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## Does COO Matter in Value Co-creation of Cross-border E-commerce?

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**Abstract:** The purpose of this paper is to explore the cross-border e-commerce value co-creation mechanism. We believe that the most significant factor affecting consumers' cross-border online shopping is online service quality. And the country of origin effect also plays an important role in the cross-border purchase intention. Therefore, this study built a proposed model of cross-border online purchase intention based on co-create theory and two-side market theory. For the case of online cross-border shopping, perceived value is very important which can directly determine the purchase intention of customers. Based on the related theory, three significant latent variables that can indirectly determine the purchase intention of customers as follows: consumer resource, platform service quality (or ESQ), and country of origin. According to our positive study, platform service quality is the most important factor, COO is the second one, and consumer expertise is the last one. All of the antecedent variables are significant according to statistical results. Then we made the conclusions and implications.

**Keywords:** COO, two-side market, value co-create, SEM, CMV mediation effect

### Introduction

Despite recent trade frictions, those hopes have been borne out, with cross-border e-commerce sales through Amazon now raking in \$10,000 a day on average. Under the background of the rapid development of information technology, e-commerce has become an important driver for the development of the world economy and has drawn great attention from various countries. China's e-commerce has a significant scale advantage in the world. As an important business model and trade method, cross-border e-commerce has become a new engine to promote the stable growth of foreign trade, promote the transformation and upgrading of foreign trade, and promote the overall economic development. Actively participating in and leading the development of international e-commerce rules has become an important strategic task in China's foreign trade field. In the future, digital trade will become the mainstream of international trade commerce, while traditional agriculture and manufacturing will benefit from this. Therefore, how to build a healthy and sustainable cross-border e-commerce value co-creation mechanism is of great significance<sup>1</sup>.

In recent years, value co-creation in the two-side market has become the focus of current theoretical and practical research. As the market competition environment changes, the role of customers in value creation has changed. Value is no longer created by the company alone, but is created by the interaction between the company and the customer through the internet platforms. Many domestic companies have achieved strong market competitive advantages through value co-creation. With the development of the network economy, the perspective of value co-creation has shifted from the dual interaction of enterprises and customers to the dynamic network interaction of multiple socio-economic participants.

Value co-creation in the two-side market is a new value creation model, and the influence mechanism of customer resources on the value co-creation ability has gradually attracted the attention of scholars and managers. In the S-D logic, the customer is the main body of value creation, and its role has changed from the passive participant to the dominant creator<sup>2</sup>. But in the two-side market, the platforms also played a significant

role in the value co-created process. And there is less research on the value co-creation ability based on the two-side market, especially in cross border e-commerce market.

### Purpose

The aim of this paper is to address the COO(Country of Origin) effect of the value co-creation mechanism in two-side market, particularly when customers buy the imported goods different countries, to verify whether the country origin effect in the two-side market still has a strong effect or not.

### Methodology

According to the latest National Economic and Social Development Statistical Bulletin of Wuhan, Beijing, Shanghai, Guangzhou, and Shenzhen, Using those cities' population. According to the method of Sevilla(1992),this study selected 525 samples in Beijing, Shanghai, Guangzhou, Shenzhen, and Wuhan based on sampling techniques in 2019. There were 469 valid samples, and the effective rate was 89.33%. Then we tested the value co-creation model with COO effect developed by us. And the techniques we used are as follows: the test and control of common method variance、exploratory factor analysis、confirmative factor analysis、SEM analysis and mediation effect test. The concept model is as follows:

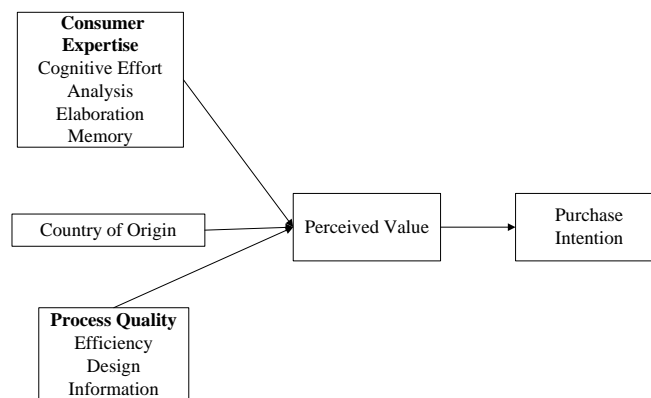


Figure 1. Research framework

### Originality

Although there are many literatures focus on the value co-creation mechanism, there are not many literatures focus on the value co-creation mechanism in the bilateral market, and fewer literatures focus on the country of origin effect of the value co-creation mechanism in the bilateral market. Therefore, we built a proposed model of cross-border online purchase intention based on co-create theory and two-side market theory.

This work value consists of trying to explain the mechanism of value co-creation with country origin effect in a theoretical context different from the traditional value co-creation theory, i.e. value co-creation in two-side market with country origin effect.

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### Findings

Firstly, the empirical results show that platform service quality of the cross-border online websites and apps will significantly affect consumers' perceived value and their willingness to purchase, and both of which are significant at a high level. At the same time, consumers' perceived value has a fully mediating effect on the relationship between online service quality and cross-border online purchase intention. The validity of this conclusion has also been proved by some other scholars.

Nowadays, cross-border online shopping is very hot, and a lot of related cross-border e-commerce

platforms and small and medium-sized cross-border e-commerce companies are emerging one after another. After all, the development of a cross-border online shipping eco-system is too fast to be a mature one. Some cross-border e-commerce platforms and companies lack experience and prospects. Therefore, some customers are not satisfied with some cross-border e-commerce platforms and companies. Some customers maybe give up the shopping on the cross-border e-commerce websites and apps for the sake of low-quality level.

But for young or high-income groups, cross-border online shopping is easy to be accepted because of buying global and high-quality goods. In addition, the group who are pursuing new things feel that cross-border online shopping is a very fashionable shopping method. This group of the population will also perceive the value of cross-border online shopping. According to the above analysis, we found that different people have different perceptions of the value of cross-border e-commerce, which indirectly affects the online shopping intentions of different consumers.

Secondly, the effect of country of origin is crucial to the purchase willingness of cross-border e-commerce users. Through the above data analysis, it can also be found that country of origin has a positive impact on consumers' perceived value and cross-border online purchase intention, and both of which are at a significantly high level. Then consumers' perceived value has a fully mediating effect on the relationship between country of origin and purchase intention.

Finally, consumer expertise is also a very important impact factor to the purchase willingness of cross-border e-commerce customers. We also found that the consumer expertise has a positive impact on consumers' perceived value and online purchase intention, and both of which are at a significantly high level. Then consumers' perceived value has a fully mediating effect on the relationship between consumer expertise and purchase intention.

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