What E-commerce Website Should do to Attract Taiwanese Adult Generation Y Online Shoppers

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ABSTRACT

Generation Y (born between 1978 and 1995) has tremendous buying power and represents the future market for most e-commerce Websites. All online businesses should try to attract them and keep them as returning customers. Although no businesses can ignore this segment, studies on Taiwanese generation Y’s profile and buying behaviors were not many. Therefore, this research aimed to create a profile of Generation Y Internet shoppers in Taiwan and examine their socio-demographic characteristics, as compared to Internet users, but non-shoppers. In addition, this research also aims to identify the characteristics of shopping Web sites in influencing Generation Y’s decision to make online purchases or considering making online purchases. An online anonymous questionnaire survey of national population of Generation Y Internet users aged between 18 and 27 including both online visitors (non-shoppers) and purchasers (shoppers) were conducted and 1,187 sample data were collected. This research examined socio-demographic characteristics related to online shopping, as well as examined the characteristics of shopping Web sites in influencing Generation Y’s decision to make online purchases or considering making online purchases. The study results demonstrated an initial profile of a typical Taiwanese Generation Y respondent would be: female, aged 20 or 21 or 27, with some postgraduate studies, and earning less than NT$40,000 per month. Furthermore, safety and security of transactions, providing after-sale service and product warranty, protecting personal trading information and privacy, customer service, providing easy way to find products, reputation of Web site, simple and time saving on process of transaction, providing helpful information such as photos, product description, ease of managing own accounts and conducting transactions such as placing, canceling and tracking orders, and providing professional consultancy were all critical factors to attract Taiwanese Generation Y to shop online. The results are important to companies currently targeting adult Generation Y consumers via their e-commerce format or those considering the possibility of targeting this population, and can help those companies to identify the effective online marketing strategies that encourage Generation Y Internet users to make online purchases.

Keywords: e-commerce, online shoppers, buying behaviors, generation Y, marketing strategies

INTRODUCTION

The Internet has a rapid development in recent years and has become a global trend. Nowadays, more and more people rely on the Web as an important channel to communicate, to work, to search for information, to shop, to entertain, or merely to kill time. On the other hand, the world of business today is experiencing an unprecedented transformation. Companies are performing under intense pressure in a time-sensitive environment to create and develop new business opportunities to remain competitive and generate profits.

In order to develop a strategy to appeal to a unique target market and attract them to make online purchases, a firm may rely on methods of grouping people such as target segmentation, as well as to rely on Web sites’ essential characteristics that distinguish them from other competitors. Companies may also decide to identify and pursue new customers as a growth strategy (Kotler, 1999; Sawhney & Zabin, 2001). When researching emerging target markets, firms inevitably notice the wealthy, emerging consumer group (Generation Y) born since 1976, which has not yet fully aligned with specific firms in the distribution channel, such as specific manufacturers or retailers. Companies that elect to focus on new target markets, such as the youths, face the challenge of formulating initial strategic plans without existing internal data to research and manipulate. These companies would benefit from a customer’s purchase behavior and preferences of the population, which they are targeting.
Generation Y, is the wealthiest generational cohort. This population has a buying power of five to six times that of their parents at the same age (Anderson, 2001). For Taiwanese companies considering growth via market expansion and targeting Generation Y consumers in an e-commerce format, an understanding of the characteristics of shopping Web sites in influencing their decision to make online purchases or considering making online purchases would allow a Taiwanese firm to develop an appropriate marketing strategy for this target market.

Therefore, this research aims to create a profile of adult Generation Y Internet shoppers in Taiwan by examining their socio-demographic characteristics as compared to Internet users, but non-shoppers. Furthermore, this research also aims to identify the characteristics of shopping Web sites in influencing Generation Y’s decision to make online purchases or considering making online purchases. These information are particularly useful in enabling Taiwanese firms to engage in e-commerce effectively. Based on the information, Taiwanese companies interested in expanding their business in an e-commerce format can expand the understanding of the adult Generation Y Internet shopper’s purchasing behavior and preferences, therefore, can learn what to do to attract Generation Y Internet users to make online purchases.

