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Full Length Research Paper

A study on the community online to offline (O2O) operation model in Nanjing

Jing Wei

International College of National Institute of Development Administration, NIDA, Bangkok, Thailand.

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This study aims to study the online to offline (O2O) operation pattern of Chinese E-commerce and its features; analyze the current development and existing problems of Chinese O2O operation pattern; and explore the domestic O2O development layout of communities in Nanjing. Both qualitative and quantitative analyses are applied in this work. For the quantitative analysis, questionnaire was distributed to some consumers and communities randomly to study their current demands for O2O. 872 out of 900 questionnaire items were finally collected and used. For the qualitative analysis, in-depth interviews on enterprises in Suning, Jingdong and Guomei were conducted to find out the practical problems of community O2O model including their current situation, development trend as well as future development direction and possible measures. 30 interviewees are involved: 6 operators, 6 logistics staffs, 6 delivery staffs and 12 online shoppers. The findings of the study are; the current O2O operation model has attracted a range of consumers and enterprises because it is convenient and accessible, has diversified service categories, values customer evaluation and reduces time and distance to cut down cost, there are existing problems of Chinese O2O operation pattern in Nanjing communities: lack of trust for community O2O model, suspicious attitude towards enterprises certification, inadequate innovation of community O2O model, difficulty in achieving community services standardization and the e-commerce platform has gone through three stages. As the representative of the first generation of e-commerce platform, Ali Taobao is featured by purely online virtual shopping platform. Represented by Tmall and Jiangdong, the second generation of e-commerce platform is characterized by the initial O2O model integrating virtual online shopping and physical stores. The third-generation e-commerce platform represented by Suning, Guomei, and e-commerce enterprises are characterized by community-based customers and standardization.

Key words: O2O model, community, E-commerce, Nanjing.

INTRODUCTION

With the popularity of mobile internet and E-commerce, online to offline (O2O) means the “last kilogram” delivery

of products or services by integrating online and offline resources. Its core aim is to build a platform that links

E-mail: jingwei_jack@sina.com.

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consumers and merchants or door-to-door services with community as its focus. It is true that O2O has developed into an in-depth phase, which has greatly met the increasing demands of consumers' "laziness" and stimulated the growth of consumption. As a result, it has been a hotspot to have an in-depth study on the business model and future development of community O2O based on the demands of consumers in the market. In terms of time, Wal-Mart should be the first giant chain supermarket enterprises to deploy "O2O" model in the field of supermarket. In 2011, Wal-Mart bought 20% of the stakes of the "No. 1 shop" with 450 million, and Wal-Mart increased its stake to 51% in 2012. In 2013, the transactions volume of domestic O2O market reached 470 billion Yuan, an increase of 69% compared to that of 2012, showing a great momentum of development.

The practical significance of O2O model can be concluded in the following two points: First, you can provide customers with a judging criterion through online and offline channels. In other words, consumers can compare the value of products selling in the physical store and online shops and then make a choice upon their preference. In this way, customers can obtain the products they like while saving a great deal of money. Compared to the traditional trading model, information flow can help customers receive the information of physical products and prices before entity or value exchange and trading has been achieved, thus facilitating the entity and value flow of products that are in line with consumers' demands and practical value.

Obviously, it is a prominent competitiveness as it has successfully cut down ineffective loss. Second, O2O can cater for consumers' demands and maximize their satisfaction with the help of large data. The traditional physical store, however, cannot achieve this goal, because it is very difficult for them to collect user data. However, a large number of consumers' personal information including user information, payment information, etc., must be provided in the process of delivery, which serves as an essential link of O2O model. With these data, enterprises can make precise judgments on the whereabouts of goods, the demand for goods, etc., which is conducive for reasonable deployment based on these characteristics, and greatly improve the efficiency of marketing. For individual O2O business, it is easier to analyze each of the consumer transactions based on the obtained order data, but it is very difficult for the offline business. Therefore, it is of paramount significance to conduct an extensive study of the O2O model to break the information restriction of offline stores for goods to be displayed and traded at any time and in any place.

Research hypotheses

Based on relevant studies in literature, the author put forward the following hypothesis:

- H1: Consumers are well aware of community O2O;
- H2: Consumers are receptive to O2O development model;
- H3: Consumers choose O2O products because they are more convenient;
- H4: O2O products can design all forms of products and services meeting consumers' demands

Research purpose

The research purpose of this research is as follows:

- (1) To study the O2O operation pattern of Chinese E-commerce and its features;
- (2) To analyze the current development and existing problems of Chinese O2O operation pattern;
- (3) To explore possible O2O model catering for community development and proposing feasible suggestions.

Research scope

The research work covers O2O operating model of the current domestic e-commerce and its characteristics; Consumers' subjective understanding of users' habits and common problems in the daily operation of O2O. The study areas include Baixia District, Xuanwu District, Qinhuai district, Jianye district, Pukou district, Liuhe district and Jiangning district in Nanjing city.

Research framework

Based on the theory of community O2O theory (consumer behavior theory, information asymmetric game theory, O2O model theory) and the summary of domestic and foreign research, this work provides the following research framework (Cai, 2001; Chen, 2014 and Chen, 2015) (Figure 1).

METHODOLOGY

This research paper used quantitative and qualitative methods. The researcher used questionnaires to survey the behaviors of the consumers and in-depth interview to explore the O2O operation pattern of Chinese E-commerce and its features and the current development and existing problems of Chinese O2O operation.

Quantitative research

Population

In Nanjing, there are a total of 11 municipal districts, 19 towns, 81 sub-strict offices, 774 resident committees and 590 villages. From the 692 communities in Nanjing, the author selected 65 communities randomly to study the current situation of O2O. The 65

