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PRIMARY FACTORS INFLUENCING ONLINE SHOPPING

BEHAVIOR IN VIETNAM

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Recently, in Vietnam, e-commerce is growing significantly, and the growth rate of Vietnam online shopping is among the highest in the Asia-Pacific region. The purpose of this thesis was to examine and get a deep understanding of factors affecting online shopping behavior in Vietnam. Price, Trust, Convenience, and Products were identified as important factors. Another purpose of this thesis is to, based on the results, give suggestions for an electronics manufacturer and retailer in Vietnam – Viettronics Tan Binh Joint Stock Company – to develop an online shopping channel efficiently.

This thesis has four main parts. (1)The theoretical part including theoretical background and literature review, introduces theories, concepts, and previous findings about online shopping in general and four factors in particular. (2)The case study includes a brief overview of online shopping in Vietnam and a detailed profile of the case company – Viettronics Tan Binh Joints Stock Company. (3)An analysis of the research will show the extent of influence of four factors, the barriers to online shopping in Vietnam and future for electronics e-tailer in Vietnamese consumers' eyes. (4)Finally, a conclusion and recommendations will be mentioned, to give suggestions for the case company so as to launch successfully an online shopping channel.

The research was based on secondary and primary data. For primary data, two different kinds of questionnaires were conducted from 10 July 2015 to 5 August 2015. They are respectively a general questionnaire survey with 124 respondents, and an in-depth consumer interview answered by 10 individuals. The research aims to find out the barriers preventing Vietnamese from shopping online, to what extent Vietnamese perceive online shopping, and to what extent four factors affect online shopping behavior in Vietnam.

TABLE OF CONTENTS

TABLE OF FIGURES

1 INTRODUCTION

1.1 Introduction and motivations

The internet has become one of the greatest and the most vital things in human life. Now with an internet connection, people can do many things, including staying at home and purchasing whatever they like. In recent years, e-commerce has entered into a phase of exponential growth. The term 'shopping online' has been more familiar to everyone all over the world than ever before. Now, consumers would rather stay at home, and with one click get the products delivered to their house, than go to shops which is far away from their place to get what they want. To everyone, online shopping is not only a trend but also a way to make life more convenient and easier.

It has been 20 years since Amazon.com, a popular American electronic commerce company was founded. It means, in developed countries, e-commerce or online shopping has already been popular for years. However, in developing countries, it is just a new thing and people just got to know online shopping several years ago. Especially in Vietnam, online shopping has just been about to boom recently, even though people had heard about this trend before.

Studying and understanding consumer behavior towards online shopping play an important role for businesses to be successful in e-commerce market. There is much research on consumer online shopping behavior around the world, mainly conducted in developed countries and in some big developing countries, however, there are not many in Vietnam. That is the first motivation for this thesis. Through this thesis, the author would like to discover and figure out why Vietnamese are still hesitating to shop online even though online shopping has potential and is predicted to rocket significantly in Vietnam, what are the barriers preventing Vietnamese consumers to shop online and also the factors influencing consumer online shopping behavior in Vietnam.

Another motivation for this thesis, is, based on the result of the research, to find a new potential way for the case company, Viettronics Tan Binh Joint Stock Company (VTB): to develop an online shopping channel. VTB is considered as a big electronic appliance retailer in VN. However, up to now, the company has only limited its business within showrooms and traditional stores (distributions) all over VN, it has not ever developed plans for an online ordering and shopping system. In fact, nowadays, selling and purchasing things online have gradually become a trend in Vietnam, because of convenience and low cost. Therefore, a start to develop an online channel is an essential thing for VTB, which will bring more competitive advantages. And, by analyzing Vietnamese consumer behavior towards online shopping, the author hopes to figure out critical points that may help VTB in finding an efficiency way to develop an effective online buying channel in the near future.

1.2 Thesis statement

An analysis of four factors: Trust, Price, Convenience and Products affecting consumer online shopping behavior in Vietnam provides some suggestions for the case company, Viettronics Tan Binh Joint Stock Company in expanding a new online shopping channel.

1.3 Research objectives

The objective of this thesis is to investigate the impacts of the four factors on consumer online shopping behavior in Vietnam as well as the barriers preventing Vietnamese from shopping online. The analysis is for the case company of this thesis, an electronics manufacturer and retailer in Vietnam – Viettronics Tan Binh Joint Stock Company, to help the company understand not only Vietnamese consumer behavior towards online shopping, but also things that the company should consider when developing an online shopping channel in Vietnam. Especially, the research reveals Vietnamese opinions about the potential of electronics appliances e-tailers in Vietnam, which is really worthy of attention.

1.4 Research questions

The main research question

- How do the four factors: Trust, Convenience, Price and Products affect Vietnamese consumer online shopping behavior?

Sub questions

- What are the barriers preventing Vietnamese from shopping online?
- Would Vietnamese consumers purchase electronics appliances online?
- What should the case company pay attention to, so as to develop an online shopping channel efficiently?

2 METHODOLOGY

The data collected from research methods helps in establishing a foundation for understanding online consumer behavior in Vietnam and assessing the influence of the four factors, in terms of importance. Based on that, later, trends of online shopping in Vietnam will be predicted and ideas will be suggested for the case company.

2.1 Research design and data collection

Research design

As mentioned in the objectives of the research, the purpose of this research is to investigate and analyse to get a comprehensive view towards online shopping behavior of Vietnamese consumers. To achieve that insight view, a combination of both quantitative and qualitative research was used.

First, a descriptive research strategy was applied to conduct the quantitative research. This method was used to gain accurate and statistical data. Online structured survey was carried out. It is to obtain the statistics of online shoppers in Vietnam such as consumer profiles, the amount of money they spend on average for an online purchase or their assessments of four factors based on predetermined choices. The data will be

analysed to identify what exactly Vietnamese think about online shopping, to what extent the four factors affect the online shopping behavior in Vietnam, the proportion of people in Vietnam who often shop online and their specific behavior towards online shopping.

For the qualitative research, an exploratory research strategy was used, aiming to *"gain insights and ideas, general picture of a context"* (Gibert, 1995). Individual depth interviews for consumers were conducted with open-ended questions, giving respondents chances to express their own thoughts towards the four factors influencing online shopping behaviors. This supports the quantitative research and allows the author to have a deeper understanding of online consumer behavior.

Data collection

This research is based on both secondary and primary data.

Secondary data including theories and findings of other writers, researchers was used to help the author in generating research ideas; it is the foundation to write this thesis. Secondary data is presented mainly in the theoretical background and literature review parts.

After the four factors influencing online shopping behavior were identified based on secondary data, primary data was then collected through two different kinds of questionnaires. The main purpose was to achieve objectives of this thesis, to gain a specific view about online shopping behavior in Vietnam and find out to what extent Vietnamese perceive online shopping, and to what extent the four factors affect online shopping behavior in Vietnam.

2.2 Research implementation

In this research, two different kinds of questionnaires were conducted from 10 July 2015 to 5 August 2015. They are respectively a general questionnaire survey with large population, and an in-depth consumer interview answered by 10 individuals. For both

of them, the convenience samples were used. No specific qualifications or academic knowledge were required for involved respondents in the research. It was just about their opinions, thoughts, and behaviors towards online shopping: what they think, what they like, what they concern, and so on (for more details, see Appendix 3, 4)

The general questionnaire survey (see Appendix 3)

This is the prime questionnaire of the research. It is a structured-undisguised questionnaire: *"fixed-alternative question in which the responses are limited to the stated alternatives are used"* (Gibert, 1995). Initially, the author attempted to collect responses of as many informants who are Vietnamese citizens as possible, regardless of whether they have ever experienced online shopping or not . However because time and location is limited (the author was staying abroad when conducting the research), the author used Google forms to design the questionnaire. The questionnaires were sent online by links through Facebook and emails to 124 respondents and all of 124 responses were collected. All of the responses were saved and stored in Google system. Questions sent to 124 respondents were presented exactly in the same order and the same wording. The questionnaire includes 12 compulsory questions and 2 optional questions. The first 4 questions are demographic questions regarding age, gender and location. The next 2 questions about the frequency of shopping online are optional, they are required only for those who already have shopped online. The rest are for investigating their behavior towards four factors affecting online shopping which are mainly Likert 5-scale questions.

The in-depth consumer interview (see Appendix 4)

This questionnaire is to support the above general questionnaire, to gain a deeper understanding about Vietnamese consumer online shopping behavior. It is an unstructured – undisguised questionnaire: *"the response to the question is open-ended"* (Gibert, 1995). It consists of 7 questions and was sent to 10 individuals by emails. 10 responses were collected.

2.3 Research limitations

In spite of any effort of the author, obviously, this research still has many limits that should be taken into consideration.

First is the limit of the research's sample. Non-probability sample - convenience samples was used: the questionnaires were sent to 124 people who are friends and acquaintances of the author, because of the convenience. Even though the age of the sample are varied from 16 to over 50 years old, it could not represent the whole target population. Moreover, the majority of 124 respondents are living in the southern cities of Vietnam. Hence, it could not reflect exactly the behavior towards online shopping of 90 million Vietnam's population. Consumer behavior can be said to differ from geographic locations across Vietnam, for instance, between Ho Chi Minh City – a southern city and Hanoi – the capital in northern region, or, between urban and rural.

