THE PERFORMANCE OF PROPERTY DEVELOPERS' WEB SITE IN MALAYSIA

By

WOON YEAT POR

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ABSTRAK

Tujuan kajian ini adalah untuk menyelidik perlaksanaan laman Web pemaju hartanah di Malaysia. Kajian ini berniat menentukan faktor-faktor yang penting bagi menjayakan laman Web, khususnya faktor-faktor seperti kemudahan mengemudi, interaksi, galakkan dalam laman Web dan proaktif Web inisiatif. Metrik perlaksanaa Web adalah diukur dari segi peningkatan pertanyaan jualan samada secara panggilan telefon, e-mel atau kunjungan ke pejabat akibat perlancaran laman Web, dan kepuasan syarikat terhadap sambutan e-surat atau maklum-balas yang diterima dari laman Web. Kajian soal-selidik dihantar kepada 300 pemaju hartanah yang mempunyai laman Web di Malaysia di mana 74 jawapan diperolehi. SPSS digunakan untuk data analisis termasuk analisis faktor, ujian kebolehpercayaan dan analisis reggresi. Keputusan dari analisis regresi menunjukkan kemudahan mengemudi, interaksi dan proaktif Web inisiatif mempunyai kesan positif terhadap perlaksanaan laman Web. Implikasi-implikasi penting untuk membaiki perlaksanaan laman Web juga dipertimbangkan

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ABSTRACT

The purpose of this study is to investigate the performance of property developers' Web site in Malaysia. It is intended to empirically determine factors that are crucial for successful Web sites. More specifically, the factors considered under this study are navigability, interactivity, internal promotion of the Web site and proactive Web initiative. The Web performance metrics are measured in terms of the increased number of sales enquiries either online (telephone or e-mail) or offline (walk-in) as a result of Web presence, and the firms' satisfaction with e-mail responses or feedbacks received from their Web site. A self-administered questionnaire was sent to 300 property developers with Web presence in Malaysia, of which 74 responses were obtained. SPSS was used for the data analysis which includes factor analysis, reliability test, and regression analysis. Results from regression analysis suggest that navigability, interactivity and proactive Web initiative, have positive effect on the performance of Web sites. Important implications for improvement of Web performance are also considered.

Chapter 1

INTRODUCTION

1.0   Background

Traditionally, home buyers obtain property related information through print publications such as newspapers, flyers, and brochures, friends and relatives, property fairs, real estate agents, site visits, or visit to the property developer's offices prior to purchasing their home. While the old ways of obtaining property-related information are still common, information search methods used by home purchasers have been dramatically changed by the use of the Internet in recent years (Littlefield, Bao & Cook, 2000). The advent of the Internet has transformed the traditional home purchasing process practiced by home buyers, particularly for the information search activities. Significant numbers of home purchasers use the Internet as a source to increase the information search phase of their home purchasing process (Patton, 1999). Indeed, the way business conducted in the property industry has been influenced by the Internet, as evidenced both by the number of online property brands and consumer behavior (Smith, 2004).

In general, the property industry in Malaysia is not perceived as very technology-oriented, but very relationship-oriented instead. However, the adoption of the Internet as a new medium in the traditional relationship-driven property industry has increased exponentially in Malaysia in recent years. This is evident from the increasing number of Web sites being advertised by the property developers in local media as well as the number of listings in the Malaysia property Web portals. With advancement in the technology, particularly the World Wide Web, it has brought tremendous changes in how companies compete. Hamid and Kassim (2004) state that

companies that do not take advantage of the Internet technology is viewed as not delivering value added services to their customers, thus are at a competitive disadvantage. Therefore, it is important that property developers remain competitive by offering their properties on the Net (Bond, Seiler, Seiler & Blake, 2000). Property developers realize that the Internet has made it easier for buyers to shop around for homes and it can enhance relationship building and communication between employees and customers (Roe, 1998). Many property developers have invested in the Internet and set up Web sites providing information, so that potential home buyers can search for what they want online such as product information, virtual tour to listed properties, home financing, and mortgage calculation. The Internet allows property developers to reduce the cost of providing information to potential buyers (Gwin, 2004) and to use the Web site to better serve consumers.

