

# A Study of Taiwan Consumers' Attitude toward Internet Transnational Surrogate Buying Service

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**Abstract**—With the increasing popularity of internet usage, internet economy has flourished. According to a study done by Institute of Information Industry (2012), the total revenue of Taiwan's internet business was 562 billion NT dollars in 2011 and 10% of it was contributed to overseas shopping. The study also found an increasing number of Taiwan consumers made their overseas shoppings by themselves via the companies' websites, instead of using internet transnational surrogate buying services.

Previous studies on internet transactional surrogate buying service mainly focus on the investigation of consumers' intention in usage and consumers' attitude towards using the internet transnational surrogate buying services. Very little research has been done on investigating the antecedent variables that have effects on consumers' attitude towards the internet transnational surrogate buying services usage. In addition, whether and how consumers' attitude towards using the internet transnational surrogate buying services affects their intention in using the services has not yet been studied either.

Based on Theory of Reasoned Action (TRA) (Fishbein & Ajzen, 1975), this study investigates the relationship between consumers' attitude and intention towards using internet transnational surrogate buying service. This study further investigates selected variables, such as merchandise characteristics and personal characteristics, as antecedents of consumers' attitude towards internet transnational surrogate buying service usage. Internet-based survey is used in this study to collect data. A total of 546 valid questionnaires are collected and analyzed using PLS method. It is found that merchandise's attribute has influences on consumers' attitude towards internet transnational surrogate buyer service. In specific, brand name has a positive relationship with consumers' attitude. In addition, the perceived benefit has a significant positive relationship with attitude towards internet transnational surrogate buying service, whereas perceived risk holds a notably negative one. Secondly, consumers' personal characteristics of openness and materialism have positive influences on their attitude toward internet transnational surrogate buyer service.

This study also found that a positive relationship between consumers' attitude towards internet transnational surrogate buying service and their intention in using internet transnational surrogate buying service.

Based on the findings of this study, we suggest that internet transnational buying service providers need to differentiate their services and develop their niche market. For example, Taiwan's consumers are in general not as familiar with European languages as English.

So, if the internet transnational surrogate buying service can be provided in these languages, it may attract targeted customers and carve out a market niche. In addition, this study finds that the most popular merchandises that customers purchase via internet transnational surrogate buying services are second-tier luxury goods, such as shoes and handbags. Further, internet transnational surrogate buying service providers should offer more and better-quality information about these second-tier luxury brands to stimulate consumers' buying desire and enhance their intentions in using internet transnational surrogate buyer service. Lastly, internet transnational surrogate buyer services should make efforts on building more secure shopping environment. This is not only to help building consumers' trust but also subsequently establishing consumers' loyalty and repurchase rate.

**Keywords**—internet transnational surrogate buying service, merchandise attribute, perceived benefit, perceived risk, openness, materialism.

## I. Introduction

In recent years, with the popularity and easiness of Internet access, browsing and navigating in the virtual world has become one of routines for many people (Fernandez-Sabiote & Roman 2012). More specifically, instead of going shopping in the local stores, people turn to buy merchandize via Internet. According to the Institute for Information Industry's survey (III, 2012), the annual revenues in 2011 of online stores exceeded 562.6 billion NT dollars. Four types of internet-base shopping can be classified: on-line shopping (83.8%), on-line auction (35.3%), on-line group buying (66.7%), and internet-based transnational surrogate buying (14.4%). The average frequency per year for on-line shopping customers is sixteen and the average expenses in on-line shopping per customer are 16,123 NT dollars. Among all, B2C accounts for sixty percent, on-line auction accounts for thirty percent, and the rest ten percent goes for transnational surrogate buying services (III, 2012). There are four ways for customers to acquire overseas merchandize: domestic surrogate buying service provider-individual, overseas company official website, domestic surrogate buying provider-company, and overseas surrogate buying service website. Among all, the

domestic surrogate buying service provider-individual and the domestic surrogate buying service provider-company aims to resolve the language barrier and foreign currency exchange problems for customers (Shi, 2006). It is worth to investigate factors that may impact customers' attitude towards surrogate buying services.

There is sparse literature on the transnational surrogate buying service especially in Taiwan. Lu and Liao (2010) clustered Taiwan's users of online transnational surrogate buying services into three categories and suggested that different advertising strategies should be formulated for different clusters. Hwang (2010) found that customer's prior experiences affected his (her) satisfaction, which in turn impacted on repurchase intention. Chen (2010) found that perceived value and perceived quality would indirectly impact consumer's purchase intention whereas perceived risk and perceived convenience would affect purchase intention directly. Wang (2011) found that female customers' risk propensity significantly impact their perception on service quality and satisfaction towards surrogate buying service. Chen's (2012) study confirmed that perceived usefulness, perceived easiness and affect positively affect customers' attitudes towards on-line surrogate buying service.