Secondly, this research adopted a subjective point of view. In fact, there are countless factors (both direct and indirect) affecting consumer online shopping behavior such as age, gender, past experience, individual goal, and so on. However, this research just focuses on four factors: price, convenience, trust and products which the author assumes to be the four most important and influenced factors to online shopping behavior. This means the author put her own opinion into the research processes.

Also, because the research is subjective so there may be biases during the research. It is because questions in the survey target mainly and directly to the four factors, thus, it may intentionally navigate and indirectly impact on respondents' perception and opinions of online shopping during the survey. Their answers in the survey may be biased, which may affect the reliability of this research.

3 THEORETICAL BACKGROUND

This theoretical part presents two theories which, to the author, are relevant to the main topic of this thesis. The two models, named as 'Innovation resistance model', and

'Technology acceptance model' will be explained respectively, and used so as to find reasons why some consumers still reject shopping online as well as the importance of convenience and customer service aspect in online shopping.

Later in this thesis, based on those models, the author will try to analyze factors that influence consumer online shopping behavior.

3.1   A model of innovation resistance

In 1987, Ram introduced a model of innovation resistance (see Appendix 1. Figure 7). It is *"set in the contest of Cultural, Situational and Social factors, since a variation in each of these can affect Resistance"*. It has been cited and applied by many researchers. According to this model, the perceived relative disadvantages, the perceived risk components of an innovation, how easy an innovation can be understood and used, the user's perceived need for an innovation, the user's self-confidence and beliefs about an innovation will determine how strong the innovation resistance of users is (Ram, 1987)

Based on the model of innovation resistance, many researchers proposed 5 barriers for the users' refusal toward innovation (Jiunn, Hao, & Liu, 2012) (David & Jiunn, 2014)
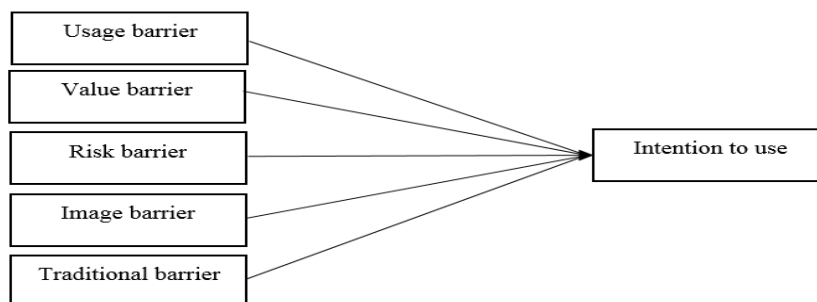

Figure 1: Five barriers to innovation adoption **(David & Jiunn, 2014)**

In this thesis, the model of innovation resistance will be applied to help understand consumer's acceptance of online shopping - new way of shopping through internet, and figure out the barriers for the adoption of online shopping: why do many people still prefer the traditional shopping?

3.2 Technology acceptance model

In 1989, Davis proposed the Technology Acceptance Model (TAM) with two factors – perceived usefulness and perceived ease of use, explaining and predicting technology adoption behavior among users.

Perceived usefulness is defined as *"the degree to which a person believes that using a particular system would enhance his or her job performance"*. Perceived ease of use, according to TAM, is *"the degree to which a person believes that using a particular system would be free of effor"* (Davis, 1989)
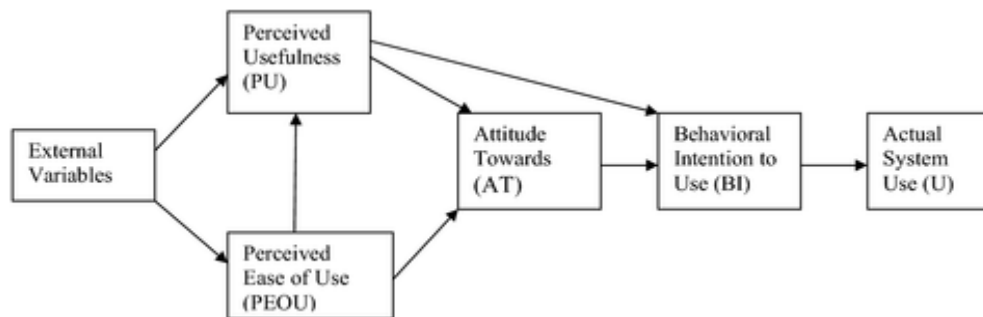
Figure 2: The original TAM model

This model plays a quite important role; even though it is originally about behaviors toward information system usage, it has been applied to many researches to understand behavioral intentions and actual behavior of consumers when purchasing things. In this dissertation, the author is to apply the model to analyze motivations of consumers to shop online: shop because of convenience.

However, TAM mostly predicts the behavioural intention to use a particular technology, rather than the actual usage. Specifically, the two variables of TAM (PU and PEOU) is a good predictor of the behavioural intention; and the behavioural intention can be used to predict the actual usage; but the direct connection between TAM and the actual usage is not that strong. Therefore, sometimes, the accuracy of TAM in predicting the actual usage is the limitation of this model. (Turner, Kitchenham, Brereton, Charters, & Budgen, 2010)

4 LITERATURE REVIEW

There are plenty of books, researches and articles writing about consumer behavior in general and online shopping behavior in specific. This part aims to provide a general knowledge view about things related to online shopping behavior. Definitions of e-commerce, online purchase process as well as advantages and drawbacks of online shopping will be mentioned. Especially, based on findings gathered from books, researches and journal articles, the rest of this part will discuss four factors that according to the author, affect strongly online shopping behavior: price, convenience, trust and products.

4.1 E-commerce and online shopping

It is no doubt that the birth of e-commerce has dramatically influenced and changed markets; it created a new era, new chances for both businesses and customers: a transparent, convenient, ubiquitous, global, and interactive environment (Kenneth & Carol, 2002)

Kenneth and Carol defined e-commerce, or electronic commerce as *"the use of the internet and the web to transact business"*. It allows organizations and individuals as customers to conduct digital commercial transactions (Kenneth & Carol, 2002)

However, many other authors refer to e-commerce much more than that definition: e-commerce is not limited within the actual action of buying and selling products online. Accordingly, e-commerce also includes non-financial transactions such as customer requests for further information (Dave, 2002), business relationship management through telecommunications networks (Zwass, 1998), or any activities, in general, by electronic means between organizations and consumers whether there is transaction or no transaction.

And, online shopping is among types of e-commerce, which is simply described as *"the act of purchasing products or service over the Internet"* (Businessdictionary.com, n.d.)

In recent years, e-commerce has entered a phase of exponential growth. Particularly, the term 'online shopping' is so far too familiar to everyone, all over the world.

In 2014, according to Statista.com, the total business-to-consumer e-commerce sales worldwide reached 1.4 trillion U.S. dollars. In the United States, e-commerce sales grew to 220 billion U.S. dollars in 2014, representing 8% of total U.S. retail sales (Zorzini, 2015) (Sparkpay, 2014)
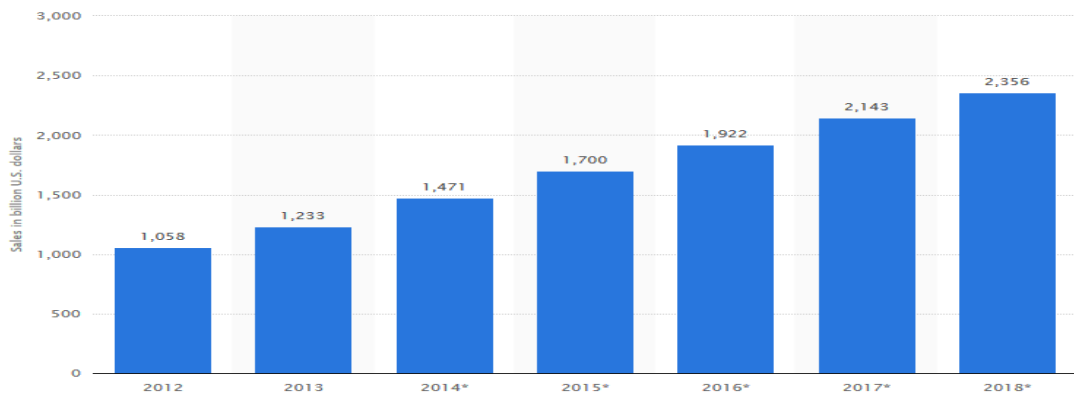
Figure 3: **B2C e-commerce sales worldwide from 2012 to 2018 (Statista.com)**

In spite of negative impacts of recent global economic crisis, online shopping apppears to increase steadily, or it is even believed to be booming, rocketing with the significant rise in the number of online retailers, online shoppers and internet as well as social media users within recent years (about 70% of the online users in Britain, the Netherlands and Sweden shop online in 2014) (Zorzini, 2015) (Sparkpay, 2014)

Based on the chart from Statista.com, online sale worldwide is expected to keep growing, reaching more than 2 trillion U.S. dollars by the end of 2017.

