

The Study of WeChat Cross Border eCommerce: Analysis of Consumers' Online Purchasing Behavior

Poon Lok Yi, Joyce

The Chinese University of Hong Kong

Master Student in New Media, School of Journalism and Communication

joycepoon925@hotmail.com

Abstract

WeChat (Chinese as Weixin), founded by Tencent Holdings in 2011. It is known as China's fastest growing and leading social mobile application in these years. By opening up the ecommerce opportunities for everyone to easily purchase any products anywhere, anytime with the built-in application, WeChat has launched its ecommerce platform in 2014 and introduced its one-of-a-kind mobile payment method, WeChat Pay, an in-app payment that allows users to pay link their credit cards to their users' account and pay transactions instantly in both local and cross-border online stores via their mobile phones. For the eCommerce entrepreneurs in China market, consumer' online purchasing behavior is extremely important to businesses because those eCommerce consumers are the lifeblood of any business.

This study aims to examine the reasons that motivate the China's consumers purchase the products, in both locally and cross-border via WeChat eCommerce platform by adopting the Theory of Acceptance Model (TAM) which helps to explain the online shopping intention in WeChat. Besides, this study used the qualitative method to analyze how the eCommerce affects the purchasing behavior of online buyers in China. The research methodology of this study is conducted by the convenience sample of online survey and a face-to-face interview with a Chinese teen. A total of 100 respondents from China among the age group of 18 - 34 participated in the online survey. Data sources included participants' response to an end-of-session questionnaire, encompassing with the types of multiple

choice, open-ended questions. The general finding of this study is majority of China eCommerce shoppers do impulsive buying, which means they will urge to purchase a product without a thoughtful consideration of the reasons that need the product. The majority of the consumers tend to buy products or services via WeChat eCommerce is based on their peers or others shoppers' recommendation. The more positive comments from peers and usefulness on an online store, the higher chance for the new online consumers in China to buy the relative products. Instead of where to buy the products online, the other main factor that motivates a shopper to buy online is the product advantages to them. Besides, the study also finds that the reason of eCommerce shoppers follow WeChat official account is because the interviewees think that the free delivery and convenience can save them a lot of time to visit a physical store. They think they can view all the products that they want in the online platform via one-click. This study can help the company decision-makers gain a better understanding to know the China consumers online shopping behaviors and optimize their WeChat cross-border platforms more effectively.

Keywords: Cross-border eCommerce, impulsive buying, theory of acceptance model, WeChat Pay

1. Introduction

eCommerce is becoming a common practice in which it has significantly changed the way of people purchase in both local and worldwide stores via online platforms. According to Azam (2012), eCommerce is defined as the commercial transactions are conducted by the Internet or other computer networks while cross-border eCommerce involves one or more countries in the online transactions. (Azam, 2012) According to the report of PayPal, there is about one-thirds of China's online shoppers tend to buy cross-border products from overseas in 2015 while among 10 RMB spent on consumer goods, 1.3 RMB are from cross-border eCommerce in China. (Business Wire, 2015) Obviously, cross-border eCommerce plays an important role with China in recent years. The ubiquitous messaging app, WeChat has reached its monthly active users to 806 million in the second quarter of 2016 while

