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Marketing Promotion Research of B2C online cosmetics business in China

--Case Company: jumei.com

Business Economics and Tourism

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ABSTRACT

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The thesis is about the marketing promotion research of online B2C cosmetics business in China, the case company is jumei.com, the research problem is to know customers' online shopping experience like what factors they think are more important when shopping online and to get to know customers' opinions towards jumei's performance, the objective is to give promotion suggestions to jumei's future development.

For better understanding of the topic and to give better advice and suggestions to the case company and both the future study, the theories like the marketing mix, the promotional tools, brand, the internet and marketing, website function and promotion, the service quality and customer satisfaction , consumer behavior are introduced as support for the thesis. The research method is quantitative research, the survey is conducted through an online questionnaire and the sampling technique is simple random sampling

The empirical study shows the results statistically and it provides a sound foundation for addressing the research problems, also the advice to the case company and the suggestions to future study are stated at the end of the thesis.

Keywords Marketing promotion, Online B2C cosmetics, Customer satisfaction

VAASAN AMMATTIKORKEAKOULU

kansainvälisen liiketoiminnan

TIIVISTELMÄ

Tekijä	Tu Cheng
Opinnäytetyön nimi	Markkinoiden edistämistutkimus B2C kosmetiikka-alan verkkoyritykselle: jumei.com
Vuosi	2013
Kieli	suomi
Sivumäärä	93 + 2 liitettä
Ohjaaja	Skåtar Kim

Tutkimukseni käsittelee kosmetiikkayrityksen myynninedistämistä kiinassa B2C. Tutkimani yritys on jumei.com. Tutkimuksessani aion tutkia verkkokaupan asiakkaiden kokemuksia, ja sitä mitä asiakkaat pitävät tärkeänä verkkokaupassa asioidessa. Selvitän myös, mitä mieltä asiakkaat ovat jumei.com:in palveluista ja toiminnasta. Tarkoituksenani on myös tarjota kehitysideoita jumei.com:lle tulevaisuutta varten.

Jotta voin antaa parempia neuvoja ja ideoita tutkimukseni yritykselle ja jotta tutkimusta on helpompi ymmärtää, esittelen tutkimuksessani joitain teorioita ja käsitteitä, kuten markkina mix, myynninedistämistyökaluja, brändi, internetmarkkinointi, verkkosivujen toiminta, palvelun laatu ja asiakastyytyväisyys sekä asiakkaiden käyttäytyminen. Esittelen myös menetelmän, jota käytän tutkimuksessani.

Tutkimuksen empiiriset tulokset tarjovat hyvän pohjan tutkimuskysymyksen ratkaisemiseksi. Työn lopussa esittelen neuvoja tutkimusyritykselle ja ehdotuksia jatkotutkimuksille.

Avainsanat Markkinoiden edistämistutkimus, B2C kosmetiikka-alan, asiakastyytyväisyys

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1. INTRODUCTION

In the first part of the thesis, the background of the study will be introduced, and it contains two parts. Since the case company- jumei.com is a new B-to-C internet cosmetics company recently launched in Chinese mainland's market benefiting from the fast development of the e-commerce in China, the composition of the background study will be the development of e-business in China as well as a brief introduction of jumei.com. The research problems and objectives will also be mentioned. In addition, the research limitations and thesis structure will be presented at the end of this chapter.

1.1 Background of the study

Electronic commerce usually refers to a wide range of business and trade activities, in the Internet open network environment around the world, it is based on browser/server application mode, buyers and sellers do not meet in various business activities, realizing consumer online shopping, online transactions between merchants and online electronic payment and various business activities, trading activities, financial activities and related comprehensive service activities of a new type of business operation mode. Electronic commerce is the use of microcomputer technology and network communication technology for business activities. (Baidu Encyclopaedia : Electronic commerce in China 2012)

The e-commerce in China went through a long development and is now exploding in almost every industry, such as the clothing field and the home appliances industry. There are also many foreign internet companies entering Chinese market and are achieving great success. More and more people choose to shop online because of the relatively cheaper price and convenience of not having to go outside. More competition makes it more likely for companies in this field to combine together and become stronger in this fierce circumstance. Still, some companies become successful

to improve their marketing through various promotion tools while others may be swallowed by some stronger ones because they failed to meet the increasing demands of customers and gradually suffered a shrinking customer market.

In the e-commerce industry, jumei.com is unique at the beginning. It is the first and still the biggest cosmetics internet company in China till now. Although there is continuing controversy about the products on its website, jumei.com can still be the top compared to other companies following it afterwards.

1.1.1 The development of e-commerce in China

E-commerce is a developing concept, in the electronic commerce environment, people are no longer subject to geographical restrictions. Customers can complete the relatively complicated business operations in the past now in an easier and more convenient way such as online banking access to the funds in the account and to inquiry information all day around while making customers the quality of service greatly improved.

There are three stages of e-commerce development in China.

1)1999-2002 bud stage. In this phase the internet users in China compared with the number of internet users today is little, in the middle of 2000, according to statistics released by the Chinese “netizens’, the number is only 10 million, an extremely small proportion of Chinese population. And at this stage, the netizen’s network way of life also just stayed in the electronic mail and news browsing stage. Netizens were immature, and the market was also not mature. “8848” which was seen as a representative of B2C e-commerce site at that time can be said to be the most brilliant bright spot. But 8848 eventually died, therefore it was said that embryotic e-commerce environment cannot support several e-commerce platforms, which just gave birth to a number of primary users. It is extremely difficult to develop electronic

business in this stage. (Su 2011)

2) 2003-2006 high growth phase. Dangdang, Amazon, alibaba, HC, global sourcing, taobao, these names became the focus of the Internet. These corporations that are born and grown up in the network stir together to turn the entire communications network world with online games, SP enterprises. Citing 51 job recruitment networks as an example, originally 51job.com invested in newspaper advertising and sent network recruiting information to its members. Today it has become a specialized organization engaged in the human resource on the network recruitment advertising and free newspaper advertisement is just a complement, 51 job is among the second top internet recruitment organization together with zhaopin.com, and huge changes can be seen. The three biggest changes to electronic commerce in this stage can be the following:

The first change: a large number of netizens gradually accept the network shopping way of life, and the scale is still in high-speed expansion period.

The second change: a large number of small and medium-sized enterprises received orders from B2B e-commerce sales opportunities, the concept of "network operators" came to the heart of the business in –depth.

The third change: electronic commerce infrastructure environment continues to mature, bottlenecks such as logistics, payment and the good faith have mostly been solved, in B2B/B2C/C2C field, there is rapid growth of many online marketers, having accumulated a large number of electronic business operation management experience and capital flows. (Su 2011)

3) 2007-till now, has been a further development stage for electronic ecommerce, at this stage the most obvious feature is that electronic commerce is not only the world of the Internet enterprise. Countless traditional enterprises and capital flow into the

electronic commerce field, makes the electronic commerce world becomes colorful. The B2C area, along with the traditional enterprise capital inflows, will get rapid development. Also, with the independent brand, advantaged source, good reputation, and perfect service industries, B2C e-commerce business will bring unprecedented flourishing grand to the entire field. (Su 2011)

Jumei.com is generated in the third period which is the highest growth age. It has made the most use of the advantage the era brings and is now successfully leading the online cosmetics business.

1.1.2 Introduction of jumei.com

Jumei.com was founded by Chen Ou, Dai Yusen and Liu Hui in March 2010. It is the first and largest online special sale cosmetics mall in China and is committed to create simple, interesting, and trustworthy cosmetics shopping experience. Jumei.com is superior to create the “cosmetics group purchase” mode: everyday it recommends more than ten popular cosmetics to sell limitedly with attractive discount; At the same time jumei.com makes a commitment to "quality goods", and "stripping within 30 days unconditional return". The Chinese meaning of jumei is: gather beauty and make you beautiful.

Jumei.com is substantially a vertical industry B2C website. It insists on the procurement of goods from the credibility of the brand manufacturers, normal agents, domestic and foreign counter purchase channels and sets up its own quality inspector in the purchasing department specially to allow the customers to have a nice online shopping experience and thus to obtain the trust of the consumers. From its inception in March 2010, by virtue of word of mouth, it used only one and half years to develop from one with the monthly sales of less than 100,000 RMB to one whose monthly sales top up to a hundred million RMB. Currently, it has 300 million registered users, accounting for more than 80% of women cosmetics market share. The annual

turnover of jumei.com is 1 billion RMB (2011).

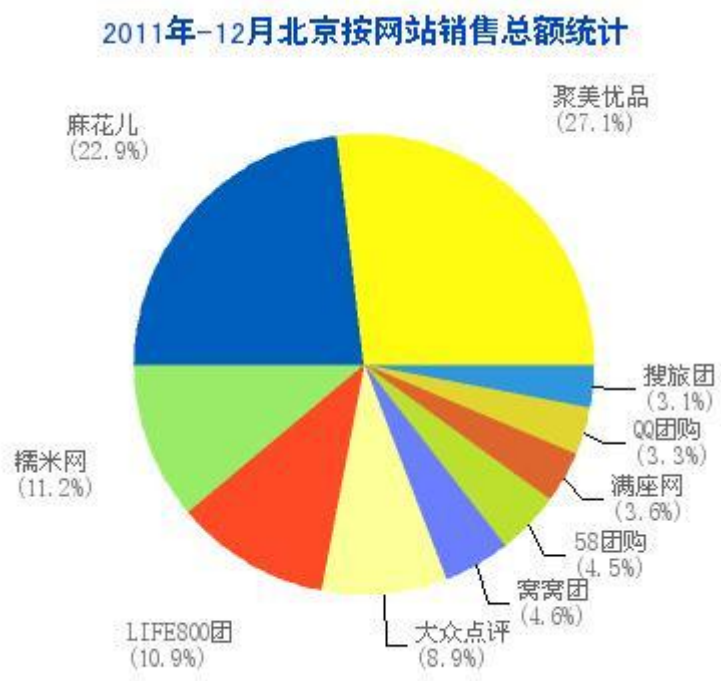

Figure 1.1 Beijing 2011-12 Total Sales Statistics According To Online Purchase (groupadmin 2012). The biggest yellow part stands for jumei.com.

Jumei.com is a professionally vertical group purchase website, a vertical group purchase website is known as one of the three trends of group purchase website. It is easy for vertical group purchase website to do customer standardization, and it can attract loyal customers easily.

Jumei.com has a relatively late start, although its fast development speed brings jumei.com a great concern, it is still an unfamiliar online purchasing platform to customer groups. The group purchase within limited time has consumption appointment hinder to customers, in the early time of jumei.com, the customer loyalty is achieved relying on word of mouth and services. There is little advertising and the publicity among the public is not enough, the memory of customers to jumei.com is far less than the other online shopping platforms. The online group purchase is hot nowadays and there are more and more competitors. Some of the group purchase

websites and online shopping platforms such as the strawberry ynet.com and LeFeng.com have seized the market early, the fixed consumption habits of people are hard to change at a draught. Moreover, taobao.com and baidu.com have cut into the group purchase business, the industry faces a reshuffle. (Baidu Encyclopaedia: jumei.com 2012)

1.2 Research Problems and Objectives

Although jumei.com is leading the online cosmetics industry and leaving the rivals far behind with the increasing sales speed of more than 15 times last year, it still faces a big challenge. Living space in the e-commerce industry is a whine now, the rapid explosion to a large-scale has been the path that most enterprises have to follow in order to win the internet space. When doing internet business, many companies fight for scale, and need to expand and achieve the brand advantage in order to survive. For jumei.com, although it is the first one and still the biggest one in the area, it faces challenges of marketing promotion because for example its rival- zhiwo.com tends to provide lower price of the same products than jumei.com, which makes jumei.com lose some customers. Jumei.com has lost some of its advantages of lower prices.

Thus the aim of the research is to investigate the customer's opinion towards the products and prices of jumei.com and such things as the design of its website, the service it provides etc., and moreover to provide suggestions about how it can improve the products and services in order to do marketing promotion.

To achieve the main purpose, the research problems can be as follows:

- What is the customer's online shopping experience?
- How do customers feel about the brand elements of jumei.com (website design, packaging and online services)?
- What are the attitudes of the customers towards the products, prices and

distribution channels of jumei.com?

- What is the customer's feeling towards the products of jumei's own brand?

In the end, the problem is the empirical suggestions and conclusions that will be proposed.

1.3 Limitation of The Research

The research will be conducted among the customers who have online shopping experiences of jumei.com through all online questionnaire, therefore the range of the target group and the time is limited. The data is collected though an online questionnaire, there may be some invalid responses via the internet because the internet surfer can access the questionnaire more than once. There is no callback step for the question with open answers because the online survey is anonymous. The author can reach the customers in a communication group of jumei.com through internet, however the number of the respondents is limited, the conclusions generated from the survey may not be used in every sample.

1.4 Thesis Structure

The thesis is composed of six parts, each chapter is one part and is closely related to the next one. The first chapter is the introduction part, it offers the back ground of the study and defines the research problems and objectives and the research limitations. In the second chapter, the theoretical concepts will be presented. The third part is the practical part which is about the analysis of the marketing communication tools of the case company. Fourthly, the empirical research and findings are discussed, in the last chapter, the recommendations are stated.

The outline of the thesis is shown below in Figure 1.2

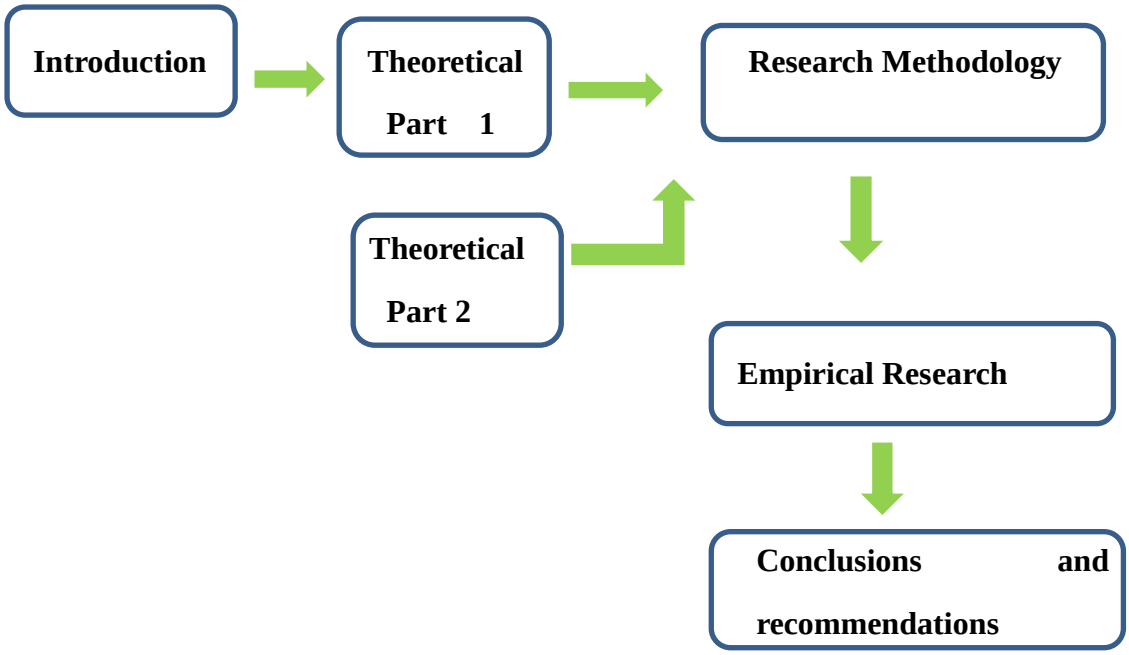

Figure 1.2 Outline of the thesis

Each part of this structure is introduced in more detail below.

In chapter 1, the background of the study is introduced, togther with the research problems and objectives , the limitation of the research and the thesis structure are outlined.

In chapter 2 and 3, the theories that are closely related to the study are presented, including marketing mix elements, the concepts of marketing promotion, the factors that influence the marketing promotion, the promotion tools, website and service management are introduced.

In chapter 4,the research methodology such as the research methods, sample selection and data collection is defined. Besides, the validity and reliability of the study are illustrated.

In chapter 5, the survey that is conducted and its findings are presented , the data collection and analysis are stated thoroughly

In chapter 6, the summary of th study is given and the author gives suggestions for the research problems according to the data analysis, and recommendations for future similar study are discussed.

Figure 1.3 Structure descriptions of the thesis

2. MARKETING MIX AND PROMOTION TOOLS

In this chapter, the related theory will be presented. Because it is a marketing promotion research, the concept of marketing mix elements and the marketing promotion tools are introduced, besides, the factors that influence marketing promotion are mentioned.

2.1 Overview of Marketing Mix Elements

The marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market (Kotler 2000: 15). It can be collected into four groups: product, price, place, and promotion, known as the "4Ps". (Kotler & Armstrong 2001: 67)

Product	Price	Promotion	Place
Product variety			Channels
Quality	Price	Promotion	Coverage
Design	List price	Sales promotion	Assortments
Features	Discounts	Advertising	Locations
Brand name	Allowances	Sales force	Inventory
Packaging	Payment period	Public relations	Transport
Sizes	Credit terms	Direct marketing	
Services			
Warranties			
Returns			

Figure 2.1 The four-P framework (Kotler 1999: 96)

The figure above shows four main marketing mix elements and the small elements belonging to each of them.

The product concept holds that consumers will favor those products that offer the most quality, performance, or innovative features (Kotler 2000: 17). Products generally can be divided into three levels, namely core products, actual products, augmented product. (Kotler& Armstrong 2009) For example, in jumei.com, the core products are the benefits the producers give to buyers, the cosmetics can help to protect the skin and help to make up; the actual products are the international cosmetics brands, the international cosmetics samples, jewelries and bags and some other small making up tools; the augmented products have free delivery and return service within 30 days for no reason as well as after sale service etc. On the website of jumei.com, all the products are divided into their own categories. Jumei.com has many international and domestic cosmetics brand entering and being stationed in it, jumei.com promotes many kinds of products from various brands (mainly cosmetics) every day for group purchase, but it does not have the cosmetics of its own brand yet.

An item's price is the amount charged for a good or service, prices can play a major role in both attracting customers and keeping them, setting prices reflects a complicated set of circumstances (Clow & Baack 2010:138). For example sometimes the changes of the prices of goods do not because of the value of the goods itself but are due to the change of the currency. Therefore changes in commodity prices do not necessarily reflect the changes in the value of the merchandise. Since jumei.com is a group purchase websites selling cosmetics, the prices of its international top cosmetics can be different in different periods if the exchange rate of the currency goes up or down. Pricing strategy is the basic direction the company's marketing and management teams take when setting prices (Clow & Baack 2010:141). At the beginning of the start of jumei.com, customers were attracted by the low price of the

products with famous brand. While with the fierce competition, the price comes from the competitor of jumei.com of the same products sometimes seem lower than jumei.com, and because jumei.com has invested a lot to make advertisements, the total cost is increased. (China ecommerce research center 2012)

Place, also known as communication channels, refers to the location where the products are available and can be sold or purchased. The two choices are to sell the goods directly or to sell them through middlemen, most cosmetics companies sell their products to retailers who in turn sell them to consumers (Kotler 1999:103). There are many kinds of e-commerce on the internet, jumei.com is a kind of virtual retail enterprises without offline stores and it survives only depending on the profit through selling products online. (Baidu Encyclopaedia: jumei.com 2012)

Promotion covers all those communication tools that can deliver a message to target audience (Kotler 1999: 106). Promotion belongs to one of the marketing mix elements, and it has many ways to fulfill the marketing goals. The objectives of promotions are respectively to stimulate sales (or demand) which is the primary objective of promotional programs, to acquire new customers, to encourage repeat purchases by current customers and to counter competitive actions. (Clow & Baack 2010:195) Promotion has different tools which are discussed in details next.

2.2 Marketing promotion tools

The ultimate goal of the marketing communication strategy is to help sell the product or service to keep the company in business (Burnett 1998: 4). In general marketing promotion tools include advertising, public relation, sales promotion, personal selling and direct marketing, these are the marketing communication tools that the company can use to achieve its marketing objectives (Kotler 2001: 512). Apart from these promotion mix elements, marketing communication has many other ways to attract consumers, such as the packages of the merchandise, the appearance and function

design of the merchandise, the price of the merchandise and the sales channels, for example the enterprises can choose the most appropriate stores or places to promote the products.

