

A Study of Young Taiwanese Consumers' Attitude toward Internet Transnational Surrogate Buyer Service: Perspectives from Merchandise Attribute, Consumers' Perceived Result and Characteristics

Huey-Wen Chou¹, Chi-Lung Yen^{2,*} and Li-Ru Hwang³

¹National Central University
300 Zhongda Rd., Taoyuan, Republic of China (Taiwan)

²National Central University
300 Zhongda Rd., Taoyuan, Republic of China (Taiwan)

³National Central University
300 Zhongda Rd., Taoyuan, Republic of China (Taiwan)

* Corresponding author's email: yenchilong [AT] gmail.com

ABSTRACT— *With the increasing popularity of Internet usage, Internet economy has flourished. The total revenue of Taiwan's Internet business was 562 billion NT dollars in 2011 and 10% of it was contributed to overseas shopping. Based on Theory of Reasoned Action, this study investigates the relationship between selected variables and consumers' attitude towards using Internet transnational surrogate buyer services. The selected variables include merchandise attributes (price, brand name and warranty), consumers' perceived results (benefit and risk), consumers' characteristics (openness and materialism). The results of this study show that all but two of our hypotheses are supported by our empirical data. Based on the findings of this study, price and warranty do not have significant impact on consumers' behavior on using Internet Transnational Surrogate Buyer Service. Therefore, this study suggests that Internet transnational buyer service providers need to pay more attention to 'brand name' instead of 'price' or 'warranty' when they develop marketing strategy.*

Keywords— Internet transnational surrogate buyer service, merchandise characteristics, perceived result, openness, materialism.

1. INTRODUCTION

To a lot of the heavy-users, Internet is part of life [1]. As Internet grows more and more popular, online economic activities flourish. According to a survey by Taiwan Institute for Information Industry in 2012 [2], the annual revenues of online stores exceeded 562.6 billion NT dollars in 2011. The online economic activities can be categories into 4 types, online shopping (83.8%), online auction (35.3%), and online group purchase (66.7%) and online overseas purchase (14.4%). The average frequency for online shopping is 16 times a year, and the average expenditure a year is 16,123 NT Dollars. Among them, B2C (Business to Customer) accounts for sixty percent of the total amount, auction, 30%, and overseas purchase, 10%. The online overseas purchase indicates that Taiwan consumers have strong demands for overseas merchandise. According to the analysis by Taiwan Institute for Information Industry [2], the ways how Taiwan consumers make online overseas purchase are 'domestic surrogate buyer service - individual', 'shopping directly from foreign web sites', 'domestic surrogate buyer service – company', and 'shopping on the official web sites of foreign brand names'. Among these 4 ways, both domestic surrogate buyer service individual and company are part of Internet Transnational Surrogate Buyer Services. Internet Transnational Surrogate Buyer Services provide service to consumers in the area of overcoming the barriers of language and currency exchange [3]. However, in addition to these 2 obvious reasons why consumers use Internet Transnational Surrogate Buyer Services, this study would like to investigate the factors that make consumers to use Internet Transnational Surrogate Buyer Services. According to the Theory of Reasoned Action (TRA) [4], an individual's behavior is determined by intention. The stronger the intention is, the more often the behavior occurs. In the meantime, individual's attitude affects its intention. Therefore, based on TRA, this study attempts to analyze factors that influence consumer's attitude towards using Internet Transnational Surrogate Buyer Services.

2. LITERATURE REVIEW

2.1 Internet Transnational Surrogate Buyer Service

Hollander and Rassuli [5] defined a surrogate shopper as a commercial entity, that is paid by the consumer, provides assistance to consumer's decision making, search and evaluation to meet consumer's demands, and making purchase on behalf of the consumer. With the popularity and easiness of Internet access, consumers can easily access merchandise information around the world. However, language and currency exchange remain barriers for consumers to make purchase directly via Internet. Thus generates demand for transnational surrogate buyer services [3].

