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**AN ANALYSIS OF AN ONLINE
PURCHASING SERVICE FOR THE
OVERSEAS CHINESE**

Business Economics and Tourism

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ABSTRACT

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With the booming of China's economy and its remarkable improvements on people's living standard, more and more Chinese choose to study, work or live in foreign countries today. With the change of this social phenomenon, an increasing number of companies are starting to establish or expand their businesses to the field of online purchasing service for the overseas Chinese.

As a relatively new business field which aims to serve for a potential customer group of over five million overseas Chinese, the future of online purchasing service for the overseas Chinese seems to be quite profitable and competitive. However, companies in this field still have much development work to do. In this thesis, the main difficulties existed in the current stage of this business field as well as the expectations of the customers were analyzed and discussed. By analyzing and comparing how companies in this field are currently doing and what customers expect from using such a service, better solutions of how to better improve the overall performance of this business field in the future can be found.

The thesis was conducted in two parts. In this first part of literature review, a framework which aimed to explain the theoretical materials that are closely related to the topic of this thesis in an academic way was given. In the second part of empirical findings, a research was carried out in order to find practical solutions to better solve the research problem of this thesis. These two parts will all together give this thesis a solid base as well as a logical and reliable outcome.

Keywords: Online purchasing service, Overseas Chinese, Business-to-Customer

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Kiinan talouden kasvun ja kansalaisten merkittävän elinolojen paranemisen myötä, yhä useammat kiinalaiset päättävät opiskella, työskennellä tai asua vieraisissa maissa. Tämän kansallisen ilmiön johdosta, monet yhtiöt ovat alkaneet perustamaan tai laajentamaan liiketoimintaansa erikoistumalla ulkomailla asuvien kiinalaisten verkko-ostopalveluihin.

Suhteellisen uutena liiketoiminta-alueena, jonka tavoitteena on palvella yli viittä miljoonaa potentiaalista asiakasta, verkko-ostamisen tulevaisuus ulkomailla asuville kiinalaisille alana vaikuttaa varsin tuottoisalta ja kilpailevalta. Tämän alan toimijoilla on kuitenkin vielä pitkä matka kuljettavana menestyäkseen. Tässä opinnäytetyössä analysoidaan ja käsitellään pääasiassa tämän hetken vaikeuksia ja asiakkaiden odotuksia. Analysoimalla ja vertailemalla kuinka liiketoiminta-alueen yhtiöt pärjäävät ja mitä asiakkaat odottavat palvelulta, voidaan päästä parempiin ratkaisuihin siinä, kuinka parantaa tämän alan kokonaisvaltaista suorituskykyä tulevaisuudessa.

Opinnäytetyössä on kaksi pääosiota. Ensimmäisessä osiossa tehdään kirjallisuuskatsaus aiheen kannalta oleellisiin teorioihin akateemisella tavalla, jossa luodaan kehys selvittämällä teoreettisen materiaalin sisältö. Toisessa osiossa on toteutettu tutkimus, jotta tutkimusongelma sai lisäselvitystä. Yhdessä nämä kaksi osiota antavat opinnäytetyölle vakaan pohjan ja loogisen sekä luotettavan lopputuloksen.

Avainsanat: Verkko-ostamisen palvelut, Ulkomailla asuvat kiinalaiset, Kuluttajamarkkinat

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1. INTRODUCTION

1.1. Background of the Study

This thesis is aiming to discuss and analyze the business field of online purchasing service provided to the overseas Chinese who are studying, working or living abroad. The purchasing services include food, seasoning, kitchen wares, books, and other Chinese products that cannot be purchased in foreign countries, or can be purchased at a more competitive price or in a more convenient way using online purchasing services for the overseas Chinese.

Being a member of more than fifty million overseas Chinese (Chinese overseas students report, Education Ministry of China, 2010), I know how important such a purchasing service is in our daily lives not only from my personal experiences but also from the comments and descriptions that the other overseas Chinese have given. Under such huge potential need for this relatively new market, online purchasing service for the overseas Chinese is playing a more and more important role and has been progressively paid more attention to in the whole online purchasing industry in China with new agencies entering into this field and the existing agencies expanding their business area to this business field.

As a relatively new market, accompanied by great business potentials and huge needs from a large and increasing number of the overseas Chinese, there is still much development work to do for the industry of this business field. By discussing and analyzing the history, the current situation, and predicting the future of this business field, as well as different components in this business field, it is possible to gain a better understanding of the online purchasing service for overseas Chinese. Also, suggestions and strategies garnered from the research and analysis for better improving the performance of the Chinese online purchasing agencies for the overseas Chinese in the long run will be given. I believe this

business field, as a rapidly developing market, will become an important business area of online purchasing industry in the future of China.

1.2. Research Problem and Objectives

The main research question is: how to improve the overall performance of Chinese online purchasing agencies for the Chinese overseas customers? This study aims at finding solutions to better analyze and improve the agencies' overall performance in this business field in the future. In order to solve the main research problem, the following problems are set:

1. What are the main expectations of customers in an online purchasing service for the overseas Chinese?
2. What are the main difficulties or inconveniences that have been faced by customers in online purchasing service for the overseas Chinese?
3. According to the difficulties and inconveniences faced by customers as well as the expectations of customers, where and how should companies in this business field improve their services?

In order to solve those problems, several different objectives are set. The first objective is to describe the concept of an online purchasing service for overseas students. The second objective is to discuss and analyze the history, the current situation, and also to predict the future of this business field in China. The third objective is to analyze this business area covering different components including but not limited to promotion, online payment, taxation, regulation, inventory, logistics, and customer service. The fourth objective is to come up with suggestions and strategies to better improve the overall performances of agencies in this business field in the future.

By solving the research problem, it is possible to find out what the current situation of online purchasing service for the overseas Chinese is, what the

prospects of this business field will be, and in what way it can better improved.

1.3. Research Methodology

The research methods used in this study will be both the qualitative method and quantitative method.

The qualitative method will include questionnaires containing open questions given only to the managers or leaders of the targeted purchasing agencies who are more aware of how the agency functions and the cooperation between each department. This is done in order to get deeper knowledge and overall perspectives of this business field.

The quantitative method will implemented using an online questionnaire with close-ended questions and a few open questions given to Overseas Chinese in Finland. Both respondents who have used overseas online purchasing service and those who have not used such a service will take their part in the survey in order to get more accurate and reliable results. The quantitative method also includes observation and experience from my personal point of view.

An analysis of the research data will be conducted in order to get the main research question solved.

The results obtained from using each method will be compared to show the interaction and differences between the attitudes, expectations and perspectives of agents' managers, those customers who have used online purchasing service as well as the customers who have not used it. The results will be compared both vertically and horizontally in order to maximize the outcomes of the research.

1.4. Structure of the Study

The thesis is divided into six chapters. The first one is introduction, where

background of this study is presented. This is followed by the research problems and objectives, research methodology, and the structure of this study.

The second to the fourth chapters are under literature review: In the second chapter, the concept of e-commerce is introduced. In addition, the history, evolution, current situation, and prospect of this business field in China are discussed and analyzed.

In the third chapter, the concept of online purchasing service for the overseas Chinese is explained in detail. Theoretical analysis of the relevant components involved in this business field including promotions, website designing, payments, taxations, regulations, procurements, logistics, and aftersales services is presented and discussed. All the relevant areas of this business area will together form the theoretical frame of this study.

In the fourth chapter, the focus is on the overseas Chinese, who are the only targeted customers of this business field. Definition, history, distribution as well as occupation and education of the overseas Chinese are stated and summarized in this chapter; a small conclusion is also given at the end of it.

The fifth chapter comprises empirical frame work: The data gathered in the research is presented and analyzed in this chapter. In addition, information of research participants, research methodologies, limitations of the research, and the way of analyzing the research data are stated and introduced in this chapter.

The sixth chapter is the conclusion of the thesis; it summarizes the findings, analysis and suggestion garnered from this study as well as limitation of it.

2. LITERATURE REVIEW

2.1. Electronic Commerce

In order to study and discuss online purchasing services, and to compare and analyze several leading Chinese agents targeted at Chinese overseas students in this business field, the concept of electronic commerce needs to be illustrated. This will help in conducting the research to solve the research problem. Furthermore, the distinguishing features of online purchasing service compared to other e-commerce businesses will be described in the following chapter.

2.1.1. Definition

Electronic commerce (EC) is an emerging concept that describes the process of buying, selling, or exchanging products, services, and information via computer networks, including the Internet. Kalakota and Whinston (1997) define EC from these perspectives: (David King, Jae Lee, Merrill Warkentin, H.Michael Chung 2002: 4)

From a communication perspective, EC is the delivery of goods, services, information, or payments over computer networks or by any other electronic means.

From a business process perspective, EC is the application of technology toward the automation of business transactions and work flow.

From a service perspective, EC is a tool that addresses the desire of firms, consumers, and management to cut service costs while improving the quality of goods and increasing the speed of service delivery.

From an online perspective, EC provides the capability of buying and selling products and information on the Internet and other online services.

(David King et al.2002: 4)

2.1.2. E-commerce in China

Introduction of China's economy

The People's Republic of China (PRC) is the world's second largest economy after the United States. It is the world's fastest-growing major economy, with growth rates averaging 10% over the past 30 years (Report for Selected Countries and Subjects 2006). The nominal GDP of China in 2011 was 7.43 trillion USD with industry being the largest sector (46.8% of GDP) followed by services (43.6% of GDP) (People's Daily Online 2012).

Internet and e-commerce development in China

The concept of e-commerce emerged in China in 1993, when the foreign businesses in China started to use EDI to simplify trading processes. Soon Chinese businesses began to adopt this new technology, which subsequently developed in four stages: “Initiation” (1993 – 1995); “Contagion” (1995 – 2000); “Cooling” (2000 – 2004), and “Permeation”(2004 onwards) (X. Guo, G. Chen 2005: 54-58).

In 1994, the country’s first network – the National Computing and Networking Facility of China – was established, and connected to the global Internet through a joint project of the China Academy of Science, Tsinghua University, and Peking University (X. Guo et al. 2005: 54-58)

The Ministry of Trade and Economic Cooperation established the China International Electronic Commerce Center in 1996 to research and promote digital business. Internet-based e-commerce was launched in China in 1997, and grew suddenly in a “leaping” pattern in the “Contagion” Phase, then slowly, after the collapse of the dot-com bubble in 2000 (the “Cooling” Phase) (X. Guo et al. 2005:

54-58).

By 2004, in the “Permeation” Phase, the total number of Internet-users in China had grown to 94 million, making China the second largest Internet user market in the world. The adoption of the Internet is largely concentrated within the ten most developed provinces and autonomous municipalities, mostly along the East Coast (J.J.H. Zhu, E. Wang 2005. 49-53)

There were 0.67 million websites in China in 2004, of which 60.7% were corporate websites .Most corporate websites provide sections “About the Company (85.3%)” and “Products (81.9%)”. For other information, 56.6% have “Events”, 40.0% have “Contact Us”, 36.1% have “Product Search”, 18.6% have “Online Query” and 12.7% have “Virtual Community”. Just over half (50.9%) of company websites have an online database (China Internet and Information Resources Investigation Report 2004)

Recent situation of the use of Internet in China

By the end of 2009, the number of Chinese domestic websites grew to 3.23 million, with an annual increase rate of 12.3%, according to the Ministry of Industry and Information Technology. As of first half of 2010, the majority of the Web content is user-generated (China Daily 2010). China had 485 million Internet users by June 2011. It is projected that China's Internet population will hit 718 million by 2013, accounting for 52.7 percent of the total population (China Daily 2010). A majority of broadband subscribers are DSL, mostly from China Telecom and China Netcom. The price varies at different provinces, usually around US\$10 – \$20/month for a 1M DSL with unlimited downloads, As of June 2011, Chinese Internet users spent an average of 18.7 hours online per week, which should result in a total of about 472 billion hours spent online in 2011 (Lawton, Tait 2011)

The June 2007 China Internet Network Information Center (CNNIC) report states

that 54.9% Internet users are male, 57.9% are unmarried, and 51.2% are under 25 years old. The majority of Internet users have at least a college diploma. Among the users, 36.7% are students, and 25.3% are enterprise staff. 33.9% users earn more than 1500 Yuan a month, however, if student users are left out, this percent goes rises to 53.6%. By the end of 2010 China had over 300 million mobile internet users. China's Internet is highly internally referential, with fewer than 6% of China's websites linking to outside the country (China' s Internet rarely links to foreign websites 2007)

Current status of e-commerce in China

E-commerce in China is multiplying almost as fast as Internet users in China. According to the survey conducted by iResearch center in China, the revenue generated in business-to-business (B2B) e-commerce in China has arrived at \$169 billion in 2006, which takes nearly 95% of the total e-commerce avenue in China in 2006 (iResearch, 2007). The Chinese e-commerce market will continue to expand and perhaps total as much as \$654.3 billion by 2010 (CCID, 2006). In China, B2B is still the main e-commerce model, and business-to-consumer (B2C) and consumer-to-consumer (C2C) takes a small size in the e-commerce market (Hongxiu Li, Reima Suomi 2009).

A Nationwide survey found that China had more than 221988 consumer related e-commerce websites by the end of the first quarter this year. Though China's e-retailing sales volume totaled 55 million Yuan (US\$6.63 million) last year, accounting for merely 0.018 per thousand of the country's total retail sales, the survey predicted a 500 percent growth this year (Sci-Edu, 2000a).

2.1.3. Two Business Models

One of the major characteristics of EC is that it enables the creation of new business models. A business model is the method of doing business by which a

company can generate revenue to sustain itself. The model spells out how the company is positioned in the value chain (David King et al.2002: 6). By analyzing different business models in e-commerce, we can benefit from the advantage of comparing and choosing the most suitable method based on our business situation. In addition, with the knowledge of different e-commerce business models, we can better discuss and analyze different competitors in this business field.

As a rapidly developing market, except for a large amount of classic e-commerce models, there are many new models which are integrating or reforming other models to some extent. I will only introduce two business models in e-commerce based on the classification by provider and consumer.

Since Online purchasing service is a relatively new branch of e-commerce, and it contains two models of business-to-customer and business-to-business in its whole business process. In the first stage of the business, customers select goods either from agents' websites or from somewhere else, and after selecting goods, consumers submit their orders online, then in the second stage, the agencies take actions to purchase these goods from other sources online and deliver them to the consumers. So, it is a combined business process with the model of "business to customer" and the model of "business to business". Thus, analysis and comparison of these two business models will be beneficial for the part of online purchasing service which will be presented and discussed later on.

Business to Customer Model

For online purchasing service agencies, B2C part happens all in websites. Since the moment customers open the website until they have successfully finished the online payment, all B2C process are conducted in the website. By analyzing and discussing different B2C models, a better understanding of B2C will be prepared for the later part of online purchasing service agencies. Detailed information about

online purchasing agencies will be presented in the following chapter.

Business-to-consumer models are those that sell products or services directly to personal-use customers, often called B2C. Business-to-consumer companies connect, communicate and conduct business transactions with consumers most often via the Internet. B2C is larger than just online retailing; it includes online banking, travel services, online auctions, and health and real estate sites (Dana Griffin 2012).

The B2C model focuses on direct selling and marketing between a business and a consumer via an e-commerce website. A lower purchase volume of higher priced products typically characterizes B2C companies. Since the model depends on individual transactions and eliminates the wholesale purchaser, the company can make a higher profit while the consumer spends the same amount of money or sometimes less. B2C is effective for smaller companies since individual consumers are not as concerned with company recognition as they are with getting the product for the best price (Dana Griffin 2012).

The main flow of B2C process can be briefly explained as:

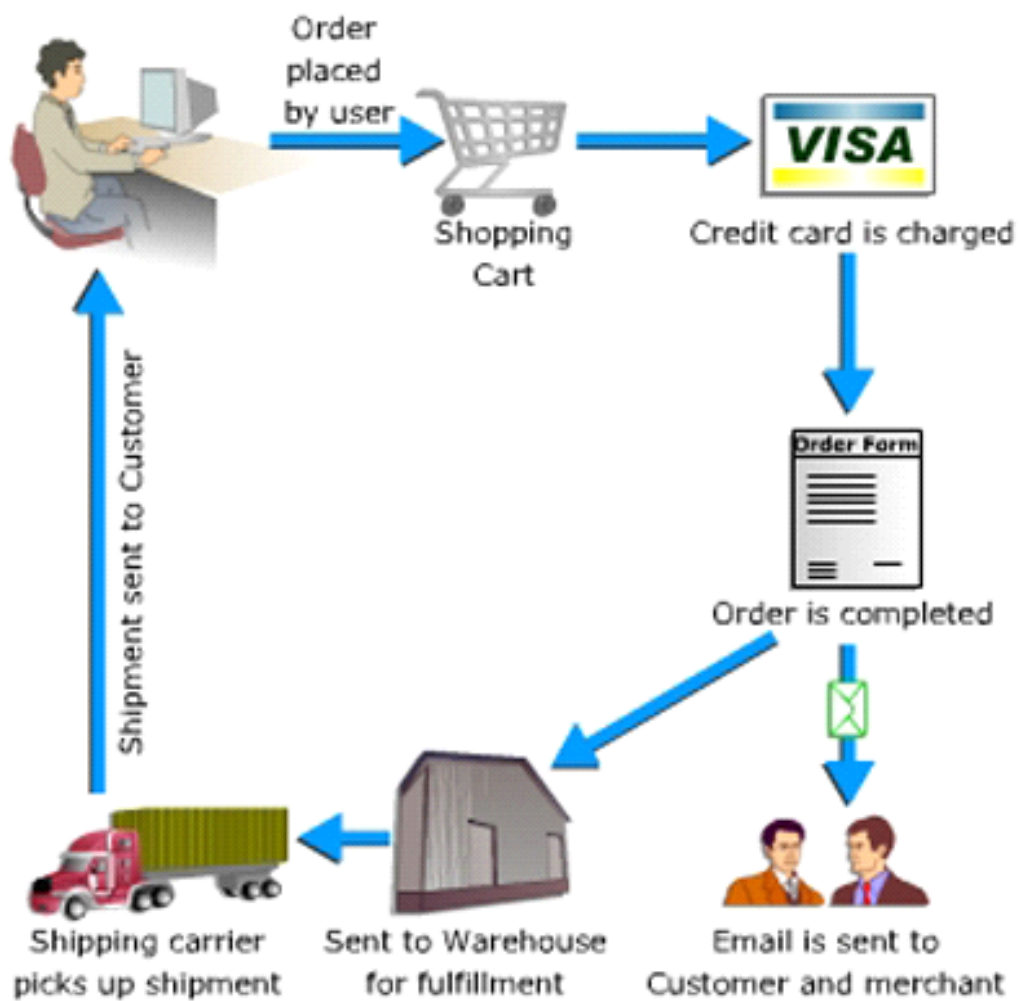


Figure 1. Work flow of B2C process (Diagram for B2B AND B2C E-COMMERCE 2010)

Different types of online B2C shops in China

In China, business-to-customer websites can be divided into following categories based on what they are selling, who are running the websites and where the benefits come from (Baidu Baike, 2013):

1. Comprehensive online shopping platforms

Acting as an intermediary, it is a comprehensive online shopping platform. This kind of website provides all the information and technologies (information

exchange systems, payment systems, website maintains and so on) needed for companies to sell their products online using the platform and services. Customers can search for all the information about the products they want to buy and order it in the platform.

In short, this B2B model acts as an open market where sellers come and sell their products and buyers look for what they want to buy.

The biggest online shopping platform in China now is Taobao which is aiming not only to B2C but also to C2C as its largest section.

This business model gives obvious advantages to the customers as well as companies participated in it. Based on the large amount of information and big variety of online shops selling wide range of commodities, customers have more opportunities to choose their ideal products just in one website. This saves time as well as the registry process since most online shops require their customers to register and to provide information needed. In addition, online shopping platforms also provide an open market for customers to compare between different goods under a same category. As to companies, this model provides an existed, well-established and well-structured place for companies who want to expand to E-business market to increase their sales.

However, compared to other B2C models, as a comprehensive online shopping intermediary, the initial stage for establishing an online shopping platform is more difficult since it requires a big amount of companies to participate in so that it can attract customers. Furthermore, online shopping platforms require higher technology support to deal with relatively larger information exchange flow and data storage.

2. Single online shops

Unlike online platforms, there are also many single online shops in China. The distinguishing feature of them is that there is one single owner of them, either a company or an individual. In normal single online shops, wide range of products and commodities are sold, the shop has its own transportation and inventory. Instead of manufacturing its own goods, online shops usually prefer to purchase goods from other manufacturers and sell them online. Sometimes single online shops also focus on a certain group of customers or a certain category of goods to target at a specific market.

Compared to comprehensive online shopping platforms, single online shops are much easier to establish and maintain, the information exchange process is also relatively simpler. In addition, the initial stage for establishing a single online shop is also relatively easier since it doesn't need other companies to participate in. Due to its simple business process and relatively low cost, single online shops in China usually sell products in more competitive prices.

Nevertheless, the biggest challenge for single online shops in China is that they are hard to expand or to develop. Since most of the single online shops in China now are run by a small company or an individual selling wide range of commodities of various qualities, most commodities are purchased from other sources. Thus, it's hard for a small company or even an individual to control the quality of its goods; as a result, it is hard to maintain customers' loyalty. Furthermore, since most single online shops purchase commodities from other sources, it's hard for customers to protect their rights when encountering any problems about the products. This is also reflected in their poor customer services.

3. Single category shops

Generally, single category shops target on one certain product category or one customer group (sometimes more). For instance, coo8 online shopping center

(www.coo8.com) only sells electronic products ranging from TV sets to mobile phones, and Bookuu (www.bookuu.com) only sells books varying from science, architecture to education and fashion. The common features of this business model are that, like single online shops, most single category shops purchase their products from other sources instead of manufacturing by themselves. In addition, most single category shops' websites provide convenient ways for customers to compare between different products and specific information about their targeted products category. Customers may also search for their ideal products using different rankings and searching limits.

Like comprehensive online shopping platforms, single category shops are also acting as intermediaries. The most obvious advantage of this business model is by only focusing on one single product category, the company can attract customers by its specialization and thus avoid direct competition from comprehensive shopping platforms as well as other single category shops selling different products. In addition, as a result of this feature of single category shop, the technology support and other requirements (etc., management, logistics, procurement) are relatively lower for the initial stage of establishing it compared to comprehensive online platform. Furthermore, single category shops usually perform better concerning customer services and quality control. In one hand, due to the specialization of single category shops which only focus on one product category, the procurement process are easier to conduct and monitor than comprehensive online platforms which deal with a much wider range of product lines and single online shops which are usually run by a small company or an individual lacking professional business background.

However, single category shops have their own limits in business as well. Due to their market positioning, single category shops usually just focus on one certain product category to attract customers and thus avoid direct competition from

comprehensive online platforms. Like single online shops, the opportunities for expanding and developing are also quite limited for single category shops. Once single category shops intend to increase their market share or enlarge their profit margin, they may have to expand to other product categories. As a result of this, single category shops may lose its original competitiveness and may thus lose customer royalty as well as face more competition from comprehensive platforms as they begin to enter to other product categories. In addition, acting as intermediaries, although just focusing on one product category, single category shops still have to have enough brands of products from different companies to attract its customers in the initial stage.

Apart from those mentioned above, there are still some other B2C business models in China. As they are irrelevant to online purchasing agencies which I am going to discuss and analyze later, they are then briefly introduced

4. Official brand online shops

As electronic business is developing rapidly in China, more and more traditional brands are expanding to online markets by opening new official websites where goods and products which used to be sold in traditional ways are now sold online to their customers. This business model is exclusively for the traditional companies which want to expand to electronic business markets. In general, compared to their traditional business ways, more promotions and more competitive prices are offered to their customers in the official online shops.

5. Online service shops

Online shops targeted at selling services are undergoing a increasing trend in China. The services are designed to satisfy the needs of different customers and include a wide range of fields. For instance, some online service shops are selling housekeeping service, cleaning service, consultant services while some are selling

services even including "queuing service" or "essay service" for people who want someone to queue or write an essay for him.

6. Online design shops

For customers who just want one part of a product, or who want to design their ideal products by themselves, online design shops can satisfy their needs. For instance, some online shops in China are providing services to help customer design their ideal products, some take care of the whole producing process based on customers' requirements, and some even invite their customers to participate in by themselves. In addition, if a customer just want a certain part of some product, online design shop will also be able to provide it.

7. Online gift shops

Some online shops are selling various gifts as well as the services of sending them; the gifts may vary from flowers, books, handcrafts to wines, cigarettes. Once a customer has chosen an ideal gift, the online shop will then take care of both purchasing and sending it. According to incomplete statistics, money spent on all kinds of gifts in China amount to 500 billion Chinese yuan with an annual increasing rate of 12% (baidu baike, 2013).

Profit models of Chinese B2C online businesses

Different business models have their different profit models, even under a same business model, the profit models may vary from company to company as well. In order to choose the best profit mode for an online business in China, it is necessary to know and analyze different ways of making profits. (baidu baike, 2013)

- Profit margin

Some Chinese online B2C businesses are making profits as the same way as traditional businesses; they manufacture their own commodities and sell the goods in a higher price to make profits. In traditional business, customers can have a physical contact to compare the product. However, in online businesses, customers are not able to do this. Customers cannot have an obvious feeling about the value of the product and if it is worth buying it. As a result of it, although this profit model is simple to conduct and may have other advantages in practices, this profit model is not as efficient as in traditional business.

- Price difference

According to my incomplete search and observation, majority of Chinese online B2C businesses are making profits from price difference. This is to say, for instance, an online shop purchases its products from other sources at a lower price and then sell them to their customers at a higher price. Even after the added price difference, the final price is still lower than in normal traditional shops or supermarkets. This profit model is widely accepted by online shops due to the reason that customers have the direct feeling and comparison between the cheaper products sold online and the more expensive products sold at traditional shops.

- Service Fee

For some online B2C businesses targeted at providing services, charging service fee is their way of making profits. Given that fact that these online shops are not selling visible products, they usually set a certain amount of fee for the services they provide. Services fees are in general flexible as there are no obvious costs for services compared to visible goods.

Most online purchasing agencies for Chinese overseas students are under this profit model. Service fee is calculated based on the value of the product, where the destination is as well as the taxation of the delivery country. More detailed

information is presented in later part.

- **Membership Fee**

There are also minority of online businesses making profits by charging a regular membership fee. These online shops are normally selling information or services equally and regularly to every member. For instance, some online forums are providing a place for all their members to discuss and share information about some certain business area. Some online shops also charge membership fees for the information about special promotion activities or other commercial related information.

