



# **CUSTOMER'S BEHAVIOUR IN E-COMMERCE IN CHINA**

**Case: taobao**

**Thesis**

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**Degree Programme in International Business**

**International Marketing Management**

<b>SAVONIA UNIVERSITY OF APPLIED SCIENCES</b> Business and Administration, Varkaus Degree Programme, option Bachelor of Business Administration, International Business, International Marketing Management		
Author(s) Hong Xinxing & Chen Yanlong		
Title of study CUSTOMER'S BEHAVIOUR IN E-COMMERCE IN CHINA		
Type of project	Date	Pages
Thesis	15th Nov. 2010	59 + 16
Supervisor(s) of study		Executive organisation
Virpi Oksanen, Tuula Linnas		
Abstract <p>As nowadays communication bandwidths rise with the increase of broadband connections in China, and as customer terminals becomes more powerful, sophisticated, easier to use, affordable and portable, there is no doubt that e-commerce will lead to an enormous change in people's daily life. Therefore, it is very necessary to analyze the influence of customer behaviour in the process of e-commerce in China. The objective of this thesis is to find out the elements which will influence customer behaviour in e-commerce in China, and how to use network marketing to attract customers and to expand the network to achieve market share and increase profit purposes.</p> <p>The company, which the thesis is concentrated on, is a company involved in online e-commerce in China. The purpose of the study is to collect the primary data about customer behaviour in e-commerce through an in-depth interview. Furthermore, a questionnaire was chosen for case analysis in the thesis.</p> <p>As a result of the study, the company still has a long way to improve itself in e-commerce in the future. In addition, the marketing strategies provided for the company are also proposed in the thesis. The analysis of the result is based on the theoretical part from the company's point of view.</p>		
Keywords E-commerce, Customer behaviour, Psychology, Taobao,		
Note		

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## 1 INTRODUCTION

E-marketing is a type of marketing function that is based on internet, through digital information and internet media to reach the aim of the marketing. This newly developed type of marketing function is more and more popular nowadays, but the customer's behaviour and psychology in this situation have not been focused on enough. Especially in China, where e-commerce has developed a peak, an increasing number of people are eager to learn about e-commerce. In this case, a good analysis of customer's behaviour and psychology can help companies adapt to this new environment well and divide the target market. The thesis is researching customer behavior, how the customers make their purchasing decisions, variation of the consumption structure and customer psychology in e-commerce. E-business is not a product or service; it is the technology applied to the company's work to innovate the experiences and qualities surrounding the product. The e-business activities over the internet are a tool or engine to improve the domestic economic well being through the liberalization of domestic services, more rapid integration into the globalization of production. (Taylor & Murphy 2004, 286)

The research problem in the thesis is: what are the internal and external elements that affect customer's purchasing behavior. The internal elements may include customer's mental activity, personality, and thinking, while the external elements may include the social elements, purchasing environment, customer group and marketing functions and so on. After the analysis of consumer behavior networks, consumer behavior characteristics and behavior changes, this thesis focuses on the enterprise's network environment; how to use network marketing to attract customers and expand the network to achieve market share and increase profit purposes. The research method used in the thesis includes both quantitative and qualitative research. Quantitative research may include the customer behavior and psychology analysis, and the elements that affect customer's purchasing decision. For the qualitative research secondary data that was collected by the internet will be used and the approach of contacting with the seller to get some useful data in order to improve the research. The target group chosen is teenagers who are using TaoBao.

## **2 E-COMMERCE**

Till now, e-commerce has been taken for granted. People prefer e-commerce for its convenience and predicted revenue. As nowadays communication bandwidths rise with the increase of broadband connections, and as customer terminals become more powerful, sophisticated, easier to use, affordable and portable, there is no doubt that e-commerce will lead to an enormous change in people's daily life. E-commerce is changing the shape of competition, the dynamics of the customer relationship, the speed of fulfillment, and the nature of leadership. To compete effectively in the e-commerce world, a company must structurally transform its internal foundation. This structural change requires a company to develop an innovative e-commerce strategy, focusing on speed to market and breakthrough execution. This structural change requires large-scale process changes, focusing on reducing variation and hand-offs. At the same time, companies must also develop a potent e-commerce infrastructure oriented toward continuous service improvement and ceaseless innovation. (Turban et al 2008, 10; Kalakota & Robinson 2004, 11)

### **2.1 Introduction of E-commerce**

E-commerce is a direct product explosive development of Internet, and EC is developing towards the application of network technology. The development of E-commerce covers a long historical period of time. There have been several steps in the history of E-commerce. The first step began in the 1960's with the development of Electronic Data Interchange (EDI) which refers to the electronic exchange of business information. In order to trade with international partners, it has become the trend of the widely used of Electronic Data Interchange (EDI). EDI enlarged the pool of participating companies from financial institutions to manufacturers, retailers, services, and many other types of businesses. Such systems were called inter-organizational system (IOS) applications, and their strategic value to businesses has been widely recognized. The second step took place in 1992 when the first 'point and click' browser was available. The third step was the development of DSL, which allowed quicker and faster access and a permanent connection on the Internet. And in 1994~1997, all major business companies needed to have their website to make their presence available. The next step was during 1997~2000. In the duration, Internet transaction was elementary. In this period, free services and products started to be available.

Companies began to consider different means to increase profitability and make potential customers to real customers. E-commerce poses the most significant challenge to the business model since the advent of computing itself. Although the computer has increased business speed, it has not fundamentally altered the business foundation, but e-commerce has. If any entity in the value chain begins doing business electronically, companies up and down the value chain must follow suitable or risk being substituted or excluded from the chain's transactions. (Turban et al 2008, 253; Jagdish & Banwari 2004, 430)

According to Peter Drucker, e-commerce is “the explosive emergence of the Internet as a major, perhaps eventually the major, worldwide distribution channel for goods, for services, and, surprisingly, for managerial and professional jobs.” (Peter Drucker 2002, 14) Electronic Commerce (EC) is the process of buying, selling, transferring, or exchanging products, services, and/ or information via computer, networks, including the Internet. A common classification of EC is by the nature of the transactions or the relationship among participants. Distinguished types of e-commerce can be divided into business- to- business, business- to- consumer, business-to-business-to-consumer, consumer-to-business, mobile commerce, intra-business e-commerce, business-to-employees, collaborative commerce, consumer-to-consumer, peer-to-peer applications, e-learning, e-government, exchange-to-exchange and non-business EC. Taobao.com is business-to-consumer type basically when making e-commerce. Business-to-consumer, also called B2C, is a kind of e-commerce model in which businesses sell to individual shoppers. This EC type is also called e-tailing. EC can be defined from the following perspectives: (Kotler & Armstrong 2006, 797; Turban et al 2008, 10)

- Communications. From a communications perspective, EC is the delivery of goods, services, information, or payments over computer networks or by any other electronic means. (Turban et al 2008, 5)
- Commercial (trading). From a commercial perspective, EC provides the capability of buying and selling products, services and information over the Internet and via other online services. (Turban et al 2008, 5)
- Business process. From a business process perspective, EC is doing business electronically by completing business processes over electronic networks, thereby substituting information for physical business processes. (Weill & Vitale 2001, 13)



- Service. From a service perspective, EC is a tool that addresses the desire of governments, firms, consumers, and management to cut service costs while improving the quality of customer service and increasing the speed of service delivery. (Turban et al 2008, 5)
- Learning. From a learning perspective, EC is an enabler of online training and education in schools, universities, and other organizations, including businesses. (Turban et al 2008, 5)
- Collaborative. From a collaborative perspective, EC is the framework for inter- and intra-organizational collaborative. (Turban et al 2008, 5)
- Community. From a community perspective, EC provides a gathering place for community members to learn, transact and collaborate. (Turban et al 2008, 5)

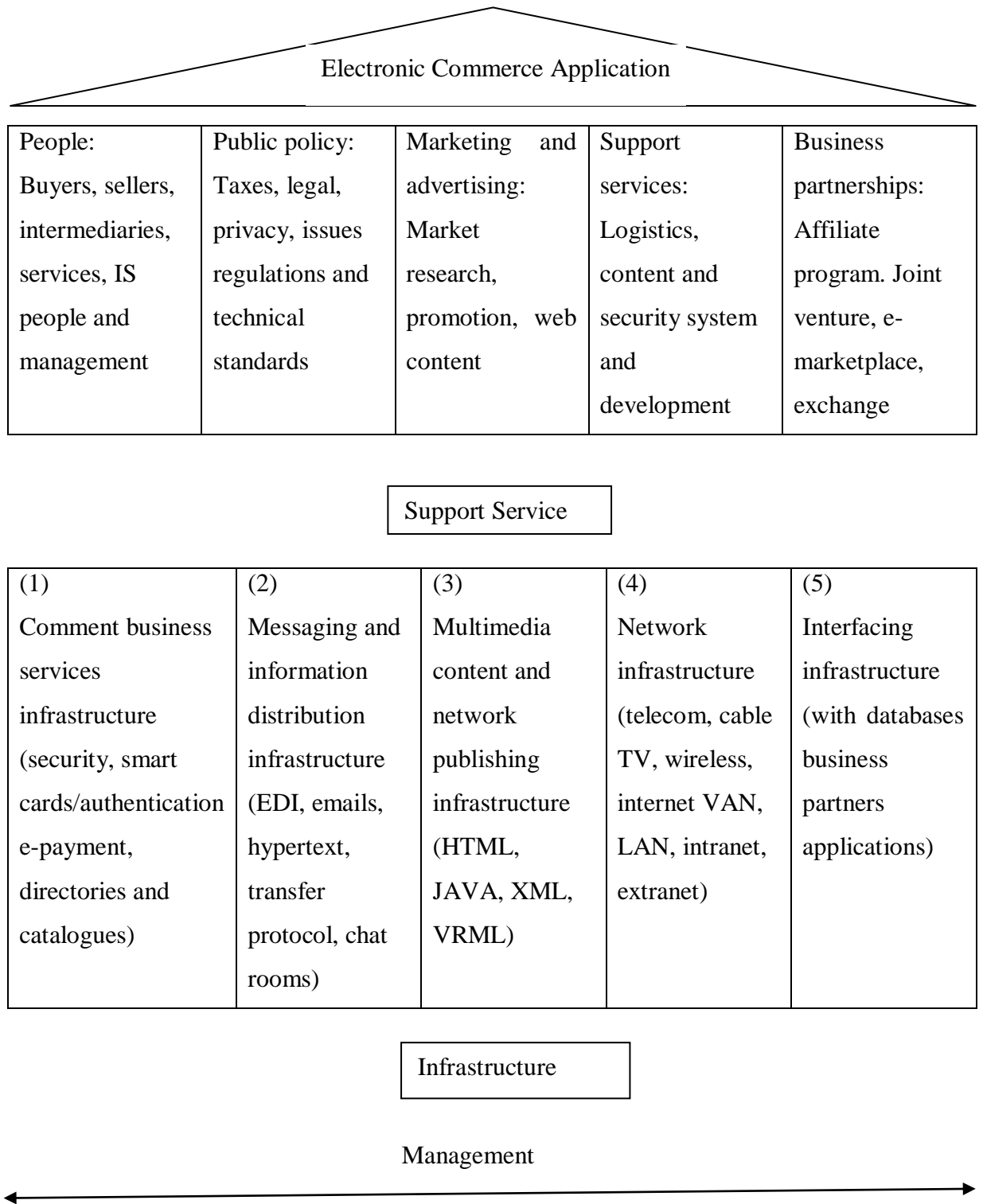


Figure 1. A framework of e-commerce. (Turban et al 2005, 7)

The e-commerce field is a diverse one which involves many activities, organizational units and technologies. Therefore, the clear understanding of e-commerce framework is necessary as shown in figure 1. On the very top of the figure an application of e-commerce is displayed which includes direct marketing, search jobs, online banking, e-government, e-

purchasing, B2B exchanges, c-commerce, social networks, e-learning, m-commerce, auctions, travel, online publishing and consumer services. In order to execute those applications, companies have to get the right information, support service and infrastructure. As exhibited in figure 1, the e-commerce applications are supported by five support areas, namely people, public policy, marketing and advertisements, support services and business partnerships. The support areas for e-commerce describe the hardware, software and networks used in e-commerce. The companies have to plan, organize, motivate, devise strategy and restructure processes in order to make business optimistic. (Turban et al 2005, 7)

There are certain catalogues which are selling well online and available on the web from numerous vendors. The first one is travel. Online travel sales are the largest category of online retail, which was estimated to be 73.4 billion U.S. dollars in the year 2006 noted by Burns (2006a). Next is the computer hardware and software. Computer hardware and software is the largest category of products sold online, excluding travel, and is predicted to be the first non-travel category to sell the majority of its goods and services online which will be 54.5 percent by 2010. (CRM Today 2006). Another one is consumer electronics. According to the U.S. Census Bureau (2006b), 59 percent of consumer electronics are sold online, with estimates of up to 4.8 billion U.S. dollars in sales online in 2005. Besides, Office suppliers are also very popular online. In addition, sport and fitness goods sell very well on the Internet. However, it is difficult to measure the exact amount of sales because only a few e-tailors sell sporting goods exclusively online. Next there will be books and music as well as toys. Hundreds of other e-tailors sell books on the Internet, especially specialized books, such as technical books and children's books. The sales of toys online are continuously growing ahead of the average. Health and beauty products are one of the fastest- growing categories in terms of online sales. Online event tickets sales reached 3.8 billion U.S. dollars in 2010, representing 18.5 percent of total sales noted by Infoplease. With the possibility of buying customized shirts, pants, and even shoes, the online sales of apparel is also growing. Other popular categories are jewellery, cars, services and pet suppliers. Online sales of jewellery are booming, with online sales rising approximately by 27 percent in 2005 to about 172 billion U.S. dollars. Claimed by Marketing Gold Org, prices about 40 percent less than would be paid in traditional stores, the trend toward online jewellery sales are predicted to continue till 2020. The sales of cars over the Internet are just beginning, but could be one of the top sellers on the Internet in the near future. Already

car manufacturers, retailers, and intermediaries that provide related services, both click-and-mortar and pure-play companies, are participating. Sales in service industries, especially travel, stock trading, stock trading, electronic banking, real estate, and insurance, are increasing ---- more than doubling every year in some cases. Finally, pet suppliers is a new category in the top-seller list, with reports of 700 million U.S. dollars in online sales in 2005, 3.2 percent of total spending on pets (Infoplease.com 2006a), and forecasts for rapid increases in spending on pet suppliers. (CRM Today 2006)

