex information	➢ Extremely expensive per exposure ➢ Messages may differ between sales people

Source: Berkowitz, Eric N., Kerin, Roger A., and William Rudelius (1997), *Marketing*. New York: McGraw-Hill Publishing Co.

Different organizations have different promotional strategy objectives. Generally speaking, there are five common promotional strategy objectives, namely providing information, differentiating a product, increasing sales, accentuating a product's value and stabilizing sales. [Boone and Kurtz 1996]

The above five promotional strategy objectives can be divided into three groups: "to inform", "to persuade" and "to remind", the details are shown below:

To inform: Providing information

To persuade: Differentiating a product

Increasing sales

Accentuating a product's value

To remind: Stabilizing sales

There is a close relationship between the stage of product life cycle and promotional objectives. It means that different stages of product life cycle have different promotional objectives as well as different promotional activities. Their relationship is shown in Figure4.

Figure 4 Promotional tools used over the product life cycle

Stage of Product Life Cycle	Introduction	Growth	Maturity	Decline
Promotional Objective	To inform	To persuade	To remind	
Promotional activity	-Publicity in veterinary magazines - Advertising -Sales force calling on intermediaries -Sales promotion in form of free samples	-Personal selling to intermediaries -Advertising to differentiate Puppy Chose attributes from those of competing brands	-Reminder advertising -Sales promotion in form of discounts and coupons -Limited personal selling	-Little money spent on sales promotion

Source: Berkowitz, Eric N., Kerin, Roger A., and William Rudelius (1997), *Marketing*. New York: McGraw-Hill Publishing Co. 502.
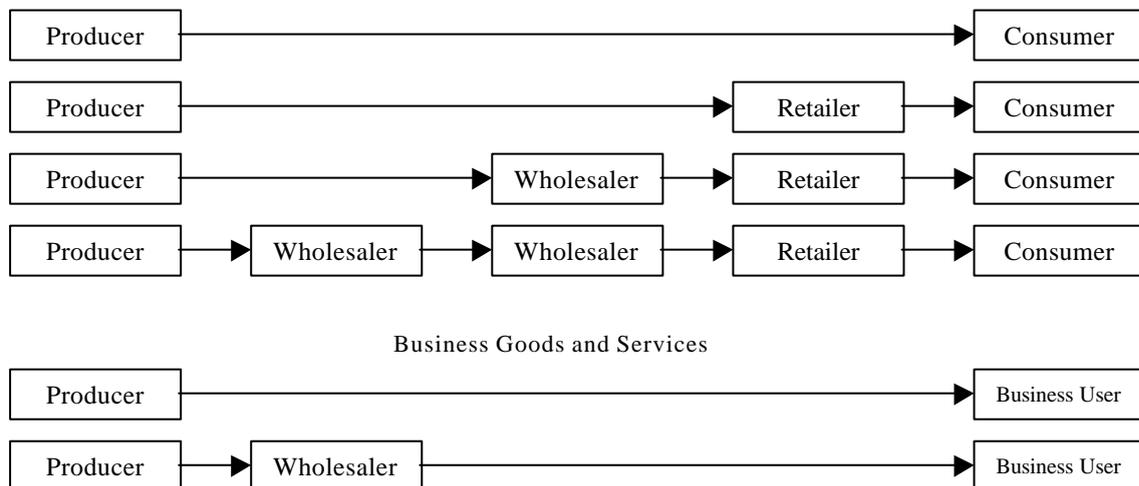
The result of public relations is difficult to measure and evaluate. This is because public relation is a long-term process and some of publicity is not controlled by the company but other media. Public relations often have the effect on a company's image and reputation.

Sales promotion and personal selling contribute to a company's sales volume. Therefore, the most direct and the easiest way to evaluate these two promotional elements is to notice the different of sales volume before and after the promotional strategy.

The evaluation of advertising is more complex. It involves pretests and posttests. Some organizations pretest their message to assess consumer reaction before advertisements are placed. On the other hand, posttest message tracking is used more widely which gauges the performance of advertisements during or after the launch of an advertising campaign. The two common tools of evaluation are recall testing and recognition testing.

2.2 Web Auction

Web auction is a thought of putting auction online. In the recent years, web auction has reached adolescence. Web auction is made up of individual buyer and seller who comes to the site to do more than just to buy or sell the merchandise. It is a one-to-one trading in an auction format on the Internet.

"Psychologists say that auctions satisfy two human traits, need to compete and the love of a bargain. Now, by enabling bidders to attend auction anytime and anywhere, the Internet satisfies a third human trait, the love of convenience." [Millman 1998].

2.3 Business Environment

Using Internet becomes a world trend for business and individual users. It seems that existing a valuable opportunity for developing a new type of electronic business. Consequently, many companies are deciding to develop the web auction in Hong Kong. Since web auction is a contact site of Internet users, it is critical for the prevalence of using Internet. In Hong Kong, there are around one-third of households possess at least one personnel computer (PC). There are currently about 700,000 Internet subscribers in Hong Kong

with an estimated one million users.

Although web auction has been developed successfully in foreign countries such as eBay and Amazon, it is at the growth stage of industry life cycle in Hong Kong now. There are four mainly web site specifies for web auction: 1) go2hk; 2) Red-dots Ltd that is a subsidiary of SUNeVision; 3) yahoo.com.hk and 4) Clubciti which mainly focuses on China. The popularity of the homepage is based on the number of members or number of page views.

2.4 GO2HK.COM

GO2HK.COM is an electronic business company, which mainly provides the service of web auction. It was established by four IT professional since 1 July 1999. They named "go2hk" for the company name, as it has a sense of cyber and a Hong Kong's web site as well as easy to remember.

The mission of go2hk is to be the largest Chinese web auction site and a trading community. Besides, the company is to provide it members with an interested and users friendly interface to sell and buy items online via auction format. Although the company is a small firm operated by seven staff, it is

growing rapidly and in the beginning of the growth stage now.

Go2hk had over 7,000 items for selling in over 16 categories and around 20,000 members registered in the website. The target customer of go2hk in the buyer's side is the individual Internet user. In the seller's section, the company mainly focuses on the individual Internet users and other companies that provides the merchandise for official auction. The positioning method provides of the company is to specify on the numbers of members, browsers and the transaction, in order to point out that although go2hk is a small firm, it can attract an amount of Internet user to use the service. Moreover, the company would develop other services and innovative ideas to let their registered members and browsers fully enjoyed.

Apart from that, go2hk regards educating the Internet users is important for promoting the web auction. Therefore, the company has decided the FAQ for helping Internet users to solve their problems about web auction. The company is also emphasizing on the interaction with members, as they can give feedback and respond to the company. For a short period of operation, the company has gained a great awareness from the public, and several magazines

and newspaper interviewed go2hk. The company has decided to find other

companies to inject into go2hk, that the company has more capital to develop

on the web auction, in order to face with the intensive competition.

3 Research Methodology

In order to achieve the objectives of this project, the information about the Internet users' attitude, impacts, interests, preference and suggestions toward the marketing mix of web auction as well as their personal data must be obtained. Both primary and secondary sources were used to acquire such information.

3.1 Exploratory Research

Secondary sources like reference books, reports, newspapers, journals, CD-ROM and Internet articles were used to get more insights and ideas concerning our research topic. Secondary sources are useful to obtain a more concrete and strong backup of relative information. Different web sites of different web auction companies, especially the web sites of go2hk, can provide valuable information about the marketing mix of web auction companies.

Primary data are obtained from both exploratory research and descriptive research.

3.1.1 Focus Group Interview

Focus group interview (Appendix A) was held on 23 November 1999 for gathering ideas and insights about the questionnaire design. There are ten respondents were involved in the focus group interview.

3.1.2 Host Company Interview

On 17 November 1999, an interview request letter (Appendix B) was sent to go2hk, attached with a list of questions that would be raised during the interview (Appendix C).

On 27 November 1999, we have interview with the general manager of go2hk at his office located in Causeway Bay. From this interview, we access to the information about the industrial environment, background of go2hk as well as its current marketing mix (Appendix D).

3.2 Descriptive Research

3.2.1 Mass Questionnaire Survey

- Sampling Design

200 questionnaires (Appendix E) will be distributed to our target respondents who are the Internet users. Though, most of them are not the existing members of go2hk, they are prospective users with highly potential.

All of the questionnaires will be distributed in two main computer centers – Golden Computer Center and Mongkok Computer Center through personal interview. To save time and manpower, "mall intercepts", a kind of convenience sampling is used in these two computer centers. The sampling plan is shown below:

Date	Place	Time	No. of questionnaire distributed
4-1-2000	Golden Computer Center	17:00-20:00	40
5-1-2000	Golden Computer Center	17:00-20:00	40
6-1-2000	Golden Computer Center	17:00-20:00	40
7-1-2000	Mongkok Computer Center	17:00-20:00	40
8-1-2000	Mongkok Computer Center	17:00-20:00	40

Table 2 Sampling plan of the research project[1]

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[1] Plan may be changed in case of unexpected event occurs.

- Questionnaire Administration

Accuracy can be maintained through personal interview. We choose these two computer centers to have our personal interview because it was likely that these respondents are online users. We conduct the personal interview during 17:00 to 20:00 in these two main computer centers because it seems to be the peak hour for people visiting these two centers.

3.2.2 Pretest of the Questionnaire

Before we conducted the survey research, we had carried out a pretest on 30 Internet users during 26 December 1999 to 28 December 1999. By the pretest of the questionnaire, we could identify the problems in the questionnaire design. All the information helped us to improve the quality of the questionnaire and ensured the distribution could be run smoothly.

4 Analysis and Results

Two hundred questionnaires were conducted and the response rate is 100% due

to the personal interview.

4.1 Demographic Summaries

A8mong the 200 respondents, there are 116 (58%) male and 84 (42%) female

(Figure 5).   Out of the sample, age group "21-25" (38%) and "26-30" (41%)

are the age of the two most responsive groups of people (Figure 6).