- **Compound Profit models**

In addition to single profit models, there are online businesses making profits from more than one profit model. For instance, some online shops both make profit from the price difference and charge service fee for transportation or other related issues. (baidu baike, 2013)

Difficulties of B2C in China

As a rapidly developing business market, with a large amount of potential customers and complex technology support, B2C in China is facing a lot of problems in some main aspects. By analyzing these problems, we will be able to better discover and then solve the problems that may also exist in online purchasing service which includes B2C as an important part in its business process. (baidu baike, 2013)

- **Website design**

B2C is customer oriented; its main goal is to provide customers with fast service and convenient online shopping circumstance. However, in terms of technology

support, there are two main aspects that most B2C businesses in China still have to improve. First, due to the fact that most big online shops are selling uncountable commodities in one website, the content of different items may be quite complicated and difficult to use when searching for products. This problem is especially severe in comprehensive online platforms.

- Delay in logistics

Compared to traditional business, the most obvious advantage of electronic business is that it saves time and money. As most B2C companies or individuals don't own its own logistics chain, they have to outsource it logistics. As a result of it, without good control and cooperation with their outsourcing logistics companies, delays or flaws in products may happen during the logistics process. Furthermore, costs happened in logistics may also occur without good logistics management. A B2C company can't make any profits if it loses its most important competitiveness.

- Cash Flow

Except for the online shops that only focus on a certain product category or a certain customer group, customers always expect online shops to have a wide product range so that it saves time than otherwise it would take to shop in many different online shops. Unlike traditional shops which can attract customers even if just sells a quite limited range of products because it' the only shop which sells those products in its nearby location in a certain area, online shops usually face a far severer competition due to the unlimited geographic advantage brought by Internet. Therefore, online shops need to enlarge its product range even in its initial stage to react to the competition from other shops all around the Internet. For online shops especially those run by a small enterprise or even an individual, cash flow is a core element that needs to be considered. After spending the initial

fund to enlarge its product range, online shops especially those run by SMEs and individuals need to pay attention to how to maintain its business process with customers being more and more.

- Positioning

As stated above, due to the unlimited advantage brought by Internet, a single online shop may face severe competition from all other similar shops all around the Internet. Therefore, how to position a shop in online business market to avoid competition becomes decisive. Without thorough consideration, some shops position themselves to be a comprehensive online shop that sells a quite wide range of products in order to attract customers. However, as lacking of corresponding logistics or other required support, those shops are restricted from further development. Some other shops may have a good page view but a poor turnover because of its unclear positioning. In addition, some shops may pursue low inventory level in order to better control its overall costs. However, this may heavily affect its on-time delivery and reputation if without a good management and cooperation with its suppliers.

- Payment system

One distinguishing feature of B2C business is that customers pay by credit cards or other online payment tools. The current online payment systems in China still have a lot of problems. Safety and security are still the main areas that online payment systems need to improve. In addition, too many different online payment tools also bring inconveniences since customers may need to prepare more than one online payment tool in order to shop in different online shops.

- Legal systems

As a rapidly developing business field in also a rapidly developing economy entity,

relevant B2C and e-business regulations and laws are still way not perfect. Because of Inadequate regulations and laws, customers' rights cannot be well protected, especially when disputes occur in relatively new area in online business. Unlike other problems which may only bring adverse impacts to some company or individual, regulations and laws affect the whole electronic business in China. (baidu baike, 2013)

Business to Business Model

As online purchasing agencies don't own their own product lines, therefore, either those agencies purchase products from other sources after receiving the purchasing order from customer and then sell and deliver them to customers, or customers purchase their ideal products from other online shops by themselves and order the delivery to the online purchasing agency from which the products will then be delivered again to overseas customers. Thus, since some online purchasing agencies may have to purchase products from other companies, B2B is also a part of the whole business process. Compared to B2C, B2B is a relatively small part in online purchasing business as it only happens when a customer requires the agency to buy a product instead of choosing it by his/herself and the agency doesn't make profit out of the purchasing itself, a brief analysis of B2C in China is then presented for the following study as a theoretical background.

Definition

Business-to-business electronic commerce, also known as eB2B, or just B2B, is a transaction conducted electronically between businesses over the Internet, extranets, intranets, or private networks. Such transactions may be conducted between a business and its supply chain members, as well as between a business and any other business. A business refers to any organization, private or public, for profit or nonprofit (David King et al.2002:217).

The major characteristic of B2B is that companies attempt to automate the trading process in order to improve it. Therefore, it will be beneficial to look at the trading process in more detail.

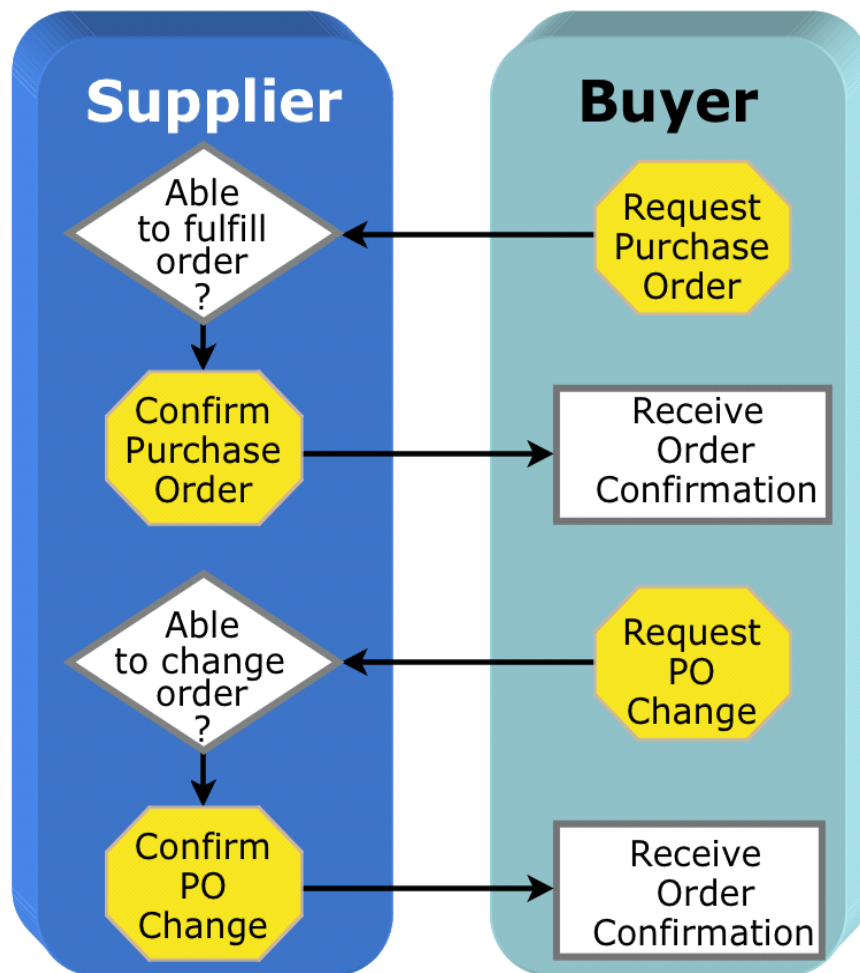


Figure 2. Basic B2B trading process (Pagero.com, 2013)

As indicated in the chart above, a basic B2B process can be briefly described into 4 steps plus an additional workflow for changes that may happen. At first, buying companies send a purchase order to inquire the selling companies about the information of the products they want to buy which may include, for instance, quantity and quality of the goods. The selling company must determine if they can fulfill the order. This process could be done automatically or it may need additional check form the selling company to determine it. Afterwards, the selling

company need to react to the confirmation order either by accepting it or rejecting it , or sending a PO change request to the buying company to inquire if it's possible to make any changes to the original purchase order. If the selling company accepts the purchase order or rejects it, an order confirmation will be sent to the buying company, payment and delivery will be conducted then based on the contract or other document. If the selling company re-offers a purchase order, then a new purchase offer will be sent from the buying company and then replaces the old one. All the business workflow is conducted electronically.

Most online purchasing agencies have their own business partners. For instance, Panli, as one of the leading online purchasing agencies in China, has more than 10 electronic business partners including industries like cosmetics, books, musical products, cloths, electronic products etc. If a customer orders a product from one of its business partners to Panli, there will be no transportation fees between its partners and Panli. Those business corporations greatly increase Panli's competitiveness and attract more customers.

In addition, promotions between Panli and its partners will increase both Panli and its partners' overall sales as well as bring cheaper products to its customers. It might be seen as a triple-win situation. Furthermore, with its business corporations, Panli is able to purchase products from its business partners in a more favorable price and a faster way. Although most online purchasing agencies don't make profits out of the purchase itself, however, with a faster and more reliable way in a relatively lower price, it will greatly increase its competitiveness and bring more customers. As a result of it, the overall turnover will increase by having the exclusive advantages brought by business corporations with its electronic business partners. (David King et al.2002:217)

2.2. Online purchasing service for Overseas Chinese

In this part, I will describe the concept and the business process of online purchasing service for Chinese overseas customers in detail. As a relatively new business market, almost all the information are gathered from my own summary and research of the home pages of the leading agencies in this field in China. In this chapter, four questions will be answered in order to get deep into the concept of "online purchasing service for Chinese overseas customers": 1. What is online purchasing service for Chinese overseas customers? 2. Who needs it? 3. How are products delivered to customers? 4. How is it charged? In addition, other factors related will also be briefly stated.

2.2.1. What is online purchasing service for overseas Chinese?

It is the service provided to help Chinese overseas customers, for instance, Chinese overseas students, businessmen, and immigrants etc., purchase Chinese products which cannot be bought in their own living places or can be bought in a more competitive price using this service. The service is provided through electronic business by an online purchasing agency who usually acts as an intermediary connecting the manufacturer or the retailer, and the overseas customer. The customer first chooses their ideal products mostly from other online shops (sometimes also from online purchasing agencies' own websites), after having successfully paid the payment, the customer then order the delivery to the online purchasing agency from which the product will be sent again to the customer's living place upon successful payment. In addition to the transportation fee and taxation occurred during the way to abroad, the online purchasing agency charges a certain percent of the total value of the product as a service fee.

There are basically two stages in online purchasing service, one of them is purchase stage meaning in this stage the product is purchased, another one is

delivery stage meaning in this stage the purchased product is then delivered to the customer. Under the differences of these two stages, there come two main different service models based on the channel by which customers choose and buy their ideal products. One is called self-directed purchasing service; another one is called company-directed purchasing service. Since these two models have both similarities and differences, they will be described separately in order to be better compared and analyzed. The advantages and disadvantages of those two models are also analyzed separately in each model.

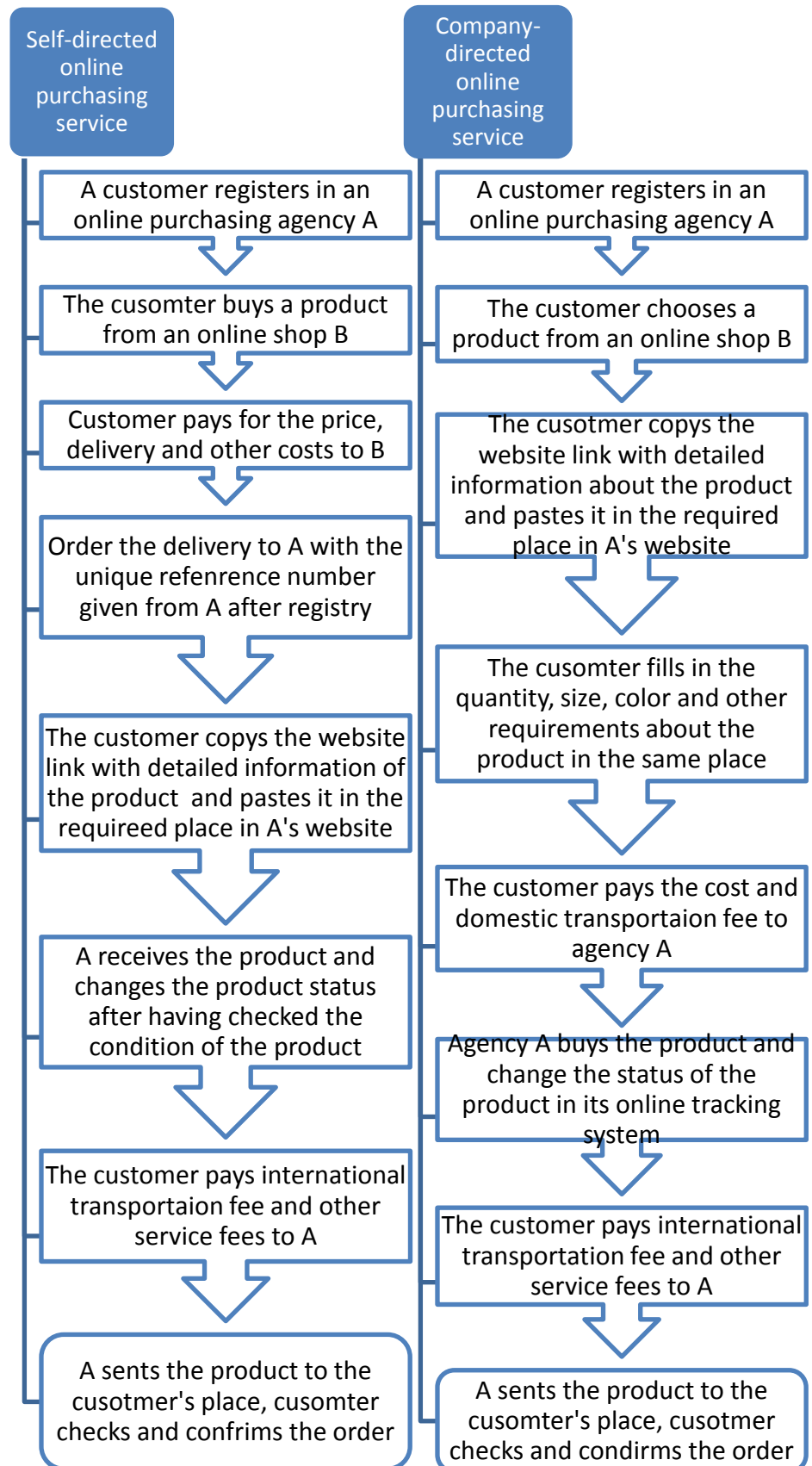


Figure 3. Online purchasing service process

Self-directed online purchasing service

Self-directed online purchasing service means customers can choose and buy their ideal products by themselves from any other online business shops in China, customers have to deal with those online shops and pay for the goods they have chosen. Afterwards, the chosen goods have to be delivered to the online purchasing agency from which the goods will be sent again to the customers. Therefore, in this model, online purchasing agencies don't need to take care of the purchase part, as it is done by customers themselves. The online purchasing service is then only for receiving and re-delivering the goods from China to abroad to every customer' door.

Advantages of self-directed online purchasing service are obvious as customers can choose their ideal products by themselves. Therefore, in this model, customers have relatively more initiatives when shopping. First, customers can choose their own trustful online shops which they are familiar with to buy their ideal products; in the meanwhile, they can have all kinds of promotions or discounts as their own choice. Second, customers can compare between similar products about their qualities and prices when shopping by themselves, as a result, customers hold their own choice to purchase products with good quality and better price. Third, all the fees and costs happened in this stage are conducted, viewed and analyzed by customers themselves, online purchasing agencies are not participating in this stage, in this way, the business is more transparent than otherwise it would be. At last, as majority of small and middle sized online shops in China set a negotiable price for their products, in this model, customers can negotiate with the owner of the online shop to get a lower price which online purchasing agencies will probably not do as business companies

However, as purchasing agencies are not involved in purchase process and customers are responsible for it instead, there are also some threats and disadvantages in self-directed online purchasing service. The most important one is that customers have to take all the responsibility to appeal for their rights if disputes happen, but since customers are abroad and may lack of related specific knowledge, which makes it hard for customers to do so. In addition, some online shops only accept a limited amount of ways of payment especially small-sized ones, and customers may not have the required payment tools. This problem will disappear when customers choose company-directed service.

Delivery, payment and order

In the self-directed purchasing model, two different main parts are conducted separately by customer and the agency. The process of delivery is relatively complex than company-directed purchasing model; payment and order are also different.

After a customer has successfully paid for a product in an online shop, he or she has to order the delivery to the online purchasing service with the address of it and a unique reference number which was given as a ID number when that customer registered in the online purchasing agency's website. At the same time, the customer has to copy the full link of the website with a detailed description about the product that he or she has purchased and paste it in the required place in the online purchasing agency's website, so that the online purchasing agency can check the condition of the product when it arrives. All the costs and fees happened before and in this stage are handled by customers themselves until the agency has received the product.

After having received the product, the online purchasing agency will check the general condition of the product to inspect if it matches the description form the

link that the customer has provided. Upon successful inspection, the online purchasing agency will inform the customer by updating the status of the product in online tracking system to either "flawed" meaning the product does not match the description, or "in store" meaning it matches the description and is in store now. After this, the customer has to pay for the overseas transportation fee (based on the means of transportation and the weight of the product etc.) and domestic inventory fee (for the product being stored in the inventory before being delivered to abroad).

Upon successful payment, the customer will then be required to re-check everything in the order and then confirm it. After the product has been sent and on its way to the destination, the customer can track its status by the online tracking system provided on the agency's website. (The status may include, for example, being handled, sent, received and where the product is right now or something else related)

Company-directed online purchasing service

Company-directed online purchasing service means the online purchasing agency conducts both the purchase of products and the transportation abroad to the customer. A customer first chooses his or her ideal product from other online shops (sometimes from online purchasing agencies' own websites), and copies the link of the website where the detailed information of the product is provided. Secondly, the customer pastes the link of the website to the required field as well as other requirements (color, size, quantity etc.) in online purchasing agency's own website, the basic information of that chosen product is then automatically presented in that field. Upon successful check of the product information and confirmation of it, the customer pays the cost of that product along with the domestic transportation fee to online purchasing agency, and the electronic order is then sent to the online purchasing agency. Thirdly, the online purchasing agency

purchases the chosen product based on the website link provided by the customer, and checks the product after having received it. At last, the online purchasing agency informs the customer that the product has been successfully received and checked by changing the status of the product in its online tracking system, after the customer has again successfully paid the foreign transportation fee and all other fees, The online purchasing agency then sends the product to the customer abroad.

As this service is "company-directed", customers can save quite much time and efforts with the online purchasing agencies taking care of almost the whole purchase and transportation processes. In addition, since most online purchasing agencies have their business partners including online shops and other online electronic businesses selling a wide range of products, so the purchase process between the online purchasing agency and its business partners might be quicker and cheaper, the domestic transportation fees may also be reduced or exempted. Furthermore, as businesses, online purchasing agencies can purchase products in a large quantity if the customer allows the product to be shortly delayed, so some online purchasing agencies have promotions for those customers that similar orders during a certain period can be handled and purchased together to get a lower price. At last, product disputes can be transferred to the companies which otherwise would be left to customers in self-directed online purchasing services. Problems with payment tools are also avoided since the online purchasing companies take care of the payment to other different online shops.

However, company-directed online purchasing service also has its own limitations and disadvantages. Firstly, as agencies have to purchase products for customers, although customers provide detailed information about the product that they ask the agency to buy, problems concerning the product's conditions still happen because the product bought by the agency does not match the requirements

provided by the customer. Secondly, as there is a short time between when the customer submits his or her electronic order and when the agency starts to deal with it, therefore, compared to self-directed online purchasing service, company-directed purchasing service is relatively slower in this aspect. At last, as businesses, online purchasing agencies are not doing any price bargains with other online shops, especially small and middle-sized ones which usually set a negotiable price for its products, customers may pay more money for this than otherwise it would take in self-directed online purchasing service where customers can bargain with the sellers in order to get a lower price.

Delivery, payment and order

Compared to the self-directed service, the process of delivery, payment and order of company-directed service is simpler. Since customers only have to deal with the online purchasing agency throughout the whole business flow, therefore, payment and order are done only between customers and the agency. In addition, both domestic delivery and international transportation are handled by the agency.

2.2.2. Who needs online purchasing service for the overseas Chinese?

1. Customers who prefer to use some Chinese products or services, or have personal loyalty towards some Chinese brands. Since they may not be able to buy those products or services in their living places abroad, therefore, online purchasing service is their best way to solve those problems.
2. Chinese overseas students who need books or other literature in Chinese, software, or other studying equipment. Some education institutions or universities are also in such needs.
3. As customers who want to follow Chinese fashion trends may need to buy fashion magazines or clothes, online purchasing service is also a way for them to

equip themselves with up-to-date fashion elements.

4. Due to cheap labor and raw materials in China, some products may be cheaper than similar or the same ones in foreign markets, thus, customers may use online purchasing services to get their ideal products from China at a lower price.

5. For those customers who cannot find their ideal sizes in foreign countries when shopping for clothes, shoes, or other products where sizes used and other small designs may differ from race to race, thus, online purchasing service offers them an advanced chance to buy products from China that they know are perfectly fitting to them. For instance, even with the same size, a T-shirt which is imported from China and sold in Finland might be a little bigger to suit Finnish people than the original one designed for the Chinese people, in addition, some other small designs may also differ.

6. If overseas customers want to bid for any products in an online auction in China, online purchasing agencies also provide this service to satisfy those customers by bidding for the product on customers' behalf.

7. Online purchasing agencies also offer so called "gift-sending" services. Customers choose their ideal gifts on the internet and require online purchasing agencies to purchase and send it to the person they want to send to, no whether that person is living in China or abroad.

2.2.3. How are products delivered to customers?

Unlike the business flow stated above, transportation and delivery of online purchasing services are almost the same for those two service models. In addition, different product statuses in online tracking system which is used by most online purchasing agencies will also be explained.

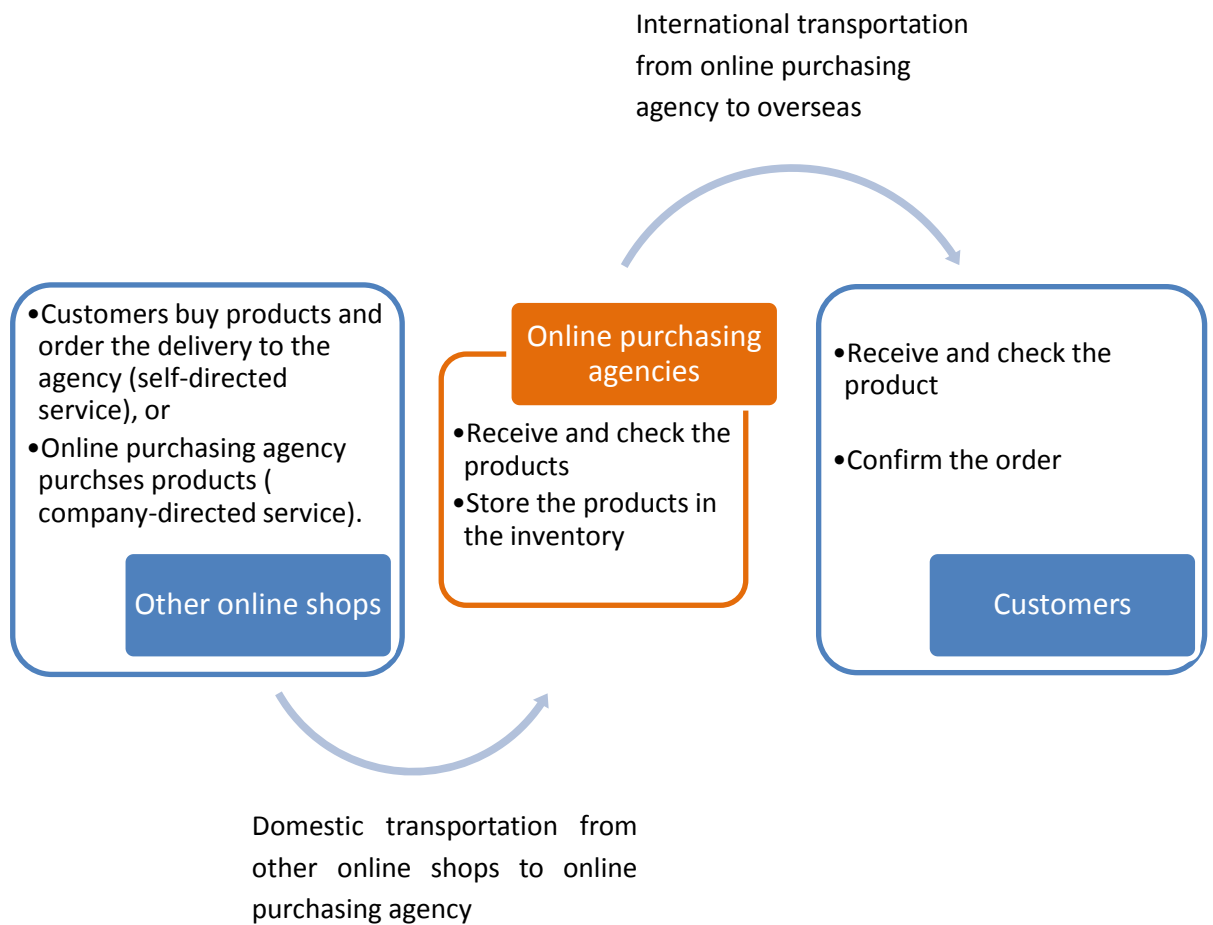


Figure 4. Transportation process of online purchasing service

Figure 4 shows the ideal transportation process which it usually followed. However, sometimes due to delays, products defects, or other unexpected problems, there might also be some “back-ways” or “stops”. In addition, different online purchasing agencies have different ways to handle the problems that may happen during transportation. Responsibilities and compensations also differ from one to another. Therefore, the information listed below is the generalized, detailed information about this part, systems at different online purchasing agencies will be presented later when analyzing the leading agencies in online purchasing services for the overseas Chinese customers.

The following situations only exist in company-directed online purchasing service:

- Lack of product. In this case, the customer has sent the electronic purchase order to the agency, for instance, to buy a product from online shop A. However, the agency finds there is a lack of that product in shop A when the order is being handled. As a result, that product cannot be purchased at that moment and thus, the agency has to inform the customer. Communication to solve this problem is then required. In addition, sometimes, the situation may also be that there are products in stock; however, there are no sizes or colors which were required by the customer in the order. Therefore, the online purchasing agency needs to contact the customer as well for the next step.
- Invalid order. In this case, the agency finds the electronic purchase order is invalid. The reasons might be but not limited to: 1. The customer has cancelled the order. 2. The website link that the customer submitted is invalid for some reason. 3. Product information provided in the website of the targeted online shop does not match the information provided by customer in agency's website. 4. The product information shown in the targeted online shop's website lacks basically needed information. 5. The targeted product is forbidden object.
- Return of products. If an online purchasing agency finds any product defect, lack of quantity or other conditions that do not match the purchase order after having received the product, the agency needs to contact the customer, return the product and take other necessary actions based on the communication with the customer.
- Lack of reply. After having received the electronic purchase order, online purchasing agency has to handle it as soon as possible in order to get the product in the shortest time. However, if the agency for some reason does not get any reply from the targeted online shop on time, it has to contact the customer for the next step.

