The Factors Influencing on Online Store Selecting Intention for Purchasing Imported Products of Chinese Consumers

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Abstract: As China is going to be the next world’s leading retail markets which the biggest purchasing power over E-commerce market, international companies and investors thus interested in expanding its businesses to Chinese market. The present study is carried with the purpose to critically review and identify the gaps in current literature on cross-border e-commerce, to draw the relationship among online store image, trust towards online store and online store selecting intention. Five factors on store image were selected to be studied which are online store reputation, service, promotion, design, and products as independent variable, trust towards online store plays as mediator, and online store selecting intention as a dependent variable. The proposed conceptual model framework of the present study is expected to assist online store, marketers or related persons to understand the Chinese consumer’s behavioral intention in cross-border e-commerce. Also, the result can be used as a benchmark for future study with different context.

Keywords: Cross-border ecommerce, Online store image, Trust, Online store selecting intention

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I. Introduction

Nowadays, due to the globalization which leads to the digital ages, people have changed lifestyle from offline to online. E-commerce thus has become a powerful driver of all business with online platform. According to the online 43rd statistical report from China Internet Network Information Center (CNNIC), it is found that the online retail sector’s revenue generated from rural and sub-areas has increased to CNY 1.4 trillion. This results in the increasing with the total of China’s online retail revenue at CNY 9 trillion (USD 1.3 trillion), recorded at the end of 2018[1]. All in all, China is going to be the next world’s leading retail markets which has the biggest purchasing power over E-commerce market of the world.

Another crucial key driver on the growth of Chinese online retail market is the expansion of internet user. China had 610 million of online shoppers at the end of 2018 which accounted as 73.6% of total internet users[1]. China’s economic growth is stable resulting in the increasing income of the Chinese population. The data from iMedia Research shows that China's cross-border e-commerce transaction in 2018 has reached 9,100 billion Yuan and is estimated to reach 10,800 billion Yuan in 2019. Current users exceed 100 million users. Along with increasing purchasing power of Chinese consumers, the improvement of consumption is as follows: the significant need in customization and high-quality creates cultural environment to the new generation of Haitao. 30% of Haitao users choosing Haitao as overseas products have a good quality increases 7.8% compared to the first half of 2018 and more than 50% of users purchase once a month[2]. In addition, because of the improved living standard, outbound travelling and demanding for overseas education are highly increasing to enrich their global experiences and language skills. Chinese people are having more international exposure leading to the change of consumer behaviors. They are having a higher expectation and tend to purchase premium products rather than mass market products. According to Nielson’s 2016 Consumers Report, 53% of respondents were likely to purchase overseas cosmetics brand over local brands as they are more trustworthy in international products [3]. Besides, the supporting technology infrastructure, such as the logistics and delivery services have expanded rapidly in recent years. Consumption has become one of the core drivers of China’s economy with a unique online economic environment. As a result, cross border ecommerce has become popular among the post-1990 and post-1995 generations as they are more willing to try new things and spend time studying products and sharing experiences [4].

Typically, overseas brands and retailers have sold cross-border into China through online marketplaces offered by China’s E-commerce platform. The popular overseas online shopping platforms, commonly known as Haitao or CBEC (cross-border E-commerce). Deng (2015) defined Haitao as the Chinese word for consumers who buy overseas products or purchasing from the third parties and ship the ordered products to China [5]. ‘Haitao’ trends are rapidly growing in both academic and business fields. Scholars are interested in Haitao as an
emerging research topic in international marketing or e-commerce area. Several studies have dealt with related areas such as Chinese customers’ preference for foreign products [6], individuals’ online shopping behavior [7] and the overseas retail transformation to other countries [8]. Another way is through ‘Daigou’ agencies, another famous source for purchasing overseas. The process has to go through the agencies for e-commerce platform, import trader, distributors or agencies since China is a unique market. Purchasing through the afore-mentioned agencies can reduce the troubles. As a result, it is the effective way to promote marketing activities in China by having Chinese agency as the representative to manage the online marketing and to distribute products in a local channel. One of the factors to sustainably enter Chinese market is to have a good quality partner. However, this study merely refers to the online store which provide imported products on Chinese e-commerce platform as it is the final part before reaching to the end users. The report from iresearch [9] found that there are currently more than ¾ of cross border online shoppers, who use domestic cross boarder shopping site, which could be with either CBEC or traditional. The individual retailers and brand owners need to carefully determine which factors affect to Chinese consumer selecting online store. One of the properties is that a good store should have good store image as it will bring the trustworthy to the store and encourage the customers to decide purchasing from such online shop eventually.