Figure 5 Sex of respondents
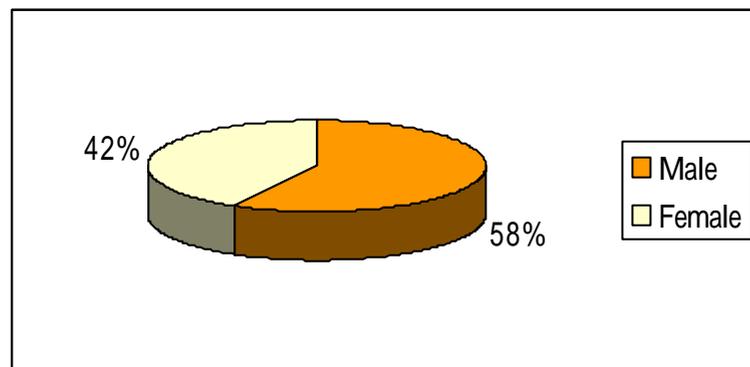
Figure 6 Age range of respondents
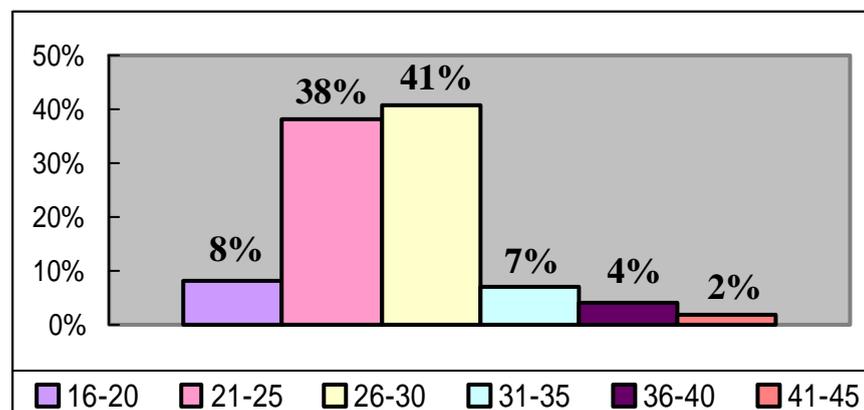
As shown in Figure 7, more than half (63%) of respondents have tertiary or university education level, following is secondary school, accounts for 64 (32%) respondents. About one-third (36%) respondents are students. White collars also account for one-third (33%) of the interviewees (Figure 8).

Figure 7 Education level of respondents
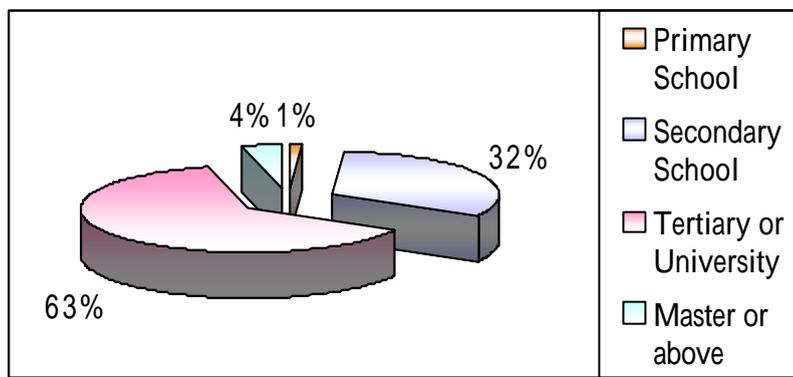
Figure 8 Occupation distribution of the respondents
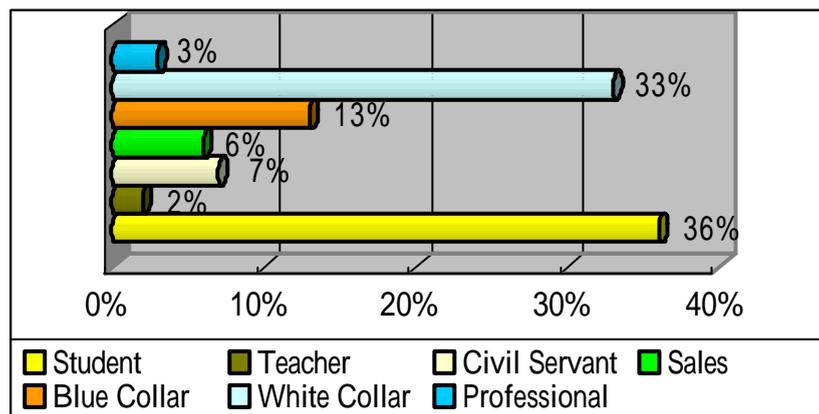
Monthly income level falls below HK$6,000 (34%) and between

HK$6,000-HK$9,999 (31%) represent two-third of the total respondents

(Figure 9).

Figure 9 Monthly income level of the respondents
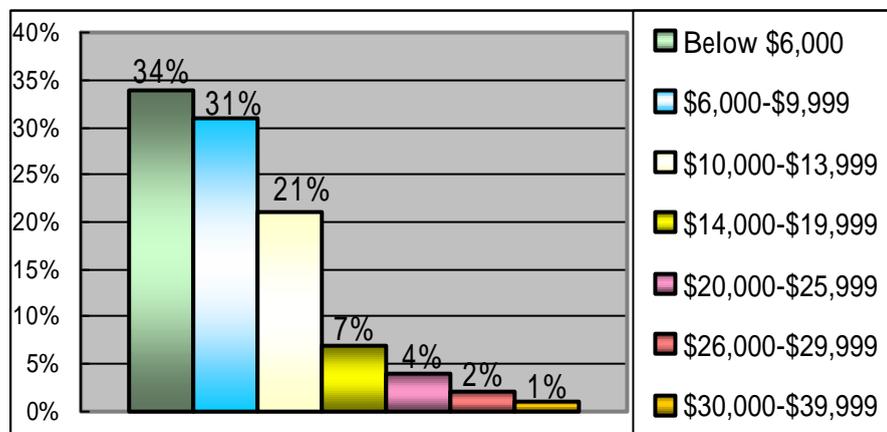
4.2 General Findings of Web Auction Industry

Although majority (92%) of respondents has heard about the online auction, only 39% of them have browsed the online auction web sites. For those who have browsed the online auction web site, 78% and 72% have browsed "red-dots.com" and "go2hk.com" respectively. The reasons for not browsed the online auction web sites are mainly due to the reliability problem (52%) and respondents' own interests (41%) (Figure 11).

From the survey, it is found that Internet (76%) is the main channel for the respondents to know the online auction. Followings are television and newspaper, both shares 55% of the total respondents (Figure10).

Figure 10 Advertising channels for respondents to know the online auction
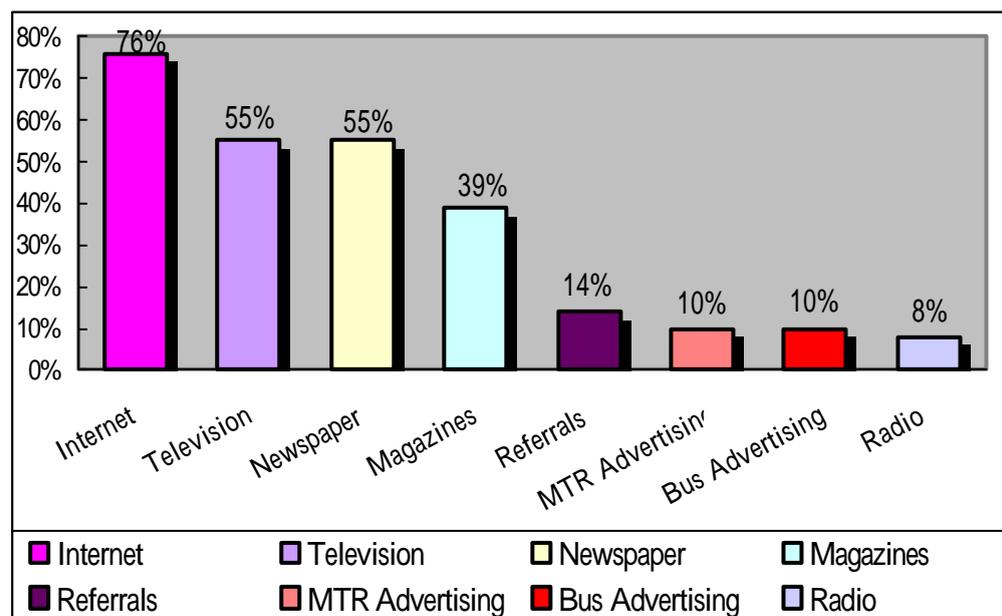
Figure 11 Composition of general findings of web auction industry

Aware of online auction or not?

No (8%)   Yes (92%)

Browsed online auction websites or not?

No (61%)   Yes (39%)