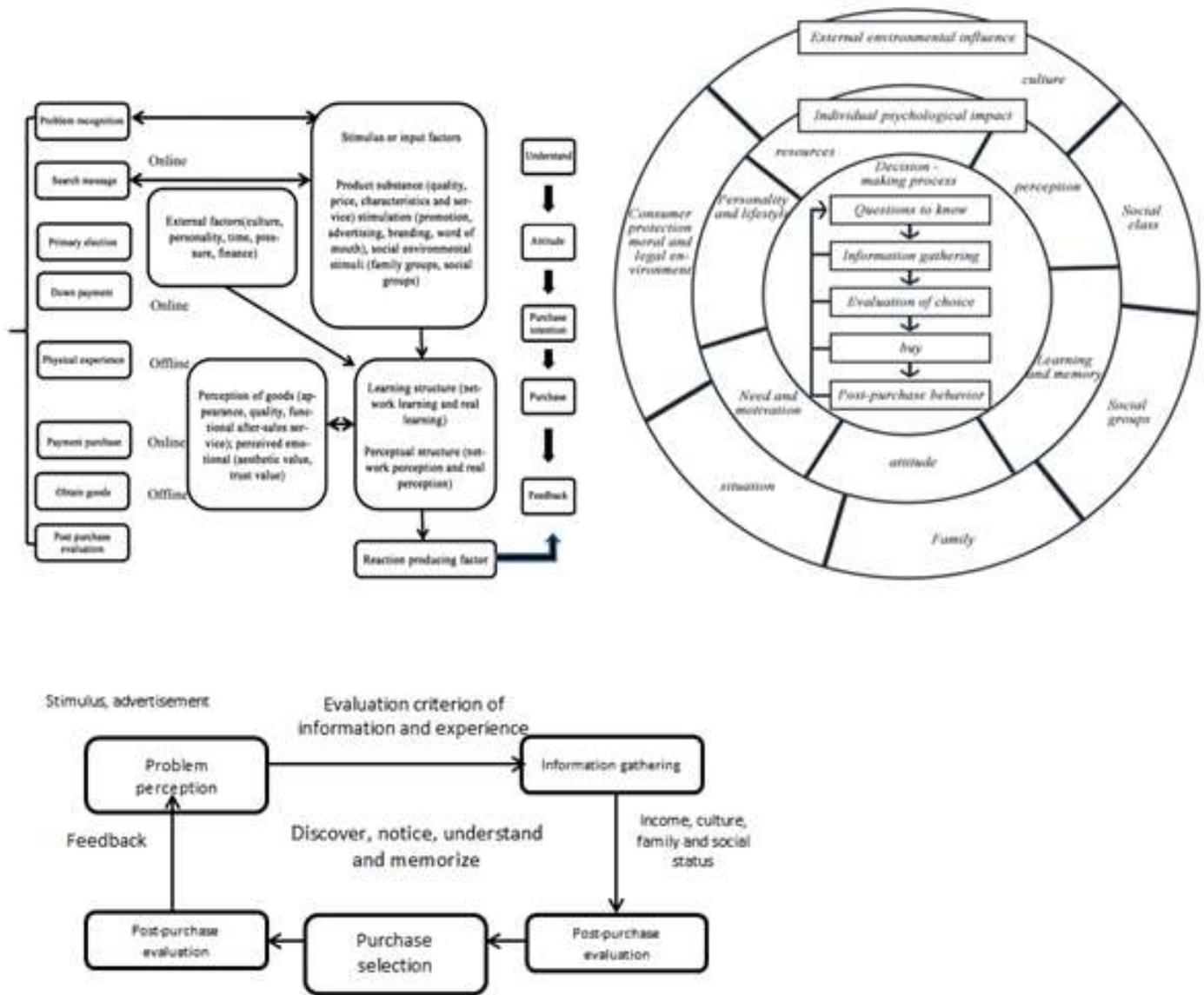


Figure 1. Consumer behavior theory.

communities include 40 in the main urban areas, 15 in suburb and 10 in county side. The 40 districts in the main urban areas have 4.5 million people, and the author selected 5 communities for each district in the main urban areas. Similarly, 15 districts including 2.6 million people were selected from suburbs areas; 5 districts including 800,000 from two counties were selected respectively, totally 900 samples. Nanjing City can be divided into main districts (Baixia District, Xuanwu District, Jianye District, Xiaguan District, Qinhuai District, Gulou District, Yuhua District, Qixia District), suburbs (Pukou District, Liuhe District, Jiangning District) and suburban counties (Lishui County and Gaochun County), with a total of 692 communities. There are 64 communities and 2 villages in Xuanwu District, 106 communities and 6 village committees in Qinhuai District, 43 communities and 18 village committees in Jianye District, 113 communities and 3 villages in Gulou District, 86 communities and 57 village committees in Pukou District, 84 communities and 132 village committees in Luhe District, 68 communities and 49 village committees in Qixia District, 53

communities and 17 village communities in Yuhuatai District, 124 communities and 75 village committees in Jiangning District, 27 communities and 91 village committees in Lishui County, 10 communities and 134 village committees in Gaochun County (Chiang, 2004 and Chu, 2013).

Data collection tools

The original intention of the questionnaire is designed to investigate the subjective attitude of community residents and enterprises in Nanjing and their expectation for the future development and current satisfaction degree of O2O operation in communities. Therefore, the designed questions are related to daily consumption habits, consumers' behaviors and desired access to services. As we review the development of the Chinese retail industries in the early half of 2015, we can easily come up with those buzz words such as "e-commerce enterprises", "O2O" and "full channels". From

the perspective of the whole industry, e-commerce has been posing threats to the traditional retail business. In order to face the challenges of the emergence of O2O model, the current retail enterprises are striving to search for the transformation of O2O model. Part of the sample questions are:

(1) Would you like to include water, electricity, air conditioner or coal fee recharge services in community enterprises websites? A. Yes, B. No

(2) Do the products in your community include:

- A. Tobacco, alcoholic or beverage
- B. Daily chemical
- C. Leisure food
- D. Grain and oil
- E. Fresh food
- F. Others (You can choose more than one option)

(3) What are the expected consumption levels:

- A. High level
- B. Middle and high level
- C. Low level

(4) What are the expected per capital consumption:

- A. Less than 10 Yuan
- B. 10-15
- C. 16-25
- D. over 25 Yuan

Questionnaires targeted at consumers were mainly distributed during the breakfast or lunchtime and exercise time in the afternoon. Questionnaires designed for residents in populous communities were mainly filled on the spot; part were brought back home by residents to fill and returned the next day as a supplement. All interviewees were selected randomly. Questionnaires designed for enterprises were filled on the spot. The main urban area, suburb and suburban counties were selected as three independent areas from the whole of Nanjing community by means of sample survey; and five independent communities were selected for each of the independent areas. Aiming at consumers and enterprises in these communities, the researcher conducted comprehensive and in-depth investigation of their attitude and satisfaction towards community O2O. The random survey was targeted at residents in the populace community and questionnaires designed for enterprises were directly sent to the hands of middle managers filled on the spot. Finally, a total of 872 questionnaires were collected and used in this research (Fu and Paul, 1997; Hernandez and Izak, 2011; Hsiangchu and Her-Sen, 2006).

Data analysis

Based on the results of the questionnaire, all data were input into computers to work out the number and proportion of residents and enterprises selecting each option, the average, maximum, minimum and so on.

Qualitative research

The researcher selected 6 operators, 6 logistics managers, 6 distribution managers and 12 online shoppers as interviewees in an attempt to acquire relevant insights about O2O model and some suggestions on community O2O. The interview also aims at gaining some knowledge in the aspects of E-commerce O2O and its development features, consumers' subjective knowledge, expectations for O2O, users' habits and the common problems in the daily operation of O2O.

Data collection

The researcher adopted intensive interview and oral communications with respondents to collect factual materials. Direct interview and personal interview are the two major methods. Direct interview refers to the interaction and negotiation with specific department of enterprises, while personal interview refers to the private communication with some managers in specific department, which is mainly in the form of structural interviews.

Data analysis

All the records of these interviews were collected and summed up without subjective judgment so as to maintain the objectivity and fairness of the results. Some key opinions and data will be classified and summed in clear and simplistic words or phrases. Similar or different opinions about community O2O were classified and coded. All these data and results were theorized in accordance with specific theory model and actual situation of communities.