SOCIO-DEMOGRAPHIC FACTORS

Gender, age, income, and educational level are the socio-demographic factors identified in this study. Previous studies of in-home shoppers have examined the socio-demographic factors and the results have varied (Berkowitz et al., 1979; Cunningham & Cunningham, 1973; Darian, 1987; Donthu & Garcia, 1999; Donthu & Gilliland, 1996; Gehrt & Carter, 1992; Gillett, 1970). Darian (1987), for example in his article, “In-Home Shopping: Are There Consumer Segments?”, found age and income differences, but no differences in educational level between in-home shoppers and non-shoppers. Regarding age, Darian (1987) determined that the age of in-home shoppers was lower than non-shoppers. Berkowitz et al. (1979) found similar results when researching in-home shoppers.

When Gehrt and Carter (1992) studied catalog shoppers, however, they found significant differences in income, age and education. Interestingly, demographic data researched by Donthu and Gilliland (1996), in Observations: The Infomercial Shoppers in the Journal of Advertising Research, found that infomercial shoppers and non-shoppers were the same when age, education, income and gender data were evaluated. Gillett (1970) studied in-home shoppers and claimed that in-home shoppers came from a higher social class, higher income level and educational level than the non-shoppers. In a later study of in-home shoppers, Cunningham and Cunningham (1973) concurred with Gillett’s findings in their article, “The Urban In-Home Shopper: Socioeconomic, Attitudinal Characteristics.” The socio-demographic factors mentioned is analyzed in this study as the Internet shoppers are compared to the non-shoppers in this population segment.

GENERATION Y INTERNET USERS AND SHOPPERS IN TAIWAN

In spite of the small number of research studies conducted on the Internet usage and shopping behaviors of Internet users in Taiwan, compared to those of Internet users in the U.S., some data that are relevant to this study of Generation Y Internet shoppers have been obtained from governmental research studies and other research studies. Based on one of the 2000 reports produced by FIND, the Center of Institute for Information Industry, the number of Internet users in Taiwan was over 5.5 million in June 2000. While both females and males were found to be equally likely to utilize the Internet on a regular basis, the majority of the Internet users were aged between 15 and 30 – the Generation Y category (Lee, 2001). More importantly, in another report that was published earlier in the year, it was found that only 10.9 percent of the regular users of the Internet had shopped online. The Internet users cited the following concerns with shopping online: a) online privacy; b) security of online payments; c) quality of products and services; d) Internet fraud; and e) delivery and refund issues (Lee, 2004).

The socio-demographic characteristics of Internet users and shoppers, as well as their concerns, were also replicated in other research studies, with slight variations. In Peng’s (1999) study, the majority of Internet users and shoppers were male, young and educated. However, the predominance of male Internet users was undermined by the
fact that more males than females participated in the study, due to sampling errors. Yao’s (1998) investigation of the factors that affected Taiwanese consumers’ willingness to purchase online also highlighted the fact that a majority of Internet users (73 percent) were no older than 24 years old. Furthermore, these Internet users were typically well-educated students.

It is important to point out that other researchers have also constructed different profiles of the typically Internet user and shopper. In Tang’s (1998) study, the typical Internet shopper was a male Internet user who owned credit cards and possessed tremendous experience with Internet usage and shopping. Similarly, Yu (1997) also found that the typical Internet shoppers were older males with a high level of education, high incomes and credit cards.

Clearly, this discussion indicates that the literature varies in their construction of the profile of the typical Internet user and shopper in Taiwan. Nonetheless, since it is evident that the vast majority of the Internet users in Taiwan fall within the Generation Y range, it would be important for Web-based companies to determine how they can improve the proportion of Internet shoppers in this population of Generation Y Internet users.

MARKETING STRATEGIES OF THE TEN MOST POPULAR SHOPPING WEB SITES IN TAIWAN

In order to facilitate the identification of marketing strategies that are effective in attracting Generation Y Internet users, an analysis of the ten most popular shopping Web sites in Taiwan (China times, 2005) is conducted to identify their marketing strategies. The ten Web sites are as follows:

- PC Online (http://www.pchome.com.tw/)
- So-net Plaza (http://shopping.sonet.net.tw/sonet/jsp/cmembre/chome.jsp)
- Yahoo Kimo (http://tw.yahoo.com/)
- Kingstone ebook store (http://www.kingstone.com.tw/)
- Etmall (http://www.etmall.com.tw/Pages/Home.aspx)
- Wellcome E-shop (http://www.wellcome.com.tw/co/comp_1.asp)
- Yam: http://www.yam.com/
- eBay: www.tw.ebay.com

Based on a comprehensive analysis of the aforementioned ten Web sites, several essential characteristics that distinguish them from other online Web sites can be determined. First, all of these Web sites carry a wide variety of products that cover almost every sphere of life of the average shopper. They include clothes, household appliances, electronic equipment, books, toys, accessories, food…etc. In fact, many of these online businesses advertise for collaborations with other suppliers and other companies in order to expand their range of products and services. This characteristic of providing a wide range of products and services clearly corresponds to two motivational factors cited by Donthu and Garcia (1999): the customers’ desire for variety and convenience of online shopping. Not only are online shoppers able to choose from a wide range of products, they can also save time and effort by shopping at a one-stop shop with a click of their mouse.

