



CHAPTER 4

CHARACTERISTICS OF COMMERCIAL WEBSITES IN THAILAND

In this section, the discussion about the characteristics of commercial websites in Thailand will be established. Most of the discussion will be based on the information from Internet User Profile of Thailand collected and distributed by NECTEC for the year 2000. The discussion will start by defining the commercial websites that we are going to study in this research. Then, the information about the product followed by the characteristics of the customer will be criticized. The objective of this section is to identify the scope of studying in this research.

4.1 DEFINING THE COMMERCIAL WEBSITES

According to the Thailand Development Research Institute ("E-commerce case bank," Research from TDRI presented in the CD-ROM, Bangkok, Thailand, 2001), online retailers seem to be the most well known businesses on Internet. If we talk about E-commerce, most of the people will consider it as an online retailer. So, this research will study the way to create a guideline for online retailers. We will not consider B2B market. We will not consider online auctions, or websites that earn money from banners. We will only consider the B2C websites which sell products to the customers. In this research, we will specifically refer to commercial websites as online retailers.

4.2 ABOUT THE PRODUCT

Internet User Profile of Thailand (NECTEC, 2001: 76) shows the goods and services purchased in Thailand as shown in table 4.1.

Table4.1: Goods and Services Purchased on Internet in Percent (Internet User Profile of Thailand 2000, NECTEC: 76)

Good/Service	Percent
Book	55.7
Software (sent via postal)	25.8
Computer device	19.7
Music (sent via postal)	18.3
Film (sent via postal)	11.8
e-book, information	9.8
Software (sent online)	9.2
Electrical appliance	9.2
Toy	7
Clothe, Accessory	5.2
Household item	3.5
Food	2.6
Cosmetic	2
Music (sent online)	1.1
Film (sent online)	1.1
Medication, Supplement	0.2
Others	7.4

Due to some limitations of the medium, not every product could successfully be sold on Internet. According to Internet User Profile of Thailand (NECTEC, 2001: 74), the results of reasons against Internet purchase are illustrated in table 4.2.

Table4.2: Reasons Against Internet Purchase (Internet User Profile of Thailand 2000,

NECTEC: 74)

Reason against internet purchase	Percent
Can't see/feel products	44.1
Don't want to reveal credit card number	33.8
Don't trust merchandiser	32.8
Not interested	26.1
Don't have a credit card	25.3
Too complicated	23
Concerned for loss/damage	14.6
Don't want to wait for delivery	14.1
Don't know websites for shopping	8.1
Expensive	8.1
Don't want to buy import products	5.7
No interesting product	4.6
Others	2.6

From the above information, we could examine and classify the three major problems against Internet purchasing.

1. Problems occur from the fact that the customer cannot touch and feel the product.

Since people can not touch and feel the product, the product that the customer would like to buy from Internet should be easily identified in order to meet the needs of the customer. The product should have a specific model or name. It could be a general item that the customer can generally find in most places. This could be a low

involvement product. If it is a rare product, or a product that the customer is not familiar with the benefit or specification should be clearly identified.

This could be explained by the Theory of Buying Decision Process (Kotler, 1985: 147). In the Problem Recognition Stage, the customer may recognize a problem or a need. Then, the need rises to a threshold level and becomes a drive. In order to buy the product, the customer has to be sure that the product can satisfy his drive before he will buy it. Otherwise he will find out more information, do some comparison before he will buy the product. So, the products that are sold on Internet should be identified clearly.

2. Problems occurring from logistics

The products sold on Internet should be easily shipped. If it is difficult to ship them, the shipping cost will be high. The products may be damaged during shipping or the customers may have to wait for a long time. In that case, they might choose to buy the products offline.

3. Security problems

If the product is a high involvement product with a high value, security problems will lead the customers to buy it only from famous websites or offline.

These three problems can explain the reason why books are such popular items sold on Internet. The reason is that books can be identified easily by their name or the author's. There are very little logistic problems. The cost of the product is not very high. We can also explain the reason why cars or refrigerators are not widely sold on Internet, since it is evident that logistic problems would arise in that case. Especially cars could be considered as high involvement products with high value, so security problems could occur. This is why cars are not popular items sold on Internet.

4.3 ABOUT THE CUSTOMER

Internet User Profile of Thailand 2000 (NECTEC, 2001: 28) presents Thailand's Internet user profile as follows:

1. The gender gap of the people who use Internet between males and females is 49:51. This could mean that there is no gender gap in the people who use Internet. However, 24% of the males who use Internet buy items from Internet while only 14% of the females do. In conclusion, males tend to buy from Internet more than females.
2. The people who use Internet mainly range from age 20-39, which is 73.5% of the total users. In this thesis we will not discuss people under 20 since they are only 15% of the total number of users and also because they usually do not earn money.
3. Around 70% of Internet users are from Bangkok and the suburb areas.
4. More than 72% have a Bachelor Degree and over. This could imply that Internet community is an educated community.
5. The people who use Internet mostly come from three groups: IT, Commerce, and Science and Technology.

In order to understand more about the commercial websites in Thailand, this questionnaire is established:

- Since there is a gap between males and females Internet users, we have to prove whether the products they buy from Internet are the same or not.
- We have to prove whether occupations affect the type of products that people buy from Internet or not.

Gender affects the type of product the customers buy from the Internet

In order to prove the hypothesis, the testing for independence of two categorical variables is used (Wanichbancha, 1998: 288). The questionnaire is send to 120 males and 120 females to select the product that he/she would buy from the Internet. The kind of product is based on the Internet user profile of Thailand (NECTEC, 2001: 76). The person who answered the questionnaire allows selecting at most three products from the list. The result of testing is presented below.

Hypothesis:

Ho Gender and the product that customer buy from Internet is independent.

