Exploring risks and benefits of cross-border e-commerce consumption:

A qualitative investigation of Chinese consumers

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**Introduction****.** With the development of technology and globalization in online business, cross-border e-commerce (CBEC), which refers to online transactions that occur via e-commerce platforms between buyers and sellers located in different countries (Kim, 2014), has been evolving rapidly (Tu & Shangguan, 2018). In China, one of the world’s largest e-commerce markets, CBEC sales increased by 31.1% in 2020 compared to 2019 and expected to reach 200 billion U.S. dollars by 2022 (Ma, 2020a). Chinese CBEC consumers purchase from foreign retailers via third-party platforms (e.g., Tmall Global, JD Worldwide) offered by e-commerce companies or self-built platforms (e.g., Amazon, Lookfantastic, Kaola.com) established by the retailer themselves (Liu & Liu, 2017). CBEC consumers may shop from foreign retailers for various reasons, such as competitive prices and high-quality products (Ma, 2020b); whereas others may hesitate to use CBEC retailers due to language, customs, or other issues (Mou et al., 2019). Consumers’ perceptions of benefits and risks play critical roles in explaining their purchase behaviors (Bhatnagar & Ghosh, 2004). However, limited research is found on risks and benefits consumers perceive about CBEC consumption, which may differ from those perceived from traditional e-commerce (Wagner et al., 2016), and no research has focused on Chinese consumers. CBEC differs from traditional e-commerce as it is associated with more uncertainties (Mou et al., 2019). Therefore, the purpose of this study is to explore the types of risks and benefits that Chinese consumers associate with CBEC consumption by answering two research questions (RQs): **1.** What types of (a) benefits and (b) risks do Chinese consumers associate with CBEC consumption? **2.** Do the benefits and risks Chinese consumers consider vary among different types of CBEC platforms, such as third-party versus self-built CBEC platforms?

**Method.** Data were collected through semi-structured in-depth interviews with a purposive sample of 20 Chinese consumers (female = 15), including 10 who had purchased from CBEC platforms and 10 who had shopped on CBEC platforms but never purchased from them. Each interview was conducted virtually via telephone or virtual meeting software, Zoom, in July 2020. All interviews were conducted in Chinese, including questions with respect to 1) participants’ CBEC experiences, 2) risks and benefits they associated with CBEC consumption, and 3) differences they perceived among different CBEC platforms. The audio records of the interviews were transcribed verbatim in Chinese and then translated into English. Another bilingual researcher confirmed the accuracy of the translation. A grounded theory approach was employed to analyze the English-transcribed data. First, open coding was conducted by one researcher to abstract meaningful categories (i.e., open codes) from the data. These open codes were continuously compared with each other through axial coding by two researchers, which resulted in merges of some open codes and restructuring of others, leading to a refined set of themes. Further, the axial codes were compared with the benefit and risk factors reported in the previous literature related to e-commerce consumption (e.g., Forsythe et al., 2006) to identify the types of benefits and risks that are similar to those found in traditional e-commerce literature and those unique to CBEC.

**Results and Discussion.** Both CBEC purchasers and non-purchasers discussed benefits that may associate with CBEC consumption. Three major themes of benefits, including product selections, shopping convenience, and shopping enjoyment, were identified. First, product selections constituted the largest benefit theme, which were further categorized into product variety (*fp*= 5, *fnp* = 5), unique products that are not available in the domestic market (*fp*= 5, *fnp* = 7), the authenticity of foreign branded products (*fp*= 8, *fnp* = 5), product quality (*fp*= 6, *fnp* = 5), and competitive prices (*fp*= 6, *fnp* = 8). Next, shopping convenience (*fp*= 5, *fnp* = 4), which refers to the ease of obtaining foreign products anytime and anywhere, emerged as a consistent benefit of CBEC. Finally, shopping enjoyment (*fp*= 2, *fnp* = 0) was a theme mentioned by fewer participants who indicated that CBEC consumption provided them with fun and exciting experiences.

Next, both purchasers and non-purchasers acknowledged certain risks involved with CBEC consumption, and these risks were the primary reason that the non-purchasers did not purchase from CBEC retailers. Product risk (*fp*= 10, *fnp* = 10) was the largest theme mentioned by all 20 participants, who indicated their uncertainties about the performance/quality (*fp*= 6, *fnp* = 7) and authenticity (*fp*= 8, *fnp* = 8) of products from CBEC retailers. Convenience/time risk (*fp*= 9, *fnp* = 9) was identified as another major risk. Participants noted that CBEC consumption experiences were/may be complicated and time-consuming due to language barriers, limited information, and unfamiliar interfaces/websites. Delivery risk (*fp*= 9, *fnp* = 8) was the third major risk; As CBEC deals with international shipping, consumers were uncertain about whether they would receive the product, whether the product would be damaged during the delivery process, or the delivery cost and time. Next, financial risk was another major risk for both groups (*fp* = 7, *fnp*= 9). Participants mentioned that they worried about losing money due to foreign currency payments and unfamiliar payment methods (e.g., credit card without password) as Chinese consumers were accustomed to using third-party payment methods (e.g., Alipay). Although the aforementioned risks were mostly equally mentioned by both purchasers and non-purchasers, customs risk (*fp*= 5, *fnp* = 8), or concerns about whether their products would be confiscated or charged an extra customs clearance fee, and after-sale service risk (*fp*= 3, *fnp* = 9), or uncertainty about return or exchange processes due to language barriers and inconvenient customer service communication, were pointed out more frequently by non-purchasers than purchasers.

Finally, participants associated different sets of benefits and risks to self-built versus third-party platforms. The product selection benefit in terms of product authenticity and product quality were two major sub-themes associated with self-built platforms, whereas convenience/time was the major benefit theme associated with third-party platforms. More participants associated convenience/time risk, after-sale service risk, financial risk, and delivery risk with self-built platforms, whereas more participants associated product risk (i.e., product authenticity and performance/quality) with third-party platforms.

**Implications and Recommendations.** This study is among the first to explore the benefits and risks of CBEC from Chinese consumers’ perspectives. Although some of the perceived benefit and perceived risk themes were similar to those found in traditional e-commerce research, the findings of this study reveal unique benefit and risk themes that facilitate and impede consumers’ CBEC consumption, which have not been found in the traditional e-commerce literature. Further, this research provides insights on potential differences in consumer perceptions across different types of CBEC platforms. These findings offer practical implications to CBEC retailers across the globe. Future research is recommended to explore diverse platform factors, consumer factors, and situational factors as antecedents to perceptions of risks and benefits regarding CBEC consumption to enhance knowledge on this relatively new yet rapidly growing e-commerce sector. Future research is also needed to examine potential cross-cultural differences in global consumers’ perceptions and behavior toward CBEC consumption.

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