



LAUREA
UNIVERSITY OF APPLIED SCIENCES

Prime Mover

Group buying customer satisfaction survey - a quantitative research study based on Chinese customers' perspectives

Liu, Yu

2013 Laurea Leppävaara

Laurea University of Applied Sciences
Laurea Leppävaara

Group buying customer satisfaction survey - a quantitative research study based on Chinese customers' perspectives

Liu Yu
Degree Programme
in Business Management
Bachelor's Thesis
March, 2013

Liu, Yu

Group buying customer satisfaction survey - a quantitative research study based on Chinese customers' perspectives

Year	2013	Pages	56
------	------	-------	----

The group buying concept refers to the practice of customers collaborating in the bulk purchase of a product in order to obtain a discount from the seller. The concept was first introduced into China in 2010. Since then group buying websites have experienced rapid growth, with group buying websites numbering, 1700 websites in 2011 in China alone. Although group buying websites were profitable, they still face a number of problems, which could affect their brand image and profitability, as customer satisfaction is fundamental to companies.

The purpose of this thesis project was to examine the level of satisfaction of Chinese customers who utilize group buying services and to investigate any factors which could have a negative effect on customer satisfaction level.

A quantitative research method was used in this research study through a survey conducted on 278 representative customers. The questionnaire included 20 questions and was designed to investigate the customers' opinions of the group buying services. 278 participants participated in the survey, which resulted in 269 valid responses.

The results of this study revealed that the current customer satisfaction level of group buying websites is good. However, a number of problems are affect customer satisfaction. The group buying websites should pay attention when selecting retailers. When constructing their databases, group buying websites should be careful to build secure information systems, and use a third-party payment system in order to improve the security level. Finally, the group buying websites should improve the quality of their customer service, as after sales service quality could improve customer satisfaction level and company image.

Key words customer satisfaction, group buying

Table of Contents

1	Introduction	5
1.1	Background of the study.....	5
1.2	Purpose of the thesis	7
1.3	Research approach	7
1.4	Theoretical approach	7
1.5	Framework of the thesis.....	8
2	Theoretical background	9
2.1	Group buying history.....	9
2.2	What is customer satisfaction	9
2.3	The importance of customer satisfaction in business.....	10
2.4	The formation of customer satisfaction expectations	11
2.5	Research on customer satisfaction	12
3	Research approach	13
3.1	Research process	13
3.2	Research methods	14
3.2.1	Quantitative method.....	14
3.3	Methods choices	16
3.4	Data collection method and analysis	17
3.5	Method of analysis.....	18
3.6	Reliability and validity.....	18
4	Empirical study	20
4.1	Questionnaire outline.....	20
4.2	Conducting the questionnaire	20
4.3	Empirical data presentation	20
4.4	Cross-sectional analysis	32
5	Discussion.....	35
6	Conclusions and recommendations	39
6.1	Implication for future research	40
	List of References	41
	List of Figures.....	46
	List of Tables.....	47
	Appendices	49

1 Introduction

1.1 Background of the study

The concept of group buying is to get a satisfactory agreement from a seller, which is, people who want to buy the same product could be gathered together and purchase from that seller in order to get a bigger discount (Definition of Group Buying 2011). The concept was first introduced into China in 2010. Until June 2012, there was 2976 group buying websites in China, which made a turnover of 9.8 billion RMB during the first half year (iFeng 2012).

After the group buying concept was introduced into China in 2010, Chinese customers and retailers started to understand the novel concept and as a result, the number of group buying websites had significant improvement. According to McDougall (2011), there were four group buying service providers in China at the beginning of 2009. However, in December 2010, the number of group buying sites increased to 1700. The growing pace of group buying sites was significant. Until June 2012, the number of group buying websites increased to 2976, which created 1276 new websites compared with 2010 (iFeng 2012).

In fact, the number of group buying customers in China was 203 million in 2011, which was 29 percent more when compared with the prior year (Changes ahead 2012).

The growing pace of group buying websites turnover was fast and the year-on-year increase in the size of the group buying industry from 2007 to 2011 can be seen in Figure 1 (Changes ahead 2012).

SIZE OF CHINA'S ONLINE RETAIL MARKET 2007-2011

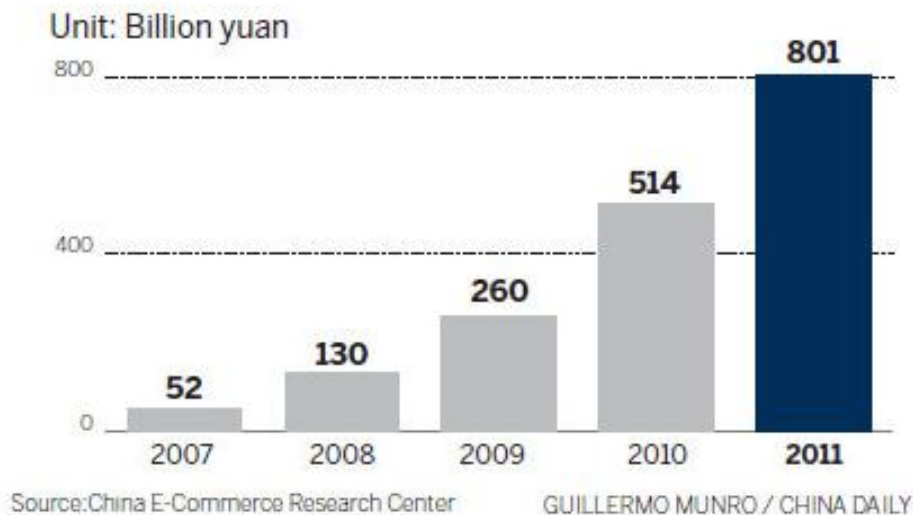


Figure 1: Size of China's online retail market 2007-2011 (Changes ahead 2012)

Although group buying websites were profitable, they also face various problems that are complicate in the context of Chinese group buying systems. There are two categories of problems that Chinese group buying websites are facing: the bad reputation and poor brand images of group buying websites, and the poor customer service quality and low level of customer satisfaction of group buying websites. This thesis focused on the customer satisfaction on group buying websites in China.

In China, group buying websites hardly improve their service quality, so that customers are unsatisfied with the company and may express their unhappiness to other people. According to Beijing Bureau of Industry and Commerce, the organization accepted 1853 complaints in 2011. In addition, most of the complaints were caused by service providers do not or delay meeting the commitments (Chinanews 2011).

1.2 Purpose of the thesis

The purpose of the thesis is to investigate and analyze the level of the latest customer satisfaction of group buying services in China. This study aims to investigate the satisfaction level of group buying from Chinese customers' perspectives, and the key factors that affect customer satisfaction of group buying services. Hence, a comprehensive and systematic analysis regarding to customer satisfaction is presented in the thesis.

1.3 Research approach

This thesis used quantitative research method that applied by conducting a questionnaire regarding to the investigation of customers' satisfaction level of group buying in China. The aim of the questionnaire is to collect accurate information of respondents regard to the customer satisfaction level of group buying and set up study's objectives accordingly. The questions of the questionnaire could be segmented by four parts: group buying experience, brand images of group buying services providers, feedbacks that affect following purchasing actions, and common problems during group buying activities.

1.4 Theoretical approach

The theory of this study is based on two sections: group buying history and customer satisfaction.

Group buying services are discussed in this study as the basis of customer satisfaction, and mainly discussed in the chapter of concept and current industry situation in China. In the customer satisfaction section, the theories concentrate on emphasizing the importance of customers' satisfaction to modern companies, customers' satisfaction as a tool to motivate following purchasing activities from the company, the relationship between customers' satisfaction level and companies' profitability, and the way that customers form their satisfaction.

