Does Culture Matter? A Case Study on Online Retailing Stores across Three Asian Countries

Napas Jeyashoke  
*Colorado State University Pueblo*, n.jeyashoke@colostate-pueblo.edu

Boonyaluck Vongterapak  
*Colorado State University Pueblo*, b.vongterapak@colostate-pueblo.edu

Yoanna Long  
*Colorado State University Pueblo*, yoanna.long@colostate-pueblo.edu

Follow this and additional works at: [http://aisel.aisnet.org/pacis2014](http://aisel.aisnet.org/pacis2014)

Recommended Citation

[http://aisel.aisnet.org/pacis2014/283](http://aisel.aisnet.org/pacis2014/283)

This material is brought to you by the Pacific Asia Conference on Information Systems (PACIS) at AIS Electronic Library (AISeL). It has been accepted for inclusion in PACIS 2014 Proceedings by an authorized administrator of AIS Electronic Library (AISeL). For more information, please contact elibrary@aisnet.org.
Does Culture Matter? A Case Study on Online Retailing Stores across Three Asian Countries

Napas Jeyashoke, MBA student, Hasan School of Business, Colorado State University Pueblo, CO, USA, n.jeyashoke@colostate-pueblo.edu

Boonyaluck Vongterapak, MBA student, Hasan School of Business, Colorado State University Pueblo, CO, USA, b.vongterapak@colostate-pueblo.edu

Yoanna Long, Associate professor, Hasan School of Business, Colorado State University Pueblo, CO, USA, yoanna.long@colostate-pueblo.edu

Abstract

This research aims to explore the impact of culture on online retailing stores across three Asian countries. Hofstede’s culture theory has been used as the theoretical foundation. After reviewing four culture dimensions including individualism-collectivism, power distance, uncertainty avoidance, and masculinity-femininity, we investigated the potential cultural impact on three online retailing stores from China, India, and Thailand, respectively. We compared the website design, primary offerings, major features, communication channels, and payment methods across three cases in order to see if cultural difference could explain the variations. The analysis shows that cultural differences lead to diverse feature design and payment method among these stores. In addition, trust, brand image, and value-added perception play an essential role when consumers make purchasing. Moreover, cultural dimensions such as large power distance and uncertainty avoidance seem to be a barrier against people’s intention to shop online. The results suggest practitioners consider cultural factors when designing online retailing stores. The results also provide a starting point for researchers to further investigate the impact of specific cultural factors on online store design and consumer behavior.

Keywords: Culture, Asian culture, Online retailing, Consumer behavior, trust
1 INTRODUCTION

With the fast development of electronic commerce (e-commerce), increasing number of companies expand their business from offline to online. According to the report from eMarketer (2014), global online sales in 2014 are expected to increase by 20 percent over 2013. Moreover, Asia-Pacific region will become the largest e-commerce market in world with a sale forecast of $520 billion, and is expected to surpass North America in 2014.

Online shopping in Asia has rapidly grown in the past five years, especially in China. China and India are ranked the first and the second of online shopping sales growth in the world (sales growth of 63.8% and 31.5% respectively) (Richter 2013). In the Southeast Asia region, Thailand is one of the fastest growing countries in e-commerce. The percentage of the number of Thai consumers shopping online has increased 9.4% from 2011 to 2012 (NECTEC, 2013). Although China, India, and Thailand are developing countries and have similar level of Gross National Income (GNI), online shopping in Thailand is not as successful as in China and India. What are the factors that make them different in online shopping growth?

Researchers found that culture could be a key factor impacting online shopping growth and one important underlying determinant of consumer behavior (De Mooij 2010, Kotler & Keller 2012). Cultural passes knowledge and value from one generation to another (Mourali et al. 2005), which may persistently influence consumer preferences and decisions (Luna & Gupta 2001). Understanding the culture impact on online shopping may help practitioners better design marketing strategies based on customer needs and lifestyles. Therefore, our research questions focus on:

First, would culture impact online retailing stores on website design, communication channel, payment method, and major offerings?

Second, if culture difference leads to variations of online retailing stores, what Thailand can do to improve ecommerce market?

