

COMMUNICATION TOOLS OF E-COMMERCE: THE CASE OF LAZADA

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ABSTRACT

Lazada is one of the rising online shopping websites in Asia. With the continuous development of e-commerce, online shopping has become a rising trend today in the Philippines. This study aims to identify the communication tools of Lazada that may influence the buying decisions of today's consumers. This research was designed with the participation 300 experienced Lazada customers from NCR and CALABARZON. A focus group discussion with 6 participants and analysis of reviews of previous customers of Lazada were accomplished to support and validate the results of the survey. This study could be an arena for Lazada and its customers to assess the communication tools that may lead them to successful online shopping transactions.

Keywords: *E-commerce, communication, communication tools, Internet, convenience, Philippines, buying decision*

INTRODUCTION

The prevalence of Information and Communication Technology, or ICT, indeed makes the lives of everyone easier. The development of web technologies is a factor for individuals to experience convenience in this day and age (Niu, 2013). Also, the communication process became faster due to the progression of ICT. People use internet for functional purposes such as to obtain information, socialize, entertain, connect, shop, and/or even to engage with businesses online.

Moreover, the development of internet media provides a mounting possibility for the world of E-commerce (Delafruez, 2009). Today, electronic commerce, or *E-commerce*, is one of the hottest trends. It is the term used

for electronic commerce that means engaging with transactions online through the use of electronic systems.

Online shopping seems to be a huge trend in the world (Zhao, 2015). Unlike before, e-commerce gives people an opportunity not to exert too much effort on purchasing their needs and wants. By means of E-commerce, dealings and transactions do not necessarily need to be done physically and could be successfully completed over the internet. Through simply surfing or browsing over the internet, online transactions are made possible.

Communication is said to be at the heart of E-commerce as stated by Meg Whitman (2005), the former CEO of eBay. Communication between people is one of the factors that affect an individual's buying decision. The decision making of consumers is abundantly affected by other people's opinions and decisions. Through the means of communication tools, the advancement of online media and advertisements make gathering and dissemination of information about the products people, which they would possibly want to purchase, achievable (Niu, 2013). Also, the word-of-mouth marketing is essential to the process of how individuals are greatly influenced to do the purchase (Cheema & Kaikati, 2010).

E-commerce actually evolved in many ways, and online shopping becomes a rising trend these days especially in the Philippines. Since internet can reach all kinds of people from different parts of the world, it is also considered a great place for stores since many people can have an access to it. E-commerce has made it easier for people to buy their needs and wants with options like cash-on-delivery or COD, meet-up with the seller, mobile transfer, credit and debit cards, or bank deposit.

Going to the mall has become part of the lifestyle for some Filipinos. As more Filipinos begin to embrace e-commerce, the over for shopping has spilled over in the online world. With the continuous growth of online shops here in the Philippines, Filipinos are starting to spend lesser time shopping in a traditional way.

The number of people who is engaging themselves with online shopping is undoubtedly growing in each and every day. There are more than 875 million buyers who have shopped over the internet (Ting, 2012). However, as years continue to pass, the number of people keeps growing. In fact, recently in 2017, 93% of respondents of the global survey of AC Nielsen said they have been engaged with online shopping. There are over 26 countries that participated in the said study.

Lazada is one of the most popular online shopping websites today. This study is vital to know the communication tools of e-commerce that may possibly have an effect on consumers' buying decision. Through this, Lazada will be able to identify which of their communication tools is effective to gather a wider range of online consumers.

Nonetheless, some scholars already provided researches about people's buying decisions, as well as the factors that influence them regarding E-Commerce. Also, scholars from different countries in the world like United States of America, India, China, Malaysia, Taiwan, and others have already studied E-commerce and its influences to every individual. Then again, unlike other studies that have broad encompasses, this study focused mainly on communication tools of e-commerce specifically on the case of Lazada Philippines. The researchers sought to find out the communication tools that not only made the consumers browse on Lazada but also to purchase.

This study is a significant attempt on knowing the marketers' views towards the communication tools used on online shopping and what encourage them to purchase. Due to the rapid growth of the number of people who engage themselves with the internet, it is now normal for some buyers to spend their time in front of their gadgets, surf freely on shopping sites, and do the purchase. The study will also be beneficial to the *Lazada* companies and other online business stakeholders to do better services, strategies, advertisements, and also for them to persuade potential consumers by providing them not only what people need but also what people want.

Objectives

General objective: To identify the communication tools used on e-commerce specifically on the case of Lazada.