II. Literature Review

2.1 Online store image

Martineau (1958) is one of the earliest scholars who assigns the definition of the traditional store image and it has been widely used ever since [10]. According to him, store image is the personality of the store in which a shopper has on his/her mind. Store image had also been studied by Thang and Tan (2003) [11] in retail sector as it is essential in terms of store selections, which is the result from image of the store in one’s mind. Moreover, store image is also defined by Lindquist (1974) [12] that it is the linkage between brand associates and consumer’s memory. The online store is “a storefront in cyberspace, a place where customers can shop from their home computers and where merchants can offer merchandise and services for a fraction of the overhead required in a physical storefront” [13]. In fact, it is known that consumers employ different cues when evaluating a retail store image [14]. Most of the time, store image is considered as a multi-dimensional concept including various aspects of the retail store. Studies have identified dimensions consumers perceive stores, which collectively make up store image [15]. Mazursky and Jacoby (1986) [16] have broken them down into four broad categories: price range and sales promotions; range of merchandise and brands: store location and layout; and, lastly, policy and service. Thang and Tan (2003) [11] show that store preference is determined, first, by product offering, then by a store’s accessibility, reputation, customer service, store atmospherics and, lastly, sales promotions. Based on many previous studies and opinions, online store image in this study is defined as the consumers’ integrated perception of properties, functions and psychologies that affect their behavior when they interact with an online store. In recent years, some scholars have argued that the traditional store image definition appears to be inappropriate for use with an online store because advances in technology have changed many factors of the traditional store image. Store image has been used as a predictor for numerous variables, including attractiveness of shopping area [17] and purchase intention [18]. In addition, Szymanski and Hise (2000) [19] focused on the qualitative phase of research and captured four elements of consumer perceptions: online convenience, merchandising, site design, and financial security. This study defines store image as the overall attitude derived from the intrinsic and extrinsic characteristics of the store. Five factors on store image were selected to be employed with the present study, consisting of online store reputation, service, promotion, design, and products.

2.1.1 Reputation

Herbig and Milewicz (1993) [20] defined reputation as “an estimation of the consistency over time of an attribute of an entity.” Online shopping is closely related to recognition and recall [21]. Consumers often assume that a well-known company can better serve them and support their desires [22]. Retailers, such as Carrefour and Starbucks, increasingly invest in their corporate reputation and store image to strengthen their intangible assets and attract consumers [23]. The relationships among corporate reputation, store image and store loyalty are likely to be contingent on several shopper characteristics. Bezes (2015) [24] revealed that reputation are considered intrinsic – contributing largely to the store choice or so-called store ‘selecting behavior’ in the present study. A high reputation can strengthen the customers’ confidence and reduce risk perceptions when they make judgments on store performance and the quality of products or services. These features can enhance the customers’ expectations of store capability to provide excellent products or services [25]. Therefore, buyers may initiate their trust on the seller’s reputation in evaluating the cost and benefit with a certain store.
2.1.2 Design

Prior studies have indicated that a well-designed and easy-to-navigate website would be more likely to enhance web usability and convert a website visitor to an online shopper [26,27,28]. In the online environment, shoppers rarely interact with salespeople, so as the primary interface between the shoppers and online stores, the website plays a critical role in store selecting intentions. Some scholars have found that website quality is an important factor that affects consumers’ initial online purchase behavior [29,30].

An online store that can attract, sustain and retain customers as long as it operates with friendly interfaces, pleasant information presentation, and personalizable and supportive information services. The usage of colors, multimedia, animation and graphics can reach customers on multiple cognitive levels and result in higher retention [31].

Recently, some scholars have studied the concept of online store image [32,33,34]. However, Verhagen and van Dolen (2009) [34] suggested that website quality is only one part of the online store image. Thus, focusing on how online store image impacts on online store selecting intention will provide online store owners comprehensive insights that they can use to increase their visitors’ purchasing intentions.