Reasons for not browsed

Web auction homepages that have been browsed

Not reliable **(52%)**

No interest **(41%)**

No free time **(23%)**

Unfamiliar with the web sites **(11%)**

www.red-dots.com **(78%)**

www.go2hk.com **(72%)**

hk.auction.yahoo.com **(53%)**

www.ebuy.com.hk **(11%)**

www.iauction-hk.com **(6%)**

www.clubciti.com.hk **(3%)**
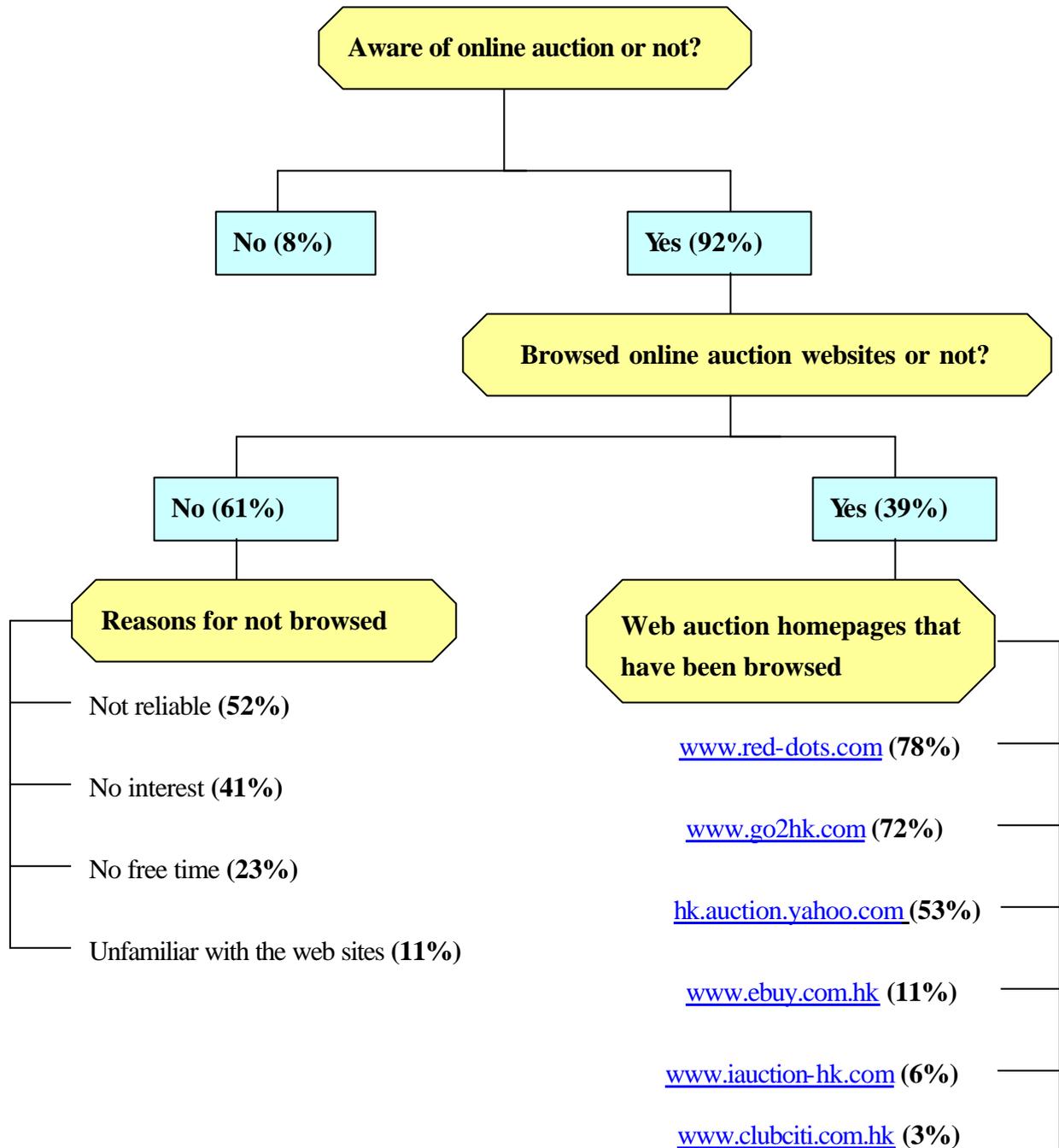
4.3 Comparison of the Findings between Sellers and Bidders

4.3.1 Number of Sellers and Bidders

According to the respondents who have browsed the homepages of web auction, there are 12 of them have posted products on the websites for selling. Moreover, there are 28 of the respondents have bidden the items through web auctions (Figure 12). The result indicates that the number of bidders is more than twice of the number of sellers. This is explaining that respondents who have browsed the homepages of web auction are more willing to bid the existing products, rather than post any product actively.

Figure 12 Number of Respondents who are sellers and bidders
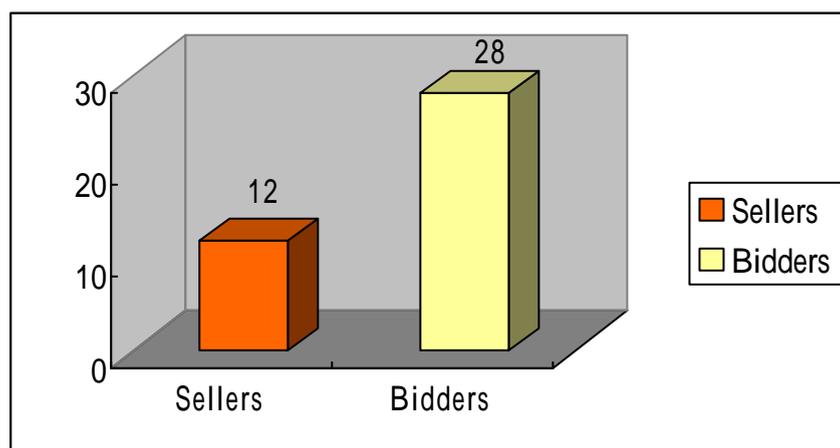
4.3.2 Products that have been posted or bid for sellers and bidders

As shown in the Figure 13, there are the frequencies of the sellers and bidders

who have posted or have bid the products of categories through web auction.

The most popular products in the eyes of both sellers and bidders seem to be

"Computers & Accessories", and "Telecom Products". However, there are

two types of products that respondents have not posted or bid, they are "Toys,

Gift & Novelties", and "Food & Wine".

For the sellers, they have not posted the following three types of categories: 1)

"Fashions", 2) "Movie & Music" and 3) "Electrical & Home Appliance". For

the bidders, they have not tried to bid the "Food & Wine", and "Books &

Comics".

Figure 13 Products that have been posted or bid

	Computers & Accessories	Electrical & Home Appliance	Movie & Music	Telecom Products	Collectables	Food & Wine	Books & Comecs	Fashion	Toys, Gift & Novelties	AV Products & Photo Equipment	Miscellaneous
Bidders	16	6	4	14	4	0	0	2	0	6	6
Sellers	8	0	0	10	2	0	2	0	0	2	4
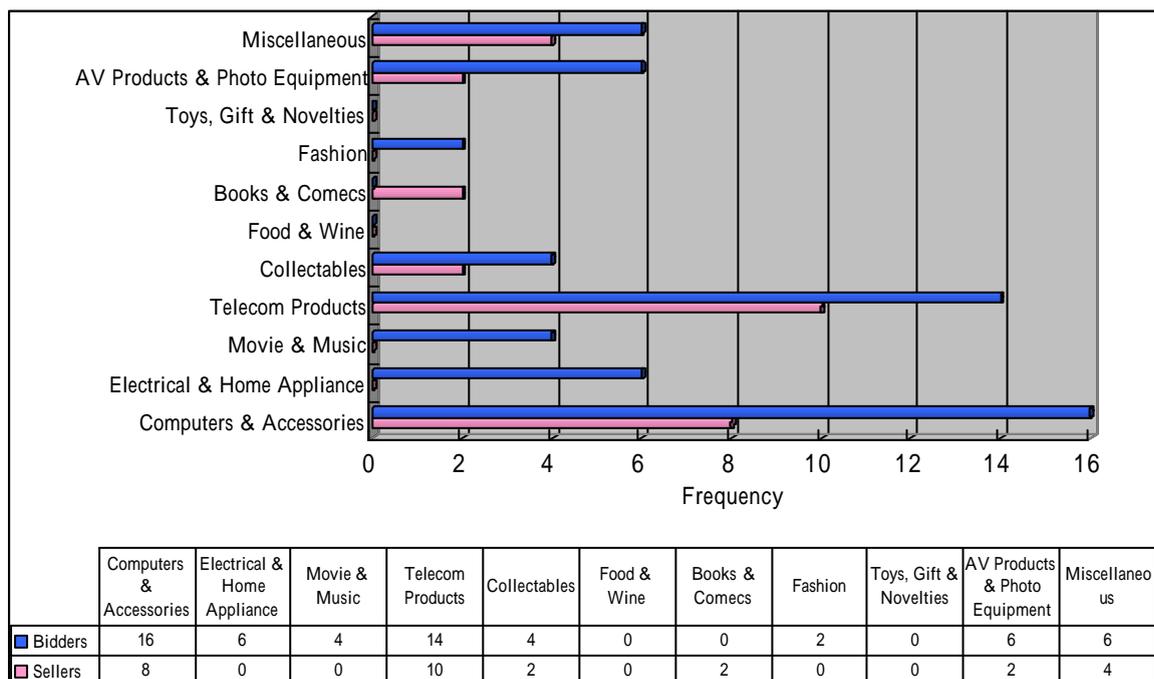
4.3.3 Websites that sellers and bidders used for web auction

According to the Figure 14, it shows that the sellers only use three homepages for selling their products, they are red-dots (6), go2hk (4) and yahoo (2). On the other hand, red-dots and go2hk have the same frequency (12) for the bidders who have bid through those web sites. And also, the third frequency of the bidders used for bidding is yahoo (10). It implies that red-dots, go2hk, and yahoo seem to be the most three popular web auction companies among the other local companies.

Figure 14 Websites that sellers and bidders used for web auction
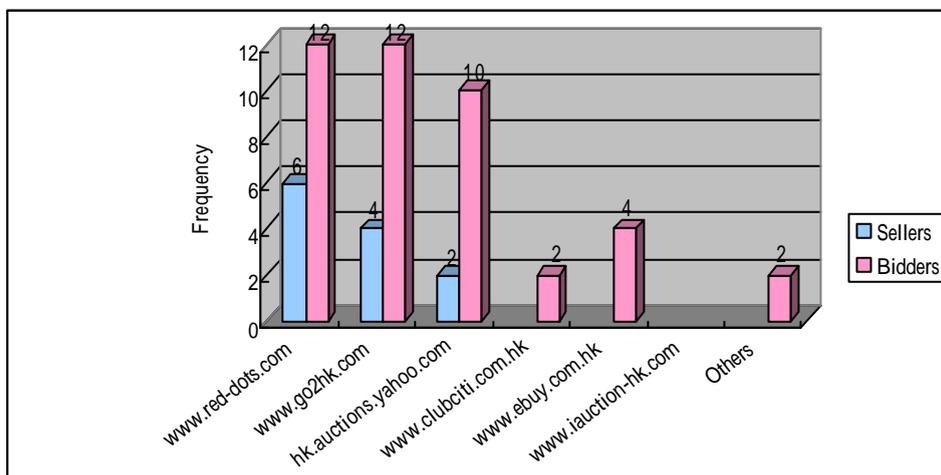
4.3.4 The frequency of sellers and bidders have posted or bid and success rate

Figure 15 The frequency of sellers and bidders have posted or bid and success rate
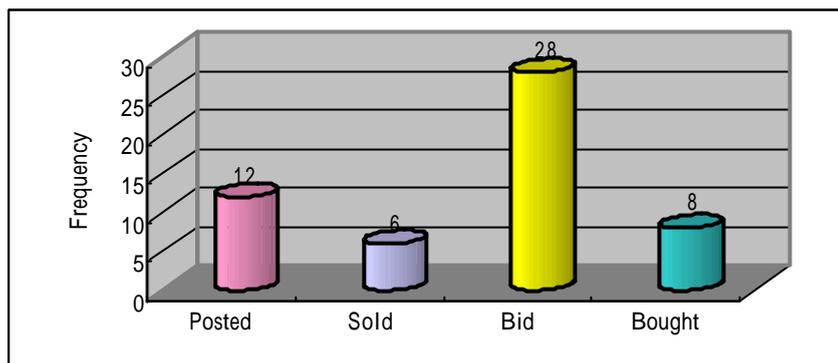
There are 12 of the respondents have posted items for bidding in web auction. Among the respondents, half of them could sell their products successfully.   In addition, there are 28 bidders have bid the items in web auction site, among there have 8 of them have successfully bought the items. The success rate for sellers is 50%, while for bidders is 29%.

