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E-commerce trend and E-customer analyzing

Online shopping

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ABSTRACT

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Tracing to the history of e-commerce, in the beginning it only shared documents or electronic files through electronic networks, but in the later years it emerged large amount of individuals sharing electronic documents with other people. When e-commerce appeared, many people would like to select and purchase products through typical websites or other e-commerce monitors.

China is one of the largest e-commerce markets in the world, it has from the small retailers developed to the biggest retail markets in the world, and the feature of Chinese e-commerce is degree of centralization. Considering Europe countries, e-commerce websites usually operates independently by main retailers and young people. In contrast, China more than 75% of Chinese e-commerce is transacted on Alibaba, which includes Tmall.com and Taobao.com (C2C sites) (Rijk 2016, cited 11.2.2017.)

During my studies in Finland, I found there are many different online shops in Finland (e.g. Gigantti, HOBBYHALL.FI, STOCKMANN.FI), which are selling home supplies, clothes, and some cosmetics to customers. I found there are more discounts on the website than the physical store, people can easily purchase online and wait product delivered to home. However, some websites do not have language options on the site, which means the language issue, will be a problem for international consumer.

The purpose of this thesis is to analyze e-commerce development in shopping behaviors of Finnish and international students. In addition, I am studying in factors that will affect consumer satisfaction and shopping decisions. Thesis will contain materials from Internet and e-books, questionnaire will help me to analyze the data in the later part. The achievement of this thesis can help people have the clear concept of e-commerce trend in Europe and Asia; meanwhile, it helps startup website holders to start a new online shop in different country.

Keywords: E-commerce trend, analysis, Europe, Asia

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1 INTRODUCTION

Shopping is a popular activity in our daily life, and with the improvement of technology, we can select and purchase products through different vendors, rather than waiting in a long queue in the shopping mall. Doing online shopping is becoming a fashionable trend among people, and young people like operate their own website and pages to provide online services and display products. "Sell and buy" is an old concept, which can be described the behavior when doing e-commerce. In the beginning, Electronic Data Interchange (EDI) and Electronic Funds Transfer (EFT) were used in e-commerce. In the late 1970s entrepreneurs were able to transfer commercial information electronically (Laudon & Taver 2008, cited 22.11.2016.)

According to the statistics displayed in e-commerce-Land Company, the e-commerce sales will likely continue to increase in the coming few years. E-commerce sales in the U.S. retail sector were only 0.6 percent of the total sales in 1999, but the sales have increased gradually from 2000 to 2006 (1.2 percent to 2.8 percent respectively). In 2007 e-commerce sales reached 3.4 percent of the total sales in the US (Laudon & Taver 2008, cited 22.11.2016.)

The purpose of this thesis is to analyze the e-commerce development in the world and the factors that are influencing shopping behavior and consumer satisfaction today. E-commerce in Finland and China will be studied in this thesis. The theory part studies e-commerce management and e-customer. The research part is divided into quantitative research, which includes collecting data through online questionnaire, and qualitative research, which obtains more detailed information from face-to-face interviews.

Source materials in this thesis consist of e-library materials, online references and books in the library. In future, this thesis can help people analyze the shopping behavior of various consumers, and if people want to start their own online shop, the thesis can provide useful information.

2 E-COMMERCE MANAGEMENT

2.1 Background

E-commerce is known as Electronic Commerce, and traditional term referring to this behavior is selling and buying but now through Internet. When people consider e-commerce the things that come to their mind are to select and purchase on the online websites and retailers. E-commerce involves financial and non-financial transactions, and this refers to various aspects such as a communication perspective, business process, and service prospective and online perspective. Some governments' idea is that e-commerce is the transaction via networks and it can happen in any stage a supply chain. In conclusion, e-commerce can be defined as electronic commerce including activity of selling and buying products. It also refers to activities before and after sale throughout the supply chain (Chaffey 2011, cited 29.11.2016.)

As the retail industry continues to change rapidly, retailers need more and more advanced e-commerce strategies to keep up their competitiveness. Nowadays consumers are looking forward to combining online and offline channels, and they are using various devices to make life easier. To have the suitable infrastructure and meet the demands of consumers, the e-commerce management technology needs to be more advanced (Safesforce commerce cloud 2017, cited 12.2.2017.)

Differences of e-commerce and e-business

The U.S. Census Bureau defines that e-commerce means any transaction done under computer-mediated network, which includes the exchange of the ownership or responsibility to use products and services. E-commerce (electronic commerce) is known as the process of buying, selling and paying through Internet, and the main type is an online transaction. It is easy to find e-commerce activities in our daily life, such as online shopping and online banking (Hutt & Seph 2010, cited 5.2.2017.)

E-commerce has two major branches: online purchasing and online shopping. In online purchasing businesses provide a platform where consumers can search for information, select the goods, make an order and submit buying orders. Online shopping businesses offer information of products, and consumers can make comparisons and decisions whether they want to buy or not. These two main branches bring the various online stores into our daily life (Hutt & Seph 2010, cited 5.2.2017.)

E-business (electronic business) refers to doing business involving Internet and electronic devices, and e-commerce (electronic commerce) is one of the vital parts of e-business. E-business is not only defined as online transaction but it also includes the traditional operations of EDI and EFT, some activities in the business such as communicating with clients and employees, as well as contacting with peer organizations. Pure-Play and Brick and Click are two types of e-businesses.

Ohio State University indicates that due to e-business being involved in the business cycle (i.e. production, procurement, distribution, sales, payment, fulfillment, restocking and marketing), it can work for any business. There are four directions for planning business strategy; vertical planning which supports whole website, horizontal planning which aids e-commerce in the areas of relationship and communication, lateral planning, is necessary which in order to have a good management of employees while adding new IT support and business processes to the organization (Chaffey 2011, cited 5.2.2017).

2.2 Types of E-commerce

Business-to-Business

Business-to-business activity can happen online and offline, but the activity of B2B mainly happens in online contexts. It refers to commercial transaction from one business to other businesses. Business can happen in the company or organizations, and a typical situation in business-to-business consists of purchasing activity, employing activity and re-selling activity (WP Engine 2017, cited 1.2.2017).

Business-to-Consumer

As Business-to-business model can happen between two or more companies, business-to-consumer activity differs from it. B2C refers to transactions between businesses and consumers directly, and the consumers are the end-users of companies' services. For example people purchase food online and the online store delivers food to customers within a few days. (Investopedia 2016, cited 1.12.2016.)

Consumer-to-Business

In the consumer-to-business model, consumers or end users can post their products or services on the Internet. Organizations can adopt the products or services to improve their competitiveness during the business process (Techopedia 2016, cited 1.12.2016.)

Consumer-to-consumer

Markets consist of Consumer-to-consumer, business-to-business and business-to-customer markets. Consumer-to-consumer market is not like the traditional market where business/consumer goes to business to buy the products, but C2C market provides the platform where consumers can interact and do business with each other (Investopedia 2016, cited 7.12.2016).

2.3 Development of e-commerce

Electronic commerce is known as buying and selling behavior through Internet. It is easy to find in our daily lives (online billing payment, online shopping). The history of e-commerce can be traced back 40 years (ago). With the new technologies and innovations, people's living cannot continue without e-commerce (Miva 2011, cited 8.12.2016.)

1960-1982

First there was traditional mailing and faxing, and then came EDI (electronic data interchange). E-commerce was the improvement of EDI.

Michael Aldrich in 1979, an English inventor and entrepreneur, did the first implementation of online shopping possibility. He came up with an idea about "teleshopping" which means shopping at a distance (Miva 2011, cited 8.12.2016.)

1982-1990

B2B gained more commercial profits in the beginning, but B2C did not get successful until PC and World Wide Web (WWW) were developed. France launched Minitel in 1982, which allowed telephone subscribers to use it for free. Minitel can connect millions of users to a computing network. Minitel system gained big success by 1999, at which pointed it reached 25 million users and over 9 million Minitel terminals, but unfortunately Minitel service system was shutdown by France Telecom in 2011 and Internet was getting more popular 3 years later (Miva 2011, cited 8.12.2016.)

90's To Present

Tim Berners Lee and his friend Robert Cailliau first published "WorldWideWeb" in 1990. After that, protocols like URL, HTML and HTTP were the developing base on the Internet. From 1991, online shopping and Internet have had significant growth (Miva 2011, cited 8.12.2016.)

Nowadays e-commerce is an outstanding experience. It has altered the view of traditional shopping; multiple channels have already attracted many people's attention. If e-commerce was only a hot topic few years ago,

now it has become a routine in our daily life. People seem to be shopping online in the office or during their lunchtime.

E-commerce today obtains so much prestige because technology offers a platform on the website. People can scan the shape, size of product online, and just make an order. They can select the shipping method and check the delivery phase, rather than spend all day in the shopping mall. There are some luxury products being sold on the websites. However, there are still some problems, like quality issues and size problems. It seems that e-commerce has a long way go to replace the physical store, but it still has chance to achieve that in future. E-commerce today reflects demands of consumers and is meant for people (Ecommerce-land 2004, cited 12.2.2017.)

