5-26-2012

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Analysis of Influencing Factors of Taobao Consumer Behavior

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Abstract: With the rapid development of the Internet, more and more consumers choose to go shopping online. As Asia’s largest retail network, Taobao’s status should not be ignored. Firstly, this paper investigates Taobao consumer behavior, puts forward 20 variables that influence Taobao consumer behavior, and uses statistical methods of factor analysis, and then concludes 7 factors that influence Taobao consumer behavior: the store, the commodity, safety, time, speculation, the interaction and occasional income factor. Finally, it puts forward marketing suggestions for Taobao, which has a strong practical sense.

Keywords: Taobao; consumer behavior; influencing factors

1. INTRODUCTION

Taobao was established in May 10, 2003 and invested by the founder of Alibaba Group. At present, Taobao is the largest network of retail and business circle in Asia, which aims at creating the world’s preferred online retail shopping district. After six years of development, by the end of 2009, Taobao had 170 million registered members and its registered users are still growing[1]. According to “China Online Shopping Consumer Survey Report 2011”, the market share of the Taobao was 70.8%, and the turnover was as high as 400 billion Yuan in 2010, which shows that Taobao has becoming the largest network of retail and business circle in Asia[2]. It has a great significance to research online consumer behavior especially Taobao. It is also good for enterprises to make effective marketing strategies and increase efficiency.

For consumer behavior, the previous scholars’ researches focused on the differences between the network shopping and traditional shopping, consumer characteristics and the five stages of the consumers’ purchasing process under the network environment. Few scholars had researched the influencing factors in network environment, not to mention Asian’s largest network of retail shopping business circle --- Taobao[3-5]. Previous scholars pointed out that gender, age, education, income level, Internet experience, satisfaction of previous purchasing experience, personality and environmental factors affect consumers’ purchasing[6-7]. Other scholars studied factors that influence consumer behavior in the physical environment, and pointed out the main factors affecting consumer purchasing behavior: cultural factor, economic factor, environmental factor and individual factor. Some scholars put forward the situational factors influencing consumer behavior[8]. This paper points out factors that influence Taobao consumer behavior based on the previous scholars’ research about influencing factors in network and physical environment. Especially, it points out speculation, interaction and occasional income factor influence Taobao consumer behavior. It not only has a great significance to help Taobao to make effective marketing strategies, improve market share and visibility, but also useful for other shopping platforms.

2. SURVEY AND ANALYSIS ABOUT TAobao CONSUMER BEHAVIOR INFLUENCING FACTORS

2.1 Survey designing

The questionnaire was designed according to the author’s own Taobao shopping experience. The author
designed first draft of the questionnaire, and investigated 30 experienced users in shopping forum, then revised the questionnaire according to the survey results. The author investigated many shopping forum and shopping group through questionnaire and the online survey in December, 2011. 500 questionnaires were sent out, 456 effective samples included, and the questionnaire efficiency is 91.2%. The object of investigation were people who’s age ranging from 13 to 50, had different education levels and shopping experience in Taobao, including students, white-collar workers etc, with 39.9% male and 60.1% female. The scope of questionnaire objects was broad, which had a strong credibility.

2.2 Data analysis

2.2.1 Data reliability test

The author used SPSS software to test questionnaire data reliability. This article is about the Taobao consumer behavior, and concludes that the A coefficient is 91.2%, which shows that questionnaire answers consistency and stability are relatively high; and the highly reliable answer is suitable for the following analysis.

2.2.2 Data validity

This questionnaire answer was divided into five levels: "strongly agree", "agree", "general", "not agree", "absolutely not agree", and then assigned options into 5, 4, 3, 2 and 1 score respectively, and put into the computer to analyze data. KMO test’s goal is to see whether the data is suitable for factor analysis, its range is 0-1. 0.9-1 represents excellent suitable, 0.8-0.9 rewarde, 0.7-0.8 okay, 0.6-0.7 medium, 0.5-0.6 bad, 0 - 0.5 is not acceptable. The KMO of this questionnaire value was 0.828, which is suitable for factor analysis. Bartlett test is to see whether the data comes from multivariate normal distribution. In this case, SIG. was 0, illustrating data came from normal distribution, which is also suitable for further analysis.