Specific objectives:

1. To assess the communication tools of Lazada in terms of the following:
 - a. Online website
 - b. Mobile application
 - c. Social media
 - d. Word of mouth
 - e. Reviews

- f. Television advertisement
2. To determine the buying decisions in terms of:
 - a. Buy
 - b. Did not buy
 - c. Recommend
3. To determine the relationship between the communication tools of Lazada and the buying decisions of online consumers
4. To develop a buying decision model for effective Lazada e-commerce

METHODOLOGY

This study used both quantitative and qualitative methods to find out the communication tools of e-commerce that Lazada uses in its processes. The researchers used online survey questionnaire to get information from the respondents. The researchers also conducted a Focus Group Discussion (FGD) with their selected participants. Moreover, they also gathered feedbacks and reviews from the consumers of Lazada to support the gathered data. The study was conducted both in National Capital Region (NCR) and in Region 4A - CALABARZON to know the influence of e-commerce among the consumers in both rural and urban areas. Lazada's reach is not only limited to these areas, but these areas are most likely to have active internet users and online shoppers. The study surveyed 300 respondents who have experienced either browsing or purchasing from Lazada. The researchers used purposive sampling technique, also known as judgment, selective or subjective sampling, by sending the questionnaire online to the respondents. It is a technique in which the researchers will rely on their own judgment when choosing the members to participate in the study (Saunders, Lewis & Thornhill, 2012). They chose the respondents who are suitable for the study. The researchers used an online survey questionnaire in collecting data. The researchers formulated the questionnaire based on their objectives. Moreover, attached in the questionnaire is an informed consent to give the respondents their freedom to participate or recede in the study. The researchers also analyzed the consumers' responses to E-commerce by gathering reviews and feedbacks through the official website of Lazada Philippines, as well as from its social media posts.

RESULTS AND DISCUSSIONS

The table 3 shows that most of the respondents were more exposed to the online website of Lazada than other communication tools. It ranked first with 285 respondents (95%). According to the study of Gao (2013), the growing market of online shopping mostly chooses to shop on websites. Next to Online Website (95%) is the Word of Mouth (82.3%), Reviews (73%), Mobile Application (66.7%), Social Media (58.3%), and lastly, the TV Advertisement (9.33%).

As the consumers' exposure to Word of Mouth is 82.3%, this supports the study of Guo & Wang (2011) that every time people purchase a popular or new product, people tend to voice out the reviews and opinion regarding that certain product to everyone especially to their relatives. The respondents are least exposed to Lazada's TV advertisement, and only 28 out of 300 have encountered it. According to White (2017), impact and persuasion are two factors for a successful TV commercial that awaken viewers' interest immediately and remain memorable but Lazada lacks show off of their TV advertisement.

Table 3. Consumers' exposure to Communication Tools of Lazada

Communication Tools	YES	%	NO	%
Online website	285	95	15	5
Word of mouth	247	82.3	53	17.7
Reviews	219	73	81	27
Mobile application	200	66.7	100	33.3
Social media	175	58.3	125	41.6
TV advertisement	28	9.3	214	71.3

Table 4 shows the perception of the consumers towards the communication tools of Lazada. The composite mean of the communication tools were as follows: online website (3.188), mobile application (3.282), social media (3.134), word of mouth (3.126), reviews (3.044) and television advertisement (3.234). As for the results, it has been interpreted that the consumers of

Lazada agreed towards the communication tools of Lazada’s attractiveness, comprehensibility, acceptability, call to action, and credibility.

Table 4. Perception of consumers towards the communication tools of Lazada

Perception of Consumers towards communication tools of Lazada based on attractiveness, comprehensibility, acceptability, call to action and credibility.	Composite Mean	Verbal Interpretation
Mobile application	3.284	Agree
Television advertisement	3.234	Agree
Online Website	3.188	Agree
Social media	3.134	Agree
Word of mouth	3.126	Agree
Reviews	3.044	Agree
(3.50-4.00 Strongly Agree; 2.50-3.49 Agree; 1.50-2.49 Disagree; 1.00-1.49 Strongly Disagree)		Disagree;

Table 5 shows that Online Website ranked first as the communication tool that influences consumer to buy on Lazada. 269 out of 300 (89.7%) said yes when asked whether the Online Website influences them to do the purchase. Followed by Reviews (78.3%), Word of Mouth (77%), Mobile Application (66.7%), Television Advertisement (60%) and lastly the Social Media (55.3%). It shows that it is really the online website that attracts customers the most.

Additionally, Lazada (online website and mobile application) accepts orders 24 hours a day which consumers find it convenient, especially for those shoppers who work for long hours or students who do not have time to shop at the malls (Miller, 2012). Shoppers can simply access online stores using their computers or mobile phones whenever they have available time.

