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Consumer E-Shopping Options in the US and China: A Perspective

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CN-US E-Commerce Research Project

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I. Background

What constitutes consumer “e-shopping”? Which alternative ways of shopping electronically are potentially available to consumers? If we are to understand the dynamics of e-shopping, we must consider consumers’ behavior within the context of the choices available to them. Accordingly, the primary goals of this paper are to:

a) Propose a taxonomy of vehicles by which one can engage in e-shopping. This categorization is intended to be as comprehensive and exhaustive as possible.

b) Consider how this taxonomy may fit the current and emerging market in the US and China.

c) Suggest several issues meriting attention when comparing e-shopping processes in the US and China.

The observations here are based on the personal observations of the project principals and report contributors, anecdotal evidence and summary conclusions of reports not publically available obtained in the professional literature, as well as on some quantitative evidence. Thus, the ideas should be considered to be suggestions for further analysis.

II. Points of Departure

Extensive research has focused on the drivers and moderators of B2C commerce. The bulk of this literature has approached the issue from a perspective we might label “vendor marketing-consumer consumption.” That is, the interest has been in determining: what leads people to shop online rather than offline, what draws people
to one commercial site rather than to another, and, importantly, what marketers can do to influence consumers’ online purchasing. More recently, research has expanded to include the role of sites other than those devoted strictly to commercial vendors, such as social media and video games.

Illustrative of this body of literature is the work of the project’s principal investigators. Such studies include an overview and introduction to e-business mechanisms (Yang, 2011) and analyses of: the ways in which the contents of online advertising varies with the level of a nation’s socio-economic and technological development (LaRosa, Blake, Javalgi, & Cutler, 2009), the relative appeal of various features of online sites at which consumers can browse and purchase (Blake, Hamilton, Neuendorf, & Murcko, 2010), a methodological paradigm for cross-national comparison of site feature preferences (Blake & Neuendorf, 2004; Blake, Shammata, Neuendorf, & Hamilton, 2009), how the attractiveness of site features depends upon consumer characteristics of innovativeness and Internet experience (Blake, Neuendorf, & Valdeserri, 2005), bridging innovations as transitional mechanisms in preparing consumers for subsequent innovations like online shopping (Neuendorf, Atkin, Geffres, 1998), innovativeness and other such personal characteristics as drivers of online browsing and purchasing (Blake, Neuendorf, & Valdeserri, 2003; Blake, Valdeserri, Neuendorf, & Valdeserri, 2006), effective structure of MySpace music websites (Lieberman, Sito, Blake, & Neuendorf, 2010), effective form and substance features in constructing an eBay auction list (Wu & Neuendorf, 2011), the impact of perceived newness upon online shopping in
Poland’s transitional economy (Blake, Dostal, Neuendorf, & Murcko, 2009), and the effects of in-game advertising on implicit and explicit memory of brands (Skalski & Bracken, 2008).

The B2C online environment is evolving rapidly, however. For example, a substantial amount of e-commerce takes place via C2C sites. Further, social media allow consumers to interact with each other and share information about products, as internet marketers place additional emphasis on customer service and community relationship building strategies. These strategies seek to build brand strength by supporting informational or financial transactions among consumers, but mediated through a business site. Consumers routinely post comments and reviews on shopping sites. Sites whose prime purpose is to aggregate reactions/reviews of consumers are now readily available.

In light of these developments, we feel that the “traditional” vendor marketing-consumer consumption paradigm is now unnecessarily limited. We suggest what we hope is a more viable perspective for understanding consumer e-shopping; we label it consumer communication-consumption. We hope to convey the idea that consumer awareness of products/services is not simply a function of vendor initiated advertising and other communications to passive consumers, not only of consumer initiated browsing activities on vendor sites, but also of interactions among people which are not principally centered around products/services. Included not only are purchases made online for later offline
consumption (such as products shipped to a consumer’s location), but also purchases made online for consumption online or on a computer (such as movies or music).

The purpose of this study is to probe differences in the tools used to facilitate the online shopping experience. We believe that the shoppers’ use of specific tools is a function of consumers’ expectations and the utility that they seek from the shopping experience. For example, Standard models of consumer buyer behaviors have been developed over the years by various investigators (e.g., by Bettman [1979]) and by Booms and Bitner [1981]). In these models, consumers process and interpret marketing mix and environmental stimuli according to their culture, social group and personal and psychological makeup. Together these variables affect consumers’ responses to marketing messages.