Despite the increasing amount of Taiwan's overseas shopping [2], there is sparse literature on the transnational surrogate buyer service, especially in Taiwan. Lu and Liao [6] clustered Taiwan's users of transnational surrogate buyer services for clothing market into three categories and suggested that different advertising strategies should be formulated for different clusters. Chou [7] concludes that the lower Taiwan's consumers perceive the risk of using transnational surrogate buyer services and the higher they perceive the value of merchandise, the more likely would they use the transnational surrogate buyer services.

2.2 Attitude

Fishbein and Ajzen [4] claim individual's attitude towards a behavior is determined by his/her beliefs on the consequences of this behavior. Attitude is an action of persistent like or dislike and will cause the intention of behavior. Positive attitude may appear higher intention of behavior. The relationship between consumer's attitude and purchase intention is an important issue in the field of marketing. Korgaonkar [8] propose that consumer's attitude towards shopping channels will impact his/her intended use. Positive attitude will increase the likelihood of purchase. On the contrary, negative attitude will reduce the possibility of purchase, or increase the possibility of a waiver of the consumption process. Therefore, this study suggests that there is a relationship between consumer's attitude towards transnational surrogate buyer services and his/her intention.

2.3 Intention

Fishbein and Ajzen [4] believe that individual's intention will affect the occurrence of his/her subsequent behavior. Different intention cause individual's different attitude. Scholars claimed, in online shopping context, consumer's intention has a positive relationship with its actual buying behavior [9, 10, 11]. Thus, this study proposes the following hypothesis:

H1: Customer's attitude towards transnational surrogate buyer service positively relates to his/her purchasing intention.

2.4 Merchandise attributes

Murthy and Djameludin [12] advocated the merchandise property will influence the attitude and behavior of consumer. Consumer will make a decision based on merchandise attributes, such as price, brand name, warranty etc.

Price: Auger et al. [13] consider the price is the most direct impact merchandise attribute on consumer's attitude and purchase behavior. The consumer's attitude is related to the prices [14, 15]. Shi [3] claimed that the merchandise consumer purchase from oversea via transnational surrogate buyer service may have a higher price at local. Therefore, this study advocates merchandise price and consumer's attitude toward transnational surrogate buyer service related.

Brand: The brand symbols of merchandise quality [16]. Richardson et al. [15] claimed brand and consumer's attitude toward purchasing related. Jamal and Goode [17] also pointed out that consumer is willing to spend a higher amount with high visibility of the brand or made in the advanced countries. Auger et al. [13] found that the brand can affect the efficiency of actual consumer purchase behavior, and the well-known brand is positively related to consumer's attitude. Shi [3] advocates consumer will buy the merchandise which is not sold at local via transnational surrogate buyer service. Therefore, this study suggests that merchandise brand and consumer's attitude toward transnational surrogate buyer service related.

Warranty: Darden and Rao [18] believed that non-warranty merchandise will reduce consumer's purchasing attitude. On the contrary, the warranty merchandise will strengthen consumer's purchasing attitude. Therefore, this study advocates merchandise warranty and consumer's attitude towards transnational surrogate buyer service related.

H2: Merchandise attributes are related to customer's attitude towards transnational surrogate buyer service.

H2-1: Merchandise price is related to customer's attitude towards transnational surrogate buyer service

H2-2: Merchandise brand is related to customer's attitude towards transnational surrogate buyer service

H2-3: Merchandise warrant is related to customer's attitude towards transnational surrogate buyer service

2.5 Perceived result

Perceived Benefits: Doolin et al. [19] claimed perceived benefits and perceived risk of consumer have significant impact on online shopping. Limayem et al. [11] believed perceived results will affect the attitude of online shopping consumer. When consumer is shopping on a shopping channel, the benefits they perceived will strengthen the positive attitude toward this shopping channel, meanwhile, increase their willingness to use. Transnational surrogate buyer services may provide merchandise which not available at local or with a lower price [3]. Therefore, this study claims customer's attitude towards transnational surrogate buyer service positively related his/her perceived benefit.