However, among all the communication tools of Lazada, the social media ranked last with 166 respondents (55.3%). Despite having large number of followers on social media, it shows that only a few of them were influenced to do the purchase. According to Ellison (2007), social media sites such as Facebook, Twitter, Instagram and YouTube play vital role in

providing people the awareness and information about a certain thing but it actually ranked the lowest when considering whether this communication tool could persuade potential customers.

Table 5. Buying decision of consumers – Will buy or will not buy

COMMUNICATION TOOLS	Yes	%	No	%
Online website	269	89.7	31	10.3
Reviews	235	78.3	65	21.7
Word of mouth	231	77	69	23
Mobile application	215	66.7	85	33.3
Television advertisement	180	60	120	40
Social media	166	55.3	134	44.7

Table 6 shows that Online Website still ranked first as the communication tool that drives customers to recommend Lazada to other people. 264 out of 300 (88%) agreed that they were willing to share their experience on Lazada’s online website. Followed by Mobile Application (77.7%), Word of Mouth (77%), Reviews (76.3%), Social Media (64%), and Television Advertisement (52%). The television still ranks last on the buying decision of consumers to recommend Lazada to other people.

Most of the participants of the FGD discovered Lazada through the recommendations of their friends and relatives. According to the participants, if a person hears a positive feedback about a certain shop, he or she would be encouraged to try and purchase as well. One of the participants said that if we hear something new to our ears, we would be urged to try it especially when the recommendation came from a friend or a relative. Furthermore, all the participants said that they would recommend shopping in Lazada to other people since they had smooth transactions, and they are always satisfied with the services of Lazada every time they purchase. They are also looking forward for more transactions with Lazada since they find it recommendable and a trusted online shop. One of the participants said “*When I order in Lazada, my order always come the next day.* The experience that the

participants have had is part of the reasons why people would recommend Lazada.

Table 6. Buying decision of consumers – Recommend

COMMUNICA TION TOOLS	YES	%	NO	%
Online Website	264	88	36	12
Mobile Application	233	77.7	67	22.3
Word of Mouth	231	77	69	23
Reviews	229	76.3	71	23.7
Social Media	192	64	108	36
Television Advertisement	156	52	144	48

Table 7 shows the relationship of the buying decision of consumers whether to buy or not to buy on Lazada, and the communication tools of Lazada. All of the communication tools affect the buying decisions of the respondents. Based on the results, these communication tools are significant in terms of persuading them to do the purchase.

There is a significant relationship between the buying decision of consumers and the communication tools of Lazada (online website, mobile application, social media, word of mouth and reviews) with a P-value of .000 and television advertisement with a P-value of .005.

The result of the FGD supported the findings since people who have easy access to internet, they find the online website of Lazada a convenient and modern way of online shopping. Also, with regards to Cooper (2016), mobile apps are promising, quick and convenient. Most of the participants of the FGD have Lazada’s mobile application installed in their phones because according to them, it is more convenient to shop with the application because it is convenient especially for students like them who don’t have enough time to go the mall. However, Miller (2010) stated that there are more than 11 million consumers access more than 70% of social media sites for purposes such purchasing different goods and services. While, word of mouth also influence the buying decisions of present and future consumers. Most

companies today persuade possible buyers by “spreading the word” and making product review forums (Godes, 2015). The influence of statements from previous consumers gives additional information with the product that can influence and persuade the buyers to purchase. While according to Ramaswamy (2013), consumers who know less information about a particular product depend on the reviews of other people. Also, based on a recent research done by Ha, Bae & Son (2015), 50% of young Internet users depend on reviews and opinions of other consumers before purchasing. Also, in agreement to the results of the survey, the participants of the FGD also said that television plays a big role in influencing their buying decisions.

Table 7. Relationship between the buying decision of consumers and the communication tools of Lazada

Buying Decisions vs	Pearson Chi-square value	P-value	Interpretation
Online website	31.742	.000	Significant
Mobile application	41.477	.000	Significant
Social media	25.596	.000	Significant
Word of mouth	29.815	.000	Significant
Reviews	26.120	.000	Significant
Television advertisement	26.581	.005	Significant

If P-value is <0.05, then there is a significant relationship between the buying decision and the communication tools of Lazada

If P-value is >0.05, then there is no significant relationship between the buying decision and the communication tools of Lazada

Table 8 shows the relationship between the decision of respondents to recommend Lazada and the communication tools. Based on the results, there is a significant relationship between the buying decision of consumers and the communication tools of Lazada (online website, mobile application, social media, word of mouth and reviews) with a P-value of .000 while the television advertisement has no significant relationship with their decision to recommend with a P-value of .084.

