DETERMINANTS AFFECTING ONLINE PURCHASE DECISIONS IN CHINA

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Determinants Affecting Online Purchase Decisions in China

1 Abstract

This project aims to investigate in the factors that affect online purchase decisions in Chinese online platforms. First-hand data from online questionnaires are collected. And binary choice model and logit model are used to run the regression and to study the behaviors of the customers. The regression result proves the hypotheses that 1.Price is positively related to the probability of purchase within a certain range 2.Product demonstration is positively related to the probability of purchase 3.Sales volume is positively related to the probability of purchase 4.The number of feedbacks is positively related to the probability of purchase while the number of negative feedback is negatively related to the probability of purchase. In the end of the project, possible explanations and suggestions are provided to enhance the performance of the online stores.

2 Introduction and Objective:

E-commerce is a wide range of online business activities, including three basic types of e-commerce: B2B, B2C and C2C. B2B refers to business between companies; B2C e-commerce refers to business between companies and consumers; C2C e-commerce refers to business activities between consumers and private individuals, a third party always involved to facilitate the transactions (Turban, Lee, King, McKay, & Marshall, 2008)

Generally, no matter which type the business belongs to, there are fewer entry barriers for opening an online store than opening a virtual store. According to the statistics from Tmall (www.tmall.com), China’s biggest B2C platform, the number of
online shops is more than one hundred thousand in June 2014. It is obvious that the competition in the online B2C and B2B platform is quite severe in China. To stand out from thousands of online shops, continuously attracting and reaching customers are extremely important. Moreover, although customer retention is important in building up the competitiveness for online store (Tsai & Huang, 2007), only about 1% of online buyers who are willing to purchase in the previous shop again. (Gupta & Kim, 2007). It is relatively difficult and costly to maintain customer loyalty. Then attracting as many new customers as possible will be one of the main goals of most of the new-born or small online stores. Therefore, it is critical for online store owners to understand the key consideration for purchasing decisions in online shopping in order to improve the attractiveness of those stores.

The key mediating factors affecting consumer behaviors are information satisfaction and relational benefit. Customers will tend to buy goods when they are satisfied with the information of the good and the store and when they can benefit from the long-term relationship. The purchase behavior is finally triggered by site commitment. (C.-H. Park & Kim, 2003). Therefore, to obtain as many customers as possible, good demonstration of the information and potential benefits of long-term relationship provided to customers will be the main areas the stores will focus on. However, customers from unique background are likely to have different factors to consider when deciding to place an order or not. (Zhou, 2007) Here in this project, the scope of the customer group is limited to the Chinese customers. And the business environment is Chinese B2B and B2C platforms such as Taobao, Tmall, JD, etc.

Previous research had studied the factors affecting consumer behaviors (Park & Kim, 2003). However, there is no research discussing the relative importance of those...
factors to different groups of people and how these factors affect in the whole decision process. In addition, due to the special business environment in China, Chinese online shoppers may view differently in the mediating factors—some factors not important in the view of customers from other countries may be essential to Chinese customers. Therefore, this research is aimed to investigate the key factors that the Chinese customers consider when deciding whether to buy one good or not in B2B and B2C platforms. The result will be useful for Chinese vendors to understand their customer and to lay emphasis on some specific areas to improve their attractiveness effectively.

3 Literature Review

3.1 Customer Online Characteristics

Customer characteristics should be classified to segment the online customers. Here the customer online characteristics can be divided into cultural online characteristics, social online characteristics and social characteristics. (Zhao, 2012)

3.1.1 Cultural Online Characteristics

Culture characteristics have the most profound and lasting effect. (Kotler & Keller, 2012) Cultural online characteristics consist of three factors: culture, subculture and social class. (Kotler & Keller, 2012) Culture and subculture such as nationalities, racial groups, and religions can affect consumer behaviors. Social class also plays an important role. Higher class consumers are usually less price sensitive when making the purchase decisions. (Mankiw, 2004)
3.1.2 Social Online Characteristics

Social online characteristics contain elements such as reference group, family, and social roles and statuses (Kotler & Keller, 2012). Reference group refers to a group a person believes to belong to and can affect the behavior of that person. (Kotler & Keller, 2012) Family is regarded as the primary reference and has influence in people’s perception. (Zhou, 2007). Friends are also important reference when making decisions. For online shopping, people can also refer to those who have experience in purchasing the same goods by reading their comments. Social roles and statuses act similarly as social class. The higher the social status, the more money will be spent, and less sensitive to the price change. (Zhao, 2012)

3.1.3 Personal Online Characteristics

Personal online characteristics include the consumer ages and stages in the life cycle, occupations and economic circumstances, personality and self-concept, and lifestyle and values. (Kotler & Keller, 2012). All of those factors can affect the purchase decisions. Younger people tend to incur more impulsive buying. (Verplanken, B., & Herabadi, A, 2001). And it is a common sense that people with higher disposable income care less about the price of the product.

3.2 Mediating Factors

There are many factors that may affect the incentive of purchasing decision. Besides customer characteristics, price, trust and convenience are the main factors in affecting consumer behavior. (Solomon, 2006) Here derived from Solomon’s theory, price, feedbacks, sales volume, and product details are key mediating factors for purchase decisions in online shopping. Because in most C2C and B2C platforms in
China, there are third-party software (Aliwangwang, Alipay, etc.) ensuring the safety of the payment, online transactions are assumed to be riskless. (Zhao, 2012)

3.2.1 Price

As one element in marketing mix, price is an important tool for marketers to stimulate the demand. (Kotler & Keller, 2012) Price sensitivity enhances when comparing similar products with different price is easy. (Degeratu, Rangaswamy, & Wu, 2000) Rational customers maximize their customer surplus by obtaining same value at a lowest cost. (Mankiw, 2004)

On the other hand, monetary price is also used to compare with the perceived price. (Bei & Chiao, 2001) When price the good is absurdly lower than the customers’ perceived price, it is reasonable to suspect the reality and the quality of the good. In China, after all, there is serious problem of counterfeiters, particularly in online platforms. (Burkitt & Chao, 2011, Bococini, P., 2013) In other words, it is not always rational to pick one good that is too cheap to be good. (Wang, Li, & Lim, 2008)

3.2.2 Feedbacks

According to Solomon, (2006) trust has been considered as a necessary emotional factor in the shopping process. Since customers can not touch or feel the goods, reading the feedbacks from other customers can be a useful method to check the popularity. Only when customers trust the credibility of store and the quality of the good, purchase decisions will be made. (C.-H. Park & Kim, 2003) There is positive relationship between positive product review and sales. (Forman, Ghose, & Wiesenfeld, 2008)
3.2.3 Sales Volume

Sometimes customers regard sales volume as an evaluation criterion. According to Kotler & Keller, (2012) customers may say one thing but do another. But as a signal, sales volume does reflect the overall customer preference to some extent. And people tend to trust the choice of majority. In the research of (Forman et al., 2008) it is proved that there is a positive relationship between sales volume and the positive sales reviews.

3.2.4 Product Details

The online purchases are mainly based on the cyberspace appearance such as picture, product information, qualification, not on the actual experience. (Lohse & Spiller, 1998) A comprehensive presentation of the product usually serves as a signaling that the product is of good quality because the seller is confident that the larger cost can be compensated by the increase in sales due to the improvement of the product demonstration. (Frank, Robert H., 2010)

4 Hypothesis

In this project, price of the product, feedbacks, sales volume, product details and other customer online characteristics are investigated in affecting the purchase decision. The proposed model below aims to explain the process of the whole purchase decision. The price, feedbacks, sales volume and product detail are four motivations of the purchase, and customer online characteristics (types of goods purchased online, frequency of online shopping, age, monthly income, and etc.) can also influence the final purchase decision. All the hypothesis and relationship will be
tested using the data collected from the questionnaire.