Global e-commerce still increases rapidly. In figure 1, compared to 2014 online retail was expected to increase by 20 percent by the year-end. The annual growth rate was expected to stay almost as high in the following year. In 2015 the e-commerce was expected to take up 6.7 percent of all retail sales worldwide and it increase to 7.4 percent by the year end (Anders Innovation 2015, cited 26.3.2017.)

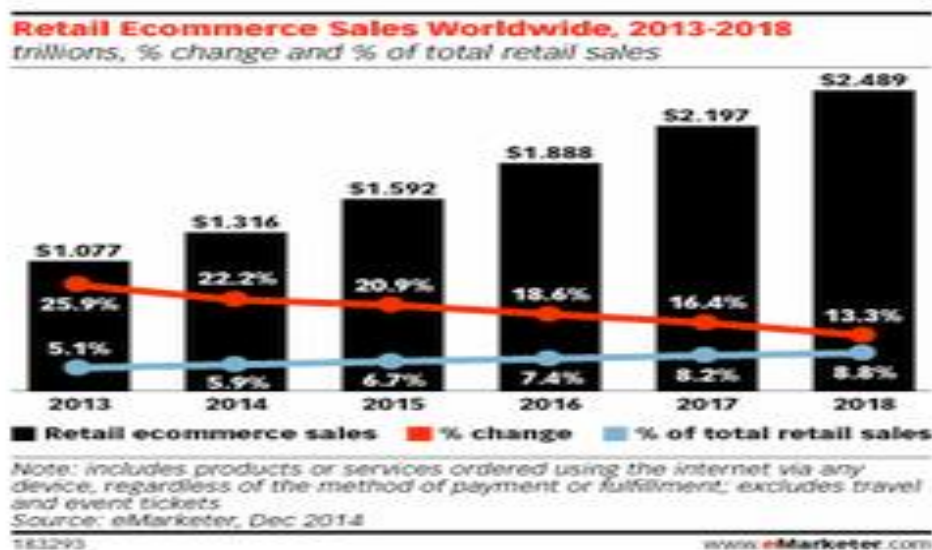


FIGURE 1. Retail ecommerce sales worldwide 2013-2018 (Anders Innovations 2015, cited 26.3.2017)

The young people are a large group, which spends a lot of time on social media. The way to attract this target group is by for example putting advertisements on Facebook or by establishing a real shop in Facebook. There is a problem with young adults because they do not have their own credit card. Recent innovation Apple Pay can deal with this kind of issue, since young adult only need to use the Touch ID fingerprint scanner and the payment is transferred directly from his or her parent's mobile wallet (Anders Innovation 2015, cited 26.3.2017).

E-commerce in Finland

In 2014, Finnish e-commerce increased nearly 9% compared to 2013. The total sales reached 10.5 billion euros, which included online shopping and online services. Considering found popular product categories in Finland, the most significant increases can be in products of medicine, alcohol and pay-tv services. The sales that increased by over 60% were computer and console games, whereas expenditure for movies and downloads increased by almost 40%. It can be seen that media services are getting more popular year by year. Ranking the third most popular product categories are tourism, electronics and gambling. In Finland, there were only 349,000 Finnish online consumers in 1999, but the numbers had a significant growth in 2014, to almost 3,247,000 people in Finland (Ecommerce News, 2014, cited 16.2.2017).

Based on the statistics in 2016 (Figure 2), Finnish e-commerce sales had a dramatic growth. The media industry cover more areas nowadays, and e-commerce industry is strongly networked and becoming more professional. Figure 2 shows that the growth rate increased 36% from 2014 to 2015, and from 2015 to 2016 the Finnish e-commerce soared 40%. It can be predicted that there will be more growth in 2017 (Saari, L. 2016, cited 16.2.2017).

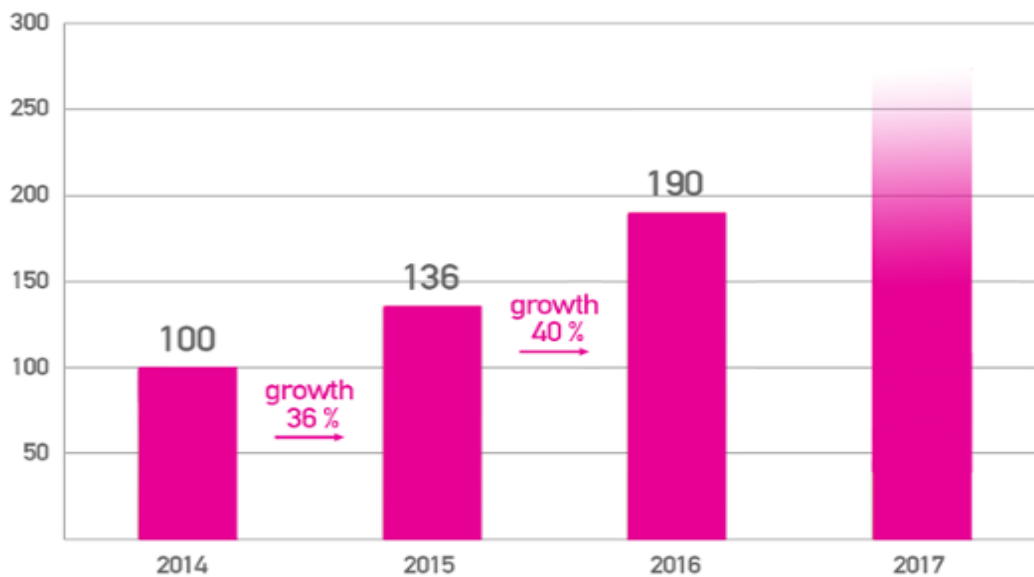


FIGURE 2. Ecommerce payment volume growth in euros (Saari, L. 2016, cited 16.2.2017)

E-commerce in China

In 2015 Chinese domestic GDP growth slowed to 6.9%, but it did not influence the middle-class Chinese people's habit to purchase online, and their demand for overseas products still create many opportunities for some brands and overseas retailers. According to the statistics of Chinese Consumers, expenditure on the online shopping in 2015 reached 3.877 trillion yuan (\$589.61 billion) an increase of 33.3% from previous year. Compared with the US, the expenditure of US online sales was nearly \$341.7 billion in 2015, an increase of 14.6% from previous year. China's online sales exceeded US online sales in 2013, making it by far the world's largest e-retail market (Digital commerce 360, 2016, cited 16.2.2017.)

Middle-class people in China have an interest in foreign products, from iPhone to overseas foods or goods. It is normal to see a foreign brand in China and retail sales increase gradually. Alibaba Group Holding Ltd. reported that Single Day in 2015, over 33% of Chinese consumers purchased international brand products, US products ranking first 24 hours discount event. By June 2015 there were 668 million web users in China, and of 89% of them, almost 594 million consumers, use mobile devices to scan the websites. According to Alibaba sales in one day in November, Chinese consumers purchased \$14 billion products, and 70% of these sales were done through mobile devices (Digital commerce 360, 2016, cited 16.2.2017).

Chinese government adopted a series of steps about overseas products in 2012. The main idea is to enable online consumers more easily purchase overseas products and to establish cross-border e-commerce pilot zones, which already operate in 10 cities. China's custom service offers clearance orders to Chinese consumers and foreign companies could ship orders and store products. After receiving the orders, the companies could send them to customers via the streamlined customs process. Meanwhile, big sized online marketplaces such as Alibaba Group, JD.com Inc and Amazon use some special area in response to the relaxed cross-border rules. A branch like Tmall Global, launched by Alibaba in February 2014, is allowed to do online services to Chinese online consumers, although the foreign company (Alibaba) does not have Chinese business license. Alibaba annual report indicated that Tmall Global sales was increasing a lot in fourth quarter of 2015 (Digital commerce360, 2016, cited 16.2.2017.)

3 E-CUSTOMER

3.1 Online shopping behavior

The relationship between consumer behavior and marketing strategy involves improving the possibility and frequency of buying and understanding the demands and needs of consumers. Sometimes the consumer's demands and motives are inextricably linked; it is hard to identify the exact differences, which may influence them. Consumer may purchase the new cloth to avoid the cold, but the deeply superior need may lead them to follow the latest fashion trend (Bain&Company 2013, cited 5.2.2017).

3.1.1 Finland

Whether different people of ages have different approaches to shopping online have puzzled many retailers. In Finland, there are two generations that have been surveyed by specialists. Generation Y stands for different people born between 1980 and 1995, Generation X represents natives born between 1964 and 1979. The research aim was to explore how digital options influenced people's shopping behaviors (Retail & Ecommerce 2014, cited 9.12.2016.)