the mobile shopping users exceeded 300 million. (Millward, 2016) The superior text messaging app of WeChat provides an eCommerce platform and its own in-app payments that allows users to link their credit cards and settle the payment within the app without directing them to the external sites. According to the Tencent report, there is currently 200 million WeChat users' credit cards bound to the WeChat Pay account while the WeChat eCommerce revenue has reached RMB4.5 billion in 2015. It is also shown that 27% of the online shoppers purchased a product in WeChat eCommerce channel since the commerce features launched in 2014. (Russell, 2016) Investigation about the online consumers purchasing behaviors in online stores have been carried out in many of the previous studies. However, most of the studies tend to use a theoretical model to analysis the general view of the online purchasing behavior (Dolen & Verhagen, 2011) whereas there is little empirical study is examined about the online shoppers' norms in a specific online platform deeply. As a result, the objective of this study is to investigate and analysis the online consumers' purchasing norms in the cross border WeChat commerce platform. In the following study, I will use the online survey data and face-to-face interview with a female teen to analysis and elaborate the online shoppers' norms. In order to analysis the data comprehensively, theory of acceptance model (TAM) will also be used to support this study. This research might beneficial to the online retailers to know about the motivations that drive the China consumers' online shopping behavior to buy a product via leading eCommerce platform, WeChat and it can help them to improve their online shop platform that might able to fulfill the consumers' needs. The paper is organized as follows. Firstly, I will adopt the theoretical model of TAM to analysis the reasons that drive the survey respondents to purchase online. In the next section, I will describe the research methodology of the study. Following this, I will present the research result and conclude with a discussion and implication of the study.

2. Theoretical framework

To examine the variables of China consumers' intentions on the online purchasing behavior in

WeChat eCommerce platform, it will be explained by theory of acceptance model (TAM) (Davis 1989; Davis et al, 1989). Numerous of empirical research have shown that TAM is a robust and comprehensive model of investigate the consumers' acceptance behaviors in a wide range of technologies such as mobile commerce (Wang & Wu, 2005) and online banking (Pikkarainen et al, 2004). In this study, TAM is applied to examine the online shopping intention via WeChat eCommerce platform in China. According to the TAM, there are two variables, perceived usefulness (PU) and perceived ease of use (PEOU) directly influence the users' attitude to determine on using a new technology system. PU is based on the individual's subjective assessment whether utilizing a particular technology can improve their job performance. PEOU is a variable that describes the user's perception that whether the new system will be easy learn and use. Both variables will directly influence the user's attitude toward using the new technology which in turn leads to the user's behavior intention to use and the behavior intention will eventually lead the user to adopt and use the new system. (Davis 1989; Davis et al, 1989) In this study, there are four independent variables that directly affect the China online buyers' behavioral intention to purchase online in WeChat. Apart from PU and PEOU, two other variables (trust in online payment system, subjective norms) have been included in this research. Figure 1 has presented the proposed theoretical framework.

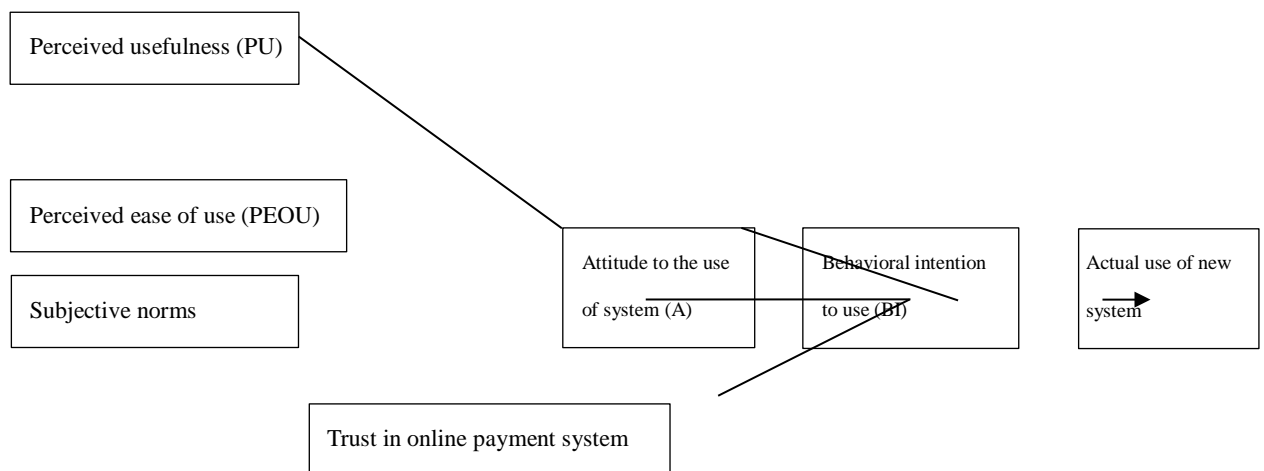


Figure 1

Since this study is an exploratory in nature, two research questions have been asked to investigate the study:

RQ1: What are the incentives that drive China's online consumers to purchase cross-border products in WeChat commerce platform?