## **2.2 Benefits and Limitation Which May Affect Customer Behavior in E-commerce**

It is essential to understand what kind of products or services are suitable for e-commerce in order to get further information of online customers. One factor is to define whether the products or services are information-independent or not. For e-commerce, information is very critical as a marketing effort, it helps to provide customized offerings. As an example electronic inventory system which sells hospital supplies can be mentioned. Another factor is in terms of search goods versus experience goods. While on the Internet, customers get quicker access to those goods whose features can be objectively got before purchasing and they are called search goods. On the contrary, there are certain experience goods which needs customers' formal experience on the products or services. Those experience goods are usually hard for online customers to access. The third factor is that the frequently purchased products and low cost products are not suitable for online marketing while intangible and service-related goods have an advantage on the Internet. E-commerce can provide customers ubiquitous services, customers can shop at any time from any place. There is a large selection for customers online to choose for example the vendor, products and styles. In recent years, serious EC websites furnish customization service; online users can always customize many products or services. Customers using EC can regale on instant delivery and convenient auction participation. (Jagdish & Banwari 2004, 433; Turban et al 2008, 25)

However, there are also certain limitations of e-commerce which have a strong effect on customer behavior. According to a 2006 study (Harmonyhollow.net 2006), the major barriers to EC are resistance to new technology, implementation difficulties, security

concerns, lack of technology skills, lack of potential customers and cost. Security and privacy concerns and lack of trust in EC or in unknown sellers deter customers from buying, for people do not yet sufficiently trust paperless, faceless transactions. Many legal and public issues, including taxation, have not yet been resolved or are not clear. It is difficult to measure some of the benefits of EC, such as online advertising. Mature measurement methodologies are not yet available. Some customers like to feel and touch products. Also, customers are resistant to the change from shopping at a brick-and-mortar store to a virtual store. In addition, it is difficult to obtain venture capital due to the failure of many dot-coms. (Turban et al 2008, 26)

### **2.3 The Development of E-commerce in China**

As China has the biggest population in the world, there is definitely a huge potential of e-commerce in China. From the year 2000, various kinds of new e-commerce tools and resources appeared, e-commerce in China has developed towards a bright perspective. For example, in 2000, search engine, mailbox, CRM, online advertisements turned up. In 2002, network keyword emerges for better online surfing. In 2006, web 2.0, blogs and RSS and so forth are appeared. RSS is short for Real Simple Syndication, which is a simple approach to share information between different sites. RSS is usually used for news or other websites in sequence order, such as blogs. Online users can get access to information without going into a website by using RSS programme. By using RSS, it is easier to find updates of websites. According to the statistics of China Internet Network Information Center (CNNIC), by December 31, 2009, the number of Internet users in China has reached up to 298 million with an Internet penetration rate of 22.6%. The number of the broadband Internet users has reached 270 million, accounting for 90.6% of the total. There are totally 16,826,198 domain names in China with 13,572,326 CN names, about 2,878,000 websites, and international bandwidth about 640,286.67Mbps. (CNNIC 2009)

Chinese political regulations help the development of e-commerce in China a lot. In 1994, the Chinese leadership realized it had run into a dilemma with the fast growing Internet: it wanted to make the best economic use of efficient mass communication systems, while at the same time not abandon the information monopoly. Eventually the state council passed control regulations in 1996. It was hoped that they would guarantee a healthy development

in the information age. From a research done by iResearch, Chinese e-commerce development will be in a sustained and rapid pace and by the end of 2010; the marketing scale of e-commerce in China will probably reach 23 billion. In 2009, online shopping users increased to 108 million, the annual growth is 45.9%. Online shopping utilization rate continued to rise, reaching 28.1%. According to the survey by CNNIC, in 2009, the size of online shopping transactions in China reached 250 billion, doubled growth compared to 2008. (CCID 2006)

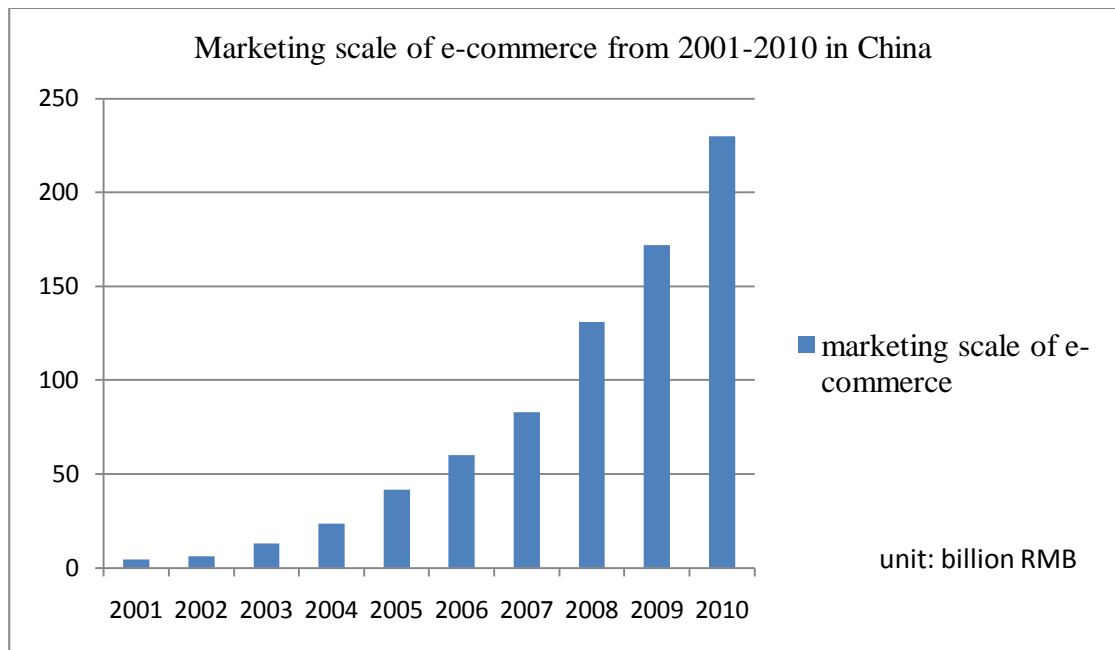


Figure 2. Marketing scale of e-commerce in China (iResearch 2010)

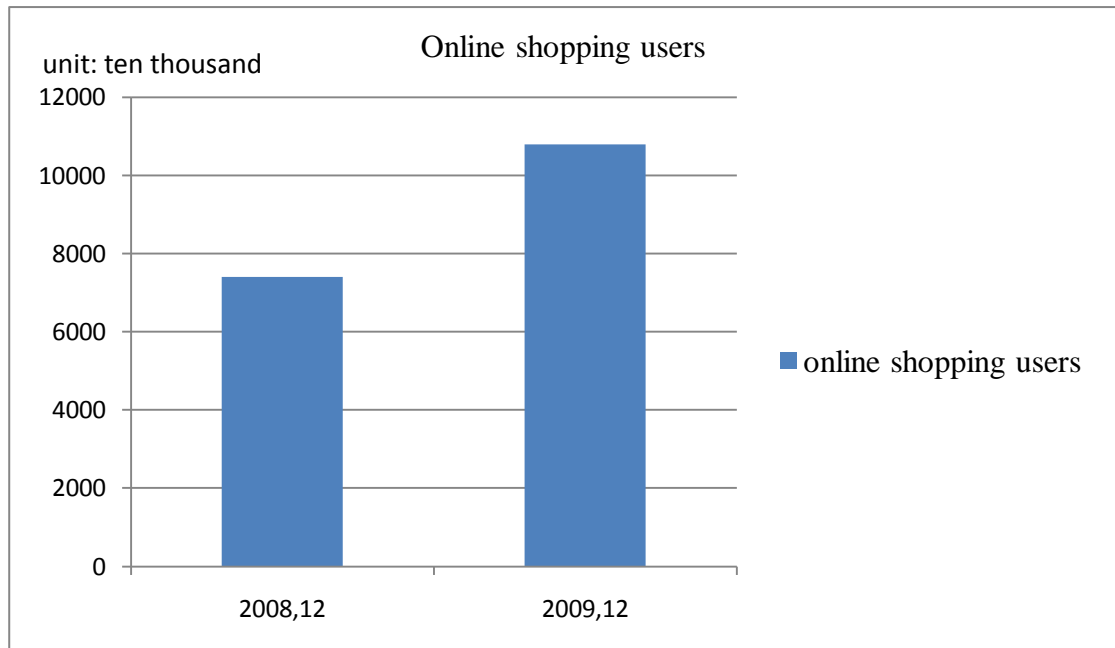


Figure 3. Comparison of Online Shopping Users (CNNIC 2009)

The Internet could have a stronger impact on China's society and economy than on western countries due to the fact that China is lacking traditional infrastructure. Although China's potential for the business to customer (B2C) is huge, there are too many problems that still have to be solved. Credit card payment is difficult. Fearing that someone else might hack into their bank account, many users refuse to reveal their card number. And after decades of inferior products of unreliable quality, Chinese customers are still not used to buying something they have not seen and checked. Before B2C really takes off in China, customer habits will have to change. There still is a long way for e-commerce in China. E-commerce in China is still on its information stage. Several online websites had problems such as poor condition of maintenance and lack of e-commerce experience which became a serious obstacle for developing in the future. As a result, we should see both difficulties and opportunities in e-commerce development in China. There is still a long way for China to go. (Boos & Sieren 2003, 53-54)

#### 2.4 Introduction of Taobao.com

Taobao.com, which is the biggest online retail shopping district in Asian area, was established by Alibaba Ltd. on May 10<sup>th</sup> 2003 and applied itself to become the world's largest online retailer in the future. The business mode of taobao.com has involved C2C and

B2C two parts. And until the end of 2008, there were over 98 million people registered users and the number was covered most online shopping group in China. (Taobao, 2009) Maybe foreigners do not know the meaning of the name “Taobao”; in fact, it is can be understood respectively. “Tao” means find what you want, and “bao” means treasure, and the treasure here means the product. So the business mission of taobao.com is to provide their customers any kinds of products they want.



*Picture 1. Logo of Taobao.com (Taobao 2010)*

Taobao.com advocates reliable, active and fast online transaction culture, insists on credibility and integrity principle, building a safer and more efficient transaction platform for the Taobao member. Meanwhile they also try their best at building a harmonious familial environment, making every customer experience a relaxing, helpful and cheerful purchasing atmosphere. At present, taobao.com had already become the first choice for online users starting a business or doing online shopping. Taobao.com announced that in the coming 5 years, they will provide 1 million job opportunities, help more internet users find a job or even start their own business in taobao.com. Within only 2 years, taobao.com had created 0.4 million direct jobs. Especially under the economic crisis in 2008, the consumption through taobao.com had still increased a lot. (Taobao 2009)

On May 10<sup>th</sup> 2003, Taobao.com was set up by Alibaba Ltd, and in that year, e-commerce as a newborn thing, was trying to find a suitable business mode. At that time eBay invested 180 billion dollars in China, and occupied almost 90% market share. (Taobao 2009). It's undeniable that eBay had absolute advantages. At the beginning of 2004, taobao.com did not get a position in the top 10 e-commerce website, but from February 2004, taobao.com had sharply increased with the speed of 768% per month and finally exceeded eBay at the end of 2004.(Taobao 2009) A report from I-research market consultation shows that the size of Chinese online auction market increased by 217.8% during 2004, and the quantity of the



transaction money increased from 107 billion in 2003 to 340 billion in 2004.(I-research 2007)

In 2006, Taobao.com opened a new B2C service called Taobao Mall, its main target is for authorized sellers, like Nokia, Nike and other world famous brands, agents and franchisers. This service improves Taobao's brand value into a higher extent, and stabilizes the unstable market caused by issues on quality and credit. As a result, Taobao Mall is gradually becoming the most important element and the main service in the strategy of taobao.com at present. With the process of Taobao Mall, Taobao shook off the downturn period and threw itself into its own B2C way. (Mi 2008, 34)

At the end of 2006, Taobao had become the largest online shopping website in Asia, and meanwhile Taobao online users had broken through 100 billion in China. (Taobao 2009) Taobao makes one thing possible in China, which is "Internet is not only an application tool, but also a basic element of life." In October of 2008, Ma Yun, who is the CEO of Taobao, released that, "Taobao will be still free to online users for another five years. Moreover, Alibaba.com will invest 5 billion to TaoBao.com in the next five years." (TaoBao.com announced continues to use free policy 2008). An expert said in a business seminar that "Taobao.com has transferred a business tool into a living tool, and that is the reason why taobao.com can achieve such big success."(Taobao 2009)

The quantities of products increased a lot in recent years and products' categories tended to be complete. Customers can find almost everything they imagine from cars and electronic products to clothes, household items. Different from other online auction websites, Taobao.com provides their customers an active and reliable atmosphere. There is a chatting system for each registered user on Taobao named "Taobao Wangwang" which provides a chatting platform between buyers and sellers. When customers click into online shops, customers can choose to chat with the shopkeeper to get the product's further information or deal details. Customers can also inquiry about the history of sellers' transaction conditions. In other words, this system also gives customers a chance to get aware of the sellers' credibility and enhance the reliability of the transaction as well. (Taobao 2009)