4.1 Price

Price plays an important role in the generation of purchase desire. A lower price leads to a higher demand along the demand curve (Mankiw, 2004) But if the price is much lower than the perceived price, the good will be regarded as an inferior good and the demand of that good can totally disappear. Therefore, generally, a reasonable price lower than the perceived price can trigger the purchasing desire. The research thereby purposes that:

H1: Product price is positively related to the purchasing desire within a certain range.

4.2 Product Detail

Here product detail refers to all the information provided to customers including the product image and description of the product. Customers form their preference about the product at the first sight of the product image as well as the product attribute. Therefore, product appearance and product attribute do affect the purchasing desire.(Blijlevens, Creusen, & Schoormans, 2009) The research thereby purposes that:

H2: The quality of the presentation of the product and fitness of product attributes are positively related to the purchasing desire.

4.3 Sales Volume

Customers refer to sales volume in purchase decision making process. When customers sort the product by the sales volume, they can easily see the best seller within a product type. A large quantity of sales volume reflects the popularity among
the public in an efficient market. An efficient market refers to where customers can get access to enough information to make rational choice. (Reibstein, 2002) Here Chinese online market is assumed as an efficient market. In the product picking stage, people tend to believe that a good product can attract many customers. Sales volume also helps to convince the customers that they make a right choice. Sometimes customers do not use sales volume as a very important criterion to rank the products in the picking stage, but they do care the sales volume in the decision stage. In other word, even if customers are satisfied with the price and the product attribute, if the sales volume is small, the suspicions may still deter the customers from buying this product. The research thereby purposes that: H3: There is positive relationship between the sales volume and purchasing desire.

4.4 Feedback

Feedback here not only includes the comment of the product and service, but also includes the photos taken by the customers. Customer feedback acts as an essential defending guard in the final decision. Customers rely a lot on the feedbacks of the product (Zhu & Zhang, 2010). When there are numbers of feedbacks, customers can easily refer to those users by reading their comments. But if there are only a few feedbacks of a product (normally, few feedbacks means few sales volume), people will naturally doubt the quality of the product. If there are many negative comments on the product quality, service quality, or on the huge divergence between photo taken by the customers and the exhibiting photo of the product, the customers will give up the purchase decision (D.-H. Park, Lee, & Han, 2007). Few feedbacks or many negative feedbacks both deter customers from making the purchase decision. The research thereby purposes that:
H4: The number of feedbacks is positively related to the confidence in purchase decision while the number of negative feedbacks is negatively related to the confidence in purchase decision.

5 Methodology

5.1 Subject

The research focuses on the key determinants affecting the purchase decisions and how these factors affect the purchase decision. Questionnaires will be used to examine the proposed hypotheses and test some other important variables.

The targets respondents are those who have online shopping experience on the Chinese B2C or C2C platform at least one time. Therefore these respondents should at least have some knowledge in online shopping. And the respondents consist of both students and those who have occupations and both young and mid-age. Therefore they should have unique purchase pattern and different consideration in online shopping.

The online questionnaire is used in this research. There are both English version and Chinese version of the questionnaire. The respondents are asked to respond according to their previous shopping experience on the Chinese B2B and B2C platform.

5.2 Design of Questionnaire

There are four parts in the questionnaire. The first part is asking the respondent whether he/she had online shopping experience or not. If the respondent says no, then the questionnaire will end. The second part of the questionnaire is the
collection of basic information of the online shopping experience of respondents. Respondents will have to indicate their frequency of online shopping and the types of good they have ever purchased online. The third part is scenario questions to learn about the consumer choice. Three scenarios are designed for respondents to choose their own choice under some specific conditions. Under each scenario, a market price of the given product is provided. Here it is assumed that people will choose to buy the good online only when the online price is lower than the market price. Respondents will have to choose their unacceptable price, unacceptable demonstration of the good, unacceptable sales rank, unacceptable numbers of comments and unacceptable numbers of negative comments towards a particular type of good. Here sales rank is used as a proxy of sales volume since customers do not really understand the normal level of sales volume and usually they choose to rank all the goods with descending order of sales volume. The last part is the background information. Information of age, occupation, and monthly disposable income is needed.
To reduce the bias of questionnaire, pictures and specific instructions are highlighted. And it is clearly stated that the questionnaire should be completed within no less than 4 minutes to ensure the correctness of the data.

5.3 Data Collection

Data is collected from the online questionnaire. And there are total 285 completed questionnaires. As the questionnaire is designed for respondents to complete within at least 4 minutes to carefully read all the instruction and description of the scenarios, all the questionnaires finished within 4 minutes will be regarded invalid. Those questionnaires showing no previous experience of online shopping are also excluded.
In addition, for product A, because each questionnaire contains 800 observations, the total number observation exceeds the maximum volume of Microsoft Excel. Therefore, 81 questionnaires from the remaining valid questionnaires are randomly picked out, which bring a total 64800 observations. It is similar for the case of good B and C.

In the scenario questions, respondents will choose their unacceptable level of the attributes of the good. After selecting the unacceptable level, all other options not selected will be considered to lead to a “YES” purchase decision. For example, if a respondent choose his unacceptable price of a certain good to be 100RMB and below, then he will be considered to buy the same good above 100RMB.

5.4 Measurement

5.4.1 Binary Choice Model and Logit Model

Based on the factors mentioned, a binary choice model is used here because some variables only consist of two values. For example, the consumer can only choose buy or not to buy. In this case, there are only two values, 0 and 1 in the dependent variable. Here, as the dependent variable is a dummy variable, the model
1. will suffer from heteroskedasticity, so that the t-statistics are biased
2. may not constrain the predicted values to lie between 0 and 1 (which need if going to predict behaviour accurately) (Cum & Std, n.d.)

To deal with this problem, logit model will be applicable. The dependent variable of the model serves as the probability of purchase.

The variables being tested are as follows:
<table>
<thead>
<tr>
<th>Variables</th>
<th>Value</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>0</td>
<td>0: choose not to purchase</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>1: choose to purchase</td>
</tr>
<tr>
<td>% of market price</td>
<td></td>
<td>Percentage of market price</td>
</tr>
<tr>
<td>Product Detail</td>
<td>0</td>
<td>0: incomprehensive product detail</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>1: comprehensive product detail</td>
</tr>
<tr>
<td>Acceptable Sales Rank</td>
<td></td>
<td>Sales rank</td>
</tr>
<tr>
<td>Customer Feedbacks</td>
<td></td>
<td>Number of customer feedbacks</td>
</tr>
<tr>
<td>Negative customer feedbacks</td>
<td></td>
<td>Number of negative customer feedbacks</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td>Age</td>
</tr>
<tr>
<td>Budget</td>
<td></td>
<td>The monthly budget of the respondent</td>
</tr>
<tr>
<td>Times/month</td>
<td></td>
<td>Times of online shopping per month</td>
</tr>
<tr>
<td>Types</td>
<td></td>
<td>Types of goods ever purchased online</td>
</tr>
<tr>
<td>Student</td>
<td>0</td>
<td>0: Non-student</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>1: Student</td>
</tr>
<tr>
<td>Sex</td>
<td>0</td>
<td>0: Female</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>1: Male</td>
</tr>
</tbody>
</table>
Where

\[
\text{Prob( YES)} = \frac{\exp(Y)}{1 + \exp(Y)}
\]

\[
Y = \beta_0 + \beta_1 Price + \beta_2 Detail + \beta_3 Sales + \beta_4 Feedback + \beta_5 NegFeed + \beta_6 Age
\]
\[
+ \beta_7 Budget + \beta_8 times + \beta_9 types + \beta_{10} Student + \beta_{11} Sex
\]
6 Empirical Results

From the table generated by Gretl (see appendix 3), it is clearly shown that p-value for every explanatory variable is smaller than 0.05 for good A and good B, which means every explanatory is significant for good A and good B. For good C, all variables except typesofgoodspurchased and monthlyincome are significant. And the correlation matrix (see appendix 4) shows that there exists no multicollinearity problem. No explanatory variable has to be excluded because of multicollinearity. The regression result also proves the hypothesis mentioned in the previous section. Moreover, some other important factors such as the age of the customers are discovered.