Researchers found that during the buying process these two generations used several different sources of information. Both two groups started by searching for an online store, and this method was used by 37% of total respondents. Considering Generation X, the second popular choice is to go to manufacturer's website (26% of total); on the contrast, group only 17% of the younger Generation Y got information first from the manufacturer's website (figure 3) and the same proportion of them went to customers' reviews first (Retail & Ecommerce 2014, cited 9.12.2016.)

Which single information source more affected the final buying decisions was also asked from those X and Y generation groups. There are some typical differences between two generations. The most important factor for older buyers was physical store, which was mentioned by 33%. In Generation Y, only 18% mentioned that was key source. In contrast, among younger generation claimed that consumer reviews and recommendations from friends have much more influence on them than any others, including physical stores and online stores (Retail & Ecommerce 2014, cited 9.12.2016).



Note: n=440

FIGURE 3. Source of information that consumers in Finland turn to first when making a purchase decision (Retail & Ecommerce 2014, cited 9.12.2016)

3.1.2 China

Bain & Company finished a study about shopping habits in 40,000 Chinese households. The range of the analyzed categories includes personal goods and home products, drinks and packaged foods. These four are the largest consumer goods categories, which covered more than 80% of China's consumer products (Bain&company 2013, cited 5.2.2017).

According to the study, shoppers like to purchase various brands in one occasion, the more they purchase, the more brands consumers want to select. The popular purchase categories include skin care, biscuits and candy. But in some particular categories, shoppers would like to purchase the same brand casually, such as milk and baby care (Bain&Company 2013, cited 5.2.2017).

According to figure 4, among all categories, there are very similar behaviors in terms of the brands purchased and the frequency of buying every year. While buyers tend to purchase frequently, they tend to buy more various brands. Although brand is very important to Chinese shoppers, they do not often consider buying the same brand (Bain&Company 2013, cited 5.2.2017).

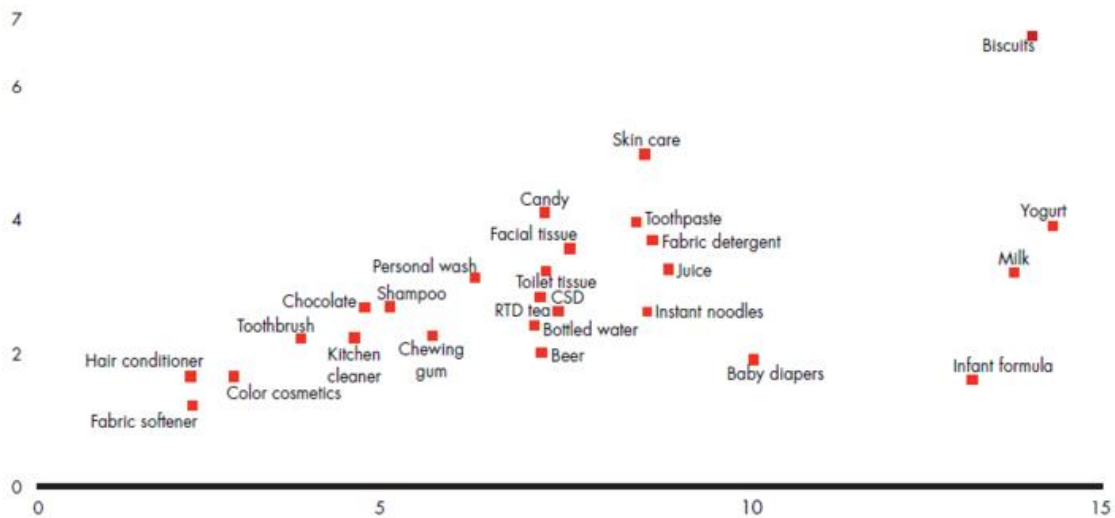


FIGURE 4. Category purchasing frequency (Bain&Company 2013, cited 5.2.2017)

In figure 5, the most frequent purchasing online group is middle-class in China. People now are awareness of product brand and they willing to buy high quality products or services. Obviously, repeated shopping behavior is the base for brand loyalty. Consumers of young and well known with ability of buying online accounted for the largest number of online users in China. The statistics indicated that in 2012, the men online users accounted for 52.3% of total online shoppers exceeding the women by 4.6%. There is a cultural differentiation in China, as we know that young people between 25 and 30 are the main group doing online purchasing (29.9% of total expenditure). These people mainly come from the Northeast part of China (Digital commerce 360 2016, cited 16.2.2017.)

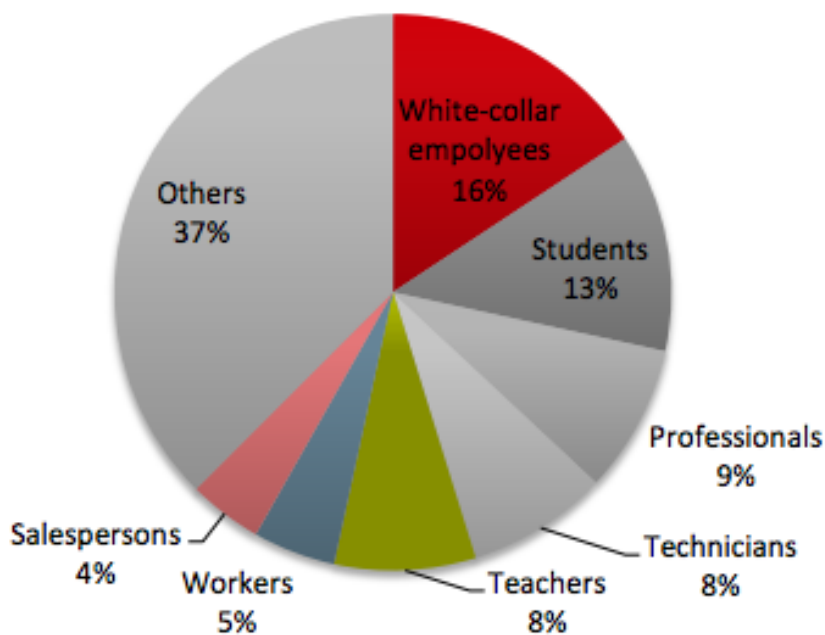


FIGURE 5. China Online Shoppers (China e-commerce 2014, cited 16.2.2017)

The study indicates that post-1980s generation is becoming a crucial part in Chinese economy, because of its increasing workforce contribution and expenditures online (Meng Jing 2015). The people aged between 26 and 35 referred to as Generation Y have defined themselves as the main driving force in economic growth. In addition, Alibaba group states that the age under 28 accounts for 40 percent of total transactions in Taobao (China watch 2015, cited 26.2.2017).

Taobao reported (figure 6) that the online transactions reached 1 trillion yuan in 2014. Among online consumers aged 50 to 70, there were more transactions of perfume, hair dyes and outdoor sports. People aged 35 or below dominate online purchasing. However, people aged 45 and below remained the biggest buyers, which prefer to buy home appliances, furniture and wealth management products (china watch 2015, cited 26.2.2017).

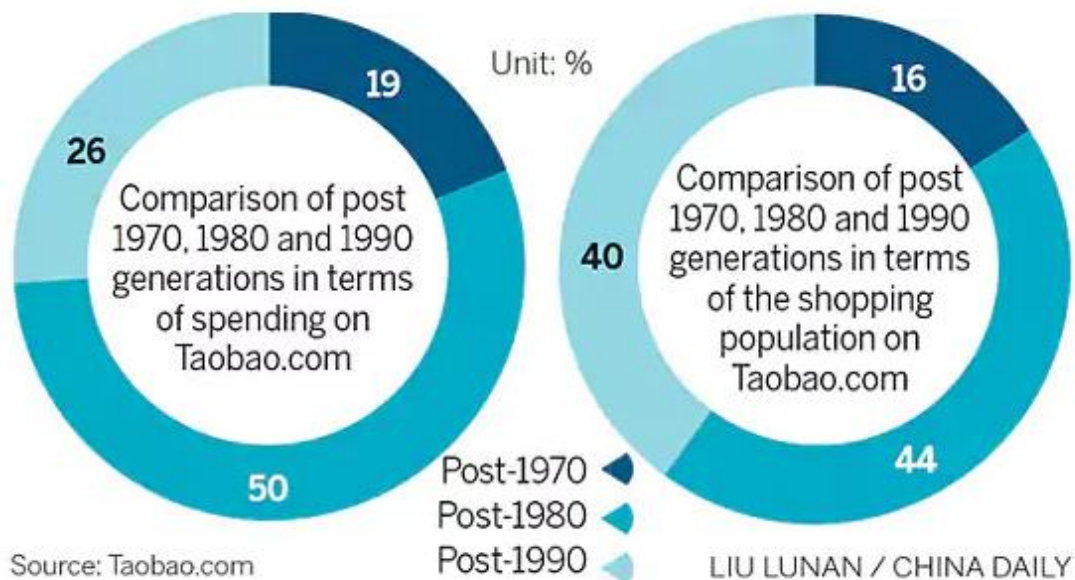


FIGURE 6. Screen shot of Taobao (China watch 2015, cited 26.2.2017)

3.2 Online customer satisfaction

Consumer satisfaction is important to marketers and business owners, because it provides the information so that they can improve and manage their businesses. Marketing managers' survey reported that more than 71 percent of managers responded that consumer satisfaction was very useful in operating their businesses (Beard 2014, cited 12.2.2017).