Specific behavioral traits vis-a-vis the Internet are also evident. Studies show that the World Wide Web is used quite differently by different groups of people. Illustratively:

- Lewis and Lewis (1997) identified five different types of web users, or rather modes of Internet usage. This research is widely cited in recent studies.
- Styler (2001) describes four consumer buying patterns; these were derived from in-depth home interviews studying behavior across a range of media, including the Internet. These four behavioral patterns are: brand-focused, price-sensitive, feature-savvy and advice-led.
- Rodgers et al (2007) submitted a Web Motivation Inventory (WMI) as a useful framework for understanding different user behaviors during a web session. The four
matters that cut across cultures are: research (information acquisitions), communicate (socialization), surf (entertainment), and shopping.

We suggest that different buying behaviors, or buying motivations, might be reflected in the relative emphasis placed on the type of internet shopping vehicle used. That is, shoppers who use one mix of vehicles may differ systematically from shoppers who use another mix of vehicles in regard to buying motivations, spending styles, etc.

III. Taxonomy of Shopping Vehicles

From the latter perspective we suggest the following categories of shopping vehicles. The examples are from the US market, indicating the applicability of the schema to the US.

A. Multi-Channel E-Commerce

1) **Search Engine** – a website that indexes material on the internet and provides links to information as a response to a query.

*Examples*: Google, Yahoo, Bing

2) **Price Engine** – a price comparison service that indexes prices of products from different retailers so consumers can compare prices of specific products across various brands. These sites do not sell products or services themselves. Customers may post reviews on specific products. This can involve price tracking tools such as price drop alerts or price history tracking.

*Examples*: Shopzilla, Beatthatquote.com, Pricegrabber.com

3) **Online Marketplace** – a type of e-commerce store where product and inventory information is provided from multiple third-parties, and where transactions are processed
by the marketplace operator. They can be highly-specialized (e.g., Etsy) or extremely comprehensive (e.g. Amazon).

Examples: Amazon, eBay, buy.com

B. Production & Distribution

4) Manufacturer’s Website – a site for a person or organization that fabricates/offers products or services, often in one general category such as shoes, apparel, or electronics.

Examples: Serta Mattresses, Nike, North Face, Toshiba

5) Distributor’s Website (Online Retailer) – a site that sells an assortment of manufactured products exclusively from the manufacturers. This is distinct from an online marketplace in that there is no open platform for products to be sold from third-parties. The brand name of a website typically has a corresponding brick-and-mortar establishment.

Examples: Best Buy, Target, Auto Zone, Sears, Macy’s

C. Social Media

6) Social Media Site – a site where users can communicate with one another, create content, and share both user-generated and user collected media (pictures, videos, blogs, etc.) with other users. Content on these sites may include games, web applications, and personalized advertisements. Social media sites allow users to share product information in a less formal setting. Companies can also be involved with social media by having a page that provides information, exclusive deals, and links to their websites. Many social media sites incorporate “microblogging” (described below) as a feature; thus a site like Twitter or Facebook would fall under both of these categories.

Examples: Facebook, Myspace, Twitter
D. **Online Advertising (Banners & Pop-Ups)**

7) **Non-personalized Advertisements** – standard advertisements that are not customized for the user (i.e., each viewer sees the same advertisements)

8) **Personalized Advertisements** – sometimes referred to as “targeted” or “behavioral” online advertising. As someone uses online services and browse websites, these sites use the collected information (search engines, page views, links that one clicks, the user’s location, or other similar data) to help predict which ads will interest someone the most. These advertisements contain links to the vendor’s website.

*Examples:* Google, Yahoo, Facebook

9) **Interstitial** – separate pop-up windows that are displayed before or after an expected content page.

E. **Information-Seeking**

10) **Information Seeking** – most websites could fit in this type of website to some extent; many of them are not necessarily for commercial purposes.

Examples: news websites, science websites, encyclopedias, business news websites, medical information websites, university/college/school websites.