Second, in relation to the convenience factor of the Internet, all of these Web sites enable online shoppers to manage their accounts and conduct transactions with tremendous ease. Online shoppers can click on icons that allow them to place and cancel orders and track their deliveries.

Third, these Web sites also emphasize the security of their transactions. They highlight their policy of security and privacy in an effort to protect the interests of online shoppers. In order to address the concern of the online consumers with regard to their identities and credit card information, these online businesses have erected specific policies and procedures. Certainly, this characteristic of the Websites is related to the factors of risk aversion and trust, again, presented by Donthu and Garcia (1999).
Fourth, the brand consciousness and price consciousness are also encapsulated in the Web sites. All these Web sites feature products with marked down prices, or highlight the comparative cheapness of their products. At the same time, they also emphasize their sales of brand products by including the brand names.

Fifth, the quality of these Web sites is extremely high. Internet users can easily navigate around the Web site by clicking on clearly-designated icons that guide them to different categories of products, information, news, transactions and customer service. Replete with information and choices, these Web sites offer a treasure trove of helpful information that not only encourages Internet users to purchase their products, but also deals with their other interests. For example, these Web sites allow the Internet users to gain access to local and world news, check on the stock markets and even forge connections with their friends online, via the Web sites. Site quality is one of the factors that affect Internet consumers to shop online or not. (Lynch et al, 2001)

Sixth, all of these Web sites utilize colors, graphics and animation to appeal to the consumers, thus indicating that they are catering to the affect of the consumers. These graphics are definitely utilized to hold and sustain the attention of the consumers. In addition, one of the Web sites – Yam – also has an icon that leads users to games. This is a common strategy to enhance the affect of the consumers, thus encouraging them to make purchases.

Finally, these Web sites also offer comprehensive customer service and membership programs that are critical to building trust between the online businesses and online shoppers. More than just attempt to sell products to individual online shoppers, these online businesses strive to establish a long-term customer relationship that requires the establishment of customer loyalty. Therefore, these Web sites allow Internet users to contact their customer service representatives through various methods (via phone or e-mail). Internet users who become members are also entitled to special privileges, prizes, and other benefits.

RESEARCH METHODOLOGY

In this research study, a quantitative research approach was used to gather and analyze the data. An online anonymous questionnaire survey of national population of Generation Y Internet users aged between 18 and 27 including both online visitors (non-shoppers) and purchasers (shoppers) were conducted and data were collected online. The survey specifically addressed socio-demographic information such as gender, age, education, and income. In addition, participants were also asked to respond to questions that comprise the unique characteristics of the ten most popular shopping Web sites in Taiwan (China times, 2005). With regard to the questionnaire, the respondents were asked to assess the relative importance of each of the characteristics in terms of their influence on their decision to make online purchases. The values for this particular Likert scale are: “1= Very Important”; “2= Important”; “3= No opinion”; “4= Not Very Important”; and “5= Not Important At All.”

Data were gathered from Internet users (adult Generation Y, aged between 18 and 27) in Taiwan. Approximately 3,500 emails were sent to individuals directly as invitations of survey. This online survey addressed 8 socio-demographic/general information questions, and 23 survey questions on Web sites were asked to assess the relative importance of these characteristics in influencing Internet users’ and shoppers’ decision to make online purchases. SPSS was used in this study for data analysis to conduct the t-tests, and the one-way analysis of variance (ANOVA).

A total of 1,187 responses were obtained. Descriptive analysis was conducted to profile respondents by their socio-demographics and shopping behaviors. A Cronbach’s Alpha test was conducted on different sets of statement results to determine their reliability index. Meanwhile, content analysis was used in this research. The results of this content analysis of the ten most popular shopping Web sites provided a set of marketing strategies that were assessed by the respondents.