6.1 For Goods Attribute

6.1.1 Price Effect

The regression model illustrates a positive relationship between the price and the purchase probability. Although regression results are similar for three goods, there is still a slight difference of the significance of the factors among different types of goods. For example, although price of the product is always the most essential criterion of consideration (see appendix 2), for different products, the marginal effect of the price on the probability of purchase (the slope of the variable %ofmktprice. See appendix 3), is not the same. This is true in a sense that if a good is initially of low value, people tend to choose a possible acceptable lowest price to buy. After all, the downside risk of purchasing a fake good is low in this case. So the probability of purchasing this kind of goods will not drop significantly as the price further drops.
Conversely, if a good is of high value, the story can be very different. The risk of purchasing a fake good here is extremely high. People will be more cautious in choosing goods with higher value. Therefore, a slight price decrease can trigger a large possibility of giving up the purchase decision. And this can explain why the slope of %ofmktprice is low for good C but higher for good B and A. This finding confirms the previous hypothesis that price is positively related to the purchase desire within a certain price range. In this study, the price range is under the market price. In other words, below the market price, the demand is positively related to the price.

6.1.2 Product Demonstration Effect

Product demonstration is also important in affecting the purchase decision. The regression model illustrates a positive relationship between product demonstration and purchase probability. However, the marginal effect of product demonstration on the probability of purchasing (the slope of the variable productdemon. See appendix 3) is not the same for the three products. This makes sense because for some typical products whose details are already known by people, for example, iPhone, people do not care much about the image or the product details when purchasing. But for other goods whose product details are important and unknown by customers, the demonstration of the product can play a more essential role in influencing the final purchase behavior. This explains why there is smaller slope of productdemon for good B than for good A and good C.

6.1.3 Sales Volume Effect

From the regression result, there is a negative relationship between sales rank and
probability of purchase. That equals to a positive relationship of sales volume and probability of purchase. Similarly, the slopes of the variable salesrank for the three goods are different. The slope for good A is much larger than the slope for good C and good B. The possible explanation is that from the questionnaire result (see appendix 2), it is clearly shown that the product type—clothes, shoes, bag, accessories, is the most popular types of online product. Therefore, for this kind of product, it is reasonable to assume a larger sales volume than other types of goods. In this case, it is much more convenient and reliable for people refer to the sales volume when making the purchase decisions. As a result, people are more likely to make the purchase decision as the sales rank goes up especially for popular types of online goods.

6.1.4 Feedback Effect

The regression result shows a positive relationship between number of feedbacks and probability of purchase and a negative relationship between number of negative feedbacks and probability of purchase. The marginal effects of the number of feedbacks and number of negative feedbacks are much larger for good A than for good B and C. The explanation is the same as last part. Because of the popularity of the product type, there will also be more comments than other types of goods. Then it will be more convenient and reliable for customers to refer to the feedback. As a result, people are more likely to make purchase decision as the number of comments increases and as the number of negative comments decreases especially for popular types of goods.
6.2 For Consumer Characteristics

6.2.1 Frequency Effect

The frequency of online shopping influences the purchase decision in two inverse direction for good B and good A and C. The relationship between the frequency and probability of purchase is negative for good A and C, but positive for good B. The result is unexpected and unexplainable. In this stage, due to limited data, no conclusion can be drawn.

6.2.2 Types of Goods Purchased Effect

For good A and B, the variable typesofgoodspurchased is significant. But for good C, it is not. And there is negative relationship between the number types of good purchased and the probability of purchase for good A and B. The possible explanation is, for good with low value like good C, previous online shopping experience will not be a determining factor. But for goods with higher value, those with more online shopping experience will be more cautious when making decision. Thus, the possibility of the occurrence of purchase will be smaller.

6.2.3 Gender Effect

The regression results demonstrate the different tastes between male and female. Females are more likely to make purchase good A, while males are more willing to buy good B and C. To be more general, females prefer to buy clothes, shoes, bags, accessories than males. But for books and electronic products, males are more inclined to buy.
6.2.4 Age Effect

It is found that age negatively affects the probability of purchase. Obviously, young people tend to buy more on online platforms. But among the three products, the possibility of purchase good A is largest. The second most possible goes to good B. The intuition behind is that young people enjoy buying goods that can help to show their personalities and fashion style.

6.2.5 Student Effect

It is known that students especially college students account for a large percentage of all online shoppers (Seock & Bailey, 2008). And the results also prove how important the roles of students are in improving the business of the online stores. The possibility of making online purchase is at least 20% higher than non-students for all three products. That indicates that impulsive purchase is more likely to happen among students.

6.2.6 Income Effect

Income plays an important role in influencing the purchase demand. The more income a person has, the more possible the purchase will be. However, it is not true in this study. The regression results show a quite small marginal effect of income on purchase probability. For good A, 1000RMB increase in monthly income only leads to 0.1% probability increase while for good B, 1000RMB increase in monthly income leads to 0.08% probability decrease. For good C, the variable of monthly income is even insignificant.
7 Conclusion and Suggestion

Based on previous analysis, we can interpret the regression results as follows:

For attributes of the goods:

1. When the price of an online good is below market price, holding other variable constant, people will be less likely to make the purchase decision as the price drops. For goods with higher value, people are more likely to give up purchasing if price drops.
2. People are more likely to purchase goods with comprehensive product detail and with good image of the product. For goods whose product details are widely known by customers, the effect of product demonstration is smaller.
3. People tend to buy goods with more sales especially for popular types of goods.
4. People tend to buy goods with more comments and less negative comments especially for popular types of goods.

For the characteristics of consumers:

1. Previous purchase experience has little effect on low value goods, but has a negative correlation with possibility of buying high value goods.
2. Males and Females have different taste on different types of goods.
3. The probability of purchase increases as age decreases. And fashion goods are more popular among young people.
4. The probability of making online purchase decision is much higher for students than non-students.
5. Monthly income imposes limited effect on the purchase decision.

According to the conclusions above, some suggestions are proposed to online store owners to improve the performance of these online stores. Firstly, setting a
reasonable but attractive price is vital since an extreme low price may give an impression of low quality product to customers while high price may also drive customers away. Secondly, it is beneficial to provide as much detailed information of the product as possible and to put nice picture of the products online. The first-sight impression does matter. Thirdly, try to provide excellent products to attract large number of sales volume. Large sales volume can be regarded as a sign of good quality. In the meantime, provide considerate after-sale service to maximize the number of positive feedbacks and minimize the number of negative feedbacks.

For product promotion, it is more effective to understand the target customer of the product. According to the report of Tmall double-eleven festival 2014, some results are same as the result of the questionnaire (see appendix 2). The most popular type of good was clothes, shoes, bags, accessories. More females participated in this festival than males do. And the young people aged from 20 to 40 accounted for over 80% of the total customers. So if the target customers are young people or students or female, do invest money in stimulating their purchase demand, since they are more willing to make purchase than others.