Credibility and safety construction are important for an online auction website. In order to protect all members' rights, each online user should give his or her real information when filling in the online register forms. As an individual user, identity number and name should be submitted. As to the sellers, the register conditions are more stringent. Not only are the ID number and real name needed, but also the business license should be necessary to get access to authentication. In addition, a credit comment system is introduced by Taobao.com. There is a comment window in each selling page where each customer can give comments without restrictions. This comment system gives sellers levels of credit based on the number of the good comments and bad comments. The Taobao credit system is formed of 3 levels, represented by three symbols that are star, diamond, and royal crown. It aims at providing consultation for online customers, guaranteeing customer's benefits and supervising online transaction processes in an honest atmosphere all the time. (Taobao 2009)

After registering as a Taobao member and choosing products from a reliable seller, customers come to the last step of online transaction which is payment. For avoiding the possible problems that may occur during the transactions, Taobao.com provides a special payment function called "Zhifubao".(Taobao 2009) Frankly speaking, Zhifubao is a kind of third party virtual manager set by Taobao.com between online buyers and sellers. When the buyers decide to buy a certain product, they will pay the money to Zhifubao first. Then Zhifubao will remind sellers to check the payment quantity and then send the product to the buyers via the logistic company. Zhifubao will give buyers a consignment code and buyers can use this code to log on web page of the logistic company and get to the product dispatched situation. At last, after the product has been confirmed by buyers, the money will be transferred into the sellers' account by Zhifubao. This free system makes the transaction much safer. (Taobao 2009)

Zhifubao, as an important payment function of Taobao.com, was set up in 2004, and it had cooperated with ICBC (Industrial & Commercial Bank of China), CBC (Construction Bank of China), ABC (Agriculture Bank of China) and CMBC (China Merchants Bank of China). Zhifubao is used as a third-party payment function, and it also has a strategic alliance with VISA so that any VISA cards can be attached on Zhifubao. (Zhifubao 2009) Zhifubao is just

like a bridge that connects buyers and sellers, with the money flow done cooperated with local banks. Zhifubao is another protection measurement for transactions, especially in transactions of large amounts. In the payment process, there is a list of the cooperated banks for buyers to select. After buyers choose one of those banks, the website will automatically skip to the bank's security page, with all the information filled in that page under protection. The online bank payment system has protection add-ons that can completely ensure the safety of buyers' right. (Zhifubao 2009)

Zhifubao was launched in order to provide a safe and convenient way for buyers and sellers. **In** Zhifubao payment process, the users do not have to walk to the bank, or worry about defrauding behavior. Alibaba Ltd. announced that all the losses caused by using Zhifubao will get a full compensation. Besides, all the funds in Zhifubao accounts will not be used without the users' permission. After buyers transfer the payment to Zhifubao, the platform will immediately inform the sellers to deliver the products, which is fast and efficient. There are 2 passwords for each Zhifubao user; one is login password which is used for the user login and check for account balance or other information of Zhifubao while the other one is payment password which is needed in any payment processes or operations that concern money transfer. The users only have two chances to type in the passwords per day; Zhifubao will automatically lock the account for 3 hours if the passwords are wrong. If the user forgets his/her passwords, it doesn't matter. There is a password protection question which is filled when the user filled the register forms of Zhifubao account that can help the users to retrieve the password. What' more, the Zhifubao website ([www.alipay.com](http://www.alipay.com)) has the same security technology cooperated with banks in China. The advanced 128-bit SSL (Secure Sockets Layer) encryption technology can effectively prevent the Trojans steal and totally make sure every user is under protection when the users making online transactions. (Zhifubao 2009)

### **3 PURCHASING MOTIVATION AND CUSTOMER BEHAVIOR FOR ONLINE CONSUMERS**

Motivation is the driving force of all human behavior. Formally speaking, it is defined as the state of drive or arousal that impels behavior toward a goal-object. Thus, motivation has two components, one of which is drive or arousal and the other is goal-object. A “drive” is an internal state of tension that produces actions purported to reduce that tension. A “goal-object” is something in the external world whose acquisition will reduce the tension. Arousal or drive provides the energy to act; goal-object provides the direction for one to channel that energy. A person with a goal-object but without the drive is just a daydreamer; one with drive but no goal-object is a kin to a hyperactive child. (Sheth & Mittal 2004, 212)

#### **3.1 The Motive of Demand and the Needs of Interest**

The purchasing motivation for online consumers can be divided into two categories, the motive of the demand and the psychological motive. Whatever the direction of motivation is, it manifests in three facts, namely needs, emotions and psychographics. Needs are gaps between the desired and the current state, and they lend themselves more readily to cognitive consciousness and appraisal. Emotions are more autonomic and engender more personal experience. Psychographics combine behaviors driven by both needs and emotions (Sheth & Mittal 2004, 214). And the concept of needs and wants is closely aligned to the concept of motivations. And we can define needs as a felt deprivation of the desired state. The desired state provides the goal-object, and its deprivation provides the drive. The online consumers’ motive of the demand is a kind of purchasing motive which is caused by needs. To study the consumers’ purchase behavior is primarily to study the online consumers’ motive of the needs. The famous American psychologist Abraham Maslow divided the needs of people into five levels that are physiological needs, the needs for security, belongingness and love needs, esteem and ego needs, and the needs for self-realization. The need theory of the analysis of the online needs’ levels has an important positioning function. With the development of network technology, the virtual community and the real world has a great difference, although the market has now become a virtual network market, people want to meet the basic needs of the following three aspects that are based on the Maslow’s Hierarchy in the virtual society. (Sheth & Mittal 2004, 212)

The needs of interest are due to the interest in the curiosity and the gratification of success of online activities. It is virtually a kind of belongingness and esteem needs because many products are bought simply to satisfy a person's belongingness and esteem needs. Similar experiences on the network provide an opportunity for gathering. Online consumers can get together to exchange information and experiences of dealing. It provides people who use network a platform to communicate together, customers can get suggestions from other online customers, and choose the products which have the best comments. It aims to provide references for customers and guarantee customer's benefits and supervise the transactions in an honest way all the time. Concerned about the safety, security needs and belonging needs (social needs), social motives of belongingness and love are evident when customers want to buy products that are well regarded by others so that the use of those products brings the customers' peer approval, affection, and a sense of belonging. (Sheth & Mittal 2004, 212)

### **3.2 Psychological Motivation**

From the analysis of consumer psychology, psychology is the function of human brain. Psychology of human beings is the reflection of the objective reality in people's minds, which is exhibited in all aspects of social life and practice. It is the characteristics of individuals that describe them in terms of their psychological and behavioral makeup, that is how people occupy themselves and what psychological factors underlie that activity pattern. They are a manifestation of an individual's underlying motivations, and they, in turn, define them. And samples of customer psychology are described as follows: (Sheth & Mittal 2004, 212; Wayne Weiten 2005, 424)

1. Face-saving. In some certain situations, customers will purchase the product that exceeds or even largely exceeds their payment capacity. But this happens seldom while online shopping. (Sheth & Mittal 2004, 212)
2. Conformity. It manifests the individuals' purchasing behavior and tends to be similar with the majorities, because of the guidance or pressures given by the groups. For example, when customers shop online, they like to go to online shops which have much higher click rates; when they choose a product brand, they usually care more about the brand which has a higher market share. (Sheth & Mittal 2004, 212)

3. Take advantage of someone else. For example, certain customers may think it is cheap when they pay 50\$ to buy a product that values 100\$, but actually it is not the real 'cheap' one, the real cheap is what customers pay 50\$ to buy a product that values 50\$. Virtually the products with a low price and high quality are usually wanted by customers do not exist in the market at all. (Sheth & Mittal 2004, 212)
4. Afraid of regrets. Almost every customer is worried when they are making their purchasing decisions online. They usually are afraid that they have bought the wrong products they don't need at all. This usually causes a post-purchase conflict, which includes suspect, and regret and other negative feelings appeared after the customer has bought the products. Especially when customers can not touch the product and see the real products online and unknown sellers are much easier to cause this post-purchase conflict. (Sheth & Mittal 2004, 212)
5. High praise of the authority. This psychology usually manifests the emotional elements when customer is making his or her purchasing decision. And this high praise of the authority often makes the customer choose one product with no reason. (Sheth & Mittal 2004, 212)
6. Target price. Each category of the product has a target price in customer's mind. Higher than the target price virtually over the customer's budget extent, while lower than the target price usually causes the customer's suspicion of the product's quality. Knowing the target price can help the marketers to set the appropriate price, and reach the sales goal. (Sheth & Mittal 2004, 212)
7. Parade. Under this psychology, the products that customers bought are usually not for use, or the usage function is much lower than the products' psychological effect. (Sheth & Mittal 2004, 212)
8. Keeping up with the joneses. This psychology is based on the acceptance of the customer's level, status and social standings, in addition, the purchasing behavior is regarded the group of people which in the same status as a reference. (Sheth & Mittal 2004, 212)

Studying consumer psychology is to research consumer purchasing behavior and the rules of mental activity, the external and internal psychological factors influencing the consumer's purchase behavior and to understand the psychological features of consumers and the different psychological needs when buying goods, especially the great significance of research and the prediction to business marketing decisions in the future changes in consumer psychology. Online consumer's purchasing behavior of the psychological motivations is mainly embodied in rational motivation, emotional motivation and patronage motivation. (Lai 2000, 218)

**Rational motivation** has an objective, careful and controllable character. This purchase motivation is produced by the repeat of the comparison of the products in various online shopping malls. Therefore, this purchase motivation is very rational, objective and has very little impact on the atmosphere in outside world. When customers have this kind of motivation, the products they are searching for are always durable products or high-grade products, they may become rational, patient and resistant to temptation for the purchasing frequency is rather low. (Weiten 2005, 407)

Emotion is a complex set of processes, occurring concurrently in the multiple systems of humans. Emotions are consciousness of the occurrence of some physiological arousal followed by a behavioral response along with the appraising meaning of both. **Emotional motivation** is a kind of purchase motivation caused by emotion and affection. The emotions can be classified into eight primary levels, namely fear, anger, joy, sadness, acceptance, disgust, anticipation and surprise. Other emotions people experience are combinations of those above. For example, joy and acceptance lead to the emotion of love while disgust and sadness lead to the emotion of remorse. Therefore motivation can be explained from two types. One is caused by joy, acceptance and curiosity with a characteristic of impulse and unsteadiness, while the other is caused by sense of morality, aesthetics, sense of community with a characteristic of steadiness and profundity. (Weiten 2005, 413)

**Patronage motivation** is based on the experience and feelings over reason. Patronage motivation is engendered when the emotional motivation is developed to a particular extent. Patronage motivation is generated by the purchase. Usually online consumers identify the

purchase of objectives at first in making purchasing decisions. At the same time, customers should overcome the temptation and exclude the interference of other products of the same kind while purchasing, and purchase the target products as planned. When the customers decide what to buy, they have to decide which brands to choose while sometimes two decisions are made at the same time. For example, if a boy wants to buy sport shoes, he may write 'NIKE' in the shopping list, but not sport shoes. But if the customer decides what they want to buy first and consider the brands in the following step, then the customer has to go through several steps to make the decision. First customers list a series of the brands based on obvious standards, and second, they choose one brand by means of comparing and analyzing among different brands. (Sheth & Mittal 2004, 212) Through the research of the online customers in the past, the average speed of clicking into a click-and-mortar shop and putting the product into the basket of customers costs 12 seconds, which means the average thinking and concerning of brands are only 1.2. This purchasing speed indicates that the main element that affects customer's choice of the brands is the understanding of the brands in their daily lives. Most enterprises invest a lot in advertising in order to make the customer get a better understanding of the brand. Once the advertising is successful, the enterprises can use this brand to produce other products to enlarge the market. (Mi 2008, 34)

There are other factors that influence the consumption of online consumers, such as the net speed, the mode of payment and the way of delivering products and so forth. Usually those elements do not affect customers a lot when they make purchasing decisions. After all, the products themselves are the only elements that attract customers. (Mi 2008, 34)

### **3.3 Customer Analysis Online**

Making online transactions to consumers has many advantages to both marketers and consumers. The products can be available online for 24 hours a day and 365 days a year. It enables consumers to check products all over the world in a cost-efficient way which always makes them fascinated. The Business-to-Consumer marketing requires marketers to understand consumers and deliver the products and services consumers want and need, just as what traditional marketing does. ("The E-Biz Surprise," Business Week May 12 2003, 60-68).