1.5 Framework of the thesis

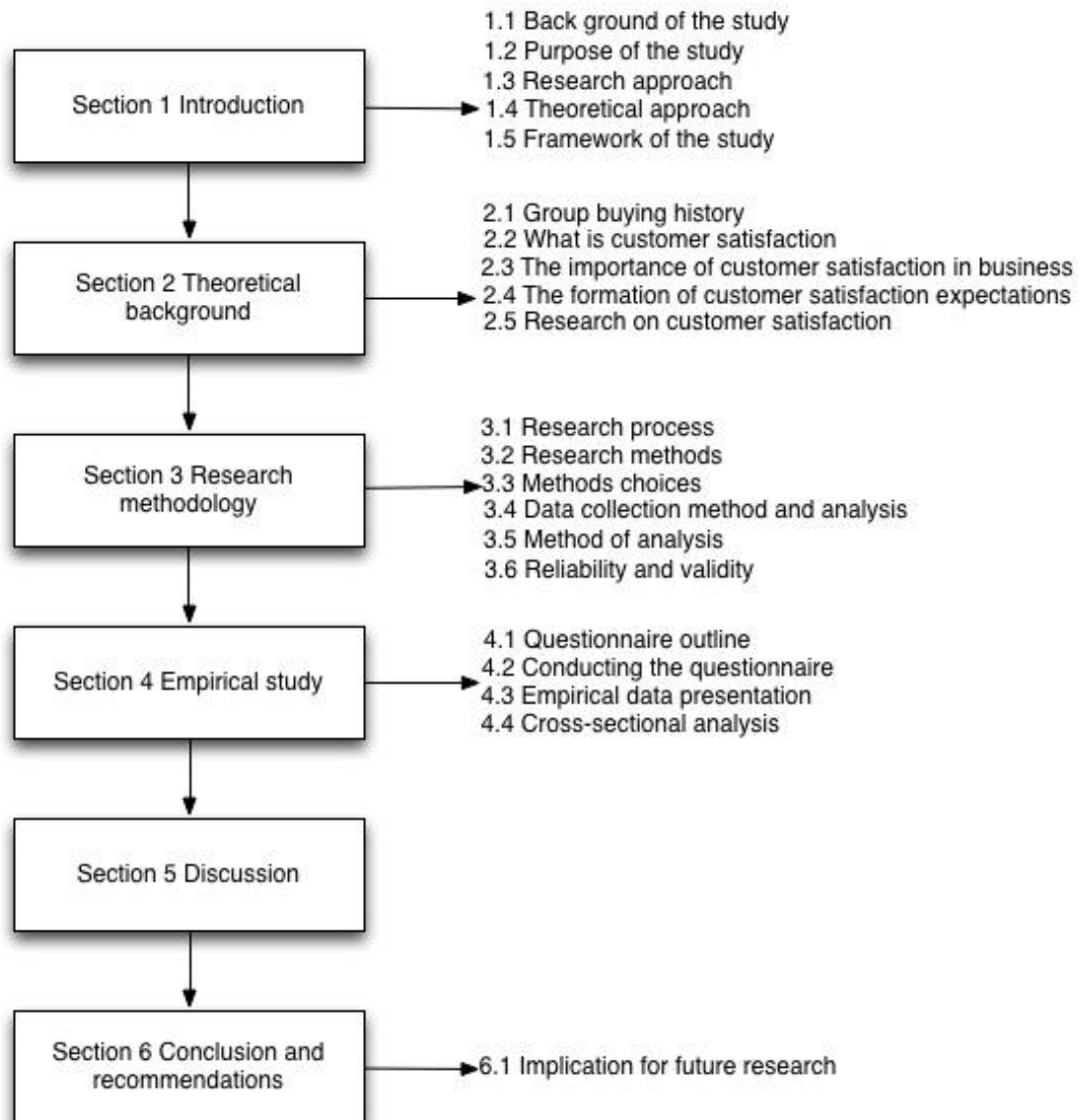


Figure 2: Framework of the thesis

The thesis consists six sections as the key sections shown in Figure 2: introduction, theoretical background, research methodology, empirical research, research result and conclusion with recommendations.

The introduction explains the background information, purpose and structure of this study. The theoretical background contains the theories, which provide the funda-

mental information to this study. The theoretical background provides concepts, philosophies and standards applying academic information to this study. Research methodology provides the methods that the author conducts in this study and also the reasons whether to choose these research methods, data collection methods and analysis methods. After introducing the outline of the questionnaire, the author explains the method of conducting the survey. The final parts of this thesis begin with result analysis and propose recommendations.

2 Theoretical background

2.1 Group buying history

Group buying (Pronouncing in Chinese: Tuángòu) is in order to get a satisfactory agreement from a seller, people who want to buy the same product could gather together and purchase from that seller in order to get a bigger discount. Sellers always welcome this because they could get a large number of customers at the same time and this offset the discounts they provided (Definition of Group Buying 2011). The concept of group buying was generated in 1999; at that time the concept was to gather customers as a group via Internet then customers can receive rebated price from sellers when purchasing. Furthermore, the concept of group buying was increasing the amount of demand and combination (The History of eWinWin and group buying 2012).

In 2004, an American Internet retailer Woot.com was the first company developed a new method of selling: One deal a day (Qing 2011). One deal a day is retailers or service providers use one day as the sales cycle. In November 2008, the group buying website Groupon was established, and Groupon enhanced the concept of “One deal a day”(Qing 2011). In China, group buying services provided by websites started from 2010, Chinese websites copied the ideas from Groupon and started to provide group buying services, including MEITUAN (Qing 2011).

2.2 What is customer satisfaction

According to Hill, Brierley and MacDougall (2003, 7), customer satisfaction examines the degree of products or services of the company matching customers' requirements.

If products or services provided by the company meet to the customers' requirements, customers would be satisfied. In case the products and services do not meet to customers' requirements then customers are considered unsatisfied.

In fact, satisfaction is the most suitable word to show customers' feelings and experiences with the company (Hill, Roche & Allen 2007, 2). Figure 3 illustrates customers' behaviors and attitudes. Basically, customer satisfaction measurement is totally concentrated on the first phase: customer attitudes. Companies could measure how customers are satisfied with the company during the first phase (Hill et al. 2007, 4)

FIGURE 1.2 Attitudes and behaviours



Figure 3: Attitudes and behaviors (Hill et al. 2007, 4)

2.3 The importance of customer satisfaction in business

Whether companies should measure customer satisfaction periodically is significant. "Companies should measure customer satisfaction regularly because an important key to customer retention is customer satisfaction" (Kotler, Keller, Brady, Goodman & Hansen 2009, 390). At present, customer satisfaction to modern companies is the key to success; monitoring and improving customer satisfaction level could help companies to enhance their amount of sales and awareness. "A highly satisfied customer generally stays loyal longer and buys more as the company introduces new products and upgrades existing ones" (Kotler et al. 2009, 390). High customer satisfaction could be easily change customers to repeat customers; moreover customer satisfaction will also help companies keep quality brand images. According to Bhasin (2012), customers with high customer satisfaction level often have the following activities: re-purchase the company's product, upgrade their products regularly and give recommendations to their social circles. Bhasin also stated there are five levels when companies measuring customer satisfaction: from level one to level five; level one represents minimum customer satisfaction and level 5 represents maximum customer satisfaction. Level one of customer satisfaction explains customers are not satisfied with the company as customers will never return and express poor company image to

other people. From level two to level four, customers are satisfied but not deliver good company image to other people. At level five, customers are highly satisfied with the company also customers are unlikely to change brand (Five levels of customer satisfaction 2012).

Lahriinen, Isoviita and Hytönen (1998, 18) define the 3/11 rule: If a customer is satisfied with a company's service or product, the customer will express his or her happiness to three people, however if a customer is unsatisfied with a company, the customer will express the unhappiness to eleven people in the customer's social circle. In order to enhance the profitability of companies, high level of customer satisfaction is one of the best ways, repeat customers continue buying from the company, thus good company awareness could attract a number of new customers shopping with the company. Grönroos indicates there are four links included in the customer relationship profitability model: from value to satisfaction, from satisfaction to relationship strength, from relationship strength to relationship length and from relationship length to relationship profitability (Grönroos 2000, 147). Initially, from value to satisfaction will be occur when the customer believes the product or service is worth of buying. From satisfaction to relationships strength is customer satisfaction has a direct impact on building a relationship between the two sides, and strong relationship could let the customer think less of choices to the already existing relationship. Customers who are satisfied with products are not always loyal, but customers who are very satisfied with service may have a better relationship with the seller, "The repurchase percentage may increase to 80 or above"(Grönroos 2000, 147). From relationship strength to relationship length explain the stronger the relationship between customer and buyer, the longer it will remain. In strong relationships, buyers will think less of other choices and will buy more from the current seller. Finally, from relationship length to relationship profitability shows the length of a relationship has direct and positive impact on profit, length of a relationship allowed a better cost-efficient service process and spends less money on building relationships.

2.4 The formation of customer satisfaction expectations

According to Bacal (2013), customer form expectations from customer experience in the market (Bacal 2013). Kotler and Keller explain customers set their expectations from purchasing history, friends' feedbacks and suggestions. Furthermore, customers will also set expectations according to companies' advertisements and guarantees. Kotler and Keller (2006, 144) also suggest marketers should set expectations properly;

otherwise customers will not be satisfied with the company. For instance, if the expectation is too high, customers will be dissatisfied with services or products provided by the company; if the expectation is too low, customers will be satisfied but the products or services will be less attractive.

2.5 Research on customer satisfaction

Customer satisfaction plays a decisive role to improve the profitability of the companies, thus measuring customer satisfaction is the way to know whether customers satisfied with the companies' services or not. Aaker, Kumar and Day (1998, 716) indicate customer satisfaction research should be conducted regularly in order to determine customer satisfaction in time. Essentially, companies will conduct different methods and changes to improve customer satisfaction; moreover companies could monitor the implementation and investigate if the changes could develop positive effects to customer satisfaction. There are three methods suitable when measuring customer satisfaction. Periodic surveys, monitor customer loss rate and hire mystery shoppers (Kotler et al. 2009, 391). By conduct periodic surveys are the direct way to know customer satisfaction, additional questions may also included in a survey to measure the respondent's willingness to recommend the service or company to others. Monitoring customer loss rate could easily find out why customers buy the product from others or the reason they stop buying. Hiring mystery shoppers could experience the advantages and disadvantages during the transaction.

3 Research approach

3.1 Research process

Figure 4 explains the process of research. Basically, a research begins with choosing topic; researchers could choose interesting study area and select topic. After the research topic is clarified, researchers should have the general view of the subject, relevant books are necessary to support researchers to have a view of the subject (Mississippi College 2012). According to Saunders, Lewis and Thornhill (2003, 75), researchers should have clearly research questions, define the factors of the research; generate key words, search terms and discuss ideas widely. Researchers should examine the results after conducted research questions also select the most relevant and reliable sources. Moreover, researchers should evaluate the sources as well (Mississippi College 2012).

