Predictors of e-service Consumption in a Highly Productive Brazil-Russia-India-China-South Africa Region Sample

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ABSTRACT

The authors investigated consumer e-commerce behavior in a Brazil-Russia-India-China-South-Africa (BRICS) region from a socio-cultural perspective. BRICS countries are important to study because they have a large population representative of other global e-services markets, they account for 40% of the world’s population, 26% of the world’s land and approximately a third of the world’s gross domestic economic e-commerce production, plus residents are habitual consumers of mobile technology like smartphones. A binary logistic regression model revealed that young educated consumer satisfaction with e-services, e-service happiness, positive feelings and e-service pleasant feelings, but not e-service excitement, could predict purchase behavior. The model correctly classified 87.3% of the e-commerce consumers using two factors and a second model with one factor correctly categorized 90.5% of them. These results are important for managers and academics to consider.

KEYWORDS

Brazil-Russia-India-China-South-Africa, Empirical Predictive Model Study, Mobile E-Services, Online Purchase Behavior, Socio-Cultural Factors

INTRODUCTION

The ease of using e-services generally leads to increased consumer satisfaction and increased purchases (Hidayat-ur-Rehman, Mokhtar, & Katan, 2016; Strang, 2018a). Consequently, difficult to use online e-services will lead to consumer dissatisfaction and decreased purchases. Some researchers have found that online shoppers who initially seemed to trust a e-services became unsatisfied and abandoned the e-services transaction without following through on a purchase (Patricks, Libaque-saenz, Fan, & Chang, 2016; Shang & Wu, 2017).

In terms of market segmentation, it is important for marketing managers to study the online socio-economic behavior of people in BRICS countries – Brazil, Russia, India, China and South Africa – because they account for 40% of the world’s population, 26% of the world’s land area and approximately a third of the world’s GDP which increased 300% within 20 years (Bremmer, 2017; CIA, 2017). O’Neill (2001), a Chief Economist with Goldman Sachs, predicted the economic growth of the BRIC emerging market economy countries would exceed that of the G7 nations (USA, Japan,
Germany, UK, France, Italy, Canada) – and he was close; South Africa was added in 2010 to form BRICS.

BRICS member nations China and India fared better by integrating their products/services into the global supply chain whereas Brazil, Russia and South Africa sold off their natural resources rather than improving their process knowledge (Bremmer, 2017). An interesting side effect of this growth was the surge in China and India’s middle class from 1% to more than 8%, which coincided with increased consumer ecommerce activity on the Internet (USDCITA, 2019). The e-services power of these two countries is clearly evident around the world. Numerous goods purchased in developed countries are manufactured in China while India has a strong global reputation for providing Internet technology-related services which accounts for about 61% of its GDP (Bremmer, 2017).

One problem is that other factors such as social culture have not been examined in the context of e-service behavior in BRICS regions (Zamani & Valmohammadi, 2018). Consumer social culture can impact e-services trust (Strang, 2018b) and satisfaction (Shang & Wu, 2017). Thus, e-service dissatisfaction and decreased purchases could be culturally-driven through the vendor’s choice of words, pictures or endorsements (Ert, Fleischer, & Magen, 2016).

The research question was which social and demographic factors could predict e-service consumption in a highly productive highly populated BRICS region, specifically northern India business district.

In this study the authors reviewed the literature to identify the most relevant e-service consumption factors, theories, and models that researchers have used to understand consumer purchasing behavior on the Internet. The main factors identified from the literature tested in the unit of analysis in this study were: the extended emotion of trust (Plutchik, 1997) and online consumer behavior (Strang 2018b). The goal of the authors was to leverage those mainstream theories to explain the online behavior of the emerging young generation of consumers in India. The purpose was to be able to generalize the findings to India as well as other countries, given the global online economy. In the introduction the authors examine the purpose and the importance of studying the Internet consumer behavior in India as well as why India is important as a BRICS region to examine. In the next section, the existing literature about e-services consumer online behavior in a highly populated productive region of northern India is reviewed.

BACKGROUND

There are two generally-accepted approaches used to examine e-services consumer behavior: psychological and technological along with a combination of both (Strang, 2018a; Vajjhala & Strang, 2019; Zhou, Dai, & Zhang, 2007). The consumer psychological approach has focused on examining social demographics, like motivation, satisfaction, trust and personality orientation (Babo, 2008; Dennis, Merrilees, Jayawardhena, & Wright, 2009; Pappas, 2017; Rosenthal & Nolan, 2013; Strang, 2018a; Zhou et al., 2007). The technology approach has concentrated on e-services specifications like payment choices, ease of use, and functionality (Carter & Yeo, 2017; Kalinic & Marinkovic, 2016; Lee, Lee, & Jeon, 2017; Liao, Proctor, & Salvendy, 2008; Pan et al., 2007; Patwardhan, 2013; Smith et al., 2013; Wu, Huang, Yen, & Popova, 2012). Consumers across different cultures react differently with e-commerce systems (Foluke, 2018; Yoon, 2009; Yun, Park, & Ha, 2008) so consumer culture could influence online purchase behavior.

E-Services Consumption Literature Review

Importance of Studying Online Consumer E-Services Behavior in BRICS Nations

E-commerce refers to any commercial transaction conducted over a computer network, such as consumer purchasing on Internet (Huseynov & Yildirim 2015). Online shopping was identified as one of the fastest growing Internet activities for several reasons including convenience, the increasing...
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