4.3.5 Product Categories that have been sold and bought successfully

Figure 16 Product categories that have been sold and bought successfully
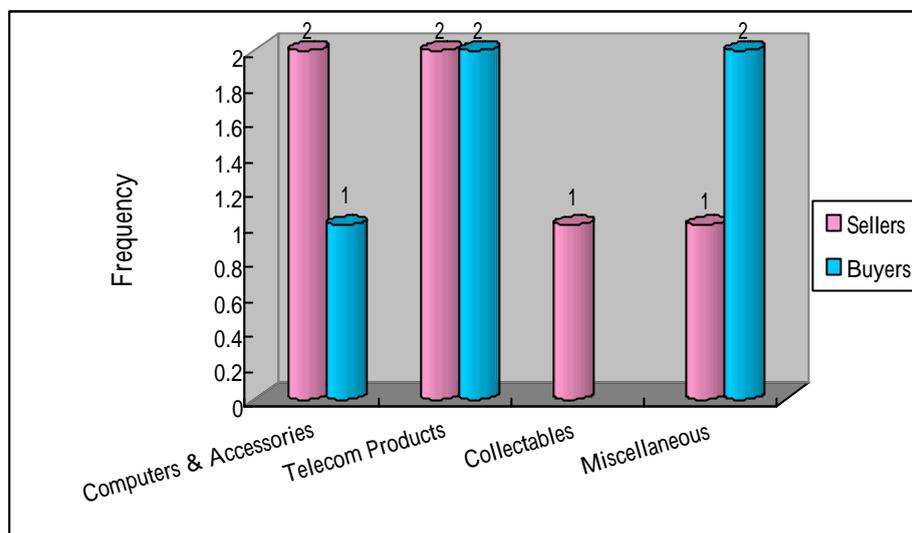
In the Figure 16, there are the frequencies of the sellers and buyers who have sold and have bought the types of products successfully through web auction. The sellers have sold the "Computer & Accessories" (2), "Telecom Products" (2), "Collectable" (1) and "Miscellaneous" (1) through web auction. The bidders have bid and bought the following items successfully: "Computer & Accessories" (1), "Telecom Products" (2) and "Miscellaneous" (2).

4.3.6 Websites that sellers and bidders sold and bought successfully

Figure 17 Websites that sellers and bidders sold and bought successfully
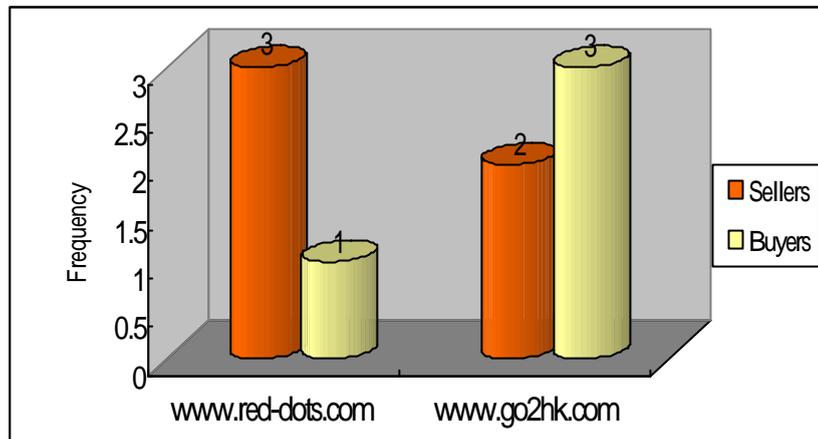
There are three sellers sold the items in red-dots and two sellers sold the items via go2hk successfully. Moreover, there are one buyer who had bought the items in red-dots and three buyers had bid and bought the item successfully in go2hk (Figure 17).

4.3.7 Reasons for not sold or bid product successfully

Figure 18 Reasons for not sold or bid products successfully
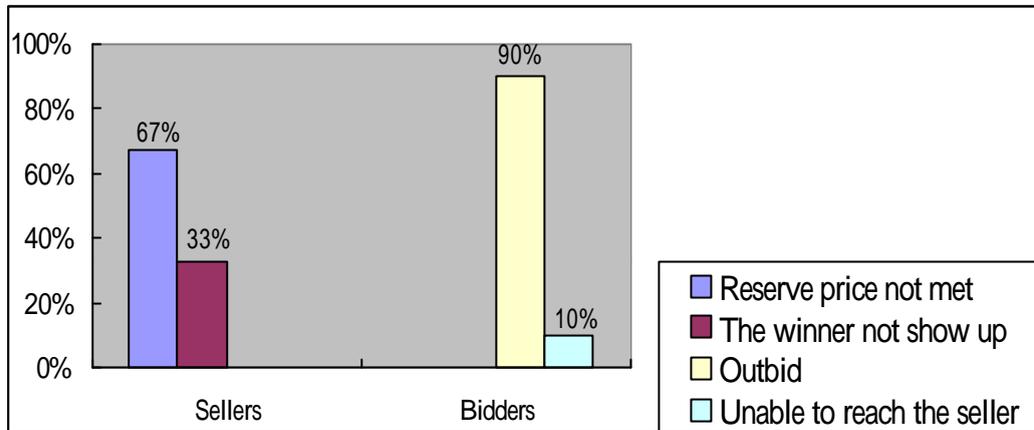
It is found that not meeting the reserve price offered by sellers is the main reason for the sellers cannot sell the products successfully (67%). On the other hand, bidders who fail to buy the products are greatly because other bidders offer a higher price for that product (90%).

4.4 Important Criteria of Web Auction

4.4.1 Factor Analysis

Table 3 Rotated Factor Matrix for Criteria

Factors / Criteria	Factor I (Operation Policy)	Factor II (Payment and Customers Responsiveness)	Factor III (Bidding Environment)	Factor IV (Homepage and Server Attributes)	Factor V (Product and Local Language)
1. User Agreement	**.621**	.162	-.041	-.072	.042
2. Outage Policy	**.627**	.084	-.080	.145	.093
3. Security	**.538**	.034	.010	.228	.021
4. Privacy	**.559**	.443	.138	.011	-.232
5. Responsiveness to Members' Needs	.194	**.586**	-.039	.268	-.045
6. Regular Meetings with Members	.067	**.528**	.471	-.034	.317
7. Method of Payment	.090	**.731**	.024	-.045	-.029
8. Service Charge	-.134	**.722**	-.172	.092	.331
9. Outbid Notice	.043	-.167	**.794**	-.071	.162
10. Auto-bidder	-.102	.087	**.769**	-.048	-.147
11. Bidding Atmosphere	-.510	.124	**.504**	.297	-.091
12. Speed of Server	.103	.108	-.031	**.590**	.070
13. Homepage Design	.127	-.032	.098	**.777**	.071
14. User Friendly	.300	.217	.041	**.606**	-.041
15. Number of Items	.276	.323	-.396	-.020	**.510**
16. Innovative Ideas	-.174	-.058	.066	.477	**.511**
17. Chinese Version	.098	.013	.190	.190	**.747**

In Question 22, there are twenty-two criteria for interviewees to rate the level of importance when choosing a web auction company. To reduce the number of variables by eliminating redundancy, "Factor Analysis" is used to identify underlying dimensions in the data. Criteria that have loading below 0.5 are eliminated [Aaker and Day 1990]. After elimination, seventeen remaining criteria are grouped into five factors, they are 1) Operation Policy; 2) Payment and Customer Responsiveness; 3) Bidding Environment; 4) Homepage and Server Attributes and 5) Product and Local Language.

4.4.2 Mean scores

**Table 4 Mean scores and ANOVA results of criteria between non-users,
sellers and bidders**

Factors \ Criteria	Mean Scores of Factors	Mean Scores of Non-users	Mean Scores of Sellers	Mean Scores of Bidders	ANOVA Significant Level	F-value
Factor I: Operation Policy	**4.23**					
1. User Agreement		3.68	3.17	3.71	N.S.	.802
2. Outage Policy		3.79	3.83	3.86	.000***	6.732
3. Security		**4.70**	**4.83**	**4.71**	.000***	9.107
4. Privacy		**4.64**	**4.83**	**4.64**	.000***	6.336
Factor II: Payment and Customers Responsiveness	3.64					
5. Responsiveness to Members' Needs		3.95	4.00	3.71	.005***	3.886
6. Regular Meeting with Members		2.29	2.00	1.93	.028**	2.793
7. Method of Payment		4.16	3.83	4.14	.031**	2.720
8. Service Charge		4.36	3.67	4.36	N.S.	1.629
Factor III: Bidding Environment	3.60					
9. Outbid Notice		3.81	3.50	3.86	.043**	2.517
10. Auto-bidder		3.32	3.33	3.36	.077*	2.143
11. Bidding Atmosphere		3.43	3.33	3.79	N.S.	.437
Factor IV: Design and Operation	4.22					
12. Speed of Server		**4.59**	4.15	4.43	.011**	3.358
13. Homepage Design		3.89	**4.17**	**4.50**	N.S.	1.264
14. User Friendly		4.20	3.67	4.29	.069*	2.216
Factor V: Product and Local Language	3.59					
15. Number of Items		3.27	3.17	3.36	N.S.	1.142
16. Innovation Ideas		3.90	3.33	3.86	N.S.	1.172
17. Chinese Version		3.59	3.33	3.71	N.S.	1.605

*For mean scores, 1 = least important, through to 5 = most important (i.e. higher value of the mean, greater
the importance).