2.1.3 Service

The results of the study conducted by Kejing Zhang and Liling Huang (2015) [35] on the CBEC platform selection showed that cost is the most important factor influencing companies decision, followed by the service quality as the second essential factor. Store image can affect the perception of the customers on products and services; when consumers can genuinely feel of the attributes after the store comparison, the satisfaction with the network store is created. There’s one model widely used to measure service quality of electronic business called Model of e-service quality [36]. Gronroos (1984) [37] proposed two aspects of service quality, which are technical and functional with the explanation that these two aspects together with the company image can play a significant role to justify the service quality of a serviced company. Functional quality focuses on issues related to the behavior of customer-contact staff and the service provided to the customer, such as the speed of service, while technical quality concerns on issues related to the quality of the service at the final stage. The assessment of service quality thus should include both technical and functional quality attributes [37,38]. Many researchers found the service quality as an essential aspect which can impact the customer satisfaction. As a result, it can build the trust and boost the store select intentions among the customers.

2.1.4 Promotion

According to Kotler and Keller (2013) [39], promotion is a vital key in marketing campaigns, especially in short term. It consists of the collection of incentive tools designed to stimulate quicker or greater purchase of particular products or services. The advertising draws the reason to buy whereas sales promotion offers an incentive to buy. Sales promotion contains promotional activities rather than advertising, personal selling, and publicity, which helps stimulate purchases. It generally involves a direct inducement (such as money, prizes, extra products, special gifts, or specialized information) that provides extra incentives to the decision to buy now or buy more. Also, it affects the repurchasing. It is designed to change the schedule of purchasing or shift inventory to others in the channel. Promotional activities occur simultaneously with the advertising. Promotions are beneficial for online store in several ways such as; stimulating customers’ unplanned purchasing that comes along with the impact of different variables which affects the selecting intentions and purchasing decisions. It motivates customers to cut the stockpile that consequently reduces the inventory costs and attract customers to increase the repurchasing, which will at the end lead to store selections to create the monetary transactions. Bezes (2015)[24]revealed that sales promotions is mainly considered on the products variety. Mirabi et al. (2015) [40] also investigate the factors affecting on the purchase intention of Bono brand tile customers. Based on the results of previous studies, the variables of product quality, and brand advertising and name pose the highest impact on customers’ purchasing intention. In addition Kim and Eom (2002) also found from the comprehensive study that website information such as firm, products, services and promotions have positive influence towards user’s selecting intention.

2.1.5 Product

Numbers of scholars in marketing field are suggesting that the product classification scheme of search products, experience products, and credence products could bring out the plentiful revenue as a result of understanding buying behavior [41,42,43]. Lindquist (1974) [12] said that the store’s products are the representative of store image which is the priority concerns for the consumers before the price, accessibility, service and sales employees. Bezes (2015) [24] mentioned that the product line is considered to be highly affected to the store selection. Several studies have linked physical store image to retailer selection [44], store and product quality [45]. Also, product and store image, service quality, product variety, the trendy fashion
items, low prices and travel time cited in literature relate to retail store selection [46]. Dimensions of quality of the products described by Garvin in Shaharudin (2011) [47] are the product quality that create the benefit or value to the buyer that will be the attraction of a product itself. If a product is produced in accordance to the assigned quality, it will affect the buying decision [47]. The positive effect on the quality of the product affects purchasing intention of the consumers. Thus, greater attention to the product quality can affect the consumer’s purchasing intention. Rana et al. (2015) [48] found that purchasing intention represents the consumers’ desire to buy products from a particular shop with the main concern on product quality, brand image, socioeconomic condition and social influence as the key factors. As a result, the present research studies on the dimension of product quality in the context of cross - border online store.