11) **Review Sites** – a site on which people can post reviews for products or services. Some review sites also contain aggregated reviews from professional critics.

*Examples:* Rotten Tomatoes, RateMyProfessor.com

12) **Blogs Websites** – sites generally used to post online diaries which may include discussion forums. Many bloggers use blogs like an editorial section of a newspaper to express their ideas on anything ranging from politics to religion to video games to
parenting, along with anything in between. Some bloggers are professional bloggers and
they are paid to blog about a certain subject, and they are usually found in news sites.

*Examples:* Post Secret, Downandoutchic.com

13) **Forum Websites/Message Board** – an online discussion site where people can hold
conversations in the form of posted messages. They differ from chat rooms in that
messages are at least temporarily archived.

*Examples:* ask.com, yahoo answers

14) **Microblogging** – a communication vehicle in the form of blogging. It is similar to
traditional blogging, except the content is usually smaller in both actual size and the size
of the files; for example, there are usually character limits. These are the “what I’m doing
right now” blogs. Many social media sites incorporate a form of Microblogging into their
platform.

*Examples:* Twitter, Tumblr

15) **In-Game Advertising**—the inclusion of a brand or product in a video game that
features other brands or products. These typically appear in the background and may be
dynamic in-game advertising or ads that function through a player’s Internet connection
and change depending on the player’s location or after a period of time (e.g., Barack
Obama billboards in the video game *Burnout: Paradise* before the 2008 election). In-
game ads may also be interactive, such as when users are allowed to use branded items in
the virtual world.

*Examples:* Courtside advertising in *NBA 2K12*; car brands in *Gran Turismo.*
16) **Advergaming**—casual video games designed to promote a single brand or product, typically. These are almost always free and often appear on company websites. They are also being produced in app form now.

*Examples:* Life Savers games on Candystand.com; Friskies cat games apps on the iTunes

**F. Digital Media**

17) **Pay for Content** – paid access to content but without retaining permanent access to it. The consumers choose when their content “expires” (by not renewing their subscriptions, etc).

*Examples:* newspapers (New York Times), Netflix

18) **Digital Media Stores** – pay for digital media that can be downloaded and saved to one’s computer to be accessed at any time.

*Example:* iTunes

19) **Virtual Goods** – non-physical objects purchased for advancement or use in online communities, or in online games.

*Examples:* Purchases in social media games like Farmville, buying avatar apparel and accessories on Xbox Live marketplace, buying rare objects for *World of Warcraft.*

20) **Electronic Rentals** – products or services where the software is made available for a limited time through a temporary license; the company predetermines when the content expires. The content is downloaded and consumed offline.

*Examples:* SPSS, eBooks, online access codes, Turbotax

**G. Mobile Marketing**

21) **Mobile “Apps”** – software made for mobile devices.

Examples: Chipotle app for ordering food, weather app for weather.com
22) **Text Messages** – text messages sent to consumer cell phones with information about the products and services offered by that company; these texts include a link to the company’s website. Consumers sign-up to receive these text messages either in-store or online.

*Examples:* Vanity Clothing, Earthfare

**H. Electronic Mail Marketing**

23) **Daily Deal E-Mails** – daily e-mails that offer discounted products and services that differ depending on geographic region. Users sign up to receive coupons offered by local businesses. Users do not have the ability to search or browse, they simply choose whether to accept the daily deal or not.

*Examples:* Groupon, Living Social, Daily Deals

24) **E-mail Marketing** – advertisements/coupons delivered to users via e-mail that have opted in to receive them from a particular organization.

25) **Spam** – a form of e-mail marketing that sends identical unsolicited messages in bulk to numerous recipients.

IV. **Application of the Taxonomy to China**

Let us review selected vehicles for their applicability to China.

**No. 1 Search Engine** This may be far less popular in China than in the US as a “starter” for shopping. Google is present ([www.google.com.hk](http://www.google.com.hk)), but the most popular is Baidu ([www.baidu.com](http://www.baidu.com)). It has been reported ([http://top.toocle.com/](http://top.toocle.com/)) that for May 1-19, 2012, Baidu has about half of the market (51.34%). The other engines hold relatively small
portions: Google, 10.65%; Bing, 10.38%; Youdao, 9.64%; Sougou, 9.19%; Sousou, 8.80%.