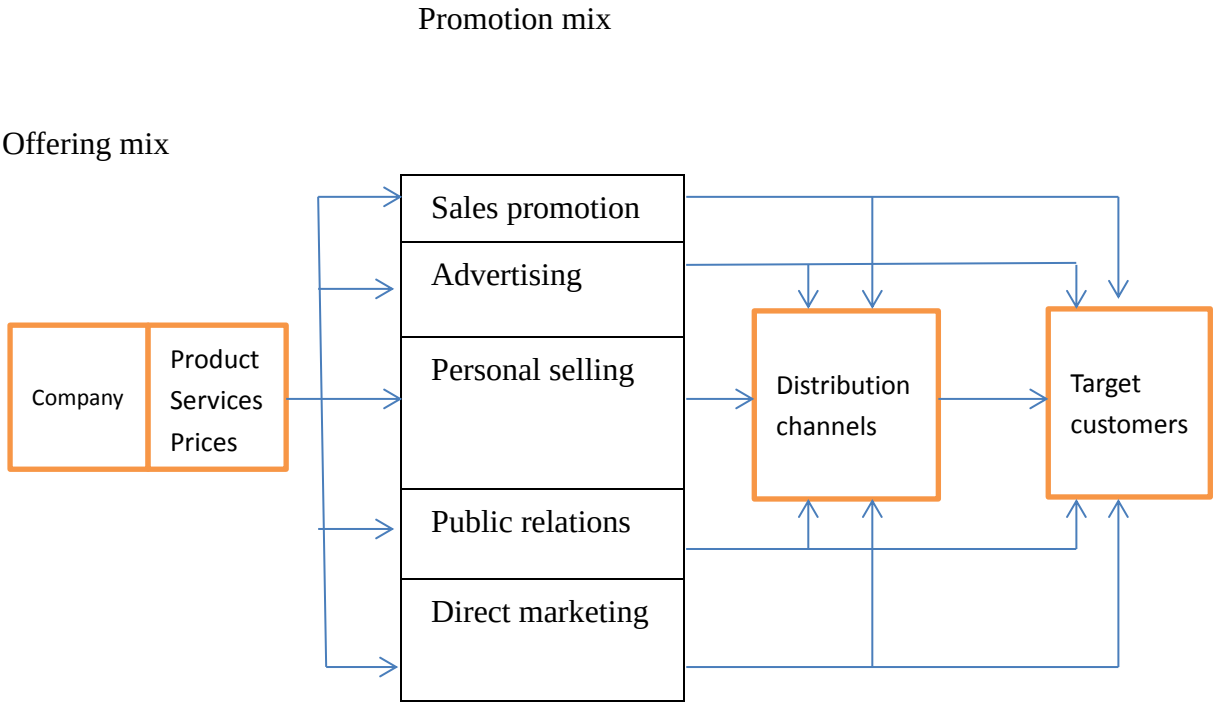

Figure 2.2 Promotion mix (Kotler 2000:16)

2.2.1 Advertising

In 1894, Albert Lasher, (the father of modern advertising) stated that advertising is salesmanship in print, driven by a reason why. (Lasher 1894) this definition contains the meaning of persuade in the advertising.

Advertising is ‘paid non-personal communication from an identified sponsor using mass media to persuade or influence an audience’ (Wells et al., 1992). It has broad and narrow points. Broadly speaking, generalized advertising includes non-economic advertising and economic advertising. Non-economic advertising refers to make

advertisements not for the purpose of profits, such as government administrative departments, social institutions and even personal various public announcement, notices, statements, etc., the main purpose is to promote. Narrow advertising refers to only economic advertising, and it is also called commercial advertising, refers to advertising for the purpose of profit.

With the standard of media, advertising can be divided into newspaper advertising, magazine advertising, television advertising, outdoor advertising, print advertising, movie advertising, online advertising, package advertising, radio advertising, poster advertising, transport advertising, direct mail advertising, car advertising, tickets advertising, lunch boxes advertising. (Clow & Baack 2010:172)

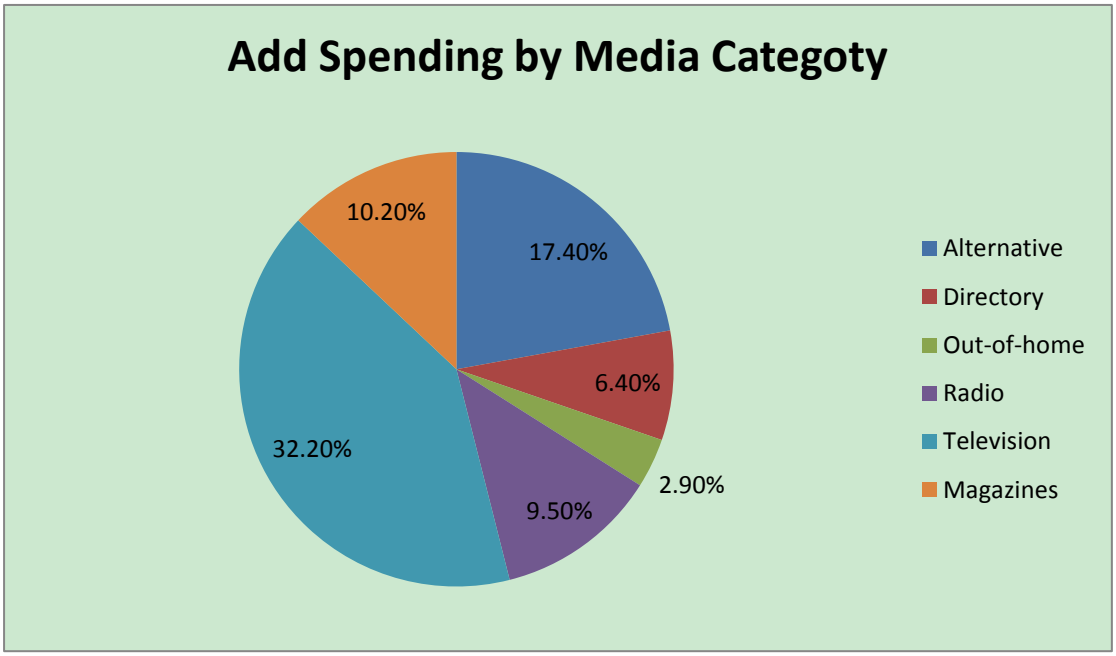

Figure 2.3 Ad Spending by Media Category (Clow & Baack 2010:172)

Figure 2.3 breaks down current spending patterns for various media. Today's marketing managers look for combinations of traditional and nontraditional media that will achieve the greatest impact. (Clow & Baack 2010:172)

The existing of advertising has special meaning. It can convey information of the plane, brand and image in order to attract the consumers. Advertising can reach huge audiences with simple messages that allow receivers to understand what a product is , what its primary function is and how it relates to all the other similar products, the primary objective is to build awareness of a product or an organization (Fill 1995:286). Advertising also suffers from low credibility in that audiences are less likely to believe messages delivered through advertising that they are messages received through some other tools (Fill 1995:6). Handling the company's advertising program is a key challenge for marketing managers, the first choice is whether the advertising can be developed internally or if an agency should be selected (Clow & Baack 2010:168).

In-house Advertising

Two justifications have to be made before choosing in-house advertising, one is the cost, it is cheaper to create and manage the advertising program in-house rather than through any agency. Another is that in-house advertising makes marketing manager maintain greater control. Actually it needs certain expertise to do it because almost the employees from the lower ranks have to be involved, the marketing department are expected to complete the whole advertising program, therefore very few firms choose to do in-house advertising. (Clow & Baack 2010:168) From the first television advertising till now, the creative ideas and the main actors in the advertisements are the employees inside its own company. (Baidu Encyclopaedia : jumei.com 2012)

Outside Advertising agencies

Outside agencies have two primary advantages: objectivity and creativity. External personnel can be objective because they are tied to a particular product or influenced by individuals in an organization (Clow & Baack 2010:170). When companies hire agencies in the advertising field to make advertisements for their products or services,

the expertise can bring up creative ideas. Individuals who work for an agency tend to be to more creative (Clow & Baack 2010:170).

Advertising market in China

Stable and healthy development of China's economy and strong domestic consumption are creating a good environment for the development of the advertising market. As a developing market, China's market is still huge, the financial crisis is only temporary for the Chinese market, compared to those countries with saturating consumer markets and rational consumption, China's consumer market, still has a lot of room to grow. (Chinese advertising industry report 2010-2015)

In Chinese advertising market, outdoor advertising, television advertising, newspaper advertising, magazine advertising, online advertising and radio advertising account for different rates.

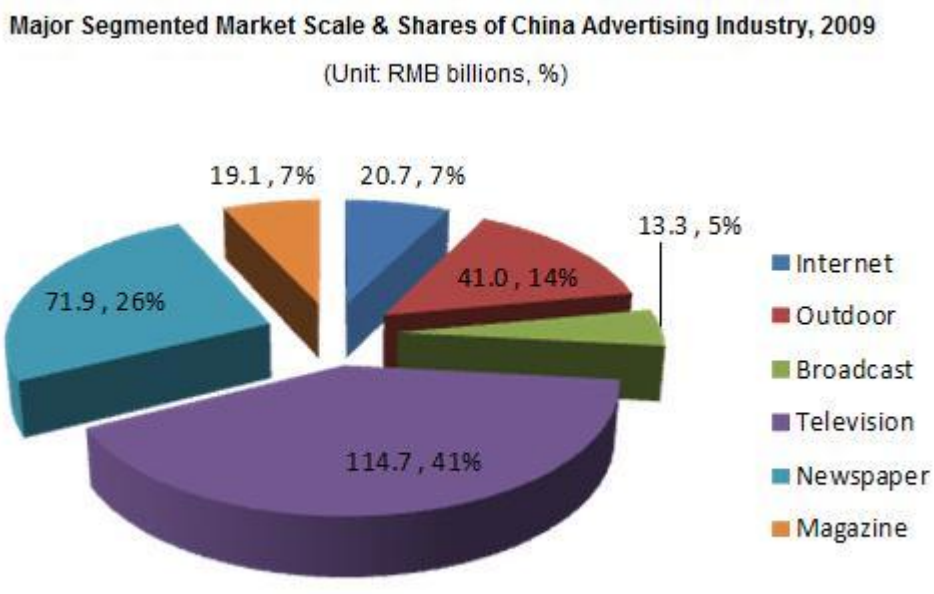

Figure 2.4 Major Segmented Market Scale &Shares of China Advertising Industry 2009 (ResearchInChina : China Advertising Industry Report, 2009-2010)

The market size of Chinese online advertising in 2009 hit RMB20.7 billion. Among the various major network media, the online advertising revenue of Baidu ranked the first, reaching up to RMB4.45 billion, and followed closely by Google, Sina, and Taobao which took the 2nd to 4th places, respectively. In 2009, Chinese market of radio advertising was sized by RMB13.3 billion, the market size of China print media was approximately RMB91 billion, of which, the market of newspaper advertising reached about RMB71.89 billion and that of magazine advertising RMB19.11 billion or so, the market size of China outdoor media approximated RMB41 billion (China Advertising Industry Report, 2009-2010).

2.2.2 Sales Promotion

Sales promotion comprises various marketing techniques which are often used tactically to provide added value to an offering, with the aim of accelerating sales and gathering marketing information (Fill 1995:6). Enterprises can choose one or more kinds of sales promotion combinations according to the actual situations of the markets and products.

The objectives of consumer and trade promotions are respectively to stimulate sales(or demand), to acquire new customers, to encourage repeat purchases by current customers and to counter competitive actions.(Clow&Baack 2010:196) Companies are willing to pay for immediate effect.

The promotion efforts aimed at customers include coupons, premiums, contests and sweepstakes, bonus packs, price offs, refunds and rebates, and sampling. (Clow&Baack 2010:196）

Coupons

A coupon is a price reduction offer to a consumer or end user. Methods of distributing coupons are print media, on –or in-package, in-store, sampling, bounce back, scanner delivered, cross-ruffing, online, fax and sales staff. (Clow&Baack 2010:196) Coupons can stimulate customers to purchase especially when there is a fierce competition with the competitors, and moreover, coupons can promote consumers for additional purchase. Couponing is difficult to implement in some Asian countries like Japan where newspapers do not accept them, consumers have no habit of using them, and no redemption mechanism exists (Kotler & Ang& Leong& Tan 1996:847).

Premiums

Premiums are items of merchandise that are offered free or at a low cost. Premiums are used as a direct incentive, to motivate people to purchase a specific product. (Fill 1995: 377). Premiums are used to increase sales by attracting repeat buyers (Fill 1995:378).The primary advantage of premiums is that consumers will pay for the full price of the products instead of coupons that will give price discount to customers. The disadvantage of premiums is that premiums are not as useful as coupons or other promotion tools to stimulate sales and attract customers. (Clow&Baack 2010:199)

Contests and sweepstakes

A contest is a sales promotion whereby customers compete for prizes or money on the basis of skills or ability, entry requires a proof of purchase and winners are judged against a set of predetermined criteria (Fill 1995:378). A sweepstake is a sales promotion technique where the winners are determined by chance and proof of purchase is not required (Fill 1995:379).Contests and sweepstakes can enlarge the customer database for the companies and improve the brand loyalty and brand awareness and create an interesting company image, the disadvantage is that not all the contests and sweepstakes can stimulate the sales. (Clow&Baack 2010:202)

Refunds and rebates

Refunds and rebates are used to invite consumers to send in a proof of purchase and in return receive a cash refund (Fill 1995:377).The advantage of refunds and rebates is that they can create immediate sales and create the cooperation between the retailers and the manufacturers, the disadvantage is the cost of the lost revenues. (Clow&Baack 2010:202-203)

Sampling

When a product is introduced, whether it is a new product category or an improved or modified product, sampling is one of the most effective sales promotion technique available (Fill 1995:372). Sampling is the delivery of a good or service for a trial use (Clow&Baack 2010:204). Sampling is a good way of spreading the new-launched products and a good way to get feedbacks of the products for development, the main disadvantage of sampling is that the cost is expensive when offering the samples to certain customer to test for free. It is one of the promotion methods using by jumei.com while not so popular because the cost is relatively expensive and normally the customers who will get the sampling for free or a lower cost are those whose shopping amount reach a certain high level. (blog.jumei.com 2012)

Bonus packs

Bonus packs offer an additional or extra number of items in a special package, the advantage of bonus packs is that it can attract customers who are not loyal to products of other brands and make them impressed of the company's products and services to build brand loyalty, another good aspect is that bonus packs can attract customers who are sensitive to the prices of the products , the disadvantage is that the customer is attracted by the bonus package this time but the next purchase is far away as well as the cost of the lost revenue. (Clow&Baack 2010:205)

Price-offs

By far the simplest technique is to offer a direct reduction in the purchase price with the offer clearly labeled on the package or point of the purchase display, these are simply referred to simply as ‘price-offs’ (Fill 1995:376-377) The disadvantage is the cost of lost revenue just as many other price discount methods, and also if the price is declined for the first time, the customers may expect it to decrease for the following trades. (Clow&Baack 2010:206-207) Almost every products on jumei’s website are lower than its market price. (homepage of jumei.com 2012)

2.2.3 Public relations

The origin of public relations is in an American president’s speech, the term first appeared in his speech to Congress in 1807, U.S. President Thomas Jefferson brought the word combination to the world, Edward Bernays (1925) defines public relations is a management function, and to develop policies and procedures to get the public's understanding and acceptance. (Bernays 1925) The rise, promotion and application of public relations in China was generated in 1989 by the work of Kuang, Jianren – “Public Relation Lady” (Baidu Encyclopaedia : Publich relations in China 2012)

Public relations can be built through many ways, such as media relations and publicity, publications, events, sponsorships and online media such as website, blog, Facebook and Twitter. Public relation does not require the purchase of airtime or space in media vehicles such as television or magazines (Fill 1995: 387). The main characteristics of public relation are that it represents a very cost –effective means of carrying messages, with a high degree of credibility (Fill 1995: 388).

The three primary areas covered by public relations employees are:

- Monitoring messages from internal and external publics,
- Responding to image-damaging news and events(damage control), and
- Publicizing image-enhancing news, events, and activities (Clow&Baack 2010:294).

The nature of the Public relations industry decides that public relations have close contact with the media. At present, the public relations industry enterprises in mainland China should be close to the customer base and the media, so they are mainly concentrated in Beijing, Shanghai, Guangzhou, Chengdu, Wuhan, and other cities also have distributions. (ResearchInChina 2010)

There is a public relation department in jumei.com, they make efforts to do the public relation jobs of jumei.com. For example, they sponsor several popular fashionable magazines to make advertisements, they also participate some television programs to hire the employees and through this way to make people aware of their website and get familiar with it by repeating it everywhere. When there are critics about the source of their products and the true and false of their products, they come out to have an announcement to explain these doubts. Till now the public relation department have done lots of things to build good public relations with the target and potential customers and the society to keep a good company image.(tech.sina.com 2013)

2.2.4 Personal selling

The traditional image of personal selling is one that embraces the hard sell, with a brash and persistent sales person, delivering a volley of unrelenting persuasive messages at a confused and reluctant customers (Fill 1995: 409). Personal selling is different from other forms of communication in that the transmitted messages represent dyadic communications (Fill 1995:410).

The personal selling has three basic forms, one is the door-to-door marketing, one is

counter sales and the other is meeting marketing.

Door-to-door sales

It is the most common form of personal selling. It is carried out in the form that sales personnel visits the customer with the product samples, brochures and order to promote their products. This form of marketing can provide effective services to the needs of the customer, bring the convenience to the customers, therefore it is widely recognized and accepted. (Mbalib: door to door sales 2012)

Point-of-sale marketing

Also known as outlets, refers that enterprises set up retail stores in an appropriate locations, employ sales personnel to receive customers and introduce the products. The store salesperson is the generalized salesman. Point-of-sale selling and door-to-door sales are the opposite sides, point-of-sale selling is the style of marketing approach that waits for customers to come into the store. Full range of products in the store can meet the purchase requirements of a wide range of customers, it can provide customers with more convenience, and can ensure that the products are intact, so the customer is willing to accept this way. (Mbalib: POS marketing 2012)

Meeting marketing

It is to make use of all kinds of meetings and fairs to display and show the products, make presentations and announcements of the products to the participants. For example, in the meeting of ordering, trade fairs, exhibitions, exchange of goods, enterprises will sell products. This marketing form can be in contact with a wide range of marketing participants and can be focused, it also can sell products to multiple objects. Generally it can produce greater products turnover, it has s better marketing effect. (Mbalib: personal selling 2012)

In comparison with the mass media, personal selling allows for the receiver to focus attention on the sales person with reduced likelihood of distraction or noise (Fill 1995:412). The disadvantages of personal selling are that personal selling has a relatively high expenditure. Because the amount of customers that the sales personnel can touch directly is limited, the sales plane is very narrow, the selling expenses of personal selling is higher. There is also the disadvantage of message of inconsistency, this in turn can lead to confusion and misunderstanding (Fill 1995:412). And also personal selling has a high requirement of sales personnel, the training of them needs money and time, when the personnel fee is increased, the cost of goods is increased correspondingly. (Burnett 1998:411-412)

2.2.5 Direct marketing

In an effort to increase the productivity of the sales force and to use their expensive skills more effectively, direct marketing has provided organizations with an opportunity to improve levels of performance (Fill 1995:433). Direct marketing occurs when a company makes direct contact with customers without the use of a middleman, it is a popular method to get new customers and also a good way to retain current customers. (Clow&Baack 2010:181)

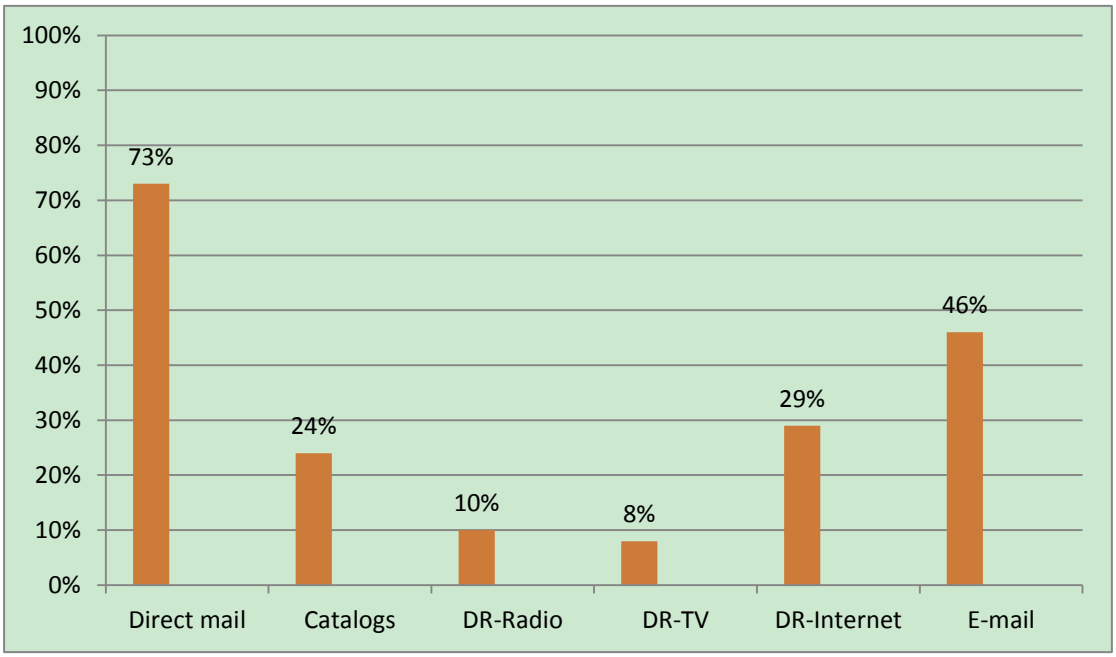

Figure 2.5 Methods of direct marketing used to acquire new customers (Clow&Baack 2010:181)

Figure 2.5 shows different forms of direct marketing and the percentage of total when using them to acquire new customers.