FINDINGS

The findings of the study are as follows:

(1) The O2O operation pattern of Chinese E-commerce and its features: The current O2O operation model has attracted a range of consumers and enterprises due to its following distinctive characteristics.

Convenience and accessibility

The advantageous location of community e-commerce enterprise is the major reason that consumers will be more willing to try this kind of business model. O2O business model can provide community-based services and convenience is the main factor in consumers' decision-making process. On the basis of service, convenience is also the feature of community O2O consumption. Compared to the traditional sales model, online shopping network can provide 24 hours business, you can always visit the site selection of goods, and provide door-to-door service, in line with rapid pace of urban life, eliminating the consumption of a lot of time and energy; even at late night, you can also choose to buy. At the same time consumers only need to follow the site to provide classified keywords, such as brand, material, color and size. You can directly, according to their needs, target screening, save energy. In addition, consumers pay in freer environment, in line with the pace of urban life fast, eliminating the waiting time and physical consumption, in line with demand psychology (Jiang (2014); Kauffinan et al., 2010 and Kauffinan and Wang, 2001)

Diversified services categories and scope

Because the foothold is local, through the provision of convenient and efficient form of payment, consumers can save the corresponding labor and incompetent costs. In the community O2O advantage perception, the survey

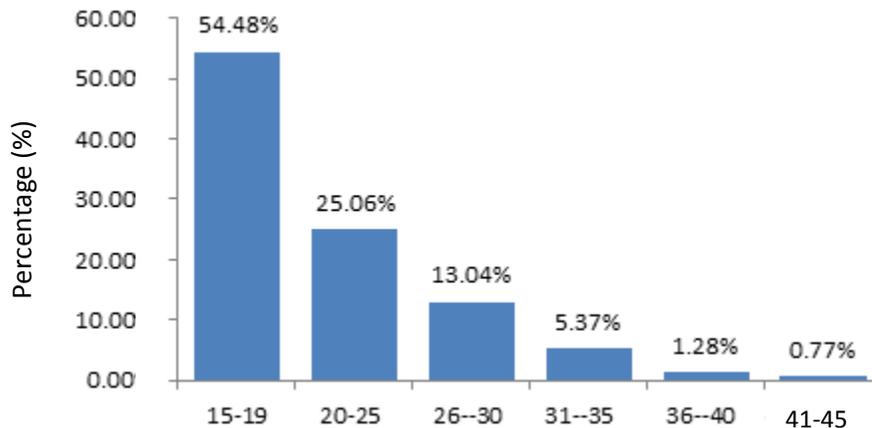


Figure 2. Consumers age composition in Nanjing communities.

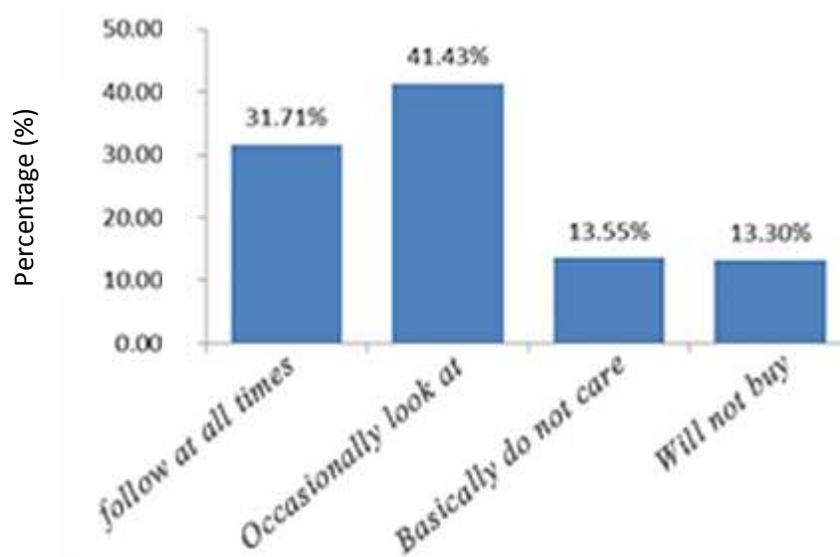


Figure 3. The status of Nanjing community residents' attention to online shopping.

found that, in addition to the user's concern about the ease of use, the geographical characteristics of consumer choice to measure weather consumption is also an important indicator. The survey data are presented in Figures 2 to 4. Community O2O mode can provide a variety of services, including taxi, convenience stores, print shops, domestic service and catering services. In these services, one can launch a regional service. For example, in catering services, consumers in addition to meeting the basic needs of diet, also hope that businesses can provide food with regional flavor of the project, making them feel at home with a variety of regional characteristics of food culture, greatly saving time costs. In the community O2O model, all kinds of online businesses to provide product information, in addition to improving the quality of product reputation,

there is the need to take into account the commodity's name and characteristics. Online business platform is filled with a large number of homogeneous goods and services. In order to attract consumers, many businesses do price promotions and other marketing to stimulate consumption; but lowering profit margins, and even reducing the quality of goods, affecting the business of the credibility, are not conducive for long-term development.

Importance of customer evaluation

The survey found that consumers are mostly concerned with the evaluation of goods and services when they experience the community O2O business model. Goods

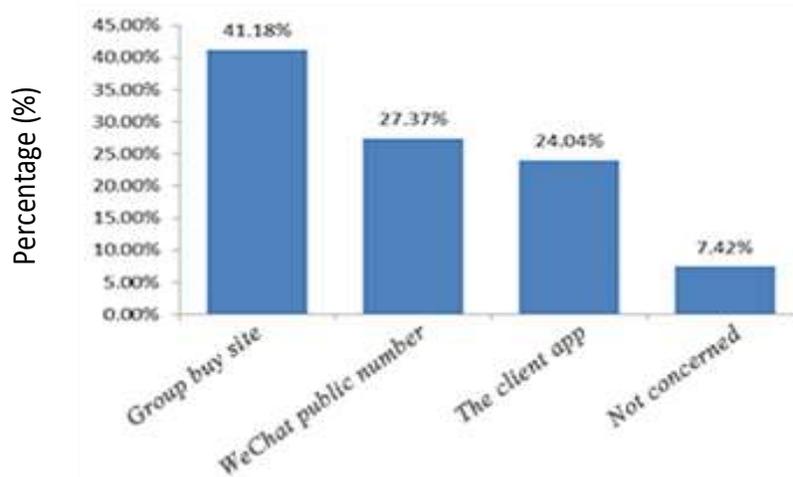


Figure 4. Information channels for online shopping of Nanjing community resident.

and services information will be intuitively displayed in the electronic business platform, and the quality of goods, testing, brand awareness compared to the evaluation of the use of goods consumers experience, it is easier to get the user's trust. Many consumers use online evaluation of goods and services and word of mouth; the user reference to these information and trust is the embodiment of head mentality. Although consumers focus on word of mouth and other information, online consumers still retain this mentality. The market recognition of the degree of word of mouth consumer choice is an important factor in online consumption. There are face of online consumption of head mentality and merchants in improving the quality of goods and services; also a number of promotions, such as reviews and other marketing means to return are to improve the recognition of word of mouth (Li, 2015; Liu, 2015; Mingming and Parlar, 2005).