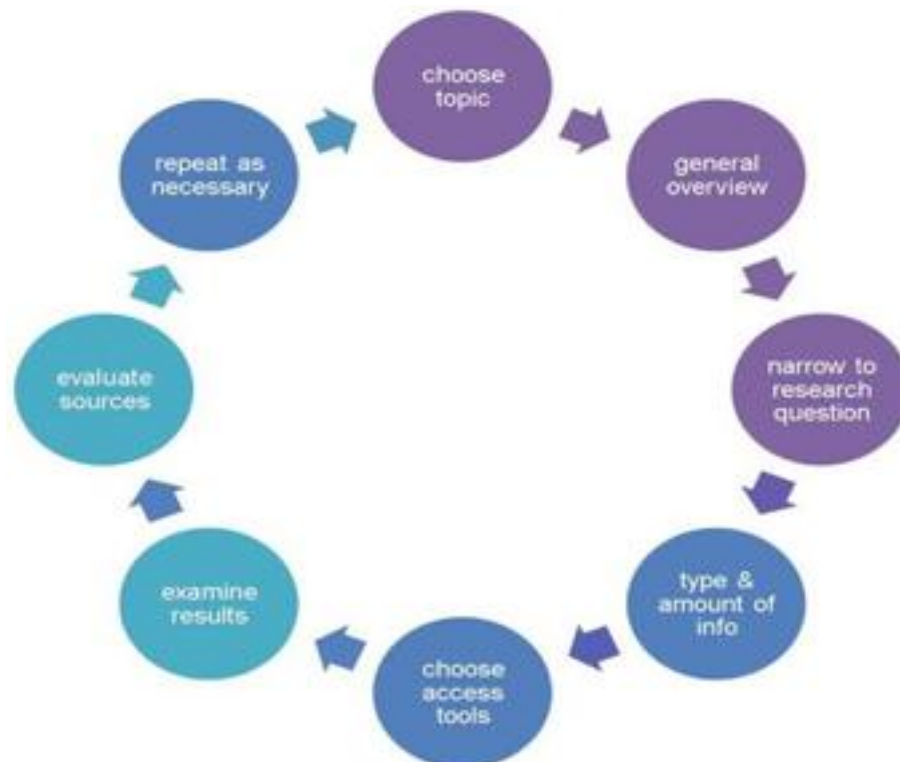


Figure 4: Research Process (Mississippi College 2012)

According to Burns and Bush (2003, 35), marketing research is “the process of designing, gathering, analyzing, and reporting information that may be used to solve a specific marketing problem”. The author will use the research process indicated in Figure 4 to obtain valid results.

3.2 Research methods

The aim of this study is to recognize the customer satisfaction of group buying services; therefore, the author conducts a research, which is based on the purpose of this study. Moreover, the research is based on implementing quantitative method. The theoretical background study supports the study. Quantitative method could provide both fundamental and detailed information to the author.

3.2.1 Quantitative method

Frangos (2009) indicates that quantitative research is an efficient and scientific method that examines quantitative properties, phenomena and their relationships. Using quantitative research is to develop and engage mathematical models, theories and hypotheses pertaining to natural phenomena. Quantitative research can be described as research that contains the use of structured questions; moreover the response questions are set in advance. Virtually, there are numerous survey participants in these kinds of researches (Burns & Bush 2010, 235). In this research, survey questions have choices of answers; participants can choose the most appropriate answer.

According to Taylor (2005, 5), there are seven separate characteristics of research. Firstly, research can be conducted when researchers have questions in their mind. Secondly, the research needs to distinguish the problem stated clearly and unambiguously. Thirdly, a plan is needed to solve the question when doing a research. Fourthly, appropriate substitute and minor problems could be researched to solve the main question. Fifthly, research is looking for directions by appropriate hypotheses, which is based on obvious assumptions and beliefs. Sixthly, research work facts and their meaning, so the researcher should collect related facts and make a list of reference so they can be correctly interpreted. Finally, research is circular.

3.2.1.1 Method of survey

Essentially, the research is conducted by implementing deductive method, survey strategy and questionnaires. According to Saunders, Lewis and Thornhill (2009, 144), survey method is a popular and common strategy in business and management research and survey may also be used for exploratory and descriptive research.

The aim of this research is to hypothesis customer satisfaction is important to group buying services; thus deductive method can be used in this research because the features of deductive approach can test the hypothesis. Furthermore, the research needs supporting data to examine the hypothesis and results, and survey could be the best way to collect data for the research as the survey is more efficient and economy compared with other methods (Burns & Bush 2010, 267). Questionnaire could also be used in this research to collect data because questionnaire is the most frequent used method to implement the survey. Burns and Bush also state survey has five advantages. Firstly, survey can provide standardization, as the questions of the survey for every participant are the same. Secondly, survey is easy to administer compared with interview method. Thirdly, survey could get information directly. Fourthly, survey could be analyzed easily as survey data could be analyzed by software. Fifthly, survey could divide participants by different kinds and assist researcher finding different characteristics (Burns & Bush 2010, 267-268).

The author expects the survey and questionnaire could be completed as soon as enough valid participants participate the research, therefore the author could begin analyzing the data and examine the result. The Questionnaire answers from participants are organized by statistical analysis.

3.2.1.2 Designing the questionnaire and questionnaire outline

Questionnaire is one of the most common used research instruments, which helps researcher collecting data. Researcher could collect data via questionnaire by asking structured questions and get information from respondents. It is important to explain the questions clearly and easy to understand the purpose of the question. Furthermore, for researchers, it is significant to pay attention when form the questions. Well-structured and legible questions communicate respondents effectively. The communication could be ineffective if the questions are not in good structure or respondents hardly understand the meaning of the question and will cause "distortion

in that two-way communication” between researcher and respondent. The distortion may lead to unsatisfactory results, as researchers and respondents cannot understand each other. This affects the research validity of the comparisons made between the respondents and answers (Wilson 2003, 145).

The theme of the questionnaire is to investigate customer satisfaction of group buying services in China; moreover, customers who have experience of group buying services could express their opinion. The author expects to get answers and opinions from respondents via the questionnaire.

There are two types of questions consist in the questionnaire: Likert scale questions and multiple-choice questions. According to Cherry, Likert scale is a type of psychometric scale frequently used in psychology questionnaires (Cherry). The Likert scale questions to examine customer satisfaction of group buying in the research will provide five alternative choices for respondents, participants can choose from Strongly disagree/Disagree/Neither agree nor disagree/Agree/Strongly agree accordingly. Multiple-choice questions with collectively comprehensive answers, respondents could select numerous options from the choices based on their accurate experiences.

The questionnaire was structured by twenty questions. The questionnaire covered respondents’ group buying history, group buying sites’ image in respondents’ mind, feedbacks affect group buying activities, for instance question number sixteen indicate “Do you agree feedbacks from other people’s experience could encourage you to take next buying action?” and question number seventeen “Do you agree negative feedbacks could affect your interest in group buying?” Problems in group buying services and solutions from group buying websites. Via the questionnaire, the author expects to obtain the result. Firstly, measure the customer satisfaction of group buying. Secondly, measure the problem frequency of occurrence and finally measure the possibility that high customer satisfaction level could attract more customers for group buying service providers.

3.3 Methods choices

The research need to collect prime data of customer satisfaction level regarding to the group buying services in China; therefore survey is the most effective and fre-

quently used strategy, and the author expects this research could be finalized within the planned period (one month), then the author could start to analyze the result. The data collection methods used in the research was conducted by questionnaire. Finally, the results are achieved via quantitative research method. Questionnaire data is collected and essentially the data is organized by statistical analysis. Moreover, data analysis and research process are conducted for quantitative method.

3.4 Data collection method and analysis

The questionnaire was designed to collect numerical data by asking 20 questions. The goal of the questionnaire was to investigate the standardized answers from respondents. The author posted the questionnaire on a specific research website: www.sojump.com, which respondents could answer the questionnaire online. The questionnaire could obtain answers from respondents, customer satisfaction of group buying services, the brand images of group buying websites and the importance of high-level of customer satisfaction of group buying services.

The data collection process is shown in Figure 5, which explained different phases of data collection.

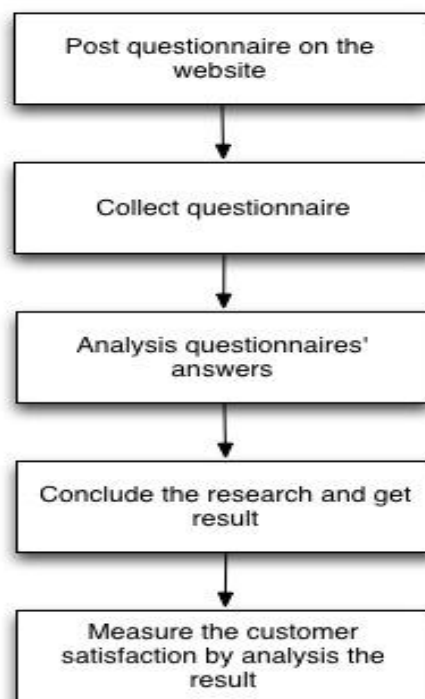


Figure 5: Data processing flowchart

The author posted the questionnaire on www.sojump.com, which is a website people could create individual questionnaire online and the website will also provide data from answered questions by participants. Furthermore, the questionnaire results could be shown by bar graph, pie chart, histogram and line graph then the author could download the results as a word-format document.

3.5 Method of analysis

In the research study, the author implemented quantitative method, which was conducting by questionnaires and SPSS statistics programme version 19 to collect, categorize and analyze the data from the questionnaires. The SPSS programme was used, as a large number of questions have make same amount of data, which was not suitable for artificial analysis as the data information was fragmented and complicated in large amount. The SPSS software has been widely used in research as the software could provide comprehensive functions and also user-friendly.

After the data collection, the author numbered all valid questionnaires. Likert-scale questions and multiple-choice questions were converted into codes for SPSS analysis. All the data were importing into SPSS software and changed into statistical information and diagrams, which make the author and readers easy to compare and analyze conveniently.

3.6 Reliability and validity

Reliability is the stability or consistency of scores over a period or across raters (Miller). The reliability concentrates the questions of the survey and the consistency of measurement of a concept. According to Marilyn and Janet (2010) there are three methods to test the reliability of research: testing stability, tests for equivalence and internal consistency. In this research, the reliability could be affected by the design of the questions. For instance, in the questionnaire, a question concerning the group buying history, many respondents could choose no order history and then it could affect the analysis of the question.

During the research study, the author used SPSS software to examine the reliability

of the survey. In general, Table 1 below illustrates the overall reliability of the survey.