The following situations apply to both self-directed and company-directed services:

- Invalid mailing address. Before the agency starts to send the product to the customer abroad, if the address given by the customer is invalid for some reason, for instance, lacking of required information, written in wrong language, or is not detailed enough, the agency will then contact the customer for a valid address before sending the product.
- Custom problems. During the transportation abroad, both the domestic custom and foreign custom will inspect the product. If for some reason the product is rejected by the custom, for instance, a forbidden object, or other conditions against laws or regulations, the agency then has to contact the customer for further actions.
- Product unconfirmed. If the product has passed both domestic and foreign customs but is not successfully received and confirmed by the customer for some reason, the agency will also try to contact the customer for further actions.

As the product is being delivered, customers can see the statuses of the product in the online tracking system on the agencies' websites. From the moment that the order is received by the agency until the customer has finally confirmed the order, all different product statuses will be updated in time in the online tracking system. Figure 5 illustrates all basic statuses of a product throughout the whole business flow.

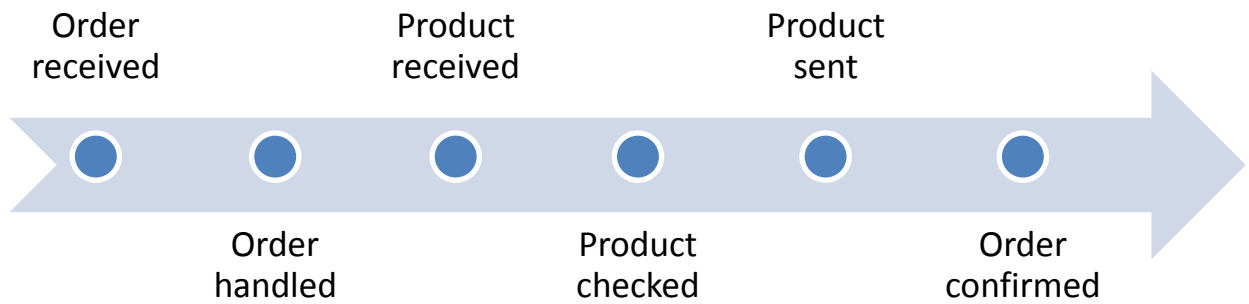


Figure 5. Statuses of a product throughout the whole business flow

The first two statuses only exist in self-directed online purchasing service:

- Order received: when a purchase order has been received by the agency.
- Order handled: when a purchase order is being handled.

The rest 4 statuses apply to both services:

- Product received: when the product has been received by online purchasing agency.
- Product checked: when the product has been successfully checked by the agency.
- Product sent: when the product is being sent to the customer.
- Order confirmed: when the customer has confirmed the order.

Some statuses when encountering problems (not shown in figure 5 above, explanations were given in transportation part):

- Lack of product: when there are no required products in targeted online shop.

- Invalid order: when the order is invalid
- Return of product: when the agency is contacting the online shop for returning the product.
- Waiting of reply: when the agency is handling the order and waiting for the reply.
- Invalid mailing address: when the agency inspected that the mailing address given by the customer is invalid.
- Custom problems: when the product is rejected by the custom.
- Order unconfirmed: when the product is in abroad but not received by the customer.

2.2.4. How is it charged?

Although different online purchasing agencies may have different ways and standards for charging, they can be classified into several common profit models. Considering that two different services have different fields to charge, therefore, this part is also divided into two dimensions.

In self-directed online purchasing service, customers pay by themselves in purchase stage since online purchasing agency is not involved at this stage. Afterwards, fees and costs happened in the delivery stage are paid from customers to the agency. So, the fees are mainly focusing on domestic inventories, international transportations and services



Figure 6. Fees and charges in self-directed online purchasing service

In self-directed online purchasing services, most online purchasing agencies charge “international transportation fee” and “service fees” as the total charge. In addition, some agencies also charge “domestic inventory fee” for products stored in their inventories in China as well as other fees, for instance, custom fee, package fee, operation fee or inspection fee.

In company-directed purchasing service, customers pay all the cost and fees are in both stages during the whole business flow to online purchasing agencies. Generally, customers using this service have to pay twice, one of which is in the purchase stage, meaning that customers have to pay the cost of the product and domestic transportation fee. Afterwards, the agency can purchase the product for customers. Another fee is paid in the delivery stage; customers have to pay the international transportation fee and other service fees so that the products can be sent to customers abroad.

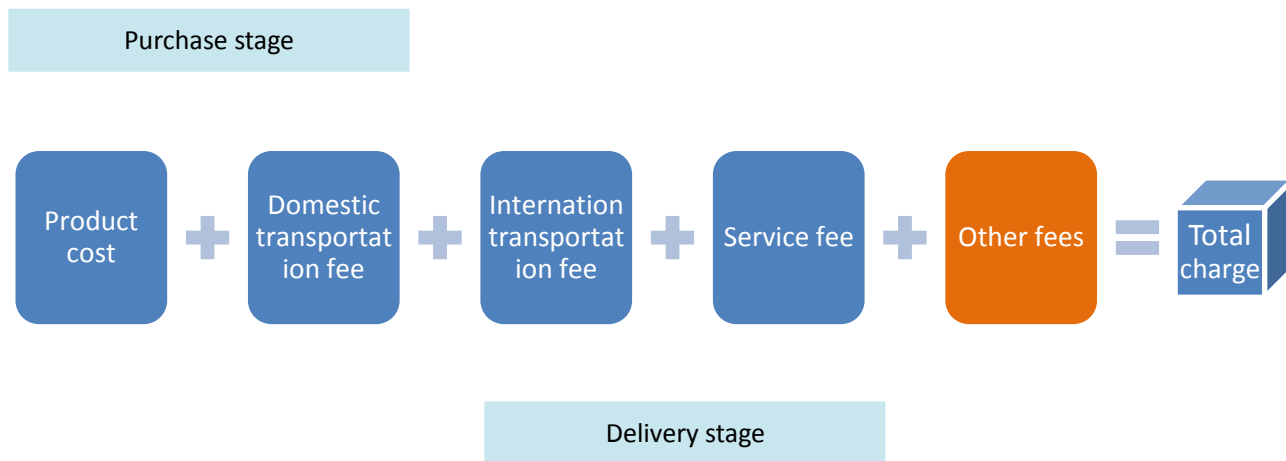


Figure 7. Fees and charges in company-directed online purchasing service

In company-directed online purchasing services, most online purchasing agencies charge, in purchase stage, the product cost and the domestic transportation fee and in delivery stage, the international fee and service fee. In addition, some other fees might be charged as same as in self-directed services.

In both self-directed and company-directed services, there are several different models of ways to charge. As stated in online purchasing agencies' own websites, I have surmised several models of charging the fees shown in figure 6 and 7 above.

Product cost: the original purchase price of the target product.

Domestic transportation fee: according to the weight, transportation means and logistics companies. There are also several exemptions from domestic transportation fees (information gathered from different online purchasing agencies, may not apply to all agencies):

- If the product is purchased from any of the partner shops of that online purchasing agency which is labeled as "free of domestic transportation fees".
- If the customer participates in "group purchase" promotion

- If the shop from which the product is purchased states that transportation fee is paid by the seller or the transportation fees is covered in the selling price.
- If more than one product are purchased at a same time from a same online shop, the transportation fee only needs to be paid once.

International transportation fee: according to the weight, transportation means, destination country of the product as well as custom operation cost. Detailed transportation information regarding different international logistics companies, logistics means, taxations, forbidden objects as well as specific "unit price/weight" lists of different continents and countries can be viewed in agencies own websites.

Service fee:

- A certain percent of the international transportation fee, for instance, 10% of transportation fee as the service fee
- A certain percent of the product's value, for instance, 10% of the original purchase price of the product as service fee.
- A certain percent of the sum of transportation fee and product's value, for instance, 5% of the sum of both transportation fee and original purchase price of the product as service fee.
- Membership service fee deducted from normal service fee by membership discounts, for instance, final service fee equals to the normal service fee (5 Euro) minus a membership discount (10% membership discount percentage). In addition some online purchasing agencies also offer different levels of service fee based on customers' membership level, for instance, 10% of original purchase price as service fee for normal customer, 8% of the original purchase price as service fee for Silver membership customer, 6% of that for

Gold membership customer. Mostly the membership upgrades according to the total expense of that customers in the history of that agency.

2.2.5. Other business components

2.2.5.1. Customer service

Customer service is a series of activities designed to enhance the level of customer satisfaction – that is, the feeling that a product or service has met the customer expectation (Turban, Efrain, 2002), Its importance varies by products, industry and customer; defective or broken merchandise can be exchanged, often only with a receipt and within a specified time frame. Retail stores often have a desk or counter devoted to dealing with returns, exchanges and complaints, or will perform related functions at the point of sale; the perceived success of such interactions being dependent on employees "who can adjust themselves to the personality of the guest," (Micah Solomon, 2011)

One major outcome of the shift to e-commerce has been a radical redefinition of what customer service is and how it is judged. Twenty years ago, most highly-regarded customer service interactions involved a face-to-face meeting, usually at a supplier's place of business. Quality of service was determined by how long a customer had to wait in line, how courteous the sales associate was, the hours the provider was open and how well they could respond to your needs. In the Internet age, most service relates to the ease-of-use of a website, how simple it is to navigate, shipping options and the ability to track your purchase. People assume every e-commerce site is open 24/7 and that we can shop on our timetable and on their terms.(Chris MacKechnie, The Effect of E-Business on Customer Service)

When a customer has a question or problem with an online supplier, the first line of support often involves visiting an online customer support center that provides the customer with additional information. This center can be as simple as a Q&A

page that covers the most common questions, or as complex as the knowledge-bases of companies that include Dell, Microsoft or Apple. The goal from a customer service standpoint is to guide the customer to the right information as quickly and easily as possible. In less than a decade, Internet savvy customers have taken to this self-serve approach with aplomb, happily performing the task themselves if the knowledge-base is well planned and designed..(Chris MacKechnie, The Effect of E-Business on Customer Service)

In an online purchasing service, since the time when a customer opens the website, customer service is on for them. There are many aspects that online purchasing agencies should pay attention to improve the overall customer service:

1. Website design. This is seen as customer service because customers can get easier access to the information they are looking for by a well-designed website. Whether they are looking for the introduction of the business flow to get familiar with this service or they are looking for the information of different transportation means, a well-designed website is always the first impression that affects customer satisfaction.
2. Contacts with agencies. Whether by email or by a phone call, contacts with agencies are the most direct way to affect the customer satisfaction. Questions like how soon emails are answered, what is the tone used to answer them, whether they are signed by a person or generically, how the phone is answered, what is the protocol used will always have a direct effect on customers thoughts about the products or the services.
3. Package. As online purchasing agencies may have to re-pack the products received from online shops in order to make packages more suitable for international transportation, therefore, the package also becomes a part of the customer service. Elements such as color, packing tape used, quality of the

package, firmness of the package, simplicity to unpack all represent the customer service to some extent.

4. Online payment. In online purchasing services, online payment is the only way for customers to pay. As a result, problems or disputes may happen during the use of the online payment system. Agencies need to give technology support and any other help needed to make the payment process goes as smoothly as possible for their customers in order to improve its customer service in this area.
5. After-sales service. As in online purchasing services, customers can only see the real products after receiving them in abroad, therefore, problems concerning defective products or other dissatisfactions are easier to happen. How well the returns or the changes of the products are handled is then important.
6. Others. All the other factors that will increase the overall customer satisfaction. Satisfactions towards every single small part of the of business flow decide the overall customer service level.

Compared to traditional business, online business usually lacks satisfactory customer service. As in online purchasing service for the overseas Chinese customers, there might be more than two participants involved: customer, online purchasing agency, online shop. In addition, transportation also includes domestic one and international one. Therefore, return of goods becomes the most difficult business area for online purchasing service agencies. As a result, a well-established return policy is important for a online purchasing agency to gain competitiveness among its rivals.

Although different agencies may have different policies for returning or changing products, there is a common process in most online purchasing agencies for

customers claiming to return or change their products:

The customer finds a defect, in the product received, or the product received does not match the requirement, or any other problems of the product, they take pictures of the defected product, or any other acceptable records than can approve it, send them to the customer service of that agency, the agency checks the pictures and determines the responsibility of it, If it is the agency's responsibility, the agency pays the full refund of the product to the customer. If it is the product seller's responsibility, then the agency will contact the seller on the behalf of the customer to claim a full refund or to change a new one, or other compensations. Other documents may be required from the customer, and the transportation fees might be charged from customers.

There are several conditions that the product may not be returned or changed:

- The product has been damaged by the customer's improper use.
- Some part of the product has been lost
- Some products that cannot be unsealed before claiming to return or change, for instance, discs, movies, sound recording tapes, video recording tapes, software.
- The customer does not have the original purchase proof to show the ownership of the product.

2.2.5.2. Online electronic payment

An e-commerce payment system facilitates the acceptance of electronic payment for online transactions. Also known as a sample of Electronic Data Interchange (EDI), e-commerce payment systems have become increasingly popular due to the widespread use of the internet-based shopping and banking. (Turban, E. King, D.

McKay, J. Marshall, P. Lee, J & Vielhand, D, 2008). In online purchasing services, all the customers have to pay through online payment systems, although agencies don't make any pecuniary profits out of this payment system, but as the only source to receive money from customers, good technology support and management of the online electronic payment are required.

Electronic payments have been reported to be the ultimate test of security and trust in e-business environment. The notion of payment is an inborn part in any commercial transaction. The electronic payment (e-payment) systems do two things in particular: (a) emulate existing payment frameworks from the real world or (b) schematize new ways to execute payment transactions. Adoption of payment mechanisms and electronic money as other forms of payment depends upon trust in the security and reliability of the system and control of the particular transaction. (Theodosios Tsiakis, George Sthephanides, 2005). As an important component in online purchasing services, the security of the online payment system is a core area both for customers and agencies.

As a whole, security with regard to electronic payment can be categorized into three areas (Theodosios Tsiakis, George Sthephanides, 2005). They are:

1. Systems security e technical infrastructure and implementation.
2. Transaction security secures payment according to specific and well defined rules.
3. Legal Security e a legal frame for electronic payment.

Three basic building blocks of security mechanisms are used (Theodosios Tsiakis, George Sthephanides, 2005):

- Encryption: provides confidentiality, authentication and integrity.
- Digital signatures: provide authentication, integrity protection and non-repudiation.
- Checksums/hash algorithms: provide integrity and authentication.

The elements affecting the security of online electronic payment are as follows :(Theodosios Tsiakis, George Sthephanides, 2005):

- Identification, uniquely identification of a person or entity.
- Authentication, providence of identity.
- Access Control, control on the actions of a person or entity, based upon its identity.
- Confidentiality, prevention of unauthorized parties to capture, interpret or understanding data.
- Integrity, assuredness that data have not been altered or manipulated by unauthorized parties.
- Non-repudiation, prevention of denying the action of participating into a transaction by a person or entity.
- Availability, continuously and uninterrupted provision of services.

By analyzing the elements affecting online electronic payment, online purchasing

agencies can evaluate their own online payment system by having a security evaluation approach; this approach is divided into two parts: properties and requirement. Agencies can identify an ideal set of requirements and properties that an online electronic payment must have in order to be considered as trusted and secure (Theodosios Tsiakis, George Sthephanides, 2005):

Requirements

1. Integrity: sureness that information has not been altered since the data was signed.
2. Authentication: persons participating in a transaction are the one they claim to be.
3. Fraud prevention and tolerance: prevention of parties from fraud and from financial losses in the case the system crashes or the network fails.
4. Privacy: information must not be revealed to unauthorized people.

Properties

1. Divisibility: possibility of multiple denominations (if it is a token-based system).
2. Transferability: spending of token without the need to contact the issuer.
3. Double-spending prevention: prevention of copied coins to spend repeatedly.
4. Payment confidentiality: payment details including payer, payee, account numbers, amounts, date and time must not become known to electronic observers able to monitor network traffic.

5. Payment anonymity: the payee will know only pseudonym of the payer.

6. Payer intractability: payment system cannot trace payer payments.

In addition to the security of online electronic payment, as overseas Chinese customers are from every corner of the world, the main payment tools they use may differ greatly. Therefore, compared to normal online business, a wide range of electronic payment ways is also needed to satisfy customers using different electronic payment tools in online purchasing service. In addition to sufficient payment tools, a updated exchange rate system is also required. Since customers from different countries may use different currencies, the updated information about a specific currency exchange rate to Chinese Yuan is extremely important, as if the exchange rate to Chinese Yuan is too low, the agency may lose customers who choose another agency with a higher exchange rate, to the contrary, as if the exchange rate to Chinese Yuan is too high, then the agency may lose profits.

2.2.5.3. Logistics means

As the products have various of volumes, weights, and other measurements, therefore, most online purchasing companies offer their customers a wide range of logistics means to choose a most suitable and profitable way of delivering their products. Some big companies also own their own logistics chain in order to have a better control over its whole business process.

For instance, Panli, the largest online purchasing service agency for overseas Chinese, has five different logistics means for its customers: Panli Express, DHL, EMS, AIR, Domestic transit. On Panli's website, all the detailed information about every transportation means is stated in chart for customers to compare and choose the best one for their products. A screenshot of the website is shown below in Figure 8:

Panli运费对比表 (新的运费收取标准, 具体执行时间为2012年04月01日开始)
 我们提供以下几种质优价廉的国际运送方式供您比较! [为何Panli能够提供超低价运费?](#)

Panli专线 ^{new}	DHL	EMS	AIR(2kg以下邮政小包)	中国大陆转送
Panli专线价格最低, 服务一般, 运期约为3~8个工作日, 部分专线的计费方式与体积、重量有关, 详情>>				
运达地	起重500g及以上		每续重500g或其零数	
国家/地区	Panli折扣价(¥)		Panli折扣价(¥)	
美国专线	109.00		35.00	
新西兰专线(新)	109.00		35.00	
加拿大专线	119.00		37.00	
澳大利亚专线	108.00		29.00	
新加坡专线	75.00		27.00	
马来西亚专线	75.00		27.00	
日本专线(新)	75.00		27.00	
欧洲专线 芬兰/卢森堡/奥地利/爱尔兰/德国/丹麦/法国/比利时/英国/意大利/西班牙/希腊/瑞士/挪威/瑞典/葡萄牙/荷兰	129.00		37.00	
台湾专线	46.00		23.00	
香港专线	40.00		16.00	
澳门专线	40.00		16.00	

Figure 8. Screenshot of the transportation means of Panli (Panli.com, 2013)

In the screenshot of website shown above we can see that 5 different transportation means are listed on the top row (Panli专线 meaning Panli Express, DHL, EMS, AIR, 中国大陆转送 meaning Domestic transit). Under each transportation means, there is a row colored in grey which has three columns, the first column lists different countries, the second column lists the unit price/500g according to a specific country, the last column lists the additional unit price/500g after the first basic 500g (In AIR, the basic weight and additional weight are 100g). By comparing between different transportation means offered by different logistics companies, customers can choose the most suitable and profitable way to have their products delivered based on their own preferences and the measurements of the products.

There are also problems that may happen in the transportation. The following situations apply to both self-directed and company-directed services:

- Invalid mailing address. Before the agency starts to send the product to the customer in EU, if the address given by the customer is invalid for some reason, for instance, lack of required information, written in wrong language, or not detailed enough, the agency will then contact the customer for a valid address before sending the product.
- Custom problems. During the transportation to abroad, both the domestic custom and foreign custom will inspect the product, if for some reason the product is rejected by the custom, for instance, forbidden object, or other conditions against laws or regulations, the agency then has to contact the customer for further actions.
- Product unconfirmed. If the product has passed both domestic and foreign customs but is not successfully received and confirmed by the customer for some reason, the agency will also try to contact the customer for further actions.

As in the business process of online purchasing services, most of the time the products are on the way of transportation, either on the way from online shops to online purchasing agencies, or on the way from online purchasing agencies to customers. In addition, since transportation takes the largest part of the whole business process, most product damages, losses and other disputes are also occurring in transportations. Furthermore, as we analyzed earlier, compared to traditional business, electronic business or online purchasing service has to pay more attention to reducing the price spent and lead time in transportations in order to compete with the traditional Chinese shops in foreign countries as well as other rivals in this business field. Therefore, a good supply chain and transportation

management is required for the participants of online purchasing service.

2.2.5.4. Inventory

Whether in self-directed service or company-directed service, there will always be a time between agencies receiving the product and sending it to the customer, therefore, inventory is also another part in their supply chain management. In many cases, agencies in this business field have their own inventory factories for storing products that have been received but have not been sent to customers yet.

After receiving the product from an online shop, agencies should check the general condition of that product and inspect if there are any apparent defects. In addition, agencies are also responsible for checking if the product matches the customer's requirement stated in their orders such as size, color, type, etc. Upon successful inspection of the product, the product will then be stored in the warehouse and sent to overseas customers later on.

The basic process of the inventory is explained as figure 9 shows (The order of each operation may differ from one agency to another)

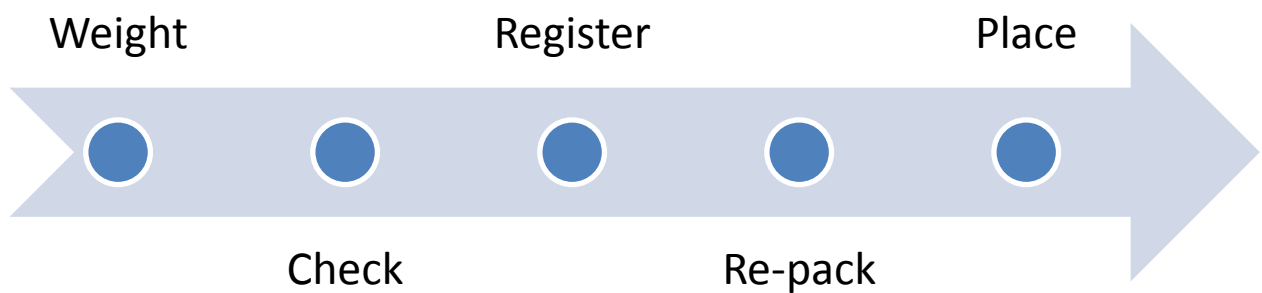


Figure 9. Basic process of inventory

1. Weight: After receiving the product, the agency first weights it
2. Check: Check the general condition of the product (sometimes need to unpack the product, based on customer's requirement)
3. Register: Register the product in the agency's own inventory system, in many case each product is given an unique reference number
4. Re-pack: For those products which are unpacked for check or are not packed in a right way, re-pack is then needed.
5. Place: Place the product to the right place.

For those customers who use online purchasing services regularly, agencies also offer free inventory service for a set period in order to avoid unnecessary transportation fees. For example, if a customer orders a product today, and the product arrives two days later, then this customer orders another product two days later after the first one's arrival which arrives four days later, the agency can store the first product for eight days until the second one arrives and then send them together to the customer to avoid the customer paying for transportation fees twice.

For normal customers, some agencies charge inventory fees and some do not. For those who don't charge inventory fees, if the product is being stored for a longer time than needed, then the agency will also charge for necessary fees for further inventory. For instance, one of the leading online purchasing agencies called Lequgo, it doesn't charge any inventory fees for two months since the product has arrived, after two months since its first arrival date, if the products is less than 30kg, the product will then be charged for 0.4 Chinese Yuan/day/piece, the product will be charged for another 0.2 Chinese Yuan/day /piece, for the amount of the weight that is over 30 kg.

2.2.5.5. Taxation

Due to the fact that each country's custom has its own different policies and regulations, therefore, most of the agencies encourage their customers to have a general awareness of those relevant regulations in advance before they make the order. In most cases, normal parcels will not be taxed, according to a leading agency's statistics, only 0.3% of all parcels are taxed.

All the parcels are divided into two categories: personal parcel and commercial parcel. Personal parcels won't be taxed but commercial parcels might be taxed. Many agencies have given their advice to their customers on how to avoid taxes; I have summarized them from some leading agencies' websites:

1. Try to limit the weight of the parcel to be less than 10 kg, if the parcel is more than 20 kg, the possibility of it being taxed will be rapidly increasing. Volume of the parcel is also another criterion in some countries' customs; try to avoid any unnecessary space in the parcel.
2. If the parcel is more than 20 kg, agencies highly recommend their customers to divide their products into several smaller parcels to lower the weight in each parcel.
3. If there is a large quantity of products of a same kind in one parcel, it's more likely to be classified into "commercial parcel". Thus, agencies highly recommend their customers to split such products to different parcels.
4. Avoid too frequent delivery, if parcels are delivered to a same address too frequently, they might also be categorized as commercial parcels and thus be taxed.

2.2.5.6. Business partners

A business partner is a commercial entity with which another commercial entity has some form of alliance. This relationship may be a contractual, exclusive bond in which both entities commit not to ally with third parties. Alternatively, it may be a very loose arrangement designed largely to impress customers and competitors with the size of the network the business partners belong to. (Wikipedia, 2013)

The meaning of the term is quite different from that implied in partnership, and it is because of the potential for confusion between the two that widespread use of 'business partner' has been discouraged at times in the past.

A business partner can be:

1. A supplier
2. A customer
3. A channel intermediary (such as an agent or reseller), or
4. A vendor of complementary offerings (for example, one party sells the hardware, while the other sells the software). (Wikipedia, 2013)

Generally, in the field of Chinese online purchasing service, the types of business partner are basically either supplier or channel intermediary. The first type of supplier indicates that the business partnership is built between online purchasing agencies and their different suppliers and this type of business partner mainly exists in company-directed online purchasing services. For example, an online purchasing agency may have business corporations with many different suppliers offering different kinds of products to it, once a customer has submitted an order for a certain product; the online purchasing agency can contact their business

suppliers to further actions. The second type of vendor of complementary offerings refers to the business partnership between online purchasing agencies and the online shops or normal shops where the customers have bought their products from and required to send those products to, and this type of business partner mainly exists in self-directed online purchasing service. For example, a customer has bought a product from an online shop A and required to send this product to online purchasing agency B; in this case, the online purchasing agency B is acting as a channel intermediary.

In addition to the business partnerships built between online purchasing agencies and other online shops, most frequently online purchasing agencies also have long-term business partnerships with international and domestic logistics companies. This type of business partner can also be categorized as “supplier” which may be different from those online shops supplying online purchasing agencies with visible goods; instead, those logistics companies are supplying online purchasing agencies with logistics services.