2.2 Trust

Trust indicates that an online shopper perceives a level of reliability, safety and trustworthiness in the online store brand. According to Social Exchange Theory (SET) [49], trust determines people’s expectations from the exchange relationship [50],[51], increases the perceived certainty concerning other people’s expected behavior [52],[53], and reduces the fear of being exploited [54]. The effects of trust are particularly important when the social exchange involves risk or uncertainty [55], as is the case with online shopping. Trust refers to subjective guarantees that the online store brand can meet its obligations, will service as promised, and genuinely cares about its customers. Consumers have not widely adopted e-commerce [56], primarily because of trust issues [57] related to online retailers who have the chance to behave in an opportunistic manner by taking advantage of the distance and impersonal nature of online stores. From this context, trust level is significant effect towards store selecting intention. Jarvenpaa et al. (2000) [58] discovered that higher trust reduces perceived risks associated with online shopping and generate more favorable attitudes towards shopping at a particular store, which in turn increases willingness to purchase from that store. Empirical evidence has also supported the positive relationship between trust and purchase intention [32],[59],[60],[61],[62]. The findings of van der Heijden and Verhagen (2004) [33], also support that trust is the crucial driver of purchase intentions.

2.3 Online store selecting intention

Online store selecting intention occurs when the consumers make a list or know what items they want to purchase online, and then intend to choose the online store that best fits their needs. Store selecting intention defined in this study is referred to “consumer store choice” [63]. There are several crucial factors that influence consumer selection behavior. Such process of how consumers select retail stores has been an important point of interest for researchers for many years. One of the core models was from Monroe and Guiltinan (1975) [64] where the consumer’s store selection is explained as the function of thoughts on purchasing, budgeting, store facilities and consumer perceptions about the store. Reviews of the current literature which analyzes the store selection process of consumers show that there are three groups of factors that play a role in the selection process. These groups are consumer characteristics, store characteristics and consumer perceptions. Consumer characteristics indicated demographic and social characteristics such as gender, education, socioeconomic status, social class and family size [65]. Store characteristics are mainly referred to store factors such as merchandise, physical facilities, store environment, price and location [66],[67],[12]. In addition, consumer perceptions are also an important group of factors, consisting of store image, service quality and customer satisfaction [68],[69],[70].

For the review of the previous studies on the consumer store selection process in the online context, it is found that web store atmosphere and consumer trust were the two main focused factors. Web store atmosphere means the perception of consumers related to design, quality, and convenience of the web site [71],[72],[73]. Trust is the second important factor proposed to take the main part in online store selection [74], where consumers’ risk perceptions related to online shopping are higher than traditional retail stores.

The factors discussed in this section have been found to exert general influence on online store selecting intention. Such factors include store image with its sup-topics; online store reputation, service, promotion, design, and products; trust towards online store. Intention to purchase at an online store is the user’s likelihood to purchase from the online store [75]. This is usually measured by consumers’ willingness to buy and repurchasing behavior. Baker et. Al. (1994) [45] found a link between store image and intention to purchase a product. Online store selecting intention is the preference of consumer to choose online store for purchasing the products or services. Purchase intention referred to the subjective judgment by the consumers that is reflected after the general evaluation to buy a products or services [76],[77],[78],[79]. Based on the above literature, purchase intention covers several essential meanings: (1) consumers willingness to consider buying; (2) buying intention in the future; (3) decision of repurchase. Intention to purchase at an online store is the user’s likelihood to use an online store [74], maintain business relationships, and conduct business transactions. This is usually measured by consumers’ willingness to buy and to return for additional purchases. Baker et. Al. (1994) [45] found a link between store image and intention to purchase a product. Even if consumers finally
decide not to purchase, it is important for marketers to know how to bring consumers to the online store, initiate communication, collect valuable feedback information, and encourage future transactions [80].

2.4 Theory of Planned Behavior (TPB)

Theory of Planned Behavior (TPB) is widely used with the consumer behavior studies for the benefits of behavioral prediction [81]. It is further developed by the Theory of Reasoned Action (TRA) by adding the contribution of perceived behavioral control [82]. For the Theory of Planned Behavior, intention is the main predictor for behavior. It consists of three different antecedents; attitude towards the behavior, subjective norms and perceived behavioral control. Figure 1 illustrates the Theory of Planned Behavior model.