		N	%
Cases	Valid	269	100.0
	Excluded ^a	0	.0
	Total	269	100.0

Table 1: Summary of reliability

Cronbach's alpha is a measurement of internal consistency. A high value of alpha is often used as evidence to indicate that the items measure an underlying construct (UCLA). Table 2 explains the reliability of the research; the Cronbach's alpha is 0.689, which indicates the research data contains defect and the research could be insufficient in reliability; thus the author took adjustment in order to improve the reliability of the research. Table 3 below illustrates the reliability after adjustment. The Cronbach's alpha has improved to 0.714, which indicates the reliability of this study is sufficient as the index bigger than 0.7, and the research is reliable. The author deleted the research item "Group buying history", which improved the reliability of the study.

Cronbach's Alpha	N of Items
.689	21

Table 2: Reliability statistic

Cronbach's Alpha	N of Items
.714	20

Table 3: Reliability after adjustment

Validity is defined as the extent of the instrument measures what it purports to measure (Miller). Before conducting the survey, the questionnaire was pre-tested for the sufficiency and practicability, however, the validity of the research could still possibly affected by the number of participants. The total number of respondents is estimated to 60-100, thus when the response rate is low, the result of authenticity and catholicity could be a threat.

4 Empirical study

4.1 Questionnaire outline

The research questionnaire was structured by twenty questions, with four aspects: personal information of the participants, participants' group buying history, most occurred problems during group buying activities and customers' satisfaction expectation. The author expects to archive two goals after conducting the questionnaire: firstly, the author expects to investigate current Chinese customers' satisfaction level regarding to group buying service. Moreover, the author also expected to explore what is the main problem affect customer satisfaction level.

4.2 Conducting the questionnaire

The questionnaire research was conducted between 24th of January 2013 to 7th of February 2013 via the website www.sojump.com. During the research period, 278 participants were participated the research, who contributed 269 valid answers. The questionnaire research was succeeded, 69 valid answers exceeded the initial goal, which could improve the result of the research.

4.3 Empirical data presentation

The questionnaire was posted and conducted via www.sojump.com; people who have accessibility of Internet could visit the site and participate the survey. After the survey period, 278 people participated the questionnaire survey, in which 9 samples were picked out due to three or more unacceptable answers. The valid response rate is 96.8% (269 valid samples). As the questionnaire survey is to investigate customer satisfaction of group buying services in China, 269 valid samples came from 25 provinces in China, and also the participants living aboard but had experienced group buying services in China. The answers based on locations in China are shown in Figure 6.



Figure 6: Answers based on locations in China

Table 4 below explains the descriptive statistics of participants for the background variables. Among all the participants, the majority of participants were female, which accounted 56.51% (n=152) and male participants accounted for 43.49% (n=117). The most age group was 26-35ys, which accounted for 115 participants (42.75%); the other largest age groups were 20-25ys (30.48%) and 36-50ys (20.45%). According to a report published by Gaopeng.com (A joint venture between Groupon and Tencent) In 2012, over 60% of group buying customers in China were in the age group of 25-44ys as they have good income level (Gaopeng published group buying influence of Sino-US joint report 2012). The participants' educational backgrounds were principally distributed into 3 categories: Junior college level (20.45%), bachelor degree level (63.2%), and above bachelor degree level (10.78%). According to the report published by Gaopeng.com (2012), group buying customers in China have better education level than traditional online shopping customers, which also demonstrate customers have

higher education level could also have more expenditure on group buying services (Gaopeng published group buying influence of Sino-US joint report 2012).

Background Variables	Number	Percentage
<u>Gender</u>		
Female	152	56.51%
Male	117	43.49%
<u>Age</u>		
Below 20ys	5	1.86%
20-25ys	82	30.48%
26-35ys	115	42.75%
35-50ys	55	20.45%
Over 50ys	12	4.46%
<u>Education</u>		
High school	11	4.09%
Vocational school	4	1.49%
Junior college	55	20.45%
Bachelor degree	170	63.20%
Above bachelor degree	29	10.78%

Table 4: Descriptive statistics for the background variables

What is the image of group buying sites in your mind					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Truthworthy	34	12.64	12.64	12.64
	Good	154	57.25	57.25	69.89
	Ordinary	77	28.62	28.62	98.51
	Bad	3	1.12	1.12	99.63
	Untrustworthy	1	0.37	0.37	100
	Total	269	100	100	

Table 5: What is the image of group buying sites in your mind?

Table 5 illustrates the group buying service's image in customers' mind. Majority of participants trusted with the service providers as only 4 participants indicated group buying websites were bad or untrustworthy. The majority of participants considered the group buying sites were trustable; moreover, more than half of the survey participants considered group buying providers were in good service level according to their previous group buying experiences. The author uses chi-square (X^2) in order to

examine the data statistically, and hypothesis there is no relationship. However, the X^2 at 4 degrees of freedom at the 5 per cent level = 9.49, as 303.7 is bigger than 9.49 the difference noticed in the sample is statistically significant and verified the difference in levels of brand image did not occur by chance.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	25	9.29	9.29	9.29
	Agree	175	65.06	65.06	74.35
	Neither agree nor disagree	60	22.3	22.3	96.65
	Disagree	9	3.35	3.35	100
	Strongly disagree	0	0	0	100
	Total	269	100	100	

Table 6: Do you agree the order history was happy?

Table 6 explains whether customers were happy with the group buying services or not. Majority of survey participants were happy with their group buying experience as more than half of the participants chose the option “Agree” and “Strongly agree”. Minor participants were unhappy with the service but none of the participants were entirely unhappy with the group buying service. Based on the result, majority of the participants and group buying customers were happy with their purchasing experience, customers were happy as group buying services could fulfill customers’ need and match with customers’ expectation. By conducting the chi-square, X^2 is 380.28, which is bigger than 9.49 compared with 4 degrees of freedom at the 5 per cent level, which rejected the null hypothesis and the difference in levels of customer happiness did not make by chance.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I am totally satisfied	16	5.95	5.95	5.95
	I am satisfied	142	52.79	52.79	58.74
	Neither satisfied nor unsatisfied	105	39.03	39.03	97.77
	I am not satisfied	6	2.23	2.23	100
	I am totally unsatisfied	0	0	0	100
	Total	269	100	100	

Table 7: Are you satisfied with group buying services?

Large differences could also be seen from the result. Table 7 indicates whether customers were satisfied with group buying services or not. Vast majority of participants

agree that group buying services could satisfy them by different levels, only six of participants felt that they were unsatisfied with the services. One hundred and five participants retained their perspective as group buying services could not satisfy them all through. Group buying services could satisfy customers and according to the result, a large number of customers were satisfied with group buying services but service providers still have a chance to improve their service quality to make sure customers satisfied with the services all the times. The chi-square is 316.15, which is bigger than 9.49 with 4 degrees of freedom at 5 per cent level; the null hypothesis is rejected and proved differences in customer satisfaction levels are not occurred by chance.

Do you agree to have problems during transactions is the most reason makes you unsatisfied?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	35	13.01	13.01	13.01
	Agree	150	55.76	55.76	68.77
	Neither agree nor disagree	69	25.65	25.65	94.42
	Disagree	14	5.2	5.2	99.62
	Strongly disagree	1	0.37	0.37	100
	Total	269	100	100	

Table 8: Do you agree to have problems during transactions is the most reason makes you unsatisfied?

In the section of investigating whether problems could affect customer satisfaction level, over half of the answers agreed that having problems during transactions could make customer unsatisfied, thirty-five participants strongly agreed that their unsatisfied feeling was caused by problems during purchasing. On the contrary, only fifteen people do not agreed problems would make them unsatisfied as customer satisfaction level could be affected by other reasons. By conducting the chi-square, the X^2 is 264.14 with 4 degrees of freedom at 5 per cent level, which is bigger than 9.49, thus problems in group buying transactions are not occurred by chance.

What is the most common problem in group buying during transactions

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Poor quality of product	80	29.74	29.74	29.74
	Poor customer service	41	15.24	15.24	44.98
	Poor communication with service provider	48	17.84	17.84	62.82
	Afraid of fraud	27	10.04	10.04	72.86
	Product doesn't match with the description on the Internet	73	27.14	27.14	100
	Total	269	100	100	

Table 9: What is the most common problem in group buying during transactions?

As the result shown in Table 8, most of the participants agreed that problems during transaction could affect customer satisfaction level, Table 9 explains the investigation of the common problems during the transactions. The most two common problems during transactions were poor quality of product and the product does not match with the description on the Internet. According to a report published by China e-Business Research Center, product does not match with the description was one of the ten temptations during group buying transactions (2011 Chinese e-commerce consumer experience and complaints monitoring report 2012). Majority of consumers bought products or services from group buying service providers, after the payment process, customers received other product or product could not match with the description on the Internet. Customers were also afraid of product with poor quality, which affect the value and service life of the product. The other three problems could also be seen during transactions with low frequency of occurrences.

Do you agree conflicts are common during group buying transactions?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	14	5.2	5.2	5.2
	Agree	93	34.57	34.57	39.77
	Neither agree nor disagree	106	39.41	39.41	79.18
	Disagree	54	20.07	20.07	99.25
	Strongly disagree	2	0.74	0.74	100
Total		269	100	100	

Table 10: Do you agree conflicts are common during group buying transactions?

Comparing with that customers' group buying experience, 34.57% of participants agreed that conflicts could be seen during group buying purchasing transactions, 39.41% of customers thought conflicts were not common during transactions, but it could be occurred by situations. The chi-square in this question is 158.53, compared with 9.49 with 4 degrees of freedom at 5 per cent level; therefore, the different levels of conflicts in customers did not occur by chance.

Do you agree customers could always get positive solutions from service provider after having conflict?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	14	5.2	5.2	5.2
	Agree	100	37.17	37.17	42.37
	Neither agree nor disagree	98	36.43	36.43	78.8
	Disagree	53	19.7	19.7	98.5
	Strongly disagree	4	1.49	1.49	100
	Total	269	100	100	

Table 11: Do you agree customers could always get positive solutions from service provider after having conflict?

