# FACTORS RELATED TO CHINESE CUSTOMERS' ONLINE PURCHASE INTENTION: THE CASE STUDY OF JINGDONG.COM ONLINE SHOPPING'S CUSTOMER IN CHINA

**Li Zhuo Zhen[1], Arti Pandey[2], Surachai Traiwanmakij[3], Komm Pechinthorn[4], Jirangrug Samarkjarn[5]**
International College Of Rajamangala University Of Technology Krungthep (ICUTK)
*Email: 756817279@qq.com[1], arti.p@mail.rmutk.ac.th[2], Surachai.t@mail.rmutk.ac.th[4], Komm.p@mail.rmutk.ac.th[4] , Jirangrug.s@mail.rmutk.ac.th[5]*

**Abstract :**    In the past two decades, the development of China's Internet industry has been very rapid. Many service industries around the Internet have also been on the rise, of which, online shopping has become the fastest growing Internet industry chain. This study will focus on analyzing customer's online purchase intentions, the researchers found four variables that have a relationship with customers online purchase intention. Primary data of this research were collected by online and offline questionnaires which were distributed to Chinese customers' who has ever used JD.com service to found how JD.com service related to customers' purchase intention. In this thesis, researchers collected 273 questionnaires to summarize the correlations among the independent variable and dependent variables. The results showed that all three independent variables which are perceived reputation, customer attitude and convenience variable are statistically significant and have positive relationship with customer's online purchase intention.

**Keywords :**    *Consumers' awareness of online shopping in China, Perceived Reputation, Customer Attitude, Perceived Risk and Convenience Variable.*

## 1.    Introduction

The main reason for conducting this study is to analyze the correlation between the factors that affect Chinese customers' online purchase intentions, and to understand the reasons that affect online purchase intentions.

Researchers have found that there are some useful factors that may affect

customers' willingness to buy online. These factors are related to the online purchase intention of Chinese customers. They are perceived reputation, customer attitude, perceived risk and convenience. JD Mall was founded in 2004 by the current CEO Liu Qiangdong. It was formerly known as "JD Multimedia Network", and its initial sales were computer products. In 2011, JD.com had 25 million registered users and 1,200 suppliers, accounting for 35.1% of China's B2C market.

JD.com vertically integrated the information department, logistics department and sales department. In the logistics and distribution of JD, it is necessary to use JD self-pickup and JD self-pickup. At present, JD's self-service couriers have been able to cover the detailed information of JD's self-service logistics coverage areas in most parts of mainland China. When JD self-service logistics cannot reach the area, it will forward the package to a third-party express. JD.com has established logistics centers and warehouses across the country. Items purchased on JD will be shipped to nearby warehouses. As of the end of April 2016, JD's distribution line has 60,000 employees.

Consumer behavior is the study of the process of individual or group cognition, choice, purchase, use of products/services and experience to meet their own wishes and needs. Consumer behavior research can effectively help companies understand consumer behavior and needs. Provide scientific decision-making basis for enterprises to formulate marketing strategies. While, customer attitude is about the customer's perception of online shopping, regardless of whether they really accept this type of purchase (Ajzen in 1991).

Perceived risk is been known as the potential loss or unsatisfactory result that may exist during online shopping, and then the loss borne. Online purchases have not brought about the negative effects of traditional physical stores (Bhatnagar et al., 2000). For example, consumers cannot directly evaluate the quality of goods online (Biswas & Biswas (2004). Perceived reputation is the scope to which buyers believe that the seller is honest and concerned about its customers，it is more depend on company's market and social operation (Lewis & Bridger, 2003). The online store is open all day long throughout the year, providing shop owners with the least or no additional cost of online shopping convenience. Both local and international customers will benefit from companies that provide shopping convenience and will not be restricted by geography or time. Therefore, this may also be a major factor in China (Cheung et al., 2005).

The objective of this research is to deeply study numerous factors by using JD.com as the selected multinational company and to understand more about how each factors affect the online shopping's customer in China.

## 2. Review Of Literature

This article focuses on the research of Customers' Online Purchase Intention. Heng (2003) pointed out that interactivity is the main distinguishing feature between