Business Partnership Advantages

- Partnerships are relatively easy to establish.
- With more than one owner, the ability to raise funds may be increased, both because two or more partners may be able to contribute more funds and because their borrowing capacity may be greater.
- Prospective employees may be attracted to the business if given the incentive to become a partner.
- A partnership may benefit from the combination of complementary skills of two or more people. There is a wider pool of knowledge, skills and contacts.
- Partnerships can be cost-effective as each partner specializes in certain aspects

of their business.

- Partnerships provide moral support and will allow for more creative brainstorming.

Business Partnership Disadvantages

- Business partners are jointly and individually liable for the actions of the other partners.
- Profits must be shared with others. You have to decide on how you value each other's time and skills. What happens if one partner can put in less time due to personal circumstances?
- Since decisions are shared, disagreements can occur. A partnership is for the long term, and expectations and situations can change, which can lead to dramatic and traumatic split ups.
- The partnership may have a limited life; it may end upon the withdrawal or death of a partner.
- A partnership usually has limitations that keep it from becoming a large business.
- You have to consult your partner and negotiate more as you cannot make decisions by yourself. You therefore need to be more flexible.
- A major disadvantage of a partnership is unlimited liability. General partners are liable without limit for all debts contracted and errors made by the partnership. For example, if you own only 1 percent of the partnership and the business fails, you will be called upon to pay 1 percent of the bills and the other partners will be assessed their 99 percent. However, if your partners cannot pay, you may be called upon to pay all the debts even if you must sell off all your possessions to do so. This makes partnerships too risky for most situations. The answer would be a

different business structure. (Free step-by-step guide to starting your business, 2009)

2.2.5.7. Prohibited articles

As in online purchasing services for overseas Chinese, products have to pass two countries' customs, one of which is custom of China, and another one is the destination country's customs. In addition, in most online purchasing agencies' websites, products that are not included in their service are also stated to void inconveniences. Therefore, related regulations and laws must be taken into consideration, I hereby quote "the list of articles prohibited from import and export by customs of the People's Republic of China" (General Administration of Customs of the People's Republic of China, 1993) to give a basic idea of the products that cannot be handled in online purchasing service.

Articles prohibited from import

1. Various types of weapons, ammunition and explosives;
2. Counterfeit currencies and securities.
3. Manuscripts, printed matter, films, photographs, discs, movies, sound recording tapes, video recording tapes, etc., which are pernicious to China's politics, economy, culture and morality;
4. Deadly poisons;
5. Anesthetic drugs to which people can become addictive, opium, morphine, heroin, etc.;
6. Animals, plants and their by-products with hazardous germs or pests;
7. Food, drugs, other things which are obstructive to hygiene and infectious

coming from epidemic areas.

Articles prohibited from export

1. All articles listed in "Articles prohibited from import" above.
2. Manuscripts, printed matter, films, photographs, discs, movies, sound recording tapes, video recording tapes, etc., the contents of which involve state secrets or which are prohibited from export;
3. Precious cultural relics and books concerning the Chinese revolution, history, culture and arts;
4. Precious animals, plants and their seeds;

In addition to those products that are strictly prohibited from import or export, there are several product categories that are limited to import or export. Articles that are limited to import are (General Administration of Customs of the People's Republic of China, 1993):

1. Radio transmitters, receivers and their main parts
2. Tabaco, wines,
3. precious animals, plants and their seeds
4. Renminbi (Chinese yuan).
5. Other articles prohibited from import as stipulated by the state.

Articles limited to export

1. Silvers, gold, and other precious metals and their products.
2. Renminbi (Chinese yuan)

3. Foreign currencies and securities.
4. Radio transmitters, receivers and their main parts
5. Precious Chinese herbal medicines.
6. Ordinary cultural relics
7. Other articles prohibited from export as stipulated by the state.

2.3. Overseas Chinese

2.3.1. Definition

Overseas Chinese (traditional Chinese: 海外華人; simplified Chinese: 海外华人; pinyin: Hǎiwài Huárén) are people of Chinese birth or descent who live outside the People's Republic of China. People of partial Chinese ancestry living outside the Greater China Area may also consider themselves Overseas Chinese. Overseas Chinese can be of the Han Chinese ethnic majority, or from any of the other ethnic groups in China. (Barabantseva, Elena (2012). "Who Are "Overseas Chinese Ethnic Minorities"? China's Search for Transnational Ethnic Unity". *Modern China* 31 (1): 78–109).

A person may self-identify or be identified by others as an overseas Chinese person based on any of several criteria, such as a direct lineal descent from groups originating from China, retention of Chinese cultural practices, self-identity with Chinese culture, or acknowledgement of a Chinese origin (Wikipedia, 2013)

2.3.2. History

Different waves of immigration led to subgroups among overseas Chinese such as the new and old immigrants in Southeast Asia, North America, Oceania, the Caribbean, Latin America, South Africa and Russia. (Wikipedia, 2013)

In the 19th century, the age of colonialism was at its height and the great Chinese diaspora began. Many colonies lacked a large pool of laborers. Meanwhile, in the provinces of Fujian and Guangdong in China, there was a surge in emigration as a result of the poverty and ruin caused by the Taiping rebellion (The Story of California From the Earliest Days to the Present, by Henry K. Norton. 7th ed. Chicago, A.C. McClurg & Co., 1924. Chapter XXIV, pp. 283-296).

The Qing Empire was forced to allow its subjects to work overseas under colonial powers. Many Hokkien chose to work in Southeast Asia (where they had earlier links starting from the Ming era), as did the Cantonese. The city of Taishan in Guangdong province was the source for many of the economic migrants. For the countries in North America and Australasia, great numbers of laborers were needed in the dangerous tasks of gold mining and railway construction. Widespread famine in Guangdong impelled many Cantonese to work in these countries to improve the living conditions of their relatives. Some overseas Chinese were sold[by whom?] to South America during the Punti-Hakka Clan Wars (1855–1867) in the Pearl River Delta in Guangdong. After World War II many people from the New Territories in Hong Kong emigrated to the UK (mainly England) and to the Netherlands to earn a better living. (Wikipedia 2013)

From the mid-19th century onward, emigration has been directed primarily to Western countries such as the United States, Canada, Australia, New Zealand, Brazil, and the nations of Western Europe; as well as to Peru where they are called *tusán*, Panama, and to a lesser extent to Mexico. Many of these emigrants who entered Western countries were themselves overseas Chinese, particularly from the 1950s to the 1980s, a period during which the PRC placed severe restrictions on the movement of its citizens. In 1984, Britain agreed to transfer the sovereignty of Hong Kong to the PRC; this triggered another wave of migration to the United Kingdom (mainly England), Australia, Canada, USA, Latin America and other

parts of the world. The Tiananmen Square protests of 1989 further accelerated the migration. The wave calmed after Hong Kong's transfer of sovereignty in 1997. In addition, many citizens of Hong Kong hold citizenships or have current visas in other countries so if the need arises, they can leave Hong Kong at short notice. In fact, after the Tiananmen Square incident, the lines for immigration visas increased at every consulate in Hong Kong. More recent Chinese presences have developed in Europe, where they number nearly a million, and in Russia, they number over 600,000, concentrated in Russian Far East. Chinese who immigrated to Vietnam beginning in the 18th century are referred to as Hoa. (Wikipedia 2013).

It is estimated that only 26,700 of the old Chinese community now remain in South Korea. (Kim, Hyung-jin (2006-08-29). "No 'real' Chinatown in S. Korea, the result of xenophobic attitudes". Yonhap News. Retrieved 2006-12-08.). However, in recent years[when?], immigration from People's Republic of China has increased; 624,994 persons of Chinese nationality have immigrated to South Korea, including 443,566 of ethnic Korean descent. ("More Than 1 Million Foreigners Live in Korea". Chosun Ilbo. 2009-08-06. Retrieved 2009-08-16.)

In recent years, the People's Republic of China has built increasingly stronger ties with African nations. As of August 2007, there were an estimated 750,000 Chinese nationals working or living for extended periods in different African countries. (Chinese flocking in numbers to a new frontier: Africa). An estimated 200,000 ethnic Chinese live in South Africa. (SA-Born Chinese and the Colors of Exclusion, allAfrica.com). In a 2007 New York Times article, Chad Chamber of Commerce Director estimated an "influx of at least 40,000 Chinese in coming years" to Chad. As of 2006 as many as 40,000 Chinese lived in Namibia (China and Africa: Stronger Economic Ties Mean More Migration, By Malia Politzer, Migration Information Source, August 2008) an estimated 80,000 Chinese in Zambia (Zambians wary of "exploitative" Chinese employers, irinnews.org,

November 23, 2006) and 50,000 Chinese in Nigeria. (Direct air flights between Nigeria, China proposed, China Daily, August 30, 2008) As many as 100,000 Chinese live and work across Angola. (China's African Misadventures, Newsweek, December 3, 2007) As of 2009 35,000 Chinese migrant workers lived in Algeria. (Chinese, Algerians fight in Algiers - witnesses. Reuters. August 4, 2009.)




Russia's main Pacific port and naval base of Vladivostok, once closed to foreigners, as of 2010 bristles with Chinese markets, restaurants and trade houses. (Chinese Come To Russia, Paul Goble, Feb 10, 2006). Experts predict that the Chinese diaspora in Russia will increase to at least 10 million by 2010 and Chinese may become the dominant ethnic group in the Russian Far East region 20 to 30 years from now. Other experts discount such stories estimating the numbers of Chinese in Russia at less than half a million, most of who are temporary traders. (Ganske, Charles (2009-04-01). "The Myth of the Yellow Peril: Overhyping Chinese Migration into Russia". Russia Blog. Retrieved 2012-05-07).

A growing Chinese community in Germany consists of around 76,000 people as of 2010. (Chinesen in Deutschland – ein historischer Überblick). An estimated 15,000 to 30,000 Chinese live in Austria. (Heimat süßsauer, Philipp Horak, 2008).

2.3.3. Distribution

Data was gathered on the numbers of overseas Chinese from several sources, mainly issues of the Overseas Chinese Economy Year Book (1996, 2000) and the Encyclopedia of Overseas Chinese (Pan, 1999). More than 31 million overseas Chinese live in 76 countries, comprising more than 98 percent of all the overseas Chinese living in more than 130 countries. The distribution of the overseas Chinese around the world is uneven though widespread. Of the 31 million overseas Chinese, about 85 percent reside in 21 Asian countries, and over ten percent live in 26 countries of the Americas. Of the almost 24 million overseas

Chinese living in Asia, 75 percent live in just three countries: 7 million in Indonesia, 6 million in Thailand, and over 5 million in Malaysia. Of the nearly 4 million Chinese living in the Americas, almost 2.5 million live in the United States. (Overseas Chinese, Dudley L. Poston, Jr.).

Majority population	
 Singapore	2,808,300 ^[5]
 Christmas Island	981 ^[6] 






































Minority populations	
 Thailand	9,392,792 ^[6]
 Indonesia	8,800,000 ^[7]
 Malaysia	6,960,900 ^[8]
 United States	3,794,673 ^[9]
 Burma	1,637,540 ^{[10][11]}
 Canada	1,346,510 ^[12]
 Peru	1,300,000 ^[7] 
 Philippines	1,146,000 ^[8] 
 Russia	998,000 ^[9] 
 Vietnam	970,927 ^[13]
 Australia	866,200 ^[10] 
 Cambodia	782,600 ^[14]
 France	700,000 ^[11] 
 South Korea	696,861 ^[12] 
 Japan	674,871 ^[15]
 United Kingdom	500,000 ^[13] 
 Venezuela	400,000 ^[16]
 South Africa	350,000 ^[14] 
 Angola	259,000 ^[17]
 Italy	209,000 ^[15] 
 India	196,000 ^[16] 
 Laos	190,000 ^[17] 
 United Arab Emirates	180,000 ^[18] 
 Brazil	151,000 ^[19] 
 New Zealand	147,570 ^[20] 
 Spain	145,245 ^[18]
 Panama	135,000 ^[21] 
 Argentina	120,000 ^{[19][20][21]}

Figure 10. Overseas Chinese distribution (Overseas Chinese, Wikipedia, 2013)

2.3.4. Occupation and education

There were more than 720,000 overseas Chinese students by the end of 2010, and the number of Chinese citizens who went abroad for study in 2010 totaled 285,000, an increase of more than 24 percent compared with 2009. China has become the world's largest source country for international students. (“Six main features of China's overseas education market in 2010”, 2011, People’s Daily Online, March 21, 2011).

In regards to the categories of overseas Chinese students, overseas Chinese students who pay their own expenses have replaced overseas Chinese students supported by the government as the dominant category of overseas Chinese students. The majors of overseas Chinese students cover many subjects and fields. However, most students, especially students that cover their own expenses are concentrated in majors such as economics, finance and engineering. (“Six main features of China's overseas education market in 2010”, 2011, People’s Daily Online, March 21, 2011).

Apart from overseas Chinese students, The Chinese in Southeast Asian countries have established themselves in commerce and finance. In North America, Europe and Oceania, occupations are diverse and impossible to generalize; ranging from catering to significant ranks in medicine, the arts, and academia.

There are nearly 1.3 million overseas Chinese students worldwide and most of them are concentrated in 10 countries, namely the United States, Australia, Japan, Britain, South Korea, Canada, Singapore, France, Germany and Russia. (“Six main features of China's overseas education market in 2010”, 2011, People’s Daily Online, March 21, 2011).

In Chinese mainland, immigrants after the reform and opening-up policy are referred to as “new immigrants”. Southeast Asia is not the top priority in the new upsurge of immigration in China. Since reform and opening-up until the mid-1990s, developed countries were the main destinations. With developed countries’ increasingly stringent restrictions on immigration and the rapid progress of trade relations between China and other developing countries after the mid-1990s, more and more Chinese businessmen went to developing countries to seek business opportunities and settled down. The motivation, education, financial capacity, occupation and settlement of these new immigrants are quite different from traditional ones. The new immigrants are highly educated and have wealth and great mobility. They hail from all over China. A large proportion of immigrants from the mainland are elites or elite-to-be. New immigrants from Hong Kong and Taiwan also have advanced degrees. Their motive for immigration is not survival, but development. Based on the purpose, approach and occupational structure of Chinese immigrants, they can be roughly divided into four types. The first kind includes students. The second group includes non-skilled laborers whose main reason for immigration is to reunify with family. Some of these laborers use illegal methods to settle abroad. The third group includes business immigrants, including immigrants seeking to make investments, overseas businessmen and all kinds of traders. The last group consists of a small proportion of exported labor living in various localities. The number of new immigrants in China reached 9.58 million in 2008. Among them, about 1.6 - 1.7 million are from Hong Kong and Taiwan and over 8 million are from mainland China. (Overseas Chinese distribution, CHINADAILY, 2012).

2.3.5. Conclusion

Chinese emigration started thousands of years ago to other Asian countries, particularly in Southeast Asia. During the 19th and early 20th centuries, large

numbers of Chinese emigrants went to virtually every country of the world. Nowadays the direction and magnitude of Chinese international migration are largely affected by the migration policies at origin and destination. Immigration is now limited in many countries, including such host countries as Australia, Canada, New Zealand, and the United States; this has resulted in a sizable number of illegal emigrants from China. (Overseas Chinese, Dudley L. Poston, Jr.).

The growth patterns of the overseas Chinese in the future will be affected more by international emigration and immigration than by fertility and mortality. In fact, Massey has written that “China’s movement towards markets and rapid economic growth may contain the seeds of an enormous migration ... that would produce a flow of immigrants [to the U.S. and other countries] that would dwarf levels of migration now observed from Mexico (Massey, 1995, 649). The potential for international migration from China is a “tsunami on the horizon” (Goldstone, 1997).

The overseas Chinese population in the world in the late 1990s comprised more than 31 million persons, a number larger than the total population of Canada, Peru, Kenya, or Algeria, and almost twice the total population of Syria or the Netherlands. The numbers of overseas Chinese are likely to become even larger in future decades. The overseas Chinese have had, and will continue to have, important and significant influences in their host countries and are certainly not an inconsequential population. (Overseas Chinese, Dudley L. Poston, Jr.)

3. RESEARCH METHODOLOGY

In this chapter, the research methodology adopted in this thesis is explained as well as the way and the reason why the sample was chosen and how the data was collected. In addition, the methods chosen for analyzing the data are also explained and the validity as well as the reliability of this thesis are discussed.

3.1. Research Methods

The qualitative and quantitative methods are extensively used in the context of business and management research. Qualitative research represents any data collection technique or data analysis process which aims at acquiring non-numerical data by using techniques like personal interviews, observations and diaries. The quantitative method is based on the gaining of numerical data. The main focus is to quantify data and thus create an overview to the topic based on the responses. (White 2007, Saunders, Lewis & Thornhill 2009)

In the research of this thesis, two research methods are used: quantitative method and qualitative method. However, the main research method which contributed most of the data is the quantitative one. By designing a 30-question questionnaire, the aim is to find opinions and expectations towards the most relevant questions to the research problem. Of those 30 questions, 27 were close-ended questions which were set in order to get a statistical outcome to better analyze and compare the general opinions and expectations of the respondents, three of them were open-ended questions which were set in order to get a more subjective outcome where the respondents can express their own points of view in the way they prefer.

In addition, under the qualitative method, a specifically designed questionnaire was used to get information and opinions from the companies' points of view. The questionnaire was sent by email to 12 different companies in this business field, it contains eight open-ended questions which were set in order to get more

systematical and professional information from a business angle. Moreover, by using this questionnaire specifically designed for the companies, a more direct comparison of the opinions and expectations between customers and companies in this business field can be gained.

3.2. Sample and Data Collection

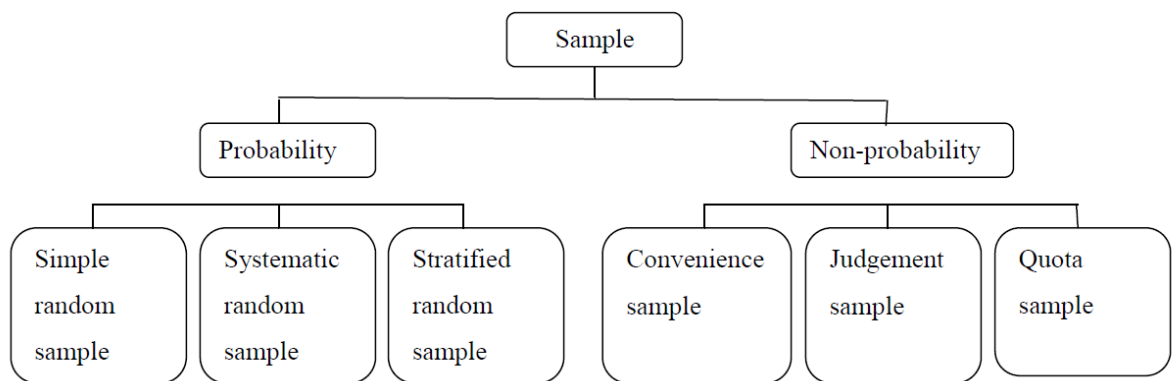


Figure 11. Sample selection methods (Hill & Brierley & MacDougall, 1999, 25)

According to Hill, Brierley and MacDougall (1999), there are several ways to select samples. In order to identify the sample more accurately, two methods were chosen in this thesis. (Hill & Brierley & MacDougall, 1999, 25)

- Simple random sample: If a researcher wants to be sure of having an unbiased sample, the sample has to be random.
- Systematic random sample: It would be a random sample but might not be representative, especially in a business market.
- Stratified random sample: First dividing the customers into value segments or strata and the sampling randomly within each segment.
- Convenience sample: It is the simplest form of non-probability sample. It would be easy, low-cost and quick but it would not be very representative.

- Judgment sample: It is suitable for qualitative research which does not purport to be statistically robust.
- Quota sample: It is often used to survey large populations. It can never be a random and totally unbiased sample in theory. (Hill & Brierley & MacDougall, 1999, 25)

The research problem of this thesis is to find how to improve the overall performance of Chinese online purchasing agencies for Chinese overseas customers. However, this is a business field which aims to serve 50 millions of overseas Chinese distributed in more than 130 countries in the world ("Reforms urged to attract overseas Chinese". China.org.cn. Retrieved 2012-05-28), it's almost impossible to get respondents representing every single country they are currently living in. Therefore, the overseas Chinese in Finland were chosen as a research sample in order to get a relatively more controllable database to further analyze. In addition, six major cities where, according to Chinese Students Union in Finland, most Chinese in Finland are living were selected. They are Vaasa, Turku, Tampere, Helsinki, Espoo and Oulu.

Simple random sample was used as the sampling method in this survey; the respondents were randomly picked among those six cities. Each potential respondent basically has the same chance to answer the questionnaire as the link to the online questionnaire was sent to the unique official QQ group (QQ is the most commonly used online chatting tool in China) for the Overseas Chinese in that specific city. The link to the questionnaire was sent to six official QQ groups of those six cities, which gives each of the 1128 members in those QQ groups an equal chance to get access to answering the online questionnaire.

3.3. Validity and Reliability

Measurement experts believe that every measurement method should possess

certain qualities. The most common technical concepts in measurements are reliability and validity. Reliability is defined as the extent to which a questionnaire, test, observation or any measurement procedure produces the same results on repeated trials. That is to say, it is the stability or consistency of scores over time. Validity is defined as the extent to which the instrument measures what it purports to measure. That is to say, it refers to the degree that a study accurately reflects or evaluates the specific research questions that the researcher is attempting to measure. (Miller 2002, 1-3; Howell, Miller, Park, Sattler, Schack, Sperry, Widhalm & Palmquist 2005)

In general, validity is related to the degree to which a finding is accurate or truthful and reliability concerns the consistency of responses to a question. (Lautamäki, 2011)

First of all, the validity and the reliability of the research are supported by the fact that all the sources used in this study are relevant and purely academic. Equally many sources from the different writers were used to form the bases of the theoretical background of this study and many books were consulted. And each factor in the theoretical framework has been measured separately in previous studies. The great number of those references from purely academic sources gives this thesis a reliable and valid base which the later analysis and empirical part were built on.

Secondly, in order to ensure the validity and reliability of the study, considerations from different views were also given to the procedure for selecting the sample, research instrument (Questionnaire), design of research instrument and its administration. A week before the final publication of the questionnaire, a pilot test was carried out within a small population highly relevant to target sample group of the questionnaire. A pilot test was conducted to detect the weaknesses in the design and instrumentation and provide proxy data for selection of a

probability sample (Cooper & Schindler 1998: 77).

Thirdly, the 30 questions set in the questionnaire all together served for the research problem of this thesis which is to find out how to improve the overall performance of Chinese online purchasing agencies for the overseas Chinese customers. The pre-respondents who participated in the pilot test all gave lots of valuable suggestions and opinions on how they felt about the questionnaire in general as well as the difficulties and ambiguousness they have faced when answering the questionnaire. Their suggestions and opinions covered a wide range of elements such as language, content and readability of the questions, operability of the questionnaire, length of the questionnaire, etc. Those suggestion and opinions have given great help to revising and eventually coming up with the final questionnaire that was send to the entire sample.

Moreover, most of the questions set in the questionnaire are not referred to any sensitive or private information, and according to the feedback from the respondents, no one felt intense or anxious when filling the questionnaire. Hence, as the respondents all maintained a relatively relaxed mood when filling the questionnaire, the answers they have given are relatively more reliable and trustful in this regard.

Furthermore, the gained statistics match the information published in some companies' annual reports.

In addition, not all the questionnaires received from respondents were used in the final analysis. Some of the questionnaires were considered invalid and unreliable due to a couple filters and criteria set in order to keep the validity and reliability of the research in the last stage. By the time when the data was finally collected, 131 questionnaires were received, of which 112 were considered valid and reliable, four were considered invalid due to the reason that the respondents finished the

questionnaire unreasonably shorter (less than 1 min for section A) than the estimated time (8-10 min for section A), 6 were considered unreliable as the respondents gave the exactly same answers to a question which asked for the respondent's satisfaction level towards 10 different service components, 9 were considered unreliable as the answers given to previous questions contradict the answers to the ones after. Therefore, 112 questionnaires out of all 131 were considered reliable and valid under the above mentioned criteria, which take up 85% of the total respondents as figure 12 shows below:

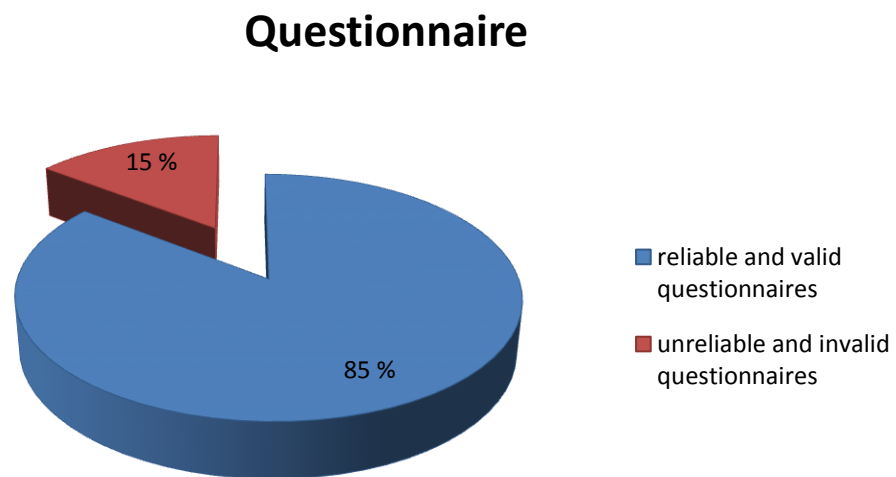


Figure 12. Reliable and valid questionnaires

At last, both in the theoretical and the empirical part of the study, all data from this business field were retrieved from the primary sources without any external influence. As stated earlier in the theoretical section, this is quite a new business field, all the information concerning the process of this business was retrieved by the author himself using the companies' own website, annual reports, introduction and the author's own experience and observations when using and testing this business service. In addition, all the data retrieved in the questionnaire were also first-hand information directly from the respondents themselves.

All in all, with equally many literature sources which are highly relevant to the topic of this thesis from different writers which helped form the bases of the theoretical background of this study, along with the primary reliable data without any external influence which helped in the empirical study, the validity and reliability level of this thesis is believed to be ensured to be on a relatively high level.

3.4. Limitations and Recommendations for Further Studies

At the end of this chapter, I would like to point out the limitations of the research of this thesis in order to give some advice and suggestions to further studies in this business field. A thesis can never be perfect; however, a thesis can be better based on the works, findings, suggestions and advice from previous contributors in this field.

First of all, the most obvious limitation of the research of this thesis is the population covered in the sample. The research problem is to find out how to improve the overall performance of Chinese online purchasing agents for the overseas Chinese customers. Therefore, the ideal sample to this research would be a sample which could cover overseas Chinese in different major countries, or at least on different major continents. However, due to the limit in regard to time, cost and the level of this thesis, the research could be conducted only by targeting the overseas Chinese in Finland for the sample and statistics to remain controllable and easy to analyze.

