

## Factors Influencing Consumers' Intention to Engage in International Online Outshopping: A Comparison of US and Indian Consumers' Outshopping Intention at Chinese e-tailers

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**Introduction:** Outshopping, the physical movement of consumers from their local trade area to a neighboring region or oftentimes a foreign country with the intention to shop for goods, has been well documented in literature. An unprecedented access to consumer goods online has further impacted this phenomenon giving rise to International Online Outshopping (IOO). In 2013, 34.1 million consumers in the US (Paypal, 2013) and a third of the 20 million online shoppers in India engaged in IOO (DHL, 2013). Clothing and apparel constituted the most purchased items with China being the most popular IOO destination. With this trend expected to grow exponentially, the need to understand consumers' IOO intention is critical for US apparel retailers to retain domestic customers as well as target foreign consumers. This exploratory study examines the factors that affect US and Indian consumers' intention to engage in IOO at Chinese e-tailers and examines the moderating effect of country on the influence of these factors on IOO intention.

**Background & Hypotheses:** In outshopping literature, price has been found to be a key reason for consumers to travel cross-border to shop for products (Piron, 2002). In addition, Wang (2004) evidenced that consumers crossed borders to shop for popular brands for cheap. Considering the availability of low-priced branded products on Chinese e-tailers, such as alibaba.com, owing to the local manufacturing capabilities, it is hypothesized that: *Price Consciousness (H1) and brand consciousness (H2) will positively affect IOO intention on Chinese e-tailers.*

Next, the development of consumer trust on online retailers has been shown to be substantially more difficult than on offline retailers (Bhattacharjee, 2002), with perceived reliability of foreign retailers being a strong predictor of propensity to outshop. Therefore, it is hypothesized that: *(H3) Trust in foreign website positively affects IOO intention on Chinese e-tailers.* Further, the desire to acquire unique products has been attributed to international outshopping motivations where consumers yearn for products that are unique to foreign markets. Therefore, it is hypothesized that: *(H4) The desire for unique consumer products positively affects IOO intention on Chinese e-tailers.* Subsequently, in establishing moderating country effects, by virtue of living in a still-developing economy and being inherently conservative, Indian consumers' price consciousness is higher than that of US consumers (Maxwell, 2001).

Additionally, due to the uncertainty in quality inherent in local unbranded products, Indian consumers value branded products more as an evidence of assured quality than do US consumers, thus positing that: *(H5) The positive effect of (a) price consciousness and (b) brand consciousness on IOO intention will be stronger among Indian consumers than US consumers.* Finally, though collectivistic consumers (like Indians) are typically seen as more risk-averse, Teo and Liu (2007) found that individualistic American consumers were less trusting on e-vendors than their Asian counterparts. Individualistic values of US consumers also explain an underlying desire to make unconventional product choices (Simonson & Nowlis, 2000) in order to "stand-out", thereby rendering them more prone to seek unique consumer products than Indian consumers. Therefore it is hypothesized that: *(H6) The positive effect of (a) trust in foreign e-*

tailer and (b) desire for unique consumer products on IOO intention will be stronger among US consumers than Indian consumers.

**Methods/Findings:** An online survey targeted towards young consumers (under 30) who, according to previous studies (Lee & Johnson, 2002) are apt for investigating internet shopping behavior, was distributed among college students in US and India. The sample consisted of 218 US and 174 Indian respondents. Seventy-four per cent of the respondents were female and the average age was 22. Items measuring price consciousness, brand consciousness, trust in foreign website, desire for unique consumer products and IOO (purchase) intention were adopted from previous studies. A hypothetical scenario of a fictional Chinese e-tailer that describes the typical online transaction and service at a Chinese e-tailer was provided for measuring trust and IOO intention toward that e-tailer. Overall, acceptable levels of reliability for all constructs were achieved (Cronbach  $\alpha$ =.65-.94). To test H1 – H4, simple linear regression analysis was performed. The results supported the hypotheses suggesting that IOO intention is positively, significantly influenced by price consciousness ( $\beta$ =.12,  $t$ =2.53,  $p$ <.05), brand consciousness ( $\beta$ =.16,  $t$ =3.32,  $p$ <.01), trust in foreign website ( $\beta$ =.62,  $t$ =15.46,  $p$ <.001) and desire for unique consumer products ( $\beta$ =.16,  $t$ =3.11,  $p$ <.01). To test H5 and H6, moderated regression analyses were performed. The results did not support the hypotheses suggesting that there exists no moderating country effect.

**Discussion & Implications:** Overall, the findings of this study is in line with previous cross-border shopping behaviors. The findings of consumers' price and brand consciousness playing important roles in predicting IOO intention correspond to Piron (2002) and Wang's (2004) findings performed in cross-border shopping. Similarly, the discovery of desire for unique consumer products as IOO intention predictor supports prior studies. Specifically, trust in foreign website was found to be the strongest predictor of IOO intention ( $\beta$ =.62) and is a finding that is exclusive to the IOO phenomenon mainly due to the key role of trust in online setting (Bhattacharjee, 2002) combined with consumers' interaction with a distant foreign e-tailer to make a purchase. These findings add to the current outshopping literature and increase our understanding of outshopping beyond domestic and offline outshopping. Additionally, the hypothesized country moderating effect turned out to be insignificant. This could be attributed to the increasingly global nature of outshopping so factors affecting IOO intention may be universal, not differing by international consumers but rather differing by the e-tailer's country of origin. For example, trust may be less critical if consumers outshop at e-tailers from US and European countries. This merits future investigation.

Managerially, the findings suggest that apparel e-tailers can develop targeted marketing strategies toward price conscious and brand conscious consumers by using domestic websites as an advantage in gaining trust and offering unique and innovative products in order to retain these consumers within the country. It is also worthwhile for US and Indian apparel retailers to sell their national brands directly to foreign consumers the way Chinese e-tailers have successfully target international consumers, since this market exists and may well be expected to grow.

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Piron, F. (2002). International outshopping and ethnocentrism. *European Journal of Marketing*, 36(1/2), 189-210.