Reducing time and distance to cut down cost

When there are problems in the process of consumption, 50.23% of the participants choose to return and refund directly, which is the most direct way to solve problem and a lot of time and money can be saved. That is why it is one of the most significant reasons consumers choose O2O offline consumption. From online shopping experience, consumers develop a consumer inertia; if they are not satisfied with the goods there can be a direct refund or return; and line consumption compared to direct online refund saves a lot of cost. This spending habits is followed by the latest form of consumption as a network of O2O consumption. Second, the respondents hope to be able to make third-party payment platform to strengthen the management and coordination in this area, to avoid direct conflict and disputes between buyers and sellers.

(2) The current development and existing problems of Chinese O2O operation pattern in Nanjing communities. The O2O model operation has the following problems:

Suspicious attitude towards the honesty of community O2O model

Without users or traffic, operation is impossible. At present, O2O has been widely recognized by residents in Nanjing communities; however, a large number of residents have never heard of O2O. And there is a considerable difference among residents in cities and residents. Although a range of enterprises have adopted campaigns and floor promotion teams to promote their own O2O brands, community O2O mainly provides for local residents. Therefore, providing more qualified and effective services for consumers should be the focus of O2O model and an experience-oriented O2O should be our goal.

Suspicious attitude towards enterprises certification

Boasting of a large number of qualified resources serves as the fundamental advantages of O2O operators. However, O2O operators sometimes will lower the bars of qualification examination for enterprises, thus leading to some negative effects on consumers' interests.

Inadequate innovation of community O2O model

The relatively clear O2O profits model will inevitably lead to stereotyped development model. Group purchasing websites are the example in point. The development of domestic group purchasing websites generally adopted the same pattern, thus resulting in the so-called

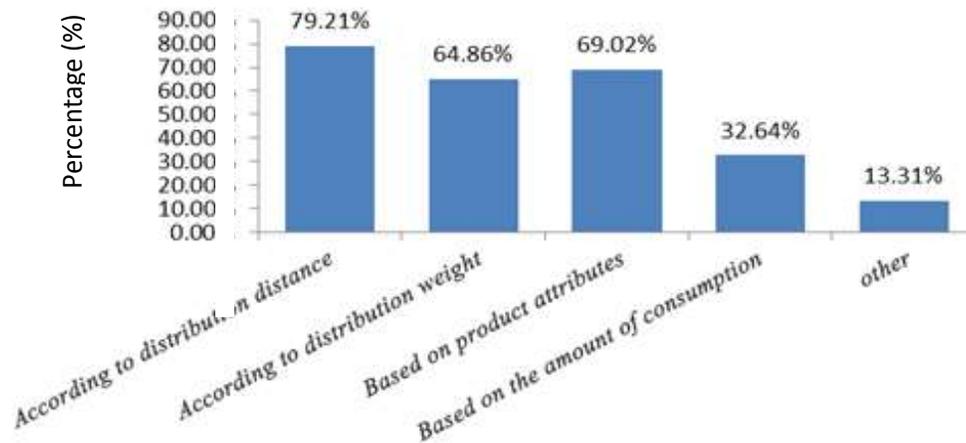


Figure 5. Three main factors affecting the delivery system.

“thousand groups competition”. As a result of the homogeneous competition, group of purchasing industries comes earlier.

Difficulty in achieving community services standardization

Based on the survey results of community delivery system, we conclude that delivery distance (79.21%), products weight (64.86%) and products categories (69.02%) are the three main factors affecting the delivery system (Figure 5) (Sun, 2014; Wang 2015a and Wang, 2015b).

Factors affecting enterprises' delivery approaches

As the distance in community service is relatively short, users will be likely to abandon online channels once some problems arise in online services. For example, in laundry, housekeeping and other services, users will be suspicious of the “closed” services procedures, if online services have no advantages or unsatisfying, it will be rather difficult for users to develop high frequent habits. At the same time, as the service quality of community O2O is easily influenced by emotion, environment, personality and learning capability, it is difficult to achieve rapid replication. Meanwhile, different communities vary in their geographic features, group characteristics and consumption habits. Therefore, it is nearly impossible for O2O enterprises to simply adopt the standardized services models. In other words, they have to invest much more money and time in the whole process.

(3) The domestic O2O development layout of communities in Nanjing. From the perspective of the business model, the e-commerce platform has gone through three stages:

(a) As the representative of the first generation of e-commerce platform, Ali Taobao is featured by purely online virtual shopping platform.

(b) Represented by Tmall and Jiangdong, the second generation of e-commerce platform is characterized by the initial O2O model integrating virtual online shopping and physical stores. The B2B2C model represented by Alibaba's Tmall, and the B2B2C model by the cooperation between Jingdong and other enterprises aim at combining the channels between online stores and offline physical stores, thus leveraging the advantages of online and offline stores. However, there are still loads of problems to be dealt with, such as the conflicts between the online and offline organization infrastructure and channels, between their own products and competitive products, between the products prices of multiple stores. Only if their problems are solved, can we fully utilize the online and offline resources and advantages.

(c) The third-generation e-commerce platform represented by Suning, Guomei, and e-commerce enterprises are characterized by community-based customers and standardization. This online platform of these enterprises serves as the basis of the third generation of e-commerce platform. Some powerful physical retail enterprises establish their own online mall or launch their own online store with the help of third-party online platform. Most of these enterprises are targeted at community intended to provide high-quality goods and services to consumers in the region through integrated online and offline services as a way to compete with large e-commerce enterprises.

RECOMMENDATIONS

E-commerce enterprises community O2O model is the core of the construction of system, but even the perfect system cannot guarantee the success of e-commerce

company community O2O model. At the start of community O2O building period, an e-commerce company must conduct scientific analysis on consumers' consumption capability in the target areas prior to the exploration, manage online and offline interactive customers flow during the exploration and timely make adjustment in accordance with the management situation.

First of all, enterprises should select the most appropriate partners. As selecting partners, both e-commerce companies and community companies should be taken into consideration. Secondly, much efforts should be made in guiding online and offline customers traffic. E-commerce enterprises and community enterprises attach great significance in guiding online-to-offline and offline-to-online customers flow driven by community O2O model. Besides that, online-offline interactive customers flow also stays at the core of the building of full channels sales platform under the community O2O model. Therefore, the current O2O model operators should further enhance promotion; improve residents' awareness of e-commerce enterprises community O2O model and its advantages.

Furthermore, much efforts should be made in improving consumer's recognition and engagement of community O2O model, community online supermarkets and community We Chat malls. Thirdly, enterprises should eliminate the advantages of single customer source. Actually, the official websites are the best example of generating added value by replacing advertisements and counters costs with operation costs. In this way, consumers can search for more products information to keep in touch with the latest stores dynamics.

