

An evaluation of the factors affecting the online shopping

[Sociology](#), [Shopping](#)



Abstract

Online shopping has grown rapidly in China over the last decade, yet there are only a few studies in the Chinese context. This research focuses on B2C (Business to Customer) and C2C (Customer to Customer) to identify the factors that affect online shopping intention of consumers in both positive and negative aspects. However, there are some differences that exist that influence online shopping intentions among different countries.

As a result, this essay evaluates the determinants of online shopping intention of Chinese consumers by comparing consumers in other countries, which will give an insight for online sellers to develop more competitive strategies in China. Contents Abstract

Introduction

There is a growing number of people choosing online shopping and this growing trend has emerged all over the world over the last few decades. Online shopping is defined as “ The act of purchasing products or services over the Internet”. Similarly, iResearch defines it as “ The process of transferring commodities or services from the merchant/seller to individual users (consumers) via the Internet. Such a process is called online shopping if any of its capital flow, logistics, or information flow involves the Internet. Benefiting from the rapid economic growth and the development of the Internet, online shopping has become increasingly prevalent in China. The amount of transactions in online shopping, accounts for 1. 1% in 2008 rising to 3. 3% in 2010 of China’s total retail sales of consumer goods. Moreover, the latest report illustrates that up to December 2012, the number of net

citizens in China reached 513 million, of which online shoppers are 194 million and the figure has kept a steady development trend with an increase of 20. % compared to the end of 2011. It can be seen that online shopping in China has experienced robust growth and demonstrates great potential when compared to mature online shopping markets, such as the USA, UK, and Japan. However, the development of China's online shopping has encountered some obstacles, such as the limitations found within delivery and payment systems.

Moreover, most research into online shopping has focused on western countries, but very little research has been done in the Chinese context. Therefore, in order to reach its potential and to maintain the steady growth tendency of the online shopping market in China, it is important to attempt to comprehend the issues influencing the online purchase intentions of Chinese consumers. Thus, the purpose of this paper is to identify and evaluate factors that signify the differences between online purchase intentions of Chinese and global online shoppers. This paper is structured as follows. The next section reviews the related literature about the issues relating to online shopping. Section 1 will identify which factors are prominent or auxiliary and may affect the online shopping intention of global consumers while section 2 will compare Chinese consumers with global consumers and evaluate the significance of the differences.

Literature Review

The e-commerce industry has developed rapidly worldwide over the last few decades including the online shopping market in China which has

experienced steady growth. Much research has tried to identify what the factors are and how they affect the online shopping purchase intention; however, a large proportion of these studies have been concerned about the West while only a few studies have focused on Chinese online shoppers and take into account the cultural impact. To allow the reader to better understand the factors affecting online shopping intention in China, this section will offer academic research reviews regarding this subject, including different theories, influential factors, and concerns relating to cultural differences. Since online shopping has become more popular, it has attracted widespread attention. Different models and theories have been adopted by many researchers to identify and examine the factors affecting online shopping intentions or behaviors. The Theory of Reasoned Action (TRA), the Technology Acceptance Model (TAM), and the Theory of Planned Behaviour (TPB) have been frequently used. Extended TAM “ by introducing e-service quality dimensions, trust, and enjoyment in the development of a theoretical model to study customers’ repurchase intentions of online shopping”.

Similarly conducted the related research is also based on the TAM framework but combined it with “ environmental and social constructs to elucidate consumers’ attitude and behavioral intention to use e-retailing”. A number of studies have extensively discussed the factors influencing online shopping intention over many years. “ Convenience, price savings, extensive information, enjoyment, and broad product selection are considered as major benefits of online shopping” reveals that social influence, such as online consumer reviews or word of mouth play a significant role in affecting

individual behavioral intention to shop online, which is consistent with the result of the research done by Chung and Shin and Lee, Park, and Han. Moreover, many researchers suggest that “perceived ease of use and perceived usefulness” of shopping through the Internet are important antecedents of intentions. Even though online shopping brings some benefits to consumers which attract them to shop online, some factors have a negative effect on consumers’ purchase decision. For example, poor quality products and underdeveloped payment systems; in particular, many researchers demonstrate that trust is a vital factor for online consumers to make purchase decisions. Xu, Zou, and Wang also point out that trust is considered to be the most important factor.

In contrast, an earlier study suggests that in some countries the most important factor is price while trust is not as important as the price. Recently, some researchers have started paying more attention to the Chinese online shopping market and some comparative studies have been conducted in the context of online shopping in China due to the fast development of the Internet and rapid growth sales in online shopping. Areas covered include China and Japan and China and America. It has been demonstrated that the differences between consumers in China and those in other countries, and namely issues dealing with product quality, logistic infrastructure, payment systems, and social influence. This section has reviewed literature about the major theories used in research and some factors that research has suggested including the difference between China and other countries. In the following sections, this research will classify and evaluate the dynamic factors and related issues regarding consumers’ online

shopping intentions by comparing China to some other countries. Global consumers With the increasingly intensified competition in online shopping, it is more essential than ever for online retailers to understand the factors affecting consumers' intention in online shopping, which is critical to success. Therefore, a number of studies focusing on influential factors of online shopping appear in many published conference proceedings and journals. This section will categorize the issues influencing global consumers' online shopping intentions.