Based on above literature, this study adapts TRA (Theory of Reasoned Action, Fishbein and Ajzen, 1975) and proposes that individual's attitude towards an event would affect his (her) behavioral intention which would ultimately impact his (her) behavior. In specific, this study aims to find the relationship between intention and attitude in the context of transnational surrogate buying service.

Most merchandize that customers acquire via transnational surrogate buying service are high priced and/or are not available in the domestic market (Shi, 2006; III, 2012). This study proposes the attributes of brand name and price could be plausible factors impacting customer's attitude towards transnational surrogate buying service. In addition, Doolin et al. (2005) found that perceived benefits and perceived risk are critical to the behavior intention in using transnational surrogate buying service. Limayem et al. (2000) found personality traits plays an important role in affecting consumer's attitude towards on-line shopping, in specific, the openness trait is positive related to customer's attitude. Park et al. (2007) proposed that materialism relates to transnational surrogate buying behavior. This study develops the following hypotheses.

- H1: Customer's attitude towards transnational surrogate buying service positively relates to his (her) purchasing intention.
- H2: Merchandize attributes are related to customer's attitude towards transnational surrogate buying service.
- H3: Customer's perceived benefits and risks are positively related to his (her) attitude towards

transnational surrogate buying service.

- H4: Customer's personal characteristics of openness and materialism are positively related to his (her) attitude towards transnational surrogate buying service.

## II. Research Method

This study employs a survey method to collect data. A web-based questionnaire was developed with the items measuring the following constructs: merchandize attribute (brand name and price), personal characteristics (openness and materialism), perceived result (benefit and risk), purchase intention, and attitude towards transnational surrogate buying service from well-established scales. The measure of merchandize attribute is adapted from Jacoby et al. (1971), Richardson et al. (1994), and Shimp and Bearden (1982). To measure perceived result, including perceived benefit and perceived risk, Cho's (2004) and Limayem et al.'s (2000) scales are adapted. The personal characteristics of openness is measured by Goldsmith and Hofacker's (1991) scale. The personal characteristics of materialism is measured by Richins and Dawson's (1992) scale. Attitude towards transnational surrogate buying service and intention to use the transnational surrogate buying service are measured by Hurt et al.'s (1977) scale. And finally Cho's (2004) measure is used in assessing respondent's on-line purchase experience.

All items were measured by a 5-point Likert Scale, ranging from 5 (strongly agree) to 1 (strongly disagree). A pilot test was employed using thirty undergraduates to examine the item wordings. A total of six items were deleted afterwards. A final version of questionnaire was posted in the social network and bulletin board PTT for two weeks. A total of 554 questionnaires were collected and 546 of them were valid for further analysis, resulting a 98% of response rate.

This study employs SPSS 19.0 and SmartPLS 2.0 to analyze data. The construct validity coefficients ranged 0.76-0.96 and the overall reliability exceeded 0.90. Eight items were deleted due to the factor loadings were under 0.5 (Hair et al. 2007) and the convergent validity was confirmed. The discriminant validity was assessed by Composite Reliability (CR) and Average Variance Extracted (AVE), the results showed that all CR's exceeded 0.7 and all AVE's were well above 0.5. The Crobach's  $\alpha$ , AVE and CR of constructs are listed in Table 1.

Table 1. Crobach's  $\alpha$ , AVE and CR of constructs

	$\alpha$	AVE	CR	Mean	STD
1	0.78	0.70	0.87	4.23	0.72
2	0.76	0.68	0.87	3.87	0.81
3	0.90	0.83	0.94	3.72	0.85
4	0.82	0.53	0.87	3.92	0.89
5	0.88	0.64	0.90	3.87	0.89

6	0.91	0.70	0.93	3.39	1.03
7	0.87	0.53	0.90	3.24	1.05
8	0.89	0.76	0.93	3.74	0.84
9	0.96	0.93	0.98	3.46	1.04

Note: 1: price, 2: brand name, 3: warranty, 4: perceived benefits, 5: perceived risk, 6: openness, 7: materialism, 8: attitude, 9: intention.

### III. Results and Discussion

The  $R^2$  values from PLS analysis were 51% and 49% for attitude and intention, indicating that the 51% of the total variance of attitude can be explained by merchandize attribute, perceived benefits/risks and personality and 49% of the total variance of intention can be explained by attitude. The results of the hypotheses testing were shown in Figure 1.