4.2 Online consumer behavior

Consumer behavior has never been out of the hot topics for businesses, marketers and researchers. It is a study to attempt to explain, get understanding, predict the complicated processes of consumer behavior: what consumers purchase, where, when, how and why they choose and buy a specific product, consumers' needs, motives,

desires, etc. (Solomon, 2006) (Kenneth & Carol, 2002) (Dave, 2002) (Schiffman & Leslie, 2004)

Understanding customer behavior is essential, Chaston emphasized, *"Understanding consumer motivation is not an option – it's an absolute necessity for competitive survival and is now critical because of the proactive role of the customer"* (Chaston, 2000). Especially, since the emergence of internet, e-commerce has become the mainstream business activity, which involves more and more online transactions, lead the market to a new level of behavior - online consumer behavior, which is more challenging and complicated for marketers.

Obviously, only when companies understand how consumers make the final decision, and why customers choose to shop online, are they able to form effective strategies to attract customers.

4.2.1 Online consumer purchasing process

The key to understand consumer behavior is to identify consumer purchasing process.

Solomon introduced a general process of consumer decision-making with three distinct but interlocking stages: input stage (the firm's marketing efforts and the external sociological influences on the consumer), process stage (how consumers make decisions: recognition, search and evaluation), and input stage (purchase and post-purchase evaluation) (Solomon, 2006).

However, in most of the cases, the process is divided into five consequent steps: (1) problem recognition, (2) information search, (3) alternatives evaluation, (4) purchase decision, and (5) post-purchase support (Kotler & Gary, 2001) (Dave, 2002)
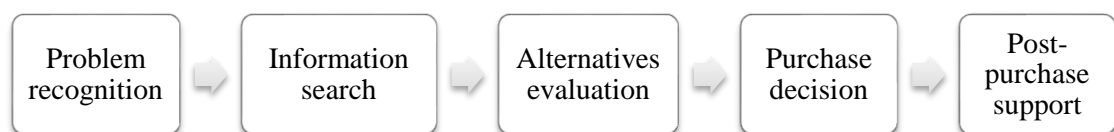
Problem recognition	→	Information search	→	Alternatives evaluation	→	Purchase decision	→	Post-purchase support

Figure 4: Consumer purchasing process

The stages of consumer purchasing process are basically the same whether it is online or physical shopping. Nonetheless, the online consumer purchase process seems to be a little bit more complex than the offline one. It is kind of a long-term process to aware consumers' needs to shop online, attract visitors to websites and convince them the product is the best comparing to alternatives (both online and offline), and make them become loyal customers. A research shown that only 1 per cent of 100,000 shoppers click through one retail website, 50 of them make actual purchase; and in the end, only 25 out of 100,000 shoppers will return to buy something else (Kenneth & Carol, 2002) (Dave, 2002).

4.2.2 Shopping or not shopping online

Online stores have gradually become a very popular and important channel. People choose to shop online because they are aware of many benefits of shopping and purchasing through websites. It is the convenience when shopping online: consumers can shop at home 24 hours, 7 days a week (Hofacker, 2001) (Solomon, 2006), and save time by avoiding many frustrations like queuing or driving to the store. Moreover, consumers can reduce the product costs as the internet helps them to search and compare information much faster and easier; price is more transparent, so consumers have the power to choose the best quality products with the lowest prices, around the world (Kenneth & Carol, 2002). In general, online shopping eliminates the barriers of time and location (Matthew & Gou, 2012)

Despite the benefits of online shopping, many people do not totally feel comfortable and confident to enjoy online shopping (Jones, 2000). It results from lack of self-affirmation (Peck & Childers, 2003) when shopping through websites: consumers cannot touch, smell or assess exactly the quality of products (Childers, Peck, Chistopher, & Carson, 2001). Also, it is not only because when shopping online, the perceived risk is higher than traditional shopping (Tan, 1999), but also, there is a lack of trust between consumers and businesses when transacting through internet (Hoffman, Novak, & Peralta, 1999) (Rahul, 2014). Plus, sometimes, people do not want to wait so long for the products to be delivered, or pay shipping fee (Read & Loewnstein, 1995) (Smith, 2013)

4.3 Factors influence online shopping behavior

In fact, when considering the case of online shopping, factors that affect consumer online shopping behavior – purchase intention and purchase behavior, are varied, in both direct and indirect way, such as age, gender, past experience, individual goal, value and perception towards online shopping, price of products, etc.

However, this thesis is narrowed down by focusing on four primary factors, which, to the author, are the most four important but interdependent elements strongly influencing consumer online behavior. They will be discussed in this part, respectively: price, convenience, trust and products.

There are two rational reasons why the author chooses to investigate these four factors. Firstly, before conducting the survey, the author had asked many people what they concerned about when shopping in both traditional and online store. Price, Trust and the quality of Product are among their answers. In previous studies, Price, Trust and Products are also among the popular topics to be examined in many previous researches. Secondly, the author would like to check whether the convenience of online channel has enough power to eliminate the barriers and attract Vietnamese to shop online.

4.3.1 Price

As an instinct, most of consumers will check or look at the price tag of a product before going further whether to purchase that product or not. One of the reasons people choose to shop online is due to the lower prices online stores offered. Consumers have higher probability for price comparisons and for finding bargains on online channels (Balasubramanian, Raghunathan, & Hahajan, 2005). And, shoppers have higher expectations that there will be more discounts on online channels (Maxwell & Maxwell, 2001)

Rajesh and Biranchi argued that price, in spite of being an important factor, is not among the main factors strongly influencing online shoppers in India (Rajesh &

Biranchi, 2014). However, generally, many researchers claimed that price has become a key determinant influencing on consumer online shopping behavior. People do care about the price when shopping online.

According to Schiffman, consumers are more likely to be attracted to products availability at low prices, and make comparisons with price paid by other consumers (Schiffman & Leslie, 2004). Rahul found out that price is the most important factor that influences online behavior in Kolkata, India: discounts, sales and cheaper price attract consumers to purchase online (Rahul, 2014). In addition, when shopping online, consumers are also concerned with shipping charges. Too high shipping fees will make the final cost prohibitive, which causes the reluctant in consumer to click the final checkout button (Hausman, 2012).

4.3.2 Trust

Trust is crucial for every business. Especially, in a risky online trade like online shopping, trust becomes a salient thing. In general, trust only emerges when people perceive risks. In the case of online shopping, risk and trust have a close relationship. Risk reduces trust and online purchases.

4.3.2.1 Risk

Risk is one of the biggest barriers that strongly affects consumer's decision to purchase online. Once participating in shopping online, consumer highly has to face to many more kinds of risks as opposed to conventional stores (Lee & Tan, 2003). Uncertainties may cause anxiety and apprehensive in consumers' mind because they cannot be sure whether the whole process is like what they had expected or not (Cox & Rich, 1964). Therefore, risk has significant impact on intention to purchase online (Wu & Ke, 2015).

The first main problem of which consumers are mostly afraid, is about financial risk – risk of losing money. It includes being cheated by an e-tailer, not getting what consumer has paid for or the most-fearing problem called credit card fraud: the credit card information is hacked, stolen and used by someone else (Kenneth & Carol, 2002).

Another important consumer's concern is about personal information privacy. Since the internet is an open technological infrastructure, it is hard to control the flows and uses of information. A survey conducted by IBM showed that privacy concern makes 48 percent of 3000 web shoppers decide not to purchase online (Kenneth & Carol, 2002). There are approximately 70 percent of consumers worry about privacy problems, but, surprisingly, only 40 percent of them actually pay attention to and read privacy policies (Harris, 2002).

There are other numerous risks when shopping online including time risk – uncertainties about the time frame of delivery (Kenneth & Carol, 2002), shipping risk – uncertainties about the safety of products when shipped (Hausman, 2012), product risk – uncertainties about whether the quality is as consumer had expected or performance risk – uncertainties about whether all the information (address, name, phone number) is typed out correctly and whether the vendor already received consumer's orders (Wu & Ke, 2015)

4.3.2.2   Trust

Rousseau defined *"Trust is a psychological state comprising the intention to accept vulnerability based on positive expectations of the intentions or behavior of another"* (Rousseau, Sitkin, Burt, & Camerer, 1998). Consistent with Rousseau, McKnight added that trust is the willingness of consumer to provide personal information, to engage in a purchase, expose himself to vulnerability and to believe in vendor information (McKnight, Choudhury, & Kacmar, 2002)

Trust is considered to be very critical and important thing in the relationship between consumers and e-tailers. It is because comparing to traditional stores, online shopping environment is obviously lack of face-to-face contacts with salespeople, lack of ability

to assess the quality of products (Lim, Ling, Lee, & Izak, 2006). In other words, without the physical contact, to make consumers trust in e-tailer is an issue (Zayer & Coleman, 2012). Generally, lack of faith becomes a barrier preventing consumers from shopping online.

Trust directly affects consumer behavior (Lim, Ling, Lee, & Izak, 2006). Also, trust has a significant effect on consumer loyalty. Trust will increase the probability of customer's retention. Clearly, for instance, when consumers somehow feel or perceive uncertainties surrounding the online environment, most of the case, they are likely to turn back and choose to purchase at the e-tailer in which they have built trust.