Importance of consumer satisfaction can be concluded as below (Beard 2014, cited 12.2.2017):

- It is a guiding pointer of consumer repurchase loyalty and dispositions
- It is a point of differentiation
- It reduces consumer churn
- It improves consumer lifetime value
- It reduces negative word of mouth
- It is cheaper to retain consumers than acquire new ones

Factors influencing online consumer satisfaction

Price

Considering about marketing mix strategy, price is normally regarded as the primary and vital factor for marketers to influence consumer demand of buying. Comparing with physical stores, online products' prices are cheaper than the physical store products because they do not include the daily costs and renting of stores. People prefer to spend the lowest price to gain the better value.

Online shops provide a platform to allow consumers to search for the information they want and to easily make comparisons with similar stores. The online shops give consumers more chances to compare the same product with other websites (Cheng Lu Wang, 2011). In other words, prices are regarded as the primary factor to influence the online consumer satisfaction, and money saving and price comparison are two attributes of it.

Trust

The emotional factors of touching and checking as will affect consumer's shopping decision, but online shop does not allow consumer to have the trying part. But how can the online shop become reliable and establish a confidence with consumers? Normally the trust of origin comes from good previous experiences of customers. Online consumer can scan the comments and feedbacks on the websites and the feeling of trust

will increase or decrease towards this shop (Canadian Center of Science and Education 2012, cited 6.2.2017).

Perceived risks

Risks perception refers to consumers have awareness of risks in a particular purchase decision. Before the purchasing, consumers will consider about various risks and related problems. The higher the perceived risks, the more likely consumers are to turn to physical stores, the lower the perceived risks, the more likely consumers are do to online shopping. Due to the technology issues, there exists some real risks, like breakdown in a computer system, or a human mistake (inserting the wrong data). The most frequently considered issues related to online shopping involve financial problem (the security of credit card), product reliability issues (quality of the product) and convenience issues (orders and refund). There are various uncertainty issues during the purchase process that will affect consumers as they to perceive risks (Canadian Center of Science and Education 2012, cited 6.2.2017).

Personal Information Privacy

Personal information security is a crucial factor to e-commerce; consumers do not like to leak their private data while they are shopping online. The study by Zinkhan indicates that some consumers think privacy is the main consideration while they are surfing on the net, and the privacy issues will influence customers trust towards to shops (Jansson, V. 2016, cited 6.2.2017).

Usability

An online site that is easy to operate can make customers have a nice purchase experience. Usability testing is necessary before launching an online shop to the markets; it refers to testing a service or product by potential users. Participants need to complete some tasks while observers take notes and observe. The goal is to identify different usability issues by collecting quantitative and qualitative data, and finally to define the satisfaction of participants (usability gov 2017, cited 26.2.2017.)

Usability testing can provide useful information to IT staff; they can fix problems on time and improve codes according to participants' comments. There are several benefits of usability testing (usability gov 2017, cited 26.2.2017):

- Find out if participants are able to complete the preferred task successfully
- Determine the time to complete the specified task
- Find out how satisfied participants are with online site
- Determine the change requirements to improve the satisfaction and function
- Analyze if the function and performance meet your original objectives

Usability is a crucial factor for e-commerce, an attractive site user interface can make customer want to continue to purchase, whereas a complicated sites make customer turn to other sites.

The best practices for online sites can be discussed as follows (SpyreStudios 2011, cited 26.2.2016):

Using e-mail address rather than usernames

Some customers use their real name on the Internet but sometimes if they do not want to use their real name when buying online, an e-mail address can be used in instead of username. For example Buy.com (figure 7) uses this kind of service on their online site (SpyreStudios 2011, cited 26.2.2017.)



FIGURE 7. Screen shot of Buy.com (SpyreStudios 2011, cited 26.2.2016)

Visible search field

The online site needs to provide a clear space customers can search what they want. Customers prefer to search for the product name using search function rather than to find out the product scrolling page by page. Such as GAP (figure 8) has a clear search function (SpyreStudios 2011, cited 26.2.2017.)

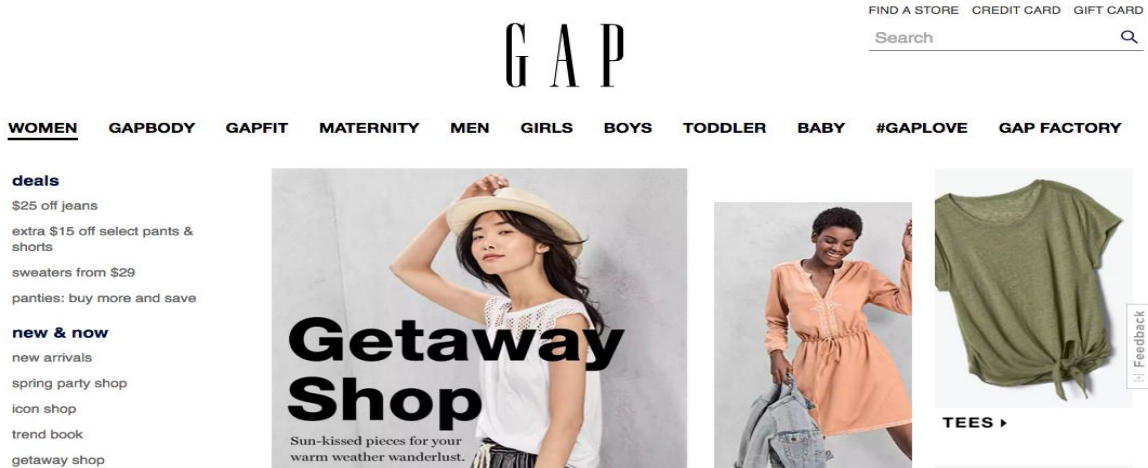


FIGURE 8. Screen shot of GAP (GAP 2017, cited 26.2.2017)

Visible cart and content

The cart and contents should be visible all the time, and this helps customer control their purchase. Buy.com (figure 9) has the visible summary of purchase right on the site, and a customer can easily find what they already bought (SpyreStudios 2011, cited 26.2.2017.)

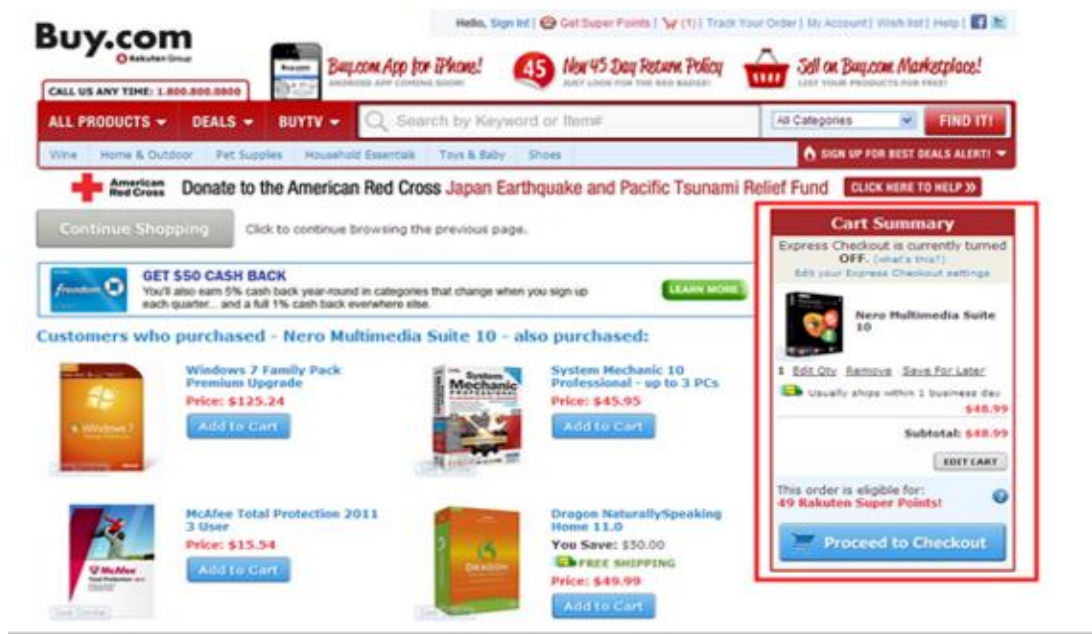


FIGURE 9. Screen shot of Buy.com (SpyreStudios 2011, cited 26.2.2017)

3.3 Consumer service tools

E-commerce is a new technology in people's life, and it is hard to interact with consumers, but there are some functions, which encourage consumers to have a good interaction with different brands (Salesforce blog 2015, cited 6.2.2017).