Most importantly, consumers will form a relatively higher reputation for the network marketing shop and eliminate their insecurity for the store reputation. Meanwhile, official websites can help to guarantee the legitimate rights and interests of customers, as they can resort to products' descriptions and announcements released on the websites and take legitimate measures to safeguard their rights and interests whenever conflicts or disputes occur.

Fourthly, enterprises should strive to forge multiple operating and profit model. Although O2O profits model is relatively clear, it would inevitably lead to homogeneous development patterns, while the O2O operating models in other countries are relatively multiple and diversified. For example, house renting, social taxi renting and customized services are all available. Furthermore, the profit model is rather flexible, with some charging for users, some enterprises and some advertisement. The specific operating strategies are determined in line with the specific conditions of local communities. Only in this way, can mutual benefits and synergistic development be achieved.

Finally, many efforts should be made to construct a complete honesty system. Just as the CEO of Iduona put

it, "honesty is an essential component of success as well as a kind of intangible wealth." The building of a complete honesty system is of immeasurable significant to the practice of entrepreneurship-oriented e-commerce practice and even the positive development of the whole e-commerce industry. We should conduct strict qualification examination for O2O businesses through 315 Certificate Authority and other official platform so as to elevate certificate standards. Legitimate business license and relevant procedure should be approved.

Research prospects

In the markets with relatively mature network channels, it is quite difficult for independent O2O physical channels to survive and grow. The combination of "low prices" and "high cost" will result to lose in a rather long time. Therefore, the following three aspects must be taken into consideration as enterprises are in their exploration of O2O physical channels.

Operation models of O2O physical channels

If O2O physical channels are operated in the model featured by independent channels, they will face fierce competition with the traditional and network channels. That is to say, they must open selling channels, expand business, increase consumers' acceptance and invest more money, which is involved in higher risks. Enterprises adopting this model must take products categories, services, logistics and traveling time into consideration. If enterprises do not choose O2O physical channels as independent operating channels, but cooperate with network channels, then they will form a full-channel mode with network channels as the core and supplemented by O2O physical channels. If there are no adequate funds, by cooperating with network channels, enterprises can take full advantage of both the traditional physical channels and the network channels to provide qualified O2O services and experience and lower the threshold of O2O channel development.

Product categories of O2O physical channels

O2O physical channels should choose to sell customized, differentiated products, and it is not necessary for them to adopt low price strategies, which are generally adopted by network channels. Instead, they will try to make them more competitive by virtue of supreme on-site experience, logistics, and after-sales service. Bearing in mind both the price and service, they have formed a more distinctive comprehensive strategies "feature goods + feature services", which has effectively improved customer acceptance of the O2O physical channels and

promoted sales.

Site selection of O2O physical channels

Community O2O is based on community, which is conducive to reduce the capital risks. The key to community O2O is to select the appropriate products that are relevant with people's everyday life, instead of unpractical commodity display. The site selection of O2O physical channels means that the community is indispensable for community O2O. By leveraging the popularity and population traffic, we can achieve the goal of promotion.

CONFLICT OF INTERESTS

The authors have not declared any conflict of interests.

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Full Length Research Paper

Peer pressure and its influence on consumers in Taiwan

Shu Chun Chang^{1*} and Trong An Nguyen²

¹Graduate Institute of Bio-industry Management, National Chung Hsing University, Taichung, Taiwan.

²International Agricultural Economic Department, National Chung Hsing University, Taichung, Taiwan.

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The social influence in the form of peer pressure is prevalent in many countries across the globe. Peer pressure is the influence of a group on behaviors of individual members of that group such that the individuals tend to follow what everybody does. In the field of business, understanding consumer's interest is of paramount importance and therefore understanding peer pressure can be a useful tool to persuade consumers to follow their peers and buy the targeted products. How this can help businessmen promote sales and increase the brand awareness thus remains an open question for many researchers. Therefore, this study was designed to investigate the importance of peer pressure on the consumption behavior of customers in Taiwan. The hypothesis is that peer pressure has a positive correlation with consumers' decisions to buy, that is, the more consumers are affected by their peers, the more they are willing to buy products that their friends buy. This study also investigated the possible explanations for the influence of peer pressure on consumption behaviors in Taiwan (if any) and from the results obtained, suggestions on how to attract more customers and increase brand awareness in Taiwan, with respect to peer pressure, were also proposed. Online and printed questionnaires were given to a wide range of participants of different characteristics including age groups, races and gender. The results were then statistically processed using SPSS software. A total of 103 participants took part in the research and the impacts of peer pressure, together with possible explanations, were examined. Possible applications of the results in real life businesses were also given.

Key words: Peer pressure, business, consumer behavior, Taiwan.

INTRODUCTION

Over the years, entrepreneurs have tried a wide range of methods to attract more customers to their products (Pralhad and Ramaswamy, 2004; Gillani, 2012). As proven by previous studies (Gheorghiu et al., 2015; Gillani, 2012; Childers and Rao, 1992; Bearden and

Etzel, 1982) that different types of products can affect the extent of impact of peer pressure on consumers' decisions, therefore, understanding consumer's interest is of paramount importance.

Furthermore, one of the important factors that can

E-mail: kimichang@dragon.nchu.edu.tw.

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affect consumers' decisions is peer pressure (Anderson and Sullivan 1990). However, the research on peer pressure remains limited to the region of North America (Sheu et al., 2017; Ali and Dwyer, 2010; Makgosa and Mohube, 2007). That creates a knowledge gap between businesses in the American market and the Asian market and therefore can serve as a room for improvement in the future in Asian markets.

This research was done to assess the impact of peer pressure on consumers' decisions in Taiwan, with respect to their awareness of the influence and the differences between the choices made by consumers who live in Taiwan and stay outside of Taiwan. It aims to assess whether peer pressure can play a role in influencing numerous different consumers' decisions in Taiwan and how other factors such as price can enhance, or lower, the effects (if any) of peer pressure. Being aware of such impact on consumers' behaviors, entrepreneurs can then proceed to devise certain different innovative strategies to target and attract a wider range of customers.

LITERATURE REVIEW

Researchers define peer influence as people having a great desire to fit in and be accepted among social groups. A fact which causes them to give into peer pressure. Peer influence is generally defined as the extent to which attitudes, beliefs, and actions of an individual are influenced by peers (Sheu and Wang et al., 2016; Wang, 2016; Makgosa and Mohube, 2007; Asubonteng et al., 1996; Armistead, 1985). Furthermore, peer pressure is the direct or indirect influence that is exerted on a peer group, observers or individuals who encourage others to change their attitudes, values, or behaviors to conform to groups as a socially acceptable behaviour under it (Gulati, 2017; Akar et al., 2015). As Sheu et al. (2017) and Gillani (2012) propose the social circle of a person comprises of his or her peers, which constitute siblings, friends and acquaintances.