Internet marketing communication and traditional mass communication media. This area of research can also be linked to the Internet, social media and even customer relationship management (Sasatanun & Charoensukmongkol (2016). La Ferle et al (2002). claimed that the Internet has enabled the balance of power to develop in the direction of the buyer's market, because buyers can find alternative methods through the comparison and selection of different merchants when making purchases, and will not be pressured by sales staff. Consumers may be aware of the reputation of online sellers. Sinha & Kim (2012) mentioned that online sellers' star rating or user praise provides a guarantee for the seller's reputation, integrity and goodwill. Lin (2003) pointed out that to a certain extent, buyers believe that sellers are honest and care about customer needs. Purchasing again based on the information provided by friends, family and colleagues who have purchased is called the customer's recognition of the seller. **Ahuja et al. (2003)** defined that when potential consumers have a demand for goods and the buyer has little or no experience in directly choosing a merchant, the buyer will read or search for third-party opinions (buyer reviews) about its trustworthiness through a lot of reading or searching. Gommans et al (2001) people have an attitude towards almost everything. This attitude is not innate, but acquired. Some of which would eventually create customer loyalty.    Reichheld & Schefter (2000). Ajzen (1991) once the attitude is formed, it is relatively durable and stable, and gradually becomes a part of personality, so that the individual shows certain rules and habit in the response mode. Reichheld & Schefter (2000) there is a big difference between attitude and emotion. Perceived risk is also called perceived risk. It was originally extended from psychology by Anderson & Srinivasan (2003). Bhatnagar et al (2000) regard the Internet as a combination that promotes the consumption of traded goods and services. In this way, local and international customers will get the most benefit from the platform that provides goods or consumer services (Charoensukmongkol and Sasatanun, 2017; Tarsakoo and Charoensukmongkol, 2019).

## 3.    Research Methods

In this study, the researchers conducted an empirical study using a questionnaire and used SPSS statistical software to carry out specific statistical analysis on the survey data to verify the proposed research hypotheses. According to the property of the variables and studied needs, this study will use the following statistical analysis methods:

Researchers collect respondents' data and next is conducted descriptive analysis. It is a process of change the data into graphs to easily explain and summarize information. The general information is calculated include means, frequency, and percentage. For this research, both independent and dependent variables, Perceived Reputation, Customer Attitude, Perceived Risk, Convenience Variable and Online

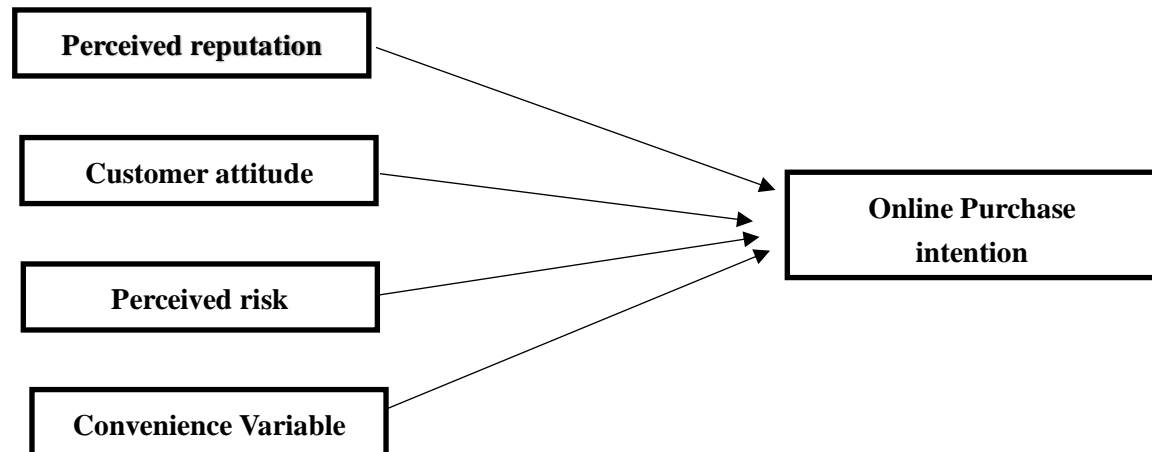Purchase Intention are abbreviated as PR, CA, PRS, CV and OPI respectively.



**Figure 1:   Research Model**

This research focused on analyzing each variable and try to find relationship among them. Therefore, it is necessary to understand correlation among the factors. The following statements will show the objectives of this research.

$H_1$ : To study the impact of perceived reputations towards customers' online purchase intention.

$H_2$ : To study the impact of customers' attitude towards customers' online purchase intentions.

$H_3$ : To study the impact of perceived risk towards customers' online purchase intention.

$H_4$ : To study the impact of convenience variable toward customers' online purchase intention.

## 4.    Results And Discussion

**Sample background analysis**

According to this research and previous studies, researchers distributed 300 questionnaires, collect data from both online and offline. And researchers prepare collect 50 respondents offline as data to do pretest and 250 respondents from online.

Finally, 273 questionnaires are collected and available. There are 27 respondents did not completed questions. Total 50 offline respondents complete all question. Therefore, 273 questionnaires are going to be use in data analysis and measure hypothesis. After identifying the targeted unit, researchers now tries to find the sample

size required for the study. The sample size is affected by similar studies and related topics of average sample size of earlier researches.