2.2.3 Factor analysis

The paper adopted SPSS17.0 factor analysis method, used the maximum variance method for factor rotation, selected 20 variables whose characteristic value were greater than 1, load greater than 0.5, and then extracted 7 main factors as factors influencing Taobao consumer behavior. The following 7 factors’ characteristic value are greater than 1, load greater than 0.5, the cumulative contribution rate was 60.124%, which could reflect the most information. Table 1 was rotated factor load coefficient table; the table abandoned factors that load less than 0.5.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Factor1</th>
<th>Variables</th>
<th>Factor2</th>
<th>Variables</th>
<th>Factor3</th>
<th>Variables</th>
<th>Factor4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credibility</td>
<td>.841</td>
<td>Uniqueness</td>
<td>.715</td>
<td>Return goods security</td>
<td>.814</td>
<td>Purchase urgency</td>
<td>.711</td>
</tr>
<tr>
<td>Giving Small gifts</td>
<td>.740</td>
<td>Evaluation</td>
<td>.679</td>
<td>After-sale service</td>
<td>.786</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shop decoration</td>
<td>.673</td>
<td>Rebate</td>
<td>.601</td>
<td>Margin payment</td>
<td>.678</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service attitude</td>
<td>.549</td>
<td>Freight</td>
<td>.573</td>
<td>Payment method</td>
<td>.652</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Price</td>
<td>.531</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Quality</td>
<td>.513</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Variables</td>
<td>Factor5</td>
<td>Variables</td>
<td>Factor6</td>
<td>Variables</td>
<td>Factor7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price low and has margin payment</td>
<td>.700</td>
<td>Recommending form</td>
<td>.699</td>
<td>Free trial and other occasional income</td>
<td>.784</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earn coins or growth value</td>
<td>.626</td>
<td>dispensers'-saying</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Decisive variables of 7 factors and factor loads are as follows:

Factor 1: store factor. Store factor affects consumers when consumers are shopping in Taobao.Its four variables are: store credibility, giving small gifts, shop decoration and service attitude, their factor loads are: 0.841, 0.740, 0.673, 0.549, and all greater than 0.5. Firstly, when shopping in Taobao, consumers concern about credibility and store score, because they do not know the shops and have to make judgments by the store’s reputation and score, so as to decide whether or not to buy goods. Secondly, with the sharp increase in the number of Taobao shops, the competition between shops is increasingly fierce .When the goods are homogeneous, the prices are the same, in order to win, Taobao merchants begin to play the emotional card,
selling goods and giving small gifts or warm greeting cards. These seemingly small details give consumers pleasurable experience when shopping, which invisibly adds satisfaction to the shop. What’s more, there are many Taobao shops with different decoration, and Taobao consumers are attracted by shop decoration sometimes and choose to buy products. Finally, in the network shopping environment, the waiters are relatively important. Service attitude and the speed of reply will affect the consumer’s purchase behavior.

Factor 2: commodity factor. Commodity factor affects consumers when consumers are shopping in Taobao. Product factor includes six variables: uniqueness, evaluation, rebate, freight, price and quality. Their factor loads are: 0.715, 0.679, 0.610, 0.573, 0.531 and 0.513. First of all, most consumers choose to shop in Taobao, largely because its products are variety, unique [9]. Secondly, Taobao consumers pay close attention to product evaluation very much, because consumers can only depend on the prior purchasers’ evaluation to decide whether or not to buy before seeing the good. How to buy bargain goods in Taobao is becoming a question for consumers. So, various rebate networks emerge along with time. Majority of consumers in Taobao will first inquire in a rebate online to see whether the good has rebate, and then decide whether to buy. Fourthly, as a result of online shopping, most commodities are required to deliver by couriers; it forms a part of the price paid by consumers, so freight has become a concern to consumers. Fifthly, with competition in Taobao is increasing each passing day, most of the shops will take special promotions, such as seckill or coupons, and inviting price becomes a factor influencing consumer, especially for seckill gens. Finally, the quality of goods is also very important for Taobao consumer.