This paper is organized as following: first we introduced the Hofstede’s theory on culture dimensions, and compared the culture indices among China, India, and Thailand. And then we conducted a case study of three online retail stores: Taobao from China, Flipkart from India, and Weloveshopping from Thailand, to investigate their differences in terms of website design, major offerings, communication channel with consumers, and payment method, etc. After that we analyzed each culture dimensions and linked the culture differences among countries to the variations among three online stores. Finally we discussed the implications of the research results to practitioners, especially to Thailand online retailers, as well as the future research directions.

2 LITERATURE REVIEW

Asian countries share some commonalities in culture; however, subcultures in different regions are varied (Redding et al. 2012). Since the region and the culture are so varied in Asia Pacific countries, few researchers have studied the influence of subcultural differences on consumer purchasing behavior (Kaup 2007). Our research intends to fill this gap, and use Hofstede’s dimensional model of national culture to explain the difference of online stores.

Hofstede’s (1980, 2005) theory on national cultural dimensions has been widely used as a framework to analyze cross-cultural phenomenon. The theory describes how a society’s culture impacts the values of its members, and further on how these values relate to members’ behavior. The theory constructs a six-dimensional framework, including individualism-collectivism (IDV), power distance (PDI), uncertainty avoidance (UAI), masculinity-femininity (MAS), long term-short term orientation (LTO) or pragmatism-normatism (PRA), and indulgence-restraint (IND). Measured on a 0-100 scale, each dimension describes cultural difference from varied perspectives. In this paper, we focus on the four most relevant dimensions to consumer behavior: individualism-collectivism (IDV), power distance (PDI), uncertainty avoidance (UAI), and masculinity-femininity (MAS).

2.1 Impact of individualism-collectivism on consumer behaviors

![Figure 1. Score range of individualism and collectivism dimension.](image-url)

The individual-collectivism dimension has been used to describe the relationships in between
Individualism refers to the social pattern in which individuals see themselves as autonomous and independent. Individuals are motivated by their own preferences, needs, and rights, and are less likely to be affected by other people. Collectivism, in contrast, refers to individuals who see themselves as an integral part of a whole group. Therefore, people are motivated by norms and duties imposed by the overall group (Kacen & Lee 2002). No culture is purely individualistic or collectivistic. Instead, there is a level of individualism and collectivism within each country and individual (Green et al. 2005). Some culture may be more individualistic while others may be more collectivistic.

The individualism-collectivism value influences consumers’ purchasing behavior, which creates variation in marketing strategies to better target buyers in different cultural contexts. In individualist culture, people are more likely to shop alone or in a small group (Shannon & Mandhachitara 2005). Normally, they have some extent of market knowledge, which helps them save shopping time and pay lower prices. Most likely they make decisions based on internal intention such as past experience and personal preference (Doran 2002).

In collectivist culture, people are more likely to shop as a group (Shannon & Mandhachitara 2005). Normally, they are more concerned with status, brand, and family or in-group benefits, while the people in individualist culture are more interested in design and function (Nayeem 2012). Collectivist individuals’ decision making relies more on external reasons such as interpersonal communication, friends or family’s opinion, and their feelings and trust in the company (Doran 2002; Dhar 2007; De Mooji & Hofstede 2011).

Moreover, advertising and sales are different in these two cultures. Individualistic culture features low-context communication in which communications are direct, explicit, and verbal-based. People tend to ask direct questions and prefer to get responses soon. On the contrary, collectivistic culture, features high-context communication in which communications are in an indirect style. For instance, building a relationship and trust between parties is necessary for the following communication (Gudykunst & Kim 1997; De Mooji & Hofstede 2011). The more interaction between buyer and seller, the higher the trust, and more satisfied the customer would be (Deutsch 1958).

2. 2 Impact of power distance on consumer behaviors

Power distance is the extent to which the less powerful members of a society accept that power is distributed unequally (Hofstede 1980). A Culture with small power distance means that inequalities among people should be minimized and there should be interdependence between less powerful and more powerful people. Family members are generally treated equally and family decisions are reached democratically. On the contrary, culture with large power distance means that inequalities among people are not only expected but also desired in the society.

In large power distance cultures, people show respect towards superior and seniors, and their purchasing decisions are affected by the opinion of more powerful people (Wursten & Fadrhonc 2012). Less powerful individuals prefer purchasing products or services that represent their own status, and are similar to the taste of their referent group in order to maintain social status. The choices of brand are influenced by external factors such as friends, families, or sale agents (De Mooji & Hofstede 2011).