The customer database represents a data warehouse calling for data mining through advanced statistical and mathematical tools, using those tools, companies are able to define their market targets better and to improve their response rates (Kotler 1999:116).

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Direct Mail

Direct mail activities are also becoming more important in areas where personal contact is seen as unnecessary or where limited field sales resources are deployed to key accounts (Fill 1995:433). It can be used to supplement e-mail and e-mail can be used to supplement direct mail as well, the company will choose the individuals customers and business to business customers that are likely to respond the mail, they

can use this method for new product testing, a study revealed that direct mail was an effective tool for promoting the company's website, with 43% of its annual sales promoted by direct mail offers (Clow&Baack 2010:182).

Catalogs

Catalog marketing occurs when companies mail one or more product catalogs to selected addresses (Kotler 2000:659). Catalog has a lower cost. It contains lots of information such as products pictures, characteristics, size and functions, catalog can make it easier for customers to compare and then choose the appropriate products. With the delicate layout and contents, catalog may be stored by customers and then will strengthen the promotion effect.

E-mail

E-mail has become a common method of direct marketing for customer acquisition with the primary advantage of low cost, email makes it possible for enterprises to reach the target specific customers, a key advantage is that the impact can be precisely measured through the delivery rate, opened rate, read rate, unsubscribe rate, click-through rate, goal conversion rate an return rate. (Clow&Baack 2010:183)

Internet

The internet is useful for products and services where shopper seeks greater ordering convenience (e.g., books and music) or lower cost (e.g., stock trading or news reading), the internet is also useful where buyers need information about feature and value differences (e.g. automobiles or computers). (Kotler 2000:665) The advantage of internet marketing is that internet has covered a large area, it spreads fast and has no time and region restricts. The internet such as the website can contain as much information as possible and it costs very little. Internet is a transparent promotion tool

that can last long and it is very efficient because the internet covers all over the world.

Telephone

Telemarketing describes the use of telephone operators to attract new customers, to contact existing customers to ascertain satisfaction levels, or to take orders (Kotler 2000:661). Cold calls will make customer disgusted, therefore before making a call, the thorough research study to locate prospects should be made, the direct marketing call should be also timely and relevant, in many situations, a personal telephone call to the buyer is an effective medium that can be used to solidify a relationship with the customer. (Clow&Baack 2010:183-184)

Mass media

The mass media that are used in direct response marketing include television, radio, magazines and newspapers (Clow&Baack 2010:184). Many companies use the mass media to make advertisements for their products, for example, jumei.com shot an advertisement lasting two minutes and it attracted almost 3.7 million visiting during short time period, and this activity made jumei.com achieve much more turnovers, because this advertisement reflected the voice of the era in China, moreover, many creative ideas about the advertisements come from the inner department of jumei.com. (chinahightech.com 2012)

2.3 Developing powerful brands

In the world of marketing management, creating a powerful brand has emerged as a key ingredient in the long-term success of a company (Clow&Baack 2010:122). A strong brand creates major opportunities for a company's marketing professionals, developing successful brands often takes time and money (Clow&Baack 2010:126). A brand development strategy includes brand awareness, brand equity and brand loyalty.

(Clow&Baack 2010:126)

Brand awareness

Brand awareness should develop two levels, first is to make people know the existing of the brand, namely to let people be aware of the brand name and what products it sells, the second level is to attract people to gather more expensive information about the products of the brand. (Clow&Baack 2010:126) Customers always select the most familiar products in their memory which is the result of brand awareness and were influenced by the existed image of brand. (Keller 1998:87) By doing online group purchase cosmetics business for 3 years, jumei.com has made certain amount of people become aware of its brand, while it has to do more to reach the second level. (blog.jumei.com 2012)

Brand equity

Brand equity is the general perception by consumers that a good or service with a given name is different and better, there are five pillars that build brand equity: differentiation, relevance, esteem, knowledge and emotion. (Clow&Baack 2010:126)
Brand equity can improve the possibility that customers will choose the brand, customers will choose the brand that they are familiar with and trust, therefore, a strong brand can be a major advantage in acquiring new customers and in encouraging current customers to purchase again. (Clow&Baack 2010:127) Companies need to go beyond a broad positioning to express a more concrete benefit and reason to buy, many companies advertise a single major benefit positioning, drawing from such possibilities as: best quality, best performance, most reliable, most durable, safest, fastest, best value for the money, least expensive, most prestigious, best designed or styled, easiest to use, most convenient etc. (Kotler 1999:57)

Brand Loyalty

Brand loyalty occurs when a customer makes a concerted effort to find and purchase a specific brand, because the customer has developed a mental affinity with that brand, brand loyalty may be based on the products' features (Clow&Baack 2010:127-128) .Jumei.com has brought out one activity these days to try to build its own brand, jumei.com originally provides a platform for other cosmetics company to sell products on its website such as The Face Shop, L'Oreal, Shiseido, Cetaphil and Charmzone and recently jumei.com increased the brand business cooperation with the famous brands especially international top brands. Jumei.com also didn't ignore the development of its own brand, such as provides higher value-added cosmetic cotton, cosmetic brush and other related products, and they have good sales. (China e-commerce research center 2012)

3. WEBSITE AND SERVICE MANAGEMENT

In this chapter, the internet and marketing is stated as background, the function and promotion of website is presented since the survey is related to e-commerce, the website is an essential component of e-commerce. Then the service quality and customer satisfaction, consumer buying behavior are talked about because the survey contains the customer service of jumei.com. In the end the theoretical framework is displayed.

3.1 Internet and marketing

The internet is also an interactive marketing vehicle, because a variety of service interactions can be initiated and also performed over the Internet (Grönroos 2000:249). For example, when there are emails from customers, the responses should be as quick as possible, or the customer will lose their interest and produces a bad impression towards the company.

Marketing is a dynamic process, where traditional external marketing activities and interactive marketing resources and activities cooperate so that profitable long-term customer relationships may be developed and maintained (Grönroos 2000:250). Online service are popular because they provide three major benefits to potential buyers, convenience: customers can order products 24 hours a day wherever they are, they don't have to sit in traffic, find a parking place and walk through countless aisles to find and examine goods (Kotler 2000: 665); information: customers can find reams of comparative information about companies, products, competitors and prices without leaving their office or home (Kotler 2000: 665); fewer hassles; customers don't have to face salespeople or open themselves up to persuasion and emotional factors (Kotler 2000: 665); they also don't have to wait in line , Internet marketing has brought many benefits to marketer as well such as quick adjustments to market conditions, lower costs, relationship building and audience sizing (Kotler 2000: 665).

The internet is a service- and relationship-oriented medium, even though it is often only used as a communication and sales tool, it is important to keep in mind that is not the firm who makes the first contact with a customer over the internet, it is the customer or potential customer who initiates the contact, if the contact can be developed into a service process with interactions between the firm and the customer, a relationship may emerge. (Grönroos 2000:249). Therefore, the online customer service employees should be trained well to respect the customers and the techniques to answer the questions and solve the problems concerning the products in order to leave customers a good impression upon the company.

However, the online marketing is not for every company not for every product, the Internet is less useful for products that must be touched or examined in advance (Kotler 2000: 665). For doing online cosmetics B2C business better, jumei.com planned to open off-line shops in 2013, they think that, customers feel natural untrusted towards the cosmetics selling online because the low doorsill of e-commerce. (chinawuliu.com 2012)

In conclusion, the Internet does not only offer a means of carrying out traditional marketing activities, it is also an interactive process instrument which has an important role in the interactive marketing function (Grönroos 2000:250) The website is an important platform of jumei.com to serve its customers, there is a question to measure the opinions towards the different parts of the website of jumei.com in the online questionnaire, and to see how can jumei.com improve the contents, speed, the updating rate and the page layout.

3.2 Website functions

Website is an essential component of e-commerce, it is the platform conducting the business online. Website has some functions for the online business. One is customer

support, one is sales support, the third is brand support and public relations support, the website should assist in fully integrating a business and the channels of distribution the company uses. (Clow&Baack 2010:341-342)

Customer support

Customer support includes any activity designed to assist customers who visit a Web site, the nature of the business or product often dictates the type of support offered (Clow&Baack 2010:341). Any customer views the products or services through the website of the company, and the website contains much information, it is the first screen through which customers can get to know the brands and products, the web site contains many districts, for example, on the website of jumei.com, there are special offers, reputation center, luxury, famous brand discount, quality goods guarantee, etc. About the products, there are also classifications of the products such as the skin protection products, the makeup products, body lotion, perfume, packaging boxes, makeup tools. (homepage of jumei.com 2013)

Sales support

Web sites designed for sales support are normally accessed only by a company's sales staff and other employees, the goal of the site should be to provide quality information to members of the sales staff (Clow&Baack 2010:341). The web site designer can set a different webpage for the operator to check the operating situation, the sales volume and deal with the customer conflict. For example, on the website of taobao.com which is the biggest e-commerce platform in China including the business of all kinds of materials, there are two instant message tools for installation, one is for customers another is for sellers, they are called aliwangwang buyer version and seller version respectively. (taobao.com 2012)

Brand support

A company's web site should be developed to supporting the company's brand or brands, this includes being attractive, easy to use, and prominently feature the brand on each page, web sites are coordinated with all other marketing activities (Clow&Baack 2010:342). A well-designed website can attract more customers and help the company build a trustful brand image. On the purchasing page of the website of jumei.com, there is a story of history of jumei.com and also a beautiful story of the choosing brand of the customer, that is the announcement of the company and the brand. (tech.qq.com 2012)

Public relations support

Most Web site present some public relations information, the information may not be prominently displayed on the front page, except when a usual event has occurred (Clow&Baack 2010:342). When designing a web site, the functions of web sites are emphasized according to different degrees. The internet can offer a wide variety of products to anyone in any locations (Clow&Baack 2010:343). The web site can also be a method to advertising for the brand and products of the company.

3.3 Website promotion

There are many ways to promote a website, these methods are introduced next.

Banner ads: The first way to promote a website is through online advertising, banner ads have been around for some time and remain popular, accounting for 32% of online advertising (Clow&Baack 2010:353). There are also banner ads exchanges, namely to broadcast each other's products on its own website.

Classified ads: A variation of banner ads is the classified ads, which now make up 17% of online ad budgets (Clow&Baack 2010:354).

Media/Video ads: the media/video ads is the third category of online advertising , it now constitutes about 10% of online spending, but it is the fastest-growing category (Clow&Baack 2010:354).

Search engine sites: When individuals look for specific information or products on the internet, they often use a search engine, nearly 80%of all web traffic begins at a search engine (Clow&Baack 2010:354). The biggest search engine in China is baidu.com, if they want to search for the specific online cosmetics group purchase business, the link of jumei.com will first come out, that is another way advertising, because the link or new that come out to be the front ones is what are mostly clicked or latest.

Off-line advertising: Companies that advertise online also typically advertise off-line (Clow&Baack 2010:354). For example, jumei.com has made advertisements on the wall of the subway station, on the magazine and also newspapers, these are all kinds of off-line advertising.

Consumer-generated advertising: Most ads placed on various website have been generated by the company concerned (Clow&Baack 2010:355). There is a marketing communication way called mouth to mouth advertising, if one customer knows and uses the products of the company, he or she can tell the information or recommend the websites to their friends, families and other people around him or her, that is another effective way to promote the website.

3.4 Service quality

A service is a process consisting of a series of more or less intangible activities that normally, but not necessarily always, take place in interactions between the customer and service employees and/or physical resources or goods and/or systems of the

service provider, which are provided as solutions to customer problems (Grönroos 2000:46). Service and physical goods are different. The differences are showed in Figure 3.1 below.

Physical Goods	Services
Tangible	Intangible
Homogeneous	Heterogeneous
Production and distribution separated from consumption	Production, distribution and consumption simultaneous processes
A thing	An activity or process
Core value produced in factory	Core value produced in buyer-seller interactions
Customers do not (normally) participate in the production process	Customers participate in production
Can be kept in stock	Cannot be kept in stock
Transfer of ownership	No transfer of ownership

Figure 3.1 Differences between services and physical goods (Grönroos 2000:47).

Service is so different from the physical goods that the company can provide to the customers, therefore customer service must be carefully dealt with. When a customer feels a company cares about her personally and strives to serve her as an individual, she may start to develop an emotional attachment to the brand and move from the inertia state toward brand loyalty (Clow&Baack 2010:373). Some ways to improve the customer service are that proving services exceeding the expectations of the customers, improving the quality of service and maintaining customer relationships. One early model for service quality is the one described by Grönroos(see figure 3.2), this model relates the service experienced by the customer to his expectations(Bergman& Klefsjö 1994:269).

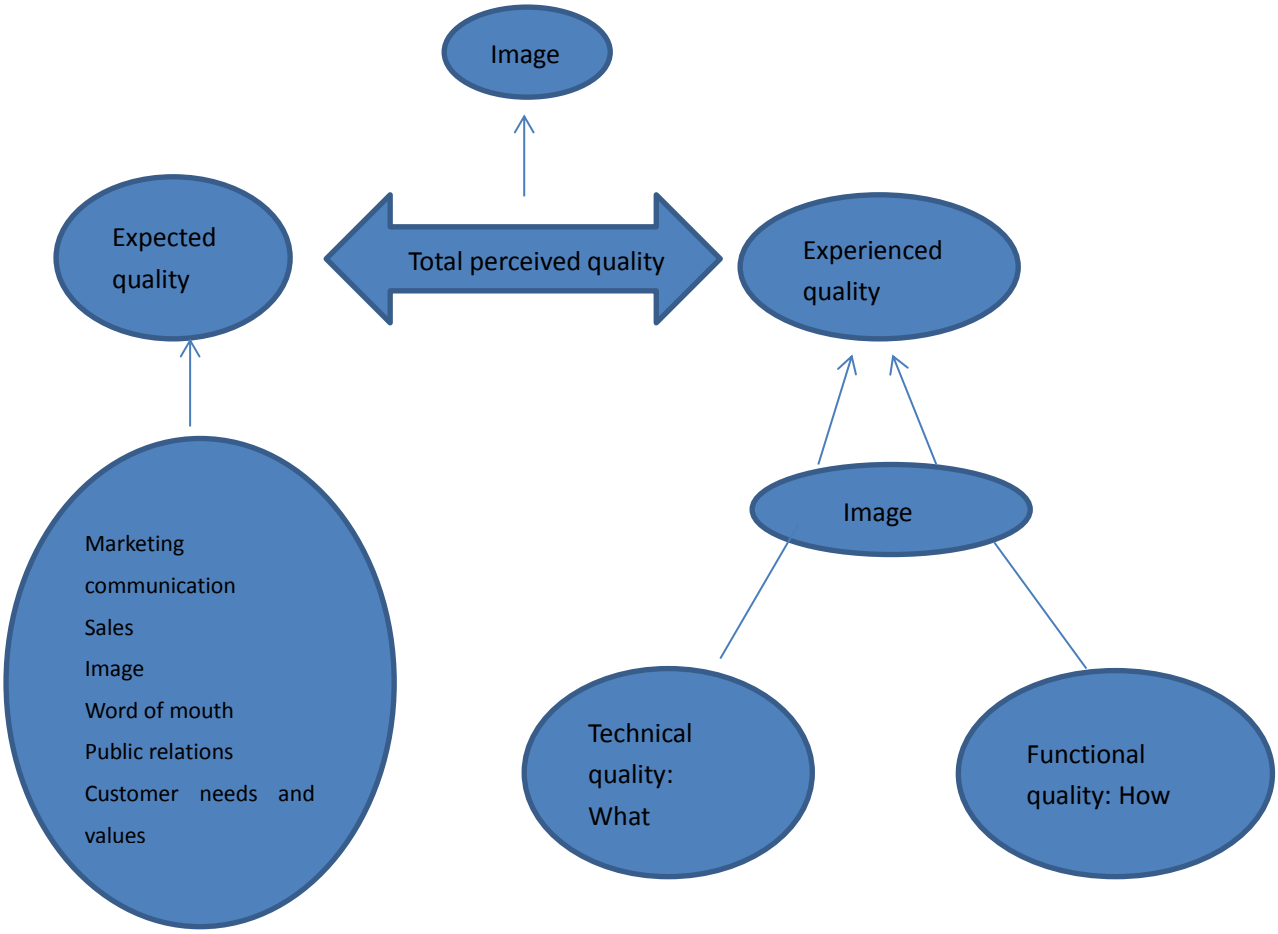


Figure 3.2 Total perceived quality (Grönroos 2000:67)

Figure 3.2 illustrates how quality experiences are connected to traditional marketing activities resulting in a perceived service quality, good perceived quality is obtained when the experienced quality meets the expectations of the customer, that is, the expected quality, while if the expectations are realistic, the total perceived quality will be low even if the experienced quality measured in an objective way is good (Grönroos 2000:67). Also shown in Figure 3.2, the expected quality is influenced by many factors such as the marketing communication including advertising direct mail, sales promotion, websites, internet communication and sales campaigns, word of mouth, image of the company, price and customer needs and values. (Grönroos

2000:67)

As the perceived service quality model shows, customer expectations have a decisive impact on customers' quality perceptions, if a service provider over-promises, it raises customers' expectations too high and consequently customers will perceive they get a low service quality although maybe the quality they get is measured objectively as high levels but it failed to keep in balance of the customer's expectations, therefore from a marketing point of view it is better to under-promise in order to be sure that the organization can fulfill the promise that has been given (Grönroos 2000:68). Jumei.com suffered from such kind of failure when celebrating its third year birthday. Because nearly two weeks before the celebration, it made people highly expect what discount and benefits they can provide to customers, while the reality is that on the first day of March, their server broke down because there are too many visits and thus lowering the service quality, customers even feel hard to enter the homepage of the company, not to say to view and order products, and customers think that the price is not as low as they expect even though actually the price is lower than normal days, they began to doubt the company. (Chinadaily 2013)

Relationships between service providers and consumers and users of services normally continue over time, better quality and service can bring higher customer retention rates and more profits (Grönroos 2000:127). Quality is what customers perceive. Quality cannot be determined by managers alone; it has to be based on customer needs, wishes, and expectations. Moreover, quality is not what is planned in objective measures; instead it is how customers subjectively perceive what is delivered (Grönroos 2000:109). A company or brand that exceeds customer expectations will be the most likely to generate brand loyalty, create customer advocates, and foster positive world-of-mouth endorsements, since it is difficult to find ways to improve the quality of the products, the marketing team can still continue strive to improve service quality. (Clow&Baack 2010:373-374)

SERVQUAL is an instrument for measuring how customers perceive the quality of a service, the instrument is based on five determinants and on a comparison between customers' expectations of how the service should be performed and their experiences of how service is rendered (Grönroos 2000:76). The five determinants are tangibles, reliability, responsiveness, assurance and empathy that are introduced in details. (Grönroos 2000: 74) Tangibles is related to the appeal of facilities, equipment and material used by a service firm as well as to the appearance of service employees, reliability means the service firm provides its customers with accurate service the first time without making any mistakes and delivers what it has promised to do by the time that has been agreed upon (Grönroos 2000: 74), responsiveness means that the employees of a service firm are willing to help customers and respond to their requests as well as to inform customers when service will be provided, and then give attempt service (Grönroos 2000: 75), assurance means that employees are always courteous and have the necessary knowledge to respond to customers' questions and make customers feel safe and confident in the firm (Grönroos 2000: 75-76) , the last empathy means that the firm understand customers' problems and performs in their best interests as well as giving customers individual personal attention and having convenient operating hours (Grönroos 2000: 76).