Many marketers spend more time and money than ever to study the customers. They are trying to learn more about customer behavior. The company which has a clear idea on how customers respond to different product features, prices and advertising has a great advantage over its competitors. The system of customer analysis is dynamic which can shape different kinds of customer levels, namely societies, industries, market segments and individual consumers. Customer analysis system can not only analyze the relationship of a company and its competitors with customers in specific industries, but can be used to analyze groups of customers who have similarity in the fields like cognition, affect, behavior and environment as well. (Kotler & Armstrong 2005, 191; Peter & Olson 2005, 31)

### **3.3.1 Customers' Effect and Cognition**

Customers' effect and cognition refer to two types of mental responses of customers' exhibit toward stimuli and events in their events in the environment. Effect refers to customers' feelings on stimuli and events. Such as whether they like or dislike a certain product. Cognition refers to customers' thinking, such as their beliefs about a particular product. Cognition is the process of understanding, evaluating, planning, deciding and thinking. Customers have different kinds of expectations towards the service and the image of the service comes from previous experiences, others' opinions, competitors and marketers. It can be said that a customer is satisfied when the service meets the expectations or even exceeds them. Dissatisfaction occurs when the service does not reach the expectations. The quality of a service can be more difficult to measure than product quality. (Kotler et al. 2008, 374-377)

The two systems of Effect and cognition are highly independent, while each system continuously influences the other. Customers' affective reactions to the environment can influence theory cognition during decision making. For instance, if a customer goes grocery shopping in a bad mood and does not have interest in purchasing products. The effect influences cognitive processes during shopping so that the customer is more likely to think about the favorable qualities of things to buy. Maintaining effect and cognition of customers in the online shopping experience is as important as the high level of satisfaction associated with several key outcomes. There are 80 percent of highly satisfied online consumers who

would shop again within 2 months, and 90 percent would recommend Internet retailers to others. However, 87 percent of unsatisfied consumers would permanently leave their Internet retailers without any complaints (Cheung and Lee 2005b). Marketers can get over customer satisfaction with Internet shopping by means of checking quality of information, web system and service. (Turban et.al. 2008, 168; Peter & Olson 2005, 46)

### **3.3.2 Nonstore Customer Behavior**

Customer behavior is the mental and physical activities undertaken by household and business customers that result in decisions and actions to pay for, purchase and use products and services. As noted by Blackwell et al. (2001, 6) “customer behavior is defined as activities people undertake when obtaining, consuming and disposing of products and services”. Examples of mental activities are assessing the suitability of a product or service brand, making inferences about a product’s or service’s qualities from advertising information, and evaluating actual experiences with the product. Physical activities include visiting stores, searching for information on the net, talking to salespeople and issuing a purchase order. It is important to recognize that customer behavior is very dynamic. Besides the activities above, customer behavior also includes the things happened in the environment that influence thoughts, feelings and actions. These thoughts and feelings come from comments from other consumers, advertisements, price information, packaging, product appearance and so forth. Nowadays, brick-and-mortar stores have dominated customer purchases because they allow customers to shop efficiently, compare product offerings, and experience them directly. Customers are willing to get to those nonstores to purchase for the brick-and-mortar stores also create in-store effect and often have lower prices. (Sheth & Mittal 2004, 212, 13; Peter & Olson 2005, 5, 501)

“Consumer purchases are influenced strongly by cultural, social, personal and psychological characteristics,” noted by Kotler and Armstrong (2006, 138). Marketers should be clearly got the awareness of customers’ basic values, perceptions, needs and wants on the perspective of cultural factors. A buyer’s decisions are also influenced by personal characteristics such as buyers’ age, occupation, lifestyle, economic status and personality and so forth. There are three main approaches to study customer behavior. The first one is traditional approach which emphasizes on psychology and sociology. Researchers

can make full use of surveys and experiments in order to explain customer's behavior and decision making process. The second is marketing science. In this approach, math-modeling and simulation are used to predict customer choice and behavior. The last one is the interpretive approach which is relatively new and has become influential in this field. This approach seeks to understand consumption and its meaning. Long interviews and focus group are to be used in this approach. (Kotler & Armstrong 2005, 189; Peter & Olson 2005, 10)

### **3.4.3 Customer Environment**

The environment refers to all the physical and social characteristics of a consumer's external world, including physical objects (products and stores), spatial relationships (locations of stores and products in stores) and the social behavior of other people (who is around and what they are doing). The environment can influence consumers' affective and cognitive responses and their behavior. (Peter & Olson 2005, 264) Both social environment and physical environment are crucial in the aspects of customer environment. As for the social environment which includes all social interactions between and among people, it is essential to define whether the customer environment is micro or macro for marketing appropriately. "the macro environment includes large-scale, broad environmental factors such as the climate, economic conditions, the political system, and the general landscape; the micro environment refers to the more tangible physical and social aspects of a person's immediate surroundings—the dirty floor in a store, a talkative sales person, the hot weather today, or the people in one's family or household" noted by Peter & Olson (2005, 264). The physical environment means physical aspects of the field in which customer behavior occurs. Time, weather or lighting can often make changes of physical environment. (Peter & Olson 2005, 268)

## **3.4 Online Decision Making Process**

Getting aware of online decision making process helps to lead up and culminate in a purchase. Online decision making process is going to be demonstrated corresponding to Taobao case.

First there is the pre-purchase stage. In the beginning of this stage, customers get their recognition of needs or problems. Online advertisements and banner-ads on websites usually become stimuli to online customers. The customer may not have recognized a need in the past, but exposure to the solution-product would make the customer realizes a latent deprivation. Internet can always generate primary and secondary demand. For instance, customers may get access into Taobao by clicking on the banner advertisements of Taobao products when they are using search engine for information on clothes. Once the need has been recognized, customers search for information about various alternative ways of solving the problem. For searching various kinds of clothes on Taobao, online users can define different material or color of clothes by virtual catalogues or just use search engine in the website with no need of registering. The customer's information search will eventually generate a smaller set of preferred alternatives. Online customers can find content-based filtering system at Taobao website which is for recommendations. Customers give their preferences and get results of information at best needs. Take lady's dress for example, customers can find recommendations sorted by style, pattern, brand name, material, color, season and type of collar, size and so forth. What is more, customers can put several satisfied products into shopping cart for further comparison. After the search for information is done, the would-be buyers will further evaluate the alternatives to develop a set of criteria. Taobao's customers would evaluate payment gateway, safety of delivery, purchase warranties, whether the products is new arrival or second hand, whether the price is fixed or to be auction and so forth. (Jagdish & Banwari 2004, 436)

Second is the purchase stage. Once customers have evaluated their needs, information and alternatives available for the purchase, they are in purchase stage if they intend to buy. Online customer can go either to brick-and-mortar store to purchase or just purchase on the Internet. The online marketers are trying to make the purchase process more attractive to customers through personalization. Online customers on Taobao can order the products and after negotiation with the seller, the delivery and payment are arranged. (Jagdish & Banwari 2004, 440)

Third is post-purchase stage, which consists of customer service and evaluation of the usefulness of the products. Customers get access into product expectations through the information get from sellers and other buyers. In this post-purchase stage, customers will have various degrees of satisfaction after implementing the real products. The more different between customers' expectation and sell's perspective performance, the more dissatisfied customers may feel. When customers are dissatisfied with the purchase, they are not willing to buy this kind of products again. As a result, sellers on e-commerce should show favorable performances in order to make customers satisfied and get customers' loyalty. Mechanisms on Taobao pay much attention on after-sale service and contacting customers to minimize the dissatisfactory. Buyers on Taobao can give their comments on the products and mark the creditability of sellers about the delivery, product safety or problems. Besides, sellers on Taobao can give comments to buyers as well on the following aspects such as honest and punctual on payment. In this case, the most effective functions for after-sale contacting to customer is to give feedbacks to them, and questions in the feedbacks usually concern each part of the transactions, marketers then collect the answers from the feedbacks and they may find which part should be improved. (Jagdish & Banwari 2004, 442)

### **3.5 Changing of Online Customers' Characteristics**

Consumption ideas and functions have changed a lot in recent years; as a result, the wide use of the network enhances the customers' online position. Thanks to the superior information of management ability of the network marketing system provided customers an unprecedented choice and made customer behavior tended to be more reasonable. Online users are the main individual customers of the network marketing. The purchasing behavior of online users determined the trend of network marketing development. As a result, a detailed analysis of the characteristics of online customer groups and a corresponding countermeasure are essential in order to make a better network marketing process. There are 3 main characteristics of online customers' demand described as follows. (Solomon 2007, 34)

- Personalized Customer Demand

The term ‘personalized’ is commonly used in both psychological circumstances and everyday words. Like most terms with dual usage, it does not mean quite the same in each situation. And the term personalized is defined by a dictionary as “the sum total of all the factors that make an individual human being both individual and human; the thinking, feeling and behaving that all human beings have in common, and the particular characteristic pattern of these elements that makes every human being unique”. (Statt 1997, 63) In modern times, due to the industrialization and standardization of production methods, the customer’s personality was submerged in large numbers of low-cost and single products. But since the arrival of 21st century, the network had been widely used in business elsewhere in the world and the market had become increasingly rich. When customers choose a product, the range tends to be global and the product design becomes diverse meanwhile. Customers had started to make their own consumption guidelines; thus the marketing was back to the personalized basis. Customer’s psychology is totally different from each other. Every customer is a suitable consumer market, and personalized consumption nowadays tends to be the consumptive mainstream. (Ni & Zhang 2008, 23)

- Distinctness of Customer Demand

Not only does personalized customers’ demand show the distinctness, but also different environment brings different demand. Due to the nationalities, religions and living customs for different online customers differ a lot; the demand may also have some differences even if the demand level is the same. So in order to get success, enterprises have to consider others which come through the whole producing process from the product design, manufacture of package, to the transport stage. (Solomon 2007, 34)

- Enhancing Customer Initiative

Under the tendency of everyday refinement socialized division of labor, customer’s feeling of risk increasing a lot along with the rising choices. In many large quantity or upscale expenses, customers usually get correlative information about products for analysis and comparison through any possible channel on their own initiative. Although this analysis and comparison is not completely reasonable, customers can obtain psychological balanced in

order to reduce the feeling of risk or regret feeling after purchasing and meanwhile increase the trust degree of products and psychological feeling of satisfaction. The enhancing customer initiative originates from the increasing uncertainty of the modern society and the demand of psychological balanced and stable desire (Lai 2000, 56; Buttle 2006, 109).

## **4 MARKETING STRATEGY OF E-BUSINESS**

Most marketing strategies cannot succeed without influencing customer behavior. Marketing strategy, as defined by Paul Peter and Jerry C.Olson (2005, 12), “is the design, implementation, and control of a plan to influence exchanges to achieve organizational objectives”. Successful marketers choose to influence customer behavior by offering products, stores and brands which are more popular and more fashionable as well as by offering low price, convenience and better service. Marketing strategies are designed to increase the possibility of customers to have a favorable feeling on several certain products or services and have the willing to purchase again. In recent years, marketing researches have been developed by organizations, government and businesses at many levels which are suitable for the results of customer behavior researches. On one hand, large and multinational enterprises take advantage of marketing strategies to plan a better future for companies. On the other hand, marketing strategies are used to help single stores or brands to develop and market more and more products. (Peter and Olson 2005, 12)

### **4.1 Segmentation Strategy and Product Positioning**

Market segmentation refers to “divide a market into distinct groups of buyers with different needs, characteristics or behavior, who might require separate products or marketing mixes”, as noted by Kotler and Armstrong (2005, 95). Market segmentation is one of the most essential concepts in the consumer behavior. Studying customer behavior helps to identify bases for effective segmentation. However, market segmentation can seldom be ignored based on the idea that a single product usually may not appeal to all customers due to customers’ purchase goals, product knowledge, involvement and purchase behavior vary a lot. Because e-commerce has to identify an appropriate customer group for specific products and services, it is important to understand how groups of customers are classified. It seems that the task of market segmentation interrelates with the marketing strategies; as a result, a market segment consists of customers who respond in a similar way to a given set of marketing stimuli. Marketers have to choose different segmentation criteria due to there are no single way to segment a market. Major segmentation criteria are demographic, geographic and behavioral variables. The chosen of the segmentation criteria should be



measurable, meaningful and marketable. Segments that meet these criteria are viable markets for the product. (Kotler & Armstrong 2005, 95,317; Turban et al 2008, 173)

Segmentation criteria	Product example
<p>A. Economic and demographic variables</p> <ul style="list-style-type: none"> <li>- Income property</li> <li>- Education, occupation</li> <li>- Sex</li> <li>- Age</li> <li>- Family size</li> <li>- Stage in family life cycle</li> </ul>	<ul style="list-style-type: none"> <li>- Cars, property</li> <li>- Computers</li> <li>- Cosmetics, jewellery</li> <li>- Clothes, music</li> <li>- Homes</li> <li>- magazines</li> </ul>
<p>B. geographic variable</p> <ul style="list-style-type: none"> <li>- climate</li> <li>- density</li> <li>- location</li> </ul>	<ul style="list-style-type: none"> <li>- footwear, boats, plants</li> <li>- shops, hotels</li> <li>- golf courses</li> </ul>
<p>C. behavioral variables</p> <ul style="list-style-type: none"> <li>- purchasing motive</li> <li>- life style</li> <li>- personal tastes</li> <li>- materialistic</li> <li>- stage in customer relationship</li> </ul>	<ul style="list-style-type: none"> <li>- diamonds</li> <li>- holidays</li> <li>- restaurants</li> <li>- health centers</li> <li>- arts</li> </ul>

Figure 4. Segmentation criteria and small example (Peter and Olson 2005, 382)

After the company has a clear idea about the basic segments of the market as shown in figure 4, the step moves to product positioning, which is defined as “positioning the product relative to competing products in the minds of customers” by Paul Peter and Jerry C.Olson (2005, 391). The key objective of positioning strategy is to form a particular brand image in customers’ minds. There are six strategies for positioning which are product attributes, high-tech images, benefits, the use of categories, comparison with competitors and integrator position. As customers are much easier to be attracted by product feature such as size, color and endurance, the most frequently used positioning strategy is positioning by attribute. Two or more attributes can be used together in positioning. The most commonly used is the

price and quality attribute in positioning products as well as stores. (Strauss et al. 2005, 225-228; Peter and Olson 2005, 391-393)

Product is “anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need. It includes physical objects, services, persons, places, organizations and ideas” as defined by Kotler and Armstrong (2005, 460). The main aim of product strategy is to get customer satisfaction and try to make potential customers to loyal customers. Customer satisfaction is a very important concept in marketing thought and customer research. Customers would like to continue to purchase the products or share their favorable experiences with other customers about purchasing when customers get satisfaction. One common way to study customers’ satisfaction is the expectancy disconfirmation with performance approach, which studies the relationship of products’ performances and customers’ expectations. Positive disconfirmation takes place when product performance is better than expected while negative disconfirmation occurs when product performance is lower than expected. Developing satisfied customers is clearly a key to successful marketing. The analysis of brand loyalty and usage rate helps a lot when marketing with product strategy especially in e-commerce. Successful marketers should get clearly awareness about characteristics of dissimilar products, such as compatibility, trial ability, observability, speed, simplicity, competitive advantage and product symbolism and so forth. (Morden 2006, 527; Kotler and Armstrong 2005, 460)