In small power distance cultures, people are more independent and tend to make free choices. They don’t have to follow the suggestions from superiors or seniors (Wursten & Fadrhonc 2012). Research shows that small power distance cultures prefer buying products and services that differentiate themselves from referent groups, and brands have to be unique and distinct with consistent characteristics (Ting-Toomey & Oetzel 2003).

2. 3 Impact of uncertainty avoidance on consumer behaviors

Uncertainty Avoidance is the extent to which people feel threatened by uncertainty, and try to
avoid such situations. Hofstede (1980) states that this fundamental issue is how a society feels with an unstructured situation in the future.

In weak uncertainty avoidance cultures, people tend to be more open, innovative, entrepreneurial, and easily adaptable to change. People are more tolerant of different opinions and try to have as few rules as possible (Hofstede 2005). They perceive risks and uncertainty as part of normal life and an essential process to succeed.

In the cultures of strong uncertainty avoidance, there is a need for rules and formality to structure life. People sense that uncertainty in life is negative and will be a continuous threat. People with high level of uncertainty avoidance are concerned more about security and try to avoid failure as much as possible (Wursten & Fadrhonc 2012). As a result, the high uncertainty avoidance cultures tend to have fewer acceptances for new products, services, and technologies than the low uncertainty avoidance cultures (Roozmand et al. 2011). Consumers with high-level Uncertainty avoidance will pay more attention to brand name in order to avoid risks (De Mooji 2003; Roozmand et al. 2011). Design and fashion are the first features when they choose goods, while the customers from the weak uncertainty culture will place more emphasis on functionality.

2.4 Impact of masculinity-femininity on consumer behaviors

The dominant values in a masculine culture are achievement and success, while those in a feminine culture are caring for others and quality of life (Hofstede 1980). In masculine cultures, performance and achievement are important. People tend to be more competitive; therefore, money, status, and privileges are valued more to indicate success. While in feminine cultures, free time and flexibility are more favored, and people believe that collaboration and interaction are more important (Wursten & Fadrhonc 2012).

In masculine cultures, there is a big difference between the roles played by males and females, whereas in feminine cultures those two roles overlap. In masculine cultures, husband and wife have different responsibilities. Wives take responsibility for the decision-making on household issues such as family purchasing, while husbands are responsible for decisions such as living and investment. On the contrary, in feminine cultures, men may do household shopping just like women (De Mooji & Hofstede 2011). A Eurostat report (2002) shows that in low masculinity cultures, 52% of men spend time on shopping.

3 CASE STUDY

The report of Mastercard Worldwide (2008) shows that culture and economy patterns are the two key drivers of online shopping growth. To explore the impact of culture on online shopping behaviors, we chose cases from three developing countries (i.e. China, India, and Thailand), which have a similar level of GNI (United Nations 2013), but different types of sub-cultures. Table 1 shows the comparison of cultural indices on these three countries.

<table>
<thead>
<tr>
<th>Country</th>
<th>IDV</th>
<th>PDI</th>
<th>UAI</th>
<th>MAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>49</td>
<td>71</td>
<td>31</td>
<td>57</td>
</tr>
<tr>
<td>China</td>
<td>16</td>
<td>74</td>
<td>21</td>
<td>68</td>
</tr>
<tr>
<td>Thailand</td>
<td>16</td>
<td>57</td>
<td>54</td>
<td>32</td>
</tr>
</tbody>
</table>

Table 1. Culture indices of Indian, Chinese, and Thai

3.1 Three cases of online stores

3.1.1 Taobao: online shopping website in China

In 2014, the e-commerce market in Asia is expected to have higher revenues than North America (Richter 2013), especially in China. The population of the Internet users in China has increased 10
percent from 2012 to 2013, and reached 600 million at the end of 2013 (China Internet Network Information Center 2013). The number of Chinese online shoppers reached 242 million in the middle of 2013 (China Internet Network Information Center 2013). This makes China the biggest market for online shopping.