*Mean is rounded to 2 decimal places.

***P .01 = highly statistically significant

**P .05 = statistically significant

*P .1 = marginally statistically significant

N.S. = Not Significant

In Table 4, the mean scores of criteria importance in term of non-users, sellers and bidders are shown. "Security" and "Privacy" are the two most important criteria in the views of respondents when choosing a web auction company. Both criteria belong to Factor I. Interestingly, these two criteria are related to e-business, rather than online auction industry. It is also found that these two criteria have highly statistically significant relationship with non-users and users. Furthermore, there are different opinions between the users and non-users. Apart from "Security" and "Privacy", both sellers and bidders rate "Homepage Design" as third important criterion. For the non-users, however, the third important criterion is "Speed of Server". In the column of "Mean Scores of Factors" in Table 4, it is shown that "Factor I" has the highest mean score (4.23) among the five factors.

In addition, it is found that "Outage Policy" and "Responsiveness to Members' Needs" are two criteria that have highly statistically significant with the web auction users and non-users. Other criteria that shown statistically significant include "Regular Meeting with Members", "Method of Payment", "Outbid Notice", and "Speed of Server".

4.4.3 The relationship between criteria and demographic factors

Table 5 ANOVA Results -- relationship between criteria and demographic factors

Criteria	Gender	Age	Education Level	Occupation	Monthly Income
Factor I: Operation Policy					
1. User Agreement	N.S.	N.S.	N.S.	N.S.	N.S.
2. Outage Policy	.045**	.021**	.000***	.012**	.012**
3. Security	.023**	.004***	.095*	.000***	.013**
4. Privacy	N.S.	.013**	N.S.	N.S.	.034**
Factor II: Payment and Customers Responsiveness					
5. Responsiveness to Members' Needs	N.S.	.008***	N.S.	.001***	.019**
6. Regular Meeting with Members	N.S.	N.S.	N.S.	N.S.	N.S.
7. Method of Payment	.014**	.001***	N.S.	.009***	.000***
8. Service Charge	N.S.	.000***	.047**	N.S.	.005***
Factor III: Bidding Environment					
9. Outbid Notice	N.S.	N.S.	.085*	.002***	N.S.
10. Auto-bidder	.080*	.098*	.003***	N.S.	.014**
11. Bidding Atmosphere	N.S.	.006***	N.S.	N.S.	.001***
Factor IV: Design and Operation					
12. Speed of Server	N.S.	N.S.	N.S.	N.S.	N.S.
13. Homepage Design	.006***	.001***	.001***	N.S.	.000***
14. User Friendly	N.S.	.097*	N.S.	N.S.	.092*
Factor V: Product and Local Language					
15. Number of Items	N.S.	.057*	.079*	N.S.	.000***
16. Innovation Ideas	N.S.	N.S.	.000***	N.S.	N.S.
17. Chinese Version	.027**	N.S.	N.S.	.017**	.039**

*** $P \leq .01$ = highly statistically significant

** $P \leq .05$ = statistically significant

* $P \leq .1$ = marginally statistically significant

N.S. = Not Significant

The relationship between criteria and demographic factors is tested by ANOVA

(Table 5). The result showed that there is significant relationship between

demographic factors and most of the criteria. This is explaining that the level

of monthly income would greatly affect the perceived level of importance

towards those criteria when respondents choosing a web auction company.

Additionally, the highest mean criterion, "Security", has highly statistically significant with age and occupation, statistically significant with gender and monthly income, and marginally statistically significant with education level. It implies that different demographic groups have different perception about the importance of "Security" when choosing a web auction company. The third important criterion in the eyes of user, "Homepage Design", has highly statistically significant with all demographic groups except occupation.

4.5 Preferable Products of Web Auction

4.5.1 Mean scores

Table 6 Mean scores and ANOVA results of preferable products between non-users, sellers and bidders.

Products	Mean Scores of Non-users	Mean Scores of Sellers	Mean Scores of Bidders	ANOVA Significant Level	F-value
1. Computers & Accessories	**3.54**	3.17	**3.43**	N.S.	.113
2. Electrical & Home Appliance	3.48	**3.33**	3.21	N.S.	1.243
3. AV Products & Photo Equipment	**3.63**	**3.67**	**4.00**	N.S.	10666
4. Telecom Products	**3.80**	**3.50**	**4.00**	.098*	1.989
5. Fashion	3.12	2.33	2.21	.003***	4.266
6. Collectable	3.10	2.50	3.29	N.S.	1.723
7. Food & Wine	2.14	2.33	2.14	.079*	2.133
8. Books & Comics	3.11	2.67	2.79	.019**	3.025
9. Toys, Gift & Novelties	3.07	2.33	3.14	.024**	2.881
10. Miscellaneous	2.81	2.50	3.07	N.S.	1.823

For mean score, 1 = least preferable, through to 5 = most preferable (i.e. larger the mean, greater the preference).

Mean is rounded to 2 decimal places.

***P .01 = highly statistically significant

**P .05 = statistically significant

*P .1 = marginally statistically significant

N.S. = Not Significant

In Question 23, "Likert Scale" is used to rate the level of preference of respondents about the products that they are likely to post or bid through web auction. Obviously, as shown in Table 6, "AV Products & Photo Equipment" and "Telecom Products" are the two most preferable products that both sellers and bidders are likely to post or bid through web auction. The implication is that the preference of sellers matches with that of bidders. However, it seems

that "Electrical & Home Appliance" is the third preferable product in the eyes

of sellers (with mean score 3.33). For the bidders, on the other hand, the

mean score of "Computer & Accessories" is 3.43, which is rated as the third

preferable product.

Among the top four preferable products ("Computers & Accessories",

"Electrical & Home Appliance", "AV Products & Photo Equipment", "Telecom

Products"), only "Telecom Products" has marginally statistically significant

with non-users, sellers and bidders. Besides, the only product that had highly

statistically significant is "Fashion".

4.5.2 The relationship between preferable products and demographic

factors

Table 7 ANOVA Results -- Relationship between preferable products and demographic factors

Products	Gender	Age	Education Level	Occupation	Monthly Income
1. Computers & Accessories	.018**	N.S.	.015**	.000***	.001***
2. Electrical & Home Appliance	.018**	.029**	.001***	.086*	.001***
3. AV Products & Photo Equipment	.004***	.000***	.000***	.000***	.000***
4. Telecom Products	N.S.	N.S.	.016**	.000***	.006***
5. Fashion	.013**	N.S.	N.S.	N.S.	N.S.
6. Collectable	N.S.	N.S.	.074*	N.S.	.000***
7. Food & Wine	N.S.	N.S.	.072*	N.S.	N.S.
8. Books & Comics	N.S.	N.S.	N.S.	.010***	N.S.
9. Toys, Gift & Novelties	N.S.	N.S.	N.S.	.002***	.083*
10. Miscellaneous	.011**	.015**	.017**	N.S.	.000***

*** P . 01 = highly statistically significant

** P . 05 = statistically significant

* P . 1 = marginally statistically significant

N.S. = Not Significant

According to Table 7, "AV Product & Photo Equipment" has highly statistically significant relationship with all demographic factors. Moreover, education level, occupation and monthly income have highly statistically significant difference with the three highest means of preferable products in term of non-users and bidders, which are "Telecom Product", "AV Products & Photo Equipment", and "Computers & Accessories".

4.6 Effective Media Channels for Promoting Web Auction

4.6.1 Mean scores

Table 8 Mean scores and ANOVA results of media channels between non-users, sellers and bidders

Media Channels	Mean Scores of Non-users	Mean Scores of Sellers	Mean Scores of Bidders	ANOVA Significant Level	F-ratio
1. Television	**4.34**	3.00	3.70	.014**	3.212
2. Magazine	**3.98**	**3.67**	**4.07**	N.S.	1.268
3. Internet Advertising	3.63	**3.50**	**3.71**	.004***	4.046
4. Bus	2.91	2.50	2.71	.024**	2.882
5. MTR	3.16	2.83	3.07	.028**	2.792
6. Word-of-mouth	**3.77**	**3.33**	**3.79**	N.S.	.069
7. Radio	2.88	2.17	2.36	.081*	2.114
8. Newspaper	3.41	2.83	3.21	.052*	2.402

For mean score, 1 = least effective, through to 5 = most effective (i.e. larger the mean, greater the effectiveness).

Mean is rounded to 2 decimal places.

***P .01 = highly statistically significant

**P .05 = statistically significant

*P .1 = marginally statistically significant

N.S. = Not Significant

In Question 24, interviewees were asked to rate the level of effectiveness for promoting web auction towards the media channels shown in Table 8. Interestingly, there are consistent viewpoints of sellers and bidders. "Magazine", "Internet Advertising", and "Word-of-mouth" receive the three most highest means among all media channels in the eyes of both sellers and bidders. It implies that, from the side of users, these three are the most effective media channels for promoting web auction. On the other hand, there are different viewpoints between users and non-users. Non-users rate

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"Television" as the most effective media channel for promoting web auction (with mean score of 4.34). From the users' viewpoints, however, "Television" is excluded from the top three effective channels. It indicates that non-users much prefer traditional channels, like television, while advanced media channels, like Internet advertising, are much preferred by the web auction users. To attract the potential users, traditional channels, like television and magazine, can be used extensively.

In Table 8, the significant level between media channels and users and non-users are shown. It is found the "Internet Advertising" has highly statistically significant. Besides, the channels that had statistically significant are "Television", "Bus" and "MTR".