Therefore, a reference group is a group of people whose values and attitudes are considered through direct interaction (Wang et al., 2016; Liang, 2017; Gheorghiu et al., 2015; Sisa and Theuns, 2014; Gillani, 2012; Turcinkova and Moisisdis, 2011; Chang et al., 2011; Bearden and Etzel, 2001). Referents with high credibility, such as those having presumed expertise, will often serve as sources of information-based influence for uncertain or uninformed consumers. Utilitarian influence will be reflected in attempts to comply with the wishes of a reference group to avoid punishment or receive a reward, while value-expressive influence will be reflected in the need for psychological affiliation with the reference group. Therefore, the concept of reference groups is of great importance in understanding the buying behavior of consumers as these groups make a major and significant impact on the consumer behaviour.

As Sheu et al. (2017) and Sisa and Theuns (2014) demonstrate from marketing and consumer-behavior perspectives, the influence of reference groups on individual behavior is often manifested in the types of products and brands purchased by individuals. That is, product involvement affects consumer behaviour, such as purchase intention (Hoonsopon and Puriwat, 2016; Gillani, 2016; Hung et al., 2012; Wu and Huan, 2010).

The reviewed literature suggests that peer pressure plays an important role in product purchase decision. Also, product involvement affects consumer behaviour, such as purchase intention.

METHODOLOGY

Research and sampling designs

This research is exploratory and quantitative. It uses a survey distributed to participants who were mostly university students of 18 to 40 years old and who live in Asia, including Taiwan. The participants were chosen randomly; however, the age of the respondents was at least over 18. The survey was conducted in several places within the university, such as the cafeteria, library, gymnasium, and main gate, on a time scale of around 15 days.

Instrumentation

Online and printed questionnaires were distributed to a wide range of participants of different characteristics to determine the influences of peer pressure on consumers' decisions (Appendix 1, Copy of the questionnaire). The questionnaire was divided into 2 parts. The first part focuses on demographics of the participants, which concerns their age, gender, origin and background education. The second part focuses on the influence of peer pressure on their decisions of buying certain products. Questions were given to participants to survey their opinions about peer pressure as well to assess the frequency with which they follow their friends to go shopping or to buy certain products. A range of items of different prices and natures was given to participants to test whether they would be influenced by their friends to buy them, given two different conditions: (1) their current financial status and (2) provided that they have enough money to buy whatever they want.

During a span of two weeks (November 1st to November 15th, 2016), the data from a total number of 110 respondents was collected, however, only 103 questionnaires were valid. The results were then statistically processed using the Statistical Product and Service Solutions (SPSS) software (Hejase and Hejase, 2013). Three different kinds of tests were run (namely, frequencies test, T-test and cross tabulations) to determine whether peer pressure can affect consumers' decisions and the correlations between factors to that influence (if any).

RESULTS

The majority of respondents are of 21 to 25 years old, accounting for 50.5% (52/103) as shown in Table 1. When given the question "Given your current financial status, which item(s) would you follow your friends to buy despite the fact that you don't really need?" Respondents

Table 1. Demographic data by respondents.

Variable	Gender		Total	
	Male	Female		
Age	Under 20	19 (61.3)	12 (38.7)	31 (100)
	21-25	18 (34.6)	34 (65.4)	52 (100)
	26-30	6 (66.7)	3 (33.3)	9 (100)
	31-35	7 (87.5)	1 (12.5)	8 (100)
	36-40	2 (66.7)	1 (33.3)	3 (100)
Total	52 (50.5)	51 (49.5)	103 (100)	

Table 2. Participants' top priority, given their current financial status.

Variable	Frequency	Percent	Valid percent	Cumulative percent
Milk Tea	51	49.5	49.5	49.5
Clothes	22	21.4	21.4	70.9
iPhone 7	3	2.9	2.9	73.8
None of them	27	26.2	26.2	100.0
Total	103	100.0	100.0	-

Source: Compiled by authors.

Table 3. Participants' top priority, given that they have enough money.

Variable	Frequency	Percent	Valid percent	Cumulative percent
Milk Tea	16	15.5	15.5	15.5
Clothes	29	28.2	28.2	43.7
iPhone 7	14	13.6	13.6	57.3
Car	12	11.7	11.7	68.9
House	8	7.8	7.8	76.7
None of them	24	23.3	23.3	100.0
Total	103	100.0	100.0	-

Source: Compiled by authors.

answered is shown in Table 2.

Highlighted (26.2%) respondents would definitely not follow their friends to buy anything, given their financial status; whereas 73.8% (highlighted) of them would buy something. The aforementioned results confirm the fact that peer pressure does have an impact on consumers' decisions. Moreover, milk tea was the most popular choice among all the choices with 49.5% (highlighted). It can be because milk tea is the cheapest item and as most participants are students, their current financial status does not allow them to follow their friends to buy expensive items.

Similarly, Table 3 shows the responses of the participants' top priority when given the question "Provided that you have enough money, which item(s) would you follow your friends to buy despite the fact that you don't really need?"

Results show that only 23.3% (highlighted) of the

participants would definitely not buy the items, given their financial status; whereas 76.7% (highlighted) of them would buy something. That once again confirms the fact that peer pressure does have an impact on consumers' decisions. Clothes were the most popular choice among all items with 28.2% (highlighted). It can be explained by three reasons: (1) as participants have money to buy what they want, they can follow their friends to buy more expensive items (as compared with milk tea); (2) participants are likely to follow their friends to clothes shops and therefore follow their friends to buy clothes; (3) iPhone, car and house are too expensive for participants to follow their friends to buy without reasons.

T-test analysis

Using one-sample T-test for the question "Do you think peer pressure can affect your decision on buying things?",

Table 4. Decision on buying vs. going shopping with friends vs. buying stuff that friends buying.

Variable	Do you think peer pressure can affect your decision on buying things				
		N	Mean	T	P-value
Do you go shopping with your friends	No	25	1.6400	8.240	0.000*
	Yes	78	2.8205		
	In general, do you buy stuff that your friends buy				
		N	Mean	T	P-value
Do you go shopping with your friends	No	25	1.4000	-8.999	0.000*
	Yes	78	2.5513		

“Do you go shopping with your friends?” and “In general, do you buy stuff that your friends buy?” with each answer ranging from (1) (Absolutely No) to (4) (Absolutely Yes), the mean obtained was 2.5, 2.9 and 2.3, respectively ($p < 0.05$) shown in Table 4.

It shows that participants tend to think that they will not follow their friends to buy stuff that they do not want (means closer to “NO” answer), yet are unsure if peer pressure can affect their decision to buy (means being at average of 2.5), although they tend to go shopping with their friends (means closer to “YES” answer). This contradicts the analysis in Table 2, which shows that the majority of the participants (73.8%, given their current financial status and 76.7%, given that they have enough money) would follow their friends to buy an item although they do not need it. One explanation for this is that the participants are not even aware of peer pressure on themselves as the willingness expressed when given specific items (more realistic) is different from the willingness expressed in participants’ awareness (more abstract idea). They tend to underestimate the effect of peer pressure on themselves since that is something they cannot use their senses to evaluate. This finding conforms with the previous studies as Sheu et al. (2017), Gheorghiu et al. (2015), Gillani (2012), Turcinkova and Moisidis (2011), Chang et al. (2011), and Bearden and Etzel (2001) propose the concept of peer pressure (or reference group) is of great importance in understanding the buying behavior of consumers as these groups make a major and significant impact on the consumer behaviour.