Factor 3: safety factor. Safety factor affects consumers when consumers are shopping in Taobao, including return goods security, after-sale service, margin payment and payment method, their factor loads are: 0.814, 0.786, 0.678 and 0.652. It is convenient in Taobao, but consumers consider safety factors most. First of all, when buying large home appliance in Taobao, consumers are worried about the quality because of the cheaper price. Many stores have launched 7 days no reason returning and freight insurance to eliminate consumers’ concern. Secondly, after-sale service is also in consumers’ consideration. Especially with drug stores increasing in Taobao, when buying the drugs or weight loss products, consumers will pay close attention to product efficacy. So, most of the shops will track after the sale and pay close attention to product efficacy regularly. In addition, Taobao sellers need to pay margin to Taobao which are mainly used to protect the interests of consumers. If the seller does not deliver goods or delay delivery after consumers paying, consumers can apply for compensation, and then the margin is used for compensation. Therefore, Taobao consumers also focus on whether the shop pays the margin, in order to ensure their own funds and shopping safety. Finally, as is the online shopping, the payment methods are also in consumers’ attention. At present, Taobao users mostly use alipay, internet banking and mobile phone bank to pay. The payment does not directly give to the seller but on alipay, after consumers receiving the good, then the payment is given to the seller, so as to guarantee buyers’ fund safety. However, due to some consumers did not open internet banking and other reasons, sometimes consumers will choose remittance to settle. Remittance is a method that buyers pay money first and the sellers deliver goods and then completes the transaction. In case of remittance, buyers will face double risk--money and goods. So, consumers will consider the paying way to guarantee transaction security.

Factor 4: time factor. Time factor is the time urgency and demand urgency for commodities, its factor load capacity is 0.711. First of all, with the Taobao promotions plurality, time-limited discount increasingly runs into the consumers’ view. Time-limited discount is that the commodity price is much cheaper in a period of time, attracting consumers to buy. However, the discount is timed and when exceeding the discount period, commodity will recover the original price. Therefore, consumers sometimes will buy the goods at the end of discount time, regardless whether they really need. Secondly, consumers sometimes are in an urgent need for a commodity, in most cases these goods are virtual goods, such as game coins. Then they would choose to
purchase in Taobao, because of its fast and convenient. So the urgency for commodities is considered by consumers.

Factor 5: speculative factors. Speculative factors include two situations: one is that in order to gain coins or growth value, consumers will buy goods even though they know that the sellers are likely not to deliver goods. The other one is that consumers consult with sellers, through false purchasing goods, to earn coins or growth value. Their factor loads are respectively 0.700 and 0.626. In Taobao shop, finishing each transaction (turnover more than 1 Yuan), consumers will receive an equal number of coins. When these coins accumulate to a certain amount; they can be used to exchange goods. In addition, in each transaction, buyers will get a certain growth value. When the value reaches to a certain amount, the consumers can be awarded to VIP gold, platinum and diamond, enjoying exclusive discount. These gains urge consumers to obtain coins and growth value by continuously trading. So, when some commodity prices are low and shops have paid margin, consumers often choose to buy, and usually in bulk (although they know that in most cases the seller will not deliver), to earn coins and growth value. And consumers know that margin can protect their financial security, so they do not have any loss after buying, while their coins and growth value also have certain increased. Sometimes consumers consult with sellers, through false purchasing goods to earn coins or growth value. Of course most of the time they choose just opened shop or their friends’ shop, whose credibility is usually low, hoping to improve store credit. Through false transaction, sellers won the reputation and the volume of transactions and the buyers get coins and growth value, and both sides have realized win-win. So with the continuous development of Taobao, speculative factor is also in consumers’ consideration.