Conflicts during group buying transactions happened to nearly 40% of the participants based on the result shown in Table 10, and Table 11 explains up to 42% of the participants agreed that they could get appropriate solutions after having conflicts with service providers. More than 20% of participants disagreed service providers could provide acceptable solutions after having conflicts. At the same time, 36.43% of participants thought conflicts could be solved by certain conditions. Conflicts could directly affect customer satisfaction level; customers could be unsatisfied and express bad images to their friends. Appropriate solutions could help service providers to improve their awareness and also their service quality. The chi-square is 151.54 is larger than 9.49 and considered solutions in different levels did not occur by chance.

Do you agree positive solutions from group buying sites after have conflicts could increase the customer satisfaction level of group buying?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	14	17.84	17.84	17.84
	Agree	134	49.81	49.81	67.65
	Neither agree nor disagree	62	23.05	23.05	90.7
	Disagree	25	9.29	9.29	99.99
	Strongly disagree	0	0	0	100
	Total	269	100	100	

Table 12: Do you agree positive solutions from group buying sites after have conflicts could increase the customer satisfaction level of group buying?

As customers could have conflicts with group buying service providers, majority of the participants agreed effective solutions after having conflicts with sellers could improve customer satisfaction; a total 67.65% of participants considered customer satisfaction level could be improved by offering positive solutions from service providers. 23.05% of the participants neither agreed nor disagreed that effective solution offered by service providers could improve customer satisfaction level, and only

9.29% of contributors stated that they disagreed as their satisfaction level could not be improved by positive solutions. The chi-square in this question is 219.46, which is larger than 9.49 with 4 degrees of freedom, and at 5 per cent level, we could consider positive solutions in different levels did not make by chance.

How well the services of group buying sites have lived up to your expectations?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	It totally fulfilled my expectations	19	7.06	7.06	7.06
	It partly fulfilled my expectations	197	73.23	73.23	80.29
	It neither fulfilled nor unfulfilled my expectations	34	12.64	12.64	92.93
	It partly can't fulfilled my expectations	17	6.32	6.32	99.25
	It totally can't fulfilled my expectations	2	0.74	0.74	100
	Total	269	100	100	

Table 13: How well the services of group buying sites have lived up to your expectations?

Table 13 explained whether group buying services have live up to customers' expectations. A large portion of the participants stated that their expectation matched with group buying services. 73.23% of participants agreed group buying services have relatively live up to their expectations, and 7.06% of contributors stated that their expectations are totally fulfilled. However, in other groups, 6.32% of participants were not fulfilled as group buying services could not match with their expectations. The chi-square also proved that services matched with customers' expectations did not occur by chance as the X^2 is 486, which is significantly different with 9.49 with 4 degrees of freedom at 5 per cent level.

Do you agree the product (service) you bought from the service provider match with the description and promises on the Internet?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	15	5.58	5.58	5.58
	Agree	147	54.65	54.65	60.23
	Neither agree nor disagree	78	29	29	89.23
	Disagree	27	10.04	10.04	99.27
	Strongly disagree	2	0.74	0.74	100
	Total	269	100	100	

Table 14: Do you agree the product (service) you bought from the service provider match with the description and promises on the Internet?

Over half of customers, who were totally 60.23% of the participants, agreed the product or service they bought from group buying providers matched with the description. The group buying service providers could execute their promises effortlessly.

ly as most of the participants thought the final product they bought matched with initial promises. The rate of the participants chose disagree option was low compared with satisfaction rate; totally 10.78% of the participants chose the options “Disagree” and “Strongly disagree”. The chi-square is 263.55 in this question, which is larger than 9.49 with 4 degrees of freedom at 5 per cent, which could prove final product or service matched with description did not occur by chance.

Which factor affected most your decision to choose group buying?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Cheap price	101	37.55	37.55	37.55
	The product is attractive	79	29.37	29.37	66.92
	Have needs to buy the product	66	24.54	24.54	91.46
	Experiencing new method of shopping	15	5.58	5.58	97.04
	Feedbacks from others	8	2.97	2.97	100
	Total	269	100	100	

Table 15: Which factor affected most your decision to choose group buying?

Large differences could be seen among different factors influence customer purchasing. Most of the participants used group buying services as they can purchase products by discounted price, more participants chose group buying as products are attractive than customers have needs to buy the product. Group buying is a new way of purchasing but only few people chose group buying services because it is a new concept. Good feedbacks from others were important but only 2.97% of the participants chose it as the basis of shopping. Majority of customers chose group buying as they could enjoy low price or they have needs of group buying product, feedbacks from others was not the significant factor affected customers’ purchasing decision. The chi-square is 122.95, which is larger than 9.49, therefore, the factors affect consumer behavior did not occur by chance.

Do you agree feedbacks from other people’s experience could encourage you to take next buying action?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	57	21.19	21.19	21.19
	Agree	164	60.97	60.97	82.16
	Neither agree nor disagree	36	13.38	13.38	95.54
	Disagree	11	4.09	4.09	99.63
	Strongly disagree	1	0.37	0.37	100
	Total	269	100	100	

Table 16: Do you agree feedbacks from other people’s experience could encourage you to take next buying action?

Based on the results shown in Table 16, feedbacks from others' experience could encourage customers to take next buying action as the majority of the participants (21.19% strongly agreed and 60.97% agreed) thought words from other people could influence their buying behavior. Both positive and negative feedbacks would affect other customers' buying action, positive feedbacks could increase the amount of sales and negative feedbacks could reduce the attractiveness of products or services. The chi-square number in this question is 317.67, which is larger compared with $df=9.49$ with 4 degrees of freedom at 5 per cent level. The result proved feedbacks could influence customer behavior did not make by chance.

Do you agree negative feedbacks could affect your interest in group buying?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly agree	69	25.65	25.65	25.65
	Agree	162	60.22	60.22	85.87
	Neither agree nor disagree	31	11.52	11.52	97.39
	Disagree	6	2.23	2.23	99.62
	Strongly disagree	1	0.37	0.37	100
	Total	269	100	100	

Table 17: Do you agree negative feedbacks could affect your interest in group buying?

Table 16 explains feedbacks from other customers could influence customers buying action, and results shown in Table 17 further demonstrates negative feedbacks could affect customers buying expectation. It is noteworthy that, high degrees of participants agreed negative feedback could affect their interest in group buying, as customers could pay more attention and caution when purchasing the services. The chi-square is 325.85, which is bigger than 9.49, which could be proved feedbacks do not influence customers' interest by chance.

Do you agree high customer satisfaction level could attract more customers to use group buying services?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	79	29.37	29.37	29.37
Agree	164	60.97	60.97	90.34
Neither agree nor disagree	23	8.55	8.55	98.89
Disagree	3	1.12	1.12	100.01
Strongly disagree	0	0	0	100
Total	269	100	100	

Table 18: Do you agree high customer satisfaction level could attract more customers to use group buying services?

Concerning the degree of the high customer satisfaction level influence customers purchasing actions, majority of the participants considered that they could be attract by high customer satisfaction in some level: 29.37% strongly agree and 60.97% agree. The results explained in Table 18 indicate high customer satisfaction level could attract more customers to use group buying services. In this question, the chi-square number is 356.93, as the $df=9.49$ with 4 degrees of freedom at 5 per cent. As 356.93 is larger than 9.49, therefore high customer satisfaction level could attract customers and it is not occurred by chance.

Do you agree high customer satisfaction level could change customer to repeat customer?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	70	26.02	26.02	26.02
Agree	164	60.97	60.97	86.99
Neither agree nor disagree	26	9.67	9.67	96.66
Disagree	9	3.35	3.35	100.01
Strongly disagree	0	0	0	100
Total	269	100	100	

Table 19: Do you agree high customer satisfaction level could change customer to repeat customer?

All the participants acquainted with the concept "Repeat customer". And most of the participants (86.99%) agreed that high customer satisfaction level could change customer to repeat customer. Comparing with participants who disagreed that high customer satisfaction could change customer to repeat customer (3.35%), the result validated that repeat customers could be made by high customer satisfaction level. The chi-square is 336.07 in this question, which is bigger compared with the $df=9.49$ and it is proved that customers changed to repeat customers by high customer satisfaction level did not occur by chance.

Do you agree satisfied customer will recommend the service to their friends?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	51	18.96	18.96	18.96
Agree	162	60.22	60.22	79.18
Neither agree nor disagree	47	17.47	17.47	96.65
Disagree	9	3.35	3.35	100
Strongly disagree	0	0	0	100
Total	269	100	100	

Table 20: Do you agree satisfied customer will recommend the service to their friends?

Majority of the participants (18.96% strongly agree, and 60.22% agree) agreed that customers would recommend group buying services if they are satisfied with the services. Furthermore, high level of customer satisfaction would become to a costless and effective way to advertising, new customers could be attracted by satisfied customers' recommendations, which are trustworthy for new customers. The chi-square is 309.72 in this question, which is larger than 9.49, therefore satisfied customers recommend group buying services to others are not by chance.

Do you agree group buying service providers could keep the service in a high quality for a long period?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly agree	37	13.75	13.75	13.75
Agree	114	42.38	42.38	56.13
Neither agree nor disagree	97	36.06	36.06	92.19
Disagree	20	7.43	7.43	99.62
Strongly disagree	1	0.37	0.37	100
Total	269	100	100	

Table 21: Do you agree group buying service providers could keep the service in a high quality for a long period?