1.1 Problem Statement

Property developers in Malaysia have been experiencing sluggish market since the financial crisis in 1997. While other sectors such as manufacturing and services have improved in terms of growth in recent years, the growth for the property industry in Malaysia is still contracting as at last quarter of 2006 since the financial crisis. Property speculators have been sidelined due to the crisis and genuine buyers are more cautious in buying properties as the risk of being ended up in abandoned project have become greater because of the economy slowdown. Property developers are having tough time in selling their houses and the business has become more competitive in order to attract potential customers. Because of the sluggish market and intense competition, property developers have become more creative by using

innovative channel such as the Internet and Web page to reach, communicate, and better serve their customers.

In view of the rapidly growing Web presence and the use of the Internet to attract potential customers, property developers have continued to make substantial investments in developing and maintaining web sites. Whether the purpose of Web presence is to increase the performance of communication, corporate image-building, sales, or customer service and support, the question is "Do they know if their Web site is doing its job or what makes a Web site effective?" Without clear knowledge of what factors contribute to developing an effective web site, property developers are likely to continue wasting time and money and helplessly creating some Web sites that are not effective.

While most companies felt necessary to establish a Web presence, they have created non-substantive features and incapable Web site (Breitenbach & Doren, 1998). For example, many retailers have rushed to have an online presence, some with little or no guidance (Schoenbachler & Gordon, 2002). Therefore, business decision makers need to know some guidelines for developing effective Web sites and need to improve the appeal of their sites in view of the increasing online competition in the property industry.

1.2   Research Objective

Even though numerous studies have investigated Web site performance or Web success models (e.g. Bell & Tang, 1998; Dholakia & Rego, 1998; Huizingh, 2002; Karayanni & Baltas, 2003; Palmer, 2002), Web performance in the property industry has not received much attention, particularly in the Malaysia property industry. More specifically, the research objectives are to gather information

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concerning the effectiveness of Web site and how they relate to Web site performance in the context of property industry in Malaysia, and to examine various important factors that lead to increase performance of the property developers' Web site.

1.3   Research Questions

This paper will discuss issues such as "What are the factors influencing the performance of property developers Web sites in Malaysia?" and "Which factors most significantly impact the performance of their web sites?" These are the questions that this study seeks to address.

1.4   Significance of the Study

In today's business, the number of property developers who use the Internet as one of the competitive strategies to improve business performance has been increasing. The traditional way of "brick-and-mortar" business for the property industry has been switching towards "click-and-brick" model in recent years due to the advancement in information and communication technologies. This study proposes a useful model for designing an effective web site which would help property developers increase the number of visitors and managerial satisfaction with the Web site. It also provides better understanding and useful insights to support the decision making of property developers to make strategic planning and resource allocations for developing effective web sites to gain competitive advantage and to improve marketing performance.

1.5   Organization of Chapters

The remainder of this paper is organized as follows: Chapter 2 reviews the relevant literature which leads to generation of theoretical framework and hypotheses. Chapter 3 discusses the methodology used in data collection and the method of analysis. Chapter 4 is concerned with empirical analysis and research findings. Lastly, Chapter 5 summarizes the paper which includes the implications of the findings, concludes the investigation and suggests new areas of research that can be of contributive significance to the related study.

Chapter 2

LITERATURE REVIEW

2.0   Introduction

The introduction in previous chapter reveals that house buyers' behavior towards information search during home purchasing process has changed due to the impact of the Internet. There has been increasing number of house buyers using the Internet to source for house-related information. Property developers realize the potential of the Internet to increase business performance and have invested substantial money in developing and maintaining effective Web sites. In order to measure the success of the Web site, there is a need to analyze the factors that may influence the performance of the Web site. This chapter seeks to review some related literature on this research and would help the researcher to arrive at the theoretical framework of this study and its hypotheses.

2.1   Research Background

Previous studies have considered various factors and models as predictors of the effectiveness or performance of a Web site from both the users as well as the organizations' perspective. For example, Karrayani and Baltas (2003) studied the importance of site properties for the Internet sales performance from the organizations' perspective and the findings conclude that Web site responsiveness, customer information collection and company information provision are determinants of effective Web site. Bell and Tang (1998) surveyed 60 companies that use the Internet and examined the effectiveness of their Internet Web sites. The results show that ease of access, content and structure highly influenced the performance of Web

sites. Huizingh (2002) determined the antecedents of Web site performance such as company characteristics, Web initiative, Web site characteristics, and Web strategy. The results indicate that most antecedents identified in the study which include customization of the Web site and extensiveness of the sites, influence the performance of the Web sites.