Figure 5. Taobao.com webpage

Taobao (www.taobao.com) was founded by Alibaba Group Holding Limited. in 2003, and has become the biggest online market auction site in China. It holds about 90 percent of customer to customer (C2C) market share in China (Alibaba Group Holding Limited SWOT Analysis 2013) and has over 500 million registered users from around the world as of June 2012 (Online Retail in Asia-Pacific 2013). In April 2008, Taobao launched Tmall.com, a business to customer (B2C) platform, to fulfill its customers’ need by providing brand name products (Alibaba group 2014). Taobao and Tmall revenues collectively reached RMB 1 trillion (US $159.5 billion) at the end of 2012 (Milward 2012).

When first entering the market, in order to attract sellers and buyers to the market, Taobao launched a “free of charged” strategy, meaning free of any transaction and listing fees in the first three years. With this strategy, Taobao quickly earn over 60 percent of market share and was able to compete with eBay China (Yang & Liu 2009). The company has created an online chat service called “Taobao Wangwang” to allow direct communication between buyers and sellers on products, sales, shipping, and services, which helps build trust between sellers and buyers as well as their confidence of using the website for transactions (Yang & Liu 2009).

To better support smooth transactions, Taobao also provides a payment function called “Zhifubao” (Alipay), similar to Paypal in the U.S. Zhifubao temporarily saves the money during transitions, and will not pay the sellers until the buyers receive the product and confirm the satisfaction. The payment method benefits both sellers and buyers (Yang & Liu 2009).

In order to help shoppers make decision and sellers maintain high-quality service, Taobao develops a comprehensive ranking system for both buyers and sellers. Buyers have to rate sellers in terms of product itself, shipping speed, communication channel, and customer services, etc. Sellers also need to evaluate if buyers are good customers. The rank for each individual seller and buyer is determined by rating data, plus other information such as the tenure using the website and the number of transactions, etc (Li et al. 2012).

Taobao and Tmall sales reached RMB 35 million (US $5.71 billion) in just one day on November 11, 2013, a new online shopping festival, similar to cyber Monday in the U.S. (Incitez China 2013; Milward 2013). The festival started in 2009, and the sales increased by 80 percent from 2012 to 2013 (Osawa, 2013).

3.2.2 Flipkart: online shopping website in India

India had a population of Internet users of over 120 million in 2012 (ComScore 2012). This number is expected to reach 370 million in 2015 (Mckinsey & company 2012).
Flipkart.com webpage

Flipkart is a leader of the online retailers in India. It was founded in 2007 by Sachin Bansal and Binny Bansal. They first started selling books online and gradually extended the business to mobile phones, music, games, and so on (Flipkart 2014). At the end of 2013, its customer base had reached 10 million, which grew 431% from 2012 (ComScore 2012) with annual sales of $100 million (Brohan 2013).

For the payment method, Flipkart provides multiple options, for instance cash on delivery (COD), which allows customers to pay cash when the order is delivered. In addition, other payment methods are also available for customers including debit cards, credit cards, online banking, and Easy monthly installment option (EMI). Flipkart offers an EMI, which allows customer to choose three, six, nine, or 12 months payment. Customers will be charged an annual interest rate base on the bank they use and the period of time they choose (Flipkart 2014). Additionally, in the earlier part of 2013, Flipkart launched PayZippy, which provide faster, smoother, and safer online payment experience to their customers. PayZippy allows Flipkart to analyze their consumers’ personal experience and behavior (The Hindu Business Line 2013). Moreover, the company offers a 30-day free return policy, which allows customer to change or return the product if they find it damaged or not the same as described (Flipkart 2014).

Mr. Ravi Vora, Marketing VP of Flipkart, said that in the first 3.5 years, Flipkart extended their customer base by word of mouth and social marketing such as Twitter and Facebook, which really helped them grow their customer base (Chougle 2012). In order to improve user experience during use their website, Flipkart provides a user friendly website. For instance, it offers a lite version website for the lower speed Internet users (Sagar 2012).

3.3.3 Weloveshopping: online shopping website in Thailand

Thailand e-commerce is growing rapidly due to an increase in number of Internet and mobile users, development of online payment systems, and changing of consumer behavior (Search Blog Asia 2011). NECTEC reports that the percentage of Thai consumers shopping online has increased 9.4% from 47.8% in 2010 to 57.2% in 2011. Additionally, the Internet users are expected to grow from 22 million in 2011 to 36 million in 2016 (Euromonitor international 2013). The e-commerce market is booming, and more players are coming to this business, which creates more intense competition.