Perceived Risks: On the other hand, Bhatnagar and Ghose [20] claimed perceived risks of online shopping customers have significant negative impact on their attitudes toward this shopping channel. Perceived risks of online shopping customer include not receive merchandise on time, merchandise damaged, privacy leak [19, 20, 21, 22]. Thus, this study suggests customer's attitude towards transnational surrogate buyer service negatively related his/her perceived risk.

In summary, this study suggests consumer's perceived benefit and perceived risk related the consumer's attitude towards transnational surrogate buyer, and proposed the following hypothesis:

H3: Customer's perceived results are related to his/her attitude towards transnational surrogate buyer service.

H3-1: Customer's perceived benefit is positively related to his/her attitude towards transnational surrogate buyer service.

H3-2: Consumer perceived risk is negatively related to his/her attitude towards transnational surrogate buyer service.

2.6 Customers' Characteristics:

Openness: People who have openness trait are willing to accept new things [23]. East [24] claimed people whom are openness have a positive attitude when facing change. Limayem et al. [11] found openness people are willingness to use online shopping channel. Park et al. [25] suggested the personal openness has significant positive relationship with the attitude towards to purchase. Therefore, this study suggests that consumer's openness related the attitude towards transnational surrogate buyer service.

Materialism: Park et al. [25] claimed materialism degree of consumers related their behaviors of purchasing rare or popular merchandise oversea. Belk [26] suggested consumers who have high degree of materialism are more likely to buy high-priced or rare specific items to show their success or status. Consumers may use the transnational surrogate service to purchase foreign merchandise which not available at local [3]. Therefore, this study suggests that the degree of consumer's materialism relates the attitudes towards transnational surrogate buyer service.

In summary, this study proposes the following hypothesis:

H4: Customer's personal attributes are positively related to his/her attitude towards transnational surrogate buyer service.

H4-1: Consumer's openness is positively related to his/her attitude towards transnational surrogate buyer service.

H4-2: Consumer's materialistic degree is positively related to his/her attitude towards transnational surrogate buyer service.

3. RESEARCH METHOD

Survey methodology has been chosen by this study to collect data. A web-based questionnaire targeting potential consumers is developed. The questionnaire focuses on the items which measure the following constructs: merchandise attributes (brand name and price), consumer's personal characteristics (openness and materialism), consumer's perceived results (benefit and risk), consumer's intention and attitude towards purchasing via transnational surrogate buyer services. The scales used for measuring the above constructs are all well-established. The measure of merchandise attribute is adapted from Jacoby et al. [27], Richardson et al. [15], and Shimp and Bearden [28]. To measure perceived result, including perceived benefit and perceived risk, Cho's [29] and Limayem et al.'s [11] scales are adapted. Consumer's openness is measured by Goldsmith and Hofacker's [30] scale and materialism, by Richins and Dawson's [31] scale. Consumer's intention and attitude towards using transnational surrogate buyer service are measured by Hurt et al.'s [32] scale. And finally Cho's [29] measure is used in assessing respondent's on-line purchase experience. All items are measured by a 5-point Likert Scale, ranging from 5 (strongly agree) to 1 (strongly disagree).

A pilot study was conducted using thirty undergraduates to examine the wordings of the questionnaire. A total of six items were deleted as a result. A final version of questionnaire was posted in the social network and bulletin board PTT for two weeks. A total of 554 questionnaires were completed and 546 of them were valid for further analysis, resulting a 98% of response rate.

The statistical software this study used to analyze collected data is SPSS 19.0 and SmartPLS 2. The construct validity coefficients are in the ranged of 0.76 and 0.96, and the overall reliability exceeds 0.90. Eight items are deleted due to the factor loadings are under 0.5 (Hair et al., 2007) and the convergent validity is confirmed. The discriminant validity is assessed by Composite Reliability (CR) and Average Variance Extracted (AVE). The results show that all CRs exceed 0.7 and all AVEs are well above 0.5. Table 1 shows the Cronbach's α , AVE and CR of all the constructs.