H1: Gender and the product that customer buy from Internet is dependent.

Testing of Hypothesis:

$$\chi^2 = \frac{\sum \sum (O_{ij} - E_{ij})^2}{E_{ij}}$$

O_{ij} = The number of the sample with Gender I and product that customer buy from Internet j

E_{ij} = The expect number of the sample with Gender I and product that customer buy from Internet j

The value of O_{ij} is shown in Table 4.3, while E_{ij} is in parenthesis

The calculation of $\chi^2 = 18.00911$ and the $\chi^2_{.95; 11} = 19.7$

This would mean not to reject Ho. As a result, we can conclude that gender does not affect the customer's product choice.

Table 4.3: Testing of Independence of Gender and the product that customer buy from

Internet

Product	Gender	
	Male	Female
Book	85 (88.1405)	73 (69.8595)
Software	25 (22.31405)	15 (17.68595)
Music	25 (29.00826)	27 (22.99174)
Film	19 (20.6405)	18 (16.3595)
Computer device	39 (37.93388)	29 (30.06612)
Toy	8 (7.809917)	6 (6.190083)
Electronics appliance	32 (22.31405)	8 (17368595)
Household item	9 (8.92562)	7 (7.07438)
Clothes	12 (13.94628)	13 (11.05372)
Cosmetic	2 (5.578512)	8 (4.421488)
Food	8 (7.809917)	6 (6.190083)
Other	6 (5.578512)	4 (4.421488)
Total	270	214

Occupation affects the type of product the customers buy from the Internet

In order to test this hypothesis, the questionnaire is sent to 40 persons for 6 occupation groups. The occupation groups are classified based on the arrangement of the result from Internet user profile of Thailand (NECTEC, 2001: 47) into new six groups. The kind of product is also based on the Internet user profile of Thailand (NECTEC, 2001: 76). The person who answered the questionnaire should select at most three products from the list. The result of testing is presented below.

Hypothesis:

Ho: Occupation and the product that customer buy from Internet is independent.

H1: Occupation and the product that customer buy from Internet is dependent.

Testing of Hypothesis:

$$\chi^2 = \frac{\sum \sum (O_{ij} - E_{ij})^2}{E_{ij}}$$

O_{ij} = The number of the sample with Occupation I and product that customer buy from Internet j

E_{ij} = The expect number of the sample with Occupation r I and product that customer buy from Internet j

The value of O_{ij} is shown in Table 4.4, while E_{ij} is in parenthesis.

The calculation of $\chi^2 = 126.9079$ and the $\chi^2_{.95; 50} < \chi^2_{.95; 55} < \chi^2_{.95; 60} = 67.5 < \chi^2_{.95; 55} < 97.1$

This would mean to reject Ho. As a result, we can conclude that Occupation affects the customer's product choice.

Table 4.4: Testing of Independence of Occupation and the product that customer buy
from Internet

Product	Occupation					
	Science and Technology	Art	Education	Business and Commerce	Health	Social
Book	32 (27.8333)	26 (27.8333)	24 (27.8333)	28 (27.8333)	35 (27.8333)	22 (27.8333)
Software	14 (9)	3 (9)	9 (9)	10 (9)	13 (9)	5 (9)
Music	19 (18.3333)	25 (18.3333)	14 (18.3333)	11 (18.3333)	17 (18.3333)	24 (18.3333)
Film	2 (8.1667)	15 (8.1667)	5 (8.1667)	14 (8.1667)	5 (8.1667)	8 (8.1667)
Computer device	18 (8.667)	4 (8.667)	7 (8.667)	10 (8.667)	7 (8.667)	6 (8.667)
Toy	1 (3.5)	2 (3.5)	7 (3.5)	1 (3.5)	6 (3.5)	4 (3.5)
Electronics appliance	19 (6.667)	4 (6.667)	3 (6.667)	4 (6.667)	6 (6.667)	4 (6.667)
Household item	2 (7)	7 (7)	14 (7)	8 (7)	3 (7)	8 (7)
Clothes	8 (14.3333)	14 (14.3333)	18 (14.3333)	15 (14.3333)	12 (14.3333)	19 (14.3333)
Cosmetic	2 (13.5)	17 (13.5)	14 (13.5)	17 (13.5)	13 (13.5)	18 (13.5)
Food	2 (1.667)	1 (1.667)	3 (1.667)	1 (1.667)	2 (1.667)	1 (1.667)
Other	1 (1.33)	2 (1.33)	2 (1.33)	1 (1.33)	1 (1.33)	1 (1.33)
Total	120	120	120	120	120	120

From the testing we can notice that gender does not affect the product choice but occupation does. This could explain the reason why books, software and computers are popular items sold on Internet, since most of the people who use Internet come from three groups: IT, Commerce, and Science and Technology.

4.4 CONCLUSION

The objective of this session aims to

- Specify the scope of commercial websites in this research
- Specify the target product categories that will be studied in this research
- Specify the target customer groups that will be studied in this research

From previous information we can conclude that

- In this research, the scope of commercial websites is concerned only with online-retailers.
- The target products that going to be successfully sold on Internet should avoid the three problems mentioned in 4.2.
- The target products in this research are books, music, films, electronic devices and IT product, since these are the ones that are mostly purchased on Internet.
- The target customer groups in this research are in Science, IT, Technology and Commerce related fields because the product choice depends on the occupation and we have found most of Internet users to be from these groups.
- The target customer groups in this research are from Bangkok and the suburb areas due to the fact that most of Internet users are from this area.

- The target customer groups in this research are highly educated people (with a Bachelor degree or over), as most of Internet users are from this group. This may be the reason why technology items and books are so popular on the net.
- The target customer groups' age in this research range from 20-39 years old, since most of Internet users are from this age group.