4.6.2 The relationship between media channels and demographic factors

Table 9 ANOVA Results -- Relationship between media channels and demographic factors

Media Channels	Gender	Age	Education Level	Occupation	Monthly Income
1. Television	N.S.	.001***	.001***	.095*	.007***
2. Magazine	N.S.	N.S.	.025**	.044**	N.S.
3. Internet Advertising	N.S.	.002***	.092*	.010***	.001***
4. Bus	N.S.	.036**	.069*	.050**	.004***
5. MTR	N.S.	.027**	.019**	N.S.	.035**
6. Word-of-mouth	N.S.	.029**	N.S.	.066*	N.S.
7. Radio	.010***	N.S.	.035**	.002***	.014**
8. Newspaper	N.S.	.047**	N.S.	N.S.	N.S.

***P . 01 = highly statistically significant

**P . 05 = statistically significant

*P . 1 = marginally statistically significant

N.S. = Not Significant

The relationship between media channels and demographic factor is tested by ANOVA and shown in Table 9. It is shown that the effectiveness of television for promoting web auction has highly statistically significant difference with age, education level, and monthly income. Besides, except magazine and radio, age group has statistically significant relationship with all remaining media channels.

4.7 Demographic Factors and respondents who have browsed go2hk

4.7.1 Demographic summaries of the respondents who have browsed go2hk

Table 10 The summaries of the demographic characteristics of go2hk browsers

Demographic Factors	Frequency and Percentage
Gender	
Male	**34 (65%)**
Female	18 (35%)
Age Group	
16-20	6 (12%)
21-25	12 (23%)
26-30	**22 (42%)**
31-35	6 (12%)
36-40	4 (7%)
41-45	2 (4%)
Education Level	
Primary School	2 (4%)
Secondary School	12 (23%)
Tertiary or University	**32 (62%)**
Master or above	6 (11%)
Occupation	
Student	8 (15%)
Teacher	2 (4%)
Civil Servant	4 (8%)
Sales	8 (15%)
Blue Collar	6 (12%)
White Collar	**22 (42%)**
Professional	2 (4%)
Monthly Income Level	
Below $6,000	8 (15%)
$6,000 - $9,999	**22 (42%)**
$10,000 - $13,999	10 (19%)
$14,000 - $19,999	4 (8%)
$20,000 - $25,999	4 (8%)
$26,000 - $29,999	2 (4%)
$30,000 - $39,999	2 (4%)

In sum up, most of the go2hk browsers are male (65%) and about half of them are aged 26-30 (42%). Their educational levels have often attained the tertiary or university (62%). Besides, there are around half of them (42%) are white collar and earn $6,000-$9,999 per month simultaneously (Table 10).

4.7.2 The relationship between the respondents who have browsed go2hk and demographic factors

Table 11 T-test Results -- Relationship between the respondents who have browsed go2hk and demographic factors

Demographic Factors	T-test	
	t-value	Significant Level
Gender	-1.253	N.S.
Age Group	2.134	.034**
Education Level	1.624	N.S.
Occupation	2.854	.005***
Monthly Income Level	3.356	.001***

***P . 01 = highly statistically significant

**P . 05 = statistically significant

N.S. = Not Significant

As shown in the Table 11, the relationship between demographic factors and respondents who have browsed the website of go2hk is tested by t-test. The result shows that the "Age Group", "Occupation" and "Monthly Income Level" have statistically significant relationship with the GO2HK browsers.

4.7.3 The relationship between criteria and browsers and non-browsers

of go2hk

The relationship between important criteria and browsers and non-browsers of

go2hk is tested by t-test (Table 12). The result showed that there is only a

criterion of "Service Charge" has statistically significant difference between the

respondents with and without browsing go2hk. It indicates that the two

groups of people perceived different with the service charge of web auction

company.

Table 12 T-test Results -- Criteria between browsers and non-browsers of go2hk

Criteria	T-test	
	t-value	Significant Level
Factor I: Operation Policy		
1. User Agreement	-.780	N.S.
2. Outag8e Policy	.268	N.S.
3. Security	.311	N.S.
4. Privacy	1.220	N.S.
Factor II: Payment and Customers Responsiveness		
5. Responsiveness to Members' Needs	-1.176	N.S.
6. Regular Meeting with Members	.987	N.S.
7. Method of Payment	-1.369	N.S.
8. Service Charge	-2.070	.040**
Factor III: Bidding Environment		
9. Outbid Notice	1.573	N.S.
10. Auto-bidder	1.157	N.S.
11. Bidding Atmosphere	.594	N.S.
Factor IV: Design and Operation		
12. Speed of Server	-.617	N.S.
13. Homepage Design	.915	N.S.
14. User Friendly	-1.306	N.S.
Factor V: Product and Local Language		
15. Number of Items	-.370	N.S.
16. Innovation Ideas	-.902	N.S.
17. Chinese Version	1.683	.094*

**P . 05 = statistically significant

*P . 1 = marginally statistically significant

N.S. = Not Significant

4.7.4 The relationship between product categories and browsers and non-browsers of go2hk

As shown in the Table 13, there is the relationship between browsers of go2hk and product categories by t-test. It is showed that the product category of "Fashion" has highly statistically significant between the two groups of respondents. It implies that the browsers and non-browsers of go2hk have different preference level of the "Fashion" category.

Table 13 T-test Results -- Products between browsers and non-browsers of go2hk

Products	T-Test	
	t-value	Significant Level
1. Computer & Accessories	-.511	N.S.
2. Electrical & Home Appliance	-.762	N.S.
3. AV Products &Photo Equipment	1.257	N.S.
4. Telecom Products	.135	N.S.
5. Fashion	-4.323	.000***
6. Collectable	-1.201	N.S.
7. Food & Wine	.853	N.S.
8. Books & Comics	-.336	N.S.
9. Toys, Gift & Novelties	1.586	N.S.
10. Miscellaneous	-.144	N.S.

***P . 01 = highly statistically significant

N.S. = Not Significant

5 Conclusions and Discussion

5.1 Conclusions

At the current stage, though many Internet users are aware of the term of "online auction", not many of them have tried to browse those websites. The reasons are not only due to the Internet users' own interests, but also the reliability and security of web auction. Matching with the above reason, "Security" receives the highest mean score in the eyes of non-users, sellers and bidders. It means that "Security" is the most important criterion in choosing a web auction company.

Among the six main local web auction companies, the most aware web auction companies are red-dots and go2hk. Additionally, they are also the most popular web auction companies for users to post or bid products online. To focus on go2hk, browsers, most of them are males, white collars; with age group 26-30, tertiary or university education level and with monthly income of $6,000-$9,999.

Both sellers and bidders prefer to post or bid the product of categories of "AV Product & Photo Equipment" and "Telecom Products" through web auction.

It reflects that types of products supplied by sellers match the demand of bidders.

Additionally, both sellers and bidders rate the top three effective media channels for promoting web auction are "Magazine", "Internet Advertising", and "Word-of-mouth". There are different viewpoints between users and non-users. For the non-users, "Television" is the most effective media channel. The implication is that non-users much prefer traditional channels like television and magazines, while advanced media channels, like Internet advertising are much preferred by web auction users. To match with the preference of non-users, traditional channels can be used to attract the potential users of online auction.

When compared with the number of sellers and bidders, it is found that web auction members are more willing to bid the existing products, rather than post any product actively. Generally speaking, the pool of bidders is much larger than that of sellers. However, the rate of sellers to sell products successfully is larger than the successful rate of bidders to buy product. The critical reason is that there is more than one bidder to compete with one product. In this

situation, only one bidder who offers the highest price can buy the product

successfully. On the other hand, the reason for sellers cannot sell the products

successfully is mainly due to the bidding price cannot meet with the reserve

price.

5.2 Discussion

5.2.1 Recommendations

5.2.1.1 Product

➢ **User-friendly Website**

A user-friendly website is important for users, it is necessary for go2hk to ensure its users to browse, sell and bid easily and smoothly. To sustain the users' interests, interactivity and attractiveness of the website of go2hk should be improved continuously. For example, users would appreciate the use of multimedia graphics, animation relevant content and updated hyperlinks.

It is suggested that go2hk should have different colors or designs of the platform, since most of the users often revisit for bidding or searching for interested items. If changing the platform color or adding some animation periodically, it can give the users a fresh feeling, and led to increase retention and repeat visits.

➢ **Value-added Activities**

Creating more value-added activities could increase the attractiveness of the homepage.   Go2hk should provide an online chat room and message board for

its members, as a channel for expressing and exchanging the experience of web auction. Moreover, it is suggested that to provide online interactive games for its members.

➤ *Products Selling on "Day of Special Offer"*

"Day of Special Offer" aims to attract potential users to browse and bid through the website of go2hk. It is important that the interests of the potential users can be raised by product categories. Based on the findings of preferable products of web auction, it is recommended that the company should post more products, like "Telecom Products", "AV products & Photo Equipment" or "Computer & Accessories", in order to increase the interests of the members to participate in the bidding process. And thus, the excitation of biding atmosphere can be enhanced.

➤ *"Events Special"*

It is similar to "Day of Special Offer", but it is held when special events day, such as Mother's and Father's Day and Christmas. Go2hk could provide the relevant products for bidding.

5.2.1.2 Pricing

➢ Remaining the existing price strategy

As most of the respondents often concern about the service charge, it is suggested that go2hk should maintain its current pricing strategy. That is, no service charges for both sellers and bidders.

5.2.1.3 Distribution

➢ Security and Trust Issues

The major barriers of the uptake of e-commerce in Hong Kong are concerning about the security problem, whether online retailers are trustworthy and fulfilling what they have promised in its website. According to the findings, security of the web auction is the most important criterion. Thus, go2hk should focus on this aspect. Firstly, they should have a well-security system for the website such as using Security Socket Layer (SSL). It provides the function of keeping secret and distinction the users' identification. Moreover, it is a good idea for go2hk to inform its members about this well-security system and promote that its webite is security enough for data transaction.

Additionally, go2hk should establish its brand name so that anything sold or

posted by the company is perceived as credible. It is proposed that it should join the public certification authority (CA), which aims to achieve a trust standard and adopt a common and open interface. It can provide an identity of parties in e-commerce by issuing digital certificates. Apart from the local CA, go2hk could consider to join international web-based schemes such as Better Business Bureau and Safe Shopping label, in order to gain immediate acceptance and reliability.