8 Further Observation and in Real Life and Possible Explanation

As a matter of fact, some real-life phenomena do reflect the above conclusion. To bolster the attractiveness of the product, some online store owners do change their product demonstration and set their price differently towards different products. What’s more, some online store owners even manipulate the number of sales, comments and negative comments to attract customers. For example, they may give you coupons or discount if you give them positive comment of the good. And these phenomena become more and more common these years. In 2015, China’s biggest
online B2C platform, Tmall, announced new rules against these immoral and dishonest behaviors of the online stores. Those stores breaking the rules will get a punishment of being ranked the last one in the search engine, which means it is almost impossible for a customer to find this store among thousands of stores.  
On the other hand, those experience buyers may also know those tricks of the stores. Therefore, they would not trust these changeable attribute that easily. As a result, those who do online shopping more frequently or those who have purchased more kinds of good tend to think more carefully before making purchase decision.

9 Limitation

Here are some limitations of this project as follows:

1. The sample size of the survey is still small. And there is also bias in choosing the sample, since from the questionnaire report, it is shown that most of the respondents are young people aged between 18~25 (see appendix 2)

2. There may still be other important variables I did not consider which should be in the regression model.

3. The questionnaire design may still be somehow confusing to some respondents, which may lead to discrepancy between their response and their real thoughts. In addition, I may have added some personal assumptions and belief into the questionnaire without realizing it, which can also influence the final choice of the respondents.

4. This study examines purchase behavior on only three types of goods. However, there are thousands of types of goods in the online markets. Limited number of cases can also be a bias in this research.
Reference:


Cum, P., & Std, O. M. (n.d.). \( \beta_0 + \beta_1 X, 1–6 \).


Appendix

Appendix 1 -- Questionnaire Design

Questionnaire on online shopping behavior in China

Introduction:
Hi there! I am a final year student in Hong Kong Baptist University majored in Applied Economics. This questionnaire is part of my final year honor project on online shopping behavior in China. Here I request you to make your choice under different circumstances.

The questionnaire takes you around 5 to 10 minutes. Your personal data and response will be of academic use and will be kept secret. There is no right or wrong answer in the questionnaire.

Part 1: Basic information:
1. Have you ever had online shopping experience in Chinese B2B or B2C website (Taobao, Tmall, JD..)
   A: Yes   B: No
2. How often do you do online shopping?
   A: every day  B: three or four times a week   C: once a week   D: once a month   E: once a year
3. What kind of products do you usually buy?
   A: Clothes, shoes, bags, accessories, etc.  B. Cosmetic products  C. Electronic products / electronic product accessories  D. Books  E. Food  F. Tickets  G. Medicine  H. Groceries

Part 2: Scenario questions (Please read the instructions of every part carefully before responding)

Good A:
Scenario 1: Suppose the market price for a pair of shoes of a well-known brand is 300RMB. The good is equal in every aspect except price among all the online stores. And you are satisfied with all the aspects except price. Assume you would like to buy the shoes.

4. You will not click in the good when the price is lower than ____
A: 270  B: 240  C: 210  D: 180  E: 150

Scenario 2: The good is equal in every aspect except the **product demonstration** among all the online stores. And you are satisfied with all the aspects except product demonstration.

5. Based only on the demonstration of the good, which product **would** you click in?
   A: Product A  B: Product B  C: Product C

Scenario 3: The good is equal in every aspect except the **sales volume** among all the online stores. And you are satisfied with all the aspects except sales volume.

6. You will **not** click in the good when the sales rank is lower than____
   A: 5  B: 10  C: 15  D: 20  E: I don’t care the sales volume. If it is the good I need, I will still buy it even if the sale is zero.

Scenario 4: The good is equal in every aspect except the **number of comments** among all the online stores. And you are satisfied with all the aspects except number of comments.
7. You will not click in the good when the number of comments is lower than____
   A: 10  B:20  C:30  D:40  E:50  F: I don’t care the number of comments. If it is the good I need, I will still buy it even if the number of comment is zero.

Scenario 5: The good is equal in every aspect except the number of negative comments among all the online stores. And you are satisfied with all the aspects except the number of negative comments.

8. You will not click in the good when the number of negative comments is higher than____
   A: I cannot tolerate any good with even 1 negative comment  B:10  C:20  D:30  E: I don’t care the number of negative comments. If it is the good I need, I will still try it.

9. Overall, rank the factors you consider most in purchasing this kind of products:
   A: Price  B: Product Detail  C: Number of feedbacks  D: Number of Negative feedbacks  D: Sales volume

Good B:
Scenario 1: Suppose the market price for a mobile phone of a well-known brand is 5000RMB. The good is equal in every aspect except price among all the online stores. And you are satisfied with all the aspects except price. Assume you would like to buy the phone.
10. You will **not** click in the good when the price is lower than____
   A: 4500   B: 4000   C: 3500   D: 3000

**Scenario 2:** The good is equal in every aspect except the **product demonstration** among all the online stores. And you are satisfied with all the aspects except product demonstration.

11. Based only on the demonstration of the good, which product **would** you click in?
   A: Product A   B: Product B   C: Product C

**Scenario 3:** The good is equal in every aspect except the **sales volume** among all the online stores. And you are satisfied with all the aspects except sales volume.

12. You will **not** click in the good when the sales rank is lower than____
A: 5  B:10  C:15  D:20  E: I don’t care the sales volume. If it is the good I need, I will still buy it even if the sale is zero.

Scenario 4: The good is equal in every aspect except the number of comments among all the online stores. And you are satisfied with all the aspects except number of comments.

13. You will not click in the good when the number of comments is lower than____
A: 10  B:20  C:30  D:40  E: I don’t care the number of comments. If it is the good I need, I will still buy it even if the number of comment is zero.

Scenario 5: The good is equal in every aspect except the number of negative comments among all the online stores. And you are satisfied with all the aspects except the number of negative comments.

14. You will not click in the good when the number of negative comments is higher than____
A: I cannot tolerate any good with even 1 negative comment B:10  C:20  D:30  E: I don’t care the number of negative comments. If it is the good I need, I will still try it.

15. Overall, rank the factors you consider most in purchasing this kind of products:
   A: Price  B: Product Detail  C: Number of feedbacks  D: Number of Negative feedbacks  D: Sales volume

Good C:
Scenario 1: Suppose the market price for a book is 30RMB. The good is equal in every aspect
except price among all the online stores. And you are satisfied with all the aspects except price. Assume you would like to buy the book.

16. You will **not** click in the good when the price is lower than____
   A: 27   B: 24   C: 21   D: 18   E: 15

Scenario 2: The good is equal in every aspect except the product demonstration among all the online stores. And you are satisfied with all the aspects except product demonstration.

17. Based only on the demonstration of the good, which product **would** you click in?
   A: Product A   B: Product B   C: Product C

Scenario 3: The good is equal in every aspect except the sales volume among all the online stores. And you are satisfied with all the aspects except sales volume.

18. You will **not** click in the good when the sales rank is lower than____
   A: 5   B: 10   C: 15   D: 20   E: I don’t care the sales volume. If it is the good I need, I will still buy it
even if the sale is zero.

Scenario 4: The good is equal in every aspect except the number of comments among all the online stores. And you are satisfied with all the aspects except number of comments.

19. You will not click in the good when the number of comments is lower than ____
A: 10  B: 20  C: 30  D: 40  E: 50  F: I don’t care the number of comments. If it is the good I need, I will still buy it even if the number of comment is zero.