Table 1: Cronbach's α , AVE and CR of constructs

	α	AVE	CR	Mean	STD
1	0.78	0.70	0.87	4.23	0.72
2	0.76	0.68	0.87	3.87	0.81
3	0.90	0.83	0.94	3.72	0.85
4	0.82	0.53	0.87	3.92	0.89
5	0.88	0.64	0.90	3.87	0.89
6	0.91	0.70	0.93	3.39	1.03
7	0.87	0.53	0.90	3.24	1.05
8	0.89	0.76	0.93	3.74	0.84
9	0.96	0.93	0.98	3.46	1.04

Note: 1: price, 2: brand name, 3: warranty, 4: perceived benefits, 5: perceived risk, 6: openness, 7: materialism, 8: attitude, 9: intention.

4. RESULTS AND DISCUSSION

The R^2 values from SmartPLS analysis for attitude and intention are 51% and 49%. This result indicates that 51% of the total variance of attitude can be explained by merchandise attributes, perceived results and customer's characteristics and 49% of the total variance of intention can be explained by consumer's attitude. The results of the hypotheses testing are shown in Figure 1.

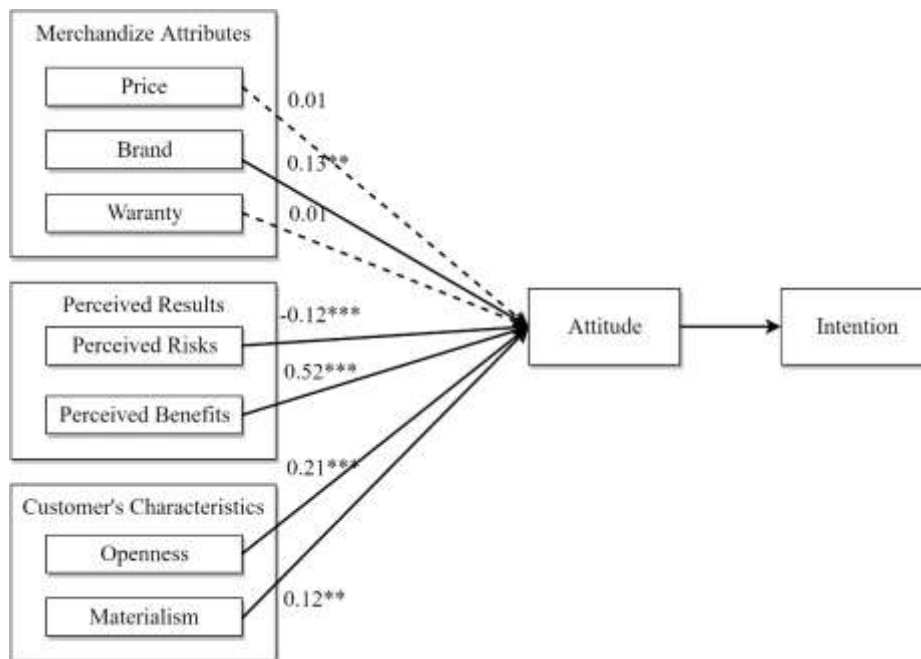


Figure 1: Research Model Testing Result

As shown in Figure 1, attitude is positively related to intention ($\beta = 0.70$, $p < .001$), which is in consistent with Heijden et al. [10]. This result indicates that attitude is a good predictor of intention. In addition, brand name is significantly related to customer's attitude ($\beta = 0.13$, $p < .01$). This finding confirmed with Auger et al.'s [13]. However, warranty and price do not relate to customer's attitude (both β s = 0.01, $p > .05$). This result is different from Shi [3], Darden and Rao [18]. Possible reasons are explained below. Traditionally, price may be an important factor influencing customer's decision for purchasing. However, price may not be such an important factor for consumer's decision on using the Internet transnational surrogate buyer service because those consumers who already make up their minds to buy the product so they are more interested in obtaining it than worrying about price. Therefore, price does not play as a key factor in influencing customer's attitude towards transnational surrogate buyer service as traditional purchase. In addition, warranty does not significantly affect customer's attitude towards transnational surrogate buyer service, either. It may be explained as that customers are generally aware of the fact that it is more difficult to obtain or exercise warranty when making purchase overseas via transnational surrogate buyer service than purchasing it from

officially authorized dealers of the manufacturers. Therefore, the factor warranty is not a significant factor in influencing customer's attitude towards transnational surrogate buyer service.

The significant relationship between perceived risk/benefit and attitude ($\beta = -0.12$, $p < .01$ for perceived risk; $\beta = 0.52$, $p < .001$ for perceived benefit) are consistent with Doolin et al. [19]. Finally, the customer's characteristics of openness and materialism are positively related to attitude ($\beta = 0.21$, $p < .001$ for openness; $\beta = 0.12$, $p < .01$ for materialism). These findings are consistent with Limayen et al. [11] and Park et al. [25].

The significant t-test result shows that whether customer has previous on-line shopping experience will affect his/her intention in using internet transnational surrogate buyer service ($t=-12.61$, $p<0.01$). In specific, those who have on-line shopping experiences are more likely to use the internet transnational surrogate buyer service.