Other studies assessed from the user's perspective. For example, various elements of commercial home-pages such as information content, number of links, whether to or from the commercial home page, and attributes of Web pages are determinants that lead to the effectiveness of commercial Internet Web sites (Dholakia & Rego, 1998). Palmer (2002) examined the relationship between Web site usability, design and Web performance. The results suggest that Web site success is significantly associated with Web site download delay, navigation, content, interactivity, and responsiveness. Yang, Ahmed, Ghingold, Goh, Tham and Lim (2003) tested and extended the attracting, informing, positioning, and delivering (AIPD) model which was developed by Simeon (1999), to determine what constitutes a successful Web site. The findings reveal that security, privacy, and downloading time are the most valued attributes which affect the effectiveness of a commercial Web site.

Geissler (2001) proposed a model for designing and maintaining an effective Web site from the Web site designers' perspective. The research indicates that relationship marketing, integrated marketing communications, segmenting, targeting, and positioning influence both Web site design and customer conversion.

Table 2.1 summarized some of the previous studies to identify factors affecting Web site performance. It had provided better understanding and insights to decision makers for developing effective Web sites, but there is still much room left

for exploring further factors affecting Web site performance and investigating the relation between these factors and Web site effectiveness, specifically on the property industry which had received little studies in the past.

Table 2.1
Factors influencing Web site performance/effectiveness

References	Factors of Web site performance/effectiveness
From organizations perspective:	
Bell and Tang (1998)	Ease of access, content and structure
Huizingh (2002)	Company characteristics, web initiative, web site characteristics and web strategy
Karayanni and Baltas (2003)	Navigation, interactivity, multimedia design, company related information and customer-related information
From users perspective:	
Dholakia and Rego (1998)	Information content, frequency of web page changes and links
Palmer (2002)	Download delay, navigability, site content, interactivity and responsiveness
Yang et al. (2003)	Attracting, informing, positioning and delivering
From designer perspective:	
Geissler (2001)	Relationship marketing, integrated marketing communication, segmenting and targeting

2.2 Web Site Performance

There are various indicators being used to measure Web site performance such as number of visitors, repeated visits, and page views, duration of browsing time, frequency of use, user and managerial satisfaction, intent to return, Web sales, and so on. The most common and basic measurement of Web site performance is the number of visitors or hits to the site. Dholakia and Rego's (1998) research of Web page effectiveness identified that hit-rate is the most valued determinant in measuring effectiveness. They claim that the greater the number of Web-surfers accessing the home page, the greater will be the success of the Web page in fulfilling the objectives for which it was set up. Huizingh (2002) explored the number of visitors as one of the indicators to measure Web site performance and argues that, large number of visitors

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reflects that a company's ability to generate interest in its Web site, and the measurement is not biased by perception. Web site traffic such as visitor traffic, page views, and return visits had also been found to be a good measurement for Web site success (Alpar, Porembski & Pickerodt, 2001).

However, the number of people who log on to the site does not completely reveal the site performance or effectiveness because what we want to know is: whether our target groups of people are visiting our site and whether they are doing what we hope they will do when they are there? Number of visits does not guarantee the ultimate success of a Web site (Picarille, 1997), as visitors may well be just casual browsers instead of potential customers or may have just unintentionally visited the site (Ghose & Dou, 1998). Phippean, Sheppard, and Furnell (2004) consider hits and pages views to be inadequate measure for assessing the success of Web sites due to its simplistic and ambiguous nature that can induce misleading conclusions.

Karayanni and Baltas (2003) use Web sales to measure site performance as they consider that it would be desirable to use an objective measure in terms of sales or profitability to relate directly to the performance of a Web site. However, it is questionable whether generating sales is the only objective of setting up Web sites. Companies establishing a Web site may have other goals such as to build corporate-image, to provide sales assistance, and to integrate online involvement as part of the establishment of their business (McNaughton, 2001). Furthermore, not all sites have the ability to perform sales transaction online, particularly in the property business.