Crosstab analysis

Cross tabulation were performed to determine the statistically significant results between the 7 factors: (1) Gender, (2) Age, (3) Participants Educational Background, (4) Origin, (5) Participants’ opinions about peer pressure on their decisions, (6) Frequency of participants going shopping with friends and (7) Frequency of participants buying products that their friends buy. The results show that only (4), (5) and (6)

have statistically significant relations to whether a consumer will buy a certain product, as shown in Table 5.

In terms of geographical location, the analysis shows that when given their current financial status, the participants show an interest with statistical significance ($p < 0.05$) in clothes whereas they provided that they have enough money to buy whatever they want, they show more interest in iPhone, car and house ($p < 0.05$). Those who live outside Taiwan are more affected by peer pressure as 59.3% (highlighted) living outside Taiwan would choose to buy clothes ($p < 0.05$) while the number is only 32.9% (highlighted) for those who live in Taiwan, given their current financial status ($p < 0.05$). Similarly, they provided that they have enough money, those who would follow their friends to buy cars and houses contribute 44.4 and 40.7% of participants who live outside Taiwan, respectively ($p < 0.05$); while those who live in Taiwan is only 19.7 and 15.8% (highlighted), respectively ($p < 0.05$). Yet the percentage of people living in Taiwan who want to buy iPhone (26.3%) (highlighted), given that they have enough money is more than that of people living outside Taiwan (17.1%) (highlighted) ($p < 0.05$). This can be because iPhone is considered a symbol of status in Taiwan and it is also because most participants are university students, who tend to be more interested in smart phone products (Harris, 2015) (Table 6).

Generally, 60.0% who choose to buy certain product as their top priority think that peer pressure can affect their decisions (given their current financial status) ($p < 0.05$). They provided that they have enough money, that number is 84.9% ($p < 0.05$). Given their current financial status, 52.8% of them would buy clothes and are aware that peer pressure is affecting them ($p < 0.05$). Given that they have enough money, the number of participants who buy milk tea and clothes while being aware of the effect of peer pressure is 64.2 and 62.3%, respectively ($p < 0.05$). From these statistics, it can be seen that participants who are aware of peer pressure’s influence tend to follow their friends to buy. That is an added note to the above finding, which states that customers can follow their friends to buy products although they are not aware of it. It can be implied from the finding that

Table 5. Origin and the effect of peer pressure consumers' decisions.

Variable	Clothes (given your current financial status) ⁽¹⁾		Total
	Yes (%)	No (%)	
Do you live in Taiwan?	25 (32.9)	51 (67.1)	76 (100)
	16 (59.3)	11 (41.7)	27 (100)
	iPhone (provided that you have enough money)⁽²⁾		
	20 (26.3)	56 (73.7)	76 (100)
	13 (17.1)	14 (18.4)	27 (100)
	Car (provided that you have enough money)⁽³⁾		
	15 (19.7)	61 (80.3)	76 (100)
	12 (44.4)	15 (65.6)	27 (100)
	House (provided that you have enough money)⁽⁴⁾		
	12 (15.8)	64 (84.4)	76 (100)
	11 (40.7)	16 (59.6)	27 (100)

⁽¹⁾p = 0.016; ⁽²⁾p = 0.037; ⁽³⁾p = 0.012; ⁽⁴⁾p = 0.007

Source: Compiled by authors.

Table 6. Participants' opinions about peer pressure on their decisions and the effect of peer pressure consumers' decisions.

Variable	Clothes (given your current financial status) ⁽¹⁾			Total
	Yes (%)	No (%)		
Do you think peer pressure can affect your decision on buying things?	No, not at all	0	9	9
	Sometimes	13	13 (26.0)	28
	Yes, usually	20	22	37 (74.0)
	Absolutely yes	8	28 (52.8)	3
	Unwilling to follow friends to buy anything (given your current financial status)⁽²⁾			
	No, not at all	8	1	9
	Sometimes	12	20 (40.0)	29
	Yes, usually	7	35	42
	Absolutely yes	1	8 (15.1)	10
	Milk Tea (provided that you have enough money)⁽³⁾			
	No, not at all	1	8	9
	Sometimes	17	18 (36.0)	24
Yes, usually	28	14	42	
Absolutely yes	6	34 (64.2)	5	
Clothes (provided that you have enough money)⁽⁴⁾				
No, not at all	1	8	9	
Sometimes	21	22 (44.0)	20	
Yes, usually	26	16	42	
Absolutely yes	7	33 (62.3)	4	

Table 6. Cont'd.

Unwilling to follow friends to buy anything (provided that you have enough money)⁽⁵⁾					
No, not at all	7	19 (38)	2	31 (62)	50 (100)
Sometimes	12		29		
Yes, usually	6	8 (15.1)	36	45 (84.9)	53 (100)
Absolutely yes	2		9		

⁽¹⁾p = 0.004; ⁽²⁾p = 0.001; ⁽³⁾p = 0.010; ⁽⁴⁾p = 0.041; ⁽⁵⁾p = 0.001.

Table 7. The frequency of participants buying products that their friends buy and the effect of peer pressure on consumers' decisions.

Variable	Clothes (Given your current financial status)⁽¹⁾				Total (%)
		Yes (%)	No (%)		
In general, do you buy stuff that your friends buy?	No, not at all	3	15 (24.6)	13	61 (100)
	Sometimes	12		33	46 (75.4)
	Yes, usually	24	26 (61.9)	16	42 (100)
	Absolutely yes	2		0	16 (38.1)
	iPhone (Provided that you have enough money)⁽²⁾				
	No, not at all	3	11 (18.0)	13	61 (100)
	Sometimes	8		37	50 (82.0)
	Yes, usually	21	22 (52.4)	19	42 (100)
	Absolutely yes	1		1	20 (47.6)
	Car (Provided that you have enough money)⁽³⁾				
	No, not at all	2	9 (14.8)	14	61 (100)
	Sometimes	7		38	52 (85.2)
Yes, usually	18	18 (42.9)	22	42 (100)	
Absolutely yes	0		2	24 (57.1)	
House (Although you have enough money)⁽⁴⁾					
No, not at all	1	7 (13)	15	61 (100)	
Sometimes	6		39	54 (87)	
Yes, usually	16	16 (38.1)	24	42 (100)	
Absolutely yes	0		2	26 (61.9)	

⁽¹⁾p = 0.001; ⁽²⁾p = 0.004; ⁽³⁾p = 0.007; ⁽⁴⁾p = 0.007.

if participants are aware of peer pressure, they will feel that it is normal to follow their friends and their subconscious resistance to it will be reduced.