Scenario 5: The good is equal in every aspect except the number of negative comments among all the online stores. And you are satisfied with all the aspects except the number of negative comments.

20. You will not click in the good when the number of negative comments is higher than ____
A: I cannot tolerate any good with even 1 negative comment  B: 10  C: 20  D: 30  E: I don’t care the number of negative comments. If it is the good I need, I will still try it.

21. Overall, rank the factors you consider most in purchasing this kind of products:
   A: Price  B: Product Detail  C: Number of feedbacks  D: Number of Negative feedbacks  D: Sales volume

Part 3: Background information

22. Your Sex:
A: Male   B: Female

23. Age

24. Are you a student
   A: Yes   B: No

25. Your monthly income/budget

You have finished! Thank you very much for your valuable time! If you have any enquiries, please feel free to contact me:

Hong Dekang
dkhung23@gmail.com
## Appendix 2--Questionnaire Result

1. Have you ever had online shopping experience in Chinese B2B or B2C website (Taobao, Tmall, JD...)?

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>273</td>
<td>95.79%</td>
</tr>
<tr>
<td>No</td>
<td>12</td>
<td>4.21%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>285</td>
<td></td>
</tr>
</tbody>
</table>

2. How often do you do online shopping?

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>every day</td>
<td>41</td>
<td>15.02%</td>
</tr>
<tr>
<td>three or four times a week</td>
<td>62</td>
<td>22.71%</td>
</tr>
<tr>
<td>once a week</td>
<td>66</td>
<td>24.18%</td>
</tr>
<tr>
<td>once a month</td>
<td>91</td>
<td>33.33%</td>
</tr>
<tr>
<td>once a year</td>
<td>13</td>
<td>4.76%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>273</td>
<td></td>
</tr>
</tbody>
</table>

3. What kind of products do you usually buy?

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clothes, shoes, bags, accessories</td>
<td>234</td>
<td>85.71%</td>
</tr>
<tr>
<td>Cosmetic products</td>
<td>80</td>
<td>29.3%</td>
</tr>
<tr>
<td>Electronic products / electronic product accessories</td>
<td>174</td>
<td>63.74%</td>
</tr>
<tr>
<td>Books</td>
<td>172</td>
<td>63%</td>
</tr>
<tr>
<td>Food</td>
<td>146</td>
<td>53.48%</td>
</tr>
<tr>
<td>Tickets</td>
<td>69</td>
<td>25.27%</td>
</tr>
<tr>
<td>Medicine</td>
<td>38</td>
<td>13.92%</td>
</tr>
<tr>
<td>Groceries</td>
<td>151</td>
<td>55.31%</td>
</tr>
<tr>
<td>-----------</td>
<td>-----</td>
<td>--------</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>273</td>
<td></td>
</tr>
</tbody>
</table>

4. You will not click in the good when the price is lower than

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>270</td>
<td>24</td>
<td>8.79%</td>
</tr>
<tr>
<td>240</td>
<td>27</td>
<td>9.89%</td>
</tr>
<tr>
<td>210</td>
<td>62</td>
<td>22.71%</td>
</tr>
<tr>
<td>180</td>
<td>57</td>
<td>20.88%</td>
</tr>
<tr>
<td>150</td>
<td>103</td>
<td>37.73%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>273</td>
<td></td>
</tr>
</tbody>
</table>

5. Based only on the demonstration of the good, which product would you click in?

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>132</td>
<td>48.35%</td>
</tr>
<tr>
<td>B</td>
<td>40</td>
<td>14.65%</td>
</tr>
<tr>
<td>C</td>
<td>101</td>
<td>37%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>273</td>
<td></td>
</tr>
</tbody>
</table>

6. You will not click in the good when the sales rank is lower than

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>42</td>
<td>15.38%</td>
</tr>
<tr>
<td>10</td>
<td>49</td>
<td>17.95%</td>
</tr>
<tr>
<td>15</td>
<td>31</td>
<td>11.36%</td>
</tr>
<tr>
<td>20</td>
<td>43</td>
<td>15.75%</td>
</tr>
<tr>
<td>I don’t care the sales volume. If it is the good I need, I will still buy it even if the sale is zero.</td>
<td>108</td>
<td>39.56%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>273</td>
<td></td>
</tr>
</tbody>
</table>
7. You will not click in the good when the number of comments is lower than

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>82</td>
<td>30.04%</td>
</tr>
<tr>
<td>20</td>
<td>26</td>
<td>9.52%</td>
</tr>
<tr>
<td>30</td>
<td>36</td>
<td>13.19%</td>
</tr>
<tr>
<td>40</td>
<td>8</td>
<td>2.93%</td>
</tr>
<tr>
<td>50</td>
<td>26</td>
<td>9.52%</td>
</tr>
<tr>
<td>I don’t care the number of comments. If it is the good I need, I will still buy it even if the number of comment is zero.</td>
<td>95</td>
<td>34.8%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>273</strong></td>
<td></td>
</tr>
</tbody>
</table>

8. You will not click in the good when the number of negative comments is higher than

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I cannot tolerate any good with even 1 negative comment</td>
<td>66</td>
<td>24.18%</td>
</tr>
<tr>
<td>10</td>
<td>116</td>
<td>42.49%</td>
</tr>
<tr>
<td>20</td>
<td>31</td>
<td>11.36%</td>
</tr>
<tr>
<td>30</td>
<td>26</td>
<td>9.52%</td>
</tr>
<tr>
<td>I don’t care the number of negative comments. If it is the good I need, I will still try it.</td>
<td>34</td>
<td>12.45%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>273</strong></td>
<td></td>
</tr>
</tbody>
</table>

9. Overall, rank the factors you consider most in purchasing this kind of products:

<table>
<thead>
<tr>
<th>Options</th>
<th>Average Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>2.97</td>
</tr>
<tr>
<td>Product demonstration</td>
<td>2.67</td>
</tr>
<tr>
<td>Number of comments</td>
<td>2.35</td>
</tr>
</tbody>
</table>
10. You will not click in the good when the price is lower than

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>4500</td>
<td>78</td>
<td>28.57%</td>
</tr>
<tr>
<td>4000</td>
<td>95</td>
<td>34.8%</td>
</tr>
<tr>
<td>3500</td>
<td>38</td>
<td>13.92%</td>
</tr>
<tr>
<td>3000</td>
<td>62</td>
<td>22.71%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>273</strong></td>
<td></td>
</tr>
</tbody>
</table>

11. Based only on the demonstration of the good, which product would you click in?

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>41</td>
<td>15.02%</td>
</tr>
<tr>
<td>B</td>
<td>159</td>
<td>58.24%</td>
</tr>
<tr>
<td>C</td>
<td>73</td>
<td>26.74%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>273</strong></td>
<td></td>
</tr>
</tbody>
</table>

12. You will not click in the good when the sales rank is lower than

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>88</td>
<td>32.23%</td>
</tr>
<tr>
<td>10</td>
<td>58</td>
<td>21.25%</td>
</tr>
<tr>
<td>15</td>
<td>31</td>
<td>11.36%</td>
</tr>
<tr>
<td>20</td>
<td>47</td>
<td>17.22%</td>
</tr>
<tr>
<td>I don’t care the sales volume. If it is the good I need, I will still buy it even if the sale is zero.</td>
<td>49</td>
<td>17.95%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>273</strong></td>
<td></td>
</tr>
</tbody>
</table>