**No. 2 Price Engine** Presently, this is not particularly popular in China. Why? One possibility is that China has a more centralized online marketing, offering fewer price promotions. Two that are available are airfare engines Qunar (www.qunar.com) and Xiecheng (http://www.ctrip.com).

**No. 3 Online Marketplace** Quite popular now, major ones include:
- Taobao http://www.taobao.com (B to C e-commerce)
- Alibaba http://china.alibaba.com (B to B e-commerce)
- Amazon http://www.amazon.cn
- Jingdong mall http://www.360buy.com
- Vancl http://www.vancl.com

**No. 4 Manufacturer’s Website** Dramatically different than in the US, these are not at all popular.

**No. 5 Distributor’s Website** More and more popular, these are highly competitive. One possible draw for this form of site is that purchase taxes are comparable between those retailers with and those without brick-and-mortar locations.

**No. 6 Social Media Website** China has various social media sites, e.g.:
- www.xiaonei.com
- www.pengyou.com
- www.kaixin001.com
- www.fesion.com

In many ways, China’s are similar to those in the US. For example:
- www.renren.com = facebook.com
- www.weibo.com = twitter.com
- www.youkou.com = youtube.com
- www.tudou.com = youtube.com
- www.qzone.qq.com = myspace.com

**No. 8 Personalized Advertisements** China’s are similar to personalized advertisements
in the US. Through collecting users’ information and online service usage, online service providers employ advertisements intended to be highly relevant to users’ interests and/or contexts. An example is:

http://cn.yahoo.com

**No. 9 Interstitial** Various sites often display advertisements before and/or after one’s requested video.

http://www.youku.com

http://www.tudou.com

**No. 10 Information Seeking** Major news sites are:

Baidu baike website http://baike.baidu.com

China news website http://www.chinanews.com/

Xinhua website http://www.xinhuanet.com/

Renmin website http://www.people.com.cn/

Guangming website http://www.gmw.cn/

ChinaRadio website http://www.cnr.cn/

Fenghuang news website http://news.ifeng.com/

Hudong baike website http://www.hudong.com/

China baike website http://www.chinabaike.com/

Wangyi website http://www.163.com

Xinlang website http://sina.com.cn

**No. 11 Review Sites** This form of user-centered review site is not as widely used in China as in the US. However, there are many expert review sites, for example:

http://www.pconline.com.cn/

http://www.zol.com.cn

http://www.younet.com/

http://www.pchome.net/

http://www.cnetnews.com.cn
Moreover, many general portal sites contain review sections. User reviews are likely to be posted on online shopping sites, related message boards, or fan sites. Good user reviews are often highlighted or flagged by the administrator of a message board.

Notable is CBS Interactive. This has a line of expert sites covering various topics.


No. 12 Blog Websites Notable ones are:

  - China blog website http://www.blogcn.com/
  - Sina blog website http://blog.sina.com.cn/
  - Neteasy blog website http://blog.163.com/
  - Sohu blog website http://blog.sohu.com/
  - Tencent blog website http://blog.qq.com/

No. 13 Forum/Message Boards As noted for No. 11 above, product reviews by consumers are often posted on message boards. Examples are:

  - Tianya forum website http://www.tianya.cn/
  - Mop website http://dzh.mop.com/
  - CDC forum website http://club.china.com/

No. 14 Microblogging Included are:

  - Sina Microblogging website http://weibo.com/
  - Tencent Microblogging website http://t.qq.com/
  - Sohu Microblogging website http://t.sohu.com/
  - Neteasy Microblogging website http://t.163.com/

It has been reported (http://www.wbto.cn/data/) that the top microblogs in December 2011 were:

  - Sina 31.29%
  - Tengxun 18.35%
  - Wangyi 6.66%
Souhu 6.15%

**No.15-18 Digital Media** Digital media products are relatively unregulated and protected in China. It would be fairly easy for regular users to find and access pirated copies of content without payment. Software, mobile apps, video games, movies, mp3 material, etc can be so obtained. The appeal of pirated products may decline as the price of legal products decline. Still, the attraction to pirated copies may remain strong among students and other population sectors with low incomes.