Main factor: price, convenience, and risks

There are some factors that attract consumers to choose online shopping. Firstly, the price has long been considered as a significant predictor when customers making a decision and e-commerce allows consumers to compare the prices across different online shops to find out the cheapest product easily. Moreover, compared to traditional retail shops, internet-based shops have a cost advantage; as a result, they are able to offer their products at a cheaper price than are available in traditional shops. Secondly, many researchers also point out that as well as price the perceived ease of use and perceived usefulness are important factors to attract consumers to engage in online shopping. For example, online shopping provides an opportunity for consumers to easily locate shops and products, especially convenient for target-oriented consumers who have already decided what they want to buy.

On the other hand, even though online shopping brings some benefits and attracts some consumers, there are those that are aware of the risks involved and so this may lead to them rejecting it argues that those risks

include: lack of security, the possibility of credit card fraud, uncertainty about the quality of products, and return issues when the products are failed to meet consumers' expectation. Moreover, due to the distances involved with online shopping and the fact that consumers are unable to touch or see the products seems to be an inherent perception of risk in shopping online.

Additional factors

Apart from the major factors mentioned above, some additional factors influence the intention of online shopping as well. First of all, the amount of availability of extensive information and choices in online shops which the traditional stores are unable to compete with. Therefore, the options of products available in conjunction with the very latest information being available are a relatively important attractant to online shopping over the traditional retail store. In addition, some other influential factors were identified by Kau, and Fang, such as time-saving, time flexibility, real-time marketing offers, sharing other online customer reviews and enjoyment. Furthermore, suggest that the more experience of using the internet the more likelihood of the consumer becoming an online shopper.

Chinese consumers

Since neither can the existing knowledge of Chinese consumers' behavior on traditional shopping nor the reported findings of online shopping in other countries can be directly applied to the online shopping market in China; therefore, marketing strategies need to be tailored to the specific market. This section will highlight and address any different issues influencing the

online shopping intention of Chinese consumers by conducting a comparison between Chinese consumers and consumers in other countries.

Main factors: quality, delivery, and payment security

Liu, He, Gao, and Xie state that Chinese people are quite sensitive to price and like negotiating with sellers to achieve a satisfactory deal. Similarly, Atcharyachanvanich and Okada (believe that the main reason why Japanese and Chinese consumers shop online is for cheaper price; however, they add that cheaper price is not the most important reason affecting Chinese consumers' online purchase intention, Chinese consumers rank the security of the website and the ability to read previous customers' reviews at the top. It seems to highlight Chinese online shoppers' uncertainty about whether the products they buy are genuine and have good quality or not. Besides the quality of products, delivery as another essential factor was concerned by Chinese consumers. Just as CNNIC shows in the 29th report that delivery is one of the main aspects causing consumer dissatisfaction of online shopping; more specifically, 12.3%, 5% and 3.6% of Chinese consumers were not satisfied due to delayed delivery, lost or damaged products and bad attitude of delivery staff respectively. As a matter of fact, Chinese logistic infrastructure lags behind some countries; particularly in terms of limited choices of delivery companies and long delivery time.

In contrast, the US has a mature and efficient distribution network supporting online shopping, because outsourced third parties can provide professional services, such as FedEx, UPS, DHL, etc. Research carried out by Xu, Zou and Wang shows that online payment security is the most important factor which

should be strengthened by e-commerce companies because online shoppers pay more attention to it. Additionally, an unsound credit card payment system is more likely to cause financial risk and privacy leakage. In the US, using a credit card is the most popular way to pay for online shopping, while in China is still cash payment due to the cash-based culture and immature credit card payment system. This results from the immature Internet technology which to a large extent impedes the development of an online payment system in China. Consequently, the financial risk might be caused by an underdevelopment online payment system, which is a significant reason leading to a decision to reject online shopping.

Additional factors: social influence

Based on Hofstede's cultural model, online consumer behavior can be predicted by five cultural difference dimensions, one of them is individualism-collectivism, for instance, America and New Zealand belong to individualism while China belongs to collectivism. This, in turn, has led to different online shopping behavior among consumers belonging to Eastern and Western cultures. Several studies have revealed that people from a collectivist culture should be more easily influenced by people within their social circles. Consequently, social influence should not be ignored in the context of online shopping in China. On the one hand, human interaction cannot be fully satisfied in Internet-based shopping; therefore, it may not be easily accepted by Chinese which is more likely to enjoy interacting with others when shopping. In addition, it is very common in China that one tends to follow if friends or relatives are interested in online shopping.

Furthermore, online consumer reviews or electronic word of mouth as a specific way of social influence in the context of online shopping plays an important role in affecting online consumers to make a purchase decision. It seems that social influence is an important factor affecting the online shopping intention of Chinese consumers.

Conclusion

This project reviewed the literature regarding online shopping issues firstly. It then classified some main factors and additional factors that influence global consumers to choose or not choose Internet-based shopping.

Specifically, cheaper prices and convenience of online shopping have a positive effect on affecting global consumers' online shopping intentions; however, some risks in terms of products, financial and private information are likely to cause the rejection of online shopping. Finally, it acknowledged and assessed the divergent issues affecting Chinese consumers' online shopping intentions with a comparative approach. Chinese consumers are quite different from global ones due to cultural differences and deficiencies within payment and delivery systems. For example, perhaps because of the high rate of counterfeit and inferior products, Chinese online shoppers pay more attention to the product quality than price. Moreover, in China, the logistic infrastructure and payment system are less developed and less mature than in other developed countries and this brings greater fear to Chinese consumers to conduct online shopping. Additionally, social influence and associated information from previous consumers who express their opinions online about products and sellers are essential for Chinese online

consumers. As noted above, online shop retailers should not simply apply the existing knowledge about global online consumers to Chinese online shoppers, cultural differences must be taken into account, which is critical to their success and will benefit the development of the online shopping market in China.

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