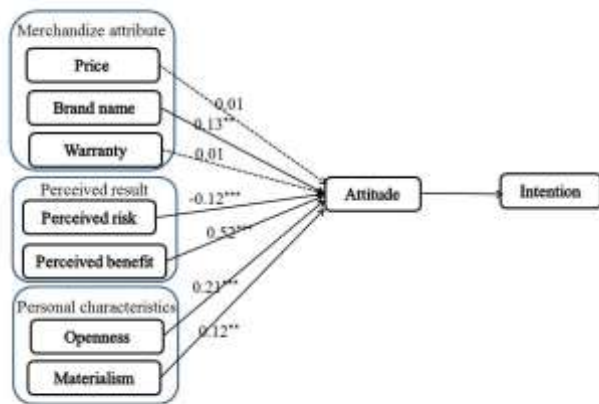


Figure 1. Research model testing result

Our result showed that attitude is positive related to intention ( $\beta = 0.70, p < .001$ ), which is in consistent with Heijden et al. (2003). This result indicates that attitude is a good predictor of intention. In addition, brand name is significantly related to customer's attitude ( $\beta = 0.13, p < .01$ ). This finding confirmed with Auger et al.'s (2010) study. However, warranty and price do not relate to customer's attitude ((both  $\beta$ s = 0.01,  $p > .05$ ). This result is different from Lockshin et al. (2006) and Darden et al. (1979). Possible reasons are explained below. The factor price is not an important factor influencing customer's decision on the transnational surrogate buying. This may be due to that those customers who make transnational surrogate buying are more interested in obtaining the merchandize than caring about the price. Therefore, the factor price itself may not an important factor in influencing customer's attitude towards transnational surrogate buying service. In addition, warranty did not significantly affect customer's attitude towards transnational surrogate buying service either. It is because that customers are aware that

purchasing products made from overseas via transnational surrogate buying service is in general more difficult to obtain product warranty than purchasing it from official dealer who received authorization from the manufacturer. Therefore, the factor warranty is not a significant factor in influencing customer's attitude towards transnational surrogate buying service.

The significant relationships between perceived risk/benefit and attitude ( $\beta = -0.12, p < .01$  for perceived risk;  $\beta = 0.52, p < .001$  for perceived benefit) are consistent with Doolin et al. (2005). Finally, the personality traits of openness and materialism are related to attitude ( $\beta = 0.21, p < .001$  for openness;  $\beta = 0.12, p < .01$  for materialism). These findings are consistent with Limayen et al. (2000) and Park et al. (2007).

The significant *t*-test result found that whether customer has on-line shopping experience would affect his (her) intention in transnational surrogate buying service ( $t = -12.61, p < 0.01$ ). In specific, those who have on-line shopping experiences are more likely to use the transnational surrogate buying service.

### IV. Conclusion and Implications

#### A. Conclusion

It is found that merchandise's attribute, i.e., brand name has a significant influence on consumers' attitude towards internet transnational surrogate buyer service. In addition, the perceived benefit has a significant positive relationship with attitude towards internet transnational surrogate buyer service, whereas perceived risk holds a notably negative one. Secondly, consumer's personal characteristics of openness and materialism have positive influences on their attitude toward internet transnational surrogate buyer service. This study also found that a positive relationship between consumers' attitude toward internet transnational surrogate buyer service and their intention in using internet transnational surrogate buyer service. In sum, all but two of our hypotheses are supported by our empirical data.

#### B. Implications

Based on our study's findings that most of the proposed hypotheses were empirically supported expect hypothesis 2 which was partially supported, this study has following implications.

The first suggestion is to develop a new and innovative transnational surrogate buying service in Eastern Europe countries to help provides versatile merchandize and take care the language barrier. The second suggestion is to provide more in-depth information to increase the sale.

Regarding to the practical implications, this study

suggests that surrogate buying service provider should emphasize the potential security problems when customers conduct transnational surrogate purchase so as to increase customer's trust on the surrogate buying service providers. In addition, transnational surrogate buying service providers may expand their services to European countries where languages are a big barrier for many potential customers.

No studies can avoid limitations. This study bears several limitations as follows. Firstly, this study only include selected factors in the research model, there are other factors that may impact on customer's intention in transnational surrogate buying services. Future study may choose other set of variables to investigate their effects and make a comparison. Secondly, this study did not collect data on customer's actual purchase behavior. Future study may collect customer's actual purchase behavior. Thirdly, future study may employ a longitudinal study to better explain the causal relationship among variables.

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