**Table 1. Sample background structure**

| Variables | Mean | Standard deviation |
|---|---|---|
| 1. PR | | |
| 1.1 Assurance | 4.332 | 0.680 |
| 1.2 Ability | 3.901 | 0.764 |
| 1.3 Goodwill | 4.524 | 0.521 |

According to table, the highest mean is for "Goodwill", the mean is 4.524, so we can see customer evaluation is so important for shopping mall to sell products. The lowest mean is "Ability." it means respondents are normally do not use brand as their online purchase reference. The mean is 3.901. The lowest standard deviation for "Goodwill." the number is 0.521. The highest standard deviation is "Ability" which is 0.764.

| Variables | Mean | Standard deviation |
|---|---|---|
| 2. CA | | |
| 2.1 Lifestyle | 4.376 | 0.554 |
| 2.2 Purchase Transition | 3.665 | 0.876 |
| 2.3 Customer Behavior | 4.023 | 0.673 |

According to table, the highest mean is "Lifestyle." the mean is 4.376. It means people admit online purchase already influence their way of life. The lowest mean for "Purchase Transition." it has 3.665, it means respondents have some different perception about online purchase. The lowest standard deviation is "Lifestyle." the number is 0.554. The highest standard deviation is 0.876." Purchase Transition".

| Variables | Mean | Standard deviation |
|---|---|---|
| 3.PRS | | |
| 3.1 Web Security | 3.857 | 0.875 |
| 3.2 Product Quality | 4.547 | 0.334 |
| 3.3 Payment | 4.273 | 0.678 |

According to table, the highest mean is "Product Quality." the number is 4.547, and this shows that the interviewee worried to buy some fake products when they use online purchasing service. The lowest mean for "Web Security", it means respondents still concern about safe of online purchase, the mean is 3.857. The lowest standard deviation is "Product Quality." the number is 0.334. The highest standard deviation is

"Web Security," which is 0.875.

| Variables | Mean | Standard deviation |
|---|---|---|
| 4. CV | | |
| 4.1 Service Convenience | 4.332 | 0.612 |
| 4.2 Search | 4.687 | 0.432 |
| 4.3 Transaction and After-sales | 4.358 | 0.328 |

From above table, "Search" has the highest mean, the mean is 4.687, and it means respondents think online purchase open 24 hours is a good service and convenience for them. The lowest mean for "Service Convenience.", it means respondents still think purchase online save time because they don't need go to street, the mean is 4.332. The lowest standard deviation for "Transaction and After-sales.", the number is 0.328. The highest standard deviation is 0.612.

| Variables | Mean | Standard deviation |
|---|---|---|
| 5. OPI | | |
| 5.1 What influences your online purchase | 4.326 | 0.455 |
| 5.2 Reviews on the product | 3.634 | 0.654 |
| 5.3 Will use our platform next time | 4.013 | 0.768 |

From table, the highest mean is "What influences your online purchase." the mean is 4.326, it means respondents accepted the way of purchase online. The lowest mean for "Reviews on the product." the mean is about 3.634, it means there are around half chance that customers will choose online purchase. The lowest standard deviation is question "What influences your online purchase", the number is 0.455 the highest standard deviation is 0.768.

**Table 2. Hypothesis Testing Results**
**Hypothesis 1**

| Correlations | | | PR | OPI |
|---|---|---|---|---|
| PR | Pearson Correlation | | 1 | .726** |
| | Sig. (2-tailed) | | | .005 |
| | N | | 273 | 273 |
| OPI | Pearson Correlation | | .736** | 1 |
| | Sig. (2-tailed) | | .005 | |
| | N | | 273 | 273 |

$H_1$: The result from the analysis shows that perceived reputation is statistically significantly to Chinese customers' online purchase intention with JDo.com (Pearson's Correlation = 0.736) at 0.01 significant level.

**Hypothesis 2**

| Correlations | | CA | OPI |
|---|---|---|---|
| CA | Pearson Correlation | 1 | .476[**] |
| | Sig. (2-tailed) | | .012 |
| | N | 273 | 273 |
| OPI | Pearson Correlation | .476[**] | 1 |
| | Sig. (2-tailed) | .012 | |
| | N | 273 | 273 |

$H_2$: The result from the analysis shows that customers' attitude is statistically significant to Chinese customers' online purchase intention with JD.com (Pearson's Correlation = 0.476) at 0.01 significant level.

**Hypothesis 3**

| Correlations | | PRS | OPI |
|---|---|---|---|
| PRS | Pearson Correlation | 1 | -.527[**] |
| | Sig. (2-tailed) | | .008 |
| | N | 273 | 273 |
| OPI | Pearson Correlation | -.527[**] | 1 |
| | Sig. (2-tailed) | .008 | |
| | N | 273 | 273 |

$H_3$: The result from the analysis shows that perceived risk is not statistically significant to support Chinese customers online purchase intention with JD.com.

