



On gender differences in consumer behavior for online financial transaction of cosmetics

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ABSTRACT

The popularity of the Internet has enabled a wide variety of services. Due to increasing pricing levels and material costs over years, enterprises have intended to lower their financial costs by Internet marketing and online financial transactions, by which renting cost, facility setup cost and manpower cost can be saved, and advertising cost is lowered for increasing the number of potential customers. Hence, Internet marketing and online financial transactions have become a market territory for which each enterprise competes. In the market, male consumers no longer mainly shop for 3C products online, and now are becoming more diverse in their shopping selections. Male cosmetics and skincare products comprise a market with great growth potential that is yet to be developed. The purpose of this study is to explore whether gender differences exist or not in perception, importance and satisfaction for online financial transactions of cosmetics. The online questionnaire survey method was used for this study. A total of 600 surveys were distributed. Once the invalid replies were excluded, a total of 567 effective samples were recovered. The results from this study show significant gender differences in the “amount of money spent per purchase of cosmetics”, “the most recent online purchase of cosmetics”, “the time spent on cosmetics”, “amount of money spent each month on cosmetics”, “amount of money spent per time on cosmetics”, “the time spent on buying cosmetics online” and “the satisfaction with the most recent online purchase of cosmetics”. There were also significant differences in the level of importance assigned to “brand reputation”, “fresh scent”, “natural ingredients”, “reasonable price”, “suitable skin type”, “professionalism of service personnel”, “recommended by advertising” and “ease of use”.

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1. Introduction

As the Internet and wireless network technologies have had a lot of advancement in decades, e.g., see the notable studies in [1,2], their increasing use has resulted in more online commercial activities, in terms of consumers navigating websites and making financial or nonfinancial transactions. The growing online consumer market allows consumers to make financial transactions online anywhere in the world regardless of their locations. The Internet therefore offers enterprises a growing market with limitless opportunities that they can tap into by providing consumers with online shopping services.¹

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¹ The consumer online shopping process can be divided into the following steps: Identification of requirements, product brokering, merchant brokering, price negotiation, purchase & delivery and product services & evaluation.

While enterprises can efficiently and economically conduct their marketing activities through Internet, a challenge in this massive and growing market is to identify potential consumers through appropriate marketing planning and market segmentation [3]. Due to increasing pricing levels and material costs over years, enterprises have intended to lower their financial costs by Internet marketing and online financial transactions, by which renting cost, facility setup cost and manpower cost can be saved, and advertising cost is lowered for increasing the number of potential customers. Hence, Internet marketing and online financial transactions have become a market territory for which each enterprise competes, and the implementation for Internet marketing is to provide online shopping services for customers. Simply speaking, online shopping makes financial transactions over the Internet, in which electronics commerce is derived. It simplifies the process, and further saves logistics and manpower costs. It allows convenient and real-time response to the inquiries from customers, even negotiation of prices, and lowest achieved costs, to be the main line of increasing shopping services. In addition, Internet marketing and financial transactions provide services to customers with low costs, and efficiently raises the sales of the enterprises. Kalakota and Robinson [4] indicated that electronics commerce can solve financial problems, including shortening delivery time, decreasing the procurement cost, decreasing unconfirmed orders (for receiving payment first and then shipping the goods), integrating back-end system effectiveness, increasing the control ability for the supply chain, to electronizing the operations of transactions, transportation, storehouse, and payments to analyze customers' procurement data with precise prediction on the supply to customers, etc.

The Taiwanese Internet population is growing, and the time period spent online is increasing as well. Around 6.27 million people in Taiwan used the Internet frequently in 2000, and had grown to 10.25 million by 2008. The proportion of frequent Internet users in the Internet population grew from 28% in 2000 to 45% in 2008 [5]. People use the Internet for all kinds of activities like shopping through online platforms [6]. As the number of Taiwanese online consumers increases, the integration of virtual and physical channels together with the forming of the community-based word-of-mouth shopping model produces an increase in the proportion of purchases made online as well. The strength of the Taiwanese online shopping market can be seen in how its size grew explosively from NT \$3.89 billion in 2004 to NT \$108 billion in 2007 [6].

The data from the Institute for Information Industry (III) indicated that the majority of Taiwanese online shopping consumers made use of "auction websites" and "shopping websites", which accounted for 56% and 47.3% of all purchases, respectively, and together made up over 90% of the whole online shopping market. The main product categories for male Taiwanese auction buyers included "Computer Software/Hardware and PDAs" as well as "Mobile Phone & Communications" at 55.3% and 43.3%, respectively. For female Taiwanese auction buyers, the main product categories included "Women's Clothing & Accessories" and "Cosmetics and Skincare". In 2006, for example, around 81% of the Taiwanese online shopping market was made up of travel, 3C, cosmetics and fashion products. Cosmetics had the fastest growth rate at 90%.² The top three products purchased by male consumers were: 3C, male boutique goods, as well as books & magazines and cosmetics. It is noteworthy that Taiwanese consumers no longer mainly purchase 3C or books & magazines online and are now expanding their choices. According to the statistics made by the market researcher *Euromonitor International*, the sales of cosmetics-targeting people grew by over 40% between 1998 and 2003. Another market researcher *Datamonitor* estimated that in 2004, people spent around NT \$89 billion on personal cosmetics. As compared to the saturated female skincare product market, it obviously offers an unexploited market with great growth potential [7].

In light of the above, it is discovered that cosmetics are no longer the exclusive province of women and make the causes behind the annual increases in male spending on cosmetics a topic worth examining. Most previous literature focused on the analysis of online shoppers' level of satisfaction or analyze the marketing methods, transaction platform and key factors in online shopping (e.g., see [8,9]). Relatively few looked at the gender differences in online shopping importance, satisfaction, perception and behavior, though there existed some works on the differences of other traits (e.g., [10,11]) and the gender differences in online selling recommendation services (e.g., [12]). The main purpose of this study is to analyze the gender differences between consumers in perception, importance and satisfaction when buying cosmetics online. Although fewer innovative statistical techniques are involved in this study, a basic statistical method is sufficient to realize the gender difference of consumer behavior when buying cosmetics online. The results from the empirical analysis of this study hopefully provide the relevant government departments and online vendors with a useful reference in their decision-making.

This study is divided into five sections. Section 1 gives the introduction to our study. Section 2 gives the review of literature. Section 3 gives the research methodology and survey design. Section 4 gives analysis of survey results. Section 5 consists of the conclusion and suggestions.

2. Literature review

2.1. Definition of e-commerce

Electronic commerce (or e-commerce) carries out traditional commercial activities through the new medium of the Internet. E-commerce can be defined as any commercial transaction conducted in an electronic format. Kalakota and

² In 2008 for example, the growth rates for travel, 3C products and cosmetics were 53 %, 63% and 90%, respectively, with sales of skin-care cosmetic products achieving the highest rate of growth.

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