SURVEY FINDINGS AND RESULTS

Socio-demographic profile and Internet usage of the respondents

In cross-tabulations between socio-demographic factors and Internet usage, it was found that:
1. Gender/Length of time using the Internet: Female percentage for those with more than six years experience slightly higher but not significantly than male/female respondent numbers (54.9% versus 52.6%)

2. Gender/Hours per week on the Internet: Female percentage for those using the Internet 1-10 hours slightly higher but not significantly than male/female respondent numbers (55.6% versus 52.6%). However, in the 41 hours or more per week category, males outnumbered females (57.4%), the only category in which that was the case.

3. Gender/Internet purchases: Female percentage for those purchasing on the Internet slightly higher but not significantly than male/female respondent numbers (56.0% versus 52.6%). However, a higher percentage of male respondents answered “NO” (55.0%).

4. Gender/Hours spent shopping on Internet: Female percentage in the majority category (Less than 1 hour per week) higher than male/female respondent percentages (56.1% versus 52.6%). As well, of those responding “NONE,” 55.3% were male.

5. Income per month/Length of time using the Internet: In the More Than 6 Years Category, the largest number earned NT$20,001-$40,000 (40.6%) while those earning Under NT$20,000 scored 32%.

6. Income per month/Hours per week on the Internet: In the 1-10 hours per week category, the largest number earned Under NT$20,000 (41.7%) while those earning NT$20,001-$40,000 scored 34.4%.

7. Income per month/Internet purchases: those earning NT$20,001-$40,000 represented 40.1% of those making Internet purchases, followed by those earning Under NT$20,000 at 33.4%. Interestingly enough, those who reported No Income made up 20.5% of those reporting having made purchases on the Internet. As well, 74.8% of those earning NT$20,001-$40,000 reported buying merchandise on the Internet, higher than the overall average of 69.1%; while 66% of those earning Under NT$20,000 reported purchasing merchandise Online.

8. Income per month/Hours per week spent Online shopping: In the majority category (less than 1 hour per week), there were 55.6% of all those earning NT$20,001-$40,000 and 52.0% of those earning Under NT$20,000. This is in line with the percentage of all earners in the less than one hour category (51.8%). At the same time, those earning NT$20,001-$40,000 represented 40.5% of those in the Less than 1 hour category, while Under NT$20,000 earners represented 35.1%.

9. Age/Internet Purchases: The highest percentage of those who have purchased merchandise versus non-purchase is the 26 age group: 91.3% of respondents in this group said they had bought merchandise over the Internet. This compares to 69.1% for the entire Gen Y age group. Among 20 and 21 year olds, the percentages are 64.0% and 62.4% respectively. The lowest percentage was among the 18 age group: 51.1%.

10. Internet Purchases/Education: When it comes to Educational level and whether or not a purchase has been made on the Internet, 55.1% of those with some college/vocational school had made such a purchase; 62.6% of those with a college degree; 74.6% of those with some postgraduate studies; 80% of those with a postgraduate degree.

**Internet Shopping Sites Characteristics and Rankings**

The marketing strategies currently utilized by online businesses that have been effective in attracting online shoppers in Taiwan are identified and the top ten are ranked. Again, these data are self-reported opinions and beliefs of Taiwanese online shoppers/non-shoppers, and do not necessarily reflect the actions or beliefs of online marketers, who are not clearly distinguished by any of the same market demographics (nationality and other characteristics of internet sellers and markets are often unknown).

Statements 9-32 (Questionnaire on Web sites) resulted in a listing of the top ten qualities respondents felt were most important on a Web site, if that site wanted the respondents' shopping business. The top ten qualities list (with 90% or more of the respondents answering Very Important or Important) is as follows:
- Safety and Security of Transactions (95.2% Very Important or Important)
- Provide After-sale Service and Product Warranty (94.0%)
- Protect Personal Trading Information and Privacy (93.8%).
- Customer Service (92.5%).
- Provide Easy Way To Find Products (92.4%)
- Reputation of Web Site (91.7%)
- Simple and Time Saving on Process of Transaction (91.7%)
- Provide Helpful Information such as Photos, Product Description (91.3%)
- Ease of Managing Own Accounts and Conducting Transactions Such as Placing, Canceling and Tracking Orders (91.1%)
- Provide Professional Consultancy (90.9%)