13. You will not click in the good when the number of comments is lower than
<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>81</td>
<td>29.67%</td>
</tr>
<tr>
<td>20</td>
<td>37</td>
<td>13.55%</td>
</tr>
<tr>
<td>30</td>
<td>39</td>
<td>14.29%</td>
</tr>
<tr>
<td>40</td>
<td>13</td>
<td>4.76%</td>
</tr>
<tr>
<td>50</td>
<td>57</td>
<td>20.88%</td>
</tr>
<tr>
<td>I don’t care the number of comments. If it is the good I need, I will still buy it even if the number of comment is zero.</td>
<td>46</td>
<td>16.85%</td>
</tr>
</tbody>
</table>

**Total** 273

14. You will not click in the good when the number of negative comments is higher than

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I cannot tolerate any good with even 1 negative comment</td>
<td>104</td>
<td>38.1%</td>
</tr>
<tr>
<td>10</td>
<td>107</td>
<td>39.19%</td>
</tr>
<tr>
<td>20</td>
<td>26</td>
<td>9.52%</td>
</tr>
<tr>
<td>30</td>
<td>17</td>
<td>6.23%</td>
</tr>
<tr>
<td>I don’t care the number of negative comments. If it is the good I need, I will still try it.</td>
<td>19</td>
<td>6.96%</td>
</tr>
</tbody>
</table>

**Total** 273

15. Overall, rank the factors you consider most in purchasing this kind of products:

<table>
<thead>
<tr>
<th>Options</th>
<th>Average Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>3.08</td>
</tr>
<tr>
<td>Sales volume</td>
<td>2.46</td>
</tr>
<tr>
<td>Product demonstration</td>
<td>2.39</td>
</tr>
</tbody>
</table>
Number of negative comments | 2.39  
Number of comments | 2.28  

16. You will not click in the good when the price is lower than

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>27</td>
<td>17</td>
<td>6.23%</td>
</tr>
<tr>
<td>24</td>
<td>19</td>
<td>6.96%</td>
</tr>
<tr>
<td>21</td>
<td>27</td>
<td>9.89%</td>
</tr>
<tr>
<td>18</td>
<td>42</td>
<td>15.38%</td>
</tr>
<tr>
<td>15</td>
<td>168</td>
<td>61.54%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>273</strong></td>
<td></td>
</tr>
</tbody>
</table>

17. Based only on the demonstration of the good, which product would you click in?

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>193</td>
<td>70.7%</td>
</tr>
<tr>
<td>B</td>
<td>41</td>
<td>15.02%</td>
</tr>
<tr>
<td>C</td>
<td>39</td>
<td>14.29%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>273</strong></td>
<td></td>
</tr>
</tbody>
</table>

18. You will not click in the good when the sales rank is lower than

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>59</td>
<td>21.61%</td>
</tr>
<tr>
<td>10</td>
<td>40</td>
<td>14.65%</td>
</tr>
<tr>
<td>15</td>
<td>26</td>
<td>9.52%</td>
</tr>
<tr>
<td>20</td>
<td>28</td>
<td>10.26%</td>
</tr>
<tr>
<td>I don’t care the sales volume. If it is the good I need, I will still buy it even if the sale is zero.</td>
<td>120</td>
<td>43.96%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>273</strong></td>
<td></td>
</tr>
</tbody>
</table>
19. You will not click in the good when the number of comments is lower than

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>70</td>
<td>25.64%</td>
</tr>
<tr>
<td>20</td>
<td>26</td>
<td>9.52%</td>
</tr>
<tr>
<td>30</td>
<td>22</td>
<td>8.06%</td>
</tr>
<tr>
<td>40</td>
<td>12</td>
<td>4.4%</td>
</tr>
<tr>
<td>50</td>
<td>17</td>
<td>6.23%</td>
</tr>
<tr>
<td>I don’t care the number of comments. If it is the good I need, I will still buy it even if the number of comment is zero.</td>
<td>126</td>
<td>46.15%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>273</strong></td>
<td></td>
</tr>
</tbody>
</table>

20. You will not click in the good when the number of negative comments is higher than

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>I cannot tolerate any good with even 1 negative comment</td>
<td>58</td>
<td>21.25%</td>
</tr>
<tr>
<td>10</td>
<td>98</td>
<td>35.9%</td>
</tr>
<tr>
<td>20</td>
<td>19</td>
<td>6.96%</td>
</tr>
<tr>
<td>30</td>
<td>22</td>
<td>8.06%</td>
</tr>
<tr>
<td>I don’t care the number of negative comments. If it is the good I need, I will still try it.</td>
<td>76</td>
<td>27.84%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>273</strong></td>
<td></td>
</tr>
</tbody>
</table>

21. Overall, rank the factors you consider most in purchasing this kind of products:

<table>
<thead>
<tr>
<th>Options</th>
<th>Average Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>3.32</td>
</tr>
<tr>
<td>Product demonstration</td>
<td>2.74</td>
</tr>
<tr>
<td>Sales volume</td>
<td>2.55</td>
</tr>
</tbody>
</table>
### Number of comments

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of comments</td>
<td>2.15</td>
</tr>
<tr>
<td>Number of negative comments</td>
<td>1.86</td>
</tr>
</tbody>
</table>

22. Your sex?

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>113</td>
<td>41.39%</td>
</tr>
<tr>
<td>Female</td>
<td>160</td>
<td>58.61%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>273</strong></td>
<td></td>
</tr>
</tbody>
</table>

23. Your Age?

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 18</td>
<td>3</td>
<td>1.1%</td>
</tr>
<tr>
<td>18~25</td>
<td>190</td>
<td>69.6%</td>
</tr>
<tr>
<td>26~30</td>
<td>23</td>
<td>8.42%</td>
</tr>
<tr>
<td>31~40</td>
<td>15</td>
<td>5.49%</td>
</tr>
<tr>
<td>41~50</td>
<td>37</td>
<td>13.55%</td>
</tr>
<tr>
<td>51~60</td>
<td>4</td>
<td>1.47%</td>
</tr>
<tr>
<td>Over 60</td>
<td>1</td>
<td>0.37%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>273</strong></td>
<td></td>
</tr>
</tbody>
</table>
24. Are you student?

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>172</td>
<td>63%</td>
</tr>
<tr>
<td>No</td>
<td>101</td>
<td>37%</td>
</tr>
<tr>
<td>Total</td>
<td>273</td>
<td></td>
</tr>
</tbody>
</table>

25. Your monthly income? (For non-student)

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-2000RMB</td>
<td>9</td>
<td>8.91%</td>
</tr>
<tr>
<td>2000-4000RMB</td>
<td>30</td>
<td>29.7%</td>
</tr>
<tr>
<td>4000-6000RMB</td>
<td>23</td>
<td>22.77%</td>
</tr>
<tr>
<td>6000-8000RMB</td>
<td>12</td>
<td>11.88%</td>
</tr>
<tr>
<td>8000-10000RMB</td>
<td>8</td>
<td>7.92%</td>
</tr>
<tr>
<td>Over 10000RMB</td>
<td>19</td>
<td>18.81%</td>
</tr>
<tr>
<td>Total</td>
<td>101</td>
<td></td>
</tr>
</tbody>
</table>

26. Your monthly budget? (For student)

<table>
<thead>
<tr>
<th>Options</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-2000RMB</td>
<td>86</td>
<td>50%</td>
</tr>
<tr>
<td>2000-4000RMB</td>
<td>54</td>
<td>31.4%</td>
</tr>
<tr>
<td>4000-6000RMB</td>
<td>15</td>
<td>8.72%</td>
</tr>
<tr>
<td>6000-8000RMB</td>
<td>3</td>
<td>1.74%</td>
</tr>
<tr>
<td>8000-10000RMB</td>
<td>5</td>
<td>2.91%</td>
</tr>
<tr>
<td>Over 10000RMB</td>
<td>9</td>
<td>5.23%</td>
</tr>
<tr>
<td>Total</td>
<td>172</td>
<td></td>
</tr>
</tbody>
</table>
### Appendix 3—OLS Model