4.3.3 Convenience

Another thing that has impacts on consumers' decision whether to shop online or not, is the convenience. It is said that, when humans have to make a choice, they will choose the most convenience path – the one that requires the least effort (Tversky & Kahdeman, 1981). This is supported by Technology Acceptance Model through the extent of perceived usefulness and perceived ease of use. Futhermore, it is a common psychology that when shopping, consumers often target to maximize net utility. In other words, consumers tend to purchase products whose quality is good and the total cost of obtaining it, like the real costs of travel, the opportunity cost of time, is as little as possible (Balasubramanian S. , 1998).

In fact, online shopping does offer convenience to consumers, such as shopping at home 24 hours 7 days a week (Hofacker, 2001), avoiding long check out lines (Childers, Peck, Chistopher, & Carson, 2001), being available about everywhere at all times (Kenneth & Carol, 2002), and shopping without confronting salespeople (Matthew & Gou, 2012). Additionally, search cost is reduced to the lowest or even zero when shopping online (Bakos, 1997) (Kumar, Karl, & Peng, 2005). Instead of going from stores to stores to find a particular product, consumers now can easily surf sites to sites with less effort to search for information, check the price, read reviews on quality or find recommendations from others (Zayer & Coleman, 2012). Information

on online channel become cheaper, more plentiful, and transparent (Kenneth & Carol, 2002)

4.3.4 Products

This section will discuss two aspects of products that have effect on consumer online shopping behavior: product itself and the official website of an e-tailer.

4.3.4.1 Product

Although, as above-mentioned, lower price and convenience are the main drivers for consumers to shop online, brand, quality and variety of product can be also listed as factors affecting consumer behavior.

Brands still exist on the web: consumers still tend to base on brands to choose products when shopping online (Kenneth & Carol, 2002). Online environment is claimed to be unsafe with many uncertainties, hence a reliable brand is an important factor to gain and enhance consumers' trust as well as reduce their doubts about risks, make consumers more confident in their final decision (Wen & Ya, 2011) (Schiffman & Leslie, 2004). Strong brand may be considered as a guarantee for the quality of a product (Kenneth & Carol, 2002).

Availability and variety of products are two other aspects that may attract consumers to shop online. It is not too exaggerated to say that nowadays, consumers are able to find and purchase online a wide variety of products with different brands, colors, quality. Online shopping allows consumer to check whether a product is in stock and even to purchase a product which is not available in mall or local stores. For those who are living in remote areas that are not near to stores, online shopping is preferred as an ideal solution. In some cases, online channel is even more appealing to consumers when offering hard-to-find items (Hausman, 2012).

4.3.4.2 Website

Like features of stores or outlets, the official website plays a crucial role as an representative – the face of a company, especially in case of an e-tailer who mainly contacts with customers and maintains relationships through website. In general, the official website is something giving consumers very first impression of how this company is. On average, there are only 3.5 seconds to catch a visitor's attention (Smith, 2013).

Building and developing an appropriate but well-designed website is an essential. According to McKnight, a high-quality website is more likely to increase consumer's trust, even when they have not known this retailer before. Conversely, it tends to be harder for consumers to trust a low-quality website (McKnight, Choudhury, & Kacmar, 2002).

The design of a website can impact on the purchase decision of a consumer (Cai & Xu, 2011). A good website should, for instance, offer useful as well as interactive content (Ahn, Ryu, & Han, 2004) such as product descriptions, photos, provide retailer's contact information like phone number, email or have an easy-to-use checkout process (Smith, 2013). Also, the webpage background should be taken into consideration because it may cause prime effect affecting consumer shopping behavior (Li & Chen, 2009). There will be negative impacts if consumer is asked for a survey or they have to do registration process, create a user profile. Those things may create barriers affecting on consumer online shopping behavior (Zayer & Coleman, 2012).

5 THE CASE

This part contains two sections. The first one will be a general view of online shopping in Vietnam: its growth and some key features. Later, the case company – Viettronics Tan Binh Company – will be introduced in details.

5.1 Online shopping in Vietnam

As the economy of Vietnam is growing significantly, e-commerce is considered to have a potential growth as well and is going to explode in the near future. According to a survey of MasterCard, the growth rate of Vietnam online shopping is among the highest in the Asia-Pacific region (Tran T. , 2015)

Year 2013 witnessed a boom in e-commerce in Vietnam, when the revenue shot up to 2.2 billion U.S. dollars, three times higher than in 2012. In 2014, the total amount of business-to-consumer e-commerce revenue were approximately 2.97 billion U.S. dollars, 0.8 billion more than the amount in 2013 (Statista.com, 2015). Vietnam's E-commerce and Information Technology Agency (VECITA) predicts that business-to-consumer e-commerce sales will reach more than 4 billion U.S. dollars by the end of 2015 (Edward & Zaca, 2014). The potential e-commerce growth in Vietnam is mainly because of the increase in internet and smart device users.
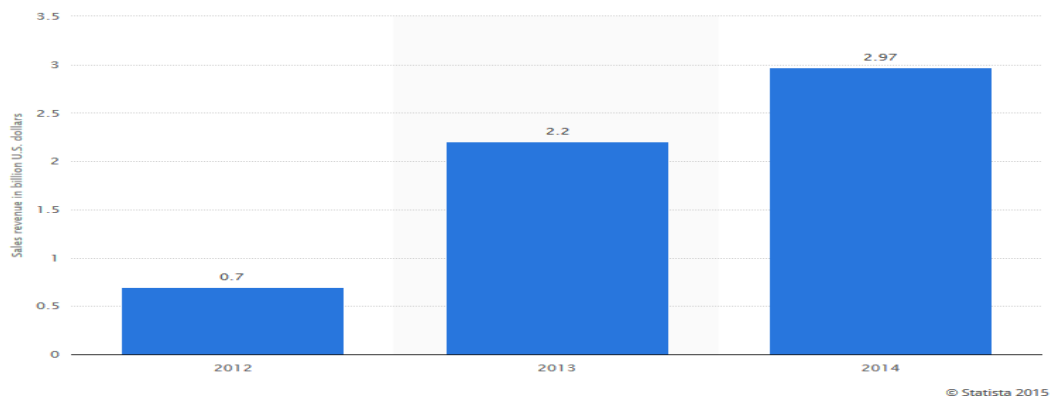

Figure 5: B2C e-commerce revenue in Vietnam from 2012 to 2014 (in billion U.S. dollars) (Statista.com, 2015)

Even though the internet users growth in recent years in Vietnam tends to decelerate after the peaking time in the 2000s (with three-digit growth), it still presents a strong growth, at 9% in 2014, in comparison with the other countries in the world. In 2013, according to World Bank, there were more than 35 million internet users in Vietnam, which accounts for nearly 40 percent of the total Vietnamese population (WorldBank, 2015). 8 percent of 40 million internet users in 2014 were new users; and the number of internet users is reaching to 45 million by the end of August 2015 (Internetlivestats.com, n.d.)

Another factor contributes to the e-commerce growth in Vietnam is the great amount of smart device users, due to a significant rise in smartphone and tablet market. More and more Vietnamese are using their smart devices to surf the net and purchase online: around 34 percent of the population in Vietnam has used their phones to access to the internet in January 2014. In 2013, laptops and phones are two most-used means to make online purchase (Edward & Zaca, 2014).

The most popular online products in Vietnam are flight tickets, clothes, shoes and cosmetics. Other popular categories for online shoppers includes electronic products such as phone, tablet, laptop; books and home appliances. 74 percent of online consumers in Vietnam still pay in cash for their purchase in 2013; although online payment methods has been improving in recent years, the number of shoppers using internet banking, bank transfer or payable cards to pay online remains low (Johnny, 2014).

The most popular websites that Vietnamese consumers often visit and purchase online are vatgia.com, 123mua.vn, ebay.vn, alibaba.com (Tran T. , 2014), thegioididong.com, lazada.vn, zalora.vn, tiki.vn (Tran T. , 2015).

5.2 Viettronics Tan Binh Joint Stock

This section is to introduce the company case for this thesis – Viettronics Tan Binh Joint Stock Company – an experienced company in manufacturing, retailing, importing and exporting electronics and informatics products in Vietnam. Its official website is www.vtb.com.vn. In this section, a brief introduction about the company, its main activities, its vision and mission, and the business strategy will be mentioned. Also reasons and SWOT analysis for the company to develop and establish an online shopping channel will be discussed in the end of this part.

5.2.1 Company's background

Viettronics Tan Binh Joint Stock Company (VTB) is among well-known enterprises in Vietnam, with long history in establishment and development, and it is based in Ho Chi Minh City – the biggest southern city of Vietnam. Its precursor was "Tan Binh Capacitor Manufacturer" which was first established in 1981 under permission of Vietnam Deputy Minister of Mechanics and Metallurgy. Since 2004, Tan Binh Capacitor Manufacturer has become Viettronics Tan Binh Joint Stock Company with famous "VTB" registered trade-mark and after 25 years, in 2006, Viettronics Tan Binh Company was officially founded. And since then, Viettronics Tan Binh Joint Stock Company was listed in Ho Chi Minh Stock Exchange, under abbreviated name "VTB". In the end of fiscal year 2014, the total number of employees in Viettronics Tan Binh Company was 140, 1 person less compared with the previous fiscal year, 2013.