> *Speed of Server*

In this few months, the number of go2hk's members has increased rapidly. It means that more and more Internet users are going to browse it, and deciding to become the sellers or bidders. However, large number of people using the website will slow down the speed of server. According to this research, speed of server is an important criterion for Internet users when choosing a web auction company. Hence, the company should invest more capital on enhancing the speed of server, to provide a stable and reliable of server to carry users.

5.2.1.4 Promotion

➢ *Putting more efforts on traditional channels for non-users*

In the growth stage of web auction industry, it must attract more people to recognize the web auction as well as establish their brand name. From the research findings, the non-users prefer the traditional channels for promoting web auction, such as television and magazines. Thus, in order to capture more potential users and enhance the brand name, it should put more efforts on traditional media channels for promoting go2hk.

Apart from the traditional channels, there are many various exhibitions for e-commerce or information technology in Hong Kong. Go2hk should attain these activities as a channel of promotion, so that it could meet with the potential users and its members in real for establishing relationship.

➢ *Emphasize on Internet advertising for users*

From the findings, it pointed out that users ranked the level of effectiveness of Internet advertising is higher than that of non-users. It indicates that the web auction users are more aware of the Internet advertising. Thus, go2hk should emphasize on the Internet advertising for the current users as target audience.

In conclusion, go2hk should put more efforts on the marketing strategy, in order to establish a well-known brand name and improve its products and distribution facilities for the purpose of retaining and attracting users. Nevertheless, it should often respond to environmental changes and to pursue the competitive situation among other rivals.

5.2.2 Limitations

In the whole research, there are several limitations have been encountered.

5.2.2.1 Population Size

Due to the limited time and manpower constraint, there are only 200 respondents interviewed. The sample size was too small, so that the results could not be the representative of all Internet users.

5.2.2.2 Sampling Design

A second limitation of this study is the convenience sampling. We have used the mall intercepts in computer center, we asked for volunteers in this research study and use those who come forward. Convenience samples are called accidental samples because those composing the sample enter by "accident"-they, just happen to be where the information for the study is being collected [Churchill 1998]. Therefore, there is no way of knowing if those included are representative of all Internet users.

5.2.2.3 Bias of Timing

In order to save manpower and match our time schedule, questionnaires will be distributed at Golden Computer Center and Mongkok Computer Center during one period, that is, from 17:00 to 19:00. It might ignore other Internet users at the rest of time.

5.2.2.4 Lack of Secondary Sources

Web auction industry is at a growth stage and the development of web auction is growing quickly in Hong Kong. There are lacks of secondary information how to develop marketing strategy on Internet and the data about web auction industry. Mostly, we collected the data of web auction from newspapers and magazines, however, these data are not reliable. Limited secondary information will impede our procedure and waste our time to collect the information from other sources such as observing the operation of web auction companies by visit their web sites.

5.2.2.5 Data Quality

Since the questionnaires have eight pages long and were done by mall intercepts, this may caused the respondents felt annoyed or unwilling to think

the questions seriously.

It generated effect on the results of the importance criteria of choosing a web auction company (Question 22). There are many criteria for the respondents to rate the important criteria of choosing web auction company, the respondents may perceive that those are similar. Sometimes, they may rate the criterion that they may not know the meanings, as they are in hurry or would not like to spend t8oo much time for clarification of the meanings. Hence, these biased answers may not reflect the real attitude of the respondents when choosing a web auction company.

5.2.2.6 Changing Current Marketing Strategy of GO2HK

The e-business is developing promptly, companies need to change and adjust their strategies to catch up with the keen competition. Some of the information is outdated after we have done an interview of go2hk. It is difficult for us to propose an updated marketing strategy for it.

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Appendix A - Questions for Focus Group Interview

1) How do you know the online auction?

2) Do you know any web site for web auction?

3) What are the reasons of not browsing the web auction?

4) Why did you can not buy the product?

5) What criteria do you think is important for web auction?

6) What types of products would you prefer most?

7) Which media channels are effective for web auction?

Appendix B – Covering Letter to GO2HK

<div align="right">
Chan Kit Ming Cammy

Tam Shuk Man Sophia

Final Year Students-BBA (MKT)

Lingnan University

Supervised by Dr. Patrick Poon

Mobile: 9253 3159
</div>

Date: 17 November, 1999

<div align="right">
By Fax: 2588-1322
</div>

GO2HK.COM Limited

Rm. 901, 9/F, Easey Commercial Bldg.

253-261 Hennessy Rd.

Wanchai, Hong Kong

Attn: Manager of Marketing Department

Dear Sir,

Re: Request for an Interview

We are currently final year students of Bachelor of Business Administration in Lingnan University. In partial fulfillment of the requirements set out by the University, we are required to submit a project that is of our interest. Our project title is A Proposed Marketing Mix Strategy of GO2HK.COM Limited. GO2HK has successfully entered the web auction industry even with keen competition in the local market and it seems your esteem company will has a great potential to develop in the future.

We understand that you are a very busy person but we will finely appreciate it if you would allow us to personally interview you for the project. And this project will certainly be for academic purpose only.

Enclosed are the copies of our project questionnaire for you reference. We are available for an interview anytime that is convenience to you.

Thank you very much and we look forward to hearing from you soon.

Yours faithfully,

Cammy Chan

Sophia Tam

Appendix C – Interview Questions for GO2HK

1) What are the reasons of your company named "GO2HK"?

2) What is the corporate mission and objectives?

3) How many staffs are employed?

4) How many members does your company have?

5) Who is your target customers?

6) How many of market shares your company have?

7) What is the stage of product life cycle of GO2HK?

8) What is the selling point of GO2HK?

9) What are the competitive strengths of GO2HK when compared with your competitors?

10) What are the existing promotion methods used?

11) How does GO2HK promotes the company image and encourage the Internet users try to use the web auction?

12) How much does the promotion expense cost monthly?

13) What kind of method does GO2HK adopt for educating the Internet user to trail use the web auction?

14) What are the most important criteria for the providing the web auction?

15) Will the company add any the complementary service of web auction?

16) Will GO2HK charge for the service fee or commission in the future?

17) What are the difficulties GO2HK experience in operation?

18) Which direction will GO2HK follow in the future development?

Appendix D - Current Marketing Strategy of GO2HK.COM

➢ *Product*

The items ranging from small pieces like collectibles to big-ticket items such as automobile and real estate can be bought and sold through go2hk. The company is mainly concentrated on providing two forms of selling on the site. The first method of selling called "General Sales", the items are listed by registered members of the site. The second method of selling named the "Official Auction", merchant consignors post the items for selling. However, go2hk focuses on the "General Sales" most.

Apart from that, the company thrusts out the innovative idea of "Day of Special Offer", in order to attract people to bid and browse the web site. Whether go2hk or merchant consignors provide items in the "Day of Special Offer" weekly, and all of the bidding prices are starting from ten dollars only. The "Day of Special Offer" carriers in every Thursday from 6:00 p.m. to midnight.

GO2HK has provided a few unique features that make the buyer's shopping experience smooth and simple. It provides an Outbid Notice which the systems would automatically send an email to notify the bidder if the other

bidders outbid on the item. GO2HK not only provides this function, but also provides the bidders with the Auto-Bidder feature in which users could set a maximum or (Proxy) bid. If they are outbid on an item, the Auto-Bidder will automatically raise the bidding to the next increment that not exceed the users' maximum bid.

In addition, GO2HK provides the "Confidence Index of Members" for the bidders and sellers. The company seeks to minimize any risk to users by operating a feedback system carefully. It is designed to help users for determining the reliability of others that they are dealing with. The bidders and sellers can rate and leave feedback on each other. It helps trading community, and encourages users to improve their performance.

➢ *Pricing*

All of the sellers and bidders are required to register to be a member of GO2HK, however the registration is free of charge. Furthermore, the company does not require for the listing fee or commission for a successful transaction. This is because go2hk wants to stimulate the Internet users to use its website for web auction. Since most of the users are not familiar with

using the web auction and reserve for the reliability and creditability of the sellers and company, thus go2hk adopts the first –hand transaction personally for reducing the worry.

➢ *Distribution*

Any browsers with a valid email address would register as a member of go2hk. As an added security for the company, it refuses to accept members who uses email address from any free email services or web-based email services. The company understands that this decision might discourage some prospective members to join, but it decides to do this in sole consideration of its members for security reasons.

The speed of the server of the web site is a critical factor for assessing the performance of a company. Go2hk has faced this problem recently, as more and more Internet users browse the web site.

➢ *Promotion*

The promotion strategy for go2hk is mainly on the advertising, it focuses on the Internet users and mass media. For the Internet users, the company uses the

Internet banner advertising, newspaper announcement, email and ICQ. It aims to promote the brand image and motivate the Internet users using web auction through go2hk.

For the mass media, the promotion objectives are to increase the awareness and reputation of go2hk. It focuses on that the company has many members and items for selling and bidding, regardless of the company is a small scale firm. It has used the TV advertisement of Cable TV, escalator board in MTR and buses as a medium.

GO2HK not only emphasizes on the advertising, but also using personal selling to deal with the company's customers (business firms). GO2HK seeks for other business customers to sponsor the items in "Day of Special Offer" and participate in Official Auction and also the companies that desire to advertise on the web of go2hk.

In addition, go2hk has used the public relation in order to enhance the company brand name. The company has operated with some charity organizations to hold the charity auction online. It can enhance the brand name and awareness

of public. Furthermore, the interviews by press are also a type of public

relations.

Appendix E - Questionnaire

Questionnaire of Web Auction

We are the year 3 students studying in Lingnan University. We are conducting a survey on Hong Kong web auction industry. Therefore, we want to seek your valuable opinion. All the information collected would be kept in strict confidence.

Part I. For Web Auction Industry

1) Are you aware of the online auction?