#### **4.2 Price Strategy**

Price is usually defined as “what the consumer must give up to purchase a product or service” by Peter and Olson (2005, 458). And pricing strategy is also defined by Peter and Olson (2005, 470) that “is of concern in three general situations: (1) when a price is being set for a new product, (2) when a long-term change is being considered for an established product, and (3) when a short-term price change is being considered”. The online market can provide adequate information both for sellers and buyers and create a so-called “perfect market”. Buyers can get access to favorable price online and get information on websites. Search engines or infomediaries make it easier for customers who prefer to purchase the products at the best price. For online sales, pricing strategy is different from traditional methods namely cost-plus and competitor models. Those traditional strategies should be

changing a little in order to fit for online markets. (Turban et al 2008, 657; Peter and Olson 2005, 458,470)

- a) Precision strategy. It is to determine the highest price for some certain goods such as toys, books and CDs. The price is seldom being changed with the influence of customer purchase decisions. The price can be tested continually in real time, leading to better understanding of the zone of price indifference. (Turban et al 2008, 658)
- b) Adaptability strategy. As the level of market conditions, the inventory levels or competitor pricing are generally changing through different times, it is crucial to change prices frequently in order to get adaption to the market. The strategy can be suitable for those products with short product life cycles or the products with fluctuating demand in the business-to-customers (B2C) transactions. The sellers must renovate about current market situations and make the best choices about price. (Turban et al 2008, 658)
- c) Segmentation strategy. It is easier to fulfill if there has already been a customer segment and a proper segmentation criteria. The segmentation strategy divides customers into small segments and offers different prices according to customer segments. The strategy can be used widely with products such as credit cards, mortgages and automobiles. Online sellers can set different price levels and create price barriers between segments. (Turban et al 2008, 658)

### **4.3 Advertising Strategy**

“Advertising is any paid, nonpersonal presentation of information about a product, brand, company, or store”, as noted by Peter and Olson (2005, 426). Advertising, which is a part of product promotion, aims at influencing customers’ effect and cognition, their evaluations, feelings, knowledge, meanings, beliefs, attitudes and images concerning products and brands. Various customers behaviors had showed that customers are easily got influenced by advertising. There are several ways of online advertising methods, such as banners, pop-up and similar ads, e-mail ads, newspaper-like and classified ads, search engine ads and associated ads. With so many kinds of advertisements available in the market, however,

they can seldom attract high levels of customers' attention. Thus, it is a great challenge for online marketers to develop advertising in order to capture customers' attention and generate appropriate comprehension. (Peter and Olson 2005, 426)

The first step of creating an advertising strategy is to understand the customer-product relationships. According to the research and the analysis of customer's behavior online, marketers get awareness of the most important attributes which customers most pay attention to and reflect those attributes in advertising. The second step is getting the driving force. The driving force, "is the basic value or end goal to be communicated by the advertisements", as referred by Peter and Olson (2005, 449). There would be a negative effect from customers if the actual value is not mentioned on the ads. The feelings of customers may get activated by explicitly stating a price of products, and that emotional power of values can provide the driving force for an action. The final step of an advertising strategy is leverage point, which is also the most essential one. The leverage point usually activates the driving force and attributes and functional consequences of the products. For this point, the advertisement does not have to list the value precisely in order to get communication in the advertising strategy. (Peter and Olson 2005, 449)

## 5 RESEARCH ON TAOBAO NET SHOP

Research connotes a systematic and objective investigation of a subject or a problem in order to discover relevant information or principles. And an accurate definition of the research objective should be the primary focus in the pre-research phase. Once the study is under way, the research objective will maintain focus by acting as the filter for evaluating the necessity and value of each study element as the project progresses. Without solid objectives and reliable research information, research runs a bigger risk of straying off track and resulting in muddled findings. (Grossnickle & Raskin 2001, 8)

### 5.1 Research Problem

In China, the E-commerce has grown from a small business into a big industry in recent years. Since 1997, some e-commerce programs such as CCES (China national Commodity Exchange Center) and CECF (Chinese Export Commodities Fair) were set up and showed the beginning of Chinese e-commerce. And through 10 years of development, e-commerce had become an essential segment of Chinese economy structure. In 2008, the national e-commerce gross merchandise volume had reached 120 billion Yuan/RMB, 90% higher than the preceding year. (Financial news on Alibaba.com, 2008) And Taobao.com had occupied 80% of the totally volumes, which mean Taobao.com had become the largest C2C e-commerce platform in China. (2008 online shopping market development report, 2009) In recent years, the Chinese were gradually accepted the e-commerce psychologically and made the e-commerce into an important way of daily life.

So the research area is customer behavior and psychology when making e-commerce. It will concern customer behaviors, how the customers make their purchasing decisions, variation of the consumption structure and customer psychology in e-commerce. Nowadays, Taobao.com is the biggest C2C e-commerce platform and has the most online users (Zhu 2007, 78). Analyzing Taobao customers' purchasing experiences, their feelings or suggestions about Taobao.com can help us know why Taobao.com can achieve such big success in China and how their operation modes affect customer behavior and psychology. As a result, the research problem tends to be "what elements largely affect the customer behavior and psychology".

## 5.2 Research Method

The research was aiming at the elements that affect Taobao customers' purchasing behavior and psychology in order to get a better understanding of the online customers and evaluate the developing trend of Taobao.com in the future. In the thesis, both qualitative research and quantitative research were used as research approaches. The qualitative research, which is soft and fuzzy, resides at the touchy-feely end of the research spectrum (Grossnickle & Raskin 2001, 8). It involves face-to-face contact with the Taobao customers and uses in-depth interviews to explore issues that arise. It is free-form and open-ended and provides a wonderful way of talking a first look at the factors surrounding the particular questions. Since the largest user groups are teenagers and mid-aged people, in the thesis, some friends and office staffs around the researchers who had the purchasing or selling experiences on Taobao.com were interviewed by face-to-face contact or online consultation. But it's a pity that the nature of qualitative research makes it prohibitively cost to involve large numbers of participants, the results cannot be completely representative. (Grossnickle & Raskin 2001, 52)

In order to make up this shortage, quantitative research was used to increase the validity and reliability of the research; questionnaire was used as a supporting tool of the research. In the thesis, there are two parts included in the questionnaire namely multiple choices part and open questions part. In the multiple choices part, questions were chosen for understanding of what image of Taobao net shop in customers' mind and through what ways that customer can get to know about Taobao. It can help Taobao.com know better about the customer's psychology and perfect their management functions. As to the open questions part, it mainly focuses on the suggestions that provide by the customers, and improvement of the operation system depending on customers' suggestion. The questionnaires were sent by e-mails to different age groups of customers that chose from online shops. There were 130 questionnaires sent via the internet e-mail and at last 119 responses were got. The response rate reached 91.54%. All the responses were analyzed by Excel sheet.

As an ideal exploratory tool, the beauty of qualitative research is that its free-form design allows anything to happen. Bouncing idea off the customers is a valuable way to get a fresh perspective from the people who matter most to your business. (Grossnickle & Raskin 2001, 51) During the 3 months of summer holiday, from 27th May, 2010 to 18th August, 2010, in order to know what imagines that Taobao.com in customers' mind, researchers had interviewed 20 Taobao customers whose age were under 45 but more than 18, by sitting down and talking with respondents about the purchasing experiences, especially what elements that attracts them to choose Taobao.com. Questions were almost covered every aspects the researchers can imagine that related to Taobao.com through the interviews. The answers of the interview questions were set as a preparation for the quantitative research. Based on the feedbacks, the researchers listed the major issues, cut down unimportant questions and found some uncharted territory. It helped researchers to take a first rough cut and avoid a costly mistake later on and made quantitative research to be effective. For instance, the researchers design a quantitative questionnaire about "why customers prefer to purchase in physical stores than online shop". The data showed that the top two issues are "enjoying the shopping feeling in store" and "be afraid of the credit payment process online." The real issue is that customers want to try or see the real products before they purchase them. By conducting qualitative research beforehand, the researchers would likely have identified that issue and get conclusion in the questionnaire.

Quantitative research is the measurement of consumer characteristics, behaviors and attitudes. It forms the core part of marketing research, for the measurements can be scientific, rigorous and representative. Quantitative research can be used confidently to make critical business decisions. (Grossnickle & Raskin 2001, 86) Reliable, large-scale, in-depth analysis, replicable and tractable tends to be the strength of quantitative research. In the thesis, quantitative research was set as the main research methods to research the customer psychology and behavior when making e-commerce. And the design form was questionnaire. It had done during 3 months in summer holiday, from 10 June, 2010 to 27th August, 2010. The researchers had asked a friend who was a shopkeeper on Taobao.com to help the researchers send questionnaires to every customer that click into online shop. For the researchers did not owe a shop on Taobao.com, researchers just sent a little part of the questionnaires in the chatting mall on Taobao.com. Fortunately, the researchers got 119

responses out of 130. The response rate reached 91%. The main purpose is to find out what are the customers' attitudes and behaviors like in online shopping in Taobao.com.



### 5.3 Results of the Research

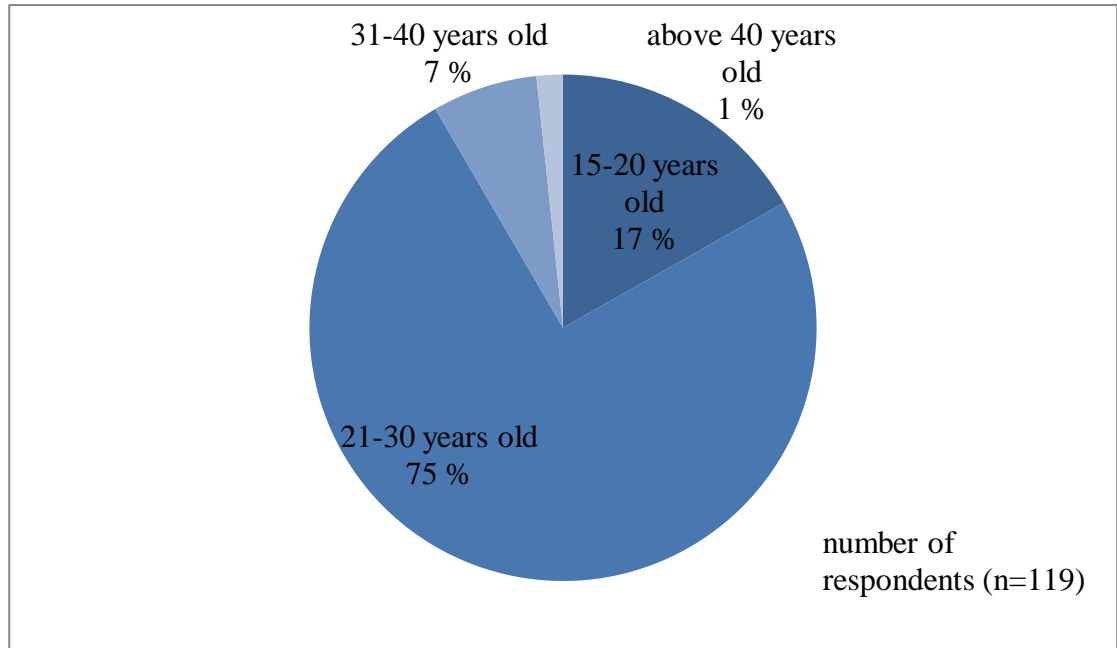
This research is about customer behavior in e-commerce in China. This questionnaire is focused on finding out online customer behavior towards Taobao net shop by means of multiple choice and open questions. There were totally 119 respondents who are all buyers on Taobao net shop and the respondent rate was (119/130) for the survey.

#### 5.3.1 Results of Multiple Choice Questions

Gender	Number of respondents	Percentage in total respondents
Female	67	56.30%
Male	52	43.70%

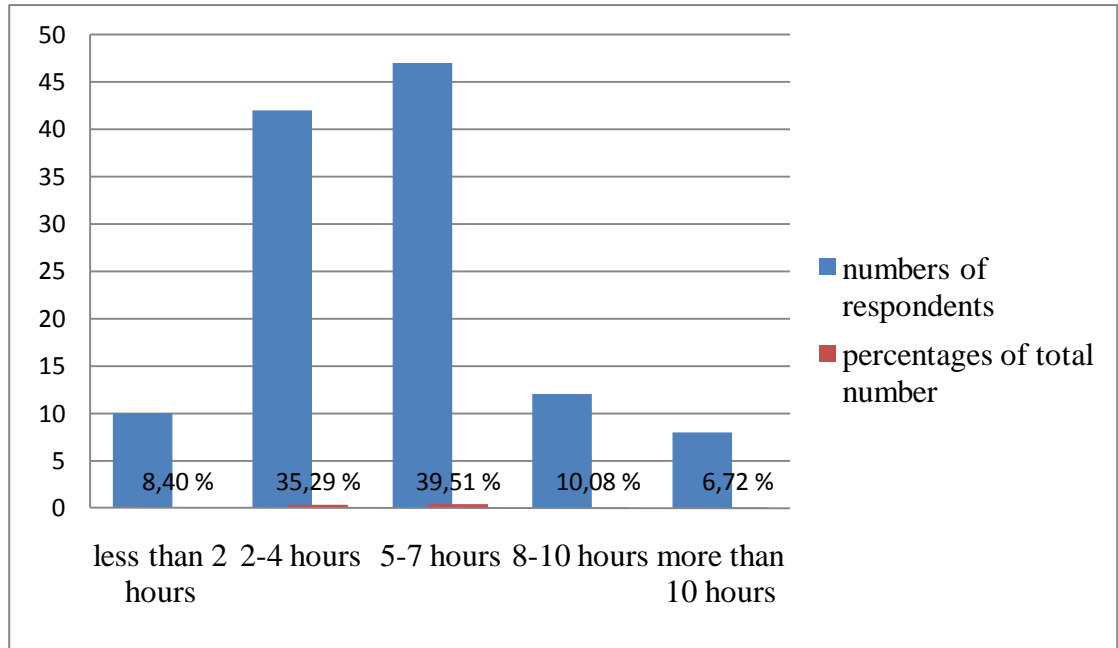
*Figure 5. Gender of Respondents (n=119)*

Among the 119 respondents, as implemented in figure 5, 52 men and 67 women were involved and the number respectively occupied 43.70% and 56.30% of the total respondents. It was obvious in the survey that female buyers on Taobao net shop played an active role in online purchasing. The proportion of female customers online was bigger than the proportion of male online customers. It could be seen from the figure that the online net shops were much more popular in the female customer groups.