Main activities

Viettronics Tan Binh Company mainly focuses on manufacturing as well as selling, providing installation and maintenance service for electrical appliances, electronics appliances and informatics devices such as television sets, refrigerators, washing machines, air conditioners, amplifiers, karaoke system and so on. The head office is in Ho Chi Minh City. Up to now, the company has set up many retail outlets, showrooms: more than 400 sale points across every province and city in Vietnam. Post-purchase service is also a concern to assure customers of the quality of VTB products. Besides, the company also involves in other activities including office leasing, financial investment, and real estate. However, those activities just comprise a small proportion of the total business. Moreover, Viettronics Tan Binh Company also takes part in many social activities such as contributing money and goods in the relief times for the people who suffered the flood and natural disasters in Western and Middle region of Vietnam.

Business strategy

Through long history and great experience in developing and expanding the company, Viettronics Tan Binh Company has established reliable partnerships with many domestic businesses as well as many multinational manufacturers around the world such

as HP, IBM, Dlink, Intel, Acer, Compaq, etc. Moreover, Viettronics Tan Binh Company has formed joint venture with Sony Corporation, JVC or Vitek Company and as a result, VTB has many subsidiaries and joint ventures. This reinforces the position of VTB in the domestic market; also gives VTB chances to access to the world's recent technical innovations and train its staffs in a professional, academic environment. Since 1994, Viettronics Tan Binh is one among ranked class I enterprises in Vietnam, issued by Ministry of Industry. VTB also concentrates on human resource management because managers aware of the importance of this element in the success of the company. The company's key employees have been trained in the market economy environment as well as the multinational companies for many years. Teams of technicians are trained professionally and updated with the recent technology. The company is completely in Quality Management system (based on ISO 9001: 2000). VTB has already registered the own trade-mark for the company. In the future, the company is planning to expand its sales chain and its business, not only in electronic but also in information technology and telecommunications.

Vision and mission

With approximately 35 years of experiences, Viettronics Tan Binh Company has been evaluated as one of the biggest domestic brand in electronics and informatics market in Vietnam. Its mission is heading to "The top brand name, perfect quality and service, always satisfy the customer with our best". The company aims to be "The number one Vietnamese brand name in electronic and information technology solution". In order to accomplish that target, VTB's managers and all staffs assure customer of perfect products and service by seriously establishing and maintaining quality management system with modern standards; continuing to innovate to achieve efficiency in management system. At the same time, VTB's effort is to increase its competitive advantages to get more shares in the market, with the slogan "More challenge for more competitiveness"

5.2.2 Why should VTB develop an online shopping channel?

Few years ago, in Vietnam, traditional stores were still kings, but now the situation has been different, not so much but enough to affect to and change Vietnamese consumer behavior. Vietnamese consumers now have chances to access to and be able to purchase any kinds of products from domestic to foreign markets, with little effort: just at home with their computer and internet. Hence, as above-mentioned, there are more and more people in Vietnam choosing online shopping as an alternative way of purchasing products.

There is a common question for most of brick-and-mortar companies: whether to sell online or not in this internet-driven but harsh economy, nowadays. Following the trends is not always good. However, considering the case of Viettronics Tan Binh, a store-based company, developing online shopping system should be among next steps in the business strategy, to be on the right track to achieve its target to be "The number one Vietnamese brand name in electronic and information technology solution". This would bring VTB many benefits.

Firstly, online channel will reduce costs of physical buildings, showrooms, stores, and sales staffs (Kenneth & Carol, 2002), which accounts for quite large percentage of the total annual cost of VTB. Also, it helps to manage business more quickly and easily.

The second reason is that online channel is a chance for the company to access to much more customers in an easier way (Schiffman & Leslie, 2004). Up to now, the majority of VTB's customers are loyal customers or loyal businesses who have long-term relationships with VTB. Hence, the customers' source is kind of fixed and therefore, somehow limited. In order to fulfil the development plan, it should be more than that or VTB will be beat up by other competitors, either conventional or online retailers. Viettronics Tan Binh should increase the number of customers and online channel is one of the fastest ways to accomplish that. Online channel, will contribute to spread the image and brand of the company, together with showrooms. Online channel will encourage and attract more people to visit VTB's website to search for products, and hence increase the probability of purchase of new customers. Moreover, gathering customers' data will become easier.

Connected with the second reason, online channel will also be a strategic tool for Viettronics Tan Binh to be more competitive with other competitors. Because of the two facts that Vietnamese mostly prefer purchasing in physical stores and shopping online is booming as a trend in Vietnam, a combination of both physical stores and online offerings is obviously a perfect solution, especially in such an Asian culture like Vietnam. According to a survey, all over the world, more than half of people who purchase online would prefer to buy from a retailer who has physical stores, not an online-only retailers (Barbara, 2014). Another survey revealed that half of shoppers prefer to purchase online and pick-up at stores (Bogaisky, 2014). Those trends are not the exceptions in Vietnam.Thus, by offering multichannel, VTB will have more competitive advantages: overcoming the limits of either store-based or online-only companies. Moreover, with the online channel, customer support will be better. For instance, more information will be published online transparently or consumers have more ways to contact to the company.

Although Viettronics Tan Binh Company will definitely face to many challenges once starting to develop an online channel, as many others do, having an online shopping channel would be obviously a huge competitive advantage for VTB to push sales number and put the company into a new level.

5.2.3 SWOT analysis

This part presents SWOT analysis for Viettronics Tan Binh Company, as an overview of its strengths, weaknesses, opportunities and threats, in the online retailer market once the company develop an online shopping channel. This analysis helps VTB understand the current situation and have a well preparation for its online channel plan.

Strengths

With a long history and experience in establishment and development, Viettronics Tan Binh Company is among pioneers in manufacturing, retailing and providing maintenance for electrical appliances, electronics appliances and informatics devices. This

results in a stable position for the company in the market with the well-known trademark and popular brand name. Also VTB has a large scale of operations with a lot of branches, showrooms, and subsidiaries across Vietnam. Together, this will be a strength of VTB, leading to a stable number loyal customers and partners once the company offers an online shopping channel. Moreover, Viettronics Tan Binh Company is a pretty big enterprise in Vietnam, hence financial backing is one of its strengths: it has plenty of capital and equity. Information system is among competitive advantages. There are many trained and experienced technicians and employees; the company has its own plants and own showrooms; the supply chain and logistic are managed effectively. It offers cheaper wholesale prices with unique products due to its partnerships with JVC, Sony, Vitek, and Pioneer.

Weaknesses

Viettronics Tan Binh Company mainly sells products manufactured by VTB or its partners, thus, the range of products is kind of limited compared to other strong competitors like Nguyen Kim retailer or Mobile World retailer in Vietnam. Even though there are unique products with good quality only offered in VTB, those products are not very well recognized by the majority of Vietnamese consumers. Vietnamese still prefer famous foreign brands for electrics and informatics appliances like Samsung, Apple, LG, Toshiba, etc. Moreover, another weakness should be considered when the company develop online shopping channel: experience in e-commerce. To Viettronics Tan Binh Company, online channel is definitely a new field. Managing business in online channel will be a challenge for VTB because of a lack of skilled labor to develop online business. For example, the official website now is absolutely a weakness of VTB if an online shopping channel is launched: lack of products' descriptions and photos and no check-out system for online purchase.

Opportunities

As above-mentioned, online retailing market in Vietnam is now very potential. The growth of e-commerce is predicted to keep increasing rapidly. Furthermore, electronics and informatics appliances are among the necessaries. In next few years, the demand of Vietnamese on electronics and informatics appliances is assumed to remain

stable or tend to increase. As a result, Viettronics Tan Binh Company can increase its sales by reaching more customers.

Threats

According to a report in 2015 of Nielsen Vietnam, although e-commerce channel is growing rapidly, conventional store is the majority channel of the market in Vietnam (Nielsen.com, 2015). It means Vietnamese still prefer the traditional channel. Also, there are a number of existing competitors like Nguyen Kim Trading Joint Stock Corporation, Vien Thong A Import Export Trading Production Corporation or Mobile World Joint Stock Corporation who are leading in consumer electronics retailers in Vietnam. They are strong and well-known organizations with large market share and experience in online shopping channel. And, the biggest threat to the online development plan of VTB is the Vietnamese culture towards online shopping for electronics appliances. Until now, even though online shopping is becoming more popular in Vietnam, there exists a culture resistance for online shopping, in general. Vietnamese consumers are still skeptical, selective due to the fear of quality. They prefer to go to conventional store to check products by themselves and make sure that the product they are going to purchase is in good quality. They do not want to take risk, especially for such a big and expensive product like electronics appliances.