Research into service quality has been popular for more than two decades, but it is only recently that it has been applied to the e-commerce environment, developed from Internet marketing and the traditional service-quality literature, the concept of service quality in e-commerce can be defined as the consumers` overall evaluation and judgment of the excellence and quality of e-service offerings in the virtual market place (Santos 2003:235). For online consumers, e-service quality of a high standard is the means by which the potential benefits of the Internet are realized (Yang 2001).

Quality determinants in e-commerce are some where different than the traditional determinants, those SERVQUAL instruments are reliability, which included correctness of order fulfillment, prompt delivery, and billing accuracy (Santos

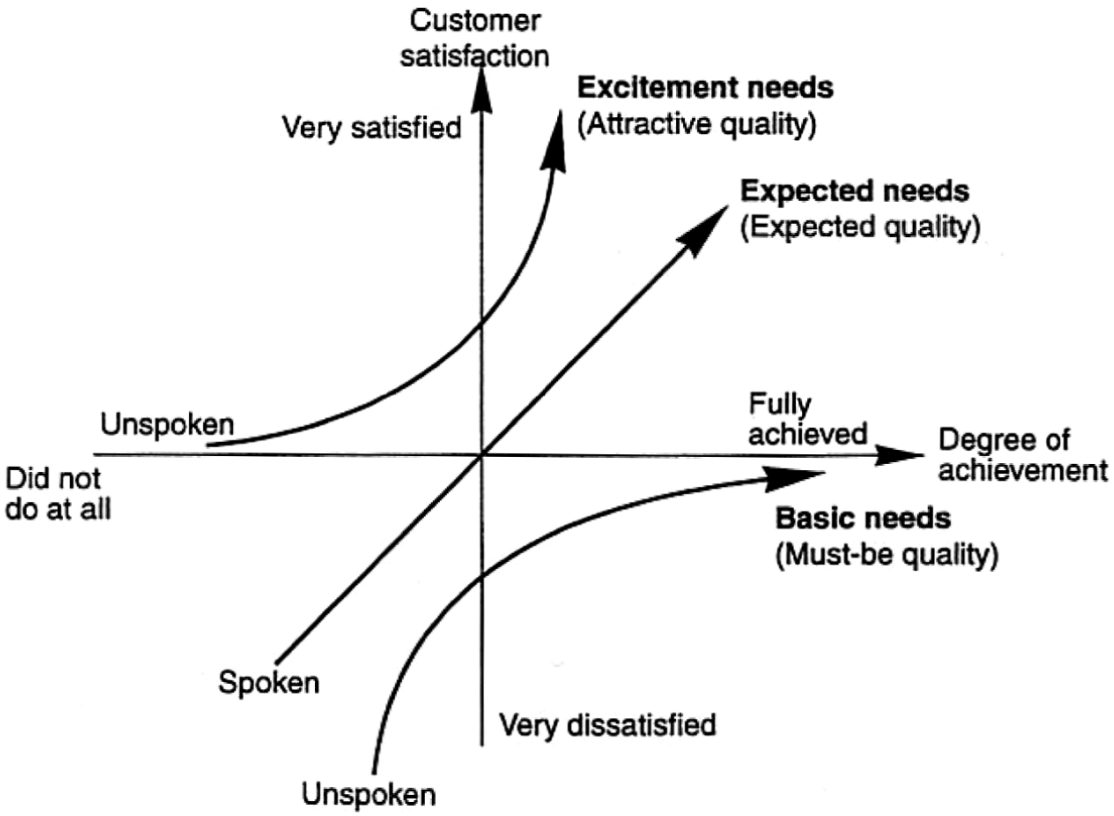
2003:236-237); responsiveness, which included prompt responses to customer ́s requires, calls or emails. information retrieval, search speed and search friendliness (Santos 2003:236-237); access, which included the list of company`s street and email addresses, phone and fix numbers, accessibility of service representatives, availability of chat rooms, bulletin boards, and other communication channels; ease of use, which was related to an easy-to-remember URL address, well-organized, well-structured, and easy-to-follow catalogues (Santos 2003:236-237); attentiveness, which consisted of individualized attention, personal thank-you notes from online retailers, and availability of a message area for customer questions or comments ; (Santos 2003:236-237) credibility which referred to the business history of online retailers, special rewards or discounts, and referral banners on other websites; security, which included security of personal information and minimal online purchase risks (Santos 2003:236-237).

Jumei.com did something to improve the customer service. It has a return service for no season within 30 days, even if the customer has used the cosmetics for half, and also there is a membership system of jumei.com, if the customer register a username on jumei.com, and write the basic information on the website, every year when it is the birthday of the customer, there will be a small gift such as the cosmetics samples or there is a discount of the prices of the products for the customer. The lightning-fast delivery and authentic guaranteed product quality has made the customer service more completed. Jumei.com has modified its website and service all the time to switch to pay attention to the personal experience and service, while it still needs improvement. (Chinadaily 2013)

3.5 Customer satisfaction

Probably it has been considered much more important to gain new customers than to retain old ones, it is however ,much more expensive to gain a new customer than to keep one who is satisfied or, even easier, who is delighted with our

product(Bergman& Klefsj ö 1994: 280-281). Noriaki Kano has developed a model for customer satisfsction, where quality dimensions are separated into three groups: basic needs, expected needs and exciting experiences (Bergman& Klefsj ö 1994:282).



Source: Bergman and Klefsjö (2003), but the model was originally presented by Kano *et al*. (1984)

Figure 3.3 The Kano model of customer satisfaction. (Kano 1984)

The basic needs are almost unconsciously expected to be there by the customer, a satisfied customer cannot be achieved by fulfilling only the basic needs (Bergman& Klefsj ö 1994: 282-283). Expected needs are such needs might be an extravagance, the exciting experiences are items the producer has to find out by himself, they are surprise to the customer who sometimes cannot imagine them (Bergman& Klefsj ö 1994:283).

The degree of customer satisfaction depends on the correlation between the customer's expectations and his experience, but is also influenced by such things as the image of the company (Bergman& Klefsjö 1994:283). It is also possible to turn a dis-satisfied customer into a satisfied customer by treating the customer very well.

Many companies are aiming for high satisfaction because customers who are just satisfied still find it easy to switch when a better comes along, while those who are highly satisfied are much less ready to switch (Kotler 2000: 36). Customers' expectations are formed by friends' and associates' advice, and marketers' and competitors' information and promises, if the company set high promises, the customers may be disappointed, if the company set expectations too low, it will have problems in attracting customers although the coming customers will feel satisfied with its performance, some of today's most successful companies are raising expectations and delivering performance to match , a customer's decision to be loyal or to defect is the sum of many small encounters with the company (Kotler 2000: 36-37).

The key to generating high customer loyalty is to deliver high customer value, a company's value proposition is much more than its positioning on a single attribute, the brand must represent a promise about the total resulting experience that customers can expect, whether the promise is kept depends upon the company's ability to manage its value-delivery system, the value delivery system includes all the communications and channel experiences the customers will have on the way to obtain the offering (Kotler 2000:37).

In addition to tracking customer value expectations and satisfaction, companies need to monitor their competitors' performance in these areas, for customer-centered companies, customer satisfaction is both a goal and a marketing tool, companies that achieve high customer satisfaction ratings make sure that their target market knows it, the tools for tracking and measuring customer satisfaction are relatively complaint

and suggestion systems, customer satisfaction surveys, ghost shopping and lost customer analysis (Kotler 2000:37-38).

Complaint suggestion systems refers to a customer-centered organization makes it easy for its customers to deliver suggestions and complaints, these information flows provide companies with many good ideas and enable them to act quickly to resolve problems (Kotler 2000: 38). Customer satisfaction surveys are essential because studies show that although customers are dissatisfied with one out of every four purchases, less than 5 percent of dissatisfied customers will complain, they will just buy less or switch suppliers, therefore customer satisfaction surveys are good ways to know the opinions from the customers and help the company make improvements (Kotler 2000: 38). The ghost shopping means companies can hire persons to pose as potential buyers to report on strong and weak points experienced in buying the company's and competitors' products (Kotler 2000: 38). Lost customer analysis mean that companies should contact customers who have stopped buying or who have switched to another supplier to learn why this happened (Kotler 2000: 38). On the website of jumei.com, there is no district of complaints.

Although the customer-centered firm seeks to create high customer satisfaction, its main goal is not to maximize customer satisfaction, if the customer satisfaction of the company is increased by lowering the price or increasing its services, the profits of the company may be decreased (Kotler 2000:38).

3.6 Consumer buying behavior

The aim of marketing is to meet and satisfy target customers' needs and wants, not understanding the customer's motivations, needs, and preferences can hurt (Kotler 2000: 160). The starting point for understanding buyer behavior is the stimulus-response model shown in Figure 3.4. (Kotler 2000:160-161)

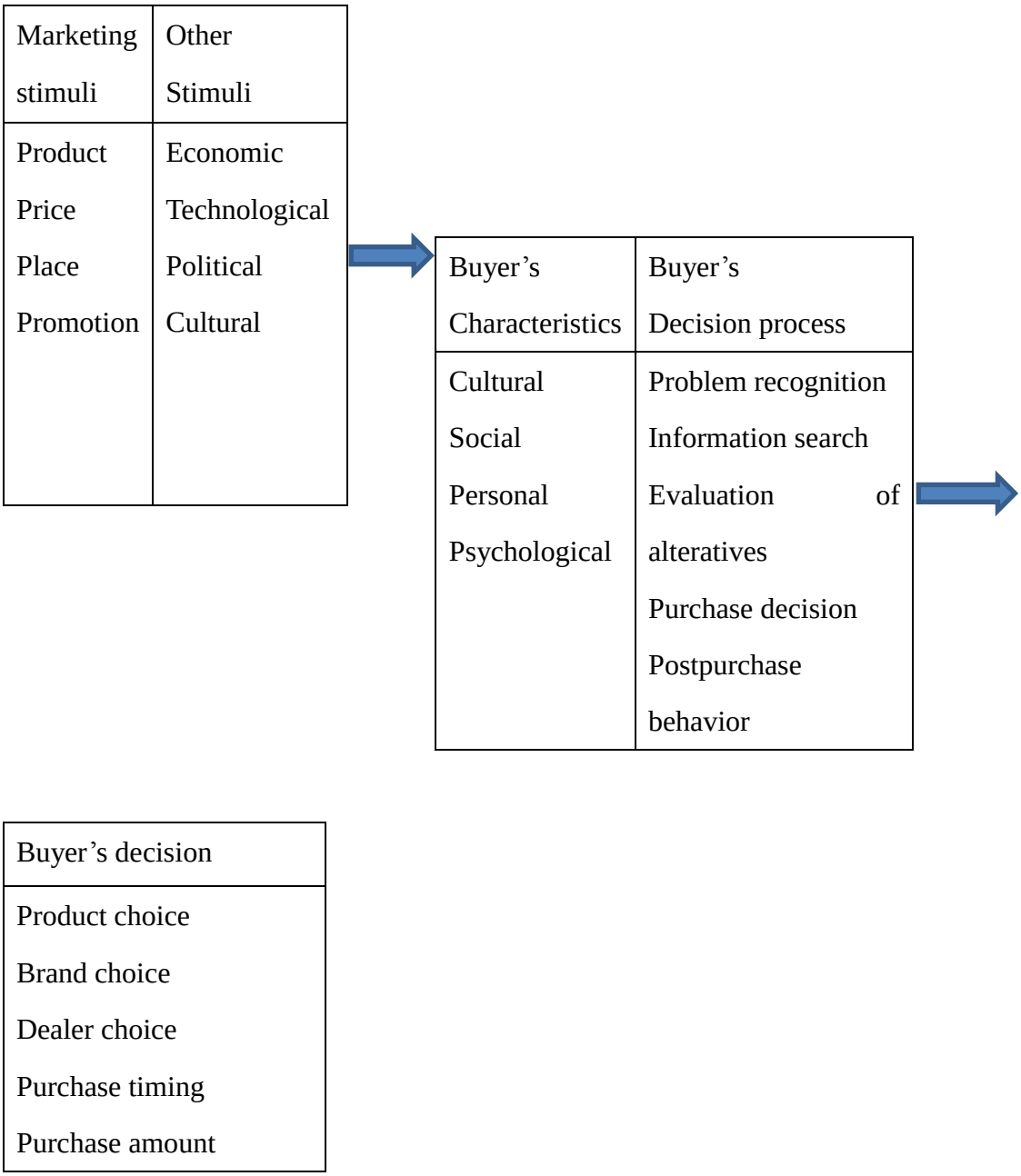


Figure 3.4 Model of buyer behavior (Kotler 2000:161)

A consumer's buying behavior is influenced by cultural, social, personal, and psychological factors (Kotler 2000:161) Culture is the most fundamental determinant of a person's wants and behavior, each culture consists of smaller subcultures that provide more specific identification and socialization for its members, subcultures form essential market segments, and marketers often design products and marketing

programs tailored to their needs (Kotler & Ang& Leong& Tan 1996: 205). When the products are sold in particular areas, some local elements should be adjusted to suit the customers' demands there.

Social classes are relatively homogenous and enduring divisions in a society, which are hierarchically ordered and whose members share similar values, interests, and behavior, there are seven social classes which contain the upper uppers, lower uppers, upper middles, middle class, working class, upper lowers and lower lowers, social classes show distinct product and brand preferences in such areas as clothing, home furnishings, leisure activities, and automobiles. (Kotler & Ang& Leong& Tan 1996:206-207) There are some social factors that affect customers' buying behavior which include reference groups, family and social roles and statuses. For example, customers tend to buy products that are recommended by their friends and families.

A buyer's decisions are also influenced by personal characteristics, these include the buyer's age and stage in the life cycle, occupation, economic circumstances, lifestyle, and personality and self-concept (Kotler 2000:167). People buy different goods and services over a lifetime, they have various needs with the growth (Kotler & Ang& Leong& Tan 1996:211), the company should figure out the main age range of its customer and take measures to provide the products suitable to them. Occupation also has an effect of a person's consumption pattern, a company can even specialize their products for certain occupational groups, thus computer software companies will design different computer software for brand managers, engineers, lawyers, and physicians (Kotler & Ang& Leong& Tan 1996:211). Product choice is greatly affected by economic circumstances (Kotler 2000:167-168). People's economic circumstances consist of their spendable income (its level, stability, and time pattern), savings and assets, debts, borrowing power, and attitude toward spending versus saving (Kotler & Ang& Leong& Tan 1996:211).

A person's buying choices are influenced by four major psychological factors –

motivation, perception, learning, and beliefs and attitudes, a need becomes a motive when it is aroused to a sufficient level of intensity, a motive is a need that is sufficiently pressing to drive the person to act (Kotler 2000: 171). A motivated person is ready to act, how the motivated person actually acts is influenced by his or her perception of the situation (Kotler 2000:173). Most human behavior is learned, through doing and learning, people acquire beliefs and attitudes, these in turn influence buying behavior (Kotler 2000:173-174). People have attitudes toward almost everything, a company would be well advised to fit its product into existing attitudes rather than to try to change people's attitudes (Kotler 2000: 175).

3.7 Theoretical framework

The thesis is related to a marketing promotion research of a B2C online cosmetics business in China, the prepared questions of online questionnaire is expected to refer to the product, price, promotion channels, the website design, the online customer service and the brand of the case company, therefore firstly in chapter 2, the concepts of marketing mix and marketing promotional tools are discussed for better understanding of the topics, and also, developing a powerful brand is a task of the case company.

The empirical study consists of the part of the e-commerce components of the case company, the theories about website design, functions and promotions are stated in chapter 3 to support the analysis, the knowledge of service quality, customer satisfaction and consumer buying behavior provide supports to give advices and suggestions, the internet and marketing is introduced for the background of the study. All theories stated in chapter 2 and 3 are essential basis for the conclusions of the empirical study and the conclusion chapter.

4. RESEARCH METHODOLOGY

In this chapter, the research methods that are used in the study will be introduced. Both qualitative and quantitative methods are applied in the questionnaire and research process. And then the data collection and data analysis are presented after the research methods, in the end, the validity and reliability of the research will be discussed.

4.1 Research Approaches

A research design is purely and simply the framework or plan for a study that guides the collection and analysis of the data, thus a research design is nothing more than the framework for the study so that: (1) the study will be relevant to the problem, and (2) the study will employ economical procedures (Churchill 1978:59).

4.1.1 Quantitative research

"Quantitative research is a research methodology that seeks to quantify the data and, typically, applies some form of statistical analysis". (Malhotra 2004) It is the most common method of primary data collection in marketing research. Quantitative research may be used, for example, to assess the proportion of a target market that shops at a particular type of retail outlet (Fill 1995:181). Qualitative and quantitative research are two paradigms considered as the main research paradigms that are used by marketing researchers (Hussey and Hussey 1997). Qualitative and quantitative methods may be used only one, or both methods in the same research.

The features of quantitative research are that questions are asked in a prearranged order and most of the questions have fixed-response answers. The research process is straightforward and direct.

Quantitative research has advantages and disadvantages. The advantages are that - questionnaire is easy to make , the answers are limited to stated alternatives so that the data collected is reliable, furthermore , quantitative research has a relatively simple coding, analysis, interpretation of data. The disadvantages are that there may be some research questions that refer to the privacy of the respondents and that they are unwilling to answer such as the ages and salaries. On the other hand, the fixed response questions make the research lose some validity to some extent. The survey methods of quantitative research are telephone interviews, personal interviews and mail interviews.

4.1.2 Qualitative research

Qualitative research is an unstructured, primarily exploratory design based on small samples, intended to provide insight and understanding. Qualitative research is research techniques that seek to quantify data and, typically, apply some form of statistical analysis (Malhotra and Birks, 2003). Qualitative researchers more normally work at the individual or small group level and aim to explore in greater depth the reasons why consumers think, feel or behave in particular ways (Fill 1995:181)

There are many differences between quantitative research and qualitative research from the perspective of survey methods, basis, the statement of the results etc.,

Qualitative	Quantitative
The aim is a complete, detailed description.	The aim is to classify features, count them, and construct statistical models in an attempt to explain what is observed.
Researcher may only know roughly in advance what he/she is looking for.	Researcher knows clearly in advance what he/she is looking for.

Researcher is the data gathering instrument.	Researcher uses tools such as questionnaires or equipment to collect numerical data.
Data is in the form of words, pictures or objects.	Data is in the form of numbers and statistics.
Subjective: e.g. uses participant observation, in-depth interviews etc.	Objective: e.g. uses surveys, questionnaires etc.
Qualitative data is more 'rich', time consuming, and less able to be generalized.	Quantitative data is more efficient, able to test hypotheses , but many miss contextual detail.

Figure 4.1 Features of qualitative & quantitative research (Miles & Huberman 1994: 40)

The detailed differences between quantitative research and qualitative research are showed in the Figure 4.1.

In the customer survey about the case company, the quantitative research is used to be the main method, the survey is conducted through online questionnaire.

