

Relationship between the Characteristics of Products and Services and Customer Purchase Intention in Cross-Border Online Shopping - The Case of Chinese Customer

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… Abstract …

This study takes cross-border online shopping as the research object. It explores the relationship between the characteristics of products and services and customers' purchase intention in cross-border online shopping. Firstly, based on the review of relevant research literature, according to the theory of comparative advantage (Ricardo, D., 1817), with trust as the mediator, the research hypothesis that specification, diversity, reputation, novelty, and quality can affect customers' cross-border online shopping intentions is proposed, and then the research model is constructed. Secondly, define the meaning of the six variables in the model and design-related measurement items. The designed survey questionnaires are distributed, and the data collected through the survey questionnaires are used for empirical analysis and verification of the research model. The empirical results show that most of the research hypotheses can be supported by empirical data. This paper takes cross-border online shopping customers with experience as the research object. It explores the influencing factors of cross-border online shopping purchase intention from the perspective of the characteristics of products and services. This has particular theoretical significance for improving the research on the cross-border online shopping system to improve the safety and satisfaction of customers in cross-border online shopping. In addition, it is beneficial to deepen cross-border e-commerce's understanding of customers' purchasing intentions, thereby improving the scientificity of their marketing decisions.

Key Words : Cross-border Online Shopping, Customer Purchase Intention, Product Characteristics, Service Characteristics, Comparative Advantage Theory.

I . Introduction

With the deepening of globalization in recent years, consumers' consumption habits and behaviors have also changed. With the advent of the era of wise shopping, people have the opportunity to purchase foreign products and services. The cross-border e-commerce industry has developed rapidly, and more and more people choose cross-border online shopping. Baek (2019) believes that cross-border shoppers often look for lower prices or a greater variety of

products and better service than in their city or country. This paper takes the cross-border online shopping of Chinese consumers as a reality. Based on the literature review, with consumer trust as a mediator, this paper builds a model of the impact of product and service characteristics on customers' cross-border online shopping intention. The research conclusions will have considerable application value for the healthy development of China's import cross-border e-commerce and also have potential guiding significance for China's export cross-border e-commerce.

II . Literature Review

1. Cross-border online shopping

With economic globalization and the widespread popularity of e-commerce, cross-border e-commerce has developed rapidly. Cross-border Online Shopping is a way for customers to purchase products from other countries (within the borders of other countries) through the Internet. In recent years, driven by factors such as escalating customer demand and the vigorous development of cross-border e-commerce platforms, more and more customers have joined the

cross-border online shopping force, causing the strong growth of cross-border e-commerce. For online shopping in the general sense, many research results involve all aspects of the online shopping process. From a theoretical point of view, there is still a lack of empirical research on cross-border online shopping in terms of product characteristics and service characteristics.

2. Customer purchase intention

Dodds (1991) believes that the intention to purchase is the probability that customers will subjectively consume a particular product. Ajzen

(1991) defines purchase intention as the customer's intention to buy a specific product. Spears and Singh (2004) define purchase intention as "a conscious plan made by an individual to purchase goods." Regarding the influencing factors of customers' purchase intention, different scholars have put forward some opinions from different perspectives (Zeugner-Roth et al., 2015; Akkaya, M., 2021).

3. Comparative advantage theory

The theory of Comparative Advantage refers to an international trade theory based on the relative differences in production costs among countries to carry out the international specialized division of labor and obtain benefits through free trade (Ricardo, 1817). Ricardo proposed that, in his masterpiece *On The Principles of Political Economy and Taxation*, the basis of international trade is the relative difference (rather than the

absolute difference) in production technology and the resulting difference in relative costs. The theory holds that each country does not necessarily produce a variety of commodities but should concentrate on creating products with the most significant advantage or most minor disadvantage and then conduct international trade.

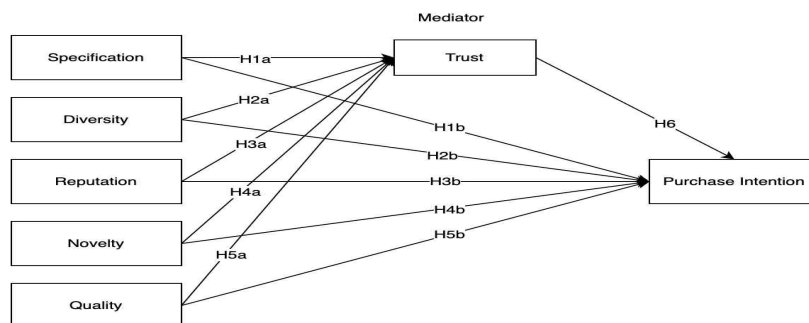
This paper is based on this theory to conduct research, and all assumptions are derived from the view of comparative advantage. In essence, cross-border e-commerce is a form of international trade, and the development of cross-border e-commerce has also had a profound impact on international trade. It is precise because of the comparative advantages between different countries that consumers choose to purchase products and services through cross-border online shopping platforms.

III. Research Model and

Hypothesis

1. Research model

According to the above analysis, the research model of this paper is constructed, as shown in Figure1.



