Chapter 7
Development of E–Commerce:
Factors Influencing Online Impulse Shopping in China

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ABSTRACT

This article describes how in the modern era e-commerce is growing exponentially and the consumers are more likely to shop online. The purpose of this article is to assess the relationship between website quality and the online impulse buying behavior (OIBB). This article further explores the moderating role of sales promotion and online impulse purchasing. Data were collected from 704 online shoppers from two cities, Beijing and Tianjin. Structure equation modeling (SEM), reliability, and validity were employed to test the proposed hypotheses. Findings show that all exogenous factors i.e. website quality, urge to buy, positive effect of emotions, significantly influence online impulse buying; whereas the effects of negative emotions have failed. Sales promotions and the use of credit cards positively moderates the relationship between website quality and online impulse buying. Theoretical and practical implications for managers and academic practitioners are discussed.

INTRODUCTION

Internet plays a vital role in everyone's life. In China, a massive population buys online to conserve time and efforts, and to espouse the individuality culture (Pei et al., 2016; Wang, 2017). According to the 2015 China online shopping report, the Chinese GMV (Gross merchandise volume) amounted to 2.8 trillion Yuan in 2014, jumping up by 47.4% on a YoY (year on year) basis. This growth was more than 4 times faster than the total retail sales of consumer goods. Moreover, its penetration in total retail sales of consumer goods also exceeded 10% for the first time in Chinese history, which serves a healthy opportunity for the online retailers to focus on online shoppers. A huge sum of shoppers purchased products spontaneously. With the growing significance of online shopping, a deeper understanding of impulse buying on the internet has become a necessity (Floh & Madlberger 2013). According to some studies, almost 40% of the online shopping's are counted as impulse purchases (Verhagen & van Dolen 2011; Liu et al., 2013). Hausman, (2000) argued that 30-50% of all retail sales are triggered by impulse purchases, while 90% of consumers buy goods impulsively on occasions. Many online retailer setups are working on online impulse buying to exploit greater opportunities to attract and retain the consumers.

The China Internet Network Information Center's (CNNIC) January 2017 report discloses that with an annual increase of 42.99 million Internet users China's Internet user population has reached 731 million, with a penetration rate of 53.2%, up 2.9 percentage points from the end of 2015. China has now become the largest Internet market in the world. Millions of netizens are surfing the Internet to acquire information about products and services, and are often even spending more time on online purchases than their genuine requirements. According to CNNIC report, direct messaging is very often used mobile apps among Chinese internet users in 2016. Furthermore, finding shows that 79.6% of Chinese internet users use WeChat app that is the very big figure as compare to netizens who used QQ 60.6%. Taobao 24.1%, mobile Baidu 15.3%, and Alipay 14.4% are the third, fourth and fifth rank of Chinese internet users.

Impulse Buying behavior is very common amongst the consumers around the world. Dawson and Kim, (2010) argued that 50 percent of consumers buy goods impulsively. To boost the impulse purchases, retailers readily focus on product displays, store designs, and package designs to attract and hold the shoppers' attention (Lee and Kacen, 2008). Existent research shows that almost any items might be purchased on impulse (Rook and Fisher, 1995; Kacen and Lee, 2002). Although impulse buying is a phenomenon that is most likely to hold for inexpensive items, the expensive items may also be dealt with (Rook and Fisher, 1995).

In principle, impulse shoppers may usually not control their inherent behaviors to visit online stores (Wells, Parboteeah, & Valacich, 2011). Online shoppers are involved in discrete psychological states of unplanned and sudden behaviors towards a buying decision process, which is very difficult to understand for retailers (Floh & Madlberger 2013). For the Internet user perspectives, online shoppers/ consumers are website users for executing all functions of an electronic store towards finding and searching the information of the related product, tracking product delivery and complete payment system. Therefore, the usage of website technology and belief trust on e-stores are two significant concerns for online impulse buying (Wu, Li, & Fu, 2011; Wu, 2013). These concerns are very important to determine for online impulse buying shoppers.

The growing veered of online shopping has motivated the need to study OIBB under recent trends (Floh & Madlberger 2013). Previous researchers have recommended several perspectives to better un-

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