6 RESULT ANALYSIS

6.1 Demographics

Figure 5 presents the age distribution of 124 respondents in the survey. The majority of respondents are from 18 to 30 years old, accounting for 78% of the total. Only 4 respondents are over 50 years old. Most of the respondents are living in Ho Chi Minh City, a southern city of Vietnam. Respondents are comprised of 57.3% of female and 42.7% of male.
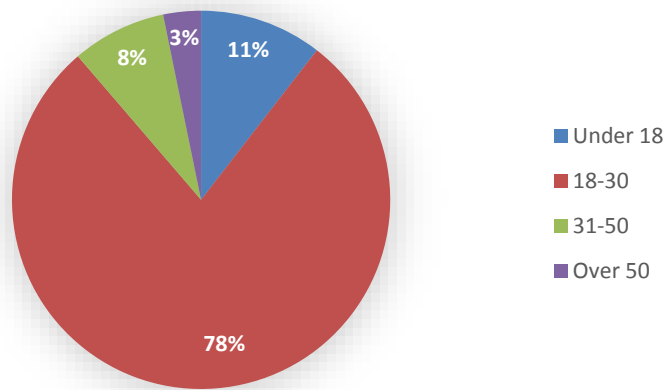
Figure 6: Survey- Age groups

Being asked about online shopping experience, there are 11 respondents stating that they have never ever shopped online, accounting for 8.9% of the total. Specially, among those 11 respondents, there are 4 in group 31-50 and 1 respondent over 50 years old. This proves, with no surprise, that online shopping is likely to be popular among the young. Only 18.5% of 124 respondents, who are mostly in group 18-30, say to shop online frequently. The rest say they have shopped online, but not so often.
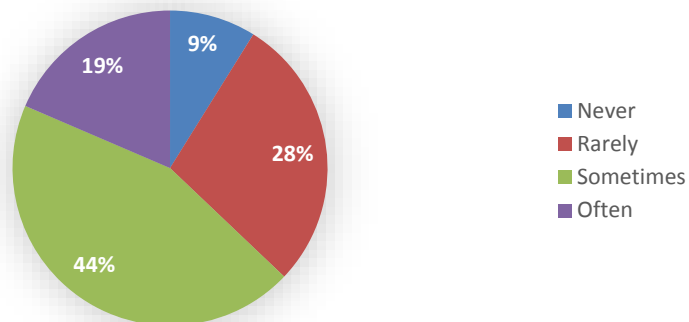

Figure 7: Survey - How often Vietnamsese shop online

Considering those who have shopped online at least once, the average amount they spent for one purchase is mostly around 100,000 VND to 500,000 VND (approximately 4.5 to 25 U.S. dollars), representing 69%. Just a few of them spent more than 1,000,000VND for an online purchase.
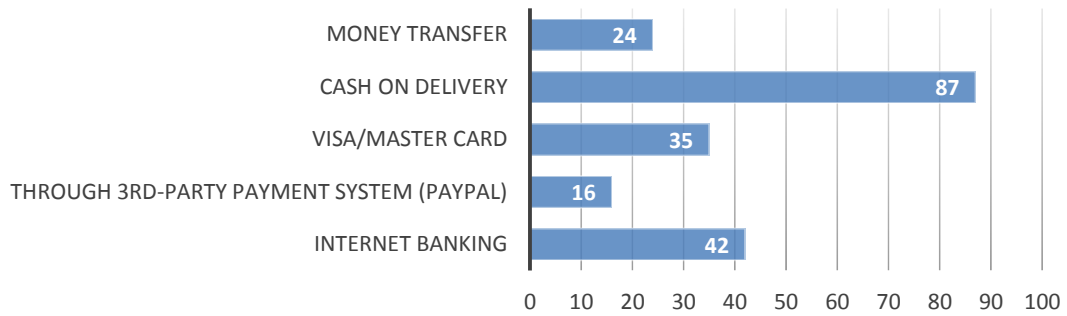
Figure 8: Survey- Preferable payment methods

In the survey, cosmetics, books, flight tickets, electrics appliances, clothes, household accessories are pointed out to be the most popular online products in Vietnam. The result of preferable payment methods in Vietnam is associated with previous findings: the majority of respondents (87%) prefer to pay on delivery rather than in advance.

6.2 Four factors: price, trust, convenience and products

Ranking 4 factors, according to the survey, trust is the most important factor influencing consumer behavior towards online shopping in Vietnam. Price comes in the second place. Convenience is the third thing Vietnamese consider to make an online purchase. Even though variety of products is as important as convenience factor, surprisingly, customer service is the least important among these factors.

Explaining the result, there is no surprise that trust came in the first place. In a developing country like Vietnam, where there are numerous cheats happening every day, every hour in business, people have become cautious and skeptical about everything. 77.5% of respondents in the survey agree that feedbacks affect or strongly affect their shopping behavior, because review or feedback is one of measurement for credibility of a company. In the in-depth customer interview, most of 10 respondents point out *"credibility of a company is a factor that makes me turn back and keep purchasing things of a specific e-tailer".* Moreover, Vietnam is among high uncertainty avoidance culture, thus, trust shows up to be a decisive key, especially for online shopping with many obvious risks.

Price is the second important factor. Most of Vietnamese, especially housewives are sensitive to the price. They really care about price first and tend to pick up among the cheaper products. In the survey, of 124 respondents, 75% state that higher price will affect or strongly affect their final online purchase decision; and 55.75% say that they will re-consider when there are shipping fees, which make the price prohibitive. 62.1% say that better price attracts them to shop online. Hai (M, 25) added for the reason to shop online: *"Obviously, price is my first concern. I just care about the price, low price attracts me most"*

Some think that convenience is really important affecting their online shopping decision, but some, conversely, claim that it does not have that much influence. That is why in general, convenience came in the third place. To explain that, online shopping is not really popular in Vietnam, especially with the elderly and up to now, it cannot replace traditional stores. Hence, many people do not mind to go to stores to buy things because it is their schemas or their habits for shopping. Despite that result, on other hand, of 124 respondents, 70% agree that convenience in saving time or travelling affects or strongly affects their online shopping behavior. Phuoc (M, 22) said *"It is convenient. I need no effort to go so far to buy the product'.* Anh (F, 22) added *'Primarily, I choose to shop online to save time. I don't have to go out".* 63% state that a complicated payment process (not easy to use) will influence their purchase decision.

Considering the general picture in the survey, products, including website, variety and quality of products and customer service, is the least important among 4 factors. However, the case turns different when considering each items seperately. 63% of 124 respondents think the variety of products that online channels offer does not have much effects on their online shopping behavior. However, Vietnamese do care about the quality of products, return policy and the official website of an e-tailer. Unclear products' information affects or strongly affects 70.2% of respondents; or 62.1% are afraid of the website which is not updated. Quality and return policy are emphasized. Phuoc (M, 22) said *"First matter is the real quality, is it the same as it is advertised on the web?"*. Trang (F, 43) added *"Return policy and the real quality of products concern me most"*. Nguyen (F, 22) made it clear *"Information and descriptions of products should be as detailed as possible. Some websites, there is only one image for*

one product, no more! Then how I know what to buy. The official website should be as clear as possible. Payment process should be as secure as possible"

Being asked whether to buy an on-sale product from a totally strange e-tailer, 109 of 124 respondents said that they definitely will check, search for information and read reviews of others about that e-tailer, if everything is fine then they will buy it. 12 respondents stated decisively that they will never purchase things from strange stores.

6.3 Barriers to online shopping in Vietnam

There exists many barriers that prevent online shopping from becoming a substitute for traditional stores.

Firstly, *"The higher the levels of any of the perceived risk components (physical, functional, psychological or social), the higher the innovation resistance"* (Ram, 1987). Many respondents are afraid of risks of shopping online, accounting for 67%. 80.4% agree that they cannot assess the quality of products when purchasing online. To 82.3% of respondents, the barrier is that the quality of products is usually not as it is advertised when shopping online, and the return policy in Vietnam is kind of hard. Trang (F, 43) said *"There is no guarantee for the quality of products. It is quite hard to return products back"*. Anh (F, 22) agreed *"The quality of products is not really good and the return policy is often hard"*

Also, people really care about privacy policy, the security and credibility of the online payment system in Vietnam. It may be a significant barrier preventing Vietnamese from shopping online. For instance, 60.5% of respondents are scared of credit card fraud: their credit card information is hacked, stolen and used by someone else while purchasing online. Hai (M, 25) said *"Payment process does not bother me much because I am good at online payment skills so I can do transactions well and smoothly without struggles. However, the payment process in Vietnam is not sure to run smoothly, maybe because of the internet connection or because there are not much payment methods in Vietnam. The return policy is complicated and it takes quite long"*.

Image barrier is another barrier. There is psychological belief that online shopping has many risks, which prevents Vietnamese from shopping online. 60.5% of respondents have heard many cases that people are cheated when buying online. They are not sure whether they will be cheated or not. As Tri (M, 19) explained, it is because *"There is a few trustable websites in Vietnam".*

And, through the survey, some conceptions about online shopping in Vietnam are proven to be wrong. Usage barrier such as no online shopping habit or complicated payment process seems not to be the main barrier to online shopping in Vietnam. Only 25% of respondents agree that no online shopping habit prevents them to shop online. In fact, even though Vietnamese are not really familiar with online shopping, they show the willingness to give it a try, of course if it is proven/said/assumed to be fine and safe for them. Complicated online payment system is not a barrier but just factor affecting consumer behavior in Vietnam. 33.1% are afraid of the complicated online payment system. But not having a proper card to purchase online remains an issue of many Vietnamese consumer, although nowadays, banking system in Vietnam has been improving and changing a lot.