    Ÿ Yes   Ÿ No   **(Please go to Q29) (**   **)**

2) How do you know the online auction? (You can tick more than one)

                           (   )

    Ÿ Television   Ÿ Magazines

    Ÿ Internet   Ÿ Newspaper

    Ÿ Bus Advertising   Ÿ MTR Advertising

    Ÿ Referrals from others   Ÿ Radio

    Ÿ Other (Please specify)   (   ) _____

3) Which web auction homepage below that you have heard in Hong Kong? (You can tick more than one)   (   )

    Ÿ www.red-dots.com   Ÿ www.go2hk.com

    Ÿ hk.auctions.yahoo.com   Ÿ www.clubciti.com.hk

    Ÿ www.ebuy.com.hk   Ÿ www.iauction-hk.com

    Ÿ Others (Please specify)   (   ) _____

4) Have you browsed the online auction web sites?

    Ÿ Yes

    Ÿ No   – Reasons: (You can tick more than one)   (   )

                       Ÿ No interest

                       Ÿ Not reliable

                       Ÿ No free time

                       Ÿ Unfamiliar with the web sites

                       Ÿ Others (Please specify)   (   ) _____

    (Please go to Q22) (**)**

5) Which web auction homepage below you have browsed? (You can tick more than one)

                                      (   )

- Ÿ www.red-dots.com
- Ÿ hk.auctions.yahoo.com
- Ÿ www.ebuy.com.hk
- Ÿ Others (Please specify)   (   ) _____

- Ÿ www.go2hk.com
- Ÿ www.clubciti.com.hk
- Ÿ www.iauction-hk.com

Part II. For Seller

6) Have you posted any products selling through web auction?

Ÿ Yes   Ÿ No   **(Please go to Part Q14) (**   )

7) How many products have you posted on web auction?

- Ÿ 1-5
- Ÿ 11-15
- Ÿ More than 20

- Ÿ 6-10
- Ÿ 16-20
- Ÿ Not remember

8) What kind of products you have posted on the web auction? (You can tick more than one)   (   )

- Ÿ Computers & Accessories
- Ÿ Movie & Music
- Ÿ Collectable
- Ÿ Books & Comics
- Ÿ Toys, Gifts and Novelties

- Ÿ Electrical & Home Appliance
- Ÿ Telecom Products
- Ÿ Food & Wine
- Ÿ Fashion
- Ÿ AV Products & Photo Equipment

- Ÿ Miscellaneous

9) Which online auction company you have used for selling? (You can tick more than one)

                                      (   )

- Ÿ www.red-dots.com
- Ÿ hk.auctions.yahoo.com
- Ÿ www.ebuy.com.hk
- Ÿ Others (Please specify)   (   ) _____

- Ÿ www.go2hk.com
- Ÿ www.clubciti.com.hk
- Ÿ www.iauction-hk.com

10) Have you sold your products through web auction successfully?

    Ÿ Yes

    Ÿ No   – Reasons: (You can tick more than one)   (   )

        Ÿ No bid

        Ÿ Reserve price not met

        Ÿ The winner not show up

        Ÿ Others (Please specify)   (   ) _____

   (Please go to Q14) (**)**

11) How many products have you sold successfully?

    Ÿ 1-5   Ÿ 6-10

    Ÿ 11-15   Ÿ 16-20

    Ÿ More than 20   Ÿ Not remember

12) What kind of products you have sold through web auction successfully? (You can tick more than one)   (   )

    Ÿ Computers & Accessories   Ÿ Electrical & Home Appliance

    Ÿ Movie & Music   Ÿ Telecom Products

    Ÿ Collectable   Ÿ Food & Wine

    Ÿ Books & Comics   Ÿ Fashion

    Ÿ Toys, Gifts and Novelties   Ÿ AV Products & Photo Equipment

    Ÿ Miscellaneous

13) Which online auction company you have used for selling successfully? (You can tick more than one)   (   )

    Ÿ www.red-dots.com   Ÿ www.go2hk.com

    Ÿ hk.auctions.yahoo.com   Ÿ www.clubciti.com.hk

    Ÿ www.ebuy.com.hk   Ÿ www.iauction-hk.com

    Ÿ Others (Please specify)   (   )_____

Part III. For Buyer

14) Have you bid any products through web auction?

    ÿ Yes   ÿ No   **(Please go to Q22)** (   )

15) How many products have you bid?

    ÿ 1-5   ÿ 6-10

    ÿ 11-15   ÿ 16-20

    ÿ More than 20   ÿ Not remember

16) What kind of products you have bid through the web auction? (You can tick more than one)   (   )

    ÿ Computers & Accessories   ÿ Electrical & Home Appliance

    ÿ Movie & Music   ÿ Telecom Products

    ÿ Collectable   ÿ Food & Wine

    ÿ Books & Comics   ÿ Fashion

    ÿ Toys, Gifts and Novelties   ÿ AV Products & Photo Equipment

    ÿ Miscellaneous

17) Which online auction company you have used for bidding? (You can tick more than one)   (   )

    ÿ www.red-dots.com   ÿ www.go2hk.com

    ÿ hk.auctions.yahoo.com   ÿ www.clubciti.com.hk

    ÿ www.ebuy.com.hk   ÿ www.iauction-hk.com

    ÿ Others (Please specify)   (   ) _____

18) Have you bought your products through web auction successfully?

    ÿ Yes

    ÿ No   – Reasons: (You can tick more than one)   (   )

        ÿ Retracting a bid

        ÿ Outbid

        ÿ Unable to reach the seller

        ÿ Others (Please specify)   (   ) _____

    (Please go to Q22) (   )

19) How many products have you bought successfully?

Ÿ 1-5   Ÿ 6-10
Ÿ 11-15   Ÿ 16-20
Ÿ More than 20   Ÿ Not remember

20) What kind of products you have bought through web auction successfully? (You can tick more than one)   (
)
Ÿ Computers & Accessories   Ÿ Electrical & Home Appliance
Ÿ Movie & Music   Ÿ Telecom Products
Ÿ Collectable   Ÿ Food & Wine
Ÿ Books & Comics   Ÿ Fashion
Ÿ Toys, Gifts and Novelties   Ÿ AV Products & Photo Equipment

Ÿ Miscellaneous

21) Which online auction company you have used for buying successfully? (You can tick more than one)   (   )
Ÿ www.red-dots.com   Ÿ www.go2hk.com
Ÿ hk.auctions.yahoo.com   Ÿ www.clubciti.com.hk
Ÿ www.ebuy.com.hk   Ÿ www.iauction-hk.com
Ÿ Others (Please specify)   (   ) _____

Part IV. For the Important Criteria of Web Auction

22) Please rate the level of importance when you choose a web auction company towards the following criteria. ('1' for the least important; '5' for the most important.)

("1"

"5"   )

		Least important			Most important	
a)	Number of Items	1	2	3	4	5
b)	Types of Categories	1	2	3	4	5
c)	Customers Service Center	1	2	3	4	5
d)	Delivery Service	1	2	3	4	5
e)	User Agreement	1	2	3	4	5
f)	Outage Policy	1	2	3	4	5
g)	Innovative Ideas	1	2	3	4	5
h)	Homepage Design	1	2	3	4	5
i)	Outbid Notice	1	2	3	4	5
j)	Auto-bidder	1	2	3	4	5
k)	Bidding Atmosphere	1	2	3	4	5
l)	English Version	1	2	3	4	5
m)	Chinese Version	1	2	3	4	5
n)	Speed of Server	1	2	3	4	5
o)	Security	1	2	3	4	5
p)	Privacy	1	2	3	4	5
q)	Company Reputation	1	2	3	4	5
r)	User Friendly	1	2	3	4	5
s)	Responsiveness to Members' Needs	1	2	3	4	5
t)	Regular Meeting with Members	1	2	3	4	5
u)	Method of Payment	1	2	3	4	5
v)	Service Charge	1	2	3	4	5

(Registration fee and commission rate) (   )

23) Please rate your level of preference about the products below that you are likely to post or bid through web auction towards the following products. ('1' for the least preferable; '5' for the most preferable.)

("1"   "5"   )

	Least preferable			Most preferable	
a) Computers & Accessories	1	2	3	4	5
b) Electrical & Home Appliance	1	2	3	4	5
c) AV Products & Photo Equipment	1	2	3	4	5
d) Telecom Products	1	2	3	4	5
e) Fashion	1	2	3	4	5
f) Collectable	1	2	3	4	5
g) Food & Wine	1	2	3	4	5
h) Books & Comics	1	2	3	4	5
i) Toys, Gift & Novelties	1	2	3	4	5
j) Miscellaneous	1	2	3	4	5
k) Others (Please specify)	( ) _____				

24) Please rate the level of effectiveness for promoting web auction towards the following media channels. ('1' for the least effective; '5' for the most effective.)

("1"   "5"   )

	Least effective			Most effective	
a) Television	1	2	3	4	5
b) Magazine	1	2	3	4	5
c) Internet Advertising	1	2	3	4	5
d) Bus	1	2	3	4	5
e) MTR	1	2	3	4	5
f) Word-of-mouth	1	2	3	4	5
g) Radio	1	2	3	4	5
h) Newspaper	1	2	3	4	5
i) Others(Please specify)	( ) _____				

25) Do you have any suggestions and opinions for web auction industries?

_____

_____

_____

Please turn to the next page to finish the last part.

Part V. Personal Data

26) Gender
   ÿ Male   ÿ Female

27) Age
   ÿ Under11   ÿ 11-15
   ÿ 16-20   ÿ 21-25
   ÿ 26-30   ÿ 31-35
   ÿ 36-40   ÿ 41-45
   ÿ 46-50   ÿ 51or above

28) Education Level
   ÿ Below Primary School   ÿ Primary School
   ÿ Secondary School   ÿ Tertiary or University
   ÿ Master or above

29) Occupation
   ÿ Student   ÿ Teacher
   ÿ Civil Servant   ÿ Sales
   ÿ Blue Collar   ÿ White Collar
   ÿ Housewife   ÿ Retired/Unemployment   /
   ÿ Professional
   ÿ Others (Please Specify)   (   ) _____

30) Monthly Income Level (HK$)
   ÿ Below$6,000   ÿ $6,000 - $9,999
   ÿ $10,000-$13,999   ÿ $14,000-$19,999
   ÿ $20,000-$25,999   ÿ $26,000-$29,999
   ÿ $30,000-$39,999   ÿ Over $40,000

~ End of Questionnaire ~
Thank you for your cooperation
~   ~