Over half of the participants (13.75% strongly agree, and 42.38% agree) considered that group buying service providers could keep the service in a high quality for a long period. 36.06% of the participants held their opinion, and totally 7.80% of the participants considered group buying service providers could not keep the service in high quality for a long period. The reason why a number of customers do not considered the service could be held in high quality for a long period is because some of the group buying service providers could maintain the service in high quality at the beginning to attract more customers, as the growing number of customers purchase their product or service, they no longer consider high quality is the core of their service. The chi-square is 180.35 in this question, compared with the $df=9.49$, which is

larger than the df. It is conclude that group buying websites could keep quality service for a long period, which is not occur by chance.

4.4 Cross-sectional analysis

After the initial data collection of the questionnaire, the author used cross-sectional analysis to investigate valuable and concrete information, as the principal horizontal analysis could not provide comprehensive information. Statistical differences in customer satisfaction were found in relation to age and education background (see Table 19).

Background variables Response rates (%)	Group buying services were trustworthy	Group buying history was pleased	Satisfied with group buying services
<u>Age</u>			
Below 20ys	20.0	80.0	60.0
20-25ys	15.9	73.2	52.4
26-35ys	12.2	76.5	66.9
36-50ys	7.3	74.5	54.5
Over 50ys	16.7	58.3	41.7
<u>Education</u>			
High school	18.2	72.7	54.5
Vocational school	0.0	75.0	50.0
Junior college	9.1	63.6	47.3
Bachelor	13.5	75.3	61.1
Above bachelor	13.8	89.7	68.9

Table 22: Cross-sectional statistics between background variables and response rates of certain questions from the questionnaire

Regarding to the participants' age, the most significant difference was found in teenaged group, 80% of the participants from under 20ys group considered they were pleased with their previous group buying purchasing; moreover, over half of the participants from teenaged group were satisfied with group buying services, however the proportion of other groups were slightly lower. In the investigation of satisfaction regarding to group buying services, the participants who mostly considered "strongly

agree” and “agree” were from 26-35ys groups. Over half of the participants from 20-25ys and 36-50ys groups were agreed that they were satisfied with group buying services. The satisfaction level of the over 50ys groups was lower than other groups, and also fewer participants were pleased with their group buying history comparing with other groups.

When examine with the different education backgrounds, participants who have higher education degree were found more pleased with their group buying history, especially the participants have above bachelor degree. The percentage of the participants who have bachelor level degree and vocational school degree were slightly lower. The participants who have junior college degree were the most unpleased group regarding to group buying services, and they also have lower willingness of consider group buying services are trustworthy. Participants with vocational degree have the lowest proportion of group buying services are trustworthy, however people with high school degree ranked in the middle from almost all the aspects except for that they have the highest trustworthy rate.

Background variables Response rates (%)	Poor quality of product was the most common problem	Conflicts were common during transactions	Negative feedbacks could affect the indications of interest	Repeat customers could be changed by high customer satisfaction level
<u>Age</u>				
Below 20ys	44.8	44.8	40.0	40.00
20-25ys	24.7	37.6	24.4	26.80
26-35ys	34.5	47.3	33.0	30.40
36-50ys	50.0	25.0	16.4	18.20
Over 50ys	36.4	27.3	0.0	8.30
<u>Education</u>				
High school	40.0	20.0	18.2	0.00
Vocational school	26.8	40.2	0.0	0.00
Junior college	29.6	43.5	23.6	21.80
Bachelor	34.5	34.5	27.1	28.20
Above bachelor	25.0	33.3	25.6	34.50

Table 23: Cross-sectional statistics between background variables and response rates of certain questions from the questionnaire

Different age groups showed obvious divisions of responses. Half of the participants from the 36-50ys group agreed that poor quality of products is the most common problem occurred during transactions, but only half of the respondents from the group thought conflicts were common. Age group below 20ys has showed relatively high response rates as the same proportions of participants agreed that products were in poor quality, and conflicts were common during transactions. A quarter of the participants from 20-25ys group agreed that poor quality of products were common while age groups 26-35ys and over 50ys were found with relatively low prevalence of products with poor quality. 47.3% of the participants from 26-35ys group thought conflicts were common during group buying purchasing; however, both age groups 36-50ys and over 50ys agreed conflicts were occurred with relatively low frequency of occurrences.

Participants with high school degree were found more cautiously with the quality of products; however, they showed the lowest response rate that they agreed conflicts were common during transactions. Oppositely, participants with above bachelor degree showed the lowest response rate of poor quality was the most frequently problem. Furthermore, participants with above bachelor degree were also showing a low frequency of conflicts occurred during group buying transactions. Participants with a bachelor degree positioned in the middle, since participants with vocational school and junior college education had similar proportions both in which they thought poor quality of products and conflicts were common in group buying services.

When investigating the negative feedbacks impact on consumer behavior, age group below 20ys showed relatively high response rates, at the same time, participants below age 20ys also showed the highest response rate as they thought repeat customers could be changed by high customer satisfaction level. One third of the participants from age group 26-35ys agreed that negative feedbacks could affect their buying behavior. On the contrary, none of the participants from age group above 50ys thought consumer behavior could be changed by negative feedbacks, which was also showed among the participants with vocational school degree. Participants with high school education background indicated relatively low response rate in both negative feedbacks could affect consumer behavior, and repeat customers could be changed by high customer satisfaction level, additionally, none of the participants with high school degree agreed repeat customers could be made by high customer satisfaction

level. The response rate of repeat customers could be changed by high customer satisfaction level grows with the level of education backgrounds. Participants with above bachelor degree education have the highest response rate, one third of the participants agreed customers could change to repeat customers when customer satisfaction level is high, participants with junior college degree and bachelor education background also indicate repeat customers could be made by high customer satisfaction level as a quarter of the participants from the two groups agree.

5 Discussion

The majority participants of this study were youth and middle-aged with fairly high education level and numerous group buying experiences. The participants have a high level of understanding and awareness of group buying services, and the value of customer satisfaction. Generally, the customer satisfaction level of group buying in China is in good level, but customer satisfaction is also affected by various factors, which the key factors are poor product quality and conflicts during transactions.

The customer satisfaction level regarding group buying services in China is in good level; over half of the participants agreed they were satisfied with group buying services, high prevalence among participants was also found that customers were pleased with their group buying experiences. High degree of group buying image was also discovered, vast majority of the participants considered the image of group buying service providers were above the ordinary level, as over half of the respondents thought the providers have good company image. According to iResearch (2010), 58.6% of the customers (N=2703) have a positive attitude towards group buying services, as group buying websites could offer low discount rate and customers could purchase products by discounted price. The group buying services are in the growth phase according to iResearch's report (2010); group buying service providers experience rapid turnovers growth and expand their market shares. During the growth phase, the service providers expand their market shares as they introduce their service to new sales zones and new customers, thus as large number of new customers participate the services, a good company image should be build in order to attract and retain consumers. Bilieu (2008) stated that corporate or organization with good company image or reputation is an efficient marketing and advertising instrument. Moreover, good company image or reputation could determine trust, confidence, loyalty and superb relationships between companies and customers (Bilieu 2008).

Despite the group buying customer satisfaction level is good, there are some problems affecting customer satisfaction level. Products with poor quality and conflicts during transactions could be responsible for poor customer satisfaction level. Customers bought products or services from group buying service providers; customers often notice if the product or service is in poor quality immediately. Customers often receive products with poor quality or poor quality of services is one of the most frequent occurred problem during group buying purchasing, most of the service providers simply concentrate on improving a company's profitability by using low discount rate in order to attract customers, but the service providers have ignored to keep their products or services in good quality, which should be the correct method to earn profit. According to Zhang (2012), during the first quarter of 2011, 315rx.com, which is an organization protecting consumers' rights, has accepted 1573 complaints related with group buying services. Moreover, 42.56% of the complaints were regarding product has poor quality (Zhang 2012). As most of the group buying websites does not sale products directly, the websites should examine retailers carefully; thus good retailers could provide services or products with good quality.

In 2012, XINTAI research and consulting organization published a report in order to examine group buying service quality. The report stated that the majority of the customers considered the reason of their unsatisfactory was related to poor product quality and product could not matched with the description on the Internet (SWOT analysis of group buying services). The research study shows poor quality of products is the most frequent problem customers have experienced. Furthermore, the study also showing the number of the participants have experienced poor customer service. According to DCCI (DATA CENTER OF CHINA INTERNET), 13.15% of the customers made complaints about group buying services. Moreover, 48.1% of the complaints were related to poor customer service (Majority of the complaints were caused by poor customer service).

It is difficult for group buying websites to earn reputation, retain and attract customers by poor product quality and poor customer service. Although most of the group buying websites play a role as an intermediary, as they only offer information to customers but customers still blame group buying websites because group buying websites' low standards when selecting retailers. Poor customer service could directly affect customer's purchasing desire. Customers thought it could be hard to com-

municate with group buying websites, especially contact the websites to solve problems during transactions. Customers concern and fear to choose group buying services could be the consequences of poor service quality and poor product quality. Group buying websites should pay enough attention to customer service, customers choose group buying services mostly because of discounted price, however, promotional price does not mean bad quality. According to iResearch (2010), although 80.9% of the customers (N=2767) chose group buying services as customer could get low discount rate, 47.9% of the customers (N=2583) do not choose group buying services as customers do not familiar with group buying websites, therefore customers have little confidence and lack of trust to the websites.

Conflicts during group buying transactions are also affecting customer satisfaction level regarding to group buying services. China Consumer Association accepted and heard twenty thousands of complaints related with group buying services in 2012, which the percentage has increased by 28.5% compared with 2011 (Sun 2013). Majority of the conflicts are customers afraid the service providers disclosure consumers' personal information, and retailers refuse to accept discount coupons, which customers bought from group buying sites. In 2011, Sina.com and Beijing Morning Post have conducted a survey investigating group buying consumer behavior, 42.6% of the participants committed that they experienced conflicts during their group buying purchasing history, and the most frequent problem was the product could not matched with description on websites (survey of group buying consumer behavior 2011). Furthermore, there is 67.5% of the participants considering that group buying service providers should be responsible for resolving conflicts, 25.8% of the respondents agreed group buying service providers should assist retailers to resolve conflicts, and only minor of participants (6.6%) think retailers should take the responsibility to resolve conflicts (survey of group buying consumer behavior 2011).

