Factor that affecting success of E-Marketplace in Thailand

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Abstract—Since purchasing via E-Marketplace is performed through an online intermediary, goods will be delivered to customers from the middlemen. Intermediary problem occurs when customer cannot directly contact to sellers. Hence, E-Marketplace providers need to focus on communication to customers, especially when the customers have problem. This research is a study of the factors leading to successful E-market in Thailand, developing from the model of E-commerce purchase intention study (trust-based consumer decision-making model). There are two new factors - Communication and Logistic Service Quality – added to the model to better explain purchase intention in E-Marketplace. Moreover, online intermediary is classified into two types, which are high-trust and low-trust online intermediaries to explore behavior of purchase intention from the different customers who have different level of trust in the online intermediary. Therefore, this study will help E-marketplace providers to better understand the factors that can affect customer's buying intention and to be successful in their business.

Index Terms—E-marketplace, E-Commerce, Online purchase, Purchase intention.

I. INTRODUCTION

Nowadays online purchasing has become very popular in many countries. Customers can order goods via the Internet and then the products can be delivered to the customers' address registered on the website, instead of going out to shop by themselves. There are two common types of online merchandising. First, sellers have their own websites as their own shop (E-Commerce). Another is an online market (E-Marketplace) in which sellers can register their shop via an online service provider. E-Marketplace is an online market used for selling goods via third-party website. It helps seller reduce cost of opening physical shop and delivering goods to customers. It is also easier for a buyer to make a purchase decision via website because many products can be compared from many sellers via E-Marketplace [29].

E-Marketplace can be classified into many types. There are three types of E-Marketplace that may be categorized by business model which are B2B (Business-to-Business), B2C (Business-to-Customer) and C2C (Customer-to-Customer). B2B is an online market among businesses. B2C is a normal online market between consumers as the buyers and sellers; this

is similar to when consumers go to a shopping mall with products from many shops from many sellers are available for them to shop [32]. And C2C is an online market for individuals exchanging goods, which is still not popular at present [28]. Nowadays, E-Marketplace for B2C is becoming widely used in Thailand. In 2014, the usage of online market has increased by 30% from the previous year. For example, "Tarad.com" is a large online market subscribed by over 250,000 shops [30]. Another giant online market is "Lazada" providing delivery system or cash-on-delivery payment. This expansion is a result from the development of telecommunication which increases the use of the internet in consumers' daily life [31].

Since the most popular online market types in E-Marketplace at present is B2C, this study will focus on this type for tangible goods which sellers have to deliver to customers. In addition, E-Marketplace providers can be seen as a communication intermediary. From prior researches, there is no study about E-marketplace that concern Logistic Service Quality and Communication. Thus, the authors add the other two factors to better explain the consumers' purchase intention in E-Marketplace.

II. THEORETICAL FRAMEWORK AND PROPOSITIONS

Trust-based consumer decision making model has been applied in this research. E-Marketplace is an E-commerce with outstanding characteristic of the exchange market between buyer and seller, but it is still considered as an online market that is similar to E-Commerce. Therefore, the Trust-based model can be applied to E-Marketplace, which will focus on trust, perceived risk and perceived benefit [1].

A. Intention

The research related to Technology Acceptance Model shows the relationship between intention of using and behavior of using. When there is customer's intention of using goods, it will follow by behavior of using. This was also shown in [1] research.

B. Perceived Risk

Risk means uncertainty or negative result. In this study, the authors focus on risk of online purchase of E-marketplace which is a part of E-commerce, buying and selling via the Internet. Even though product can be sent to customer, online purchase can incur many risks. For example, there is a risk whether the transaction is completed. Another is payment risk for unsuccessful transaction. Next, personal data which is revealed or misappropriated used becomes another risk. Last product risk results from the fact that there is no trial use before payment

which can cause unmet customer expectations [2]. After placing an order and payment, goods are shipped to recorded address in system. When customer wants to return goods, it will be different from traditional purchasing. The customer is worried in this return step [3]. In general many online purchasing studies emphasizing on overall risks [4],[5] and many specific risks according to [2] are about three different risks which are product risk, finance risk and privacy risk. The first two risks are also found in [6] and the third is time risk. Moreover, according to [7] study shows that risks are categorized into three types: personal risk, performance risk and social risk; this study implies that mentioned risks will affect customer's intention as an expected personal risk. Thus, the first proposition are proposed:

P1: A consumer's perceived risk (RISK) affects negatively to consumer's intention to purchase (INTENTION) on the E-Marketplace.

C. Perceived Benefit

E-Marketplace is an online market that customer receives many benefits. For example, customer can make a buying decision for any goods from a catalog on website instead of going out to search for it. Moreover sales marketing in the E-Marketplace is very popular in terms of giving discounts to the customer which makes the perceived value of goods increase [1]. Traditionally, when the customer wanted to buy goods, they had to search from many buyers because there was no one collecting all the information of available goods in the same place. To switch to other sellers would add more searching cost for buyers. That makes E-marketplace a good choice because it can reduce searching cost by collecting all of the information of goods available from many sellers. Customer will have access the the goods available information easily and fast. Furthermore, there is also stock availability information provided on website [8], [9]. In addition, each seller will know other seller's pricing [10]. This causes reducing searching cost that will lead to more perceived benefits for both seller and buyer than traditional purchasing method. The fact that when customers realize the benefits from online purchase they will tend to choose E-marketplace [11]. The authors propose that:

P2: A consumer's perceived benefit (BENEFIT) affects positively to consumer's intention to purchase (INTENTION) on the E-Marketplace.