Online community

According to the statistics, 25% of consumers like to interact with brands, because they want to join the brand fans' community to get the newest information or discounts. Online community allows consumers to communicate with other consumers or organizations, and it provide a platform where consumers can share experiences and comments on the community. According to the feedbacks and comments on the community, retailers can improve online shop (Salesforce blog 2015, cited 6.2.2017.)

For example in figure 10, Starbucks coffee has an online community on Facebook. Consumers or brand lovers can LIKE the web page to follow the brand. The web page updates the newest information or new product on the website. This way people can get the information on time and it is a good approach to see other people's comments and sharing (Starbucks 2017, cited 20.2.2017).



Figure 10. Online community (Starbucks 2017, cited 20.2.2017)

Mobile apps

Many young people like to use mobile phone to scan the website and make an order directly. The mobile application can improve the frequencies of visiting brand website. More than 50 percent of users like to use consumer service application to resolve problems and to make a purchase. Mobile application is easily available and it increases communication with brands (Salesforce blog 2015, cited 6.2.2017).

Self-service sites

Consumers may face some problems during their purchasing process, and self-service sites (such as Desk.com) can help consumer deal with their issues. Consumers login into the website and check the product status by themselves. If some problems occur they can find solutions online. Self-service sites can save time both for consumers and organization (Salesforce blog 2015, cited 6.2.2017).

Answering consumer inquiries

As a consumer, it is important to acquire information to meet their demands. Some detailed and brief information in pre-purchase phase has the same value as purchase itself. Website needs to add the contact number and the link to be clicked for further information on another website, in this case, consumer can obtain more useful information and make more useful transactions (Howlader, M. 2015, cited 12.2.2017).

Social media

Social media is an important tool for any business; nowadays recording the statics on the paper is not enough. By creating a social media profile, business can communicate with consumers and give response and feedback on time.

It can be seen that consumers interact with companies through social media channels and 20 percent to 40 percent of consumers (figure 11) prefer social media channels. Thus it is an opportunity to advocate the social practices (Scribble live 2014, cited 20.2.2017.)



FIGURE 11. Screen shot of customer service (Salesforce blog 2015, cited 12.2.2017)

Social media is becoming an online marketing tool; a clear message and good design for a brand can attract more people's attention. But to have a better social media profile, profiles should have a clear message to make people understand the brand, and keep branding consistent and up-to-date across platform. For example Coca-Cola (figure 12) provides the fresh information and news to customers. The background of profile should also be attractive rather than dazzling (Scribble live 2014, cited 20.2.2017.)



Figure 12. Screen shot of Coca-cola social media profile (Scribble live 2014, cited 20.2.2017)

Live chat

Many people need online support while they are shopping online. Providing a live chat option can help consumer deal with problems on time, and offer the consumer a good online experience. It is also a good approach to encourage consumer make the purchase decision (Stuart Leung 2015, cited 12.2.2017). This is shown in the figure 13, where shoes retailer offers different pair of shoes to consumer through LiveChat. Meanwhile, customer can ask about the specials and discounts directly (LiveChat 2017, cited 20.2.2017).

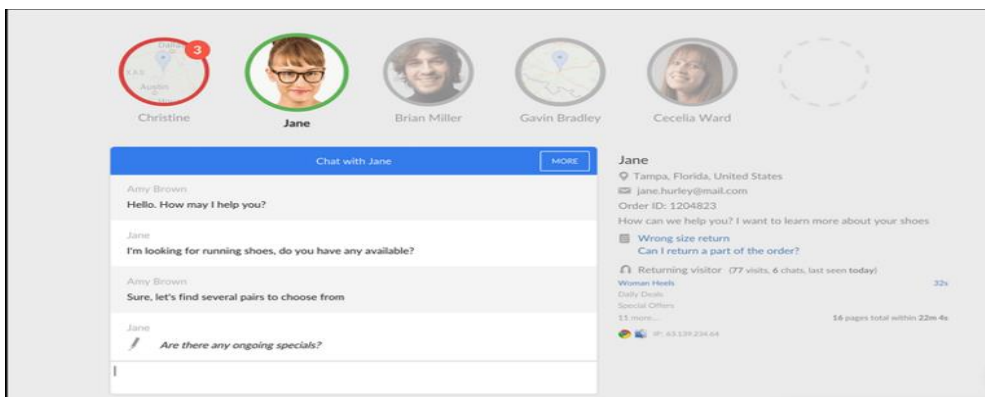


FIGURE 13. Screen shot of LiveChat (LiveChat 2017, cited 20.2.2017)

Augmented reality

With the improvement of technology, 3D fitting room and 3D living room are becoming possible in our daily life. People just need to stand in front of the machine and choose product. After the clothe is tailored and customer can choose different colors. As shown in the IKEA (figure 14), 3D living room can make consumer's life more convenient. Because people cannot take so many tools with them while they are shopping, this kind of function gives people the exact image of the furniture (Itunes preview 2017, cited 20.2.2017).



FIGURE 14. Screen shot of 3D living room for IKEA (Itunes preview 2017, cited 20.2.2017)

4 RESEARCH OF ONLINE SHOPPING BEHAVIORS OF OUAS STUDENTS

The thesis is analyzing the similarities and differences between Finnish students and international students while they are shopping online. In addition, it presents the factors influencing online consumer satisfaction and purchasing decision.

Research group consists of international students and Finnish students from DIB and BIT programs in Oulu University of Applied Sciences. Research methods include both qualitative research and quantitative research. Quantitative research was used in a questionnaire to collect data. Webropol was used to prepare the questionnaire. It includes yes/no questions, as well as multiple choice and open questions (Appendix 1). A survey was sent via email and the results are analyzed in Excel.

Qualitative research included was interviews and observations of shopping behavior. It was conducted face-to-face and one student was observed at a time. The target was to observe behaviors of the students, when they use their favorite online site. The whole interview conversations were recorded and their expressions and emotions were observed while they were going through the purchase process. The questions in the interviews might be a little bit different from the ones in questionnaire. Questions included:

- Which online shopping site is your favorite?
- What is the reason to choose this online shopping site?
- Choose one product you usually buy, and search it sort by price/popularity. Does the online shop site have these kinds of functions? How easy it is to use?
- Find information of manufactures. Was it easy to find? What information was available?
- Will you compare the product to other online shopping site?
- Will you read other buyers comments about this product?
- What kind of payment method you prefer?
- Will you check the shipping status?
- What kind of freight/delivery time range you can accept?
- How often do you visit Finnish/Chinese online shops?
- What kind of online shops you are not satisfied? (Reason? E.g. Language option? User interface design?)

4.1 Quantitative research

The questionnaire was participated by 105 respondents from different genders and nationalities. Among all the respondents, the majority of them (80%) were between 17 and 25 years of age, 14% were from 26 to 30 age group, and 6% were from 31 to 40 age group. Gender allocation was as follows: female accounted for large 57% and male 43%.

Among all the respondents, 85% of them like shopping online and 15% of them were dissatisfied with shopping online. The majority of them are international students, which accounted for 58% of all respondents (figure 15). Finnish students account for 13% of total respondents and Chinese students 29% of all students, rest of respondents are from various nationalities.

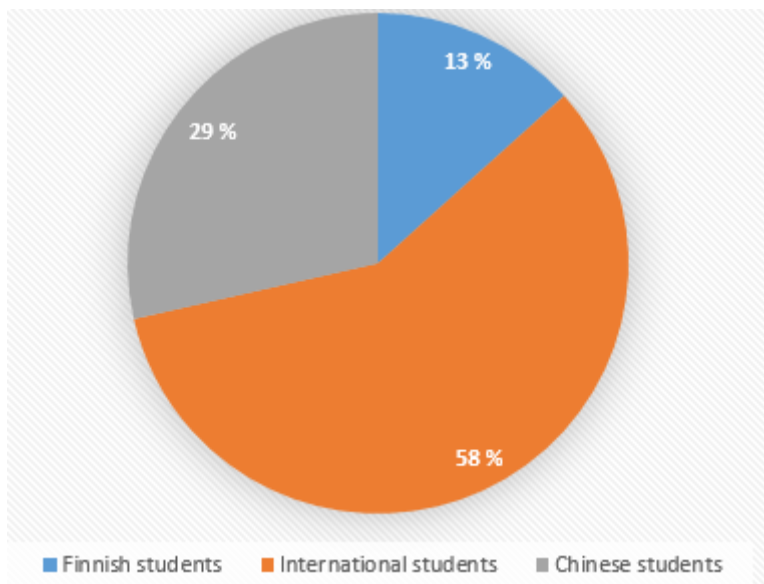


FIGURE 15. Nationality

From figure 16, it can be seen that considerations of intangibility of product and trust in the Internet retailer have the same percentage (25%). 16% of total respondents think about perceived risks, 15% about post fee while 10% of total respondents think about payment method. Only 6% of all respondents choose return of purchase as one of the considerations to make them dissatisfied with online shopping. The open text includes delivery and quality of product, which was considered by 2% of total respondents.

