

**AN ACTION RESEARCH ON E-COMMERCE ADOPTION FOR A  
FROZEN FOOD MANUFACTURER IN MALAYSIA**

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**AN ACTION RESEARCH ON E-COMMERCE ADOPTION FOR A  
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## **DEDICATION**

This thesis work is dedicated to my wife, Ivy, who has been a constant source of support and encouragement during the challenges of graduate school and life. I am truly thankful for having you in my life.

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## **ABSTRACT**

The objective of this research action is to introduce interventions into a frozen food manufacturer (CS), and assists the company venture into online sales channels. This research action will assist the company to generate income from a new profit stream as especially during this COVID-19 pandemic. This action research involved redesign product packaging, improve production process, design marketing strategy, and forming new delivery service provider collaboration. The intervention team identified Shopee.my is the suitable starting selling channel as it provides the most competitive advantage. The intervention team, launched a series of promotion and reach out the target group of customers by using Facebook advertisement. Along the intervention, there are some unintended results which affected the intervention plan, but the team was successfully overcome it. The intervention was taking place on 17<sup>th</sup> March until 16<sup>th</sup> May 2020 and successfully generate RM116,690 of revenue to the company and increase the gross profit margin from 25% to 33% for these online sales transactions. The intervention shown positive unintended results too which open up some distributor partnership at other state of Malaysia. Meanwhile for cycle two intervention, a distribution hub was setup in Oct 2021, in order to improve delivery service which is the main complaint issue received during year 2020 and 2021. The intervention is implemented and success maintaining Selangor area online revenue as the pilot project meanwhile other area revenue been decreased 35% to 67% due to the movement control lifted, and public tend to have dine in instead of cook at home. Overall, the action research assisted CS Foodstuff Sdn Bhd to setup an online store from zero, and provide new profit stream to the customer as well as improve CS product appearance in digital channel.

## **ABSTRAK**

Objektif tindakan penyelidikan ini adalah untuk memperkenalkan intervensi ke dalam pengeluaran makanan sejuk beku (CS), dan membantu syarikat meneroka saluran jualan dalam talian. Tindakan penyelidikan ini akan membantu syarikat menjana pendapatan daripada aliran keuntungan baharu terutamanya semasa pandemik COVID-19 ini. Penyelidikan tindakan ini melibatkan reka bentuk semula pembungkusan produk, menambah baik proses pengeluaran, mereka bentuk strategi pemasaran, dan membentuk kerjasama penyedia perkhidmatan penghantaran baharu. Pasukan intervensi mengenal pasti Shopee.my adalah saluran jualan permulaan yang sesuai kerana ia memberikan kelebihan paling kompetitif. Pasukan intervensi, melancarkan satu siri promosi dan menjangkau kumpulan sasaran pelanggan dengan menggunakan iklan Facebook. Sepanjang intervensi, terdapat beberapa keputusan yang tidak diingini yang menjejaskan rancangan intervensi, tetapi pasukan berjaya mengatasinya. Intervensi itu berlangsung pada 17 Mac hingga 16 Mei 2020 dan berjaya menjana pendapatan RM116,690 kepada syarikat dan meningkatkan margin keuntungan kasar daripada 25% kepada 33% untuk transaksi jualan dalam talian ini. Intervensi itu juga menunjukkan hasil positif yang tidak diingini yang membuka beberapa perkongsian pengedar di negeri lain di Malaysia. Sementara itu bagi intervensi kitaran dua, hab pengedaran telah disediakan pada Okt 2021, bagi menambah baik perkhidmatan penyampaian yang merupakan isu aduan utama yang diterima sepanjang tahun 2020 dan 2021. Intervensi itu dilaksanakan dan kejayaan mengekalkan hasil dalam talian kawasan Selangor sebagai projek perintis sementara itu hasil kawasan lain telah berkurangan 35% hingga 67% disebabkan kawalan pergerakan ditarik balik, dan orang ramai cenderung untuk menjamu selera dan bukannya memasak di rumah. Secara keseluruhan, kajian tindakan membantu CS Foodstuff Sdn Bhd untuk menyediakan kedai dalam talian daripada sifar, dan menyediakan aliran keuntungan baharu kepada pelanggan serta menambah baik penampilan produk CS dalam saluran digital.