From the Table 7, it clearly shows that the percentages of participants who follow their friends to buy certain products (and are aware of it) decrease as the price of the products increases (61.9, 52.4, 42.9 and 38.1% for clothes, iPhone, car and house, respectively ($p < 0.05$). Moreover, the results show that participants tend to follow their friends to buy cheaper items (clothes), given their

financial status. Given that they have enough money, the participants will tend to buy a larger range of products of higher price under the influence of peer pressure (iPhone, car and house).

DISCUSSION

Based on the findings, the following observations can be confirmed.

Peer pressure has an impact on consumers' decisions. The more peer pressure there is, the more customers are likely to follow their friends to buy certain products. This is in agreement with previous studies such as Gulati (2017), Makiuchi (2016), Nirupma (2015), Akar et al. (2015), etc. For this reason, it is likely that the impact of peer pressure on consumers' decision is universal and entrepreneurs can take advantage of that phenomenon. They should provide incentives related to peer pressure such as "Buying with friends" week: who go shopping with friends and buy identical products can get a coupon/a discount (5% for items of lower price (< 200 NTD) and 10% for items of medium price (200 NTD to 1000 NTD) and 15% for items of high price (>1000)). Advertisements can also play an important role to keep the audiences informed that their friends are using certain products. Entrepreneurs can pay celebrities to use certain kinds of products to go to events to affect other celebrities, which in turn can attract more fans as they know more about the products and will buy the same ones in order to imitate their idols.

Those who live outside Taiwan tend to be affected by peer pressure more than those who live in Taiwan. This is therefore important to attract foreigners into the country as they are influenced by their friends to a larger extent and if businessmen can think of measures to attract those consumers, it will be beneficial to their business.

The willingness expressed when given specific items is different from the willingness expressed in participants' awareness. They tend to underestimate the effect of peer pressure on themselves.

Participants who are already aware of peer pressure's influence tend to follow their friends to buy. This is therefore important to remind participants that they are affected by peer pressure and thus make them feel that it is the norm to follow their friends. The more they are aware of it, the more they feel that it is normal and they will tend to buy more.

Price and affordability can have an effect on consumers' decision as well. This is in agreement with previous studies that stated that the extent of peer pressure will be different depending on the types of goods (luxury versus necessity, for example) (Bearden and Etzel, 1982; Armistead, 1985; Asubonteng et al., 1996; Bolton, 1998; Childers and Rao, 1992; Pinto, 2013). The higher the price, the participants are less likely to follow their friends. However, when given enough money, they will tend to follow their friends to buy expensive, even exorbitant products. This can be very useful if businessmen target high-end customers such as millionaires or celebrities who are willing to pay a large amount of money just to follow their peers to buy certain products.

LIMITATIONS AND SUGGESTED IMPROVEMENTS

The range of items given does not represent all products

sold in the market. Buyers might be interested in different items with the same price. More items of different natures can be given in the future, should similar researchers seek to extend this research.

The sample size can be bigger to improve the universality and reliability of the research. The number of respondents who were only 110 with a valid data for 103 people, so it was insufficiently representative to generalize the real situation, especially for a study case in NCHU, a few number of research team who could not be quite intensive to spread the concentration for each respondents; and the limitation of variables to measure in this study as well. In addition, the limitation of time also influenced the quality of this study.

The question is given in ranking, which can be changed to a YES/NO question so that the participants cannot 'play safe' by choosing the middle ranked options (that is, 2 or 3). There are other factors influencing consumers' decisions that should be identified and controlled, including family background or consumers' interests.

RECOMMENDATIONS AND APPLICATIONS

On the basis of existing findings, the study determines what could be improved in future research. First of all, it would be desirable to pick up on this research by conducting quantitative research on large population to compare results and back it up by qualitative research. Ideal sequence of methods would be following qualitative, quantitative and qualitative. In addition, within qualitative research, also other techniques apart from in-depth interviews could be employed, such as observation, experiments, focus groups, etc.

Moreover, peer pressure affects the purchase intention of consumers. Consumers frequently use reference groups to guide purchasing decision. Also, product involvement affects consumer behaviour, such as advices discussed previously. As Hoonsopon and Puriwat (2016), Hung et al. (2012), and Wu and Huan (2010) demonstrate that the degree of product involvement has been classified into two categories; high and low. When consumers consider a purchase that requires high product involvement, they seek information and engage in more consideration about the product than with low product involvement. Consumers focus on less effort and attention in the case of low product involvement. Therefore, how to attract more customers and increase brand awareness in Taiwan with respect to peer pressure, are also proposed in this study.

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Appendix 1

SURVEY ON PEER PRESSURE

Dear participants, thank you for taking part in doing this questionnaire on the impact on peer pressure on consumption behaviours of customers in Taiwan. Your help is very much appreciated.

* Required

PART 1: DEMOGRAPHICS

This part concerns some basic information of the participants such as age, gender, and so on.

1. How old are you? *

2. What is your educational level? *

3. What is your gender? * (Mark only one oval.)

- Female
 Male
 Others

4. Do you live in Taiwan? * (Mark only one oval.)

- Yes
 No

5. Where are you from? * (Mark only one oval.)

- Asia
 Africa
 Australia
 America
 Europe
 Others

PART 2: THE INFLUENCES OF PEER PRESSURE

This part will focus on the influences of peer pressure on consumers' decision.

6. Do you go shopping with your friends? (Please rank) * (Mark only one oval.)

1	2	3	4
No, not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
			Absolutely yes

7. In general, do you buy stuff that your friends buy? (Please rank) * (Mark only one oval.)

1 2 3 4

No, not at all Absolutely yes

8. Do you think peer pressure can affect your decision on buying things? (Please rank) *
Mark only one oval.

1 2 3 4

No, not at all Absolutely yes

9. Given your current financial status, which item(s) would you follow your friends to buy despite the fact that you don't really need? (you can choose more than one) *
Check all that apply.

- Milk Tea (NT\$30-50)
- Clothes (NT\$500 - 5000)
- iPhone 7 (NT\$25,000 - 40,000)
- Car (NT\$900,000 - 2,000,000)
- House (NT\$20,000,000)

I don't buy something just because my friends do. I know what I need and I don't waste money like that.

10. Which one is your top priority of the above items? (please indicate one item only) *

11. Provided that you have enough money, what item(s) would you follow your friends to buy despite the fact that you don't really need? (you can choose more than one) *
Check all that apply.

- Milk Tea (NT\$30-50)
- Clothes (NT\$500 - 5000)
- iPhone 7 (NT\$25,000 - 40,000)
- Car (NT\$900,000 - 2,000,000)
- House (NT\$20,000,000)

I don't buy something just because my friends do. I know what I need and I don't waste money like that.

12. Which one is your top priority of the above items? (please indicate one item only) *

That is the end of the questionnaire. Thank you once again for your help!

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