#### Good A:

Model 1: Logit, using observations 1-64800  
Dependent variable: YESORNO  
QML standard errors  

<table>
<thead>
<tr>
<th>Coefficient</th>
<th>Std. Error</th>
<th>p-value</th>
<th>Slope*</th>
</tr>
</thead>
<tbody>
<tr>
<td>const</td>
<td>-1.32625</td>
<td>&lt;0.00001</td>
<td></td>
</tr>
<tr>
<td>%ofmktprice</td>
<td>0.0253847</td>
<td>&lt;0.00001</td>
<td>0.00323208</td>
</tr>
<tr>
<td>Productdemon</td>
<td>1.16442</td>
<td>&lt;0.00001</td>
<td>0.150114</td>
</tr>
<tr>
<td>Salesrank</td>
<td>-0.0602333</td>
<td>&lt;0.00001</td>
<td>-0.00766915</td>
</tr>
<tr>
<td>Noofcomment</td>
<td>0.012131</td>
<td>&lt;0.00001</td>
<td>0.00154457</td>
</tr>
<tr>
<td>Noofnegative</td>
<td>-0.0752427</td>
<td>&lt;0.00001</td>
<td>-0.00958022</td>
</tr>
<tr>
<td>Timesmonth</td>
<td>-0.0139806</td>
<td>&lt;0.00001</td>
<td>-0.00178007</td>
</tr>
<tr>
<td>Typesofgoods</td>
<td>-0.0597498</td>
<td>&lt;0.00001</td>
<td>-0.00760759</td>
</tr>
<tr>
<td>Sex</td>
<td>-0.345991</td>
<td>&lt;0.00001</td>
<td>-0.0437759</td>
</tr>
<tr>
<td>Age</td>
<td>-0.0436615</td>
<td>&lt;0.00001</td>
<td>-0.00555916</td>
</tr>
<tr>
<td>Student</td>
<td>0.185116</td>
<td>0.00223681</td>
<td></td>
</tr>
<tr>
<td>monthlyincome</td>
<td>1.53821e-05</td>
<td>0.00010</td>
<td>1.95851e-06</td>
</tr>
</tbody>
</table>

Mean dependent var | 0.201080 | S.D. dependent var | 0.400811 |  
McFadden R-squared | 0.163566 | Adjusted R-squared | 0.163197 |  
Log-likelihood    | -27203.24 | Akaike criterion  | 54430.47 |  
Schwarz criterion  | 54539.42 | Hannan-Quinn      | 54464.19 |  

*Evaluated at the mean  
Number of cases 'correctly predicted' = 53299 (82.3%)  
f(beta'x) at mean of independent vars = 0.401  
Likelihood ratio test: Chi-square(11) = 10639.3 [0.0000]

#### Good B:

Model 1: Logit, using observations 1-65280  
Dependent variable: YESORNO  
QML standard errors  

<table>
<thead>
<tr>
<th>Coefficient</th>
<th>Std. Error</th>
<th>p-value</th>
<th>Slope*</th>
</tr>
</thead>
<tbody>
<tr>
<td>const</td>
<td>-6.38287</td>
<td>&lt;0.00001</td>
<td></td>
</tr>
<tr>
<td>%ofmktprice</td>
<td>0.049726</td>
<td>&lt;0.00001</td>
<td>0.00221552</td>
</tr>
<tr>
<td>Productdemon</td>
<td>1.61286</td>
<td>&lt;0.00001</td>
<td>0.0775356</td>
</tr>
<tr>
<td>Salesrank</td>
<td>-0.0668069</td>
<td>&lt;0.00001</td>
<td>-0.00297656</td>
</tr>
</tbody>
</table>
Mean dependent var 0.091391  S.D. dependent var 0.288166
McFadden R-squared 0.199344  Adjusted R-squared 0.198743
Log-likelihood -15980.27  Akaike criterion 31984.54
Schwarz criterion 32093.58  Hannan-Quinn 32018.28

*Evaluated at the mean
Number of cases 'correctly predicted' = 59580 (91.3%)
f(beta'x) at mean of independent vars = 0.288
Likelihood ratio test: Chi-square(11) = 7957.42 [0.0000]

Good C:

Model 1: Logit, using observations 1-64800
Dependent variable: YESORNO
QML standard errors

<table>
<thead>
<tr>
<th>Coefficient</th>
<th>Std. Error</th>
<th>z</th>
<th>p-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>const</td>
<td>-2.54716</td>
<td>0.104837</td>
<td>-24.2963</td>
</tr>
<tr>
<td>ofmktprice</td>
<td>0.0115459</td>
<td>0.000717318</td>
<td>16.0960</td>
</tr>
<tr>
<td>productdemonstration</td>
<td>1.72187</td>
<td>0.0233431</td>
<td>73.7638</td>
</tr>
<tr>
<td>salesrank</td>
<td>-0.0134024</td>
<td>0.000632393</td>
<td>-21.1932</td>
</tr>
<tr>
<td>noofcomment</td>
<td>0.00398158</td>
<td>0.00067167</td>
<td>5.9279</td>
</tr>
<tr>
<td>noofnegativecomments</td>
<td>-0.0405932</td>
<td>0.000990332</td>
<td>-40.9895</td>
</tr>
<tr>
<td>timesmonth</td>
<td>-0.00748627</td>
<td>0.00183654</td>
<td>-4.0763</td>
</tr>
<tr>
<td>sex</td>
<td>0.198624</td>
<td>0.0200469</td>
<td>9.9079</td>
</tr>
<tr>
<td>age</td>
<td>-0.00584575</td>
<td>0.00215442</td>
<td>-2.7134</td>
</tr>
<tr>
<td>student</td>
<td>0.216397</td>
<td>0.0461176</td>
<td>4.6923</td>
</tr>
<tr>
<td>monthlyincome</td>
<td>-1.88654e-0</td>
<td>5.06552e-06</td>
<td>0.00020</td>
</tr>
</tbody>
</table>

6

7
Mean dependent var 0.221358  S.D. dependent var 0.415164  
McFadden R-squared 0.134947  Adjusted R-squared 0.134597  
Log-likelihood −29632.10  Akaike criterion 59288.20  
Schwarz criterion 59397.15  Hannan-Quinn 59321.92  

Number of cases 'correctly predicted' = 51174 (79.0%)  
f(β'x) at mean of independent vars = 0.415  
Likelihood ratio test: Chi-square(11) = 9245.13 [0.0000]  

Model 2 (without types of goodspurchased and monthlyincome): Logit, using observations 1-64800  
Dependent variable: YESORNO  
QML standard errors  