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## **CHAPTER 1**

### **INTRODUCTION**

#### **1.1 Problem Situation & Importance of the Study**

The focus of this action research is to assist CS to venture into e-commerce sales channel. CS have been trying to open up the e-commerce sales channel as CS look into it as a great potential to reach those end consumers. Besides that, e-commerce allow manufacturer to enjoy more flexible in marketing campaign planning, more bargain power over product launching term and condition, as well as obtain the real feedback about quality of the products and services. Selling through middle-man or distributor do not allow or limits the manufacturer to get that above-mentioned information first hand. Furthermore, distributor or middle man selling channel is profit-driven entity, when come to launching total creative new product, the distributor tends to be conservative and lack of cooperative in pushing the new product to success if they do not see promising return in short period.

A successful e-commerce campaign would help company from relying too much on the traditional selling channel and distribution channel. It reduces the risk the company need to handle if the particular sales channel facing sales drop which may results from business dispute, or distributor change product brand for trading. Middle distributor played an important role this in industry in a long history as manufacturer have to rely on distributor's assets and resource such as cold room facilities, and cold truck delivery service, to deliver the products to consumer table. Meanwhile distributor favours in credit term, which it posts certain risk and affect company cash flow if there is any delay in payment. Whereas e-commerce sales channel is always cash term, which provide manufacturer better option to improve company cash flow. In addition, with today relatively mutual of last-mile logistic service provider, manufacturer can actually easily break the logistic barrier with an effective supply chain planning and deliver the goods by manufacturer at nationwide level.

So, a successful e-commerce campaign will not only increase the company sales, it will change the entire company marketing strategy as well as changing the food industry supply chain game rules. Consumer will able to get connected with manufacturer directly, and the role of domestic distributor will swift from market capacity owner to stockist. This will greatly benefit manufacturer in a long run and manufacturer will have more bargain power over distributor when come to marketing strategy planning and payment term.

## 1.2 The Company

CS Sdn Bhd (CS) has been established in Malaysia since 1998. Initially CS product and services was targeting to serve restaurant operator by providing ready to serve frozen dim-sum. The product and services aim to assists the restaurant operator to prepare handmade product, and the product can be easily serve just by heating up. This allow the restaurant operator to handle more order faster and less labour force that required at the kitchen preparation area. Then after 8 years' time, CS slowly developed specialization in manufacturing and distribution of a variety of traditional dim-sum with large partnership with domestic frozen food distributor across west Malaysia. CS distribution cover Selangor, Johor, Perak, Melaka, Kedah, Perak, Penang, Terengganu, Kelantan, and Pahang. CS main office is located in Kuala Lumpur, and employed 70 employees with semi-automated production line. 72% of sales revenue contributed by general trade. Most of the delivery was handled by CS own temperature-controlled delivery truck. The distribution of products heavily relied on distributor partnership. Frozen food required cold room facilities, and in Malaysia, there are limited number of business operator have such facilities.

## 1.3 Challenge Formulation

This action research objective is to assists manufacturer venture into e-commerce which improve company revenue from this new revenue stream. CS need to identify where to sell, what is the product will be suitable to sell online, what selling package suitable for online sales, and how to deliver the order and reach the customer table as shown in chart 1.1.



**Figure 1.1** Questions for Research Process

#### 1.4 Research Objective and Question

Following research question that linked back to the research objective as shown in Table 1.1:

**Table 1.1** Research Objective and Research Question

| <b>Research Objective</b>   | <b>Research Question</b>  |
|---|---|
| O1. To identify suitable selling platform for CS as starting point (Where to sell)                | Q1. What is the sales platform current available at the market that suitable  |
| O2. To identify suitable delivery method for frozen food across nationwide level (How to deliver) | Q2. What is the current prospect partner at the market can be reach out to form partnership   |
| O3. To propose suitable product and its packaging for online channel (What to sell)               | Q3. What is the consideration should be included to make the product suitable to sell online  |
|   | Q4. What is the process change or product packaging changes should be introduced to make the selected product last 48 hours outside freezer |
| O4. To assists CS with effective marketing plan to launch the e-commerce (How to sell)            | Q5. What factor effect the intend to buy for online shopper   |



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