6.4 Future for electronics appliances e-tailer in Vietnam

Being asked whether to order and buy electronics appliances through internet in Vietnam, most of the responses are no.

Nguyen L. (F, 22) said *"It depends, but in general, in Vietnam I prefer to go to stores and experience products by myself before making final decision."*
Hai (M, 25) said *"Expensive electrics appliances (more than 5 million VND) I am sure that I will not purchase online. I prefer to go to stores to touch and check by myself because I don't like cheap products whose quality is not good. To small appliances like memory card I may consider to buy online."*
Loc (M, 22) said *"Now, the answer is no because the security and quality of products are not guaranteed when shopping online in Vietnam"*
Truc (F, 48) said *"I won't shop online because of guarantee problems and lack of ability to assess electrics appliances"*

Phuoc (M, 22) said *"No, because going directly to stores is better option to check the real quality"*

Anh (F, 22) said *"I only buy small and cheap things online. To most of electrics appliances, I won't, because of the risks such as hard return policy, delivery problems"*

Nguyen P. (F, 22) said *"In Vietnam, my family often purchase electrics appliances online from Nguyen Kim retailer, for the convenience. Usually, I will check in advance at stores and then purchase online"*

Nguyen (M, 26) said *"No, because it is the common psychological thought of Vietnamese towards buying electronics appliances online. We cannot trust in payment system and business ethics of Vietnamese business"*

Tri (M, 19) said *"There is no way that you can trust the vendor who supply electronics products in Vietnam. Once purchasing online, you can get cheat because suppliers can easily change parts in products or deliver to you the bad quality products"*

Trang (F, 43) said *"No. Because purchasing products includes the guarantee and return. It seems to be impossible for shopping online. Also it is not sure for origin from where products are made"*

7 CONCLUSION AND RECOMMENDATIONS

In conclusion, the research showed that although online shopping is said to be potentially and promisingly increasing in Vietnam, and more and more Vietnamese are using internet to shop online, the majority of Vietnamese are still not familiar with shopping online. Because of the culture and civilization, there are doubts about trust, the credibility and ethics of e-vendors, the quality of products, privacy policy, and return policy and so on for online shopping in Vietnam. Hence, trust is the determinant factor. It significantly affects online shopping behavior in Vietnam. Price is the second important factor that should be taken into consideration. Vietnamese consumers are also concerned about the convenience of online shopping, the quality of products, the official website and policies when making a final purchase decision.

Also, the survey revealed that Vietnamese consumers are not likely to purchase electronics appliances online. Or in other words, they think online shopping in Vietnam is too risky, they do not want to take risks, especially for those expensive things like electronics appliances, they would rather directly go and purchase at stores. This fact will be one of challenges to which Viettronics Tan Binh Company has to face.

Based on the result of the research, there are some suggestions which should be taken into consideration once Viettronics Tan Binh Company develops an online shopping channel.

The majority of Vietnamese consumers care about the "trust" factor. Therefore, building trust in Vietnamese consumers is the priority for VTB. VTB should manage to place an image of a transparent and reliable retailer with a safe online shopping channel in the minds of consumers. Having a stable position in electronics retailer market is a strength, and VTB should put more effort to enhance and improve that advantage. A reliable brand can help a lot in gaining trust from Vietnamese consumers, because Vietnamese tend to prefer famous brands which they assume to be safer, risk-free and more reliable. To do that, VTB can rely on customer endorsement to generate trust transfer to others. In other words, VTB should, for example, encourage loyal customers or partners to leave feedbacks or review on social networks such as Facebook, blogs, or electronics review websites. Because Vietnamese tend to follow the trend and be influenced from peers, colleagues, friends, acquaintances, VTB could use word-of-mouth as a tool to raise the awareness and increase consumers' trust.

Those above things are for building a reliable image. However, the main point, at the same time, is to prove to consumers that VTB is actually a reliable retailer and they can place their trust when shopping online. VTB should prove that there will be no cheating by providing a transparent, easy, and accurate online shopping system. VTB should state that the company guarantees to provide consumers with the best quality products, regardless of channels. Generating an automated email confirmation with receipt and estimation of delivery time for every purchase is another suggestion. This helps in reassuring customers about the credibility of VTB when purchasing online.

Pricing strategy for a new online channel is another challenge. In order to attract Vietnamese customers to visit and shop online, VTB should use proper pricing strategies. Obviously, in order to have a proper pricing strategy, a careful market research on prices and internal analysis should be conducted. As price is the second influenced factor on Vietnamese online shopping behavior, VTB should keep offering wholesale prices. Rule "number 9" in price should be used to make consumers feel that the price is cheaper. Sales promotions, discounts and special deals for online purchase are also good solutions to attract, encourage and push Vietnamese consumers to shop online, or to go online for bargains and discounts. Free shipping for transactions in Ho Chi Minh City or Hanoi, and a reasonable shipping fee for other regions would be another solution.

Vietnamese consumers are sophisticated: they only choose products that maximize their net utility, as much convenience as possible. Therefore, VTB should focus on enhancing the convenience of the online shopping channel. The company should offer varied but unique and best quality products on the website. Pick up at stores and cash on delivery are two proper solutions to ease the image and culture barriers of Vietnamese consumers. Specifically, it is possible for consumers to place orders online and pick them up at any VTB retail stores/showrooms. Or consumers can pay money when products are delivered. These methods allow consumers to check and assess products in advance before making a real transaction, help to build trust in the company and ease the tense feeling of being cheated of consumers.

Last but not least, the official website is definitely an important key, as it is the face of the company. A high-quality and accurate website will increase consumer's trust. VTB should pay attention to the layout of the website: well-designed and easy-to-use. When shopping online, consumers want to find what they are looking for as quickly and easily as possible. The website should contain all the necessary information such as product descriptions, photos, provide retailer's contact information like phone number, email, frequently asked questions (FAQs), return policy, company's guarantee. VTB should make sure that the shopping website works efficiently with a clear navigation path, search capabilities and filtering options. The color of the homepage is another concern. VTB should consider really carefully to choose an appropriate color theme for the website, as color has psychological effect on consumer shopping behavior.

Below is the summary of basic but necessary things that VTB should take into consideration, on the first step of building and launching a real online shopping system (based on SERVQUAL, see Appendix 1 figure 8).

Reliability
- Email confirmation for every purchase
- Make a clear return policy that meets expectations of Vietnamese consumers
- Best guarantee for the quality of products

Assurance
- Email confirmation receipt and estimation of delivery time for every purchase
- High privacy protection
- Make a clear return policy that meets expectations of Vietnamese consumers as well as not against any benefits of VTB

Responsiveness
- 24/7 hot-line
- Be able to answer in time consumers' question about any steps of online purchase process or any kinds of problems occurring during the process
- Prompt service to customers

Empathy
- Be patient to help, instruct, consult customers if there is any problem
- Provide phone, email, chat service to answer customers' questions
- Offer pick-up at stores and cash on delivery

Tangible
- A clear, easy-to-use, transparent, accurate online shopping system
- Build and frequently update the official website with all necessary information but easy for customer to search information and also do transactions online.
- Make it simpler to each step of trasaction process
- Have a head office where customer can come and carry on trasaction directly, with friendly and professional staff

In order to achieve all the targets of an ideal successful model for online shopping channel in Vietnam, VTB apparently needs to put a lot efforts, to focus on, in general:

- Technology: to build a complete official website with a stable, proper payment system, automated email response system, customers' database, etc.
- Marketing strategy: to promote and raise awareness of Vietnamese consumers about VTB's new online shopping channel.
- Pricing strategy: to offer proper discounts, control the sales number
- Human resource: trained staffs to communicate and support customers through phone, emails, chat, etc. Also a reliable delivery team
- Vietnamese laws and regulations about taxation through selling online, government and industry standards compliance

It will be a long way to be able to accomplish and bring those things into practice. But once the online shopping channel is launched successfully, it will be a new page for expanding VTB's business, one step closer to VTB's mission: "The top brand name, perfect quality and service, always satisfy the customer with our best"