D. Communication

In an online purchase situation, both buyer and seller do not contact each other via face-to-face communication. Furthermore, goods cannot be tried before payment. This causes problems to the customer in whether the goods really meet the customer's expectation or not. Thus, to manage the communication channel, it is important that customer should be able to contact seller in a timely manner when a problem has occurred. Communication to the customer is crucial in making the online business become more successful. A communication channel can begin with setting up an Customer Management Center to connect buyer and seller which will increase the customer's buying intention [12]. Furthermore, there are online brand communities that serve as another method that improves

communication between buyer and seller. Before placing an order, the more information the buyer gets , the more buying intention will increase. This is a result from lowered risk acknowledgement [13]. Another interesting choice is Social media, which is now popular as an online communication tool. [14] studies have shown a relationship between social media and an affect on customer's buying intention, it has been found that social media can increase buyer's trust leading to increased buying intention. Likewise, [15]'s study indicates that communication via social network affects customer's buying intention. Thus communication propositions as follows:

P3: Communication affects negatively to perceived risk.

P4: Communication affects positively to buying intention.

E. Logistic Service Quality

E-Marketplace is a service provider that allows seller to set up an online shop, waiting for customer placing an order. Thus, there is no trial use and product is not immediately sold to customer directly. In this online market, seller must deliver goods via mail to a registered address on seller's customer database. This makes logistic service quality an important factor to E-Marketplace. If this logistic service is favorable to the customer, it will increase buying intention [16]. In addition, if the seller improves Logistic service by increasing quality of goods delivery data, it will reduce the perception of risk from the customer [17]. Furthermore, it is a competitive advantage for the seller to have an excellent logistic service. [18] had conducted a study of an online seller's freight provider. They have found significant factors which are on-time delivering, easy tracking and quick response. Another research from [19], the study focuses on an intention to repurchase. The study shows that there are factors; attitude, satisfaction and capability, that can affect the repurchase intention. Thus, if customers are satisfied with on-time and cheap delivery, it will lead to a recurrence in buying intention. Therefore:

P5: Logistic Service Quality affects negatively to perceived risk.

P6: Logistic Service Quality affects positively to buying intention.

F. Trust

Online purchase might have many risks, so a customer's trust is highly important for the seller. This trust can create an impulse buying [20]. Trust can be created by open communication between the buyer and the seller. Open communication channel can increase a customer's trust toward seller which lead to increased intention to buy goods as a result [21]. Trust has been classified in many types [22]. Accordingly, [23] mentioned that trust can be categorized into three types; which are Personality-based trust, Cognitive-based trust, and Institutional-based trust. These three trusts are found as an empirical result from representative samples of kaskus.co.id website, the famous Indonesian and large online market. The study found that trust in online purchase positively affects buying intention and negatively affects perceived risk. This was also mentioned in [1], [24], [25], [26]. Others say that the representatives were not equivalent to all populations because of different online experience. There will be a risk if each representative has a different trust level on online market. [27]'s

study also shows that a moderator is a factor which shows the different relations in each representative. Different moderators in different groups create different relations.

P7: Different trust levels affect the risks leading to different buying intention.

III. THE PROPOSED MODEL

Used for Conceptual Framework execution, this study is based on Trust-based consumer decision-making model adding two independent variables: Communication and Logistic Service Quality. Sellers and E-Marketplace service providers must provide a delivery service to customers. This urges them to improve logistic service quality. Besides, the online service providers who are intermediaries between buyers and sellers also need to improve efficiency for communication. Resulting from adding two independent variables, there are four more independent variables which are Communication, Perceived benefit, Perceived Risk and Logistic Service Quality, one moderator variable which is Trust, and one dependent variable which is Intention to Purchase.
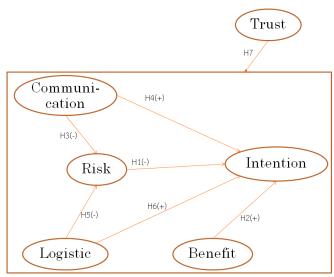

Fig. 1 Conceptual Framework

IV. CONTRIBUTIONS

This article relates to E-Marketplace with E-Commerce model. E-Marketplace is part of E-Commerce with different characteristic which is an intermediary between buyers and sellers, but it is still an online market. This online service provider also offers logistics service and communication channel when the customer has a problem. Thus, there will be more factors; Logistic Service Quality and Communication, which are the crucial factors for successful achievement in this business. Besides, customers are classified into two groups, high trust and low trust customers, to define the difference between them toward online purchasing via E-Marketplace. Hence, E-Marketplace providers may use this model as a guideline for accurately identifying customers' classification, in order to be successful in their business.

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