Figure 7. Weloveshopping.com webpage

True Digital Content and Media Company Limited, the sub company of True Corporation Plc. Group, had relaunched www.weloveshopping.com in 2007 after its merger with
Weloveshopping became the top online shopping website in Thailand, offering more than 320,000 online stores with around 8.5 million products and services (True Corporation 2012). The company is now driving three e-commerce websites: www.weloveshopping.com, a C2C site, www.itruemart.com, a B2C site for the Thai market, and www.itruelife.com, a B2C website for the Chinese market. They plan to expand the customer base to Europe, the US, India, and the Philippines in 2014 (Boonnoon 2013).

As for the payment method, the company provides the “We Trust” system to temporarily hold the payment for seven days until customers receive the product and confirm the satisfaction with the transaction (Pornwasin 2010). Besides a wide range of online payment methods, such as mobile payment, credit cards and debit cards, it also offers offline payment methods. For instance, the website has linked with the Thailand Post Office and Family Mart to allow online shoppers to pay transaction and payment fees at counters and cashiers (Pornwasin 2010; Boonnoon 2013; Search Blog Asia 2011).

True Corp. also developed other strategies such as joint ventures with business partners. For example, The company has joined Villa Market to offer a new shopping lifestyle, “weloveshopping On-The-Move”, which allows customers to buy online goods (including an imported product) from 10 Villa Supermarket branches through www.weloveshopping.com with several special options (Pornwasin 2010; Boonnoon 2013).

Table 2 shows a summary of the key features including main product, payment method, communication tool, and other features from the three cases.

<table>
<thead>
<tr>
<th></th>
<th>Main product</th>
<th>Payment</th>
<th>Communication</th>
<th>Other key features</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taobao (China)</td>
<td>Clothing, Cosmetics</td>
<td>Zhifubao (Alipay)</td>
<td>Taobao Wangwang</td>
<td>One day sales</td>
</tr>
<tr>
<td>Flipkart (India)</td>
<td>Books, Games and media</td>
<td>COD, EMI, PayZippy</td>
<td>Twitter, Facebook</td>
<td>Lite version of website</td>
</tr>
<tr>
<td>True (Thailand)</td>
<td>Clothing, Cosmetics</td>
<td>We trust, Offline payment, True’s mobile wallet system</td>
<td>True app, Twitter, Facebook, Instagram</td>
<td>Weloveshopping on the move</td>
</tr>
</tbody>
</table>

Table 2. Summary of the key features of the three cases.

3.2 Analysis

3.2.1 The impact of collectivism on online consumer behavior

Hofstede’s IDV dimension shows that countries in Asia seem to be collectivism. They score lower than 50. Consumer purchasing behavior will be mainly motivated by status and group benefit. They are high-context cultures, in which the societies have close connection, so information is understood through implication and explicit communication is unnecessary. Therefore, building relationship and trust is essential for consumers to make purchasing decisions. The collectivist consumers prefer national or global brands in order to avoid risk, and maintain group harmony (Zhu et al. 2007; Shannon & Mandhachitara 2005). The Taobao and weloveshopping strategies develop new market segments for “Brand” and “Trend & Design”, which fits the brand and design preferences of collectivist societies.

Moreover, an image of online retailers is also important for Thai shoppers. Research Dynamics (2011) found that Thai consumers tend to perceive online retailers as having a modern and international image as well as offering the convenience for shopping. Therefore, providing a good image and recognition of customers’ needs may be able to attract customer interest as well.

Focusing among these three collectivist countries, India tends to have the highest level in individualism, which is almost a score of 50 compared to China and Thailand, which have a score of just 16. This result shows that India seems to have more characteristics of individualist societies than China and Thailand; however, after studying the cases, this point is still not clear in term of individualism in Flipkart’s marketing strategy.
The impact of power distance on online consumer behavior

The scores of power distance are high in all three countries. China received a 74 score, followed by India (71), and Thailand (57). The large power distance in these countries shows that there are some inequalities, which can occur in areas such as prestige, wealth, power, human rights, and technology, among others.