*Figure 6. Age of Respondents (n=119)*

As stated in the above figure 6, among 119 respondents, the number of respondents between 21 years old and 30 years old was 89 of the total sample. In addition, the number of respondents from 15 years old to 20 years old was 20 of the total sample. Respondents above 31 years old took a little proportion which was 10% of the total respondents in the survey. From the survey, it could be concluded that the main customer groups on Taobao net shop were mainly teenagers.



*Figure 7. Times of shopping hours per week (n=119)*

As illustrated in figure 7 above, 35.29% of the total respondents preferred to shop online 2-4 hours per week while 39.51% of the total respondents chose to make online shopping 5-7 hours per week. A small number of respondents made online shopping either less than 2 hours or more than 10 hours. The result showed that a majority of customers preferred to spend 2 to 7 hours per week while online shopping.

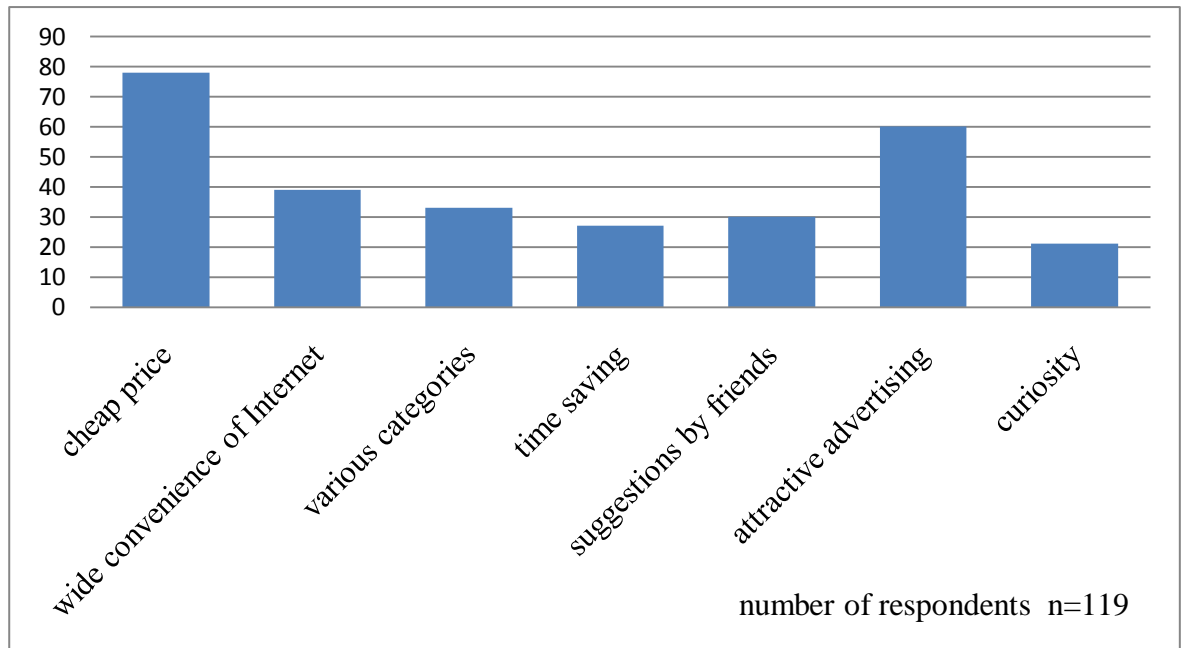
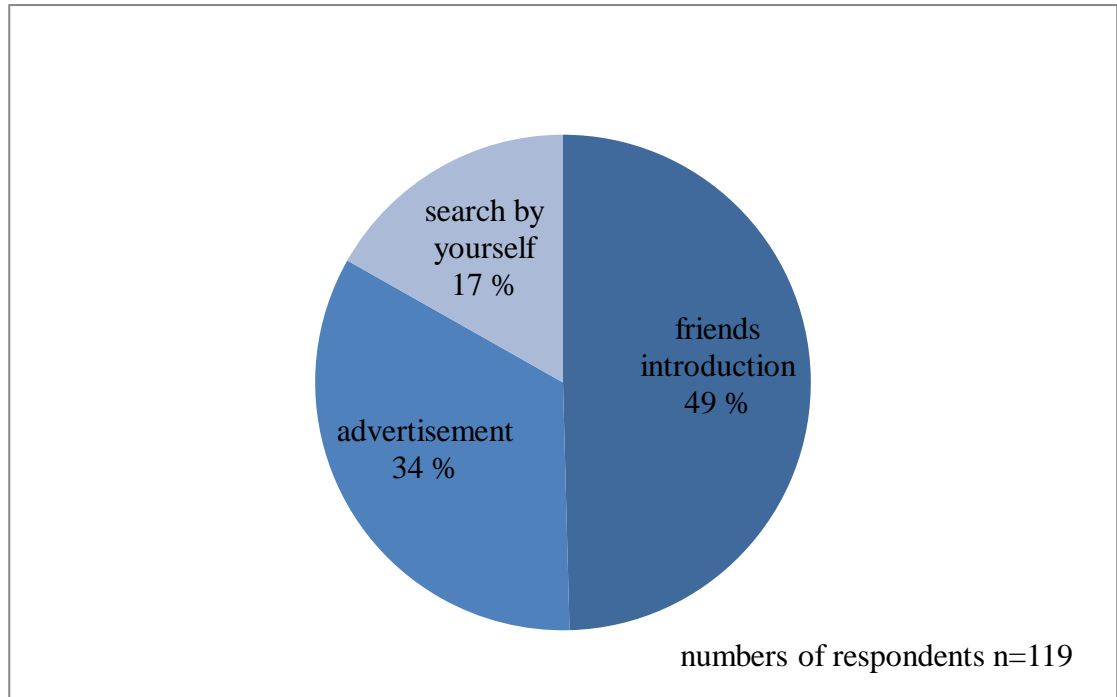


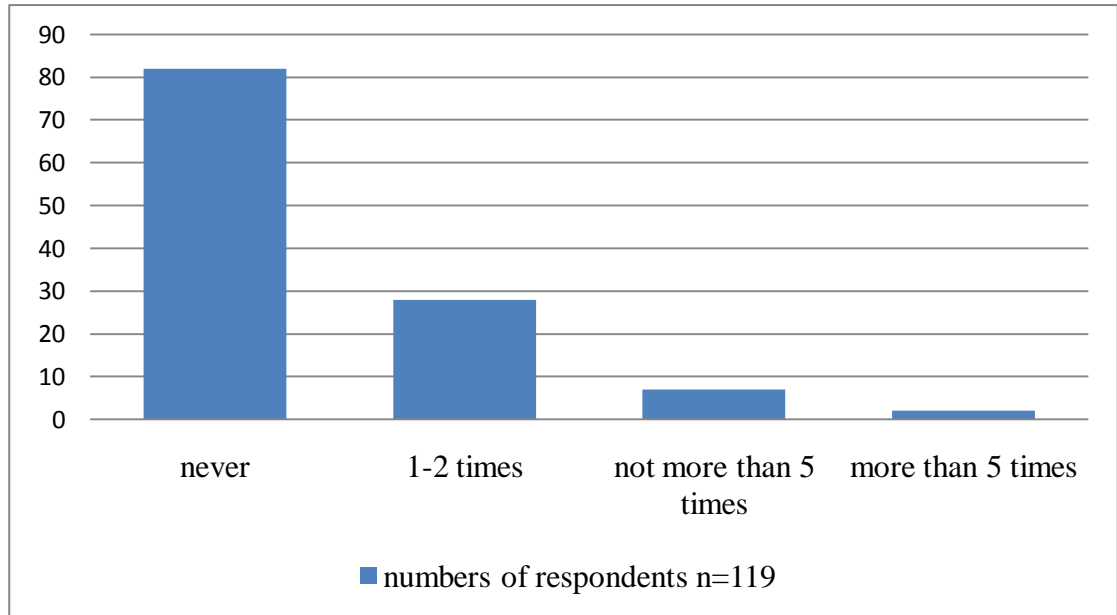
Figure 8. Factors influence customers online purchase decision (n=119)

The above figure 8 shows certain factors which could influence customers online purchase decision. This question could be chosen in multiple. There were 65.54% of respondents held the view that cheap price was the main factor influencing online purchase decision. The second biggest factor was attractive advertising which occupied 50.42% of the total respondents. The rest influencing factors were wide convenience of Internet, various categories, suggestion from friends, saving time and curiosity which were respectively captured by 32.77%, 27.73%, 25.21%, 22.69% and 17.65%. It was because nowadays online customers were much easier to get influenced by cheap price and attractive advertisements.



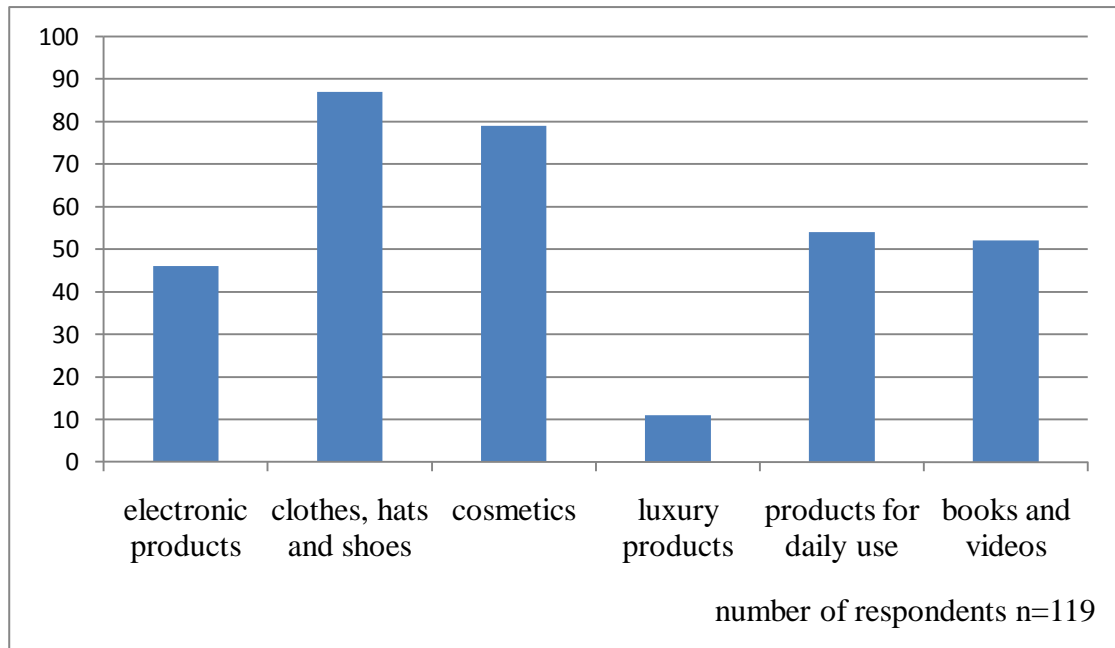
*Figure 9. Approaches to get access to TaoBao net shop (n=119)*

As shown in the figure 9, 59 out of 119 respondents (49.58%) got access to TaoBao net shop via introduction of friends. Others got awareness of TaoBao net shop through advertisements and by searching on websites, the proportion of which respectively accounted for 33.61% and 16.81% of the total respondents. The result showed that the customers on Taobao were primarily got influenced by friends' introduction.



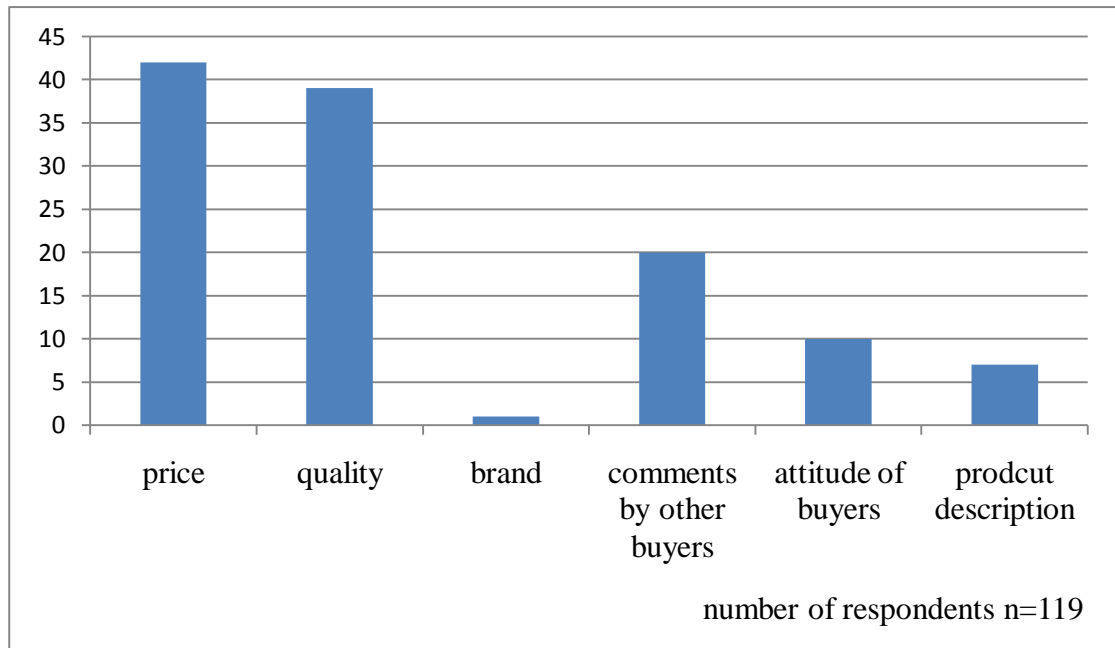
*Figure 10. Times of getting unpleasant online buying experiences (n=119)*

According to figure 10, there were 82/119 respondents who had never had unpleasant online buying experiences, which occupied 68.91% of the total respondents. Besides, the number of respondents who had had unpleasant experiences online was totally 37/119. The percentage of respondents who had unpleasant online experiences occupied only 1.7% of the total respondents. It was because the e-commerce system in China was still uncompleted and the e-commerce system should be developed to win the respect from online customers.