Two of the top three characteristics that a Web site must possess to be a successful shopping destination for both Taiwanese Generation Y Internet shoppers and non-shoppers are (a) the guarantee of the safety and security of the transactions; and (b) the protection of personal trading information and privacy. The second most important characteristic is the ability to provide after-sale service and product warranty, followed by customer service at number 4. Thus, safety and security followed by product warranty and customer service come before any ease of use, time-saving, or the provision of helpful information. We may conclude that this concern is critical for non-shoppers' decision to avoid the Internet. An interesting top ten characteristic is that of providing professional consultancy services, which beat out 13 other characteristics such as wide selection and variety of products, brand name products, competitive pricing, Web site promotion, ease of navigation, ease of using the Web site interface, and access to information and special services.

When the numbers are broken down between shoppers and non-shoppers, however, there is statistically very little difference between the two groups when it comes to the top ten characteristics a Web site needs. The only area where there is a significant difference is in the provision of an easy way to find products (93.7%, 89.6%), reputation of Web site (93.0%, 88.8%), simple and time saving on process of transaction (93%, 88.8%), and provision of helpful information such as photos, product description (92.4%, 88.8%).

In a more wide-ranging tabulation, matching top Web site characteristics with significant at 95% correlation coefficients results in a slightly different set of top ten characteristics. Twelve of the 23 statements had significant correlation coefficients when matched with the shopping or non-shopping variable. Using these and comparing them to the top ten characteristics results in only X found in both lists: ease of managing own accounts and conducting transactions; simple and time saving on transaction process; provide info such as photos, product descriptions; and web site reputation. However, it should be noted that the entire set of statements showed a very high Cronbach’s Alpha at .937.

CONCLUSION

This study has established the foundation for further research on the topic of Internet shoppers. As mentioned earlier, research studies have simply focused on determining the proportion of Internet shoppers among Internet users and creating a general profile of Internet shoppers. However, with this study, researchers can begin to hone in on specific groups of Internet users based on gender, race/ethnicity, city, region and country. Essentially, researchers could utilize the research approach in this study to apply it to any particular market segments in the future. Further research to expand the understanding of the diverse potential market segments among Internet users is invaluable to companies engaged in e-commerce. Furthermore, this study provides detailed insight of socioeconomic demographics of the Generation Y Internet shoppers and non-shoppers in Taiwan, so Taiwanese companies interested in expanding their business in an e-commerce format can expand the understanding of the adult Generation Y Internet shopper’s purchasing behavior and is able to identify the effective Web-based marketing strategies that encourage Generation Y Internet users to make online purchases.
To the profile of our Taiwanese Generation Y Shopper Profile, the following four general characteristics are added:

- Absolutely demands security of transactions and personal information privacy guarantees
- Wants product warranties and top customer service
- Needs ease of finding products
- Demands smooth transaction process

The conclusion of most significance to marketers is that both shoppers and non-shoppers look for similar things when it comes to purchasing from a Web site. Both want very high levels of security and guarantees, followed by ease and convenience of use. It is thus important for Web sites to not only offer these characteristics, but also to make sure that the potential shoppers are aware of them. If one sets aside a series of statements as failing to offer significance at 95% correlation coefficients, then the conclusion remains that ease and convenience of use as well as the provision of useful information are demanded by all shoppers. Intuitively, it would seem that security and product guarantees would be at the top of the list for anyone doing Internet shopping.

Finally, in the Web site ranking, there were no really significant differences between shoppers and non-shoppers. Thus, marketers need to address concerns in a similar way, especially in emphasizing the security and guarantee aspects on a Web site. Slight differences in responses did appear in areas such as ease of finding products, Web site reputation, and ease of transaction process. Marketers need to emphasize these more often when addressing non-shoppers to ensure that they are kept in the forefront of any discussion.

To conclude, as for the Web site characteristics and rankings, the researcher felt this was a very useful exercise, especially for those who wish to market their Web sites as places to shop. The rankings indicated clearly, and supportively strongly, the factors and characteristics Taiwanese Generation Y shoppers and non-shoppers alike look for in their Internet shopping experience. While demographic group research provides some useful general findings for marketing purposes, direct Web site study and ranking should also be a useful tool for marketers to use. Such an approach will guarantee the relevance and reliability of consumer choice studies within the specific demographic of Taiwanese Generation Y consumers, who today are shopping online and buying around the Internet world with greater confidence and satisfaction than ever before.

REFERENCES