Moreover, although the population participating in the research covered the six major cities in Finland in which, according to the information given by Chinese Students Union in Finland, most of the Overseas Chinese are living, most of the respondents hold the status of “students”. Many Overseas Chinese who are currently working in those six cities are not registered in the official QQ group of

those cites and, therefore, their opinions may only represent the views of their own status, but not those who are already working.

Secondly, only two questionnaires out of 14 were received from the companies in this business field, of which one is quite simple and does not provide much useful information. In further studies in this business field, face to face or telephone interviews might be better compared with questionnaires sent by email which may seem not formal enough and cannot get enough attention in the companies.

At last, I would like to, draw attention to two leading companies in this business field. According to the statistics from the research of this thesis, two leading companies, Panli and Lequgou, seem to hold a dominant position in this business field as 77% and 53% of all the respondents who have used such service before have chosen these two companies. A further comparison and analysis between these two companies would be a beneficial way to better analyze this business field as a whole due to the fact that these two companies seem to be dominating in this field.

4. EMPIRICAL FINDINGS

In this chapter, first the data from each question in the questionnaire will be analyzed and some simple comments and opinions will be given to some of them. Then, after having analyzed each question separately, at the end of this chapter, the data from related questions will be compared and deeper analysis from the comparison will be provided. All the data from the questionnaire will be discussed and analyzed, either separately or comparably, to better serve for the research problem of this thesis.

4.1. Part I

In this part, the statistics of each question in the questionnaire will be analyzed separately to give a basic picture of what information each of the questions can give. Statistics will be explained as well as basic and simple conclusions will be given briefly.

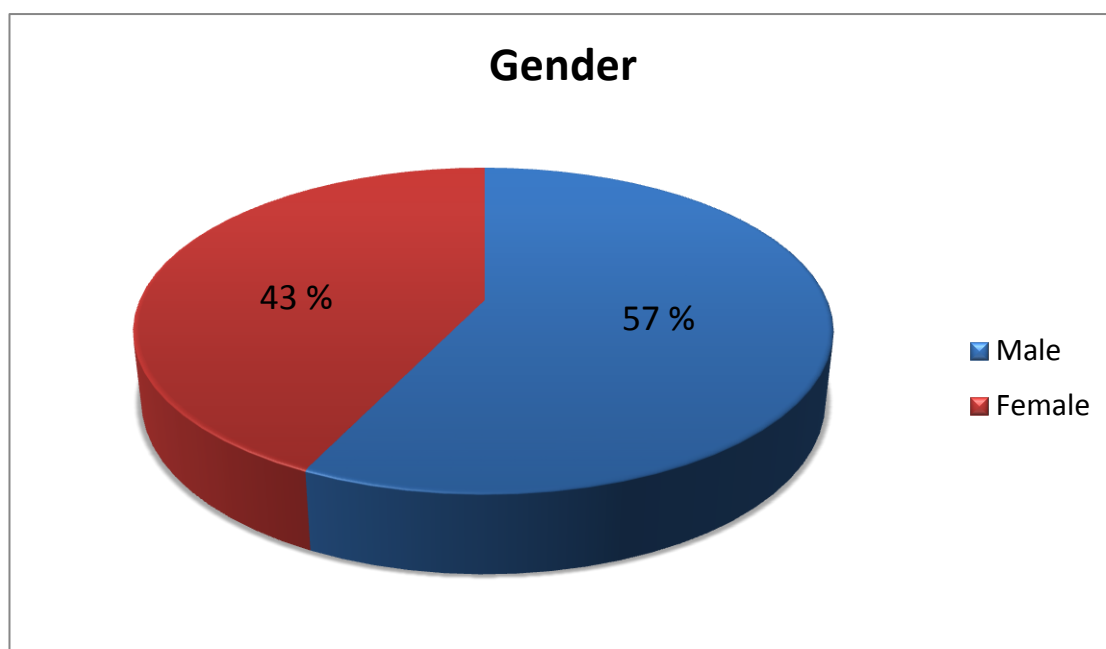


Figure 13. Gender of respondents

As Figure 13 shows above, out of all the 112 valid respondents, 64 are males while 48 are females. The males take up about 57% and the females take up about 43% of the total number.

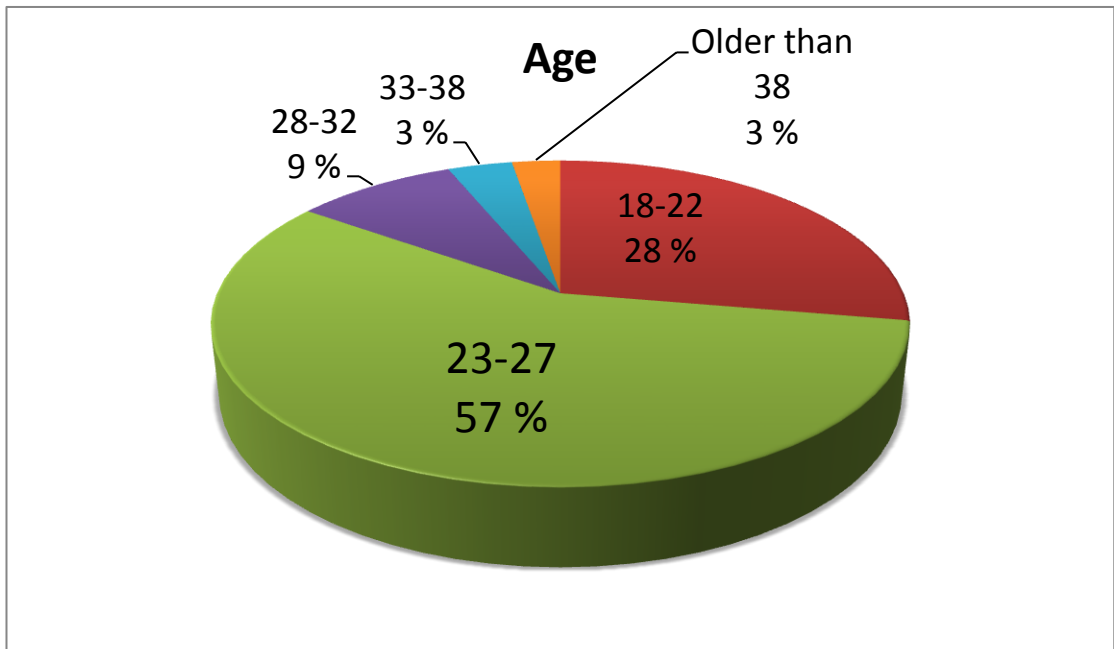


Figure 14. Age of respondents

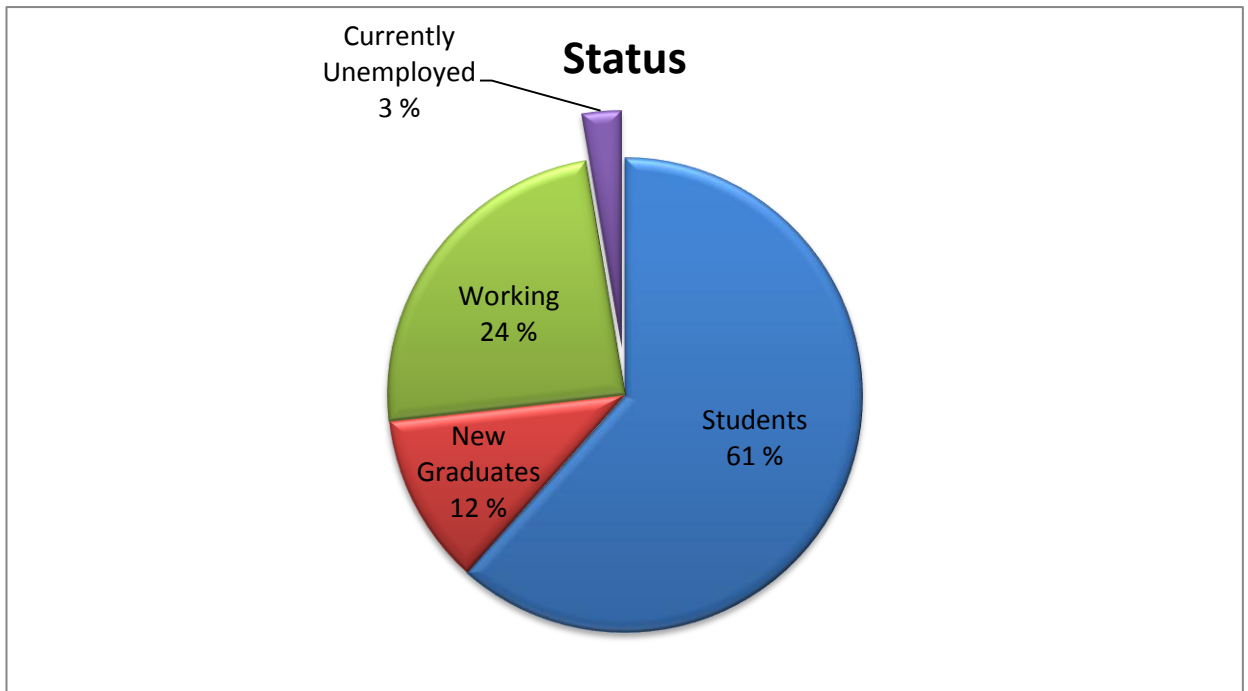


Figure 15. Status of respondents

As shown in Figure 15, the majority of the respondents are aged between 23 to 27, which means 64 accounting for 57.14% of all the respondents, followed by the age group from 18-22 years old which contains 31 respondents with a percentage of 38.17%. No one participating in the questionnaire is younger than 18 years old. The respondents aged older than 28 altogether take up about 15% of all the respondents. As can be seen, the main respondent group is aged 18-24 and 25-34 in this questionnaire. This also accords with the statistics from the following question which shows most of the respondents are either students (69 accounting for 61.61% of all the respondents) or new graduates (13 accounting for 11.61% of all the respondents). Only 27 or 24.11% of all the respondents are currently employed and three or only 2.68% of all the respondents are currently unemployed.

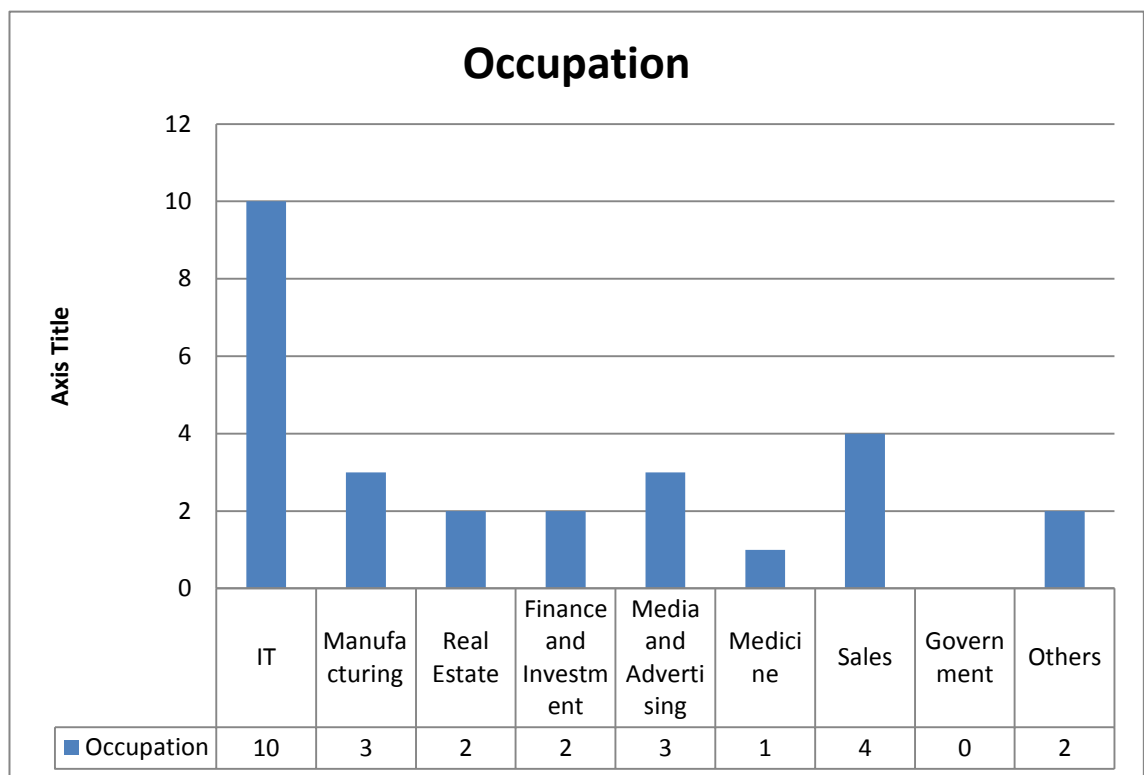


Figure 16. Occupation of respondents

Among those 27 respondents who are currently employed, the majority are working in IT industry, containing ten participants or 37% of all the respondents. Four respondents who are working in the sales industry account for 14.81% of all participants, followed by equally three respondents who are working in manufacturing and advertising industry. The rest are working in other different industries. This is shown in Figure 16.

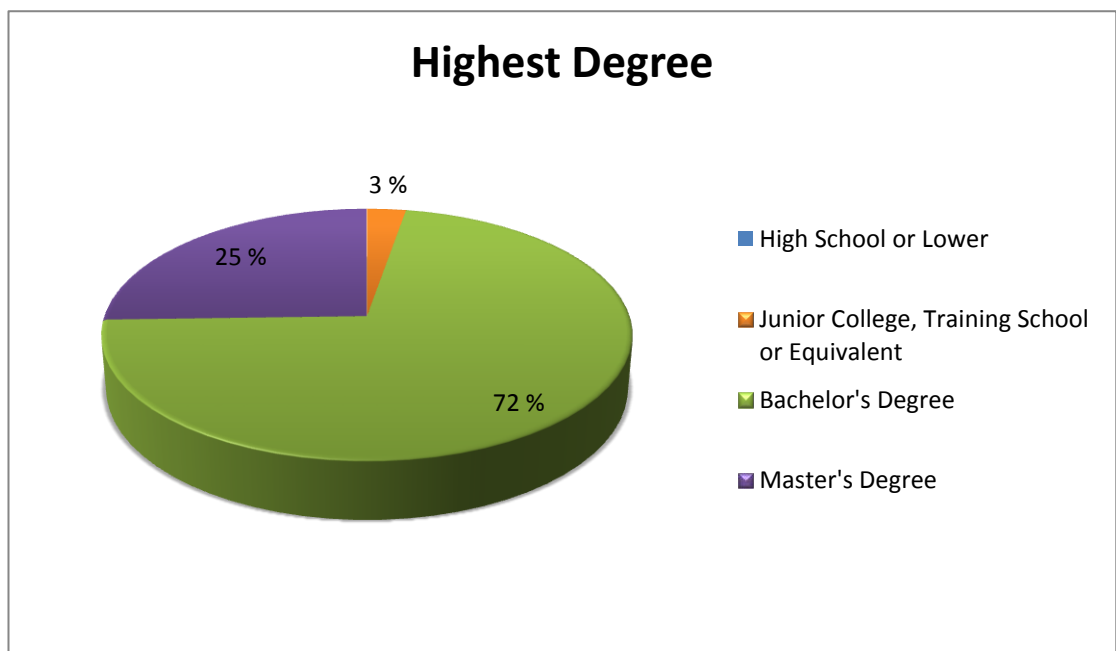


Figure 17. Highest degree obtained by respondents

Among all the respondents, 70.54% hold a bachelor's degree while 25% have a master's degree. No one only has a high school degree or a lower education than it. Obviously most of the overseas Chinese in Finland who participated in the survey are well educated and at least hold a bachelor's degree as shown in Figure 17.

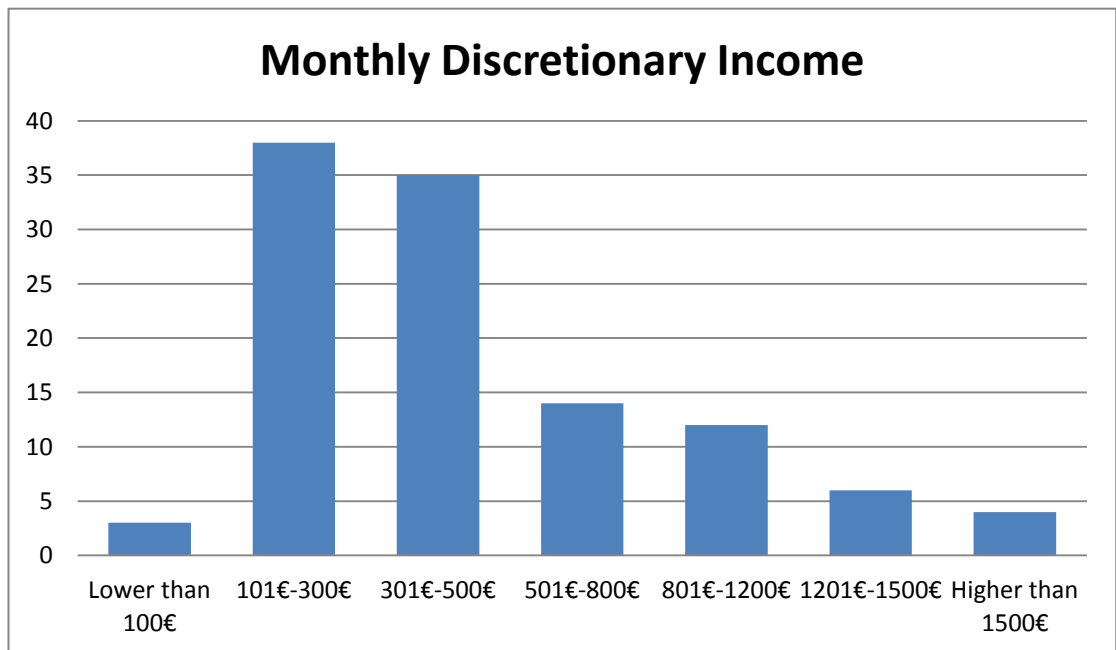


Figure 18. Monthly discretionary income of respondents

As Figure 6 shows, almost equally the same number of respondents have a monthly discretionary income of 101-300 and 301-500 euros, which all together accounts for about 65% of the total respondents. 12.5% have a monthly discretionary income of 501-800 euros, followed by 12 respondents who have 801-1200 euros accounting for a percentage of 10.71%. Only quite a few respondents have less than 100 euros or more than 1200 euros monthly discretionary income. Obviously, as most the respondents are students, their monthly discretionary income is relatively lower than those who are working, most of the respondents have 101-500 euros monthly discretionary income. At last, by calculation, it comes to 520 euros of an average monthly discretionary income of all the respondents who have answered this question.

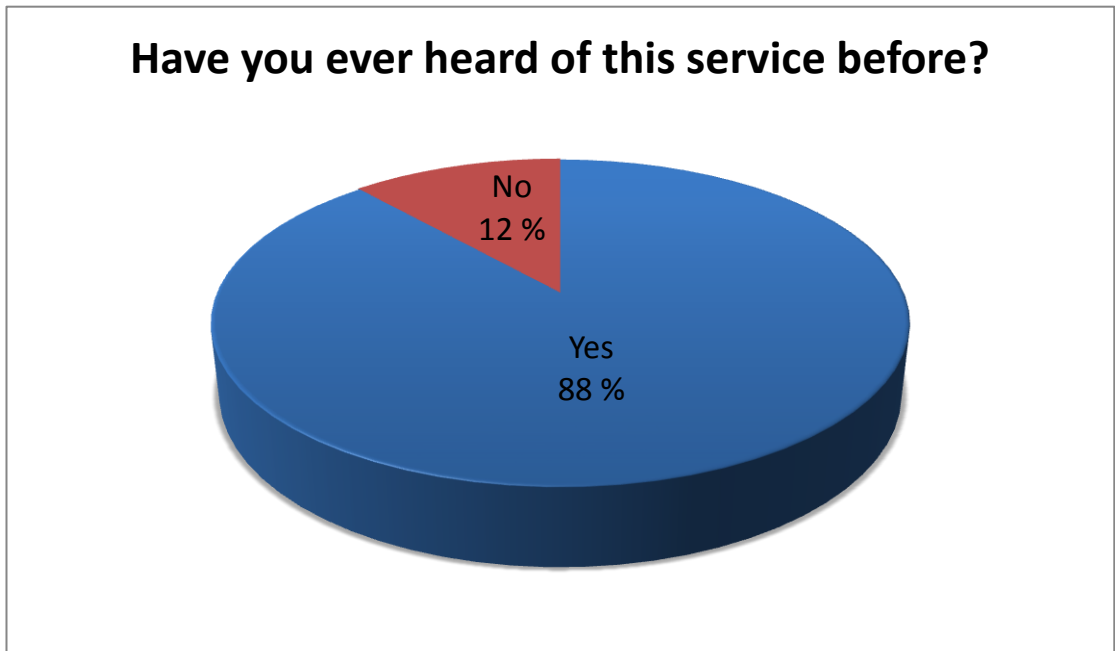


Figure 19. Respondents' awareness of overseas online purchasing service

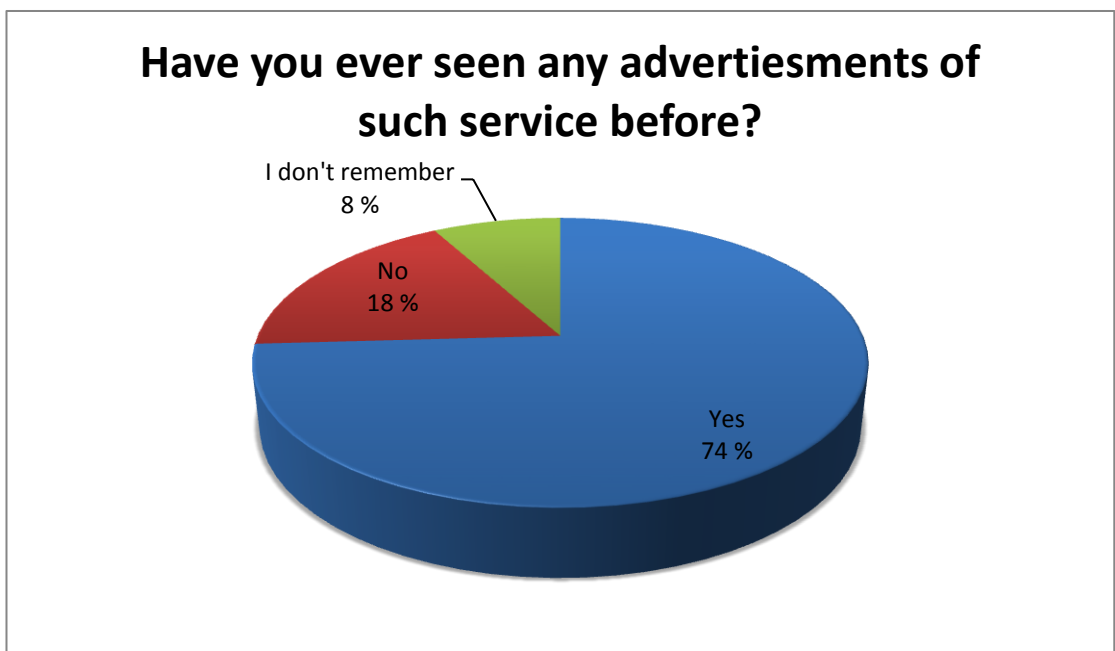


Figure 20. Respondents' awareness of advertisements of overseas online purchasing service

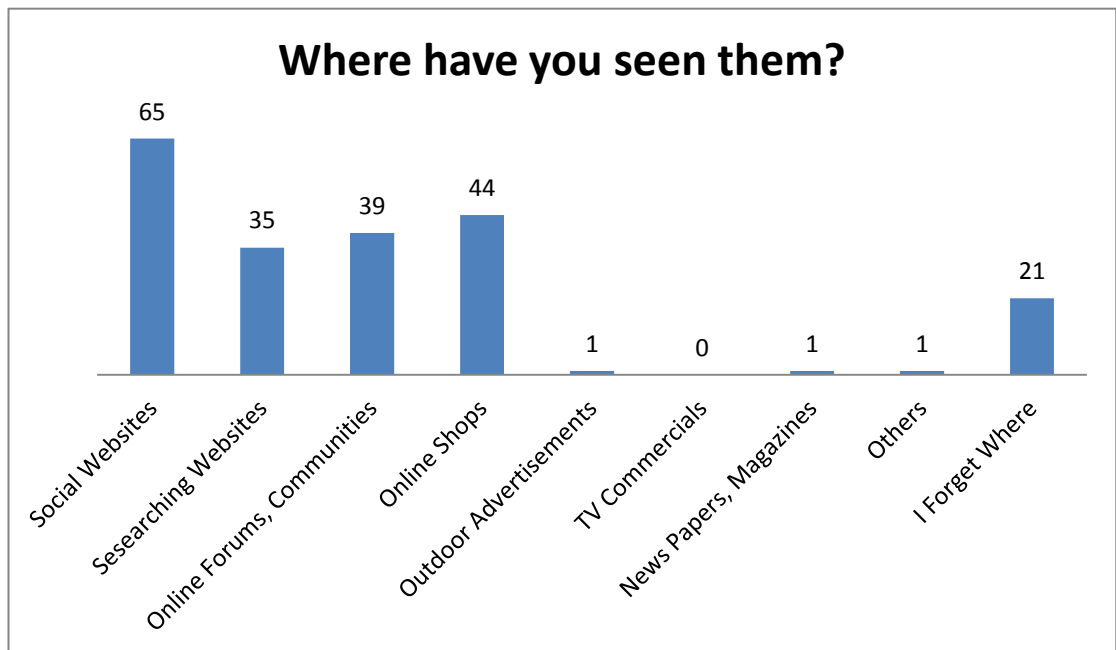


Figure 21. Placements of advertisements of overseas online purchasing service

As shown by Figure 21, almost nine out of every ten respondents have heard about online purchasing service for overseas Chinese before. In this regard, this business field is quite well known by the respondents who have participated in this survey. Moreover, among all the respondents, 74% of them have seen advertisements of such a service before, almost 18% have not heard about such a service while 8% do not remember. These two figures show that, obviously, most of the respondents know such a service and have seen some of the advertisements of this business field before. In addition, among those respondents who have seen such advertisements before, more than 90% of them have seen such advertisements on social websites, followed by searching for websites, online forums and communities as well as online shops, on which each of them equally takes up a percentage of nearly 50%. Only quite a limited number of respondents in this question have seen such advertisements elsewhere. We can easily see that online media is the only channel where the respondents can get access to seeing such advertisements. In addition, it can also be deduced that most respondents have seen such advertisements quite many times because only 20% of the

respondents do not remember where they have seen such advertisements, which means, in other words, 80% of the respondents still remember where they have seen such advertisements when answering the questionnaire. I think this number is quite efficient in regard to advertising.