*Figure 11. Products usually bought online by respondents (n=119)*

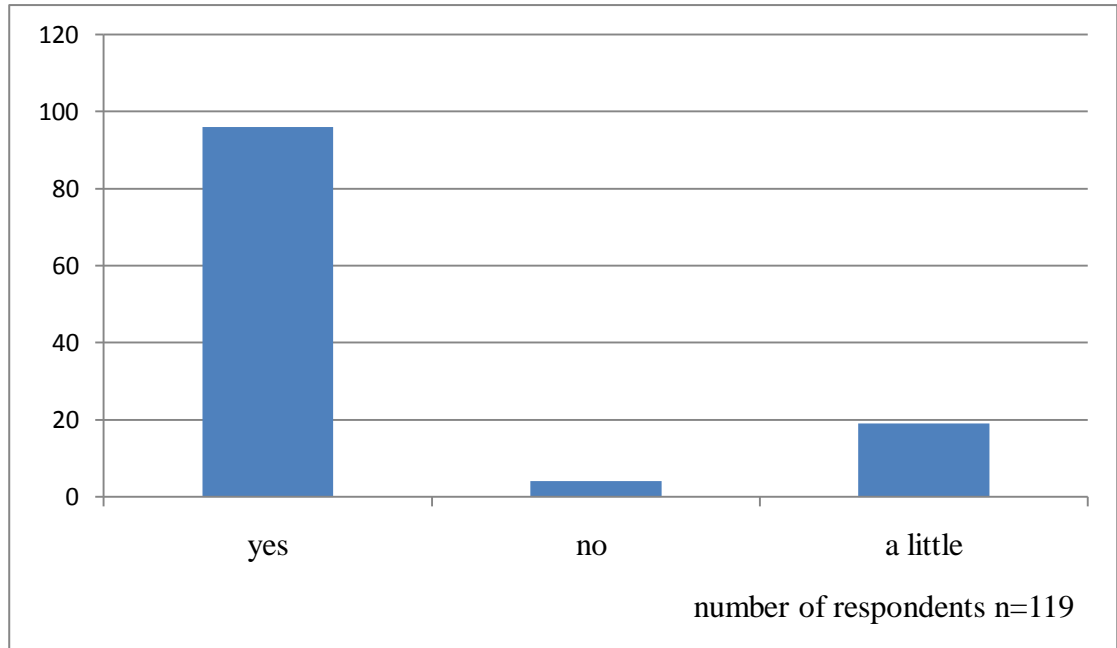
Several kinds of products usually bought online by customers can be seen from figure 11. This question was a multiple choice. It seemed that most respondents answered clothes, hats and shoes which accounted for 73.11% of the total respondents. The second largest category was cosmetics which took 66.39% of the total respondents. The categories of products for daily use and books and videos respectively occupied 45.38% and 43.70% of the total respondents. The online purchase of electronic devices was 38.65% while the purchase of luxury products online took the smallest proportion which was 9.24% of the total respondents. Online customers preferred to clothes, hats, shoes and cosmetics to luxury products. It was probably because customers preferred cheap price when they shopped online.



*Figure 12. The most influencing elements in online shopping (n=119)*

As referred by figure 12, the elements which influence online shopping most were price, which occupied 35.29% of the total respondents. The second influencing factor was quality which accounted for 32.77% of the total respondents. It could be seen from the figure that the least influencing factor for online shopping was brand, which possessed only 0.84% of the total respondents. The result was slightly different from the figure 8. The factor of cheap price was the same but the factor of quality was different. Both the price, quality and advertisements were essential but the mistake was by researchers when making questionnaire.





*Figure 13. The degree of influence of promotion on online buying decision (n=119)*

There were 96 respondents who expressed their point of view that promotion had influenced their online buying decision, which, as shown in figure 13, occupied 80.67% of the total respondents. 15.97% of the respondents held the view that online promotion had influenced little their buying decision online while 3.36% of the total respondents considered that promotion had no influence on buying decision online. The promotion methods online for Taobao were discount for products, auctions online and discounts from group purchases. Most respondents held the view that promotion online had influenced online purchasing decision a lot, due to the convenience and cheap price that promotion could provide.

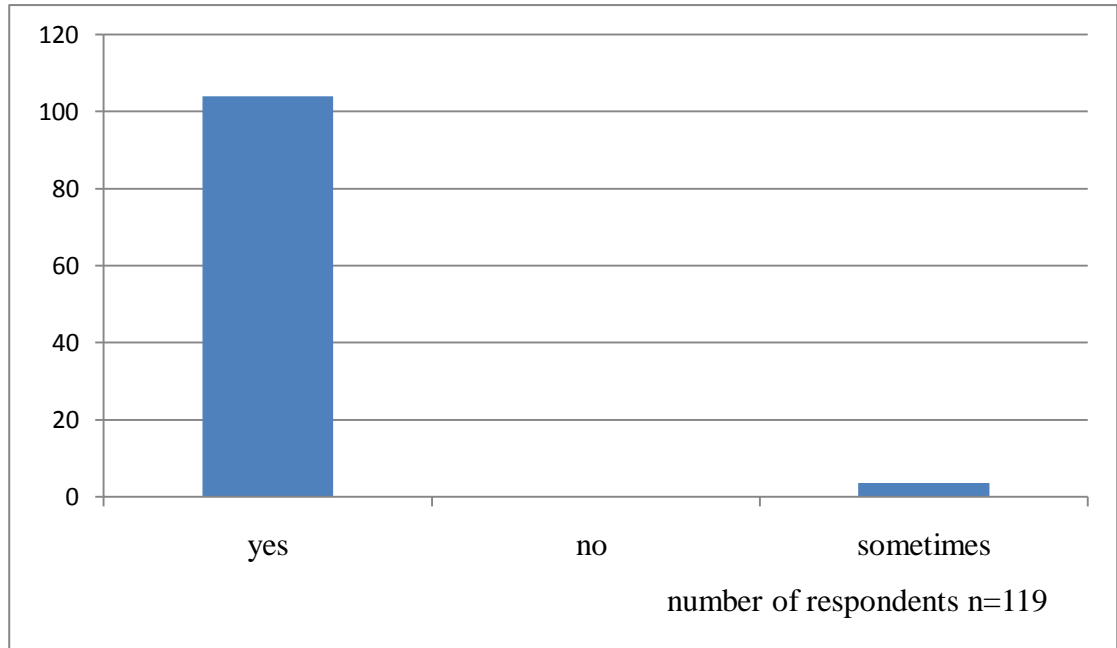


Figure 14. The degree of influence of advertising on online buying decision (n=119)

As shown in figure 14, 87.39% of the total respondents answered that advertising had an influence on online buying decision while the rest considered advertising could sometimes influence online buying decision. No respondents denied advertising had an influence on online buying decision. On Taobao net shop, there were attractive pictures and links on the website introducing new products and new strategies. Besides, the banners of Taobao net shop can be found on search engine in China.

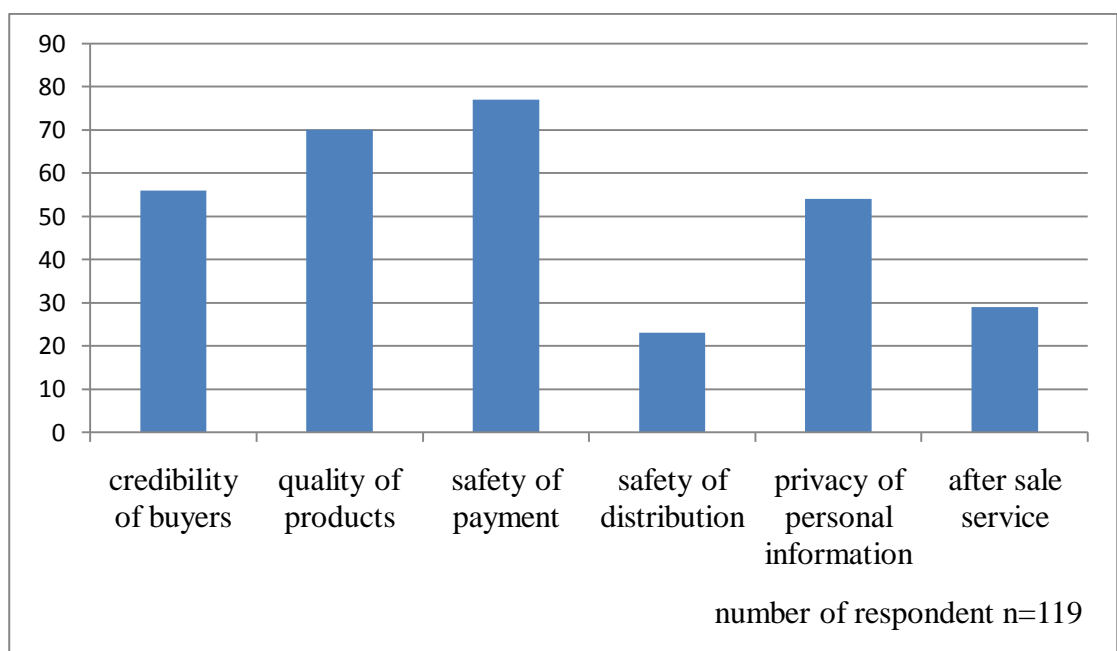


Figure 15. The worrying problems of online shopping (n=119)

This question was a multiple choice question. The most worrying problem of online shopping, as shown in figure 15, was payment safety, which accounted for 64.71% of the total respondents. Other worrying problems were quality of products, credibility of sellers, privacy of personal information, after sale service and distribution safety, which captured respectively 58.82%, 47.00%, 45.38%, 24.36% and 19.33% of the total respondents. Most respondents chose the safety of payment as their most worrying problem of online shopping, possibly due to the destruction of online transaction in past few decades and the uncompleted online transaction systems in China nowadays.

### 5.3.2 Syntheses of Open Questions

The second part in the questionnaire contained three open questions. As there were many points of view in common for the respondents, the answers to the questions can be grouped as follows.

For the first question about other net shop websites except Taobao, 65 respondents, which were 54.62% of the total respondents, had had the experience of going to other net shop websites while the rest were loyal customers to Taobao. The other popular net shops answered by respondents are DangDang, YiQu, PaiPai, YouA and foreign net shops like eBay. Among 65 respondents, 30 out of 65 gave exact reasons why they like to shop on those four websites. The first reason, which was answered by the most respondents, was the cheap price. The second reason was the clear classification. As Taobao was the biggest online shopping e-marketplace in China, there were huge numbers of products and a lot of information and therefore it might be hard to find what the customers really need. The third reason was some of the respondents got tired of the complicated process of Zhifubao which was the payment method on Taobao. The last reason, just answered by several respondents, was that respondents were members of DangDang, YiQu, PaiPai, YouA or eBay and they could share their membership right on those online shops.

As for the second question, which was how the real-name network system affects the purchase on Taobao, there are 58/119 respondents who answered this question. Among

them, there were 36/119 respondents answered “no comments” while 18/119 expressed their ideas. As the real-name network system had just been put into effect in China on July 1, 2010, many respondents seemed to have no idea about this newly published policy. Among the 18 respondents who gave their comments, most of them believed real-name network system can bring them a more convenient and safe online environment, while a small part of the respondents held the view that the newly published measure in China still had a long way to be developed. The last question is about suggestions and comments by respondents concerning the future development of Taobao. 47/119 respondents give their comments on TaoBao, the responding rate is 39.50% in this question. The detailed answers are listed in appendix.

## 6 CONCLUSIONS

In the thesis, both qualitative research and quantitative research methods were used. Conclusions can be found based on comparing the differences and similarities of the empirical data and secondary data. The conclusion of the whole thesis was made at first, and then the validity and reliability of the research were to be presented. Finally, further suggestions to the company were given.

### 6.1 Summary

Electronic commerce is fast, efficient and influential. It is an easy and advanced way to get access to international markets by adapting to the electronic commerce. The main benefit of electronic commerce is to speed up communication between organizations and customers, which allows simplicity, flexibility and an innovated way to make business. Nowadays, the development of electronic commerce is fast and the electronic commerce is used as a global network in home by business users, organizations and others. However, there is still a long way for electronic commerce to go. In the thesis, we analyzed customer behaviors in electronic commerce. From analyzing different customers' purchase attitude, psychology and behavior, it was not hard to get what online customers had in common while making online purchase. (Carmines and Zeller 2004, 13)

As the electronic commerce environment in China had been developed in recent years, Taobao can get benefits from the internet commerce which was better for future development. Taobao can reduce costs and increase accuracy. Under the convenience of electronic commerce, duplicate transactions can be deducted and the business transaction can be more precise. Furthermore, Taobao can strengthen its competitiveness to other net shops by creating a stronger link to potential online customers. The aim in this thesis was to help Taobao develop better in the future by analyzing online customer behaviors. (Turban et al 2008, 58)

In order to target customers effectively, the most important strategy is to create a more precised marketplace. The market strategies suited for Taobao can be positioning, price and advertising strategies. Each strategy includes both advantages and disadvantages, for the company itself; the proper part of strategy should be emphasized. (Turban et al 2008, 58)

## **6.2 Evaluation of Results**

In the results of the research based on Taobao net shop, we analyzed and judged our research from three important elements, namely validity, reliability and usability. At the most general level, validity and reliability are two basic properties of empirical measurements. Reliability, as defined by Carmines and Zeller (2004, 11), “concerns the extent to which an experiment, test or any measuring procedure yields the same results on repeated trials”. While reliability means “focus on a particular property of empirical indicators, validity concerns the crucial relationship between concept and indicator”. The basic types of validity are content validity, criterion-related validity and construct validity. (Carmines and Zeller 2004, 11)

In the research part, we collected data from many kinds of resources such as interviews, documentations like brochures, journals and online resources. On the basis of the data, readers can understand the research better and can easily follow the evidence of the research. All of the data is related to the case in the thesis, thus, the data is more subjective and credible. The face to face interviews were designed in order to avoid bias in the research and reduce unnecessary mistakes. The information sources we checked were updated within two years from now, and the brochures, journals and websites were valid related to the literature. We also collected some secondary data from books written by famous authors who can guarantee validity and reliability. Compared with the qualitative research which we had done, the limitations of qualitative research seem to be clear. The small numbers of participants and difficulty to capture a geographically representative sample are the main limitations. Only 20 people were interviewed, we really cannot be confident to say that the results are representative. When the numbers of interviewees tend to be small, the possibility exists that our interviewed group was significantly different from the rest of the marketplace (Grossnickle & Raskin 2001, 53). Besides, interviewees were all around us,

like our friends or workmates; we cannot interview customers in other city and other country.

