

## Chapter 8

# An Empirical Study of Predicting Hong Kong Consumers' Online Shopping Intentions: Personal Hygiene Products

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### **ABSTRACT**

*The digital technologies that have made electronic commerce (EC) a reality have changed the landscape of operations management (OM). Past OM studies have focused on the relationship between information systems (IS) and OM strategy, however, there is a lack of investigation into the environmental factors and OM strategy in the EC setting. Moreover, little empirical research has been performed outside Europe and the United States. Thus, the authors' research fills this gap with a view of understanding the potential factors influencing Hong Kong consumers' online shopping intentions. The authors collected data from Facebook users via a Web-based survey and their research results support the previous literature and behavioral models in that perceived usefulness and perceived convenience and inconvenience are significantly related to consumers' online shopping intentions. Further, gender difference plays a role in predicting consumers' attitudes toward the positive features of online shopping, as well as predicting personal innovativeness toward information technology. In the collectivist culture of Hong Kong, the findings show that men are positively associated with the subjective norm. Unlike gender, education can only explain consumers' perceived usefulness.*

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## **INTRODUCTION**

The emergence of electronic commerce (EC) has transformed business operations from the physical marketplace to the virtual “marketplace” and re-shaped consumers’ shopping habits. EC is regarded as any business transaction carried out on the World Wide Web or the Internet (Baber, 2005; Schniederjans & Cao, 2002). Digital technologies have substantially changed the daily routines of operations management (OM) whereby the application of computer technology helps automate business transactions and workflows on the Internet (Yang & Lester, 2005).

In this study we examined the customer market component of the business environment in order to understand the key factors that determine the success of electronic business operations. We investigated the business-to-consumers (B2C) market in Hong Kong. Hong Kong is an ideal place in Asia to examine EC and consumers’ intentions of Internet shopping since the city is the leading business hub that has one of the best business operating environments in Asia and has earned recognition for its world-class IT infrastructure (Business Monitor International, 2008). Despite the popularity of the Internet, EC is still in its infancy in Asia (Cheng et al., 2006; Sin & Tse, 2002; Telecom Research Asia-Pacific, 2004). The EC penetration in Hong Kong is low and has grown at a decelerating rate (Telecom Research Asia-Pacific, 2004). The under-developed EC businesses in Hong Kong may lead to exceptionally large unrealized profits and economic benefits. The importance of EC to Hong Kong’s economy and retailing in particular, calls for examination of the consumer market in order to determine the adoption and growth of EC. In addition, there is little empirical research performed outside Europe and the United States and studies of Asian consumers’ online shopping intentions are limited (Teo & Lim, 2000).

Past OM studies have focused on the relationship between information systems (IS) and OM

strategy. There is a lack of investigation into the environmental factors and OM strategy in the EC setting (Schniederjans & Cao, 2002). With a view to understanding the key factors that determine the success of EC operations, we conducted this study to look into the business environment and study the customer market component. Our purposes were to: 1) gain some insights into consumers’ online buying intentions in the Hong Kong market, 2) ascertain the impacts of demographics on the predictors of online buying intention, and 3) understand the role that consumers’ characteristics play in EC. In sum, we sought to understand the predictors of online shopping intention, as well as the impacts of demographics in a collectivist culture. We also attempted to link our research findings to OM practices in the EC context.

## **LITERATURE REVIEW AND RESEARCH MODEL**

In order to have a good grasp of the online shopping phenomenon, we conducted an extensive review of the relevant literature. Based on the review, we identified the key variables (constructs), developed a research model, and formulated several hypotheses for testing.

### **Human Behavioural Theories**

Human adoption behaviour has long been a popular topic in behavioural science. The Theory of Reasoned Action (TRA) and the Technology Acceptance Model (TAM) provide a well developed theoretical framework for understanding human adoption behaviour. TRA argues that both behavioural attitude (AD) and subjective norm (SN) affect behavioural intention (INT), which in turn affects actual behaviour (Ajzen & Fishbein, 1980). According to TAM, perceived usefulness (PU) and perceived ease of use (PEOU) are the determinants of IT adoption and usage (Davis, 1989), and both have a direct effect on intention

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