5. CONCLUSION AND IMPLICATIONS

5.1 Conclusion

It is found that merchandise's brand name has a significant influence on consumer's attitude towards transnational surrogate buyer service. In addition, the perceived benefit has a significantly positive relationship with attitude towards transnational surrogate buyer service, whereas perceived risk holds a notably negative one. Consumer's openness and materialism have positive influences on his/her attitude towards transnational surrogate buyer service. This study also found that a positive relationship between consumer's attitude towards transnational surrogate buyer service and his/her intention in using transnational surrogate buyer service.

5.2 Implications

In summary, all but two of our hypotheses are supported by our empirical data.

Based on our study's findings that most of the proposed hypotheses are empirically supported expect hypothesis 2 which was partially supported, this study has following implications.

First of all, this study finds that price and warranty are not important factors in influencing customer's decision on using internet transnational surrogate buyer service. In contrast, the brand name is an important factor. This implies that consumers emphasize on merchandise brand name rather than price or warranty when they make purchase via transnational surrogate buyer service. Therefore, this study suggests that transnational surrogate buyer service providers should focus on consumers' preferred brands when making their marketing plans. Targeting those consumers with high openness and materialism, if the Internet transnational surrogate buyer service providers can successfully introduce and build images for unique foreign brands, they can easily stimulate the consumers' desire to buy the products through them.

Secondly, this study validates with the empirical data that consumer's perceived benefits and risks will influence consumer's attitude towards internet transnational surrogate buyer service. Thus, if the service providers can show the consumers their ability of solving consumers' problems and providing faster and more convenient shopping environment, the consumers definitely will be more willing to use their service. In addition, if the service providers can provide more brands or services for those countries that English is not the primary language, such as European countries, it would attract more customers. After all, Taiwanese people are less familiar with languages other than English. Lastly, service providers should make sure the shopping channels are safe and reliable to reduce consumers' worries about the risks of using internet transnational surrogate buyer service.

5.3 Limitations

This study bears several limitations as follows. Firstly, this study only includes selected factors in the research model. There are other factors that may impact on customer's intention of using internet transnational surrogate buyer services. Future study may choose other sets of variables to investigate their effects and make a comparison. Secondly, this study did not collect data on customer's actual purchase behavior. Future study may collect customer's actual purchase behavior. Thirdly, future study may employ a longitudinal study to better explain the causal relationship among variables in the long term.

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