Marketing researchers have studied the buying decision process of consumers for years and established that consumer passes through five stages: problem recognition, information search, evaluation of alternatives, purchase decision, and postpurchase behavior (Kotler, 2003). During the stages of information search and

evaluation of alternatives, customers will look for more information to make purchase decisions, evaluate various characteristics of the products, and further review the information in order to obtain the best quality and most benefit within a certain price range of the products. Using these two stages in the context of online environment as guidelines for studying customers' association with the Web sites, some activities in these stages are used to measure Web site performance. Before customers advance to the purchase decision stage, they are likely to make further sales enquiries either through online (e.g. by telephone or email) or offline channels (e.g. walk-in to the office), or by any means of effective communication with the companies to gain knowledge about the products in order to facilitate a purchase decision. The success of a property developer's Web site depends on its ability to generate further interest in its products from customers which leads to further sales enquiries such as online and offline responses or feedbacks. In this study, the respondents were asked to indicate their agreement on whether or not the number of sales enquiries from customers either through online (telephone or email) or offline (walk-in to office) have increased as a result of their Web presence, and their satisfaction with email responses or feedbacks received from their site which indicating a greater degree of affinity with the site from customers in order to measure the performance of their Web sites.

2.3   Web Characteristics

Web characteristics play a very important role for the success of the Web sites. It influences the users' satisfaction and makes the Web sites more appealing to the browsers. Web characteristic which is one of the elements in the usability and design of Web sites has received much attention in the previous researches and is one of the major factors that influence the performance of Web site.

2.3.1 Navigation

Navigation refers to the ease of use of the Web site which allows users to retrieve information much easily (Machlis, 1998), or ease of finding information and navigating within a Web site. Search facility, site maps, links, directories, and frames are some of the major components that help users to navigate the site and identifying relevant information more quickly. According to Yang et al. (2003), ease of navigation is important to customers as it makes their site visit a more pleasurable and rewarding experience, making it easy to find exactly what they are looking for or do exactly what they want to do.

A well-organized and easy to navigate site should be the main consideration of quality Web site (Evans & King, 1999). This is essentially important as there are many Web sites with different contents and layouts which may sometimes confuse Web browsers. Therefore, users often encounter navigation-related difficulties in using the WWW (Preece, 2001). Indeed, navigation tools help users to maintain a mental map of where they are, where they are going, and how various pages are related to each other (Cao, Zhang & Seydel, 2005). This finding is aligned with the research done by Geissler (2001) whereby Web designers indicate that users do not like to scroll down a home page, prefer hyperlinks to separate pages, and may become lost with too much information upfront, and therefore, navigational tools such as links and frames are seen as essential.

2.3.2 Multimedia

Multimedia capability refers to the non-verbal features about the product and services that enhance the customer's feeling of preference for a Web site (Cao et al.,

2005). Elements such as graphics, animation, audio and video presentations, and virtual reality are examples of these features used in presenting company products and services. Thus, users can experience a range of different media when viewing an organization's Web site (Adam & Clark, 2001). Advancements in the Web technology, particularly the multimedia content such as animated advertisements and video presentations complete with sound and music have made the Web site more appealing to users. Ghose and Dou (1998) claim that Web multimedia would increase the attractiveness of the site, and Spalter (1996) states that multimedia capability makes Web surfing more fun and stimulating. According to media richness theory, multimedia interactive format would provide capabilities richer than the text, sales brochures and catalogues as cited in Karayanni and Baltas (2003).

However, previous research also found that excessive multimedia contents may have adverse effect on the performance of Web site. For example, Sears, Jacko and Dubach (2000) argue that increasing multimedia capabilities, excessive and unnecessary use of graphics and video clips confuse users, hence decrease Web site usability. In addition, system response time will be slower due to application of multimedia function. This is recognized as one of the major causes for frustration and impatience when surfing the Web (Ducoffe, 1996) and the resultant switch of another Web site (Heldal, Sjovold, & Heldal, 2004). Moreover, outdated users' PC and software which could not fully support the application of multimedia might affect the download speed, and thus, significantly affect Web user satisfaction (Tarafdar & Zhang, 2005). Therefore, companies need to be cautious over excessive multimedia elements in the Web site and should not be over-possessed by the capability of multimedia when embracing the Web technology.

2.3.3 Interactivity

Interactivity is one of the important features in a Web site where companies are able to interact with and offer the latest products and services to users who might otherwise require the assistance of company staff. Companies obtain useful information about customers through interactive medium in the Web and translate them into knowledge on customer behavior for subsequent marketing strategies such as personalized products to meet the needs of individual customer (Hamid & Kassim, 2004). Karayanni and Baltas (2003) reveal that interactivity process can be used to customize marketing strategies by identifying customer behavior through customer databases. Teo and Tan (2002) recognize that interactive media allows marketers to track and understand more about consumer demographics, attitudes and behavior through customer feedback, the registration process and transaction records.