4.2 Sample Selection

Sampling techniques may be broadly classified as non-probability and probability, non-probability relies on the personal judgment of the researcher rather than on chance to select sample elements, in probability sampling, sampling units are selected by chance (Malhotra& Birks& Wills 2010:501).

The survey is decided to be used and a simple random sampling technique is used in the survey towards the case company, because simple random sampling is easy to

understand and manage, the questionnaire that be closely related to the research problem is designed and spread to the potential respondents through internet. The data is collected after the responses, and the data is analyzed to make summaries and give suggestions.

4.3 Validity and Reliability

The validity of a measure refers to the extent to which the measurement process is free from both systematic and random error, the reliability of a measure refers to the extent to which the measurement process is free from random errors, reliability is concerned with the consistency, accuracy, and predictability of the research findings, validity is a boarder and more difficult issue than reliability (Kinnear&Taylor 1983：297).

It is rare to find a decision maker spending the money and taking the time to determine the validity and the reliability of the research results (Kinnear&Taylor 1983:298). An easy measure of validity would be to compare the observed measurement with the true measure, consequently what we do is to infer the validity of the observed measurement using one or more estimation methods, the major ways to estimate the validity are (1) construct validity, (2) content validity, (3) concurrent validity, and (4) predictive validity (Kinnear&Taylor 1983:298-299).

5. Empirical finding

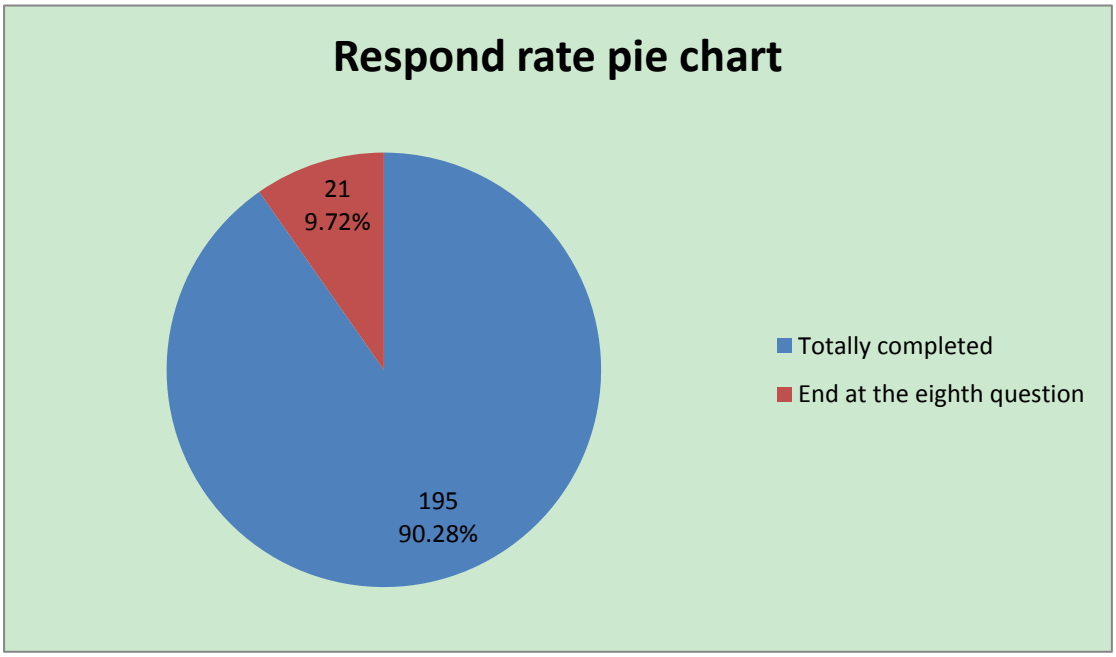
In this chapter, collected data will be analyzed by means and frequency distributions and the results will be presented by tables, graphs, pies, figures and word description. The conclusion is also showed in the end. The research plan is to get to know the real reflections of the customers of jumei.com towards its products, services, website design, promotion tools, the packaging of the products and customers' willingness to buy the products of jumei's own brand. Moreover, in the first part of the online questionnaire, the online shopping experiences and the basic information of the respondents are tested for better analysis of the data. The respondents are selected to be the customers who have online purchasing experiences on jumei.com, in order to get these customers, the online questionnaire link is posted in an online communication group of the case company to ask for their help to fill in the questionnaire in order that the company can get the real feedback from customers, and to ensure that the responses are really from the consumers of jumei.com, there is a question to ask about if they know jumei.com as an online cosmetics group purchase website, this question can keep those who choose yes to continue the survey and make those who choose no end the survey.

The online questionnaire has three main parts, first is the basic information of respondents, this part contains the gender of the respondents, the age of the respondents, the occupation of the respondents, the net salary of the respondents, the second part is the customers' online shopping experiences, this part is to get to know the habits of the respondents in general and it includes aspects such as the products that the respondents usually purchase online, the group purchase websites that respondents know and use except jumei.com, the frequency of online shopping, the monthly payment of them to buy cosmetics online, the more or most important factors for the respondents when buying general products online and when buying cosmetics online. The third part is the e-commerce components part of jumei.com, it consists of respondents' opinions towards the promotion tools, products, prices, packaging,

online customer service, free lottery and the products of its own brand. The online questionnaire is made through a professional questionnaire designing website, when the respondents finish answering the questions, the corresponding data will be obtained in a form, and then after collecting the data, excel is used to draw the graph, table and pie charts for analysis of the data.

5.1 Basic information of respondents

There are 216 responses, among these responses, there are 21 people who end at the eighth question, the completed rate is 90.28%.

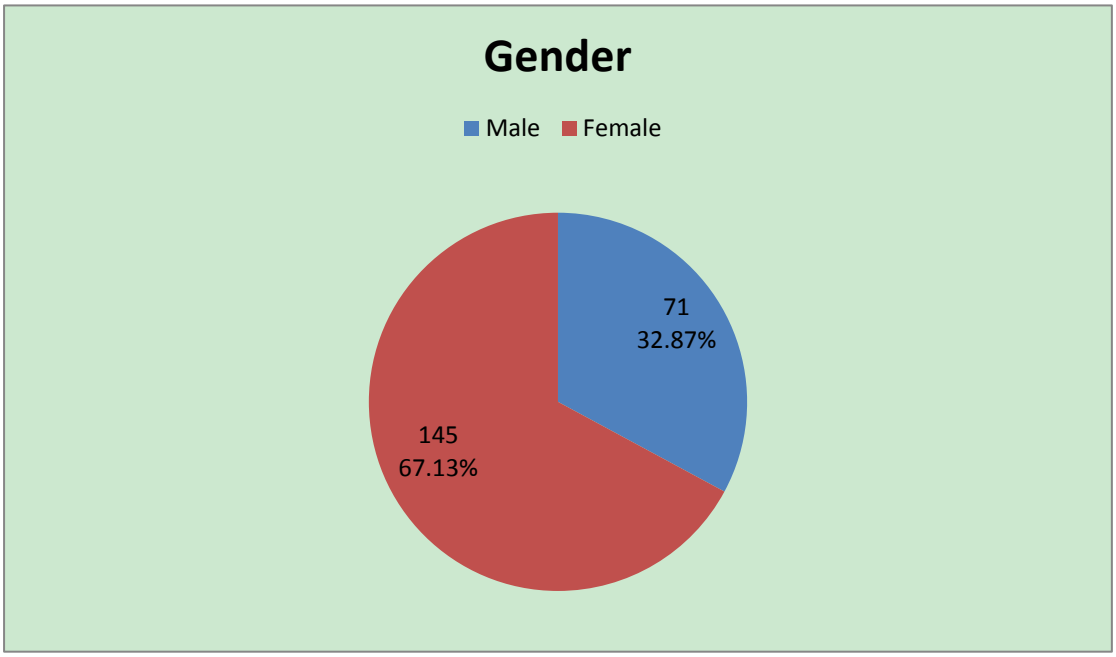


Graph 5.1 Respond rate pie chart

The basic information of respondents includes gender, age, occupation and monthly salary after tax. These are all single choice questions and the results will be introduced by pie charts and graphs. There are 216 respondents in total including both customers who have online shopping experience and who have not.

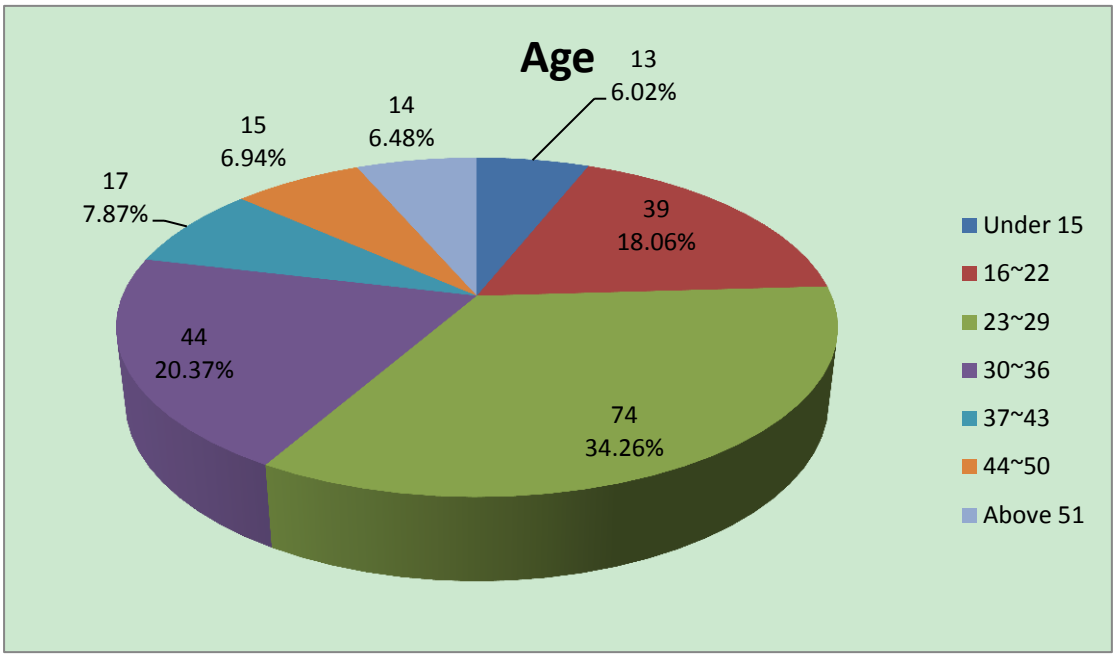
Gender (Graph 5.2)

Among the 216 respondents, the number of female is 145, the proportion of the amount of female to the total amount of respondents is 67.13%, the number of male is 71, the ratio of males to the total amount is 32.87%.



Graph 5.2 Respondents' gender pie chart

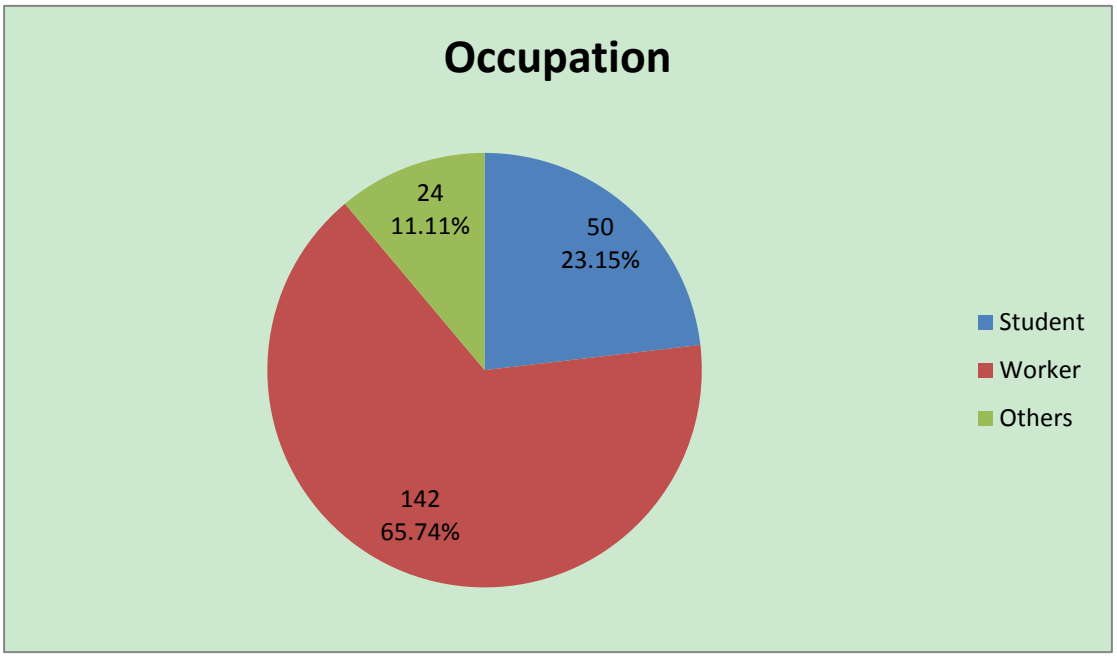
Age (Graph 5.3)



Graph 5.3 Respondents' age pie chart

The questionnaire is released in a chat group of jumei.com and also on the website discussing district of jumei.com, therefore the respondents can be the current customers of jumei.com as well as the potential customers. The result shows that the main customers of jumei.com are those whose ages are between 20 to 35, which was also reported by the annual report of jumei.com. Among all the respondents, there are 13 people under 15, 39 people between the age 16 to 22, 74 people between the age 23 to 29, 44 people between the age 30 to 36, 17 people between the age 37 to 43, 15 people between the age 44 to 50, 14 people whose ages are above 51.

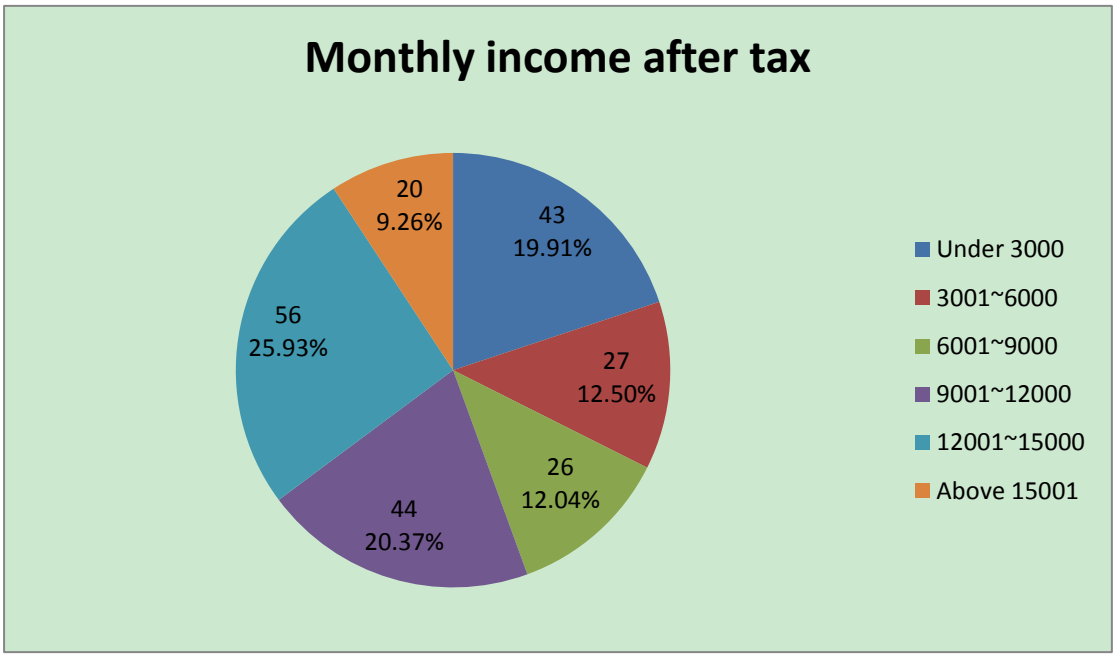
Occupation (Graph 5. 4)



Graph 5.4 Respondents' occupation pie chart

The occupation of the respondents are 50 students, 142 people on work and 24 people belong to others. There is a blank after others to let respondents fill in what group they belong to, however only five of the respondents filled in the blank, and the answers are housewives and retired persons.

Monthly income after tax in RMB(Graph 5.5)



Graph 5.5 Monthly income after tax of respondents

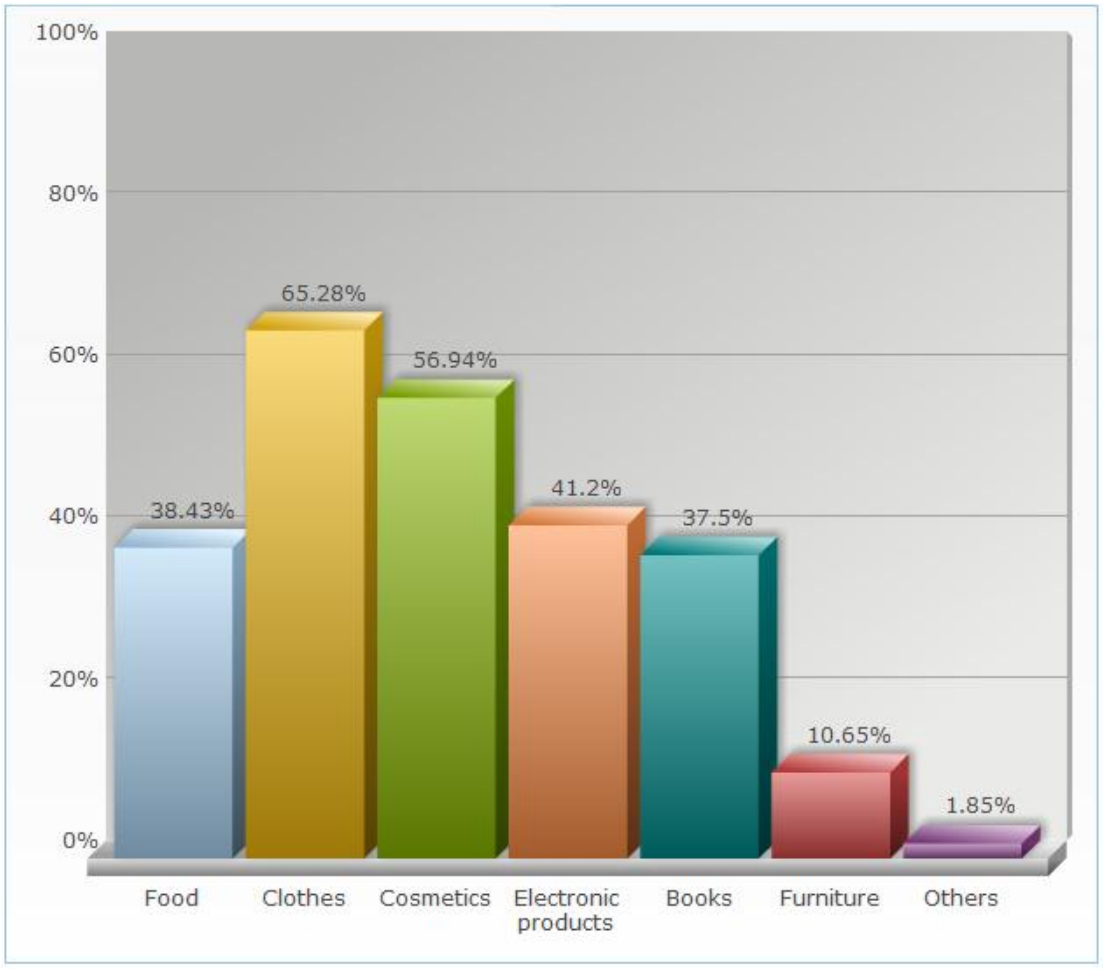
In order to know the general salary level of the respondents, the fourth question concerns the monthly salary after tax, and the answers are divided into ranges. The salaries are measured in RMB, the local currency in China, the exchange rate now is approximately 8.3, it means 1 euro equals 8.3 RMB, considering the living standard in China, 16000 RMB is approximately 2000 euros, which is above average salary on overall criteria. It can be viewed from the chart that respondents whose salary is between 12001 RMB to 15000 RMB occupy the largest part, following is the respondents who have the salary of between 9001 to 12000 RMB. In a cross analysis of the monthly salary with the monthly payment on online cosmetics purchasing, the respondents who have more monthly payment tend to purchase more when shopping online.