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THEORETICAL BACKGROUND

Figure 9: A model of innovation resistance (Ram, 1987)
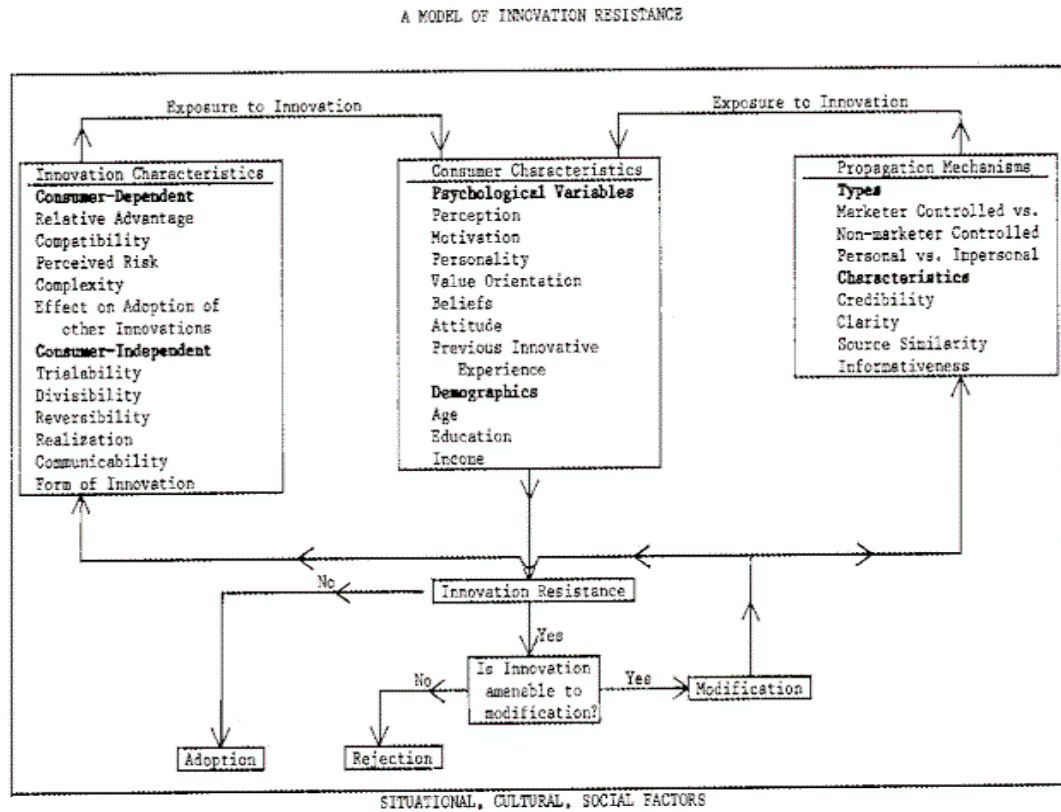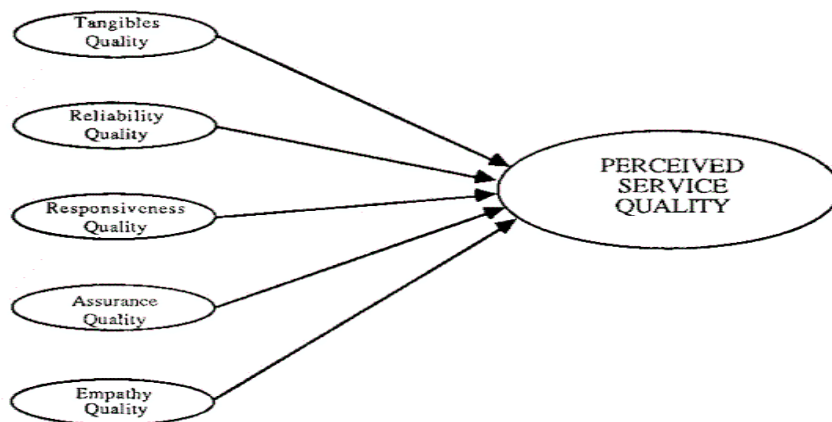
A MODEL OF INNOVATION RESISTANCE

Figure 10: Theory of determinants of perceived quality (David & Charles, 1991)

FIGURE 1
THE PARSURAMAN, ZEITHAML, AND BERRY (1988) THEORY OF THE DETERMINANTS OF
PERCEIVED QUALITY

The 5 dimensions represent the differences between consumers' expectations and perceptions of a firm's performance along each quality dimension. Perceived service quality is a function of the magnitude and direction of the 5 perceptual dimensions.

QUESTIONNAIRE SURVEY (IN ENGLISH)

SURVEY OF FACTORS INFLUENCING CONSUMER ONLINE SHOPPING BEHAVIOR IN VIETNAM

Dear friends,

I am studying bachelor program in Finland and writing the final thesis for the graduation. My topic is "primary factors influencing consumer online shopping behavior in Vietnam". This survey is for collecting real data from Vietnamese consumers, and base on that, I will have more information in analysing and investigating deeper online shopping behavior of Vietnamese consumers.

I would appreciate your support in doing this survey. Thank you very much for your help.

Yours sincerely,

Nguyen Le

*required

1. Which age group are you in?*

- o Under 18
- o 18-30
- o 31-50
- o Over 50

2. What is your gender?*

- o Male
- o Female

3. Where are you living?*

- o Ho Chi Minh city
- o Ha Noi capital
- o Other cities
- o Living abroad

4. Have you ever shopped online?*

- o Never
- o Yes but rarely
- o Yes, sometimes
- o Often

For those who have shopped online, when was the last time that you shopped online?

- o One week ago
- o One month ago
- o Around 1 to 5 months ago
- o It has been a long time, I couldn't remember

For those who have shopped online, how much do you often spend approximately for one online purchase?

- Less than 100,000 VND
- From 100,000 VND to 500,000 VND
- From 500,000 VND to 1,000,000 VND
- More than 1,000,000 VND

**5. What do/will you purchase online?*

6. You will consider to shop online instead of going to store because *

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
The products are only available online	O	O	O	O	O
More convenience (saving time, 24/7, etc.)	O	O	O	O	O
Cheaper price (discounts, deals, promotions)	O	O	O	O	O
There are variety of products	O	O	O	O	O
Shopping without confronting salespeople	O	O	O	O	O
More information to compare between products	O	O	O	O	O

7. Please rank 5 factors below based on the importance it affects your shopping online behavior *

1= the least important factor 5= the most important factor

	1	2	3	4	5
Price	O	O	O	O	O
The variety of products	O	O	O	O	O
Trust (credibility of the company)	O	O	O	O	O
Convenience (easy to order, to purchase)	O	O	O	O	O
Customer service	O	O	O	O	O

**8. Supposing that, you want to buy a product, and that product is on sale in a website from which you have ever never purchased. Then, would you purchase that product from that website?*

- It doesn't matter, just buy it, because it is on sale.
- I will check, search for information, read reviews and feedbacks of other customers. If everything is fine, I will buy it
- No, never, I never purchase from unknown e-vendors

**9. Which barriers that used to or currently prevent you from shopping online in Vietnam?*

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Don't access exactly the quality of products	O	O	O	O	O
Don't have habits to shop online	O	O	O	O	O
Shopping online has too much risks	O	O	O	O	O
Don't have proper cards to pay online	O	O	O	O	O
Payment process is complicated	O	O	O	O	O

10. What, according to you, are risks when shopping online?*

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Can't be sure 100% to receive the products	○	○	○	○	○
Don't know when the products are delivered	○	○	○	○	○
The quality of products is not as good as expected, also it is hard to return back	○	○	○	○	○
Have heard a lot of being-cheated cases	○	○	○	○	○
Personal privacy isn't secured	○	○	○	○	○
Password, account of email and credit card may be stolen	○	○	○	○	○

11. Reasons which affect your final purchase decision when you shop online?*

	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
The information of products are not clear	○	○	○	○	○
The website is not updated and hard to use	○	○	○	○	○
Price is higher than other e-vendors	○	○	○	○	○
The payment process is complicated	○	○	○	○	○
There are negative reviews and feedbacks	○	○	○	○	○
The products are available in every shops	○	○	○	○	○

12. Which payment method do you prefer?*

- ○ Internet banking
- ○ Money transfer
- ○ Visa/master card
- ○ Through 3rd-party payment system like Paypal
- ○ Cash on delivery
- ○ Others

THANK YOU VERY MUCH FOR YOUR HELP.

Nguyen Le

IN-DEPTH CUSTOMER INTERVIEW

1. What do you think about shopping? To what extent you are satisfied when shopping online?
2. What have you purchased online (from both Vietnamese and international e-tailers)?
3. What are the reasons to your purchase online? The reasons why you would rather shop online than go to traditional stores.
4. What are the barriers that prevent you from shopping online in Vietnam?
5. When shopping online, what are things that concern you most?
6. What makes you turn back and keep purchasing things online of a specific e-tailer, when needed?
7. Would to choose to order and buy electronic appliances such as television, laptop, memory card, camera, mobile phone, through internet in Vietnam?

PROFILE OF PARTICIPANTS IN IN-DEPTH INTERVIEW

Number	Name	Gender	Age	Occupation
1	Nguyen, LE	F	22	Student, Finland
2	Hai, NGUYEN	M	25	Student, France
3	Truc, NGO	F	48	Accountant, Vietnam
4	Loc, TRAN	M	22	Student, Denmark
5	Anh, NGUYEN	F	22	Student, Vietnam
6	Phuoc, Dang	M	22	Student, Vietnam
7	Nguyen, PHAM	F	22	Student, Australia
8	Tri, VO	M	19	Student, Vietnam
9	Nguyen, LE	M	26	Student, France
10	Trang, NGO	F	43	Accountant, Vietnam