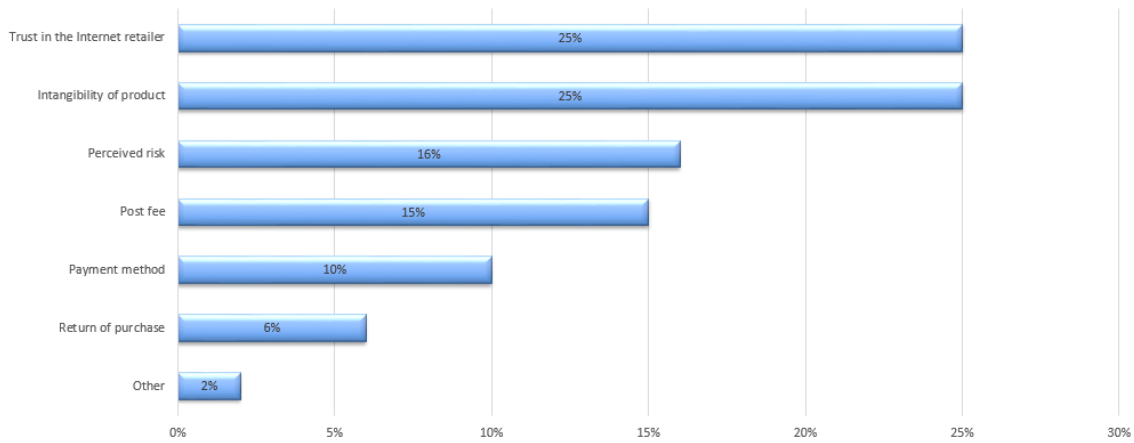


FIGURE 16. If you have been dissatisfied with online shopping, which considerations have influenced you?

According to figure 17, majority of respondents (80%) like to use computer in online shopping, and 41% of respondents like to use mobile phone. 3% of total respondents in open text like to use iPad and tablet while they do shopping online.

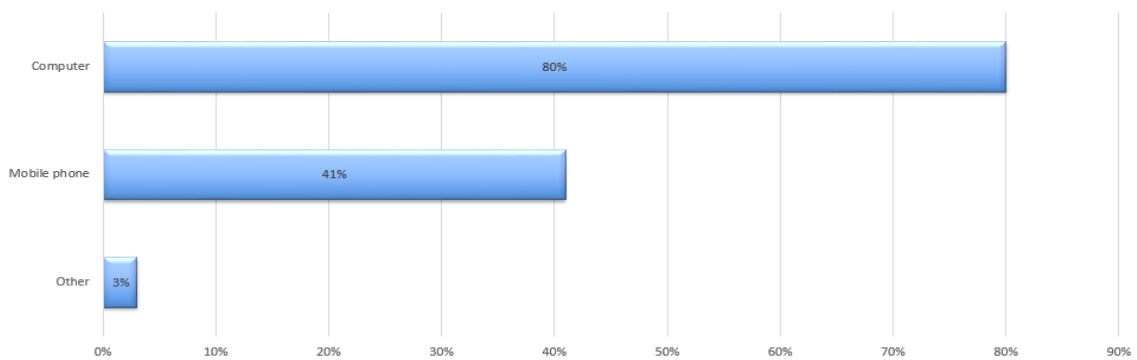


FIGURE 17. Which tool you usually use for online shopping?

From figure 18, it can be found that 44% of all respondents have purchase online several times per week; 42% of all respondents several times per month. There are just 9% of respondents who shop online several times per year. And only 6% of students purchase online less than once per year.

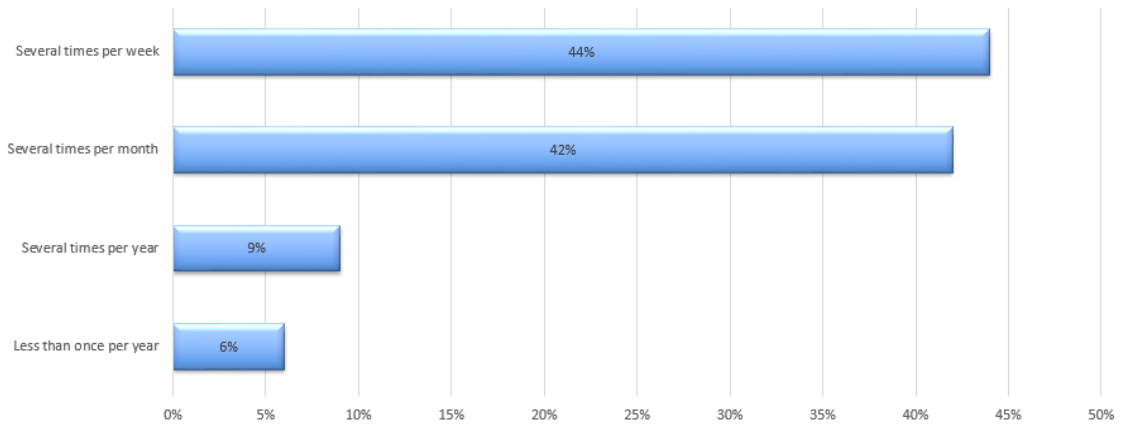


Figure 18. How many times you usually purchase online?

Clothes/shoes/cosmetics account for a large percentage (74%) of the goods that people usually purchase online. 44% of all respondents like to purchase electronic equipment. Book/magazine is bought online by 37% of total respondents; CD series and Services online, such as tickets and lottery by 28% and 21% respectively. 14% of total respondents like to purchase pet supplies online, but only 8% of students purchase luxury products online. Based on figure 19 there are 5% of students answer in the open text who like to purchase foods, phones, grocery and furniture online.

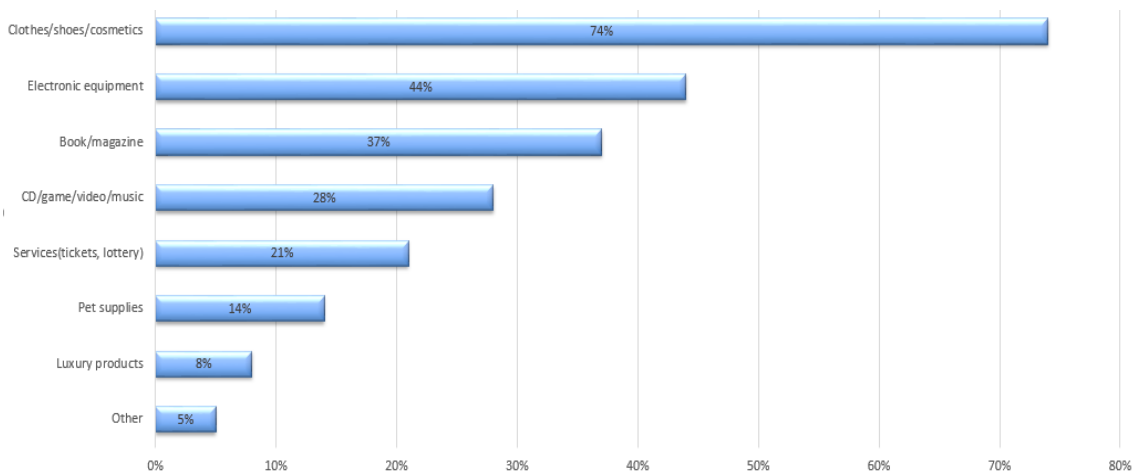


FIGURE 19. Which products do you usually buy online?

In figure 20, 42% of all respondents like to purchase on TaoBao. Amazon is also very popular among students, there are 24% of students like to use Amazon. Rest of favorite online sites include HM, Callirrots.com, Zara, etc. There are 2% of students think they do not have favorite online site.