Factor 6: interaction factor. Interaction factor is a pleasure Taobao consumers feeling in shopping through interaction with others. Its factor load is 0.699. As the group-purchasing rises, Taobao have begun to take a group-purchasing line. Taobao dispensers'-saying is a good example. Taobao dispensers'-saying is a group-purchasing platform, where dispensers release discount goods regularly or irregularly. As long as consumers pay attention to the dispensers'-saying, they can get discount merchandise information, and also communicate and interact in the platform. Through this platform, consumers can purchase cheap goods and discuss with other consumers, which will increase the fun of shopping. In addition, with development of the forum, group (QQ etc), a group of Taobao loyal buyers have established various shopping group to issue low-price goods. People can share low-price information and exchange commodities in forum and group, and buying cheap goods is very pleasant, which will increase consumers’ enthusiasm to buy commodities.

Factor 7: occasional income factor. Occasional income factor is various occasional income consumers acquire in Taobao, including free trial and other occasional income, which will induce consumers to buy goods. Its factor load is 0.784. Firstly, free trial is one of promotions in Taobao. Consumers apply for trial, and Taobao examines, then free products will send to consumers. The free trial consumers can get free goods, which do not need to return. Usually free trial consumers will browse shops and in most case they will choose to purchase other goods, because they don’t need to pay freight. Secondly, competition between dispensers’-saying is increasingly fierce; in order to get more attention from consumers, most dispensers’-saying will choose to hold regular activities to attract consumers to participate in. The winners can usually get free goods, but most of the time they need to buy goods at a lower price (usually 0.1 Yuan), so free trial can induce consumers to buy goods. Finally, Taobao take efforts to promote itself while cooperating with other platform actively. Magic-City is an activity Taobao organizes with Oriental TV jointly. Consumers get magic passwords through watching TV, and then participate in the game; usually they will get red packets, whose face value is between 10 and 1000 Yuan, which can buy goods in Taobao. Such cooperation not only expands the effect and potential customers of Taobao, but also improves the program's audience ratings. So consumers who have won red packets will be happy to buy goods in Taobao. The occasional income will increase consumers’ desire to purchase goods.
3. CONCLUSION AND SUGGESTIONS TO TAOBAO SELLERS

Through the above analysis, we can see the factors influencing consumers’ behavior in Taobao. They are: store, commodity, safety, time, speculation, interaction and occasional income factor. Moreover, consumers’ personal factors including gender, occupation, education, income and online time are also important factors affecting their behavior. So, we obtain factors graph that influencing Taobao consumers, as shown in figure 1.

Figure 1. Factors influencing Taobao consumer behavior

Based on the above analysis, we have some suggestions. Firstly, Taobao sellers must pay great attention to the shop’s reputation, be honesty and improve service attitude, store visibility and affinity. At the same time, Taobao sellers should carry out various promotions regularly, such as free trial and special discount, in the meantime they should ensure the quality of products, so that customers can buy low price and good quality goods[10]. Secondly, Taobao shop should pay margin, try to offer good after-sale service and open a variety of payment methods for consumers to choose, increasing consumers’ security trust to stores. Moreover, with the increasing requirements of interaction, sellers should open forum and dispensers’-saying platform to understand consumers’ demand, increasing the stores’ turnover rate. Fourthly, Taobao sellers should cooperate with other platforms, increasing conduct propaganda. Finally, Taobao sellers should ensure account security, preventing illegal embezzlement account number by others. In short, in the current virtual shopping environment, Taobao sellers should provide good quality, cheap goods and good service, for the dual purpose of a better service to consumers and better promotion to Taobao.

REFERENCES

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