5.2 Customer's online shopping experience finding

The customer's online shopping experience include the products that the respondents usually purchase online, the money they pay for online shopping for one month, the frequency of online shopping, the group purchase website the respondents know and

visit, what aspects the respondents emphasize when shopping online.

Products that respondents usually purchase online (Graph 5.6)

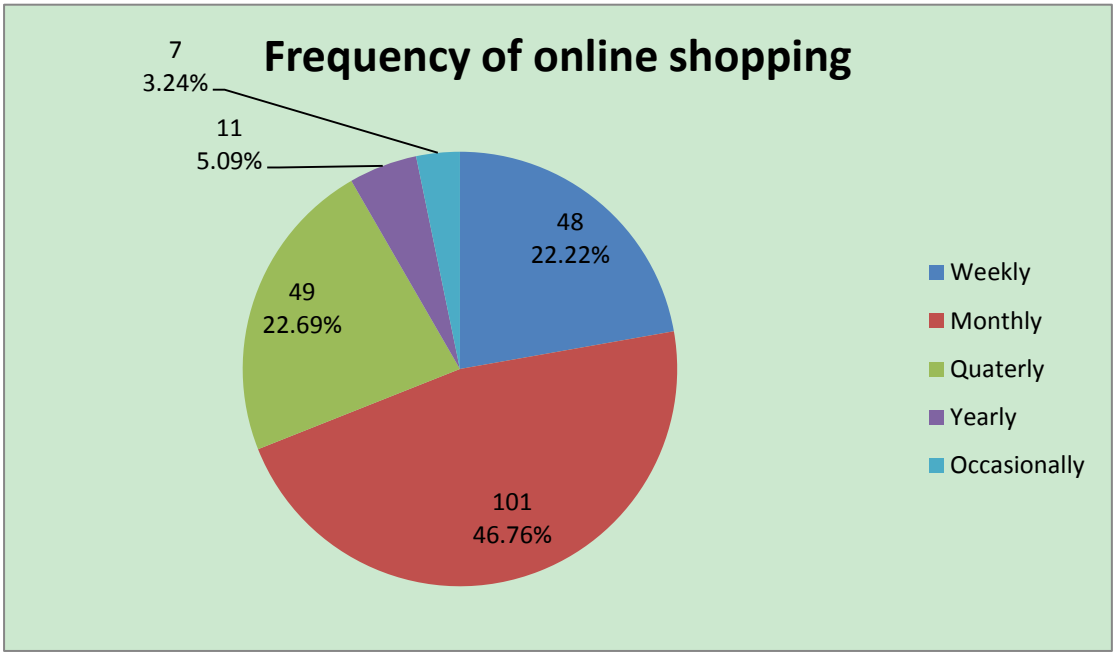


Graph 5.6 Products that the respondents usually purchase online

Question 5 is a multiple choice question, it is aimed to ask what products the respondents usually purchase online, because it is a multiple choice question, respondents can choose more than one choice, they can choose to buy the food, clothes, cosmetics, electronic products, books, furniture and an "other" option, the total percentages together are over 100%, as showed in graph 5.6, clothes and cosmetics are ranked in the front, with 141 persons choosing clothes and 123 choosing cosmetics because the respondents are mainly female, they like to buy

clothes and cosmetics more than other things, following is electronics (89 persons), food (83 persons)and books (81 persons),the furniture has much less times because furniture is different from other products, furniture is heavy and of high price to some extent, it is not so easy to deliver the furniture and fix the furniture. The result supports the activity of jumei.com, from late 2012, jumei.com started to sell a small amount of clothes which brand is ONLY, VERO MODA, CK and others.

Frequency of online shopping (Graph 5.7)



Graph 5.7 Frequency of online shopping

Graph 5.7 shows the frequency of online shopping, through the data, most people buy products online monthly, and then quarterly, however the number of people that purchase quarterly (49) is slightly higher than the number of people that purchase weekly (48) with one more respondent. There are 11 respondents who purchase yearly and the occasional group has 7 persons as the minimum group.

Most important factors in online shopping(Table 5.8)

	Questions	Mean	Missing	Valid
Most important factors in online shopping (1 stands for the least important, 5 stands for the most important)	Better availability of products online than in local shops	4	0	216
	Higher quality products online than in local shops	3.93	0	216
	Lower prices of the products online compared to local shops	3.71	0	216
	Products with more suitable brands than in local shops	3.69	0	216
	Better appearance and functions of the products online than in local shops	3.51	0	216
	Better customer services online than in local shops	3.22	0	216

Table 5.8 most important factors in online shopping

The mode of the six questions are respectively 5 with 119 persons (55.09%) 5 with 100 persons (46.3%), 4 with 82(37.96%), 4 with 83 persons (38.43%), 4 with 68 persons(31.48%), and 3 with 61 persons (28.24%).

Question 7 is an ordinal scaled question, the respondents are asked to grade the more/most important factors when they shop online, as the data showed in Table 5.8, the mean of the choice of better availability of products online than in local shops is the highest, accounting for 4, because the respondents reflect that sometimes they cannot find the products they want in the local malls maybe because they are not living in the big city and there is no such sales counter of the products they want in

the market place, they choose to buy them online in this situation. The higher quality products online than in local shops ranked the second with a mean of 3.93, followed is the lower prices of the products online (3.71) because when selling products online, the seller saves the money in comparison to the actual shops, the cost decreases, then the products can be much lower than in actual shops, the mean of the products with more suitable brands is 3.69 and the mean of better appearance and functions of the products online than in local shops is 3.51, the mean of better customer service is 3.22, it is the least mean, it shows that when shopping online respondents care most about the availability, price, quality and brands of the products, care less about the appearance and functions of the products and the online customer service.

The group purchase websites that the respondents know except jumei.com (Figure 5.9)

After the jump logic set of question 8, there are 195 respondents left to continue to answer the next questions.

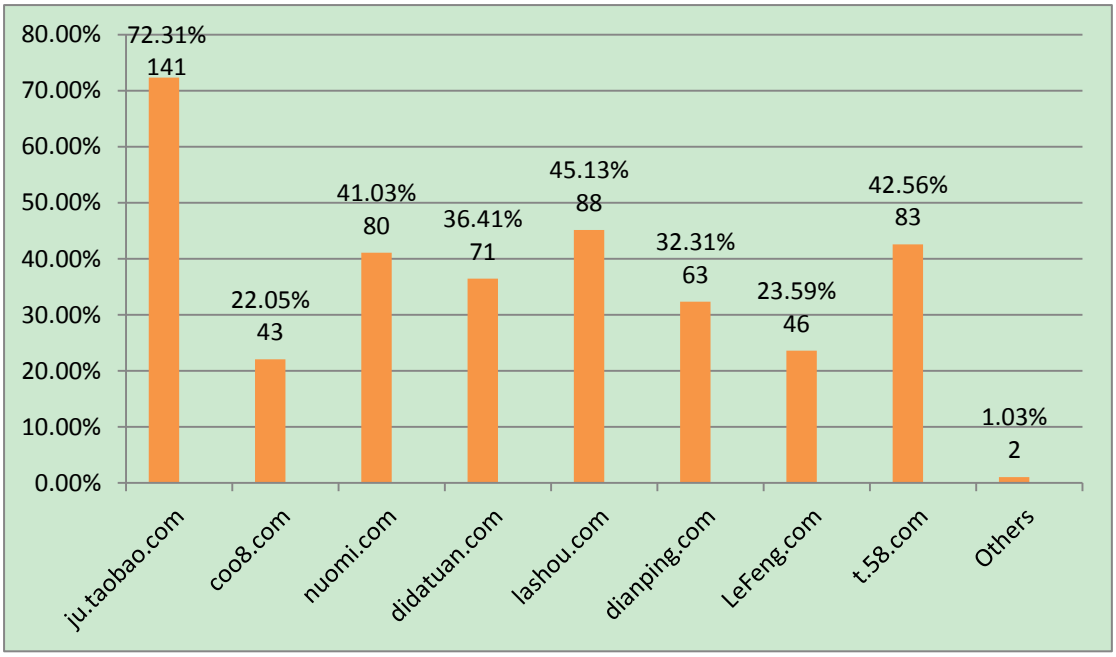


Figure 5.9 The group purchase websites that the respondents know except jumei.com

Question 9 is a multiple choice question, it gives most of the famous and popular group purchase websites in China to let the respondents choose which one they know, they can choose more than one group purchase website in the display and an “other” option. There are two persons choosing others, they note that the others are respectively the strawberrynet.com and the chinatogo.com. Since there are 21 respondents who do not know jumei.com are stopped at the eighth question for not being able to continue the questionnaire, the respondents answering the following questions are familiar with jumei.com, and they may also know and use other group purchase websites, these websites can be the competitors of jumei.com. The biggest is ju.taobao.com with 141 people choosing it, followed is lashou.com with 88 people choosing it, t.58.com with 83 people choosing it, nuomi.com with 80 people choosing it, didatuan.com with 71 people choosing it, dianping.com with 63 people choosing it, LeFeng.com with 46 people choosing it and coo8.com with 43 people choosing it.

The group purchase websites that the respondents use except jumei.com (Figure 5.10)

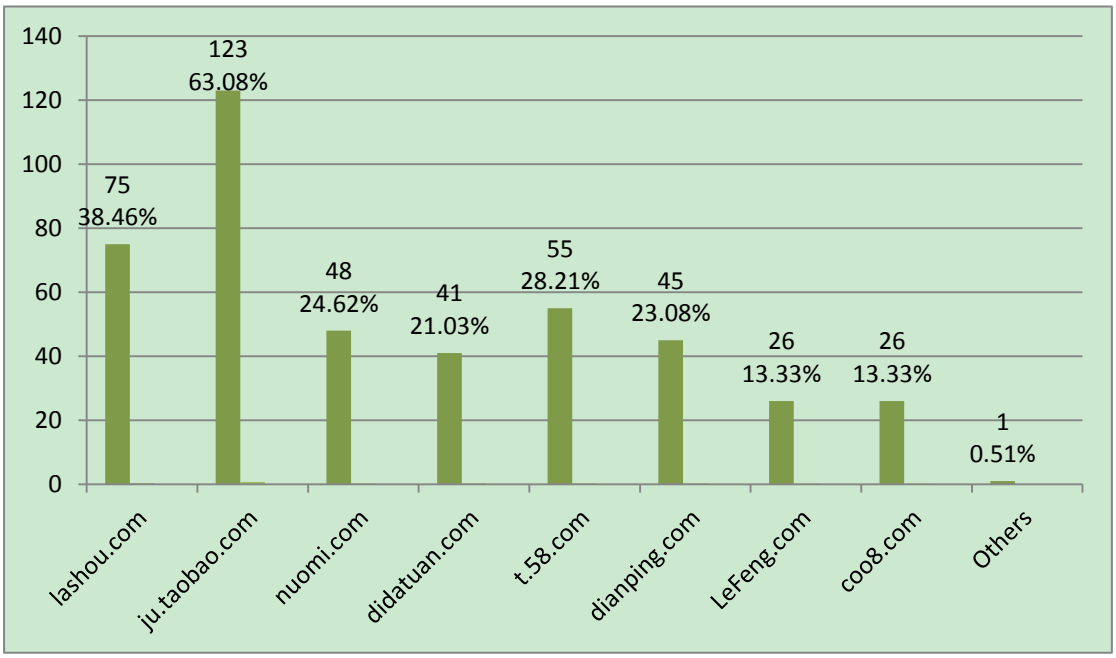
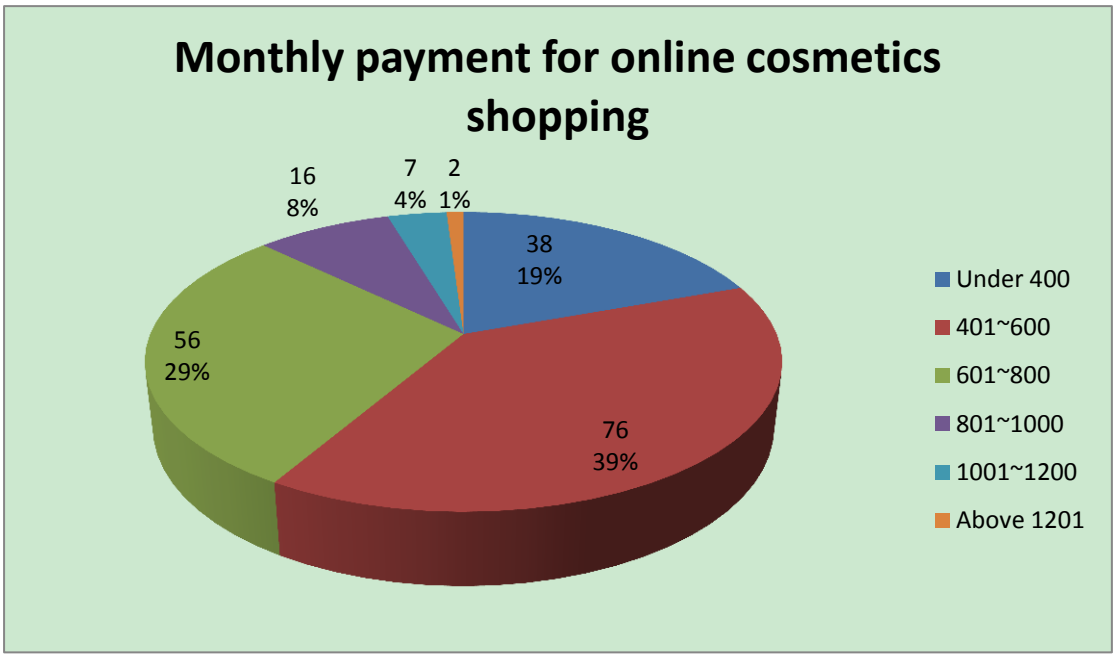


Figure 5.10 The group purchase websites that the respondents use except jumei.com

Figure 5.10 shows the group purchase websites that the 195 respondents use except jumei.com, ju.taobao.com still occupies the biggest part with 123 choices, and then is lashou.com with 75 choices, t.58.com with 55 choices, combined with figure 5.9, it can be seen that ju.taobao.com together with lashou.com and t.58.com is big challenge for jumei.com to compete.

Monthly payment for online cosmetics shopping (Graph 5.11)



Graph 5.11 Monthly payment on average for online cosmetics shopping

In the pie chart, it can be viewed that most people (76) pay 401 to 600 RMB for purchasing cosmetics online, there are 56 persons spending 601 to 800 RMB to purchase cosmetics, 38 persons spend under 400 RMB per month, 16 persons spend 801~1000 RMB per month, 7 respondents choose 1001~1200 RMB and very few people use more than 1201 RMB to purchase cosmetics online per month. Since the cosmetics online is not so expensive as the products sold in the super mall, it is much

cheaper even it is international famous brand. Therefore besides to attract customers to spend more to buy the products, to attract as more consumers as possible is another important thing.

More/Most important factors when buying cosmetics online (Table 5.12)

	Questions	Mean	Missing	Valid
Most important factors when buying cosmetics online(1 stands for the least important, 5 stands for the most important	Better availability of cosmetics online than in local shops	4.04	0	195
	Better quality of cosmetics online than in local shops	3.94	0	195
	Cosmetics with more suitable brands than in local shops	3.69	0	195
	Lower prices of the same cosmetics online compared to the local shops	3.51	0	195
	Better customer services of cosmetics online than in local shops	3.19	0	195

Table 5.12 More/Most important factors when buying cosmetics online

The mode of the five questions are relatively 5 with 109 persons (55.90%) choosing it, 5 with 87 persons (44.62%), 4 with 75 persons (8.46%), 4 with 69 persons (35.38%) and 3 with 71 persons (36.41%).

This question is similar to question 7 which is also an ordinal scaled question, but it tests more details about the factors that influence the customers' behavior to purchase the cosmetics online. The figure shows that a good availability of cosmetics and the

quality and brand of cosmetics are more important than the price and customer service. Especially many people want to buy some brands of cosmetics like Chanel but actually in China, these products of such international brands cannot be found in small and middle-sized cities, therefore many people choose to buy them online.

5.3 E-commerce components finding

In this chapter, the specific information such as the promotion tools, customers' feeling towards the products, prices, website design , packaging of products and customer service is introduced through data analysis.

Ways to know jumei.com (Figure 5.13)

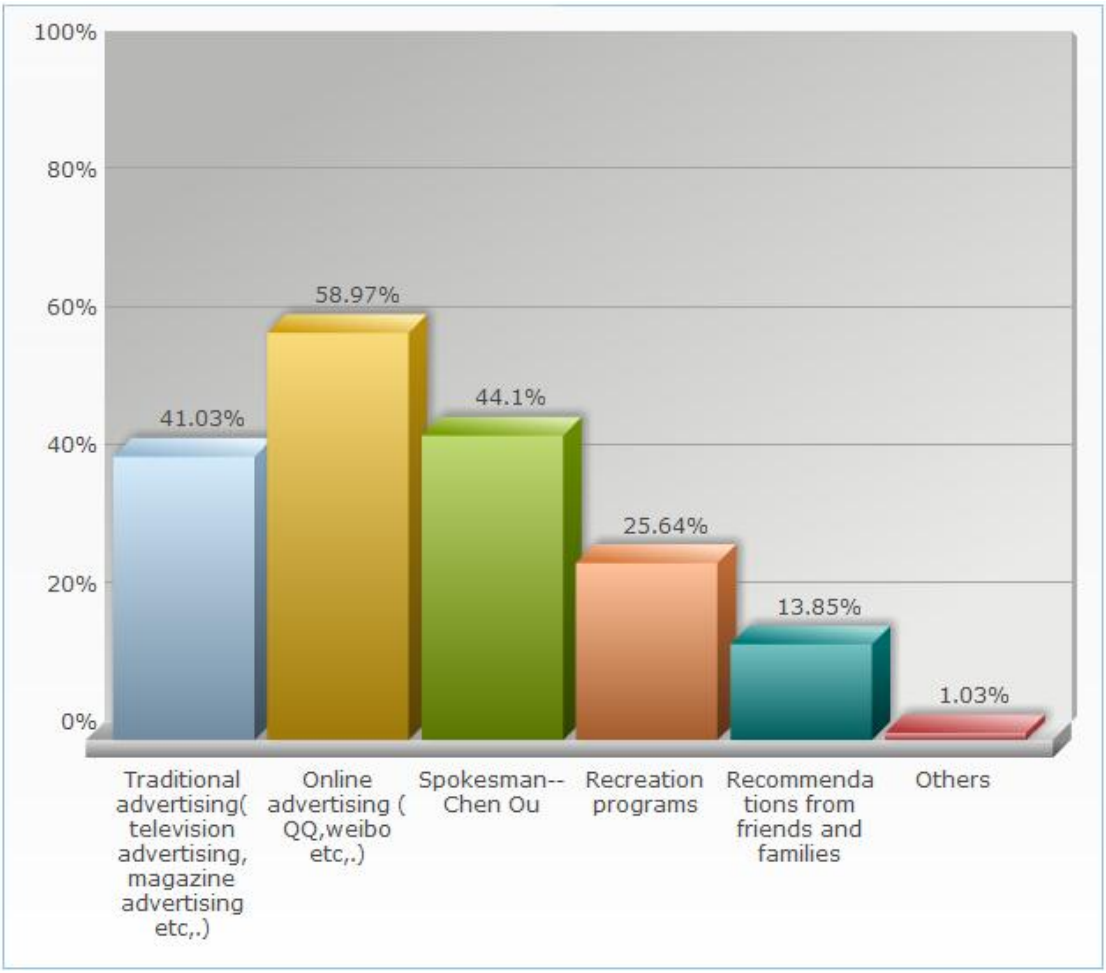


Figure 5.13 Ways to know jumei.com

This question is used to know the effectiveness of different promotion ways of jumei.com. It is a multiple choice question. There are 115 people choose that they know jumei.com through online advertising (QQ, weibo etc.), 86 people said that they know this brand because of its starter Chen Ou, 80 respondents said they get to know jumei.com through traditional advertising (television advertising, magazine advertising etc.) 50 people know it through recreation programs and 27 people know it through recommendations from families and friends.