According to Yuan (2012), there are four defects in current Chinese group buying market, which could easily cause conflicts between consumers and group buying websites: qualification of group buying websites, credit guarantee system, group buying consumers suffered discrimination, and customers hard to protect their legal rights. Although the significant number of group buying websites existing in Chinese market, majority of the websites have a qualification problem as they are operating without authentication and approval, which the issue in the group buying market is the difference in quality. Customers are also facing problem in payment sector. A

number of the group buying websites do not offer third - party payment platform, which directly affects consumers' trust towards group buying websites as customers suffering loss if the service providers make changes. Customers experience discrimination from retailers, as retailers do not treat group buying customers as normal customers. Group buying websites and retailers make this problem, group buying websites need more discounts to attract customers but retailers will find other methods to compensate this loss, which customers need to pay extra money as the consequence. As the majority of the group buying websites have qualification problem, customers were difficult to protect their legal rights because of lack of supervision, and only accept imparity clauses.

The most two age groups of group buying customers are 19-24ys (31.4%) and 25-30ys (25.8%); student (22%) and clerical work (20.3%) are the most occupational groups (iResearch 2010). In this study, customers in youth age (26-35ys), with above bachelor degree, and with over 10 times of group buying experiences are found more satisfied and pleased than others with their group buying purchasing history. As in this age stage, customers concentrate more about needs and novelty of products. Negative feedbacks have less influence to customers in youth age than the customers in middle age. Therefore, it is of enormous need to take effective measures to investigate different needs from different customer groups. Generally, young people have three characteristics when study the consumer psychology: pursuit fashion and novelty of products, self-expression and reflecting personality, and emotional impulsiveness (Consumer psychology). Impulse shopping is the consequence of impulsiveness in youth; young customers had made more decisions by emotional factors, instead of considering cost performance of products.

Middle-aged customers consider more feedbacks from others when shopping (An analysis of the consumer behavior). Middle-aged customers make most decisions based on needs and practicability of products; they concentrate more about the cost performance of products, which on the contrary, young customers concentrate more on style and novelty. In group buying businesses, group buying websites could attract both young and middle-aged customer groups by new products and services, and maintain good quality at the same time. New and fashionable products and services could attract young customers to follow trends. Quality products with low discount could attract middle- aged customers; customers could be satisfied and make positive feedbacks when the products or services matched with their expectations.

6 Conclusions and recommendations

A wide range of problems in group buying services and current group buying customer satisfaction level have been examined, and meaningful results had obtained in this study, yet many subjects and problems were also arose. The current customer satisfaction level of group buying service in China is in good level, majority of the survey participants agreed they are satisfied with the current group buying services, and they are pleased with their group buying transaction history. However, problems and conflicts are still occurring among group buying transactions, customers thought products with poor quality and conflicts during group buying purchasing could affect customer satisfaction level regarding group buying services, which group buying websites should take the issues into consideration in order to improve customer satisfaction, attract and retain customers.

Group buying service providers should pay more attention when selecting retailers. Group buying websites should examine retailers carefully as retailers should guaranty their product quality and service quality. Customers could get a warranty and protect customers' legal rights when purchasing from qualified retailers, and product quality could be ensured as group buying websites select qualified retailers. Group buying websites should monitor retailers' performance to ensure retailers make businesses with consumers according to the agreement made between group buying websites and retailers.

Based on the research results, the author recommends that group buying websites should build secure information system as customers' personal information could be conserved safely. Customers are concerned group buying websites disclosure consumers' personal information, as customers entered during purchasing. Moreover, third-party payment system should be employed; customers could make payment to a third party after purchasing, which could lower risk for customers during transactions and improve the credibility of group buying websites, thus providing a trustworthy and safely brand image to group buying customers.

Additionally, it is necessary for group buying websites to improve the quality of their customer service. Group buying websites should offer assistance to customers both in sales and after sales, which could help customers solve occurred problems during the

purchasing and resolve conflicts efficiently. Customer service plays a significant function in after sales phase; efficient customer service could improve unsatisfied customers' satisfaction level by offering positive solutions and attitudes. Group buying websites should not avoidance of responsibility; on the contrary, group buying websites should coordinate between customers and retailers to investigate solutions in order to resolve conflicts. Qualified customer service could help group buying websites to improve the level of customer satisfaction and attract new customers.

6.1 Implication for future research

In this study, the author conducted a survey in order to examine customer satisfaction level regarding to group buying services in China. As the growing number of group buying websites operating in China and the rapid expansion speed of the number of group buying customers, these issues are the result of gaps in data or method, which could be required through additional research.

The research study of this study was in the general level as the limitation of data collection; further research could be for instance, more samplings in the survey section, more specified questions to investigate the reason of problem occurred, and by conducting qualitative research method to investigate detailed answers from survey participants.

Customer satisfaction is important to businesses, and group buying websites should make improvements based on the research results. Furthermore, customer satisfaction is a constant process, which data and information requests to be updated according to environmental changes, further research could contain the issues related with customer satisfaction.

List of References

Books and articles

Aaker, D., Kumar, V. & Day G. 1998. Marketing research. 6th edition. New York: John Wiley & Sons.

Burns, A. & Bush, R. 2003. Marketing research. 4th edition. Upper Saddle River (NJ) : Prentice Hall.

Burns, A. & Bush, R. 2010. Marketing research. 6th edition. Upper Saddle River: Pearson Education Ltd.

Frangos, C. 2009. Proceedings of the 2nd International Conference: Quantitative and Qualitative Methodologies in the Economic and Administrative Sciences. Technological educational institute of Athens. May 25. Iii

Grönroos, C. 2000. Service management and marketing: A Customer relationship management approach. 2nd edition. Chichester: John Wiley & Sons Ltd.

Hill, N., Brierley, J. & MacDougall, R. 2003. How to measure customer satisfaction. Hampshire: Gower Publishing.

Hill, N., Roche, G. & Allen, R. 2007. Customer satisfaction: The customer experience through the customer's eyes. London: Cogent Publishing.

Kotler, P. & Keller, K.L. 2006. Marketing management. 12th edition. Upper Saddle River: Pearson Education Ltd.

Kotler, P., Keller, K.L., Brady, M., Goodman, M. & Hansen, T. 2009. Marketing management. Harlow: Pearson Education Ltd.

Kvale, S. 1996. Interviews an introduction to qualitative research interviewing. Sage Publications.

Lahtinen, J., Isoviita, A. & Hytönen, K. 1998. Market research. Jyväskylä: Avaintulos Oy.

Marilynn, J. & Janet, C. 2010. Basic steps in planning nursing research: from question to proposal. 7th edition. United States of America: Jones and Bartlett Publishers. LLC.

Saunders, M., Lewis, P. & Thornhill, A. 2003. Research methods for business Students. 3rd edition. Harlow: Prentice Hall.

Saunders, M., Lewis, P. & Thornhill, A. 2009. Research methods for business students. 5th edition. Harlow: Person Education Ltd.

Shank, G. 2002. Qualitative Research : A Personal Skills Approach. New Jersey: Merrill Prentice Hall.

Taylor, G. 2005. Integrating quantitative and qualitative methods in research. Lanham: University Press of America, Inc.

Wilson, A. 2003. Marketing research: An integrated approach. Harlow: Pearson Education Ltd.

Electronic Sources

2011 Chinese e-commerce consumer experience and complaints monitoring report 2012. Accessed 15 Feb 2013.

www.100ec.cn/zt/upload_data/down/2012yhty.pdf

An analysis of the consumer behavior. No date. Accessed 6 Mar 2013

<http://wenku.baidu.com/view/d955bffc705cc1755270982.html>

Bacal, R. 2013. What Is "The Customer Expectation Paradox?" Accessed 31 Oct 2012.

<http://customerservicezone.com/faq/paradox.htm>

Bhasin, H. 2012. Five levels of customer satisfaction. Accessed 29 Oct 2012.

<http://www.marketing91.com/five-levels-of-customer-satisfaction/>

Bilieu, G. 2008. Five benefits of good corporate image. Accessed 27 Feb 2013.

<http://ezinearticles.com/?Five-Benefits-of-Good-Corporate-Image&id=1369432>

Changes ahead. 2012. Changes Ahead for China's Thriving Group Buying Websites? Accessed 3 Nov 2012.

<http://red-luxury.com/2012/03/16/changes-ahead-for-chinas-thriving-group-buying-websites/>

Cherry, K. No date. What is a Likert scale? Accessed 22 Dec 2012.

<http://psychology.about.com/od/lindex/g/likert-scale.htm>

Chinanews. 2011. Beijing customer complaints of group buying climbed up 28 times compared with 2010. Accessed 25 Sep 2012.

<http://www.chinanews.com/cj/2011/12-16/3536027.shtml>

Consumer psychology. No date. Accessed 26 Feb 2013.

<http://wenku.baidu.com/view/119a0f297375a417866f8fb4.html>

Definition of Group Buying. 2011. Accessed 25 Sep 2012.

<http://hongkongtwango.com/definition-of-group-buying/>

Gaopeng published group buying influence of Sino-US joint report 2012. Accessed 12 Feb 2013.

<http://tech.sina.com.cn/i/2012-03-16/18236844954.shtml>

iFeng. 2012. Chinese group buying service providers made a turnover of 9.8 billion RMB during the first half year of 2012. Accessed 24 Jan 2013.

http://tech.ifeng.com/internet/detail_2012_07/31/16442148_0.shtml

iResearch. 2010. iResearch China Online Group Shopping Analysis Report. Accessed 23 Feb 2013.