![Figure 1 Theory of Planned Behavior model](image)

However, the researchers agree that there are other related factors that can support the level of understanding towards the customer behavior on the online stores. For instance, Jarvenpaa [58] concluded that trust and perceived risk directly influence the attitude of customers to online stores [58]. Attitude has been proposed to influence behavioral intentions in multiple theories, favorable attitude towards an online store is likely to encourage consumers to proceed with monetary transactions. While Ariff, Sylvester, & Zakuan, 2014 [83] strengthened that trust on online purchasing is the result of perceived reputation of online stores. A store with the ability to reach the functional and psychological demands of a consumer will have the regular customers who returns for either making similar or different purchasing in the future [84], [85], [69].

2.5 The stimulus-organism-response (S-O-R) model

The original S-O-R model was developed in 1974 by Mehrabian and Russell [86] as to describe store attributes that influence the consumer behavior and was revised by Belk (1975) [87] to apply such model to the apparel retail environment, together with consumers’ responses. The S-O-R model was later modified to include variables that affect purchasing behavior in retail stores [88].

![Figure 2 S-O-R Model, (Mehrabian and Russell, 1974)](image)

In the S-O-R model originated by Mehrabian and Russell in 1974, the stimulus is what affects the internal state of mind of the individual. The process of the model combines of internal processes and external structures which will at the end reflect the final responses made. Bagozzi (1986) [89] defined responses as the outcome or final action towards the organism, such as emotional reactions from consumers. This includes both psychological reactions and/or behavioral reactions, such as actual buying behavior. The response in the S-O-R
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paradigm represents the final decisions of consumers, which can be either positive (approach) or negative (avoidance) [90],[88].

The conceptualization of stimulus is what arouses, stimulates to action, or increases action, which has been accepted and further developed in the study of Belk, (1975) [87]. When referring to a consumer decision-making process, the stimulus can be similarly conceptualized as those external factors associated with the store environments. Within the modified S-O-R framework, stimulus refers to the influence that stimulates the individual and is the factor that affects internal and organism states. An organism can be represented by affective or cognitive states and processes, which mediate the relationship between the stimulus and the individuals' behavioral responses.

In marketing research, S-O-R model is an important signal theory on shopping environment. Chang (2011) [91] applied S-O-R model to analyze traditional impulse buying behavior of consumers. Animesh (2011) [92] also applied this model to online network to study online purchasing behavior. Therefore, this study investigates the consumer trust, organism, as an antecedent of the actual behavior of consumers in selecting online store intention.

III. Conceptual Framework

Based on the previous literature reviews, the conceptual framework of the present study concentrates on the online store select intention with the application of theory of Planned Behavior and the stimulus-organism-response (S-O-R) model as the basis. This framework emphasizes the online store image as the main variable, including of online store reputation; online store service; online store promotion; online store design; online store product as the independent variable; trust towards online store as mediator. The diagram framework is illustrated as below:

![Figure 3 Conceptual Model](image)

IV. Conclusion

This conceptual paper has outlined the crucial steps of factors that affect Chinese consumers’ selecting online store intention. In particular, there are several guidelines that can help online retailers and marketers, who are seeking for the investment opportunity in China to predict consumer’s willingness to select online stores for purchasing imported products. The results of the present paper bring out the online selecting behavior antecedents through the Chinese consumer attitude. The positive image of the online store creates the positive attitude towards online store, the consumers will result in online purchasing or vice versa. When consumers have a higher purchase intention, the online store is more likely to earn a profit [93].

Moreover, the derived model also provides insights on the way to reach the sales goal in terms of aspects of the online store image that needed the throughout understanding on how to make online store image to catch the shopper’s purchasing intention. Then, they might try to improve the perception of the online store by improving other specific factors. If the online store owners want to maximize the revenue at the lowest cost, they must utilize their resources well to remain the competitive advantage. It is important to know how an investment in a specific element of online store image is likely to impact purchase intention and thereby set clear priorities in the marketing budget.

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The present study only focuses on the effect of online store image towards trust and store select intention. There are more factors needed to be explored such as how the mental process plays the role in selection intention. In addition, there are many attributes that can affect the change among online store image towards trust and store select intention. Further empirical research might conduct with the measurement on the factors proposed in this model to test relationship so that managers, marketers and online stores with imported products will gain comprehensive framework to practice in their own organization, which will lead to sustainable growth.

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