As an online shopping platform, jumei.com has an advantage of promoting its brand and products online such as advertising its brand and products in the search engine, on the webpage of some famous instant message tools (QQ, weibo etc.) Jumei.com also attaches great importance on off-line promotion, for example, on the wall of the subway stations in Beijing, the newest products, discounts and some activities can be found easily. The spokesman is also a walking advertisement for his own company. He participated in many recreation programs like some television recruitment programs, in this program, he always shows great thirst in absorbing excellent employees and often he gives the highest salary in the industry to the same job position, these activities build a positive image of jumei.com, moreover there are some female and male fans of him shop on jumei.com just for the trust of him. For example, in the first day of March which is the third year birthday of jumei.com, there are many activities on the website to benefit the customers, and a week before this ceremony, the CEO has spread this good news in his personal weibo.com and also suggested the customers not to buy the products now in order to save money to get more benefits in the first day of March, on the same time he also kept the benefits as a secret to make people curious about what will happen on that day, many famous television programs hosts and superstars reposted his weibo and make announcements for him, what is more important is that the official weibo of jumei’s cooperation brands also reposted this news and prove that their products on jumei.com is authentic.

This kind of information spreading is nearly free of charge but has great impact. Jumei.com is now making up for the lack of advertisements before to make itself famous in China.

Respondents' opinions towards the website design of jumei.com (Table 5.14)

Questions	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly Agree	Total
The page layout is well formed	2	8	25	110	50	195
The contents are useful	2	4	42	121	26	195
The information is updating timely	2	2	78	93	20	195
The running speed is Quick	2	20	87	66	20	195

Table 5.14 Respondents' opinion towards the website design of jumei.com

Among the four descriptions, the first three has the most respondents to agree, the first three items have relatively 110 persons (56.41%), 121 persons (62.05%), 93 persons

(47.69%) agree on them. It means that mostly people agree that the website of jumei.com has a well-formed page layout, useful contents and timely updating information, while it cannot be said that the running speed of the website is quick since the biggest part choose the option of neither disagree nor agree in this question, therefore the running speed should be improved. There happens a situation in the first day of March and it makes the improvement of the server of jumei.com more urgent. Because of the successful publicity of the activity for the third year birthday of jumei.com, lots of customers are waiting for shopping on that day, but unfortunately, many of them cannot even enter the home page of jumei.com because there are so many visitors entering together, the server of jumei.com has broken down for traffic. Later Chen Ou posted a weibo saying that if there is no such kind of problem, the turnover that day is 1 billion RMB, and for apologize, the favorable activities will last for another two days.

Products that respondents usually buy on jumei.com (Figure 5.15)

There are many kinds of cosmetics on jumei.com, while it can be divided into three big categories. One is the international top cosmetics brand, one is the international cosmetics samples, the third is jewelry and bags. Others may be the make- up tools such as the make-up cotton.

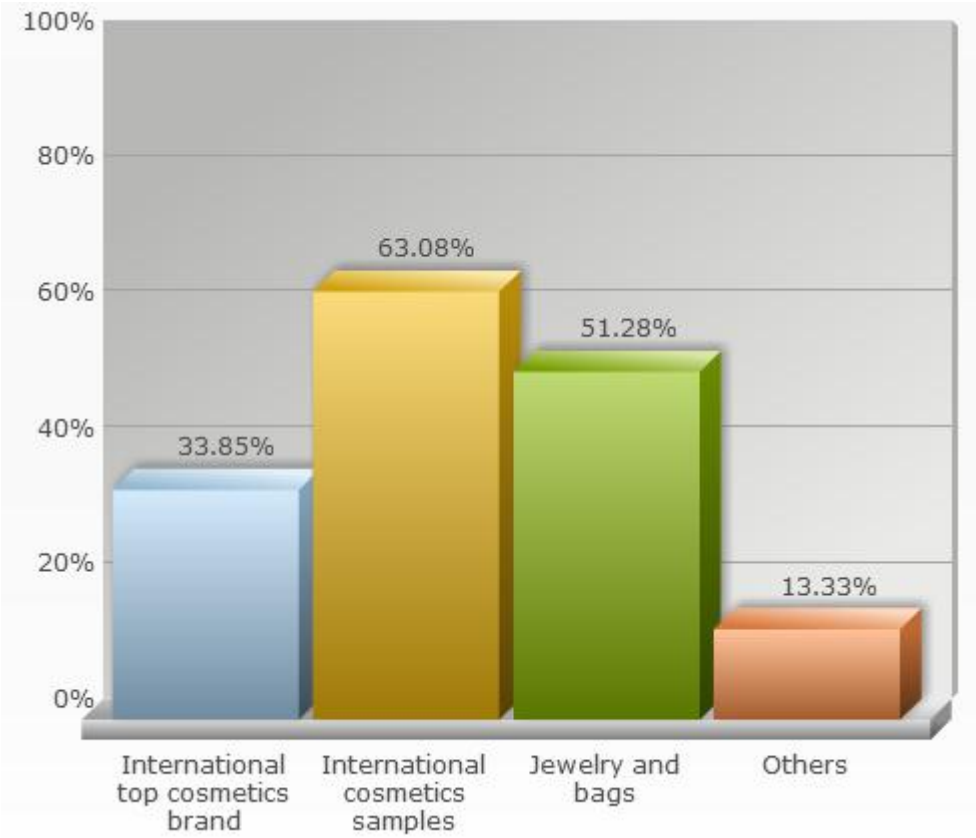


Figure 5.15 Products that respondents usually buy on jumei.com

The Figure 5.15 shows that there are 123 persons choosing to buy international cosmetics samples, 100 respondents choose to buy jewelry and bags, only 66 choose to buy international top cosmetic brands and 26 choose to buy other products. Just seeing the price from the website, the international top cosmetics are much higher than other products, when the prices are high, customers have to think twice before buying it. About other products, when the questionnaire is finished, jumei.com says that they will stock quality milk powder products at a 10% discount and sell it online with a 50% discount, it is a business at loss, but Chen Ou said it is not a promotion war to break down the industry, they just want to thank the customers supporting jumei.com for the three years and for the celebration of the three-year birthday of jumei.com, they will provide the purchased material list to the customers.

Respondents' opinions towards the prices of the products on jumei.com (Figure

5.16)

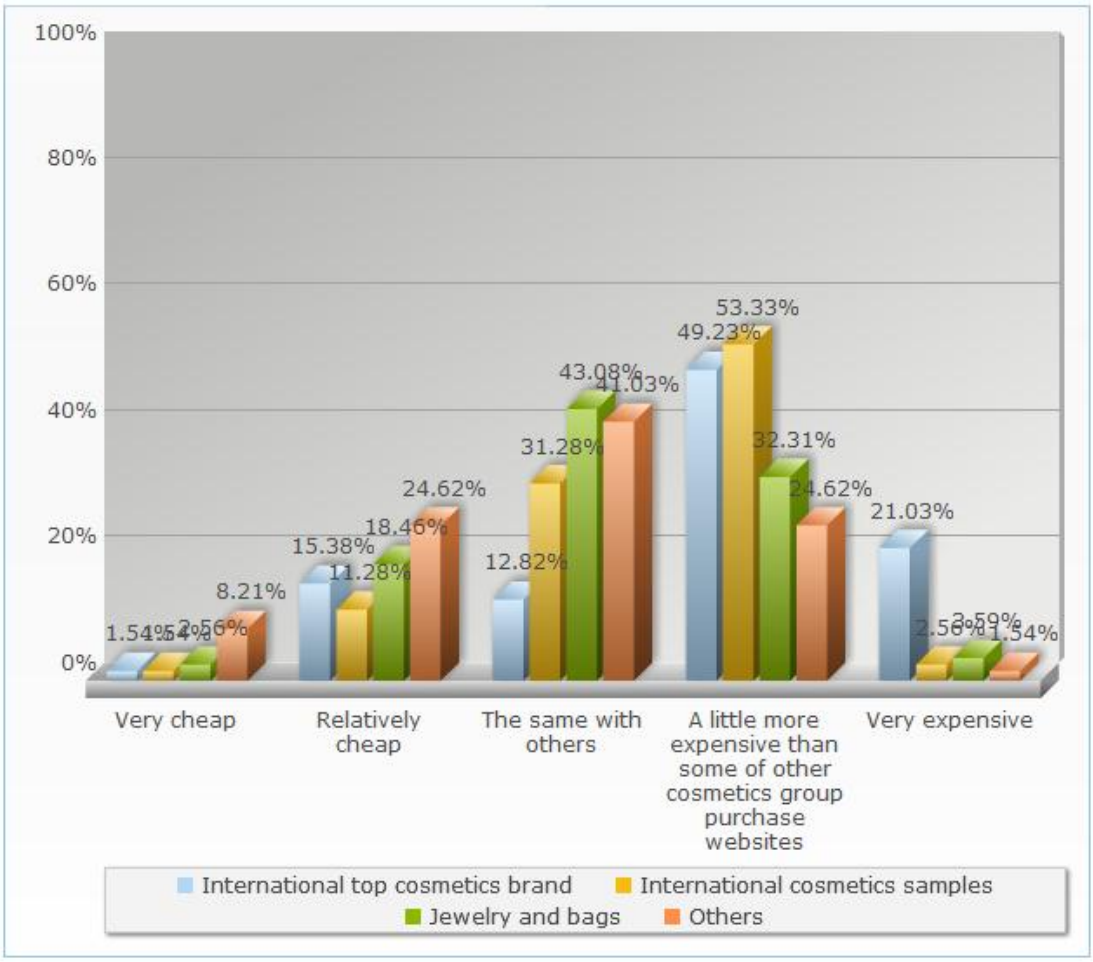


Figure 5.16 Respondents' opinion towards the prices of the products on jumei.com

Based on Figure 5.16 conclusions can be drawn that the prices of the international top cosmetics brand and international cosmetics samples are a little more expensive than some of other cosmetics group purchase website. They think that the prices of jewelry and bags and other products (except the newly milk powder) are the same with other group purchase websites.

Respondents' opinions towards the packaging of the products (Figure 5.17)

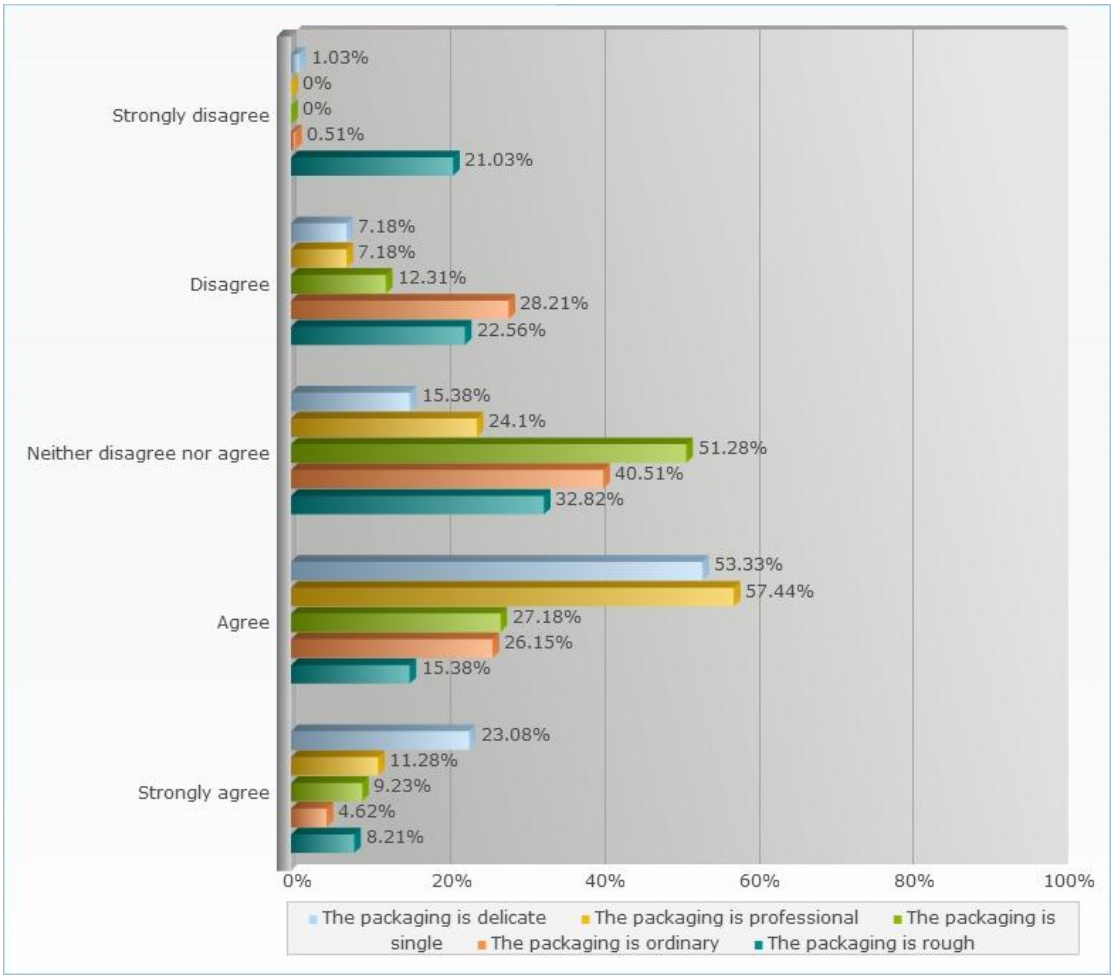


Figure 5.17 Respondents' opinions towards the packaging of the products

104 persons agree that the packaging is delicate, accounting for more than half of the number of the total respondents, 112 persons think the packaging is professional, accounting for 57.44% of the 195 respondents. When talking to if the packaging is ordinary or rough, mostly choose neither disagree nor agree. While it can be seen from the data that there are more than quarter of the respondents think the packaging is single and ordinary. Therefore the packaging of the products should be improved on these two aspects.

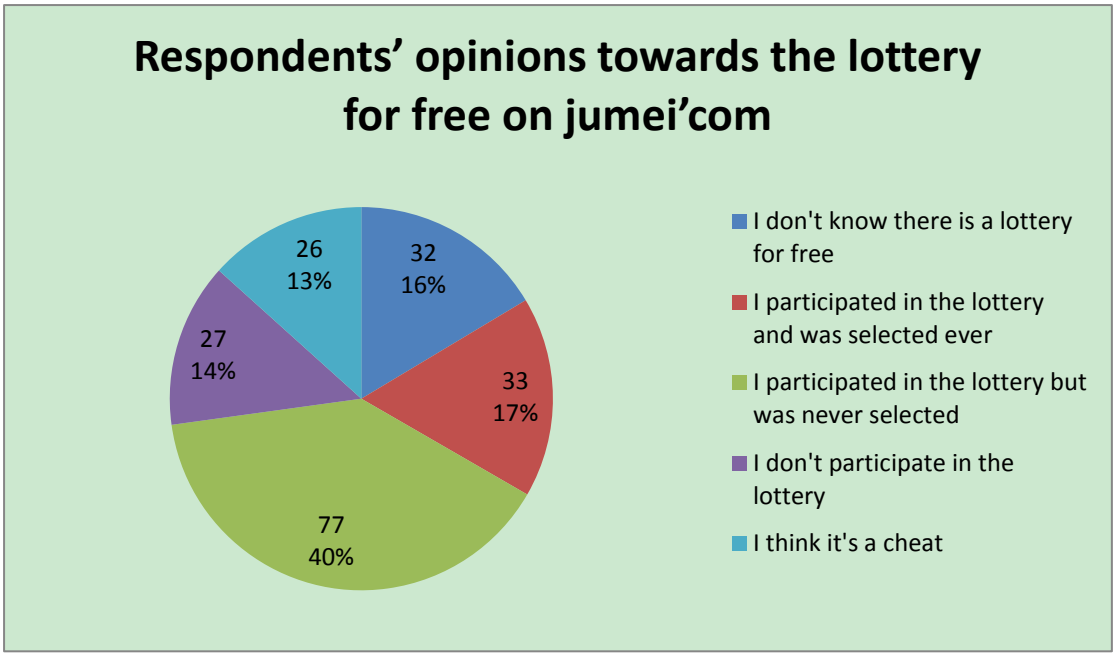
Respondents' opinions towards the online customer service of jumei.com(Table 5.18)

Questions	Answers				
	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly Agree
The online customer service is patient	1 (0.51%)	8 (4.1%)	30 (15.38%)	107 (54.87)	49 (25.13%)
The online customer service respects customers	0 (0%)	5 (2.56%)	49 (25.13%)	115 (58.97%)	26 (13.33%)
The online customer service is enthusiastic	1 (0.51%)	10 (5.13%)	83 (42.56%)	76 (38.97%)	25 (12.82%)
The online customer service answers questions in time	0 (0%)	29 (14.87%)	85 (43.59%)	67 (34.36%)	14 (7.18%)
The online customer service can address the customer's questions fully	7 (3.59%)	47 (24.1%)	71 (36.41%)	53 (27.18%)	17 (8.72%)

Table 5.18 Respondents' opinions towards the online customer service of jumei.com

107 persons think that the online customer service is patient, 115 respondents agree that the online customer service respects customers, however the largest proportion of the respondents neither disagree nor agree that the online customer service enthusiastic, the online customer service answers questions in time and the online customer service can address the customer's questions fully. There is a certain amount of respondents (47, 24.1%) think that the online customer service cannot address their problems fully and there are 29 persons think that the online customer service cannot answer questions in time. In a personal interview of one of the respondent who disagrees that the online customer service can answer the question in time, the respondent said that she seldom communicated with the online customer service, only once she clicked the button to inquire some questions but she waited for a bit longer. In order to serve the customers better, the number of online customer services should be expanded to improve the service quality and the customer service should be trained more carefully.

Respondents' opinions towards the lottery for free on jumei'com (Graph 5.19)



Graph 5.19 Respondents' opinions towards the lottery for free on jumei'com

Free lottery is a promotion method on the website to give benefits to customers, the customers who apply for the lottery are selected, there are limited numbers of applicants being selected, the lucky customer will get some cosmetics for free to test and then write down their own testing experiences.

From graph 5.19, it can be viewed that mostly there are 77 persons who have participated in the lottery but never been selected, accounting for 40% of the total number, it is the largest part of these options. There are 33 participants that were selected to get the gifts for the lottery, the proportion is 17%. 32 persons (16%) do not know the existing of the free lottery and 27 respondents (14%) know the lottery but don't participate it. The number of the respondents who think the free lottery is a cheat is slightly lower than the people who know the lottery but never participate in it, it is 26 persons, the ratio is 13%.

Respondents' opinions towards products of jumei's own brand(Figure 5.20)

Jumei.com has already brought up products of its own brand, this question is set to see the loyalty of the respondents. Originally jumei.com sells products of other brands completely, recently, the own brand department of jumei.com stopped the cooperation with the supplier of the hot sales products, turned to produce the products with the same category of the hot sales. Such products are cheap and of high added value, it can help jumei.com get more profits.