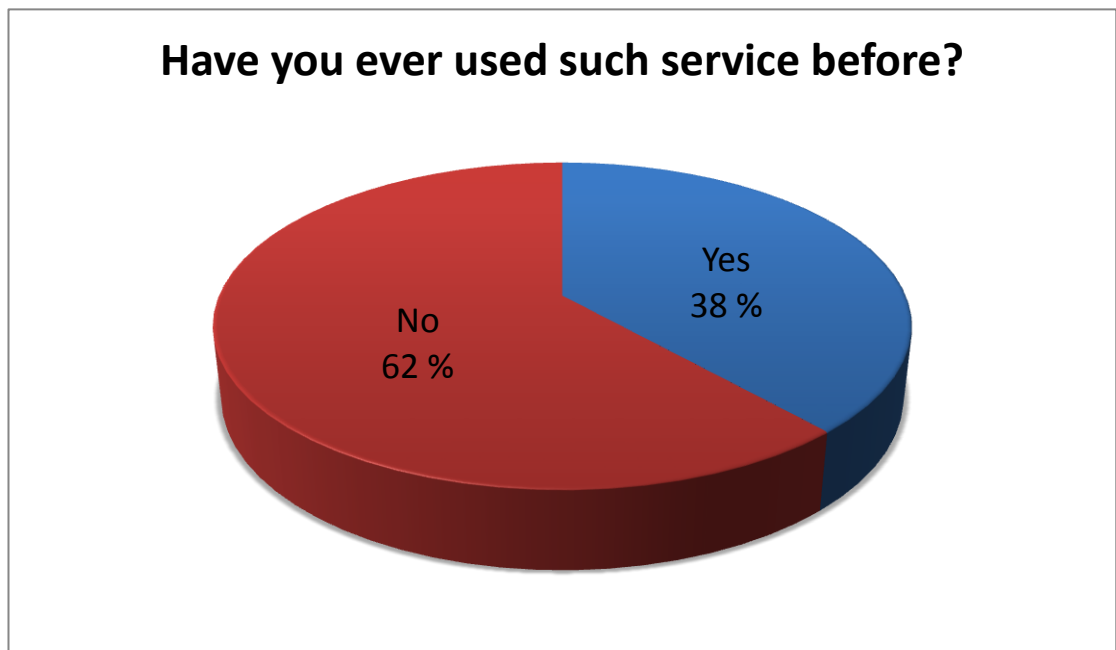


Figure 22. Usage of overseas online purchasing service

As the Figure 22 shows, although 88% of the respondents have heard about such a service and 74% have seen advertisements for it before, only 38.39% of all the respondents have actually used such a service. It can be concluded that there is still a huge amount of potential customers for such a service to reach in the future. Companies in this business field may need to pay attention to the reason why there is a big gap between the number of people who have seen advertisements of such a service and the number of people who have actually tried or used this service. The statistics from the later questions will show the possible reasons or concerns of the respondents who have not used such a service yet.

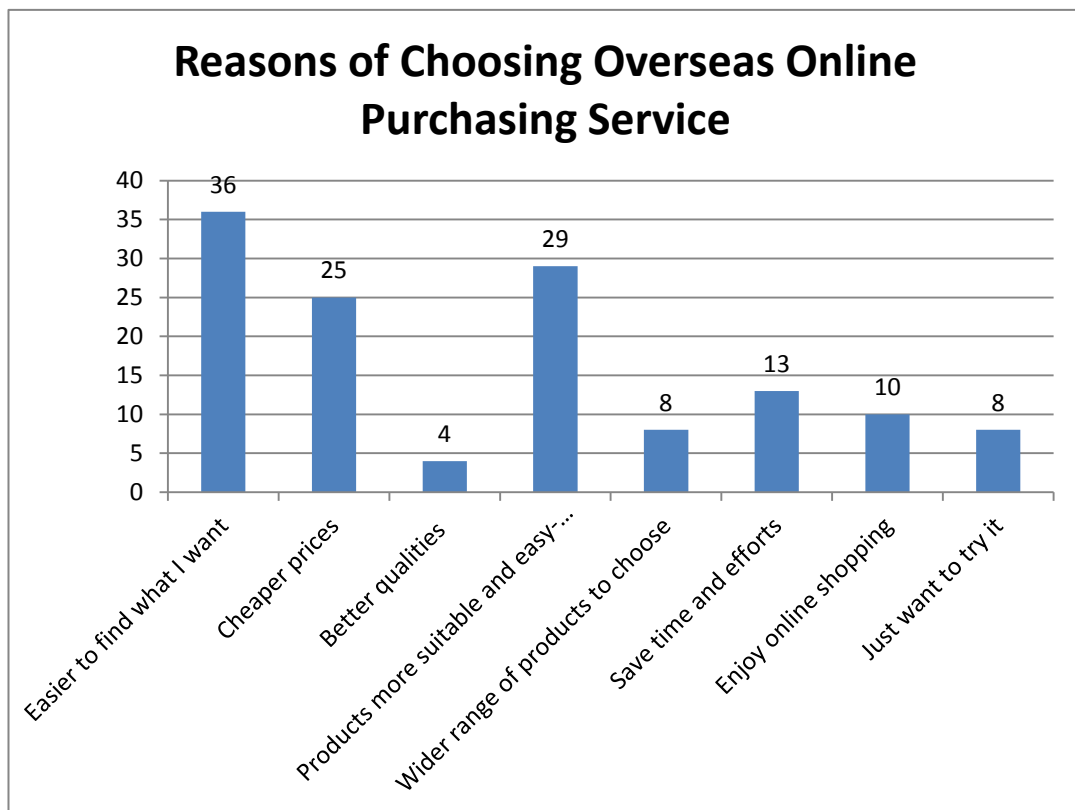


Figure 23. Reasons of choosing overseas online purchasing service

This question was structured to gather the main reason why overseas customers chose to use such service. Figure 23 shows that, among the 38.39% of all the respondents who have used such service before, 83.72% have chosen to use such service because they cannot buy their desired products in the local shops, while more than 50% of them have chosen the reason that their desired products purchased from China are either of better quality or more suitable and easy to use than those sold in local shops. A clear conclusion can be drawn that most of the respondents regard “we can’t buy what we want from the local shops” as the main reason why they chose to use such a service, this also accords with the statistics from later questions that the most frequently purchased Chinese products are normally not sold in the local Asian or Chinese shops. In addition, easy-to-use and price are the second and third reasons behind those respondents’ purchasing behaviors.

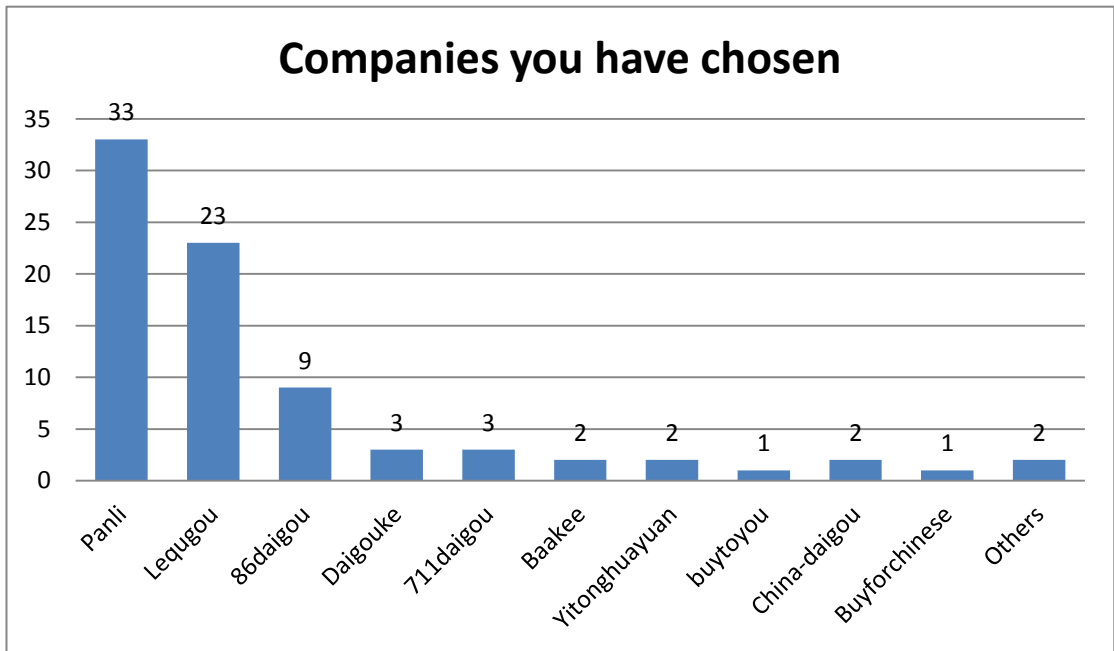


Figure 24. Companies respondents have chosen

Two companies are most frequently used by the respondents, 33 or 76.7% have chosen Panli while 23 or 53.5% have chosen Lequgou, followed by 86daigou with 20.9%. The rest of the votes were almost equally distributed to the rest of the seven companies. It is not hard to see that Panli and Lequgou are in a dominant position in this business field, and the only one who may compete a little with them is 86daigou.

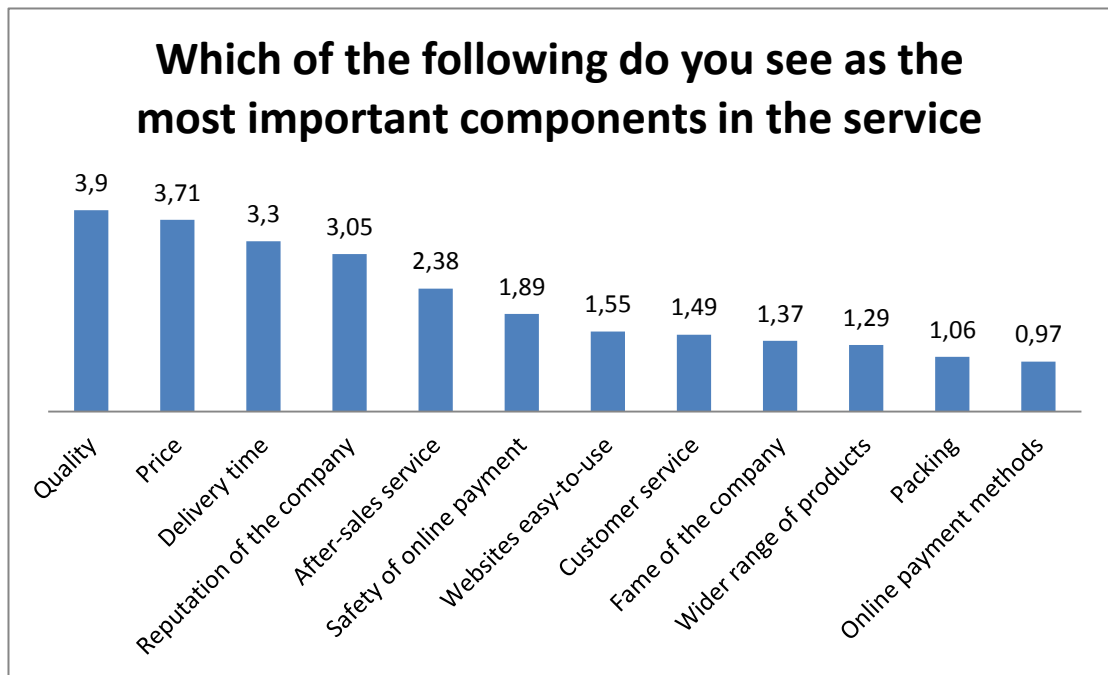


Figure 25. Most important components in the service

In this question, participants were asked to rank several components of the service in an order where the component they see as the most important one is put in the first place and the one they see as the least important one is put in the last place. In addition, to give a comprehensive rank of all the components, each rank is given a specific grade in order to calculate the total grade of a component at the end. The first four components that the respondents see as the most important ones are: quality, price, delivery time and company’s reputation. These components are also the only four which got more than 3 points in the calculation, followed by the component “after-sales service” which is the only one that got between two and three points. The last components in the rank are “abundant payment methods” which only got 0.97 point.

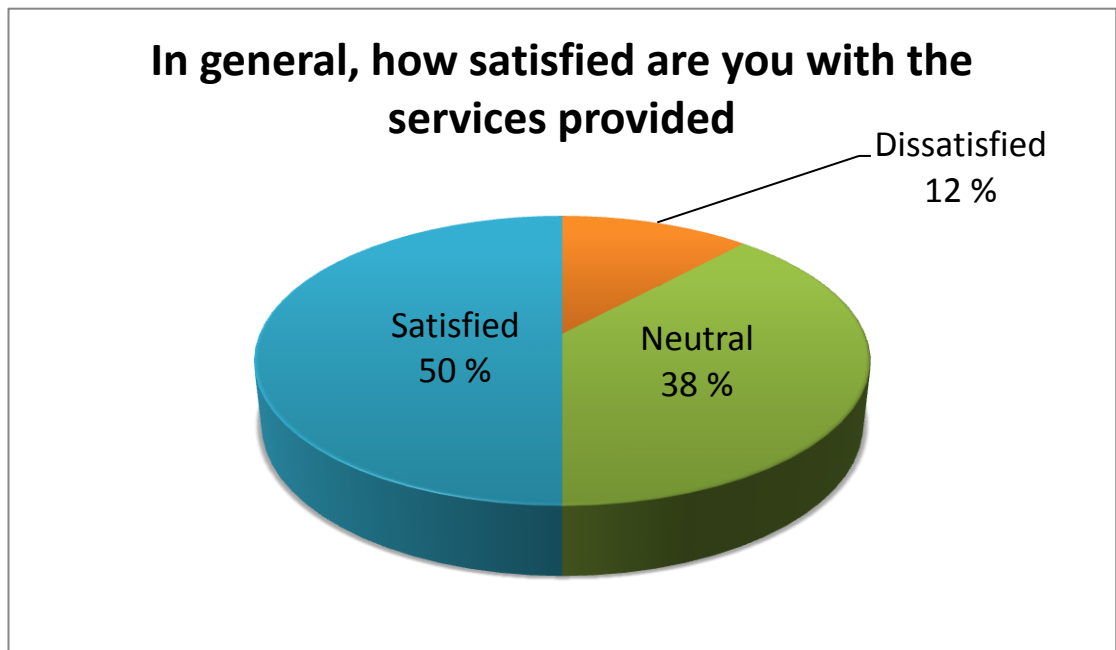


Figure 26. Respondents' general satisfaction level

This question is designed to show the overall satisfaction level of the customers who have used such a service before. As a result, the participants were asked to choose in a 1-5 scale question where 1 stands for completely dissatisfied and 5 stands for completely satisfied. As shown in Figure 26, nearly half of the respondents are satisfied with the service while 37% hold a neutral opinion. The average score for this question is 3.38, which means the overall satisfaction level of the respondents is near the middle point between “neutral” and “satisfied” with a slight incline to “neutral”.

Components	Completely	Unsatisfied	Neutral	Satisfied	Completely	Average
	Unsatisfied				Satisfied	
Quality	0(0%)	2(4.65%)	13(30.23%)	28(65.12%)	0(0%)	
Price	0(0%)	5(11.63%)	27(62.79%)	11(25.58%)	0(0%)	
Range of products	0(0%)	2(4.65%)	16(37.21%)	18(41.86%)	6(13.95%)	
Delivery time	1(2.33%)	9(20.93%)	19(44.19%)	12(27.91%)	2(4.65%)	
Packaging	0(0%)	1(2.33%)	19(44.19%)	17(39.53%)	6(13.95%)	
Online payment methods	0(0%)	2(4.65%)	8(18.6%)	27(62.79%)	6(13.95%)	
Safety of online payment	0(0%)	0(0%)	12(27.91%)	21(48.84%)	8(18.6%)	
Design of the website	0(0%)	3(6.98%)	11(25.58%)	24(55.81%)	2(4.65%)	
Customer service	0(0%)	6(13.95%)	3(6.98%)	19(44.19%)	14(32.56%)	
After-sales service	0(0%)	4(9.3%)	8(18.6%)	16(37.21%)	14(32.56%)	

Figure 27. Respondents' satisfaction level towards specific components

Question 15 is structured to give more detailed information about the satisfaction level of the customers towards ten different specific components. First of all, the overall average score of the satisfaction level of all the ten categories together is 3.65, which is quite close to 3.38 in the previous question. In addition, as shown in the statistics in each category, the majority of the respondents' satisfaction level of all ten different components are mostly distributed either in "satisfied" or "neutral" with only two exceptions: in the component "customer service", most of the respondents (44.19%) are satisfied with the service followed by 32.56% who are completely satisfied; in the component "after-sales service", most of the respondents (37.21%) are satisfied with it followed by 32.56% who are completely satisfied. All in all, customers are more satisfied with the customer

service and after-sales service than other components in the online purchasing service.

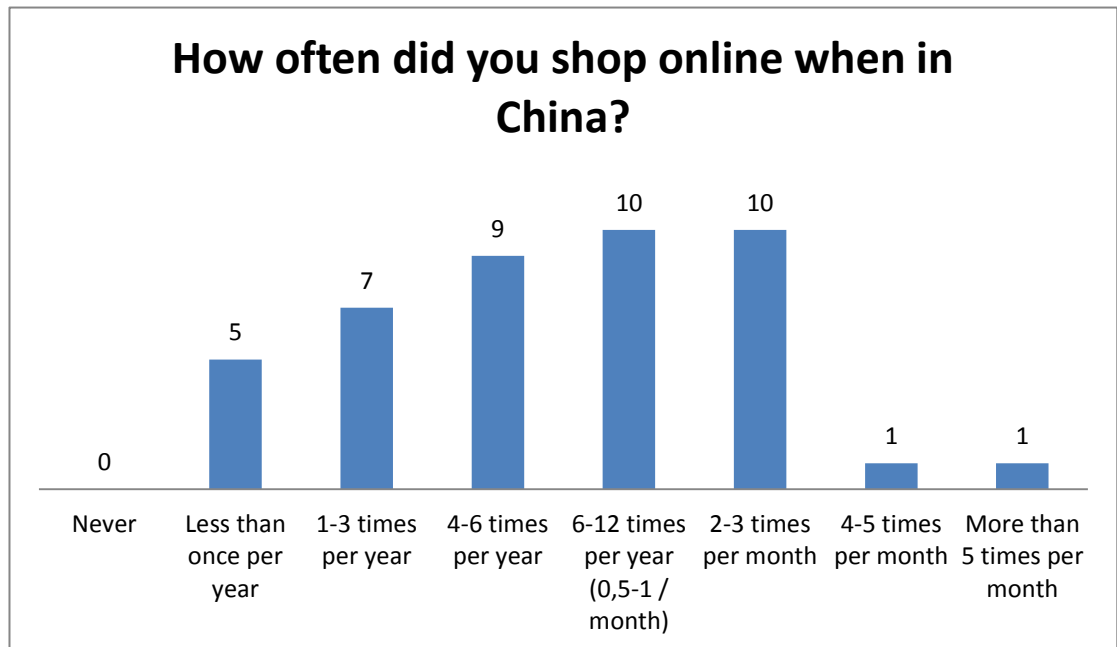


Figure 28. Frequencies of normal online shopping in China

This question is to give a comparison between how frequently customers shop online in China and how frequently they use online purchasing service when in abroad. As it shows in the chart, about half of the respondents shop 0.5-3 times online per month when in China and roughly 1/3 of the respondents do it 1-6 times per year. The rest who shop online less than 1 time per year or more than 4 times per month together only account for about 15%. All the respondents have used normal online shopping when they were in China, online shopping is not new to anyone of them. After calculation, the average times of the respondents shopping online per year when in China is 12.1, which almost equals to 1 time per month.

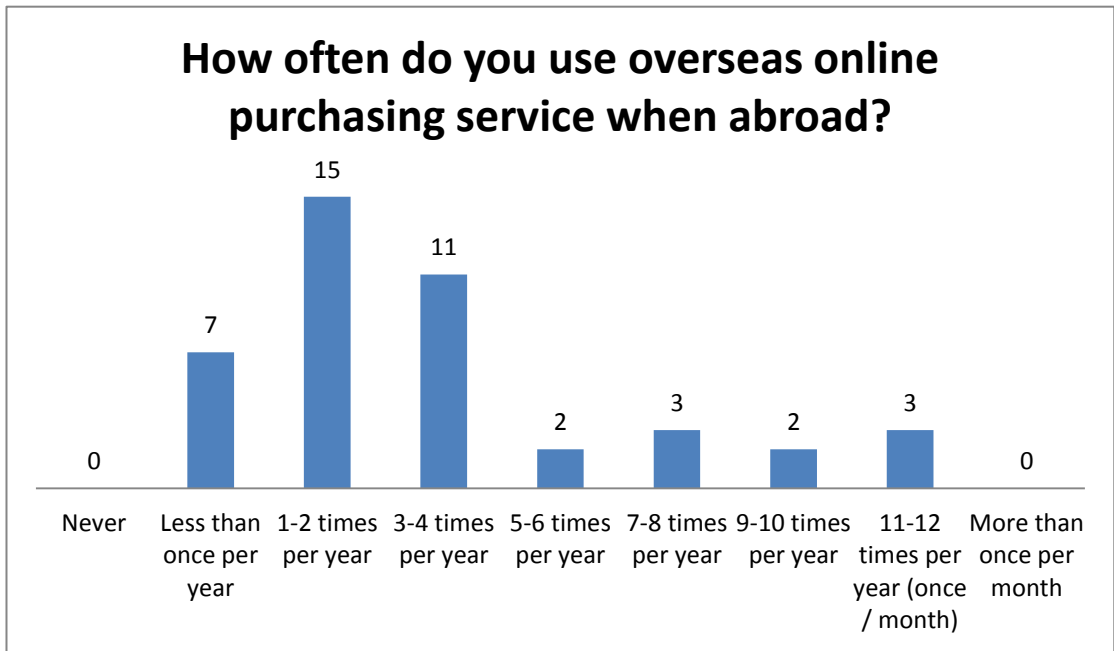


Figure 29. Frequencies of using overseas online purchasing service in abroad

Unlike what it shows in Figure 16, the majority of the respondents use online purchasing service less frequently than they shop online when in China. 60% of the respondents said that you use such a service 1-5 times per year while 16% said they use it less than one time per year. Only ten of all the respondents said they use it more than 0.5 times per month. From all the data in this question, it can be calculated that the average times of the respondents using online purchasing service per year is 2.9 which, compared with the statistics from the previous question, is quite a small number. This may indicate that online shopping was already a familiar concept to the respondents before they went aboard and normal online shopping business has offered a solid base to overseas online purchasing service.

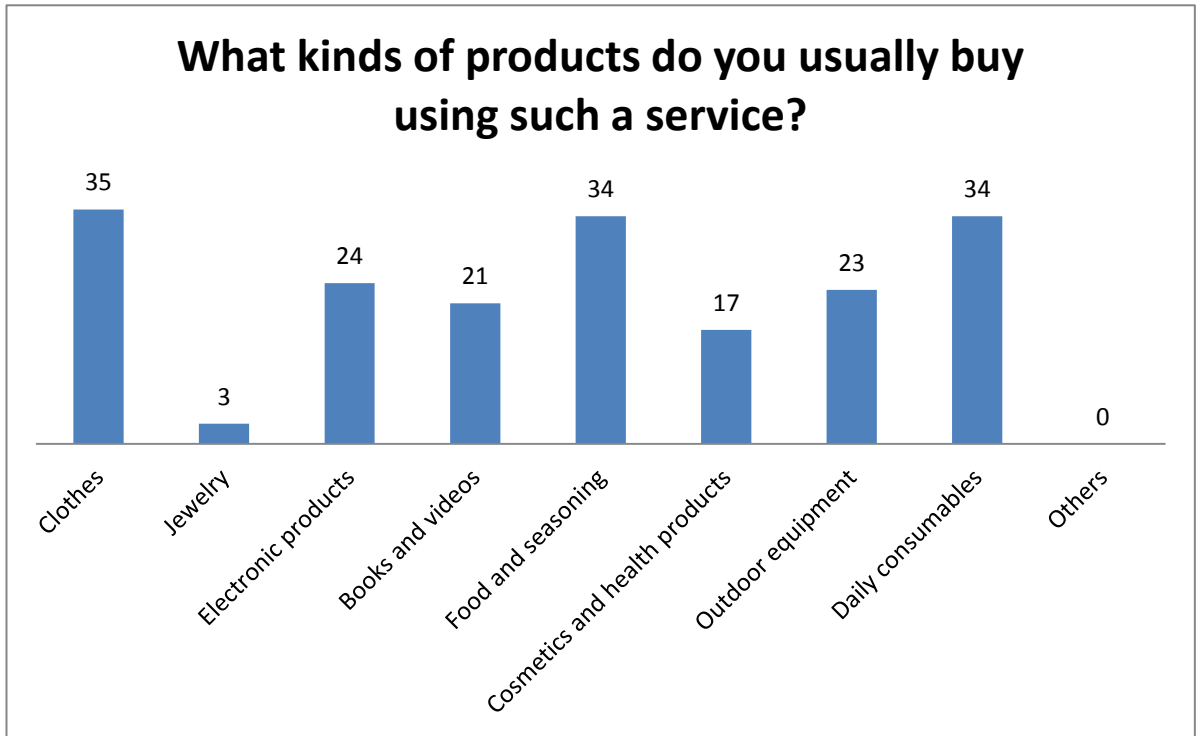


Figure 30. Products usually bought by respondents

About 80% of all respondents chose that they usually use online purchasing service to buy clothes, food and seasoning as well as daily consumables. In addition, about 50% of all the respondents chose that they usually use such a service to buy electronic products, books and videos as well as outdoor equipment. 40% of the respondents chose cosmetics and health products. It is evident that products which are most frequently bought by the respondents are all necessities of daily life. Those products are usually cheap but in need of a large quantity.

What are the main difficulties faced by you when using overseas an online purchasing service?