<Figure 1> Research Model

2. Research hypothesis

1) Specification

The study by Powers, T. L., and Loyka, J. J.(2007) examines the standardization of global products from five dimensions: commonality of product, commonality of pricing, commonality of advertising and promotion, commonality of distribution, and overall international product standardization and argue that global product standardization represents a combination of the previous four dimensions. Influenced by them, specification in this study means that the production process, function, performance, structure, and quality of products and services are reasonable, scientific, and in line with standards, and the definitions, concepts, components, and details of products and services can be fully clarified and expressed, the planning, design, instructions, and features of products and services can be quickly described and defined, to meet the needs of consumers and create a sense of trust, thereby enhancing consumers' willingness to buy—the study by Hsee. C.K. et al.(2009) showed that customer preference is still affected by specification even if specifications carry little or no new information. In the current cross-border e-commerce industry, the implementation of product specifications can increase consumers' trust in products in cross-border online shopping.

H1a: The specification of products and services in world

market will have a positive effect on trust.

H1b: The specification of products and services in world market will have a positive effect on customer purchase intention in cross-border online shopping.

2) Diversity

Fisher (1999) believes that product diversity refers to the number of products consumers face in a certain period and the speed of replacement between new and old products. Product diversity refers to different numbers of products in a specific product, such as different brands of the same product (Lancaster, 1990). Martin (1996) and others further classified diversity, believing that variety can be divided into spatial diversity of products at different points in time and generational diversity of products of different generations in the future. Individual consumers are more willing to try and use more diverse products. Thus, the assumptions are made as follows:

H2a: The diversity of products and services in world market will have a positive effect on trust.

H2b: The diversity of products and services in world market will have a positive effect on customer purchase intention in cross-border online shopping.

3) Reputation

Reputation is generally defined as the cumulative opinions, perceptions, and attitudes of consumers toward products and services (Fombrun et al., 2000; Fombrun and Shanley, 1990; Hatch and Schultz, 2001; Weigelt and Camerer,

1988). Scholars believe that developing a corporate reputation and actively promoting it is a necessary condition for modern business (Gray, E. R., Balmer, J. M. T, 1998). Studies have shown that reputation has a positive impact on customer loyalty and customer perceptions of product quality (Henard et al., 2010; Purohit et al., 2008). Customers have lower attitudes and purchase intentions toward products and services after receiving information about negative reputations (Jung, N. Y., Stock, Y. K., 2016). A good corporate reputation will make consumers love and recognize the product, enhance their willingness to buy, and ultimately choose the company's products. Based on the above, the hypotheses are as follows:

H3a: The reputation of products and services in world market will have a positive effect on trust.

H3b: The reputation of products and services in world market will have a positive effect on customer purchase intention in cross-border online shopping.

4) Novelty

According to Novelty Categorization Theory (Forster et al., 2010), a stimulus or an event is novel if it does not fit into a person's existing mental categories. Therefore, Sung B. et al. (2016) see novelty as a conflict between stimuli and expectations, something that has not been experienced before, or a lack of familiarity. In this study, the novelty of products and services in

cross-border online shopping refers to the characteristics of products and services that customers are unfamiliar with or have not been exposed to, or cannot buy within the country. Cross-border online shopping is a consumption fashion. Fashion is a desire for new things, a pursuit of new experiences, and a sense of satisfaction that breaks current lifestyles (Won and Kim, 2020). To meet their own spiritual needs, people experience new product designs and new service methods, and they will purchase through cross-border online shopping, an emerging online shopping method.

H4a: The novelty of products and services in world market will have a positive effect on trust.

H4b: The novelty of products and services in world market will have a positive effect on customer purchase intention in cross-border online shopping.

5) Quality

The emerging problems of product quality and safety in China have spawned the cross-border online shopping market. When rational consumers buy products, they must consider whether the quality of the products can meet their needs and then judge whether to purchase products and services (Smallwood, D. E., 1979). In recent years, large-scale safety accidents have frequently occurred due to product quality problems. Counterfeit and defective products are widespread in the domestic market due to inadequate

domestic product safety regulations and insufficient market supervision. Rational consumers will purchase overseas products and services with guaranteed quality and safety. Numerous past studies have also shown that perceived product quality impacts customers' purchase intentions (Madu et al., 1995; Sweeney et al., 1999). Therefore, the hypothesis is made as follows:

H5a: The quality of products and services in world market will have a positive effect on trust.

H5b: The quality of products and services in world market will have a positive effect on customer purchase intention in cross-border online shopping.

6) Trust

Many researchers have put forward different opinions on the connotation of trust. The definition of trust unanimously recognized by scholars at home and abroad is proposed by Mayer et al.: Trust refers to the willingness of the trusted person (trust) to the trusted person (trustee). In marketing, consumer trust is an essential determinant of consumers' buying desires. In the cross-border network environment the information asymmetry, perception of difference, and transaction virtuality between buyers and sellers in a cross-border network environment make consumers more uncertain and perceived risks than in the traditional trading environment. Since the environment in which trust is created can be uncertain, transactions will not begin

until both parties trust each other (Das, T. K., and Teng, B. S., 1998). When this uncertainty cannot be reduced through rules and practices, people rely on trust to minimize tension and perceived risk. Therefore, the importance of trust in the environment of e-commerce is higher than that in traditional commerce. Trust, as a critical intermediary variable in relationship marketing, plays an essential role in the establishment of long-term relationships between companies and customers and has a significant impact on their behavior (Moorman & Zaltman, 1993). Based on the above analysis, this paper uses consumer trust as an intermediary to study the influence of product characteristics and service characteristics on consumers' purchase intention in cross-border online shopping.

H6: Trust will play a mediating role in the relationship between the characteristics of products and services and customer purchase intention in cross-border online shopping.

IV. Research Survey Design

To verify the proposed research model, this study defines six variables in the model (specification, diversity, reputation, novelty, quality, and trust) and designs appropriate measurement question options, which are analyzed, modified, and supplemented according to the research question.

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