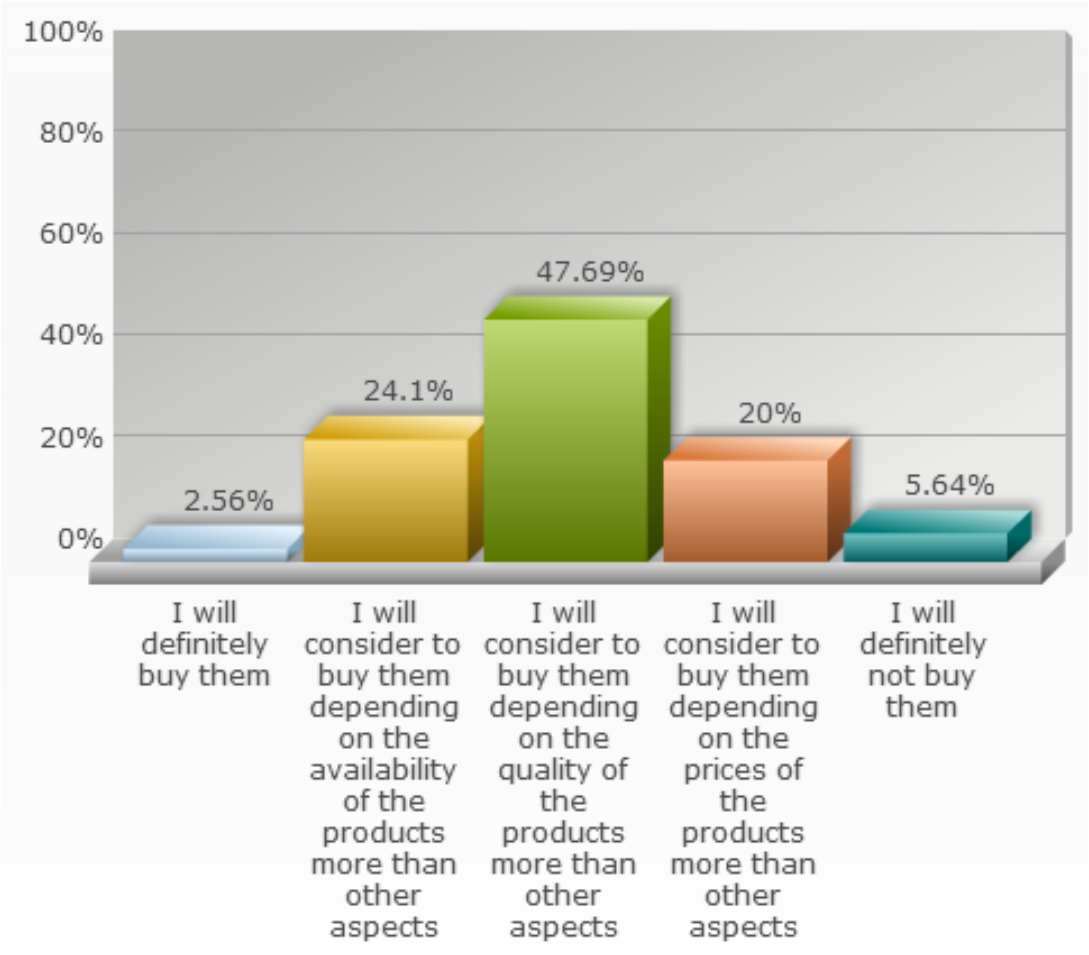


Figure 5.20 Respondents' opinions towards products of jumei's own brand

The result shows that the people who will definitely not buy the products are 11 persons, while the people who will definitely buy the products are only 5, less than half of the brand opposite. Most people (93 persons) will consider to buy them on the quality aspects, the percentage is 47.69%. the result shows that the brand loyalty of jumei.com is not sound at all, jumei.com has a long way to promote the products of its own brand. And paying attention to the products quality is an important method to attract more customers to build brand loyalty.

6. CONCLUSION

In this chapter, the summary of results is presented, the practical validity and reliability and its connection to the theories are discussed, and the advices to jumei.com according to the survey, and suggestions for future study are given.

6.1 Summary of results of the survey

The survey is conducted to solve the research problems mentioned in chapter 1 , the research problems are as follows:

- What is the customer's online shopping experience?
- How do customers feel about the brand elements of jumei.com (website design, packaging and online services)?
- What are the attitudes of the customers towards the products, prices and distribution channels of jumei.com?
- What is the customer's feeling towards the products of jumei's own brand?

According to the empirical findings, the following conclusions can be drawn to solve the research problems.

- Customers mostly like to shop online monthly or quarterly and spend money in the range of 401 to 600 RMB to buy cosmetics online, besides the local shops, the main competitors of jumei.com is some other group purchase websites like ju.taobao.com, lashou.com and t.58.com. When purchasing cosmetics online, the customers care more about the availability, products quality and brands of the cosmetics.

- Customers think that the running speed of the website is not so quick and packaging is single and ordinary, the online customer service can't answer the

questions in time and can't address all the inquiries from the customers. In the personal interview they said these problems hinder their purchasing enthusiasm on jumei.com.

- Most customers know jumei.com through online advertising and the CEO of jumei.com- Chen Ou, the rate of recommendations from families and friends is relatively low. They think the overall prices of the international top cosmetic brands and international cosmetic samples are a little higher than other similar websites, the prices of jewelry and bags are the same with others.

- Nearly half of the respondents choose that they will buy the products depending on the quality of the products, the number of people who will trust the products of jumei's own brand and will definitely buy the products of its own brand is very small.

6.2 Meeting requirements of marketing research

The validity and reliability of the survey is discussed in detail here.

Validity The required information like the customer online shopping experiences and the specific information about respondents' opinion towards the products, prices, promotion tools, website design, packaging etc. are collected. Some personal interviews are done to get more information about the last open question. The information collected through the online questionnaire is valuable and can be used to conduct the survey.

Internal validity The concepts in the theoretical part can provide background of the survey and the theories met with the empirical findings well, for example, the knowledge of internet and marketing is introduced as support of the background of the study, the online advertising is an effective promotional tool, it meets the result of the survey because most respondents get to know the case company through online

advertising. The website function provides outlines to design the relevant questionnaire and the website promotion helps to give suggestions and advices to the development of the case company. The customer satisfaction is achieved when the experienced quality exceeds the expectations and the expectations are affected by the announcement and promise by the company, because jumei.com always declares that it has the lowest price on the internet, it gives customers high expectations and promise, the result is that respondents think the prices of jumei.com are not as low as the company announces, therefore their service quality is not so high. The related knowledge of service quality is used to measure the online customer service of the case company and to provide suggestions. The consumer buying behavior is influenced by the customer's age, lifestyle, economic situations, occupation etc., the theory is a support of the design the second part the online questionnaire, it measures customers' online shopping experiences in some aspects.

External validity The results generated from the survey can be of external validity to some point. The respondents' basic information together with the respondent's online shopping experience can be used to measure the situation of other online B2C cosmetics providers as well, but the third part of the specific information of the respondents' opinions towards the e-commerce components of the case company cannot be used to measure to measure the performance of other companies.

Reliability During the design and release of the online questionnaire, the related respondents are selected to answer the questionnaire, the original responses the author received are 225, while there are 9 responses coming from the same IP address, the 9 responses are deleted for ensuring the validity and reliability of the survey. Also, after the survey, the author did some personal interviews with some of the respondents through internet to get more information since the last open question didn't get so many responses. If the survey is re-conducted, the similar results will be got because although the respondents who answer the questionnaire are different, because the results of the online questionnaire and the short interview are mostly in homogenous

with the theories and the practical development of the case company. Therefore the survey is seen as valid and reliable.

6.3 Advices to jumei.com

Since the last question of the questionnaire is an open question and it did not get so many responses, the author did personal interviews to some of the customers in order to ask what aspects they think jumei.com can improve, in the process, the author receives some advices through the interview and the data collected from the online questionnaire.

As mentioned in chapter 5, the running speed of the official website should be improved, it is a matter of online system. According to customer's online shopping experience, jumei.com may sell some other products more than cosmetics such as clothes .Then customers have different views of the prices of the products in different categories, to the same products, someone thinks the price is higher while someone thinks the price is lower, one method to attract the customers and to remove the doubts of the customers towards the prices is to give the prices of the local shops and other websites on the internet to let the customer to compare. About the packaging of the products, jumei.com can design various packages to suit products with different characteristics, and in the interview, some customers said that when packaging the products, there is a situation of waste in the use of the materials for example they use big box to put small bottles of perfume, the packaging should also conform to the principles of environment protection, in this way jumei.com can get the customers' support better. About the online customer service, the number of people employed to be customer service should be expanded to provide the information in time and the customer service should be trained to answer the customers' questions as more as possible. Furthermore, some customers reflect that the goods that have discount within limited time are almost the same for many times, the coupons are limited to be used in short time period, and it is easy to pass over the ruled using time. Some

customers still have doubts about the true and false of the products, jumei.com should take more actions such as testing its products in the public to give confidence to the customers or set up its off-line shops to let customers touch the products. From the last multiple question, it can be viewed that the products of jumei's own brand still has a long way to go, jumei.com should still build its own brand loyalty through advertising the products of its own brand. The department of jumei.com should pay attention to this advice and improve the products and services.

6.4 Suggestions for future study

During the process of the survey, some suggestions are talked about, because the survey is conducted through an online questionnaire, this method is single and the data collected may not represent the real situation, in a future study, more interviews and other data collecting methods can be added into the survey process.

One more advice is that when editing the questionnaire, the open questions should be treated carefully, because when designing the questionnaire, the open question is not set to be the essential question, many respondents are lazy to write down some words therefore many people leave the last question blank and then submit the questionnaire. It makes some difficulty in retrieving the answers and giving advice to the case company thoroughly.

6.5 Afterword

At first the research problem is too wide but after the adjustments it finally focuses on the customer's survey towards the marketing promotion aspects. The thesis takes about three month to complete from the beginning of choosing topic and the case company in December 2012, the result of the thesis can be partly used in other online cosmetics business, like the online customer's shopping experience part, the respondents' monthly payment of online cosmetics shopping, the frequency of online

cosmetics shopping, the factors that they focus more when buying products and especially cosmetics online and the perception of the main group purchase websites. While the results of the third part that referring only to some important aspects of jumei's business can't be used to measure other business.

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APPENDIX 1:

Original Chinese Questionnaire

聚美优品基于顾客感知的市场营销调研

您好！ 聚美优品作为中国最大的化妆品团购网络发展至今，得到了很多顾客的支持，为了能得到客户的真实反馈意见以更好的为客户提供服务和提升聚美的品牌建设，特制此问卷调查问卷表，希望您真实作答， 问卷会花费大约 5 分钟的时间。 本问卷采取不记名方式，所得结果只做学术研究之用，绝不对外公开，请放心作答，谢谢您的支持！

1. 您的性别：［单选题］［必答题］

○ 男 ○ 女

2. 您的年龄段：［单选题］［必答题］

○ 15 岁以下 ○ 16~22 ○ 23~29 ○ 30~36 ○ 37~43 ○ 44~50 ○ 51 岁以上

3. 您目前从事的职业：［单选题］［必答题］

○ 学生

○ 在职

○ 其他

4. 您目前的月收入：［单选题］［必答题］

○ 3000 以下 ○ 3001~6000 ○ 6001~9000 ○ 9001~12000

○ 12001~15000 ○ 15001 以上

5. 您经常在网上购买什么产品？［多选题］［必答题］

□ 食品

□ 衣服

☐ 化妆品

☐ 电子产品

☐ 书籍

☐ 家具

☐ 其他

6. 请问您经常网购吗？［单选题］［必答题］

○ 一周一次

○ 一月一次

○ 一季度一次

○ 一年一次

○ 几乎不

7. 您在网上选购产品时更看重什么 ？（1 代表最不重视， 5 代表最重视） [矩阵量表题] [必答题]

	1	2	3	4	5
在网上能够获得实体店买不到的商品	○	○	○	○	○
在网上买的产品质量更好	○	○	○	○	○
在网上买的产品品牌更合适	○	○	○	○	○
网上的同类产品比实体店价格低	○	○	○	○	○
网上商品的外观和性能更好	○	○	○	○	○
网上有更好的客户服务	○	○	○	○	○

8. 你知道聚美优品是一个化妆品团购网吗？［单选题］［必答题］

○ 是

否　　（请跳至第问卷末尾，提交答卷）

9. 您除了聚美还了解以下哪些团购网站［多选题］［必答题］

拉手网

聚划算

糯米网

滴答网

58 团购网

大众点评网

乐蜂网

库巴网

其他

10. 目前您除了聚美用过哪种团购网站进行团购［多选题］［必答题］

拉手网

聚划算

糯米网

滴答网

58 团购网

大众点评网

乐蜂网

库巴网

其他

11. 您是否在团购网上买过化妆品？ [单选题] [必答题]

是

否 (请跳至第问卷末尾，提交答卷)

12. 您一个月在网上购买化妆品的金额是多少？ [单选题] [必答题]

400 元以下

401~600

601~800

801~1000

1001~1200

1201 元以上

13. 您在网上购买化妆品的时候更看重什么？（1 代表最不重视， 5 代表最重视） [矩阵量表题] [必答题]

	1	2	3	4	5
在网上能买到实体店买不到的化妆品					
网上购买的化妆品的质量更好					
网上有更合适的化妆品品牌					
网上同类化妆品的价格比实体店更低					
网上购买化妆品能够得到更好的客户服务					

聚美优品消费调查

14. 您是通过何种渠道知道了解聚美优品的: [多选题] [必答题]

传统媒体（如电视广告，杂志等）

网络媒体（如 QQ， 微博等）

- [ ] 代言人--陈鸥
- [ ] 娱乐节目
- [ ] 朋友，家人推荐
- [ ] 其他

15. 您对聚美优品的网页设计有什么看法？［矩阵单选题］［必答题］

	极度不同意	不同意	中立	同意	非常同意
网站布局很合理	○	○	○	○	○
内容很实用	○	○	○	○	○
信息更新又快又及时	○	○	○	○	○
网站运行速度很快	○	○	○	○	○

16. 您在聚美优品网站上一般购买何种产品（可多选）［多选题］［必答题］

- [ ] 国际高端品牌化妆品
- [ ] 国际高端品牌化妆品小样
- [ ] 首饰包包
- [ ] 其他产品

17. 您认为聚美优品上的产品价格怎么样？［矩阵单选题］［必答题］

	非常便宜	相对便宜	和其他地方一样	比同类化妆品团购网要贵一点	很贵
国际高端品牌化妆品	○	○	○	○	○
国际高端品牌化妆品小样	○	○	○	○	○

珠宝和包包					
其他产品					

18. 您认为聚美优品的产品包装怎么样？［矩阵单选题］［必答题］

	极度不同意	不同意	中立	同意	非常同意
产品包装很精美					
产品包装很专业					
产品包装很单一					
产品包装很一般					
产品包装很粗糙					

19. 您认为聚美优品的线上客户服务怎么样？［矩阵单选题］［必答题］

	极度不同意	不同意	中立	同意	非常同意
线上服务很耐心					
线上服务尊重客户					
线上服务很热情					
线上服务回答问题很及时					
线上服务能解决所有客服的问题					

20. 您认为聚美优品的 0 元抽奖：［单选题］［必答题］

我不知道有 0 元抽奖这个活动　参与并中奖

参与没有中奖　没有参与

认为是假的

21. 如果聚美优品推出除了化妆品之外的自己品牌的产品您会购买吗？［单选题］［必答题］

我一定会买

我会考虑根据产品种类购买

我会考虑根据产品质量购买

我会考虑根据产品价格购买

我一定不会购买

22. 您对聚美优品其他方面有何意见或建议？［填空题］

谢谢您的参与！

APPENDIX 2:

Translated English Questionnaire

聚美优品基于顾客感知的市场营销调研

Hello, jumei.com has been supported by customers and developed well so far, for better services and an adjustment of some part of the business in order to improve the marketing strategy and finally to serve the customers better, please help us to complete this survey. This is a questionnaire about the marketing promotion of jumei.com, it will take you about 5 minutes to complete, thank you for your support and cooperation!

Basic information of respondents

1. Your gender:［单选题］［必答题］

Male

Female

2. Your age:［单选题］［必答题］

Under 15

16~22

23~29

30~36

37~43

44~50

Above 51

3. Your occupation［单选题］［必答题］

Student

Worker

Others

4. Your salary for one month after tax: [单选题] [必答题]

Under 3000 3001~6000 6001~9000

9001~12000 12001~15000 Above 15001

5. What products do you usually purchase online? [多选题] [必答题]

Food

Clothes

Cosmetics

Electronic products

Books

Furniture

Others

6. How often do you shop online? [单选题] [必答题]

Weekly

Monthly

Quarterly

Yearly

Occasionally

7. What is most/more important to you, when you shop on-line?(1 stands for the least important, 5 stands for the most important) [矩阵量表题] [必答题]

	1	2	3	4	5
Better availability of products online than in local shops	○	○	○	○	○
Higher quality products online than in local shops	○	○	○	○	○
Products with more suitable brands than in local shops	○	○	○	○	○
Lower prices of the products online compared to local shops	○	○	○	○	○
Better appearance and functions of the products online than in local shops	○	○	○	○	○
Better customer services online than in local shops	○	○	○	○	○

8. Do you know jumei.com as a cosmetics group purchase website ? [单选题] [必答题]

○ Yes

○ No (请跳至第问卷末尾，提交答卷)

9. Which of the following group purchase websites do you know except jumei.com ? [多选题] [必答题]

☐ lashou.com

☐ ju.taobao.com

☐ nuomi.com

☐ didatuan.com

☐ t.58.com

☐ dianping.com

☐ LeFeng.com

☐ coo8.com

☐ Others

10. Which of the following group purchase websites do you use to purchase except jumei.com?［多选题］［必答题］

☐ lashou.com

☐ ju.taobao.com

☐ nuomi.com

☐ didatuan.com

☐ t.58.com

☐ dianping.com

☐ LeFeng.com

☐ coo8.com

☐ Others

11. Have you ever use group purchase websites to buy cosmetics?［单选题］［必答题］

Yes No （请跳至第问卷末尾，提交答卷）

12. How much do you pay for online cosmetics shopping for one month on average?［单选题］［必答题］

Under 400

401~600

601~800

801~1000

1001~1200

Above 1201

13. Which part do you most emphasize when buying cosmetics online? (1 stands for the least important , 5 stands for the most importance) ［矩阵量表题］［必答题］

	1	2	3	4	5
Better availability of cosmetics online than in local shops					
Better quality of cosmetics online than in local shops					
Cosmetics with more suitable brands than in local shops					
Lower prices of the same cosmetics online compared to the local shops					

Better customer services of cosmetics online than in local shops					

Please answer the following questions according to your own impression of jumei.com

14. In which way do you know jumei.com? [多选题] [必答题]

☐ Traditional advertising (television advertising, magazine advertising etc.)

☐ Online advertising (QQ,weibo etc,.)

☐ Spokesman--Chen Ou

☐ Recreation programs

☐ Recommendations from friends and families

☐ Others

15. What do you think of the website design of jumei.com ? [矩阵单选题] [必答题]

	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
The page layout is well formed					
The contents are useful					
The information is updating timely					
The running speed is quick					

16. What kind of products do you usually buy on jumei.com ? [多选题] [必答题]

☐ International top cosmetics brand

☐ International cosmetics samples

☐ Jewelry and bags

☐ Others

17. What do you think of the price of the products on jumei.com ? [矩阵单选题] [必答题]

	Very cheap	Relatively cheap	The same with others	A little more expensive than some of other cosmetics group purchase websites	Very expensive
International top cosmetics brand	○	○	○	○	○
International cosmetics samples	○	○	○	○	○
Jewelry and bags	○	○	○	○	○
Others	○	○	○	○	○

18. How do you feel about the packaging of products of jumei.com ? [矩阵单选题] [必答题]

	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
The packaging is delicate	○	○	○	○	○
The packaging is professional	○	○	○	○	○
The packaging is single	○	○	○	○	○

The packaging is ordinary	○	○	○	○	○
The packaging is rough	○	○	○	○	○

19. What do you think of the online customer service of jumei.com ? [矩阵单选题] [必答题]

	Strongly disagree	Disagree	Neither disagree nor agree	Agree	Strongly agree
The online customer service is patient	○	○	○	○	○
The online customer service respects customers	○	○	○	○	○
The online customer service is enthusiastic	○	○	○	○	○
The online customer service answers questions in time	○	○	○	○	○
The online customer service can address the customer's questions fully	○	○	○	○	○

20. What do you think of the lottery for 0 RMB on jumei's website : [单选题] [必答题]

○ I don't know there is a lottery for free

○ I participated in the lottery and was selected ever

○ I participated in the lottery but was never selected

○ I don't participate in the lottery

I think it's a cheat

21. If jumei.com brings out products of its own brand, will you buy them ? [单选题] [必答题]

I will definitely buy them

I will consider to buy them depending on the availability of the products more than other aspects

I will consider to buy them depending on the quality of the products more than other aspects

I will consider to buy them depending on the prices of the products more than other aspects

I will definitely not buy them

22. Do you have any suggestions or advices upon other aspects of jumei.com ? [填空题]

Thank you for your cooperation !