**Hypothesis 4**

| Correlations | | CV | OPI |
|---|---|---|---|
| CV | Pearson Correlation | 1 | .794[**] |
| | Sig. (2-tailed) | | .000 |

| | N | 273 | 273 |
|---|---|---|---|
| OPI | Pearson Correlation | .794** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 273 | 273 |

H$_4$: The result from the analysis shows that convenience variable is statistically significantly to Chinese customers' online purchase intention with JD.com. (Pearson's Conelation = 0.794) at 0.01 significant level.
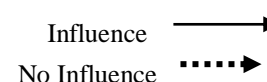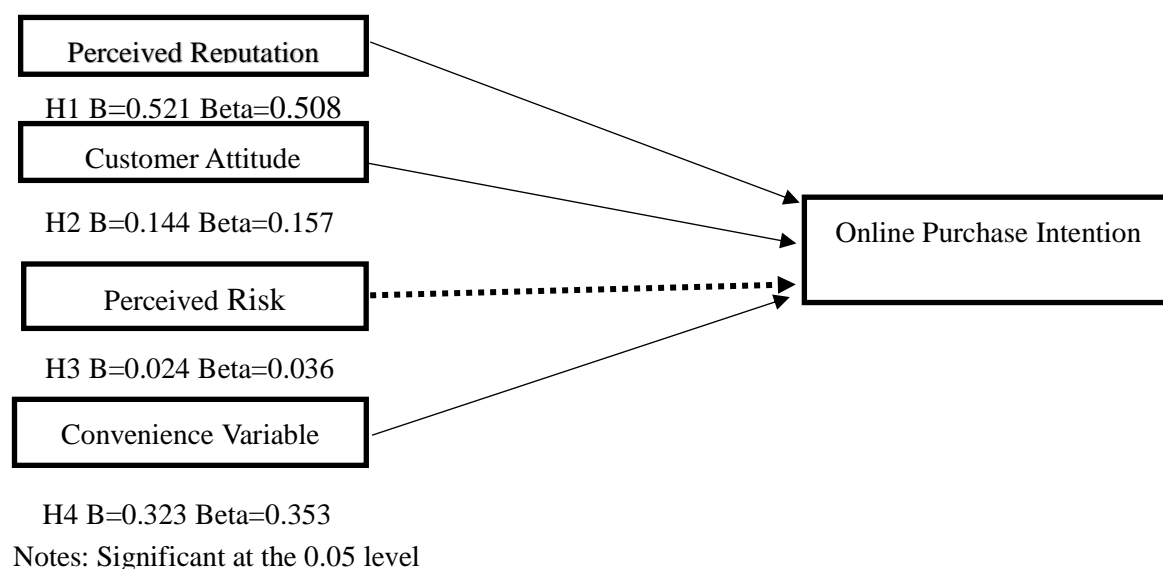
Perceived Reputation

H1 B=0.521 Beta=0.508

Customer Attitude

H2 B=0.144 Beta=0.157

Perceived Risk

H3 B=0.024 Beta=0.036

Convenience Variable

Online Purchase Intention

H4 B=0.323 Beta=0.353

Notes: Significant at the 0.05 level

Influence ⟶
No Influence ┈▶

**Figure 2:    Research Model and Results**

## 5.    Conclusion

Perceived reputation had positive relationship with Chinese customers' online purchase intention with the company (Pearson's Correlation= 0.736) at 0.01significant level (Wijoseno & Ariyanti, 2017). Customers' attitude had positive relationship with Chinese customers' online purchase intention (Pearson's Correlation =0.476) at 0.01significant level. In addition, Convenience also had positive relationship with Chinese customers' online purchase intention (Pearson's Correlation = 0.797) at 0.01 significant level. However, the Perceived risk did not have positive relationship Chinese customers' online purchase intention with the company.

This study tested the connection between four independent variables and Chinese customers' online purchase intentions. These assumptions correspond to the

relationship between perceived reputation and customer's online purchase intention, customer's attitude and customer's online purchase intention, perceived risk and customer's online purchase intention, convenience variables, and customer's online purchase intention.

Some of the hypotheses such as perceived reputation and customers' online purchase intention and convenience and customers' online purchase intention have high correlation with online purchase intention. Therefore, company can more focus on improve those factors and give a much better strategy among those factors. On the anther hand, customers' attitude and customers' online purchase intention, perceived risk and customers' online purchase intention just have medium correlation, but it still can influence online purchase intention, company should also plan some strategy to improve them.

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