<http://doc.mbalib.com/view/821fa4703c2e8f821b0947807b82ee86.html>

Key, J. 1997. Qualitative research. Accessed 5 Nov 2012.

<http://www.okstate.edu/ag/agedcm4h/academic/aged5980a/5980/newpage21.htm>

Majority of the complaints were caused by poor customer service. 2011. Accessed 6 Mar 2013.

http://epaper.jinghua.cn/html/2011-08/11/content_689081.htm

McDougall, M. 2011. Tuangou-Group buying in China. Accessed 3 Nov 2012.

<http://www.slideshare.net/Jarrahbear/tuangou-group-buying-in-china>

Miller, M. No date. RELIABILITY AND VALIDITY. Accessed 16 Jan 2013.

http://michaeljmillerphd.com/res500_lecturenotes/Reliability_and_Validity.pdf

Mississippi College. 2012. Research Process. Accessed 31 Oct 2012.

<http://mc.libguides.com/content.php?pid=47444&sid=349712>

Qing, S. 2011. Development history of group buying. Accessed 30 Oct 2012.

<http://www.icbc.com.cn/icbc/%E7%BD%91%E4%B8%8A%E7%90%86%E8%B4%A2/%E7%90%86%E8%B4%A2%E7%94%9F%E6%B4%BB/%E5%88%9B%E4%B8%9A%E5%95%86%E6%9C%BA/%E5%9B%A2%E8%B4%AD%E7%9A%84%E5%8F%91%E5%B1%95%E5%8E%86%E5%8F%B2.htm>

Sun, Y. 2013. Chinese customers hard to maintain legal rights. Accessed 23 Feb 2013.

<http://roll.sohu.com/20130223/n366787727.shtml>

Survey of group buying consumer behavior. 2011. Accessed 26 Feb 2013.

<http://survey.tech.sina.com.cn/result/55900.html>

SWOT analysis of group buying services. 2012. Accessed 6 Mar 2013.

<http://wanggoujiqiao.baik.com/article-215255.html>

The history of ewinwin and group buying. 2012. Accessed 30 Oct 2012.

<http://ewinwin.com/history/>

UCLA. No date. What does Cronbach's alpha mean? Accessed 9 Apr 2013.

<http://www.ats.ucla.edu/stat/spss/faq/alpha.html>

Yuan, S. 2012. An analysis of the problems in group buying service. Accessed 6 Mar 2013.

<http://www.cnki.com.cn/Article/CJFDTotol-GLZJ201120267.htm>

Zhang, T. 2012. Sustainable development research of group buying websites. Accessed 23 Feb 2013.

<http://wenku.baidu.com/view/894834176c175f0e7cd137ce.html>

List of Figures

Figure 1: Size of China's online retail market 2007-2011	6
Figure 2: Framework of the thesis	8
Figure 3: Attitudes and behaviors.....	10
Figure 4: Research Process	13
Figure 5: Data processing flowchart	18
Figure 6: Answers based on locations in China.....	21

List of Tables

Table 1: Summary of reliability	19
Table 2: Reliability statistic	19
Table 3: Reliability after adjustment	20
Table 4: Descriptive statistics for the background variables	22
Table 5: What is the image of group buying sites in your mind?	23
Table 6: Do you agree the order history was happy?.....	23
Table 7: Are you satisfied with group buying services?	24
Table 8: Do you agree to have problems during transactions is the most reason makes you unsatisfied?.....	24
Table 9: What is the most common problem in group buying during transactions? ...	25
Table 10: Do you agree conflicts are common during group buying transactions?.....	26
Table 11: Do you agree customers could always get positive solutions from service provider after having conflict?	26
Table 12: Do you agree positive solutions from group buying sites after have conflicts could increase the customer satisfaction level of group buying?	27
Table 13: How well the services of group buying sites have lived up to your expectations?	27
Table 14: Do you agree the product (service) you bought from the service provider match with the description and promises on the Internet?	28
Table 15: Which factor affected most your decision to choose group buying?.....	28
Table 16: Do you agree feedbacks from other people's experience could encourage you to take next buying action?	29
Table 17: Do you agree negative feedbacks could affect your interest in group buying?	29
Table 18: Do you agree high customer satisfaction level could attract more customers to use group buying services?	30
Table 19: Do you agree high customer satisfaction level could change customer to repeat customer?.....	30
Table 20: Do you agree satisfied customer will recommend the service to their friends?	31

Table 21: Do you agree group buying service providers could keep the service in a high quality for a long period?.....	31
Table 22: Cross-sectional statistics between background variables and response rates of certain questions from the questionnaire	33
Table 23: Cross-sectional statistics between background variables and response rates of certain questions from the questionnaire	34

Appendices

Appendix 1

Hello, I am Yu Liu from Laurea University of Applied Sciences. It would be my pleasure to send you this questionnaire to research customer satisfaction level of group buying services in China. It also would be my honor if you can spend time to fill the questions. The aim of the questionnaire is to know how satisfied customer in group buying in China and improvements. Thank you in advance!

- Your gender
 - Male
 - Female
- Your age
 - Below 20
 - 20-25
 - 26-35
 - 36-50
 - Over 50
- Your education background
 - High school
 - Vocational school
 - Junior college
 - Bachelor
 - Above bachelor
- What is the image of group buying sites in your mind?
 - Trustworthy
 - Good
 - Ordinary
 - Bad
 - Untrustworthy
- Do you agree the order history was happy?
 - Strongly agree
 - Agree
 - Neither agree nor disagree
 - Disagree
 - Strongly disagree
- Are you satisfied with group buying services?
 - I am totally satisfied
 - I am satisfied
 - Neither satisfied nor unsatisfied
 - I am not satisfied
 - I am totally unsatisfied

- Do you agree to have problems during transactions is the most reason makes you unsatisfied?
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
- What is the most common problem in group buying during transactions?
Poor quality of product
Poor customer service
Poor communication with service provider
Afraid of fraud
Product doesn't match with the description on the Internet
- Do you agree conflicts are common during group buying transactions?
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
- Do you agree customers could always get positive solutions from service provider after having conflict?
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
- Do you agree positive solutions from group buying sites after have conflicts could increase the customer satisfaction level of group buying?
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
- How well the services of group buying sites have lived up to your expectations?
It totally fulfilled my expectations
It partly fulfilled my expectations
It neither fulfilled nor unfulfilled my expectations
It partly can't fulfilled my expectations
It totally can't fulfilled my expectations
- Do you agree the product (service) you bought from the service provider match with the description and promises on the Internet?
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree

- Which factor affected most your decision to choose group buying?
Cheap price
The product is attractive
Have needs to buy the product
Experiencing new method of shopping
Feedbacks from others
- Do you agree feedbacks from other people's experience could encourage you to take next buying action?
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
- Do you agree negative feedbacks could affect your interest in group buying?
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
- Do you agree high customer satisfaction level could attract more customers to use group buying services?
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
- Do you agree high customer satisfaction level could change customer to repeat customer?
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
- Do you agree satisfied customer will recommend the service to their friends?
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree
- Do you agree group buying service providers could keep the service in a high quality for a long period?
Strongly agree
Agree
Neither agree nor disagree
Disagree
Strongly disagree

Appendix 2

请问您的性别是

男

女

请问您的年龄是

20 岁以下

20-25 岁

26-35 岁

36-50 岁

50 岁以上

您的教育背景是

高中

职高

大专

本科

本科以上

您心目中对团购服务商的印象如何？

值得信赖

良好

普通

不好

不值得信赖

您是否同意您满意您的团购经历？

非常同意

同意

既不同意也不反对

不同意

非常不同意

您是否满意团购网站所提供的服务？

我非常满意

我满意

一般

我不满意

我非常不满意

您是否同意团购过程中出现问题是最会使您不满意的原因？

非常同意

同意

既不同意也不反对

不同意

非常不同意

您认为下列哪个问题是团购过程中最常出现的？

产品（服务）质量差

糟糕的客户服务

很难与团购提供者联系

担心诈骗

产品与网站描述不符

您是否同意团购过程中经常发生纠纷？

非常同意

同意

既不同意也不反对

不同意

非常不同意

您是否同意团购发生纠纷后顾客总能从商家处得到积极的解决方案？

非常同意

同意

既不同意也不反对

不同意

非常不同意

您是否同意发生纠纷后商家积极解决能够提高顾客满意程度？

非常同意

同意

既不同意也不反对

不同意

非常不同意

团购网站的服务是否达到了您预期的要求？

完全满足了您的要求

部分满足了您的要求

既不满足也非满足

部分不能满足您的要求

完全不能满足您的要求

您是否同意您从团购商处购买的产品（服务）与团购商对它的描述相吻合？

非常同意

同意

既不同意也不反对

不同意

非常不同意

下列哪一项是您选择团购的重要依据？

团购商品低廉的价格

团购商品有吸引力

对所团购的商品有需求

尝试新的购物方式

他人对团购服务的反馈

您是否同意他人的团购经历会影响您今后的对团购的需求？

非常同意

同意

既不同意也不反对

不同意

非常不同意

您是否同意他人对团购的差评会影响您对团购的兴趣？

非常同意

同意

既不同意也不反对

不同意

非常不同意

您是否同意较高的顾客满意率能够吸引更多的顾客进行团购行为？

非常同意

同意

既不同意也不反对

不同意

非常不同意

您是否同意较高的顾客满意率可以将普通顾客转变为重复购买顾客？

非常同意

同意

既不同意也不反对

不同意

非常不同意

您是否同意满意团购服务的顾客会推荐团购服务到他们的社交圈？

非常同意

同意

既不同意也不反对

不同意

非常不同意

您是否同意团购服务商能够长时间保持高水平服务？

非常同意

同意

既不同意也不反对

不同意

非常不同意