4. Research methodology

Sample

This study was conducted in a convenience sample online survey in a well-known survey site of SurveyMonkey (<http://www.surveymonkey.com>). The online questionnaire has created in bilingual languages, both English and Simplified Chinese and interviewees could only choose to answer either one of the survey language format to answer. The survey has been posted to different social media platforms which were Facebook, LinkedIn and Weibo and WeChat's moments during July and August 2016 and received a total of 100 responses. Among 100 responses, 64 of them were answered in Chinese version while 36 were answered in English version. Table 1 shown the survey demographics, which indicates that majority of the respondents was between 25-34 and most of them were female. Most of them claimed that they have experienced in purchasing online before. Besides, a face-to-face interview with a young 18-year-old female teen who lives in Hong Kong and has experiences in online shopping in WeChat and other eCommerce platform. The face-to-face interview has been conducted in August 20 which was around 15 minutes. Although the sample scale was limited and a sample bias was noticed, the study could still reveal the phenomenon of consumers' purchasing behavior in WeChat cross-border eCommerce platform.

Demographic	Category	Percentage
Age	18-24	22.22%
	25-34	48.15%
	35-44	14.81%
	45-55	0%
	>55	14.82%
Gender	Male	45.21%
	Female	54.79%
Online purchase experience	Yes	87.21%
	No	12.79%
Usage of WeChat (Can choose more than one)	Communication	72.51%
	Meet new friends	5.52%
	Purchase online	45.56%
	Transfer money	33.24%
	Follow friends' updates in Moments	62.45%

Table 1

5. Analysis and results

Descriptive Statistics

Survey respondents were asked to report their age, gender for the demographic variables. (See Table 1). The majority of the respondents were belonged to the age group of 18 to 24 (22.22%) and 25 to 34 (48.15%) while most of the respondents were female (54.79%) whereas the remaining were male (45.21%). Moreover, there was over 70% of the respondents mainly use WeChat for communication

while about 45% of them use it for purchasing in-store in WeChat. Besides, the respondents were also asked their general online purchasing practice in the online survey. Firstly, there was a total of 44.45% of the respondents claimed that they purchased online very often (37.04%) and extremely often (7.41%). Among the respondents, there was 92.59% of the respondents indicated that they purchased online two to five times per month. The survey has also asked the respondents which online eCommerce platform that they usually browse or make purchase. Not surprisingly, 88.46% of respondents will browse Taobao; 15.38% use JD.com while 23.08% of them will use WeChat shop to browse the online stores, following by the other online stores such as Paipai store (11.54%) and MengDian (7.69%). For the items that the China online shoppers will choose to buy, 57.69% of them will purchase apparel and footwear, consumer electronics (19.23%) and for entertainment purpose (7.69%) when browsing the online commerce platforms. Among the respondents, 84% of the respondents have experienced in purchasing cross-border products imported from USA, 52% of consumers will buy from UK while 39% of them will choose the cross-border eCommerce products from Australia. For the amount that they spend in online products, there were 51.85% of them claimed that they will usually spend RMB151 to 500 in each transaction. Given the above statistics, it can show that most of the respondents tend to shop online nowadays. Among the online consumers, they will not limit themselves to buy the products in local online commerce stores, but also will choose to buy the cross-border products, mainly imported from USA and UK via the online stores. After giving an overview of consumers' purchasing facts in online commerce platform, I am going to reveal and investigate the intentions that drive the China teens consumers' to browse and purchase via WeChat online stores by analyzing the independent variables.

