

Universiti Teknologi MARA

**Risk Mitigation Guideline For
Click-and-Mortar VS Pure Play Companies**

Nik Faizah Binti Nik Rahmat

2003284532

Thesis submitted in fulfillment of the requirements for
Bachelor of Science (Hons) Business Computing
Faculty of Information Technology And
Quantitative Science

November 2005

DECLARATION

I certify that this thesis and the research to which it refers are the product of my own work and that any ideas or quotation from the work of other people, published or otherwise are fully acknowledged in accordance with the standard referring practices of the discipline

NOVEMBER 10, 2005

NIK FAIZAH NIK RAHMAT
2003284532

ABSTRACT

E-retailing provides a relatively new way of marketing, selling, paying and the delivery of goods over the Internet. A guideline suggested here to be followed to mitigate risks of running a web store consist of five stages; i) identifying risk factor and risk type, ii) analyzing risk scenario, iii) predicting the consequences of risk occurring, iv) planning for proper risk mitigation mechanism and v) assigning the right people to manage the risk. Results from this study also indicated that risks faced by click-and-mortar and pure play e-tailers are similar in terms of customer and internet risks but very different in terms of business risks since click-and-mortar e-tailers usually have a higher budget at their disposal to spend in handling online business risks. In conclusion, businesses that conduct their transactions online will have to be ready to face problems that may not arise in running conventional stores. These risks, if left without proper handling, might lead to the downfall of e-tailers.

TABLE OF CONTENT

	PAGE
TITLE PAGE	
DECLARATION	ii
APPROVAL	iii
ACKNOWLEDGEMENT	iv
ABSTRACT	v
TABLE OF CONTENT	vi
LIST OF TABLES	ix
LIST OF FIGURES	x
LIST OF APPENDIXES	xi
CHAPTER 1: INTRODUCTION	
1.0 INTRODUCTION	1
1.1 RESEARCH BACKGROUND	1
1.2 RESEARCH PROBLEM	3
1.3 RESEARCH QUESTION	3
1.4 OBJECTIVES OF THE RESEARCH	4
1.5 SIGNIFICANCE OF THE RESEARCH	4
1.6 SCOPE OF THE RESEARCH	5
1.7 LIMITATION OF THE RESEARCH	5
1.8 OVERVIEW OF THE FOLLOWING CHAPTERS	6
1.9 CONCLUSION	7
CHAPTER 2: LITERATURE REVIEW	
2.0 INTRODUCTION	8
2.1 E-COMMERCE	8
2.2 E-TAILING	12
2.3 E-COMMERCE RISK	14

2.4	CONCLUSION	17
CHAPTER 3: RESEARCH APPROACH AND METHODOLOGY		
3.0	INTRODUCTION	18
3.1	THE RESEARCH APPROACH AND METHODOLOGY	18
3.2	METHODS OF DATA COLLECTION	20
3.3	RESEARCH INSTRUMENT	22
3.4	RESEARCH MODEL	24
3.5	SAMPLING DESIGN	24
3.6	RESEARCH QUESTIONS	25
3.7	DATA ANALYSIS	26
3.8	CONCLUSION	27
CHAPTER 4: FINDINGS AND ANALYSIS		
4.0	INTRODUCTION	28
4.1	FINDINGS AND ANALYSIS RESULTS	28
4.2	CONCLUSION	38
CHAPTER 5: RISK MITIGATION GUIDELINE		
5.0	INTRODUCTION	39
5.1	RISK MITIGATION GUIDELINE	
5.2	CONCLUSION	44
CHAPTER 6: CONCLUSION AND RECOMMENDATION		
6.0	INTRODUCTION	45
6.1	CONCLUSION	45
6.2	RECOMMENDATION	46
REFERENCES		47