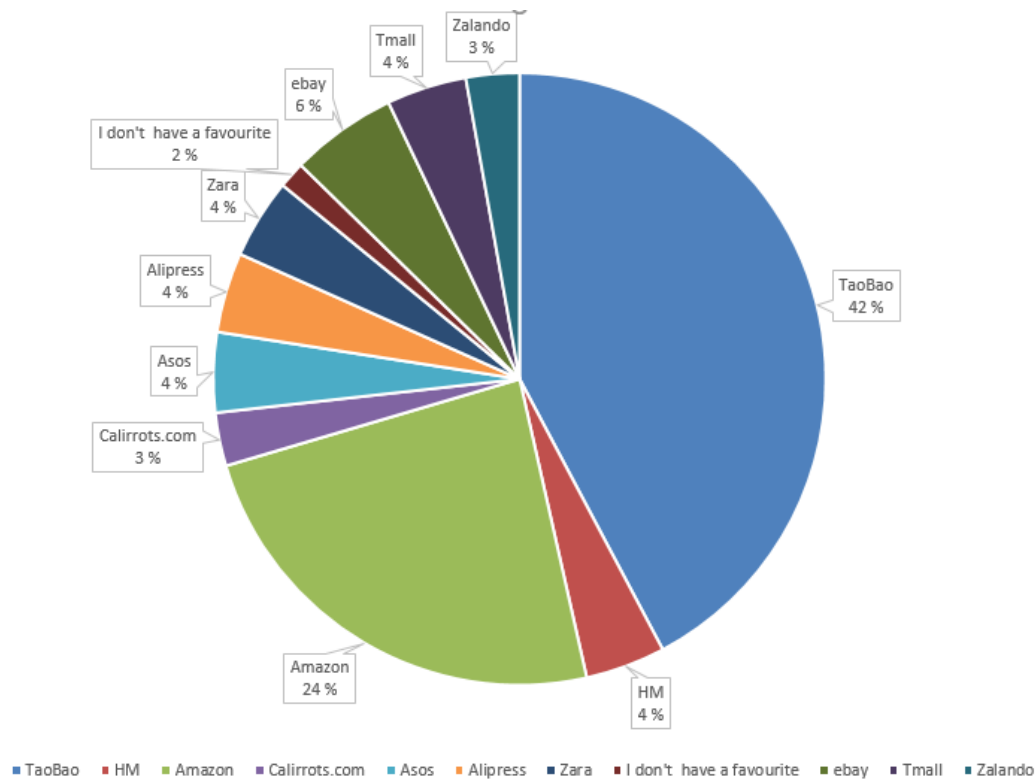


FIGURE 20. What is your favorite online shopping site?

Considering about the reason why people choose to purchase online (figure 21), 77% of total students think that convenience is one reason while 58% of all students think that one reason is motivation. 50% of all students choose shopping online because there are various products online, and 33% because of easy operation. Cost & time efficiency and other reasons account for 9% and 3% respectively. The open text shows that it is necessity, some products can only be bought electronically, and price is very cheap online.

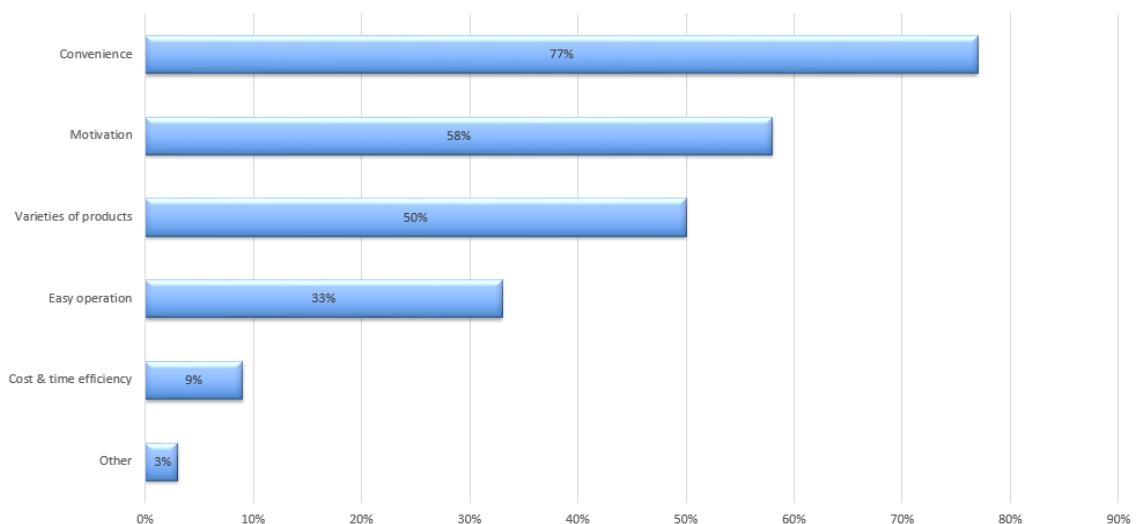


FIGURE 21. The reason why you choose purchase online

There are many factors (figure 22) influencing people's purchase decision. Obviously, the main factor is price, which was mentioned by 82% of total respondents. 46% of all students think security issue will affect their final decision, while 45% of respondents are concerned about dissatisfaction with online shopping. Only 9% of all respondents think previous customer comments has less effect on purchase decision.

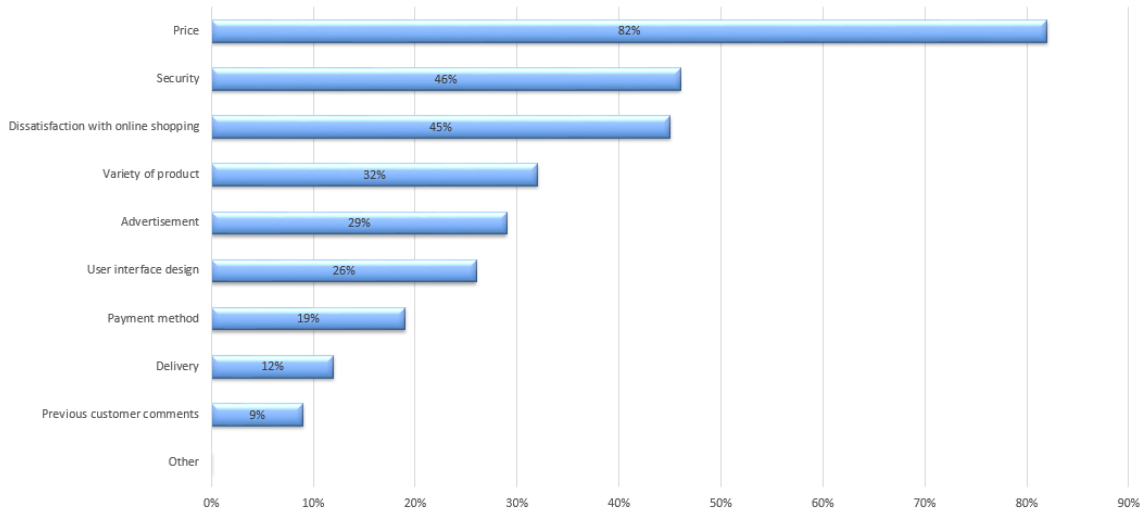


FIGURE 22. Which factors are more important on influencing your purchase decision?

In figure 23, there are 59% of total respondents who prefer shopping online, and 41% of all students prefer shopping mall.

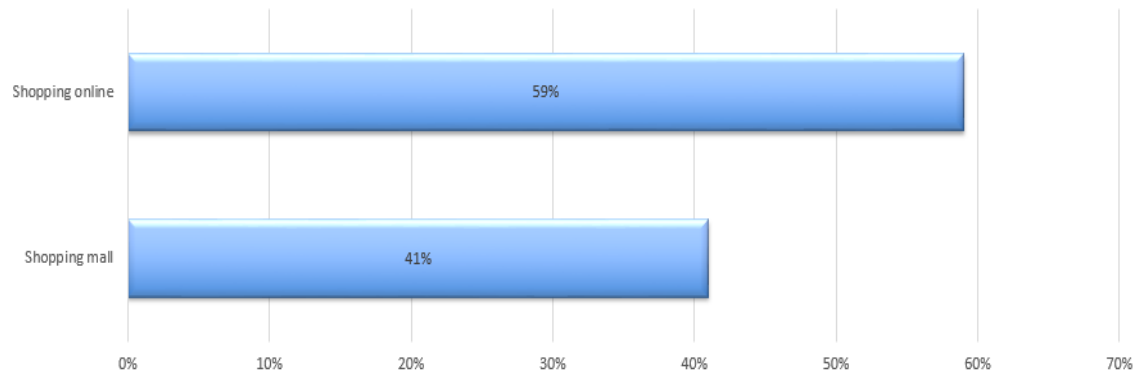


FIGURE 23. Do you prefer shopping online or shopping mall?

TABLE 1. Which of the following services is the most important?

	Very important %	Important %	Not so important %	Total %
Making customer inquiries and get answers	46	44	11	100(n=101)
Tracking account or order status	57	42	3	102
Online shopping is possible also by a mobile phone	35	47	21	103
Total	138	133	35	306

From the table 1 we can see, the service of tracking account or order status is very important for 57% of total respondents. 44% of total respondents think that making customer inquiries and getting answers are important, while 21% of all respondents think that mobile application is not so important.