Products were fake or inferior	8	18.6%
Products received were not	13	

as same as described in the website		30.23%
Size of the product was wrong or didn't fit	13	30.23%
Packages were damaged	6	13.95%
Customer service was not in time	11	25.58%
Personal information was revealed	4	9.3%
Problems happened when paying online	5	11.63%
Websites were complicated to use	7	16.28%
Too many advertisements on the websites	28	65.12%
Delivery time was too long	33	76.74%
Couldn't find desired products	8	18.6%
Products were impounded by custom	6	13.95%
Tariff was too high	16	

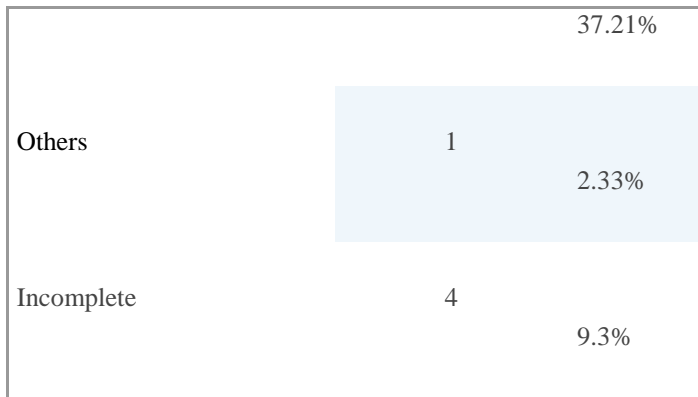


Figure 31. Main difficulties faced by respondents when using overseas online purchasing service

This question is designed to investigate where companies in this business field are not doing as well as the customers expect. As a result, it can be seen that more than 65% of all the respondents think that the delivery time is too long and there are too many advertisements on their websites. In addition, 37.2% of the respondents said the tariff is too high, followed by about a third of the respondents saying that the products they purchased are not as same as described in the website, or the size is wrong or does not fit correctly. A conclusion may be made that more efforts from the companies in this business field should be put to reducing the delivery time and the number of advertisements on the websites, as well as the ways to reduce tariff and making sure the products meet customer's expectations.

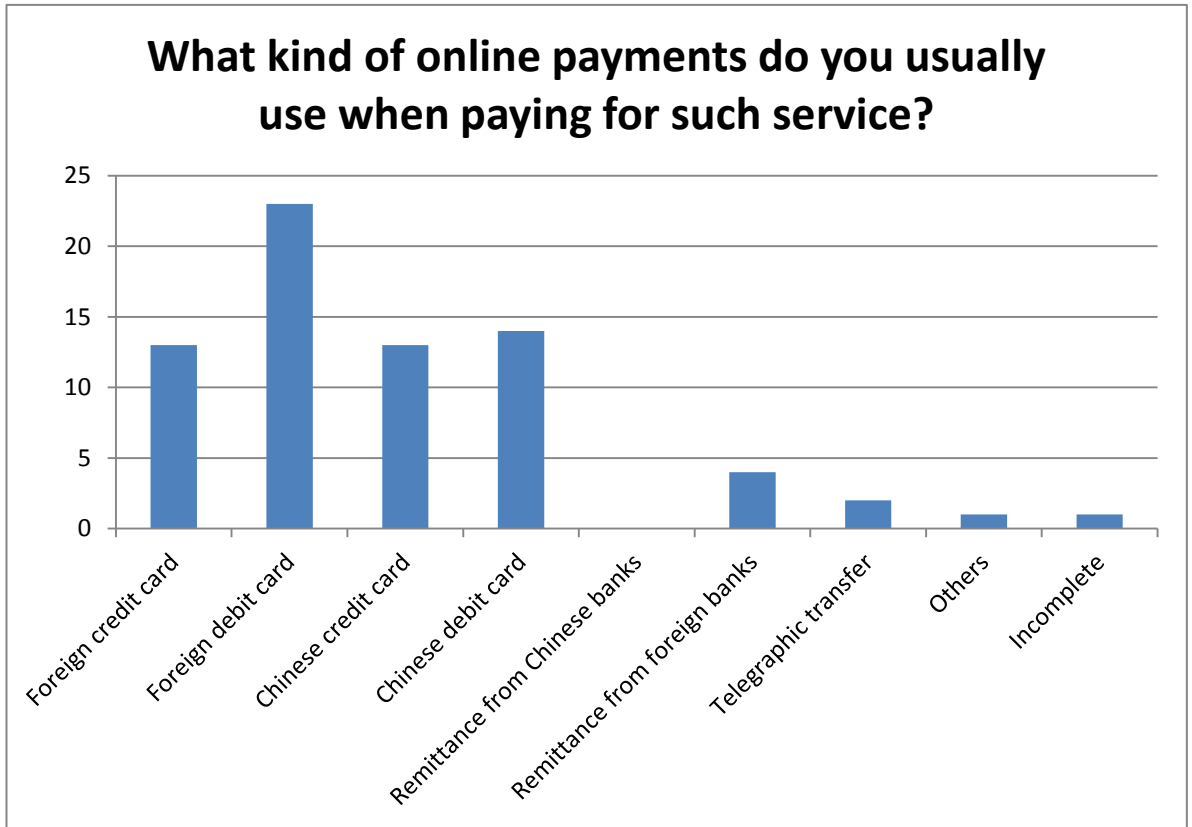


Figure 32. Online payments usually used by respondents

As it shows in Figure 20, more than half of the respondents use foreign debit card to pay for the service, while equally about 30% of the respondents use a foreign credit card, a domestic debit card or a domestic credit card to pay. Quite a limited number of respondents choose to pay by other means. Therefore, if a company wants to improve its service in regard to online payment, more attention should be paid to the first four methods.

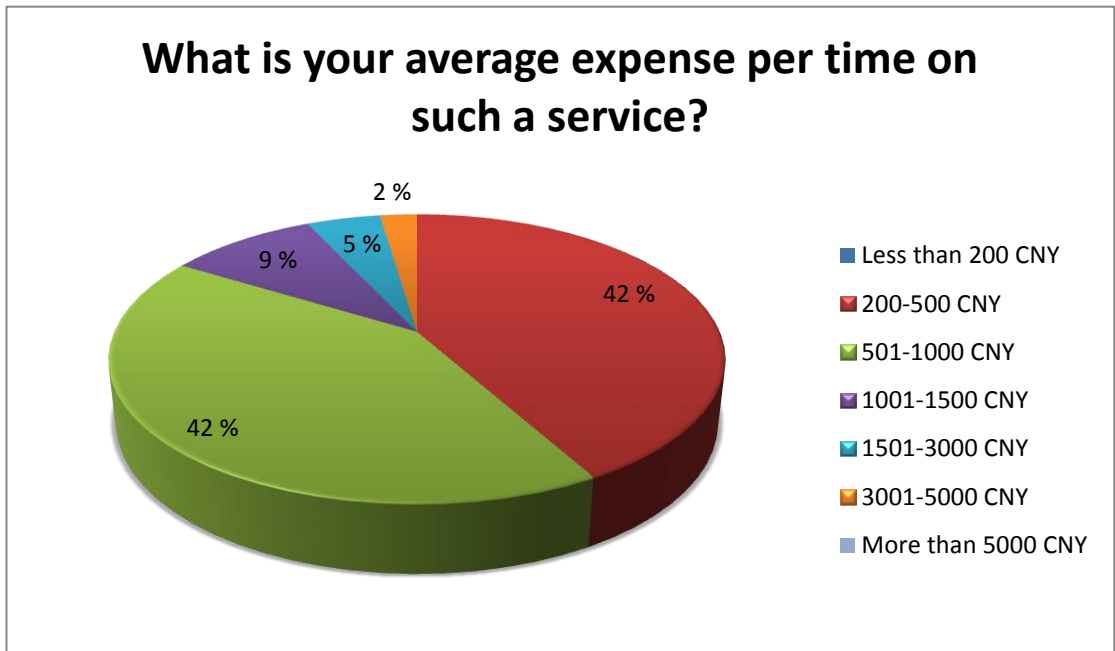


Figure 33. Average expense per time on overseas online purchasing service

As shown in Figure 33, the same number of respondents spend 200-500 and 500-1000 CNY per time when using an online purchasing service, which together accounts for 84% of all the respondents. We can, thus, conclude that the most of the respondents spend 200-1000 CNY per time. After calculation, the average figure is 774 CNY, which roughly equals to 97 euros.

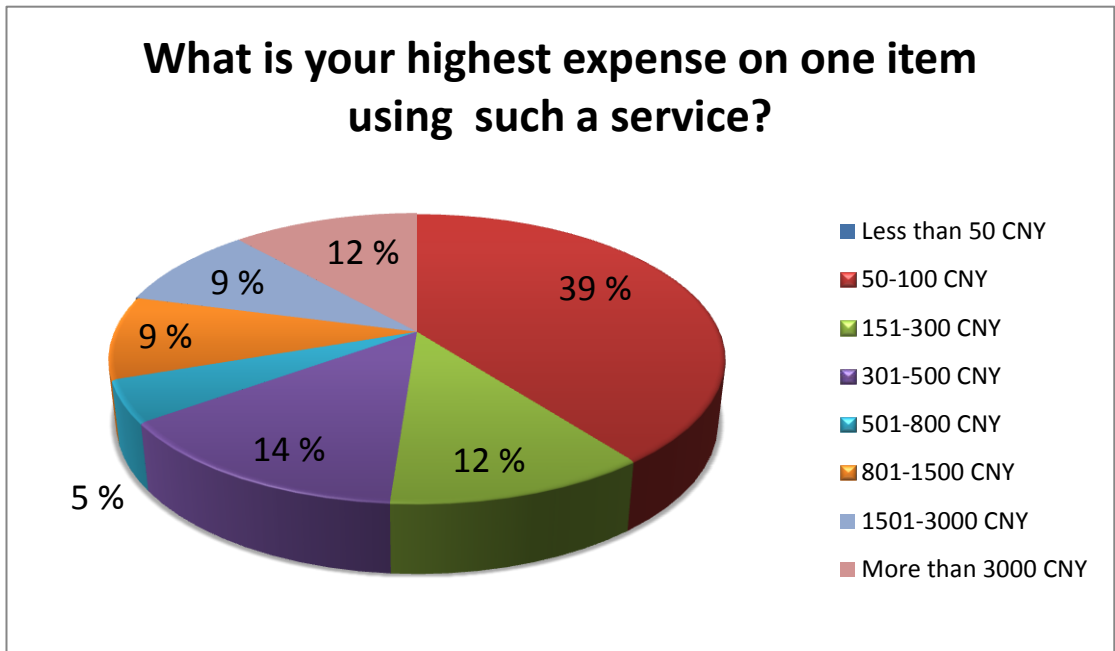


Figure 34. Highest expense on one item on online purchasing service

As it shows in Figure 34, the highest expense spent by 40% of the respondents on one item is 50-150 CNY, followed by 25% of the respondents whose highest expense is 151-500 CNY. Most of the respondents' highest expense is below 500 CNY, which means that cheap and medium-priced products are more favored than expensive ones in such a service.

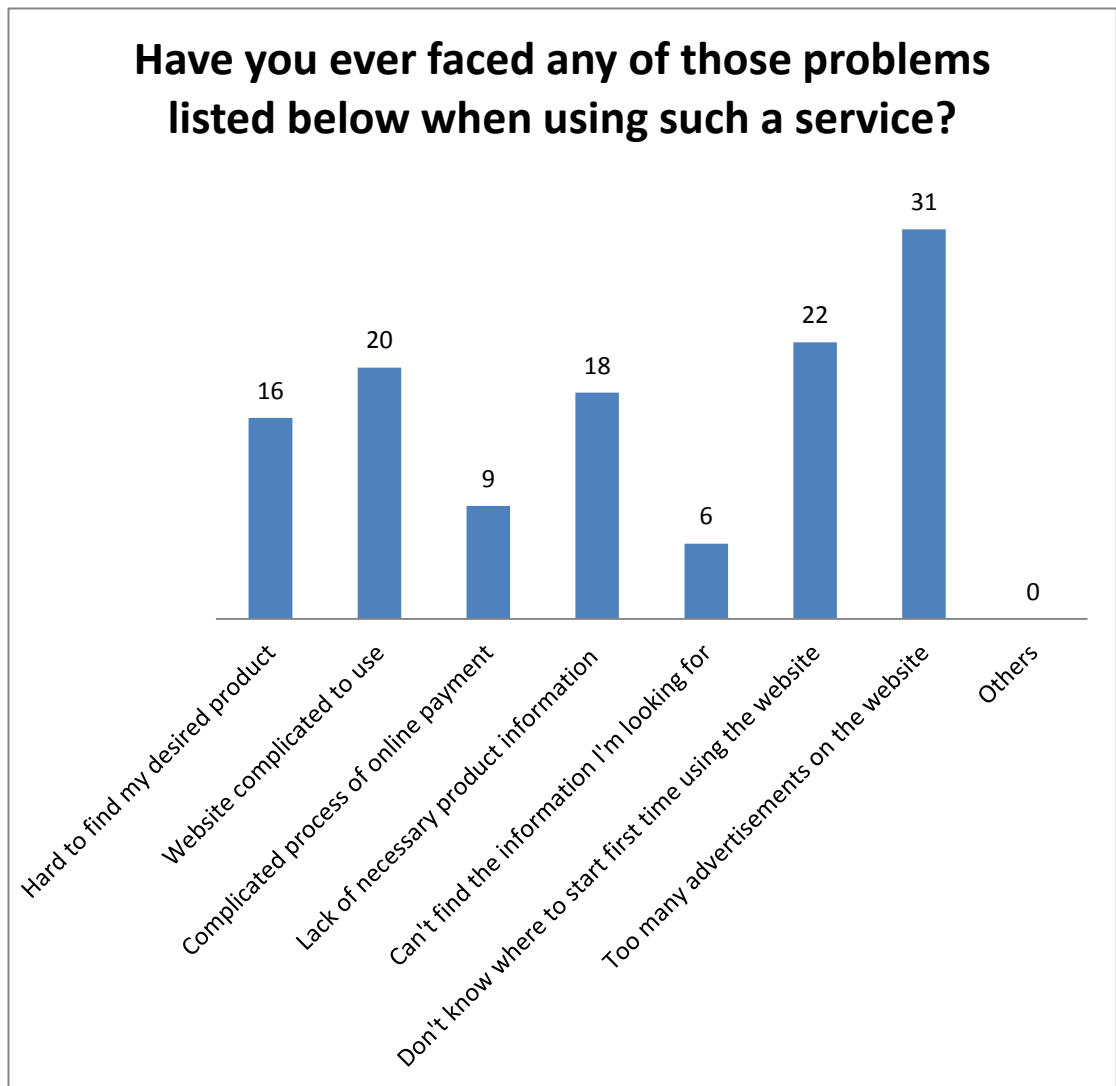


Figure 35. Problems faced by respondents when using the website of overseas online purchasing agencies

This question is designed to investigate the problems that the customers have faced when using the websites of various companies. As shown in Figure 35, more than 70% of the respondents think there are too many advertisements on the website while four other problems have been raised by about half of the respondents: “hard to start when first using the website”; “website is too complicated and hard to use”; “lack of necessary product information” and “hard to find desired product from disordered categories”. A conclusion may be made

that companies in this business field have to reduce the number of advertisements on their website to a balanced point. Attentions should also be paid at simplifying their websites and providing sufficient product information as well as dividing all products into clear categories.

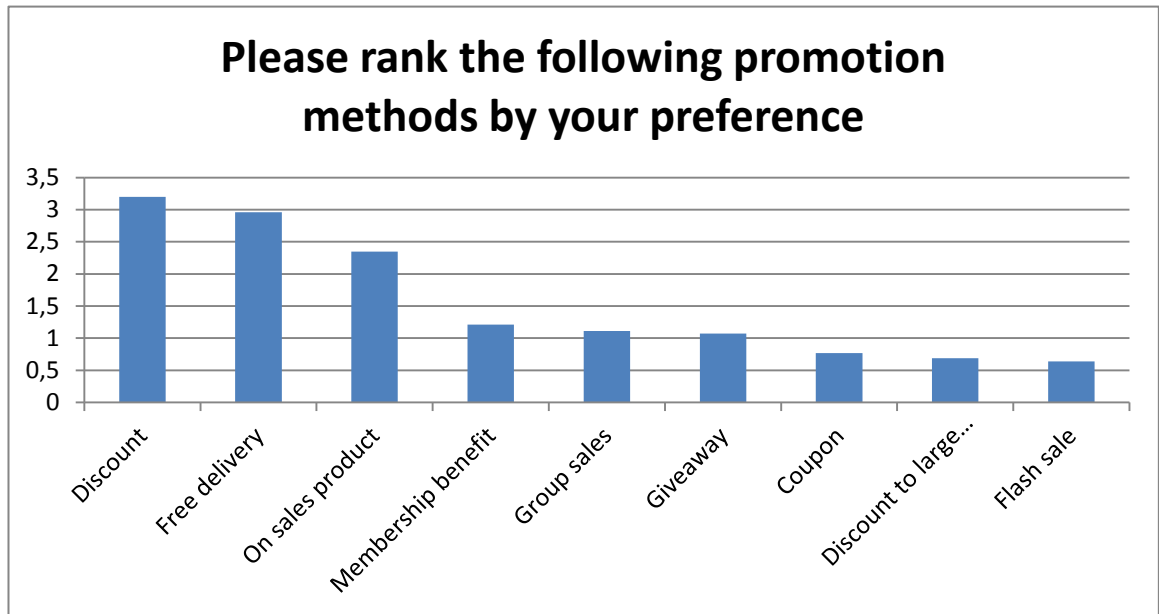


Figure 36. Rank of promotion methods by respondents

In this question, the participants were asked to rank several promotion methods of the service in an order where the method they like most important is put in the first place and the one they like least is put in the last place, points are given at the end according to the overall rank of each method. As shown in Figure 36, the most favored three promotion methods are discount, free delivery and on-sales products, followed by membership benefits which only have half of the points of the third choice. Companies can thus design the promotion activities and market their service according to the preferences of the customers.

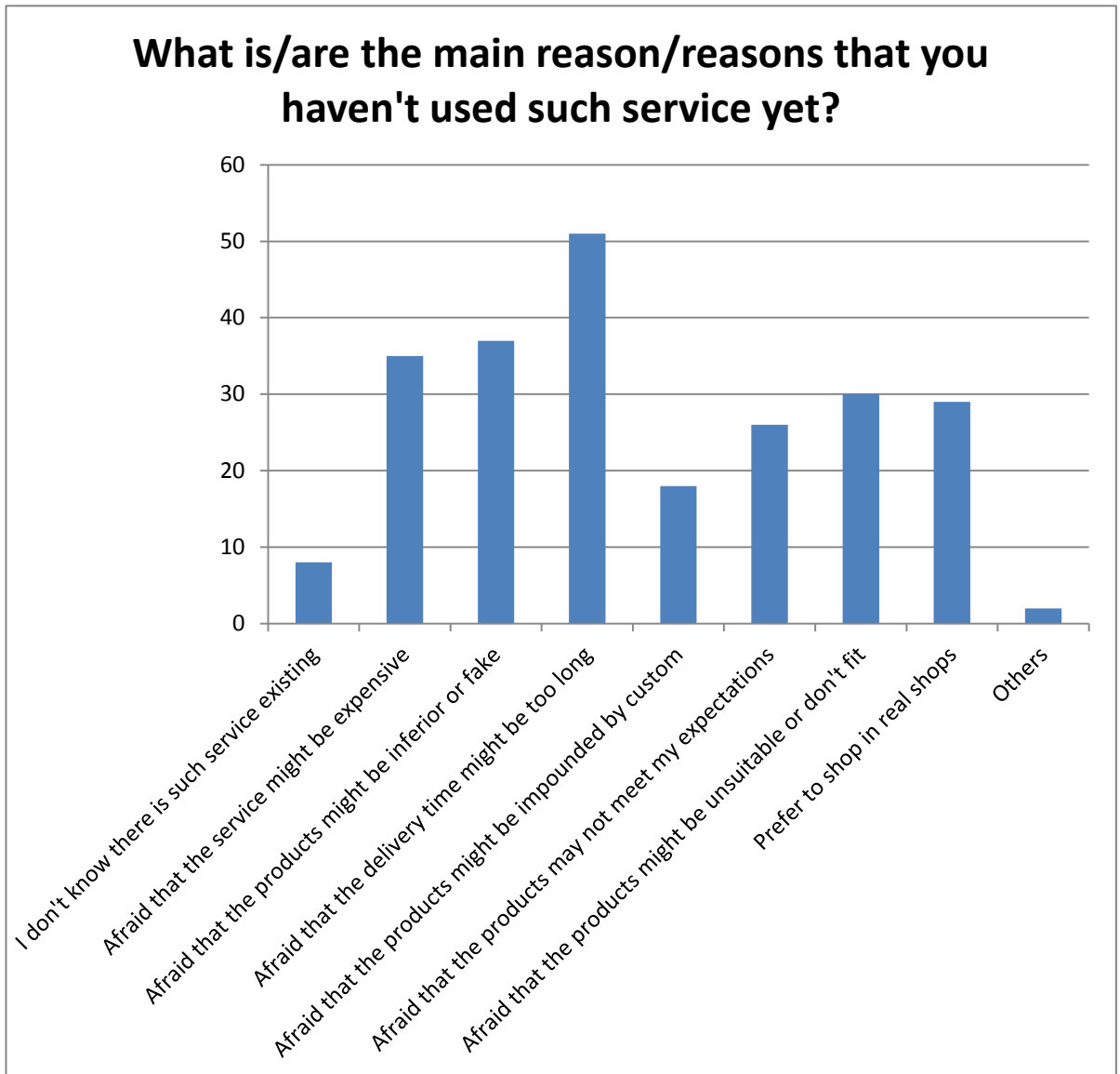


Figure 37. Main reasons why respondents haven't used overseas online purchasing service

This question is structured to give a general picture of why people do not use such a service, so that companies in this business field can market and promote their service to their potential customers accordingly. As shown in Figure 37, the majority of the respondents chose “delivery time” as the main concern why they have not used such a service before. In addition, half of them are afraid that the service might be expensive or the products might be inferior quality or fake. About 40% of the respondents are concerned whether the products will meet their

expectations and fit them or if the products are suitable and easy to use. Another 40% respondents said they prefer to go shopping in real shops. As a result, companies in this business field may need to focus on marketing and promoting their service according to the most possible concerns in order to get more potential customers to use their service.

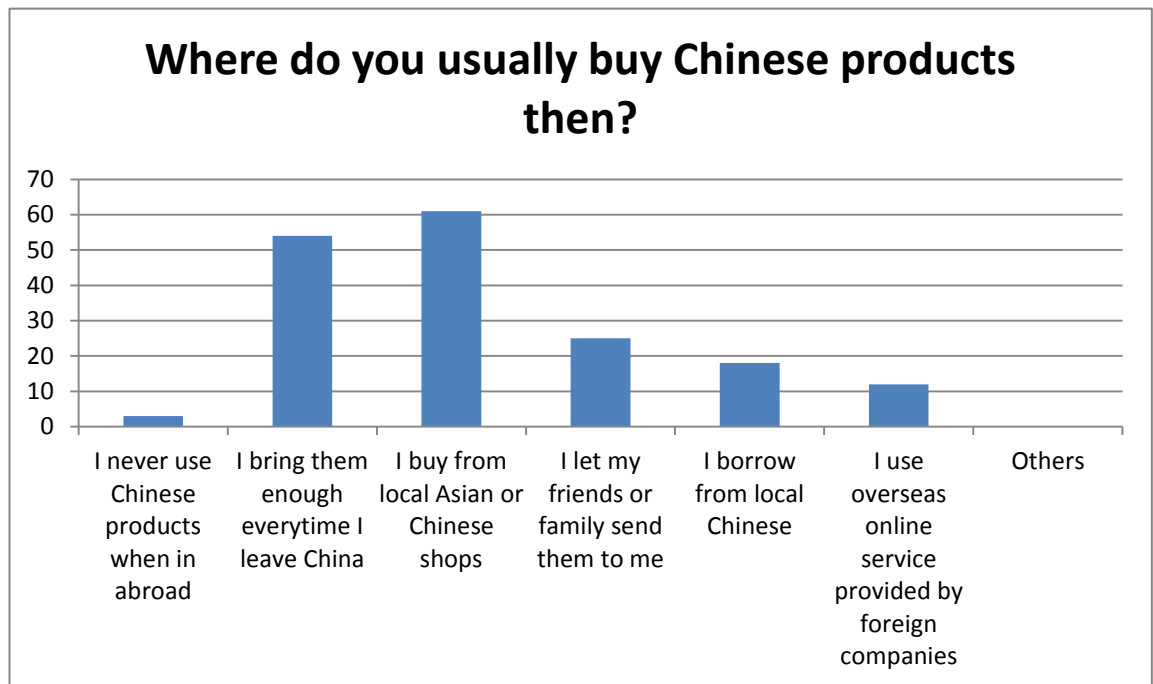


Figure 38. Places where respondents who haven't used overseas online purchasing service usually buy Chinese products

This question is designed to investigate the possible competition in this business field. As shown in Figure 38, a great number of respondents, 88%, chose to buy Chinese products from local shops, 78% bring all they need when they leave from China. A third of them ask their family or friends to send their desired products from China by post offices while 17% use online purchasing services provided by foreign companies. Therefore, the most obvious competition which is controllable is from those local shops selling Chinese products and normal post services. Emphasis may, thus, be put into elements which can give online purchasing agencies competitiveness against local shops and normal post service.

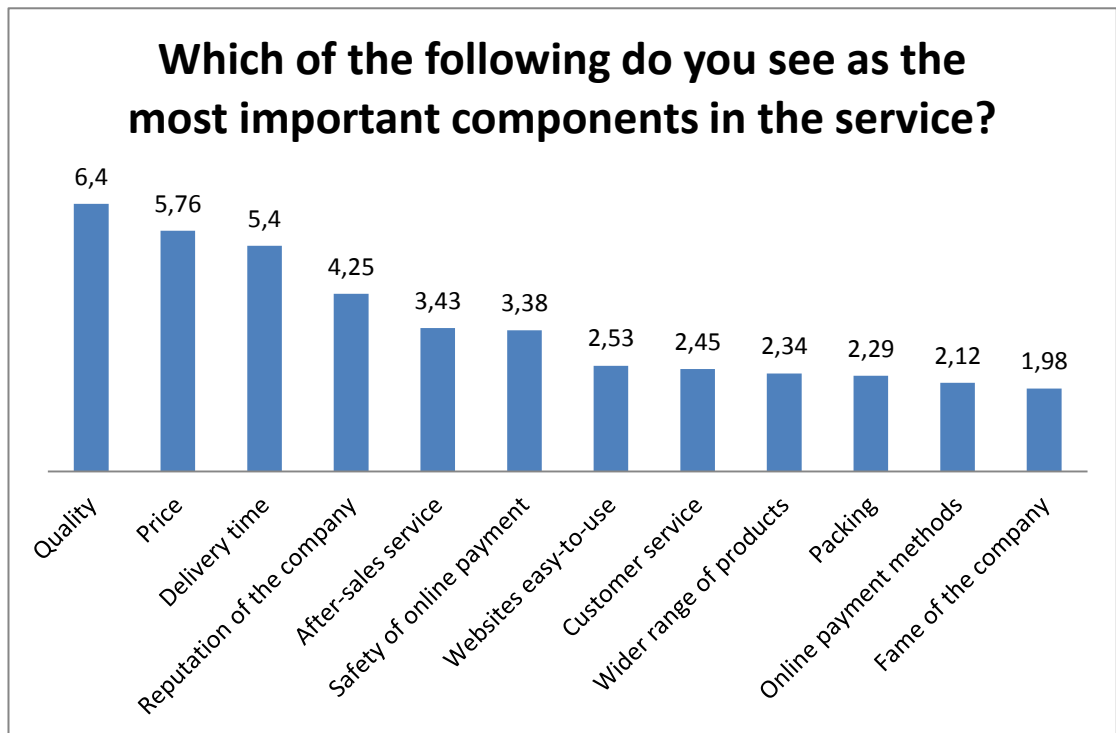


Figure 39. Most important components in the service

Customers who haven't used such a service rank their expectations almost as exactly the same as the expectations of customers who have used such a service before. The first eight ranks are amazingly the same as in question 13. Therefore, it can obviously be concluded that all the customers, whether they have used such a service or not, hold the same priorities of expectations of different components in an online purchasing service. Considering this, companies can accordingly choose the components of their service to improve in order to meet their customers' expectations to a higher level.