For India, the terms caste, estate and class are the three types of rank inequalities used to differentiate society into different functional areas (Bohannan 1969). The Indian caste system has a significant role in maintaining Indian culture. It is a hierarchical structure that divides people into four varnas, a social class in India: Br admirns (mutually exclusive), Ks atriya s (exhaustive), Vaishyas (hereditary), and Shudras (occupation-specific). The lower status group occupation like Shudras will have limited access to education and jobs (Son 2007).

China has long been influenced by Confucianism, which has a profound influence on family, social life, as well as business. Family members respect seniors in the family and tend to follow their instructions (Zhang & Bond 1998). Therefore, they tend to trust the brands and products that family have long used, and purchase the same brand or product as do other members (Monga & John 2007).

A similar system does exist in Thai culture. Thai people still prefer a hierarchical and group-orientated structure (Eldridge & Cranston 2009). Family members such as uncles, aunts, and cousins create a family-based identity in Thailand; the other family members respect seniors or leaders to make purchase decisions (Childers & Rao 1992, Plabdaeng 2010). However, because most Thai culture is influenced by Buddhism, it has a less strong power distance compared to India and China.

The role of opinion leaders may become more remarkable in cultures that are high in power distance (Kau & Jung 2004). Yau (1988) suggests that advertisements targeted at Chinese would be more effective when using societal leaders to recommend products or services. The same approach would also work in India, where opinion leaders play an important role in guiding consumers making purchasing decisions (Kau & Jung 2004).

Additionally, the different degree of urbanization gives countries in Asia a large power distance, which further impacts consumer preference. For example, in urban China, people prefer to shop weekly in huge grocery stores or modern shopping centers, while people in suburban China tend to shop daily at local farmers markets. Online shopping provides convenience to both people who live in urban areas with limited time and people who live in rural areas with restricted choice of products. Flipkart realizes that online shopping has become increasingly popular in small cities, but Internet connectivity and logistics infrastructure are still a barrier for these small towns (Ians 2014). To solve this problem, Flipkart offered a lite version website for the lower speed Internet users.

De Mooji (2010) mentioned that people in collectivistic and/or high power distance cultures make purchasing decisions based on information via implicit interpersonal communication and perception of trust in the seller company. As in the case of Taobao, it creates a ranking system for both buyers and sellers to facilitate better judgment. Additionally, social media is used in all three companies in order to provide two-way communication between buyers and sellers.

The impact of masculinity-femininity on online consumer behavior

The extent of power distance also partially impacts the degree of masculinity-femininity. We found that the countries with a high level of power distance tend to get high scores in masculinity-femininity as well. In masculinity and large power distance culture, males and females play different roles in housework such as shopping (Wursten & Fadrhonc 2012). For instance, the Indian and Chinese seem to have more competitive and pressured societies than does Thailand, and women in those two countries have more responsibility in household purchasing than do women in Thailand. Thailand has a lower score in MAS compared to China and India. In Thailand, people will enjoy shopping more, and husbands also go shopping and often times husbands and wives make joint-decisions. However, husbands are normally the leader in making purchasing decisions in traditional cultures in Thailand (Plabdaeng 2010).

The impact of uncertainty avoidance on online consumer behavior

Thailand has a high level of uncertainty avoidance (with a score of 54) as opposed to China and
India (with scores of 21 and 31 respectively). This result indicates that Thai people are more concerned about risk and security, and are more resistance to accepting new things. Therefore, providing trust and secure shopping experience is essential to Thai shoppers. As we found from the Weloveshopping case, popular online products in Thailand are low risk goods such as books, clothes, accessories, and cosmetics, which normally involves relatively small bills (Research Dynamics 2011).

Research Dynamics (2011), “The study of Thai online consumers”, reports that the main reason to prevent Thai people from shopping online is the security concern, especially the security of payment. The research found that Thai consumers prefer to pay by cash instead of other online payment methods. Weloveshopping realized this problem, and offered the WeTrust system providing both online and offline payment services in order to help consumers build trust and confidence in online transactions.

In order to improve trust, Taobao in China provides Zhifubao, a payment method to allow the transaction being paid after consumers receive the products. Additionally, Taobao created Taobao Wangwang, an online chat tool to facilitate buyer and seller communication before and after transactions. Similarly, Flipkart provide “Cash on delivery” and a 30-day replacement guarantee. All these methods efficiently reduce the uncertainty and enhance confidence of consumers in online purchasing. Rating of services and review of products, as well as online assistance have been used in Taobao and Flipkart to reduce the purchasing uncertainty. Suggestions from others buyers are important for group-based societies. Additionally, the online assistance helps build trust between sellers and buyers, and further makes shoppers feel comfortable while shopping.