Independent variables:

The survey has been asked the respondents the incentives of driving them to purchase online. To test the first independent variable of PU, a question has been asked why the respondents think purchasing in WeChat online platform is better than going to a physical store. The following respondents' answers have been tested to operationalize the PU were:

- *The online store has generated lots of positive comments that drive me shop online even I didn't buy anything in the store before (33.33%)*
- *Variety of products can choose and compare in online stores (25.93%)*
- *Promotional style in the online stores (24.33%)*
- *I can search for cross-border products from other countries via online stores (18.52%)*
- *Free delivery service (14.81%)*

The above statistics have revealed that consumers typically think the shopping online can help their purchasing behavior becoming more efficient than such as free delivery service and saving traveling time to physical stores, while the promotion style in the online store such as the wordings of “buy 1 get 1 free”, “Limited 50% off discount” are the main intentions that urge the online consumers to shop impulsively without a thoughtful consideration.

Apart from the survey, the same question has also been asked to the Chinese teen interviewee and her response is as follow:

“Browsing the online stores can let me to find all the products especially the cross-border products that are hard to find in the physical stores within the in-app online platform. Since many online stores will do different promotion, which let me buy a lot every time...” (Interviewee, 20160820)

It can prove that when the online consumers think that the benefits of shopping online such as convenience, free delivery service, promotion style of a product, it can drive the buyers to purchase a product impulsively even they do not really have the use of need.

Secondly, a question has been asked to test both variables of PEOU and trust in online payment system.

- *WeChat commerce platform is easy to use (35.45%)*
- *I would find it is easy to search what I want in WeChat commerce platform (28.77%)*
- *I believe WeChat Pay is a secure payment system that can let me to buy a product safely (22.33%)*
- *I don't believe WeChat Pay is a secure payment system and I will consider the security issue before I buy the product (13.45%)*

The interviewee has elaborated the question regarding the ease of use of the WeChat platform as follow:

“WeChat is not only just a communication tool, but I can do everything such as shopping, browsing the online stores in-app without direct me to the external sites... when purchasing online, I can just buy it through the WeChat Pay without charging me any extra cost”.

The statistics show that the user-friendly of the WeChat interface such as complete the transaction with in-app, can motivate the online consumers to purchase online. For the ease of use of WeChat Pay, in which user can save their money by receiving the transferred money or link to the users' credit card, it shows that users can buy online products via the in-app payment system, even they buy the cross-border products, they can still able to buy the fee via the WeChat Pay without charging them any extra oversea payment charge. Obviously, the ease of use and flexibility of the WeChat commerce function and payment system can drive the users' to purchase online.

According to Bradley (2012), he defines subjective norms as the acceptance decision can be influenced by peers, subordinates or superiors. Apart from the individual's intention that drive the online consumers to purchase online, it is also crucial to know about how will the peers surrounding them will affect their purchasing decision in WeChat eCommerce platform and it is similar to a concept of electronic word-of-mouth (eWOM). According to Mao and Sha (2016), eWOM is defined as any positive and negative product-related content made by the former customers or among the peer consumers about a product via the cyberspace. (Mao & Sha, 2016) Thus, a question has also been asked on how will the online purchase happen to the respondents and the interviewee in order to test the subjective norms variables.

- *Recommendation or positive comments of a product from peers or parents (40.46%)*
- *When the products are shared in WeChat's Friend Moments (29.21%)*
- *Recommendation from bloggers and celebrities (20.15%)*
- *Happen when randomly browsing the eCommerce sites (10.18%)*

Simultaneously, the interviewee also mentioned that she will also affect by her friends'

recommendation on a specific product or recommended by a famous celebrity which urged her to do the impulsive buying.

“I remember I see a karaoke microphone is so hit before and this product has used by some of the singers. This products has been shared by my friends in the Moments. Eventually, I have urged to buy this product in Tmall via the WeChat commerce platform, but actually I didn't use the product much after I bought it”. (Interviewee, 20160820)

From the interviewee's response, it can show that it is undeniable that most of the teens in China start the online purchasing is mostly affected by their peers and the celebrities and it has changed their attitude which has easily urged their behavioral intention to purchase an item via the WeChat platform.