4.2 Qualitative research

Interviews and observations of shopping behavior were conducted as follows:

- Face-to-face, one student per one observation
- Observing behaviors of the students, when they use their favorite online shopping site.
- Recording the whole conversation
- Asking some questions while student is going through purchase process, observing his/her expressions and emotions

A female Finnish student is Elina Lassila who is studying Business Economics, Elina's favorite online site is boohoo.com (https://fi.boohoo.com/?__store=finland) which is a UK website. The main reason she chooses this website is the cheap price and because it is in the EU, she does not need to pay the tax. We open the computer, and Elina starts to search for the product she wants to buy. She likes to buy clothes and she does not like to search for products by price or popularity because she thinks the price does really not matter since it is quite cheap on this site. Elina clicks the WOMAN button on the online site, and she selects the tops. Elina told me she does not like buy jeans online because it is hard to find if the jeans fit or not. Elina chooses the tops she likes and she scans the price a little bit. Elina usually selects the tops and clicks to another page, which has more detailed information about this item (such as color, price, size...). Then she adds the selected item to the BAG and continues her shopping. Elina does not like to compare the same item with other online sites; she just directly searches and buys. Previous customer comments do not influence Elina's purchase decision, because she likes the product personally and does not read others' comments or look the social media comments. She picks what she fancies. Paypal is the main payment method Elina prefer, but if there were no Paypal on the site, she would like to use her card. Elina accepts one or two weeks delivery time range, but sometimes it takes more time. Elina thinks there is not so many shops and online shops in Finland so she visits Finnish online shops two or three times a year and she usually tends to use other online sites. Delivery time is the main reason that might make her not satisfied with online shops because she prefers the time to be shorter.

Another Finnish student is Ilse Tervonen who is studying in TIK group. Ilse usually uses The Ordinary (<http://theordinary.com/>) to buy some cosmetics, Ordinary is a branch of a young company. Ilse told me that Ordinary is the site of the brand and that is why she does not go to any online shops that sell other brands. Ordinary has detailed information on their own website about their brand. At the moment Ilse would not compare the product with other products on other sites, because she has heard about this brand and she just wants to buy this product. Previous customer comments play an important role in Ilse's final purchase decision, and she usually uses Paypal as the main payment method. Ilse thinks delivery time range is not so important. Usually she orders online and the product comes overseas, which normally takes a few weeks.

When I asked Ilse what kind of online shops she is not satisfied with, she told me the reason she did not buy anything was that she usually scrolls through the Zalando, but the wide options always make her frustrated. Selection range is the reason that makes her dissatisfied.

The first Chinese student is Wenjing Yang who is studying in BIT group, her favorite online site is Asos (<http://www.asos.com/>), and the main reason to choose this online site is the variety of products. Asos has the sorting, and Yang likes to sort products by price and further sort by color, size or style. Yang usually likes to search for the item and select the product to see more information, such as price and color. In addition she clicks the big picture to check the product, which she would like to add to bag. Otherwise she goes back to the home page. Yang does not compare the same product with other sites but she likes to read previous customer comments, and the comments might affect her purchase decision. Visa card is the main payment method for Yang, and she prefers to check the shipping status after she has received the shipping confirmation. Yang accepts one or two weeks delivery time range, she visits Chinese online shops several times a year because she is studying in Finland, and she prefers to use oversea online shops. Language option is the main reason, which makes Yang dissatisfied.

Another Chinese student is Moshi Qin who is studying in BIT group. She likes to use Ugou.ge (http://ugou.de/index.php/?__store=en&__from_store=cn) to buy foods online. The main reason Qin like to buy on this site is that there are various Asian foods on this website and the price is acceptable. Qin likes to search for the foods by categories, and there are Chinese and English options on the site, so it is easy to find the product. Qin likes selecting the product and checking the discount or delivery information. After that she adds the products to the shopping cart. She told me she would not compare the same product, she just directly purchases on this site. The main payment method is Visa card, and Qin would like to check the shipping status because she wants to receive the product faster. Qin said that normally one or two week's delivery time she can accept. The delivery fee might influence Qin's satisfaction and on this site there is no delivery fee if the payment over 36 euros. Qin told me she visits Chinese online shops several times a year, and sometimes she likes to view the shops on mobile phone but she might not buy the products.

5 CONCLUSIONS

Qualitative research and quantitative research results corresponded to the theoretical background of this thesis and all kinds of factors related to ecommerce might influence customer's purchase decision. Considering customer's shopping behavior in Finland, the theoretical background mentioned that younger generation likes listening to some recommendations from their friends or families. Previous customers' comments is one of the reason that might affect customer's purchase decision, 9% of all respondents pay attention to these.

But not all people think in the same way, from the qualitative research we can see that the first young Finnish girl like shopping online without reviewing any comments and just purchase what she personally wants. In contrast, the second middle-aged lady always reviews previous customers' comments and she told me the comments definitely influence her final buying decision. For the older generation people, they prefer to go to physical store, because they might have no confidence in intangible products. Intangibility of products and trust in online retailer are two main reasons that affect customers' online shopping satisfaction, which were mentioned by 50% of all respondents.

Large number of customers (74%) like to buy clothes/shoes/cosmetics while they are shopping online. In the qualitative research two Finnish girls like to buy cosmetics and clothes online, and two Chinese girls like to buy foods and clothes online. But one Finnish girl does not like to buy jeans online because she has no idea if the jeans will fit her or not. The Finnish lady likes to buy cosmetics online because she knows what kind of brand she wants and she does not compare them with other sites. Buying foods online is usual for overseas students, and they prefer to track the delivery statues and shorter delivery time.

Convenience and time efficiency are two main factors that people choose shopping online, customers can order at home and save time for doing more things. When I interviewed Finnish and Chinese students in our school, most of them pointed out that there are not so many stores and online stores in Finland, thus they like to browse other sites and place an order. There 44% of students shop online several times a week, and 42% of students shopping online several times a month. This shows that people do not purchase online frequently, but they do that when they need something or show some interest in other sites.

6 DISCUSSION

E-commerce has been a popular topic recently, and with the improvement of Chinese ecommerce development, I found there are so many online stores in China. While I am studying in Finland, I consider the differences in shopping behaviors between Finnish students and Chinese students, the factors that influence customers' shopping decision or satisfaction. I learnt a lot from searching for background information and from the shopping process, related to e-commerce information.

I have done two surveys in my thesis; these two researches were an interesting experience for me. Quantitative research questionnaire was sent to BIT and DIB students in OUAS. And collecting data after several days, the final respondents mainly were international students (58%), 29% was Chinese students and 13% was Finnish students. All the respondents filled in the whole questionnaire, and the answers provided me valuable information and open questions gave me additional information. Qualitative research was a real life-learning project, the face-to-face interviews gave me direct feedback and all the interviewed students were kind enough to answer my questions and gave me a favor. I supposed that if I have interviews with some male students, I might have more interesting results in my research. Gender issue in research might indicate that female students like to purchase cosmetics and clothes online, but male students like to buy some electronic equipment or games online.

E-commerce is growing rapidly and it will have great future in our life. The theoretical part of thesis was based on the online resources and books in school library, and more related public articles guided me to continue the thesis. I learnt a lot from the theoretical part (e.g. global e-commerce development, e-customer shopping behavior, factors that influencing consumers' satisfaction and purchase decision). If I have my own online shop one day, this knowledge might help me operate the shop. Meanwhile, the researches and interviews gave me more feedback that is intuitive; the results indicated the real daily situation.

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Online Shopping

Hello everyone! I am a Chinese student studying in OUAS. My name is Dong Zhe and my degree program is business information technology. I am doing in my thesis a survey about online shopping. The survey is analysing shopping behaviors of international students, for example what kind of factors are influencing customer purchase decision. The survey will take only few minutes and it will give lots of help for me. Thank you very much!

1. Gender

- Male Female

2. Age

- 17-25
 26-30
 31-40
 over 40

3. Nationality

4. Do you like shopping online?

- Yes
 No

5. If you have been dissatisfied with online shopping, which considerations have influenced you? (please select 3 items)

- Trust in the Internet retailer
 Intangibility of product
 Perceived risk
 Post fee
 Payment method
 Return of purchase

Other

6. Which tool you usually use for online shopping?

Computer

Mobile phone

Other

7. How many times you usually purchase online?

Several times per week

Several times per month

Several times per year

Less than once per year

8. Which products do you usually buy online?

Clothes/shoes/cosmetics

Electronic equipment

Book/magazine

CD/game/video/music

Services(tickets, lottery)

Pet supplies

Luxury products

Other

9. What is your favorite online shopping site?

10. The reasons why you choose purchase online

Convenience

Motivation

Varieties of products

Easy operation

Cost & time efficiency

Other

11. Which factors are more important on influencing your purchase decision?(Please choose 3 items)

Price

Security

Dissatisfaction with online shopping

- Variety of product
- Advertisement
- User interface design
- Payment method
- Delivery
- Previous customer comments
- Other

12. Do you prefer shopping online or mall?

- Shopping online
- Shopping mall

13. Which of the following services is the most important?

	Very important	Important	Not so important
Making customer inquires and get answers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tracking account or order status	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Online shopping is possible also by a mobile phone	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>