The fast growth of the middle class and young generation in these three countries greatly reduces the extent of power distance and uncertainty avoidance. People tend to become more individualist than before. The emerging middle class are well-educated, with high purchasing power and a different consumption style in which people tend to spend more money, and are more likely to use credit cards, and to adopt new technology quickly.

<table>
<thead>
<tr>
<th></th>
<th>IDV</th>
<th>PDI</th>
<th>UAI</th>
<th>MAS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taobao (China)</td>
<td>Collectivism</td>
<td>High PDI</td>
<td>Low UAI</td>
<td>Masculinity</td>
</tr>
</tbody>
</table>
|                 | • Develop Taobao Wangwang to build relationship and trust before purchasing.  
• Launch Tmall.com to fulfill consumers’ need of premium brand. | • A hierarchical and group-orientated structure.  
• Status and face are important.  
• Create rating system for buyers and users. | • Risk is challenging.  
• Openness and adaptable to new innovation.  
• Inventing payment method called Zhifubao for easy and safe payment. | • Dominant values are success, money, and status.  
• Competitive and stress atmosphere.  
• Large role difference between male and female. |
| Flipkart (India)| Collectivism | High PDI             | Low UAI               | Masculinity          |
|                 | • Create trust and relationship via social media channels. | • Offer lite version website for the lower speed Internet users.  
• Status and face are important. | • Providing varieties of payment methods: COD, EMI, and PayZappy. | |
| True (Thailand) | Collectivism | High PDI             | High UAI              | Femininity           |
|                 | • Develop new market segments for 'Brand' and 'Trend & Design preference. | | • Risk is negative thing.  
• Concerning about security and strict on the rule.  
• Use "WeTrust" to enhance consumer confident and provide a variety payment services. | • Caring for other and quality of life.  
• Relaxing and friendly atmosphere.  
• Small role difference between male and female. |

Table 3. Summary of the impact of four culture dimensions on online retail stores.
In addition, economic development, education, and increasing number of working women changes the decision making process gradually (Sidin et al. 2004). Thai consumers now stay online longer than before. Mastercard (2013) reports that 90.6% of recent Thai shoppers made online purchases. These changes show that Thai consumers have become more open and more familiar with online-shopping. Table 3 summarizes the impact of four cultural dimensions on the three online stores.

3.3 Implication

According to our study, cultural dimensions influence online retail stores and consumer purchasing behavior. China, India, and Thailand are collectivist and all show high extent of power distance, while Thailand shows higher extent of uncertainty avoidance and lower degree of masculinity scores than the other two countries. Thai consumers tend to enjoy offline shopping more, but are less open to online shopping and more concerned about online security comparing to Indian and Chinese.

Building trust and relationships, offering close communication, and providing flexible payment methods are essential for Thailand to enhance online shopping. For instance, if True Corp. adopts certain strategies from Taobao and Flipkart such as online chat tool and rating system, it may greatly improve customer trust and shopping experience. Moreover, new technology such as biometrics that identifies body features such as fingerprints and voice pattern can be used for authentication and to reduce uncertainty.

4 CONCLUSIONS

In this research, we investigated how culture dimensions impact online retail stores and consumer purchasing behavior in three Asian countries. We first introduced four culture dimensions relevant to consumer purchasing behavior based on Hofstede’s theory: Individualism-Collectivism (IDV), Power distance (PDI), Uncertainty avoidance (UAI), and Masculinity-Femininity (MAS). We then conducted a case study of three online retail stores from China, India, and Thailand, respectively. We studied the marketing strategies in each country where there are differences in culture. Last, we analyzed the marketing strategies in each country based on four cultural dimensions. Firms doing business with multicultural markets can adjust their marketing strategies based on the consumers’ cultural background. Understanding cultural differences among consumers will help the company create a better marketing strategy that suits that culture the most.

For the future research, economy, policy, and technology advancement may also be the factors affecting consumers’ online purchasing behavior. Conducting case studies in other countries and studying their culture would be valuable in order to enhance an understanding about cultural differences.

References