5. Discussion

Apparently, the four variables, PU, PEOU, trust in online payment and subjective norms are the intentions that drive the online consumers in China to shop online via WeChat commerce platform. These four variables cannot treat as a single variable since the variables are interconnected with each other. It means that the consumer will not only purchase online just because the ease to use platform, but also will affect by the variable of subjective norm, which influence by their peers' comments and recommendation on a product before they start their purchasing online. According to Davis (1989), he mentioned that the PU variable is based on the users' perceptive that whether the technology can help them to improve and perform the job better. (Davis, 1989) The first variable has been proved that it is one of the variable that motives the consumers' purchase cross-border products. Since the users think that WeChat online platform can let the them to browse different products especially the apparel and footwear from overseas brands in online stores instead of the physical stores. It can save their traveling time to search for their desire product and let them to compare the cost and products in-app without direct them to the external website. Another two variables, PEOU and trust in mobile payment also play a prominent role in motivating the online consumers' purchasing behavioral intention. The

functionality of the WeChat commerce platform, from browsing the store to complete the transaction within the app without directing the users to browse the external sites can save them a lot of time to complete the transaction. In addition, the consumers can share the products in their Moments page by clicking the “share” button in the top right-hand corner, and their peers can directly click on the product shared link without re-searching the product in the online store again. Besides, the invention of WeChat Pay can allow consumers to buy cross-border products that charge in their local currency and the system will automatically pay the foreign currency to the store without charging any extra cost to the consumers. The high flexibility of the application can change the consumers’ attitude towards the use of the purchasing platform in WeChat. The last variable, subjective norm also the incentives that purchase online. As mentioned above, subjective norm is a person’s behavior and attitude influence by their peers or the people around them. The survey result shown that there was around 40% of them claimed that their purchasing behavior was mainly affected by the recommendation from their friends or the shared post in the WeChat Moments. Hence, it can reveal that not only the functionality of the platform, but also the eWOM is also an indispensable element that lead the online consumer to change their purchasing behavior from physical stores to online stores in WeChat.

5. Implication

There is an implication in this study. According to the survey result, there was around 70% of the respondents still solely treat WeChat as a communication tool instead of an eCommerce platform like Alibaba and JD. Another survey conducted by Global Times indicated that there were still many people claimed that there is no any reason to abandon Alibaba and turn to WeChat for online shopping due to the user-experience of online shopping in WeChat. (Gori, 2015) In Alibaba’s eCommerce platform, users can quickly search what the need and who is selling in both Taobao and Tmall whereas it is not easy to find a specific brand product unless you follow the brand’s official account specifically. Hence, if Tencent still want to expand its eCommerce business in WeChat, it is important to improve the search functions in the app in order to provide a good user-experience for the online consumers. Since this

study is exploratory in nature, there is some limitation needed to be addressed. Firstly, the survey is conducted in a convenience sample and the sample base is only 100 respondents which is not representative of the entire online consumers in China. Secondly, this study just focuses on the online purchasing behavior in WeChat and do not capture all the eCommerce platforms in China in which the consumers may have different purchasing behavior in the vary of platforms. Lastly, this study just focuses on using the China as the research target country, therefore, in other contexts, the influence of online purchasing behavior in cross-border eCommerce platforms may differ. Despite this limitation, this study is a positive step in the beginning to understand the general view of China consumers' purchasing behavior in the eCommerce platform. eCommerce is becoming a new trend that alter consumers' purchasing behavior nowadays. Along with different eCommerce platforms as well as the advanced mobile payment system emerge, people will more willing to purchase online. By understanding the consumers' online purchasing behavior is important to the eCommerce companies, no matter China or other overseas companies, to develop and optimize their existing platform to more user-friendly in order to give a good user shopping experience to the online shoppers.

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