In the quantitative research, a questionnaire was designed based on the results of qualitative research. We collected huge numbers of information from the Taobao Company objectively in order to make a questionnaire more precise and increase reliability. As the way of making quantitative research is through web mail, the results of questionnaires may not be so reliable. However, we recorded the names and addresses of customers on Taobao net shop by the newly published policy of real-named online policy. After we got the results of questionnaire, clear data collection were made. In order to reduce bias in the open questions, we made similar answers in open questions and analyzed answer groups. In the case study, the sources we used were the questionnaire and observation. After the research was done, we gave feedback of our research to respondents and interviewees by e-mail in order to complete the data and make necessary changes. However, there were some limitations in the quantitative research. The question 4 and question 8 had almost the same content but the choices given are different, it was due to the mistake of researchers when designing the questionnaire. The result got from question 4 and question 8 was also slightly different. The same part of online customers would pay attention to was the cheap price; the different part was the quality in question 8 and the attractive advertisement in question 4. It was possibly because that both the three elements were the relevant elements when customers making online purchase decisions, so if there was no choice of “quality of product” in question 4, the “advertisement” would be customers’ choice. The same situation was for question 8.

Usability, as noted by Domus & Redish (1999, 4), means that “the people who use the product can do so quickly and easily to accomplish their own tasks”. The primary goal is to improve the usability of online shopping. The respondents in the research are real users on Taobao net shop and those respondents all had experiences of online shopping. The results of the research have been clearly and correctly observed and recorded by us. After the research, we analyzed the data from the questionnaire, diagnosed the real research problems, found relationships between different customers’ answers. Finally, we can find answers suitable to the research problem which we put forward before we make the research. In

addition, proper strategies fit for Taobao net shop can be emphasized for helping development of the case company.

### **6.3 Further Suggestions**

After the research was done, we analyzed the data collected and provided three marketing strategies for Taobao net shop, which are positioning strategy, price strategy and advertising strategy. From the company case in the thesis, Taobao can develop its business channel by broaden the chance of development by several of marketing strategies. However, the different strategies still will have their disadvantages in marketing. Take price strategy as an example, the price strategy can increase opportunity to get lower prices for different products and brands. But the shipping costs and costs of returning unacceptable merchandise may increase the total price. In addition, credit card and other personal information perceived are to be at risk. As a result, it is important for Taobao net shop to choose the most suitable strategy for the development itself.



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## APPENDIX 1 QUESTIONNAIRES (ENGLISH AND CHINESE VERSIONS)

### ENGLISH VERSION

#### RESEARCH OF CUSTOMER BEHAVIOUR ON TAOBAO NET SHOP (2010.6)

Dear Respondent,

As the result of fast development of electronic commerce, an increasing numbers of business transactions are done on-line. The research is about customer behavior with e-commerce in China. And this questionnaire focuses in finding out online customer behavior towards TaoBao net shop.

Please answer to the following questions by ticking your choice. Thank you for your co-operation. It will help me in making my thesis research.

Best wishes,

Hong Xinxing & Chen Yanlong

Savonia University of Applied Sciences

#### Part one : Choices

1. Your gender is :

Female

Male

2. Your age is:

15-20 years old

21-30 years old

31-40 years old

Above 40 years old

3. How long have you been online shopping per week?

- Less than 2 hours
- 2-4 hours
- 5-7 hours
- 8-10 hours
- More than 10 hours

4. Reason why you choose online shopping?

- Price is cheap
- Internet widely used bring lots of convenience
- Online shopping has various categories
- time saving on Internet
- suggestions from friends around
- attractive advisements
- just curious about online shopping

5. how do you get information about TaoBao net shop?

- Through friends introduction
- See your advertisement
- Search in internet

6. How many unpleasant buying experiences on TaoBao net shop?

- Never
- 1-2 times
- Not more than 5 times
- More than 5 times

7. What kind of products do you usually buy while online shopping?

- Electronic products
- Clothes, hats or shoes
- Cosmetics
- Luxury product
- Products for daily use
- Books and videos

8. Which is the most important elements in your mind when you doing online shopping?
- Price
- Quality
- Brand
- Comments by other buyers
- attitude of buyers
- Product description
9. Does the promotion provided by sellers online affect your buying decision?
- Yes
- No
- A little
10. Do advertisements for online products attract your attention?
- Yes
- No
- Sometimes
11. The most worried problems happened to you when you purchase online is:
- Credibility of buyers
- Quality of products
- Safety of online payment
- Safety of distribution
- Privacy of personal information
- After sales service

Part two: Brief Answers:

1. Do you have any other online shopping website except taobao.com? The reason you like them is?
2. Does the new policy real-name network system have any affection to your online shopping?
3. Could you give some suggestions for further development in TaoBao?



**QUESTIONNAIRE (IN CHINESE):**

亲爱的答卷者:

随着电子商务的不断发展,越来越多的商业交易在网上完成。这是一个关于中国网络消费者行为研究。这个调查问卷的目的是分析淘宝网站上的消费者的行为习惯和特征。

请回答以下选择题。谢谢你们的合作。这会帮助我的论文研究。

最美好的祝福

Hong Xinxing & Chen Yanlong  
Savonia University of Applied Sciences

关于淘宝网店的网络消费者心理的调查 (2010.6)

一. 选择:

1. 您的性别是:

女

男

2. 您的年龄是:

15-20 岁

21-30 岁

31-40 岁

大于 40 岁

3. 您每周在网上购物的时间是多少?

少于 2 小时

2-4 小时

5-7 小时

8-10 小时

多于 10 小时

4. 您为什么选择网上购物？

价格便宜

网络的普及

种类繁多

节约时间

朋友介绍

吸引人的广告

好奇网上购物

5. 知道淘宝网和淘宝商城吗？是通过什么渠道知道的？

朋友介绍

看到广告

上网搜索

6. 您在网上购物时不愉快的经历的次数：

从没

1-2 次

不超过 5 次

多于 5 次

7. 你在网上购物时经常买的东西是什么？

电器

衣服鞋帽

化妆品

奢侈品

日用品

书和 CD

8. 你在网上购物的时候最看重的信息是什么？

价格

质量

品牌

商品好评

商家态度

产品介绍

9. 您认为网上促销对于您的购买决策影响大吗？

是的

没有影响

一点点影响

10. 您认为广告对于您的购买决策影响大吗？

是的

没有影响

有时候会有

11. 当您在网上购物时，最担心的问题是：

商家信誉

产品质量

付款安全

运输安全

个人信息的隐私

售后服务

二. 简要问答：

1. 除了淘宝你还经常去的网店是哪些？你喜欢他们的原因是？
2. 新实施的网络实名制对你的网上购物有影响吗？
3. 你对淘宝网的发展有什么好的建议和意见？

**APPENDIX 2 ANSWERS FROM RESPONDENTS FOR OPEN QUESTION 3  
(47/119)**

Respondent 1

I have been on Taobao for couple of years and I feel great while shopping on Taobao. I can find almost everything I need on the list of products, and I had already purchase a secret gift for my girlfriend on Taobao Present Centre. Products on Taobao are cheap and my friends all like it.

Respondent 2

I like to use Taobao. However, when I want to buy clothes on different net shop on Taobao, I have to pay distribution fee to different sellers. Distribution fee costs not much, but it increases my inconvenience payment.

Respondent 3

I love Taobao net shop but also I like to purchase on several foreign net shops to buy foreign products. Recently I found there is a part in Taobao called “Global Merchandising” which I can buy foreign clothes or cosmetics just on Taobao. It provides a lot of convenience for me.

Respondent 4

I found some virus on Taobao website; I cannot open any pictures or flashes.

Respondent 5

When I want to buy some clothes, shoes or hats, I found some products on Taobao do not provide correct size number suited for real products. It is better to purchase daily products on Taobao.

#### Respondent 6

The products I purchase on Taobao are just several small decorated toys or accessories. I dare not buy valuables online for I do not believe online transaction systems, and I am worried about the product quality online.

#### Respondent 7

I mainly purchase online game equipment on Taobao net shop. The online game equipments are much cheaper than specialized shops and there is an area on Taobao called “online game equipments transaction area” where I can not only buy equipments needed but communicate with other game players as well.

#### Respondent 8

I had two experiences of returning of goods on Taobao. They are not quite satisfied. The returning of goods on Taobao is a very slow process and I get my goods wanted back several months later. So I suggest that the process of returning goods should be improved.

#### Respondent 9

While I am searching on Taobao, I usually found some product in special price which the price is often 10% or 20% of the normal price. At that time, I would call my friends to notice and I would buy a lot. It is a great fun of searching for discounted products and purchases them on Taobao.

Respondent 10

No comment.

Respondent 11

There are certain sellers on Taobao had bad attitude on the process of purchasing.

Respondent 12

No comment.

Respondent 13

The quality of the products especially the clothes or shoes should be improved.

Respondent 14

Recently I tried to open a net shop for selling clothes on Taobao. I used to think the process may be complicated, but I log in the seller system in just 10 minutes, and open net shops on Taobao is free.

Respondent 15

Sometimes I found very attractive clothes on Taobao especially when the clothes are on models, I tried to buy some. But those clothes may be not suitable for me. So customers should buy clothes suitable for themselves not just attracted by models.

Respondent 16

With more and more people on Taobao, those Taobao users introduce their friends, the team of Taobao users are growing.

Respondent 17

I am afraid of problem of quality on Taobao, so I dare not to buy some digital equipment although they are very cheap.

Respondent 18

Certain sellers on Taobao net shop do not care about after sale situation. It is difficult to protect customers' rights.

Respondent 19

No comment.

Respondent 20

I had one experience that the product I received is not the same as the shown picture. So I suggest that the sellers on Taobao net shop should notice the source or the origin of the products and the quality should also be mentioned for our customers.

Respondent 21

When I am introduced by friends of using Taobao net shop, I used to worry about the payment safety. But now, I had used Taobao for almost 2 years, I found ZhiFubao is very useful and safe. So I am not worry about safety any more.



Respondent 22

Sellers on Taobao are ruled to have after sales time for 1 month, but there are few of sellers can obey the rules.

Respondent 23

No comment.

Respondent 24

No comment.

Respondent 25

There is nothing more to say.

Respondent 26

It is said that customers have the right to check the products delivered first then sign for the express company. However in the real situation, this situation is not allowed. I hope this can be solved, for I really want to check the product first.

Respondent 27

No comment.

Respondent 28

I received some products with quality problems, but the seller promise me to send another to me again freely.

Respondent 29

It is really good to purchase on Taobao, I had made friends to some sellers on Taobao. It is a place for whom who likes online shopping.

Respondent 30

On Taobao net shops, I can find things that cannot be found on stores. Such as cute cosmetics which are very useful.

Respondent 31

I had made one auction on Taobao which is very successful. The system is integrated and I can easily find buyers for my products.

Respondent 32

Taobao is good, and there is nothing I would say about improvement.

Respondent 33

Taobao is very popular, and hope it can go better.

Respondent 34

The usual distribution time is 3 to 4 days, and I often receive bought products in 2 days. It is fast and convenient.

Respondent 35

No comment.

Respondent 36

One thing I like is to purchase foods on Taobao net shop. There are several of foods on Taobao and I cannot wait to purchase some.

Respondent 37

The catalogues in Taobao net shops are clear. The products can be searched by price, size, style, color, brand and so forth. Girls can easily find what they need and boys can either.

Respondent 38

You see, price on Taobao is really cheap. I can buy the same products as stores with saved time and money. It is very profitable.

Respondent 39

I suggest sellers on Taobao net shop provide more pictures about the products for better knowledge of products by customers online.

Respondent 40

Nothing to say, just want Taobao to be better improved.

Respondent 41

It is a trend to use online transactions nowadays; Taobao had developed a lot in decades.

Respondent 42

Prices are really cheap; I can find all styles of products on Taobao.

Respondent 43

Some problems about express company are exists. As delivery on Taobao are all responsible by express company in China, there are several cases of missing the products or broken of products. These cases are obviously not the duty of Taobao, but the objects of complaints from customers online are Taobao.

Respondent 44

I believe in Taobao and believe it will develop better in the future.

Respondent 45

I am a manager in a company and I do not have much time for shopping. Taobao is the favorite e-marketplace I would like to surf online. Using Taobao is really time-saving and with high efficiency.

Respondent 46

Our family loves Taobao net shop. We usually surf on Taobao to find some “treasures” suited for everyone. It is fun.

Respondent 47

I surf on Taobao just by curious, but after 1 years of surfing, I found I love this website which can always give me surprise.