Online Promotion of the E-Commerce Websites in Retail Market in China: An Empirical Study

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ABSTRACT

For companies to take full advantage of the potential offered by the Web, it is essential that their e-commerce websites be prepared and organized in a highly usable manner. Companies with better website quality will save time and money, promote customer satisfaction and continued business, and gain an advantage over their competitors. This paper investigates the current issues and challenges for the top 10 B2C e-commerce websites in terms of promoting and marketing their products and services in China. AHP and Fuzzy TOPSIS are employed to evaluate the quality of these websites from the website design, transmission speed, popularity of the website, information quantity and the service quality. The managerial implications and suggestions for future research are also discussed.

Keywords: Business to Consumer (B2C) E-Commerce, Empirical Study, Fuzzy Technique for Order Preference by Similarity to Ideal Solution (TOPSIS), Online Promotion, Retail Market

1. INTRODUCTION

The advent of the Internet has led to the flourishing development of e-commerce. As one of the developing countries that experience the highest online population growth rates, there are increasingly users engaging in e-commerce activities in China. According to a report by the China Internet Network Information Center (CNNIC, 2013), China’s e-commerce market racked up a whopping 1.3 trillion RMB ($190 billion USD) worth of transactions in 2012, ac-
counting for 6.1 percent of total retail sales of consumer products, an increase of 66.5 percent over 2011’s total, and 242 million Internet users purchased products online.

According to forecasts (Ystats, 2013), it is expected to grow by more than 30 percent annually between 2013 and 2016. Overall, fashion, shoes and bags, as well as computers and household appliances are among the most popular product categories online.

With the development of the e-commerce, an increasing number of customers have used the e-commerce websites to obtain information about products and services, with possible follow-up purchase (Korner & Zimmerman, 2000; Geissler, 2001). E-commerce website quality has become one of the critical factors in attracting e-shoppers to visit a company’s online store and learn more about its products and services. As discussed earlier, the design and quality of the e-commerce websites are very important in terms of market competition. From observations, however, there exist many issues and challenges in the current e-commerce websites regarding the actual performance in terms of the effectiveness of their promotional effort. In order to provide practical insight and guidelines for improving the effectiveness of these e-commerce websites, an investigative empirical study to evaluate these e-commerce websites is needed, which is the primary motivation of this research, and this research focuses on the top 10 B2C e-commerce website in retail market in China.

The remainder of this study is organized as follows. Section 2 introduces the related literature about e-commerce and website evaluation. Following is a brief introduction about the fuzzy AHP (Analytical Hierarchy Process) and fuzzy TOPSIS (Technique for Order Preference by Similarity to Ideal Solution) method used in this research. Section 4 describes an empirical analysis of evaluating the websites of the top 10 B2C e-commerce retailers. In the last section, major issues and challenges for these e-commerce retailers in promoting their websites performances are identified and discussed along with the related managerial implications.

2. LITERATURE REVIEW

E-commerce can be described as “any form of business transaction in which the parties interact electronically rather than by physical exchanges or direct physical contact” (Ecom, 1998), and is generally classified as B2B, B2C, C2C and C2B e-commerce (Madu & Madu, 2002). Jennifer et al. (2003) argue that B2B e-commerce seems to be driven by global forces, whereas B2C seems to be more of a local phenomenon. While along with the advancement of information technology, there are increasingly online customers buying products on the e-commerce websites. Many related researches have been done on improving effectiveness of the e-commerce websites (Thorleuchter & Poel, 2012; Li & Li, 2011; Nielsen, 1999; Nielsen & Tahir, 2001). However, a study by Elliot and Fowell (2000) show that the online customers have been relatively frustrated with the quality of the websites they visited.

Website quality is important and widely studied in the related e-commerce literature (Aladwani & Palvia, 2002; Kim & Stoel, 2004; Koufaris, 2002; Soliman & Youssef, 2003). A research by Davidavičienė and Tolvašas (2012) describe the quality factors of an e-commerce website and services based on the survey of Lithuanian online store visitors. Singh (2002) argues that e-services (e-response to customer queries, e-payment, e-transaction record management, e-assurance and trust, e-help and so on) are important in B2C e-commerce for managing customer relations and enhancing sales. Cao et al. (2011) identify factors of effect the e-commerce web site quality using an IS success model which include: system quality, information quality, service quality, and attractiveness. The study by Lin (2007) shows that website design, interactivity, informativeness, security responsivenes, and trust affect customer satisfaction, while empathy does not have a statistically significant effect on customer satisfaction.

Swaminathan et al. (1999) argue that consumers evaluate websites when they make purchase decisions and the perception of their shopping experience at the websites plays a ma-
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