Pay for content sites (No. 15) do exist, e.g.,

- CNKI website [http://www.cnki.net/](http://www.cnki.net/)

**No. 20 Text Messages** An example is the Dangdang website [http://1rd.co/wwwdangdang.html](http://1rd.co/wwwdangdang.html). Selling books, it will send discounts to one’s mobile phone and E-mail in several days. The use of texting may well be pervasive in China. In fact, it frequently may be seen as spam. Without one’s permission and without one’s having an option, advertisements are sent directly to cell phones. Marketers have the ability to do so since consumer information is not secure. We would hypothesize that, due to the widespread use of texting, the use of mail and email is less often used.

**V. Observations On E-Commerce in China**

China is undoubtedly an emerging economic superpower, with an ever-expanding market. It is an exceptionally important country in the global marketplace, and most large corporations must be mindful of China when making decisions.

A. Online shopping in China is growing quickly, and according to research conducted by Boston Consulting Group, China will see exponential growth through 2015 (Walters, Kuo, Jap, & Hsu, 2011). The research indicated that China now has the second largest population of online shoppers (145 million) in the world, falling behind only the U.S. (170 million). China has already surpassed the rest of the world in total
population of Internet users with 457 million – more than the U.S. and Japan combined – and adoption of shopping will only rise with increased Internet usage. Additionally, China has low shipping costs – $1 per kg versus $6 in the U.S. These factors, along with an increased level of comfort, growing consumerism, and affordable Internet, will transform China into an e-commerce giant over the next few years. Figure 1 (Walters et al., 2011) details China’s rapidly expanding e-commerce market in proportion to new internet users.

Figure 1

B. The Chinese e-commerce market is unique in a number of notable ways. First, China is an immense country geographically; this limits the coverage of physical retailers (Walters et al., 2011). Because of this, it is estimated that a quarter of the demand in
China is for products that consumers simply cannot get in stores. Many consumers first contact with a brand or product type occurs through online shopping.

Second, the online shopping process differs as well. For instance, shopping often begins in the U.S. with a search engine; however, due to censorship in China, major retailers can block search engine results, forcing consumers to start their shopping directly from the retail site (Walters et al., 2011). This is done by the largest online retailer in China, Taobao.com. Taobao is massive, and accounted for an incredible 79 percent of transaction value in 2010; in comparison, Amazon accounts for a mere 14 percent of transaction value in the U.S. Taobao includes both a B2C platform as well as a C2C marketplace. The ability of major retailers like Taobao to censor, dramatically changes the online shopping experience in China. Figure 2 (Liyao, 2011) is a screenshot of Taobao mall, Taobao’s B2C platform.

![Figure 2](image-url)
Third, Chinese consumers also demonstrate some distinctive online behaviors. In the U.S., Japan, and the European Union, 41 to 60 percent of shoppers go directly to an official brand or manufacturer website to shop, versus a mere 19 percent of shoppers in China (Walters et al., 2011). This may be due to the fact that foreign brands are often direct translations of home-country websites without much customization for Chinese consumers, and there is rarely any sense of “community,” which is important to attract frequent visits to websites in China.

Finally, Chinese shoppers are the most likely in the world to read and leave online reviews, at rates nearly double those in the U.S. A possible reason for the extensive generation of online comments and reviews is that, if a consumer does not leave a positive comment, vendors often continue to remind that consumer to do so. Also, despite censorship of social media, Chinese consumers are most likely to check these sites for product recommendations and reviews. The driver of this behavior is likely distrust of the products sold online and online merchants. These reviews are far more trusted than offline sources like printed materials or television advertisements.

C. Almost half of urban Chinese consumers have access to a mobile phone, and half of those phones are connected to the internet. These numbers are close to those of developed markets in the U.S., Japan, and Europe. A key area that distinguishes the online shopper in China from other countries, however, is an interest in using their phone in the shopping process (Walters et al., 2011); this includes using their phone to check and compare prices and finding additional product information while
shopping in bricks and mortar stores. As the mobile shopping platforms improve, this will make for an easy transition into more mobile phone purchases.

The opportunities seem to differ among geographic regions (Walters et al., 2011). In urban areas, access to high speed internet on computers will keep mobile shopping as a secondary option. As mobile networks become faster, however, mobile shopping will be further stimulated in these areas.

References