4.2. Part II

In this part, the statistics of the related questions will be compared to give a deeper analysis of the comparison. Conclusions given in this part may be more comprehensive and serve to this business industry as a whole.

First of all, let's take a look at the statistics from Question 6, 17 and 21 together.

As already calculated in figure 17, the average times of the respondents using an online purchasing service per year is 2.9 times per year (about 0.24 time per month), along with what Figure 21 shows that the average amount of money spent by the respondents per time using an overseas online purchasing service is 97 euros. Thus, it can easily be calculated that most respondents who have participated in this survey have an average monthly expense of about 23.28 euros on such a service. As we have already learned from Figure 18 that, the average monthly discretionary income of all respondents is 520 euros, therefore, the ratio of the monthly expense that the respondents spend on overseas online purchasing to their monthly discretionary income is only 4.5%.

In addition, as already analyzed in question 18 in part I, the products which are most frequently bought by the respondents are all necessities of daily life, those kind of products usually take a large part of the monthly discretionary income which, apparently, will be much higher than 4.5%. Thus, it can be concluded that there is still a huge profitable space in this business industry as long as efficient marketing and successful improving of the service can be carried out by companies in this business field.

Secondly, let's compare the statistics from question 16, 17 and 26. Lots of respondents shop online in China much more frequently than they use an overseas online purchasing service when abroad and the main concern chosen by the respondents is the delivery time. This is also the biggest difference between domestic online shopping and overseas online shopping as has been discussed and analyzed in the theoretical part of the thesis previously. Therefore, companies in this business field should consider improving their delivery service as a top priority in order to have a strong competitiveness against other rivals.

Thirdly, a comparison between statistics from question 11, 18 and 27 should also be considered. In question 11, more than 80% of the respondents chose to use

overseas online purchasing service because they cannot find their desired Chinese products, while in question 27, nearly 90% of the respondents who have not used such a service yet said they buy their desired Chinese products from local Asian or Chinese shops. From these two statistics, we can see that local Asian and Chinese shops are a big threat to this business industry. However, there is still a huge number of customers who cannot find what they want from those local shops. Therefore, a suggestion may be made that companies in this business field need to focus on the categories of products that are usually not sold in the local Asian or Chinese shops. In addition, according to the analysis given in Question 18, products which are most frequently bought by the respondents using such a service are all necessities of daily life. Therefore, a specific focus should be considered to give to the daily necessities (clothes, food and seasoning and other daily consumables) which are usually not sold in the local Asian or Chinese shops.

Fourthly, when comparing the statistics from question 10 and 14, it can be seen that although more than 60% respondents have not used such a service before, 40 % of the respondents who have used this service generally tend to be satisfied with it. Thus, the service itself is believed by customers to be attractive as well as helpful and a huge potential of customers exists. Companies in this business field need to get more of their potential customers to try this service in order to expand and develop their operations.

Fifthly, the statistics from question 13, 14, 15 and 28 should be compared accordingly to better analyze customers' satisfaction and expectations. Statistics from question 13 and 28 show that customers who have not used such a service rank their expectations almost exactly the same as the expectations of customers who have used such a service. The top five expected components in the service are: price, quality, delivery time, reputation and after-sales service, among which, As shown in Figure 26 and 27, two are ranked below the overall satisfaction level:

namely price and delivery time. This may lead to a suggestion that companies in this business field need to improve those two components in order to reach a higher overall customers' satisfaction level and, thus, gain a competitive advantage against their rivals.

At last, if comparing the statistics from question 19 and 23, it is quite obvious that most respondents think there are too many advertisements on the companies' websites. As a result, attention should be paid to reducing the number of advertisements on the website to a balanced point which means that, on one hand, the advertisements are useful for the customers and provide certain profits to the companies, on the other hand, the number of the advertisements should not be annoying to customers or prejudicing the convenient use of the website.

5. SUMMARY AND CONCLUSION

5.1. A brief summary of the thesis

In this chapter, a brief summary of the whole thesis is given. In addition, a conclusion will also be given as a guidance which aims to provide some help to the future of this business field. As an old Chinese proverb says “you can’t make things perfect, but you can make things better by trying to do so”.

Aiming at solving the main research problem “How can we improve the overall performance of Chinese online purchasing agencies for the overseas Chinese customers?” the research is conducted in six chapters.

The first chapter serves as an introduction to the thesis. In this chapter, the background of the thesis is explained; research problem and the main objectives of the thesis are also stated. In addition, readers can also find the research methodology and the structure of the thesis explained and discussed in this chapter.

In the second chapter, an overall introduction to the concept of E-commerce is given, and the current situation of e-commerce in China. Moreover, two business models of e-commerce which are closely related to overseas online purchasing service are also explained and analyzed thoroughly in this chapter.

The third chapter tells the readers all the detailed information of the business field of overseas online purchasing service. From questions such as what is this service, who may need this service, to logistics, customer service as well as taxations of this service, every component involved in the business process of this field is explained and analyzed.

The fourth chapter focuses on overseas Chinese, who are the only targeted customers of this business field. Definition, history, distribution as well as

occupation and education of Overseas Chinese are stated and summarized in this chapter; a small conclusion is also given at the end of it.

In the fifth chapter, empirical part of the thesis starts to be carried out. Research method, sample and data collection method, validity and reliability of this thesis as well as limitations of it are all discussed and analyzed.

The sixth chapter comes to the empirical findings from the research of this thesis, 29 questions structured in the survey are analyzed and discussed in two parts, both separately and comparably. Valuable findings and suggestions are also given in this chapter for companies in this business field to better improve their overall performance in the future.

Last but not the least, the last chapter gives a brief summary of the whole thesis and a conclusion which helps to better and deeper solve the research problem of this thesis: How to improve the overall performance of Chinese online purchasing agencies for Chinese overseas customers?

5.2. Conclusion

In the introduction chapter, the research problem was divided into three sub-questions:

1. What are the main expectations of customers in overseas online purchasing service for the overseas Chinese and what are their current satisfaction levels towards their expectations?
2. What are the main difficulties or inconveniences that have been faced by customers in overseas online purchasing service for the overseas Chinese?

3. According to the expectations and satisfaction levels of customers as well as the difficulties and inconveniences faced by customers, where and how should companies in this business field improve their services?

Answers to these three questions are summarized and concluded from the empirical findings from the research:

1. Customers who have not used overseas online purchasing service rank their expectations almost as exactly the same as the expectations of those customers who have used such a service before. The first eight components are, as the priority ranked by customers, quality, price, delivery time, reputation of the company, after-sales service, safety of online payment, websites' ease-of-use and customer service.

Customers' current satisfaction levels towards their expectations are also measured and analyzed in the chapter of empirical findings. As the results show, customers are more satisfied with the customer service and after-sales service than other components in the online purchasing service. Delivery time and Price are ranked as the least satisfactory components.

2. According to the findings from the research, the most frequently happened problems were, in order of frequency: 1. Delivery time is too long. 2. Too many advertisements on the website. 3. Tariff is too high. 4. Size of the products was wrong or the product does not fit correctly. Having learned what problems are most frequently faced by customers, companies in this business field can then make efforts to deal with them accordingly.
3. Based on the expectations and satisfaction level of customers as well as the difficulties and inconveniences faced by customers, companies should accordingly choose the components of their service to improve in order to meet their customers' expectations on a higher level. A conclusion may be

made that more efforts from the companies in this business field should be put to reducing the delivery time, price of the service fee and the amount of advertisements on their websites, as well as the ways to reduce tariff and making sure the products meet customers' expectations. How to achieve those goals is discussed and analyzed in each related part in the previous chapters.

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APPENDIX 1

Questionnaire in Chinese

关于"海外华人代购服务"的市场问卷调查

尊敬的先生/女士：

你好！

我是瓦萨应用科技大学国际商务专业的学生，这是一份有关“海外华人代购服务”的调查问卷，恳请您能协助完成此调查问卷。如果您在做此问卷期间有任何疑问，您都可以通过电子邮件 cheninfinland@gmail.com 来联系调查员。完成这份问卷只会花费您 10 分钟左右的时间。感谢您的耐心帮助！

问卷背景：随着国家综合实力的不断提升和经济的飞速发展，越来越多的中国人选择前往海外学习、工作或者定居。随着这一社会现象的加剧，针对海外华人的代购业务也迅速发展，越来越多的公司及企业开始涉足为海外华人提供从国内代购商品的代购服务。

本问卷旨在调查海外华人对于此种代购业务的满意及期望程度，以及从事

此种代购业务的企业及公司在这个行业目前发展阶段的整体表现。本问卷采用不记名方式填答，所获资料仅供学术研究之用，绝不对外公开，敬请根据您的真实情况放心填答。再次感谢您在百忙之中填写此问卷，谢谢！

1. 您的性别 [单选题] [必答题]

男

女

2. 您的年龄 [单选题] [必答题]

小于 18 周岁

18-22 周岁

23-27 周岁

28-32 周岁

33-38 周岁

大于 38 周岁

3. 您的职业 [单选题] [必答题]

在校学生

毕业新生

在职工作者

暂时无业

4. 如果您是在职工作者, 请说明您所从事的行业 [单选题] [必答题]

IT / 互联网

制造业

房产建筑

金融投资

广告传媒

医药

消费零售

公务员

其他 *

5. 您的学历 [单选题] [必答题]

高中及以下

大学专科

大学本科

硕士

博士及以上

6. 您的每月"实际可支配收入"* [单选题] [必答题]

低于 100 欧

101-300 欧

301-500 欧

501-800 欧

801-1200 欧

1201-1500 欧

高于 1500 欧

提示："实际可支配所得"在这里指扣除日常生活中的固定支出，例如房租、水电、货款、保费等，也就是扣除不得不支出的费用后的您实际可以自由支配的余额。（此题及之后凡涉及货币金额的题目，人民币与欧元汇率均按照8:1进行换算）

7. 您之前听说过"海外华人代购"*这项服务么? [单选题] [必答题]

听说过

没有听说过

提示："海外华人代购服务"在这里指国内从事此项代购业务的公司或机构从中国境内购买指定商品并且发货到海外华人手中的服务，而非海外华人从国外代购外国产品在国内销售的服务

8. 您之前有在任何地方看到过此类服务的广告么? [单选题] [必答题]

看到过

没有看到过

记不清楚了

9. 请告诉我们您之前在哪些地方看到过此类服务的广告 [多选题] [必答题]

社交网站

搜索引擎

社区、论坛或者贴吧

网上商城

户外广告

电视广告

报纸、杂志等平面媒体

其他

看到过，但是记不清在哪里看到过了

10. 您之前用过“海外华人代购服务”么？（系统会根据你所选的选项自动跳转剩余题目） [单选题] [必答题]

用过

没有用过

11. 请告诉我们为什么您会选择使用“海外华人代购服务”? [多选题]

在我居住的地方买不到我需要的商品

从国内代购来的我想要的商品的价格比在当地购买的价格便宜

从国内代购来的我想要的商品的质量比在当地出售的同类商品质量好

从国内代购来的我想要的商品比在当地出售的同类型的商品更合适、更好用

代购网站上商品的种类更多

用代购网站省时省力

我很享受在网上淘东西的乐趣

我就是想试一试这种代购服务

其他

12. 如果您用过此类服务, 请说明您选择过哪些公司或机构 [多选题]

Panli 代购(www.panli.com)

Lequgou 乐趣购(www.lequgo.com)

86daigou 代购中国(www.86daigou.com)

Daigouke 代购客(www.daigouke.com)

711 代购(www.711daigou.com)

Baakee 百客代购(www.baakee.com)

易通华远代购(www.daigou.org)

帮购中国(www.buytoyou.com)

China-Daigou 中国代购(www.china-daigou.com)

华人代购网(www.buyforchinese.com)

其他

13. 在选择一家公司为您提供此种代购服务前，您最看重的是这个公司服务里的哪一点？（请将您最看重的一点排在第一位，最不看重的一点排在最后一位） [排序题，请在中括号内依次填入数字]

[]公司名气大

[]公司口碑好

[]商品价格便宜

[]商品质量好

[]可供选择的商品范围广

网站设计干净简捷易于操作

客户服务好

送货速度快

包装质量好

可供选择的付款方式齐全

交易安全系数高

售后服务好

14. 请告诉我们您对这个行业目前服务质量的总体满意程度 [单选题]

很不满意

不满意

一般

满意

很满意

15. 请分别告诉我们您对以下几项服务内容的满意程度 [矩阵量表题]

很不满意 不满意 一般 满意 很满意

商品质量

价格*

商品种类

送货速度

包装质量

付款方式

付款安全

网站设计

客户服务

售后服务

提示：“价格”这一项在这里指您在一次购物时所花费的全部费用，包含商品价格，运输费用，海关关税，服务费用等等一切可能发生的费用

16. 您在国内的时候多久进行一次网上购物？ [单选题]

从不

低于一年 1 次

一年 1-3 次

一年 4-6-次

一年 6-12 次（每月 0.5-1 次）

每月 2-3 次

每月 4-5 次

多于每月 5 次

提示：此题涉及的是普通的网上购物活动，例如淘宝、京东等。

17. 您在国外的时候多久使用一次网上从国内代购商品的服务？ [单选题]

从不

低于一年 1 次

一年 1-2 次

一年 3-4 次

一年 5-6 次

一年 7-8 次

一年 9-10 次

每年 11-12 次(每月 1 次)

多于每月 1 次

18. 在使用此类代购服务的时候，一般您都代购何种商品？ [多选题]

服饰鞋帽

珠宝首饰

电子产品

图书音像

食品及调料

化妆及美容保健品

运动户外

生活用具

其他

19. 在您使用代购服务的过程中，发生下列问题么？ [多选题]

代购产品是假冒伪劣产品

代购产品与描述不符

代购产品尺码出错、尺寸不合适

代购产品包装受损、泄露

客服回复不够及时

个人信息遭泄露

网上付款遇到问题

网站设计过于复杂、操作困难

网站广告太多

送货时间过长

无法找到想买的商品

代购产品被海关扣押

代购产品征税过高

其他

20. 您一般选择何种付款方式？ [多选题]

境外信用卡

境外储蓄卡

国内信用卡

国内储蓄卡

国外银行汇款

国内银行汇款

海外电汇

其他

21. 您一般单次购物花费多少？ [单选题]

低于 200 人民币

200-500 人民币

501-1000 人民币

1001-1500 人民币

1501-3000 人民币

3001-5000 人民币

5000 人民币以上

22. 您在单个物品上，一次最高的花费是多少？ [单选题]

低于 50 人民币

50-150 人民币

151-300 人民币

301-500 人民币

501-800 人民币

801-1500 人民币

1501-3000 人民币

3000 人民币以上

23. 您在网上操作时，遇到过下列问题么 [多选题]

商品种类繁多，很难能寻找到想要的商品

网站界面复杂，难操作

结算方式复杂，程序较多

商品信息不全或者缺失

在网站上找不到自己想要的相关信息

第一次进网站的时候不知道从哪入手

广告太多，让人厌烦

其他

24. 以下几种促销手段中，您最喜欢哪一种？（请选择您最喜欢的几类促销手段，并按照您的喜好进行顺位排序） [排序题，请在中括号内依次填入数字]

[] 打折

[] 赠品

[] 优惠券

[] 免运费

[] 团购

[] 会员优惠

[] 限时抢购

[] 量多优惠

[] 特价商品

25. 假设，现在有一位你很熟悉的同学想要使用这种代购服务从国内代购某种商品，他/她知道你之前用过此种服务，特地前来向你咨询，你会怎么向他/她推荐，为什么？ [填空题]

26. 如果您从未使用过此种代购服务，是什么原因呢？ [多选题]

从来不知道有此类服务存在

觉得代购价格太高

担心买到假冒伪劣产品

觉得送货时间太长

担心代购商品被海关查扣

担心代购商品与预期有较大差异

担心代购商品不适用或者不合身

更喜欢在实体商店购物

其他

27. 如果您从来没有用过此项服务，您之前购买中国商品都是以何种方式实

现的？ [多选题] [必答题]

我在国外从来不用中国商品

我每次从国内出发的时候都把所需中国商品带够

我在本地的亚洲超市或者中国超市购买

我让亲友从国内直接邮寄过来

我找在本地中国人借

我使用国外公司的服务代购中国商品

其他

28. 如果您在未来会用到这项服务，您最可能看重的是这个公司服务里的哪一点？（请将您最看重的一点排在第一位，最不看重的一点排在最后一位）
[排序题，请在中括号内依次填入数字]

[]公司名气大

[]公司口碑好

[]商品价格便宜

[]商品质量好

[]可供选择的商品范围广

[]网站设计干净简捷易于操作

-]客户服务好
 -]送货速度快
 -]包装质量好
 -]可供选择的付款方式齐全
 -]交易安全系数高
 -]售后服务好
-

29. 假设，你现在很想从国内代购某种商品，恰巧你知道一位你认识的同学之前使用过此种服务，你前去向他/她咨询，你会咨询什么内容，为什么？
[填空题]

30. 谢谢您的耐心解答，您的问卷将会对这份调查提供很有价值的帮助。如果您对此份问卷调查有任何的意见或者建议，可以通过本问卷开头提供的电子邮件方式联系调查员，也可以在这里留下您的宝贵意见和建议，再次感谢您的帮助！ [填空题]

APPENDIX 2

Questionnaire in English

Survey on online purchasing service for overseas Chinese

Dear respondents,

I am a student of International Business from Vaasa University of Applied Sciences, Finland. I am conducting an international survey on online purchasing service for overseas Chinese. If you have any questions answering the questionnaire, you may contact me at cheninfinland@gmail.com. I would appreciate if you could take 10 minutes to answer the following questions.

Background of the survey: with the rapid development of China's economy and its increasing national comprehensive strength, more and more Chinese nowadays choose to study, work or live in foreign countries. With the change of this social phenomenon, many companies start to establish or expand their business to the field of online purchasing service for overseas Chinese.

This study is conducted in order to find out what Chinese customers in Finland expect from such service and how they are satisfied with the service provided as well as the overall performance of the companies in this business field currently. The result of this survey will be handled and analyzed confidentially and anonymously. Thanks again for your time and patience!

1. Your gender [Single choice]

Male

Female

2. Your age [Single choice]

Younger than 18 years old

18-22 years old

23-27 years old

28-32 years old

33-38 years old

Older than 38 years old

3. Your status [Single choice]

Student

New graduate

On working

Currently unemployed

4. If you are working, please specify your occupation [Single choice]

IT / Internet

Manufacturing

Real estate

Finance and Investment

Media and advertising

Medicine

Sales

Government

Others

5. Your highest degree obtained [Single choice]

High school or lower

Junior college, training school or equivalent

Bachelor's degree

Master's degree

Doctor or higher

6. Your monthly discretionary income* [Single choice]

Lower than 100 euros

101-300 euros

301-500 euros

501-800 euros

801-1200 euros

1201-1500 euros

Higher than 1500 euros

NB: Discretionary income is disposable income (after-tax income), minus all payments that are necessary to meet current bills. It is the amount of an individual's income available for spending after the essentials (such as food, clothing, and shelter) have been taken care of. (From this question, the exchange rate between CNY and Euro is calculated by 8:1)

7. Have you heard of "online purchasing service for overseas Chinese" before?

[Single choice]

Yes, I have

No, I haven't

NB: "online purchasing service for overseas Chinese" here refers to the online purchasing service provided to overseas Chinese on products purchased from China and delivered to foreign countries, NOT the purchasing service which purchases products from foreign countries to China.

8. Have you seen any advertisements of such service before? [Single choice]

Yes, I have

No, I haven't

I don't remember

9. Please tell us where you have seen them [Multiple choices]

Social websites

Searching websites

Online forums or communities

Online shops

Outdoor advertisements

TV commercials

Newspapers or magazines

Others

I forget where I have seen it

10. Have you used online purchasing service for overseas Chinese before? (The system will automatically show the following questions based on your choice of this question) [Single choice]

Yes, I have

No, I haven't

11. Please tell us the reason(s) that you chose to use such service [Multiple choices]

I can't buy what I want in the place I live

Cheaper price

Better quality

Products more suitable or easier to use

Wider range of products to choose

Save time and efforts

I enjoy online shopping

I just wanted to try it

Others

12. Please tell us which company(s) you have chosen [Multiple choices]

Panli(www.panli.com)

Lequgou(www.lequgo.com)

86daigou(www.86daigou.com)

Daigouke(www.daigouke.com)

711(www.711daigou.com)

Baakee(www.baakee.com)

Yitongyuanhua(www.daigou.org)

Buytoyou(www.buytoyou.com)

China-Daigou 中(www.china-daigou.com)

Buyforchinese(www.buyforchinese.com)

Others

13. Before you choose a company, which of the following component(s) do you see as the most important one(s)?(please rank the following components as the most important one is put in the first place and the least important is put in the last place) [Rank by order of your preference]

Fame of the company

Reputation of the company

Price

Quality

Range of products

Website easy-to-use

Customer service

Delivery time

Packaging

Online payment methods

Safety of online payment

After-sales service

14. Please tell us how you are satisfied with the service provided? [Scale]

Completely unsatisfied Unsatisfied Neutral Satisfied Completely satisfied

15. Please tell us how you are satisfied with the following components in the service [Scale]

Completely unsatisfied Unsatisfied Neutral Satisfied Completely Satisfied

Quality

Price*

Range of products

Delivery time

Packing

Online payment methods

Safety of online payment

Design of the website

Customer service

After-sales service

NB: "Price" here refers to the overall expense including, for example, cost of the product, tariff, service fee, transportation fee and other possible expense.

16. How often did you shop online when in China? [Single choice]

Never

Less than once per year

1-3 times per year

4-6 times per year

6-12 times per year (0.5-1/month)

2-3 times per month

4-5 times per month

More than 5 times per month

NB : The online shopping activity in the question refers to normal online shopping activities such as Taobao, Jingdong.

17. How often do you use online purchasing service for overseas Chinese when in abroad? [Single choice]

Never

Less than once per year

1-2 times per year

3-4 times per year

5-6 times per year

7-8 times per year

9-10 times per year

11-12 times per year (1/month)

More than once per month

18. What do you usually buy using such service? [Multiple choice]

Clothes

Jewelry

Electronic products

Books and videos

Food and seasoning

Cosmetics and health products

Outdoor equipment

Daily consumables

Others

19. Have you ever faced any of the following problems or inconveniences when using such service? [Multiple choice]

Products were fake or inferior

Products received were not as same as described on the website

Size of the product was wrong or didn't fit

Packages were damaged

Customer service was not in time

Personal information was revealed

Problems happened when paying online

Websites were complicated to use

Too many advertisements on the website

Delivery time was too long

Couldn't find desired products

Products were impounded by custom

Tariff was too high

Others

20. What methods do you usually use when paying online? [Multiple choice]

Foreign credit card

Foreign debit card

Chinese credit card

Chinese debit card

Remittance from Chinese banks

Remittance from foreign banks

Telegraphic transfer

Others

21. How much do you usually spend on such service per time? [Single choice]

Less than 200 CNY

200-500 CNY

501-1000 CNY

1001-1500 CNY

1501-3000 CNY

3001-5000 CNY

More than 5000 CNY

22. How much was your highest expense on one item in such service? [Single choice]

Less than 50 CNY

50-150 CNY

151-300 CNY

301-500 CNY

501-800 CNY

801-1500 CNY

1501-3000 CNY

3000 CNY

23. Have you ever faced any of the following problems or inconveniences when using the companies' websites? [Single choice]

Hard to find my desired product

Website is too complicated to use

The process of online payment was complicated

Lack of necessary product information

Couldn't find the information I'm looking for

Didn't know where to start when first time using the website

Too many advertisements on the website

Others

24. Among the following promotion methods, which one do you like most?
(Please rank the following methods by the order of you preference) [Rank by
order of your preference]

Discount

Giveaway

Coupon

Free delivery

Group sales

Membership benefit

Flash sale

Discount to large quantity

On sale product

25. If a friend who wanted to use such service to purchase a product from China, he/she came to you to ask your advice because he/she knew you had used such service before, what would you possibly tell to him/her, why? [Open question]

26. If you haven't used such service yet, what could the reason(s) be? [Multiple choice]

I don't know there is such service existed

I'm afraid that the service might be expensive

I'm afraid that products might be inferior or fake

I'm afraid that the delivery time might be too long

I'm afraid that products might be impounded by custom

I'm afraid what products may not meet my expectations

I'm afraid that products might be unsuitable or don't fit

I prefer to shop in real shops

Others

27. Since you haven't used such service before, how do you usually buy your desired Chinese products when in abroad? [Multiple choice]

I never use Chinese products when in abroad

I bring them enough every time I leave China

I buy from local Asian or Chinese shops

I let my friends or family send them to me

I borrow from local Chinese

I use overseas online purchasing service provided by foreign companies

Others

28. If you would like to use online purchasing service for overseas Chinese in the future, which of the following component(s) would you see as the most important one(s)?(please rank the following components as the most important one is put in the first place and the least important is put in the last place) [Rank by order of your preference]

[]Fame of the company

[]Reputation of the company

- Price
 - Quality
 - Range of products
 - Website easy-to-use
 - Customer service
 - Delivery time
 - Packaging
 - Online payment methods
 - Safety of online payment
 - After-sales service
-

29. If you wanted to use such service to purchase a product from China, and you came to a friend to ask his/her advice because you knew he/she had used such service before, what would you possibly ask him/her about, why? [Open question]

30. Thanks for your time and patience, your answer will be of great help to the research of this survey. If you have any suggestions or advices to this questionnaire, you can contact me by the email address provided at the beginning of this questionnaire, or you can leave a message here. Thanks again for your help!

[Open question]