Jarvenpaa and Todd (1997) state that consumer using the Internet for information search, and purchase products and services are influenced by the interactivity of the Web site. Therefore, to have effective sites, it is important to ensure that the Web sites are equipped with the basics of good communication working for the companies and their customers. When companies disseminate corporate or product information through the Internet, they do not know who retrieve the information and read its contents. Nevertheless, interactivity process involves non-anonymous personal exchange of information between known communication parties (Brock & Zhou, 2005).

2.4 Web Strategy

There are various objectives for companies establishing Web presence. To ensure success of Web site, it is important for companies to formulate Web strategies

that are aligned with the Web objectives. Although the purpose of business is to increase shareholders' wealth, generating revenue is not the single goal of a Web site (Huizingh, 2002). Besides generating sales through Web site, companies may have other objectives when embarking on the Web technology such as to gain knowledge and experience about the World Wide Web, to establish customers' relationship through the Web, or to use it as a marketing tool to improve business performance. Therefore, different Web strategies are required depending on the model of the Web site.

2.4.1 Customer Information Collection

The ability of a Web site to gather customer information may help companies in establishing and maintaining customer relationships online so as to better serve their customers and improve customer retention. According to Teo and Tan (2002), gathering new information which companies have yet to obtain from customers provides them with the opportunity to cross sell new products and services. Collecting feedback from customers about their behavior, needs, and interests will enable companies understand the market better and improve the effectiveness and efficiency of the companies' actions (Azzone, Bianchi & Noci, 2000). Karayanni and Baltas (2003) state that gathering customer information may facilitate implementation of marketing orientation and identification of customer satisfaction, which are significantly related to business performance. They also found that it may increase customer involvement in the Internet transaction. Indeed, customer information is most valuable to companies as it provides database for companies to track, segment, and target current and potential customers according to their needs and preferences. Geissler (2001) states that companies could send follow-up information to consumers

and ensure that they are satisfied by periodically surveying a sample from the database.

2.4.2 Corporate Image-Building

Companies with image-building Web sites use their sites to disseminate information about themselves, their products, and activities. This is particularly crucial to the young and small companies which are less known to consumers as compared to the more established ones. While these companies use the inexpensive way to introduce themselves to the world through the Internet, the established companies may capitalize on the Internet technology to project their strength and track records, and to strengthen their brand name to the customers. Web sites that project company image serve as a signal to current and prospective customers and competitors that the company is on the cutting edge (Wen, Chen & Hwang, 2001). Karayanni and Baltas (2003) found that the importance of promoting corporate identity which elevates trust among interacting parties, acting as the counterbalance to the security and privacy issues on the Internet. Once the trust between companies and customers is established, buyers are more likely to purchase products from companies they know and familiar with (Breitenbach & Doren, 1998).

2.4.3 Organizational Support

Organizational support refers to the motivation from organization in terms of encouragement to all levels of staff to use the Web site. For example, by conducting regular training, informing and educating those employees that are not directly involved in the Web site implementation process but who should integrate the Web site in their ways of dealing with customers. The senior management should actively

lead the efforts to build a Web-based business by involving in Web strategy formulation, reviewing, and regular monitoring of Web site performance. Huizingh (2002) states that extensive organizational support is needed to generate Web traffic and to enhance alignment of business processes with e-commerce strategies. Golden, Hughes, and Gallgher (2003) claim that organizational factors such as companies with higher level of IS/IT expertise, engagement in e-business strategy, and allocation of greater budget on the development of their Web sites, contribute to increasing number of customers who browse the Web site and contact the company with a sales enquiry.

In today's business, companies need to fully explore the potential of the Internet and encourage its employees to tap on the opportunities offered by the World Wide Web. Therefore, it is important for companies to develop and nurture Web site champions. Companies who support and have Web site champions to manage, maintain, and monitor their Web sites are rewarded with higher number of Web visitors and repeat visits than companies that do not have any (Barry, 2000). Due to rapid change in the technology, organizational readiness for the Web technology is very much depending on the top management support and involvement in formulating business strategy that recognizes the advantage of the Internet. Organizations that support the Web technology may need to influence and facilitate change in the corporate environment in order to take advantage of the Web while ensuring sufficient allocation resources to business activities that are aligned with that technology.

2.5   Theoretical Framework

Figure 2.1 presents a theoretical framework showing the various factors that affect the performance of Property Developers' Web site in Malaysia. The framework builds upon previous researches on quality of Web site, the antecedents of Web site