According to a participant of the FGD, a customer learned about Lazada from a friend's recommendation and it is the reason why she tried to access the online website. With just few clicks, people were able to purchase anything they want through Lazada's mobile application anytime and anywhere. However, as Godes (2015) stated, most businesses nowadays persuade possible buyers by "spreading the word" and making product review forums. Since word of mouth and the decision to recommend are similar in influencing other people, the significant relationship between is evident. As the relationship between consumers' decision to recommend and the television advertisement resulted not significant, the respondents do not consider television as a medium that persuades them to recommend Lazada to other consumers. It indicates that it is not the television advertisements which will make them refer Lazada to other people as Lazada shows it only for a limited time. Besides, a participant of the FGD even stated that she have not seen the television advertisement yet that is why there is no reason for her to recommend it through that communication tool.

Table 8. Relationship of recommendation and communication tools of Lazada

Recommendation vs	Pearson Chi-square value	P-value	Interpretation
Online Website	27.606	.000	Significant
Mobile Application	21.922	.000	Significant
Social Media	37.130	.000	Significant
Word of Mouth	20.534	.000	Significant
Table 8 continued...			
Reviews	26.120	.000	Significant
Television	17.882	.084	Not Significant

If P-value is <0.05 , then there is a significant relationship between the recommendation of the consumers and the communication tools of Lazada.

If P-value is >0.05 , then there is no significant relationship between the recommendation of consumers and the communication tools of Lazada.

CONCLUSION

The customers of Lazada are most exposed to the online website while they are least exposed to television advertisements. The television advertisement of Lazada can only be seen occasionally. Some of them are not even aware that Lazada has television advertisement. Majority of the results of the perception of consumers towards the communication tools of Lazada are positive. Majority of the respondents agreed towards the communication tools' attractiveness, comprehensibility, acceptability, call to action, and credibility. The consumers consider doing the browsing and/or the purchase because they believe that it is credible. However, the television advertisement that always ranks last still has positive results based on the consumers' perception. Most of Lazada's customers decide to do the purchase because of the online website. They are attracted by what the online website offers as it consistently ranks first based on the results. Also, the customers choose to recommend Lazada to other people because of the online website. They personally experienced what the online website offers; therefore, they could share their thoughts and commentaries about it and suggest it to others. All the communication tools of Lazada actually affect the buying decision of the customers as they all have significant relationships with each other. Every communication tool of Lazada can persuade customers to do the purchase and among all the communication tools, the online website is the most agreed as the most effective one. However, among the relationships between recommending and the communication tools, only the television advertisement has no significance.

RECOMMENDATIONS

After gathering the data and seeing the results, Lazada's consumers are mostly teenagers. The researchers recommend that they should focus on advertising through television since most people have their televisions at home and Lazada's advertisements could have a bigger exposure if they would also maximize the use of television in reaching people especially those who are not using internet these days. Since the target market of Lazada is everyone, the researchers also recommend to highlight all of their products and promote them equally so both male and female can be persuaded in shopping with them. In terms of accessibility, the researchers highly recommend practicing the 360 advertising strategy that utilizes all communication tools. Since most of the respondents are not exposed to TV advertisements of Lazada, it would be a big help for the company if they would also focus in improving their TV advertisements by repeating it from time to time and making new commercials. Since majority of the respondents agreed that the communication tools used by Lazada affect their perceptions in online shopping, the researchers would recommend to further improve their advertising strategy so they can maintain or reach a broader market in the TV advertisements in terms of their buying decisions. Since their TV ads are not shown recurrently, the researchers would suggest to make a scheduling plan or to organize the timeline for the TV ads so that people can see it frequently and more people can be aware about it. This can also attract and persuade possible consumers especially those who don't have an access to Internet. The results also say that there are no significant relationship between the respondents' decision to recommend Lazada and television as a communication tool. Since television has largest mass medium used for advertising, the researchers recommend that to reach a broader market, Lazada has to focus advertising using this tool and also to be exposed to possible consumers. If more people are exposed to their advertisements, there would be a high possibility that they would recommend it to other people.

For the future communication practitioners, the researchers recommend to practice maximizing all of these communication tools to improve their communication side and to further reach a broader range

of people. Also, the researchers recommend that the school should consider accepting E-commerce as part of communication. The academe should also have further studies concerning E-commerce since its core is communication. They should emphasize that E-commerce could be a stepping-stone of the Philippines to achieve its goal to be one of the top E-commerce countries in ASEAN. With this, the students will be able to be more knowledgeable and can develop and improve future researches.

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