Chapter 3
A Comparative Analysis of Chinese Consumers’ Increased vs. Decreased Online Purchases

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ABSTRACT
Previous research on online consumer purchases has focused on increased purchases and neglected decreased purchases. However, factors impacting these purchases are different. Drawing on the two-factor theory, in this paper, the authors compare factors affecting increase and decrease in Chinese consumers’ online purchases. The authors conducted separate group analyses with PLS. The results show that consumers’ perception of service quality significantly affects increases in their online purchasing behavior, whereas their perception of website quality significantly affects decreases in online purchasing. These results show that e-tailers must not only focus on factors that promote online shopping but also those that deter consumers from making online purchases.

INTRODUCTION
Many Internet users engage in e-commerce activities. For example, a survey report by China Internet Network Information Center (CNNIC) shows that 26% of Chinese Internet users often make online purchases (CNNIC, 2009). There is also much research that explores factors affecting online purchases (Monsuwé et al., 2004; Chang et al., 2005; Parboteeah et al., 2009; Verhagen & Dolen, 2009). However, most of this literature focuses on the factors which can increase online purchases and neglects exploring whether some factors can result in a decrease in online purchases.

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An increase in online purchases in the literature refers to consumers increasing the time, effort and money they spend on online shopping. A decrease in online purchases, by contrast, means that consumers spend less time, effort, and money on online shopping compared with what they were previously.

Research into why consumers decrease online purchases is required because such decreases directly influence an e-tailer’s revenue and may eventually lead to consumers switching back to traditional channels. In addition, many users have tried online shopping but indicated they might stop doing it in the future (CNNIC, 2008). It is therefore important to identify factors leading to consumers’ decrease in online purchases, not just the factors resulting in an increase in online purchases.

In this exploratory study, we compare factors affecting Chinese consumers’ increased versus decreased online purchases. China has the largest number of Internet users in the world (338 million) and is a fast-growing e-commerce marketplace. It is well known that a website, as the interface between an e-commerce company and its customers, significantly affects consumers’ online behavior (Koufaris & Hampton-Sosa, 2004). Consumers assess website quality and service quality to form their trust in and purchase intention toward the website (Fassnacht & Kose, 2007; Cenfetelli et al., 2008; Lowry et al., 2008).

However, we anticipated that the effects of website quality and service quality on consumers’ online purchase decisions may be different. For example, if website quality (such as layout, navigation and access speed) is not perceived as acceptable then consumers may find the website difficult to use and decrease their purchases. However, when website quality is at an acceptable level, this might not result in increased purchases over time. Instead, the consumers’ perception of service quality (such as fast response, personalized and professional services, and efficient post-sales support) might be more important for them to consider increasing their purchases. As a result, only focusing on the factors associated with increased online purchases and their antecedents might not be sufficient for understanding the complex decisions by consumers to increase and decrease their online purchasing. We believed that consumers’ perception of service quality would significantly affect increase in online purchases (compared with website quality), whereas their perception of website quality would significantly affect decrease in online purchases (compared with service quality).

This research has the following contributions. From a theoretical perspective, we found that factors affecting increases and decreases in consumers’ online purchases were different. Consumers’ perception of service quality is closely related to increased online purchases, while their perception of website quality significantly affects decreased online purchases. From a practical perspective, the results show that online vendors should focus on the factors affecting both increased and decreased online purchases. However, when vendors are in an emerging or growing market, service quality is more important so as to increase consumer online purchases. When the market is more mature, vendors can focus more on website quality to prevent consumers from decreasing or giving up online shopping.

The paper is structured as follows. The next section reviews the related literature on service quality and website quality. The following section presents the research model and hypotheses. The scale formulation and data collection process is also discussed. We then present the data analysis and research results. We then conclude the paper, summarise the limitations of the study and offer suggestions for future research.

LITERATURE REVIEW

There has been much research on online consumer purchasing. Important factors that have been found to affect the online purchase intention include those such as website quality, service quality and
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