<table>
<thead>
<tr>
<th>Coefficient</th>
<th>Std. Error</th>
<th>p-value</th>
<th>Slope*</th>
</tr>
</thead>
<tbody>
<tr>
<td>const</td>
<td>−2.53921</td>
<td>0.10016</td>
<td>&lt;0.00001</td>
</tr>
<tr>
<td>ofmktprice</td>
<td>0.0115457</td>
<td>0.000717331</td>
<td>&lt;0.00001</td>
</tr>
<tr>
<td>productdemonstration</td>
<td>1.72185</td>
<td>0.0233389</td>
<td>&lt;0.00001</td>
</tr>
<tr>
<td>salesrank</td>
<td>−0.0134023</td>
<td>0.000632429</td>
<td>&lt;0.00001</td>
</tr>
<tr>
<td>noofcomment</td>
<td>0.00392763</td>
<td>0.000670959</td>
<td>&lt;0.00001</td>
</tr>
<tr>
<td>noofnegativecomments</td>
<td>−0.0405922</td>
<td>0.000990361</td>
<td>&lt;0.00001</td>
</tr>
<tr>
<td>timesmonth</td>
<td>−0.0061047</td>
<td>0.00138654</td>
<td>&lt;0.00001</td>
</tr>
<tr>
<td>sex</td>
<td>0.19524</td>
<td>0.0204232</td>
<td>&lt;0.00001</td>
</tr>
<tr>
<td>age</td>
<td>−0.00555274</td>
<td>0.00213935</td>
<td>0.02185</td>
</tr>
<tr>
<td>student</td>
<td>0.232635</td>
<td>0.0430395</td>
<td>&lt;0.00001</td>
</tr>
</tbody>
</table>

Mean dependent var 0.221358  S.D. dependent var 0.415164  
McFadden R-squared 0.134947  Adjusted R-squared 0.134597  
Log-likelihood −29633.00  Akaike criterion 59286.00  
Schwarz criterion 59376.79  Hannan-Quinn 59314.10  

*Evaluated at the mean  
Number of cases 'correctly predicted' = 51165 (79.0%)  
f(β'x) at mean of independent vars = 0.415  
Likelihood ratio test: Chi-square(9) = 9243.34 [0.0000]
Appendix 4--Correlation Matrix:

Good A:

Correlation coefficients, using the observations 1 - 64800
5% critical value (two-tailed) = 0.0077 for n = 64800

<table>
<thead>
<tr>
<th></th>
<th>ofmktprice</th>
<th>productdemonstration</th>
<th>salesrank</th>
<th>noofcomment</th>
<th>noofnegativecomments</th>
</tr>
</thead>
<tbody>
<tr>
<td>ofmktprice</td>
<td>1.0000</td>
<td>0.0000</td>
<td>-0.0016</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
<tr>
<td>productdemonstration</td>
<td>1.0000</td>
<td>0.0011</td>
<td>0.0000</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
<tr>
<td>salesrank</td>
<td>1.0000</td>
<td>-0.0016</td>
<td>-0.0015</td>
<td>1.0000</td>
<td>1.0000</td>
</tr>
<tr>
<td>noofcomment</td>
<td>1.0000</td>
<td>-0.0000</td>
<td>-0.0000</td>
<td>-0.0000</td>
<td>-0.0000</td>
</tr>
<tr>
<td>noofnegativecomments</td>
<td>1.0000</td>
<td>0.0000</td>
<td>0.0000</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>timesmonth</th>
<th>typesofgoods purchased</th>
<th>sex</th>
<th>Age</th>
<th>student</th>
</tr>
</thead>
<tbody>
<tr>
<td>timesmonth</td>
<td>0.0000</td>
<td>0.0000</td>
<td>-0.0002</td>
<td>0.0001</td>
<td>0.0000</td>
</tr>
<tr>
<td>typesofgoods purchased</td>
<td>0.0000</td>
<td>0.0000</td>
<td>-0.0000</td>
<td>0.0000</td>
<td>-0.0000</td>
</tr>
<tr>
<td>sex</td>
<td>-0.0000</td>
<td>-0.0000</td>
<td>0.0002</td>
<td>-0.0001</td>
<td>0.0000</td>
</tr>
<tr>
<td>Age</td>
<td>-0.0000</td>
<td>-0.0000</td>
<td>0.0002</td>
<td>-0.0001</td>
<td>0.0000</td>
</tr>
<tr>
<td>student</td>
<td>1.0000</td>
<td>0.6680</td>
<td>-0.2025</td>
<td>-0.0176</td>
<td>0.1187</td>
</tr>
</tbody>
</table>

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>timesmonth</td>
<td>1.0000</td>
<td>0.6680</td>
<td>-0.2025</td>
<td>-0.0176</td>
<td>0.1187</td>
</tr>
<tr>
<td>typesofgoods purchased</td>
<td>1.0000</td>
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<td>-0.0770</td>
<td>0.1242</td>
<td></td>
</tr>
<tr>
<td>sex</td>
<td>1.0000</td>
<td>0.0212</td>
<td>-0.0205</td>
<td>-0.5999</td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>1.0000</td>
<td>-0.5999</td>
<td>-0.0986</td>
<td></td>
<td></td>
</tr>
<tr>
<td>student</td>
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<td>0.1187</td>
<td>0.1242</td>
<td>-0.0918</td>
<td></td>
</tr>
<tr>
<td>monthlyincome</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ofmktprice</td>
<td>0.0000</td>
<td>0.0000</td>
<td>-0.0000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>productdemonstration</td>
<td>0.0000</td>
<td>0.0000</td>
<td>-0.0000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>salesrank</td>
<td>0.0000</td>
<td>0.0000</td>
<td>-0.0000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>noofcomment</td>
<td>0.0000</td>
<td>0.0000</td>
<td>-0.0000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>noofnegativecomments</td>
<td>0.0000</td>
<td>0.0000</td>
<td>-0.0000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

45
**Good B:**

Correlation coefficients for good B, using the observations 1 - 65280

5% critical value (two-tailed) = 0.0077 for n = 65280

<table>
<thead>
<tr>
<th></th>
<th>ofmktprice</th>
<th>productdemonstration</th>
<th>salesrank</th>
<th>noofcomments</th>
<th>noofnegativecomments</th>
</tr>
</thead>
<tbody>
<tr>
<td>ofmktprice</td>
<td>1.0000</td>
<td>0.0000</td>
<td>-0.0019</td>
<td>0.0005</td>
<td>0.0000</td>
</tr>
<tr>
<td>productdemonstration</td>
<td>1.0000</td>
<td>0.0014</td>
<td>0.0001</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
<tr>
<td>salesrank</td>
<td>1.0000</td>
<td>-0.0019</td>
<td>1.0000</td>
<td>-0.0003</td>
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<td>noofcomments</td>
<td>1.0000</td>
<td>0.0000</td>
<td>0.0000</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
<tr>
<td>noofnegativecomments</td>
<td>1.0000</td>
<td>0.0000</td>
<td>0.0000</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>timesmonth</th>
<th>typesofgoods purchased</th>
<th>sex</th>
<th>age</th>
<th>student</th>
</tr>
</thead>
<tbody>
<tr>
<td>timesmonth</td>
<td>0.0000</td>
<td>0.0000</td>
<td>-0.0002</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
<tr>
<td>typesofgoods purchased</td>
<td>0.0000</td>
<td>0.0000</td>
<td>-0.0001</td>
<td>0.0000</td>
<td>-0.0000</td>
</tr>
<tr>
<td>sex</td>
<td>-0.0000</td>
<td>-0.0000</td>
<td>0.0002</td>
<td>-0.0000</td>
<td>-0.0000</td>
</tr>
<tr>
<td>age</td>
<td>0.0002</td>
<td>0.0001</td>
<td>0.0001</td>
<td>0.0001</td>
<td>0.0000</td>
</tr>
<tr>
<td>student</td>
<td>-0.0000</td>
<td>-0.0000</td>
<td>0.0002</td>
<td>0.0000</td>
<td>0.0000</td>
</tr>
</tbody>
</table>

<table>
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### Good C:

Correlation coefficients, using the observations 1 - 64800
5% critical value (two-tailed) = 0.0077 for n = 64800

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