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A Comparison of Thai and Japanese Consumers' Attitudes and Behaviors toward Online Shopping

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SUMMARY OF MASTER'S DISSERTATION

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Title

A Comparison of Thai and Japanese Consumers' Attitudes and Behaviors Toward Online Shopping

Abstract

Internet penetration in Thailand is increasing every year since 2008. E-Commerce has more role for trading in Thailand especially B to C business. Since 2015, Thailand attended ASEAN Economic Community (AEC) that will increase the number of import and export in the future. However, according to UNTAD's B to C E-Commerce index year 2014, E-Commerce index value in Thailand is 47.2 which ranks 70th while Japan is 83.6 or ranks 12th in all 130 countries around the world. The purpose of this study is to identify and analyze factors which affect consumers' attitudes and behaviors in online shopping between Thai and Japanese in order to understand difference factors between E-Commerce market in Thailand and Japan. The goal of the research is to suggest Thai government and private sectors what the factors that need to be improved are and how to improve them in order to expand E-Commerce. This research focuses on consumers' behaviors in 4 P's of the marketing mix that are product, price, place and promotion. Consumers' attitudes will scope in price and quality of the product, delivery service, policy, after-sale-service, seller and interface of the website, and payment method. This research integrates a qualitative analysis and a quantitative analysis. Qualitative analysis is employed for formulating the research questions by in-depth interview to understand reasons why customer buy and do not buy from online channel, and difference on consumers' attitudes and consumers' behaviors between Thai and Japanese. Quantitative analysis by using conjoint analysis is for understanding delivery services system which is the key factor for online business. The result from in-depth interview shows that seller and delivery service are the main factors that affect consumers' attitudes and behaviors in online shopping.

Key Word (4 words)

E-Commerce, Online Shopping, Consumer's Behavior, Consumer's Attitude

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1. Introduction

1.1 Research Background

1.1.1 Number of Internet Penetration in the World

In the late 1990s, Internet became an important part of individual and companies all around the world [1]. The number of Internet penetration in the world increased from two billion in 2010 to three billion in 2014 as shown in Figure 1[2]. In Figure 2, the graph shows the number of Internet users per one hundred people comparing between Thailand, United States, Japan, China, Singapore, United Kingdom and world average. Internet users in Thailand are only 34.9 percent, which is lower than world average at 40.7 percent in 2014 [3].
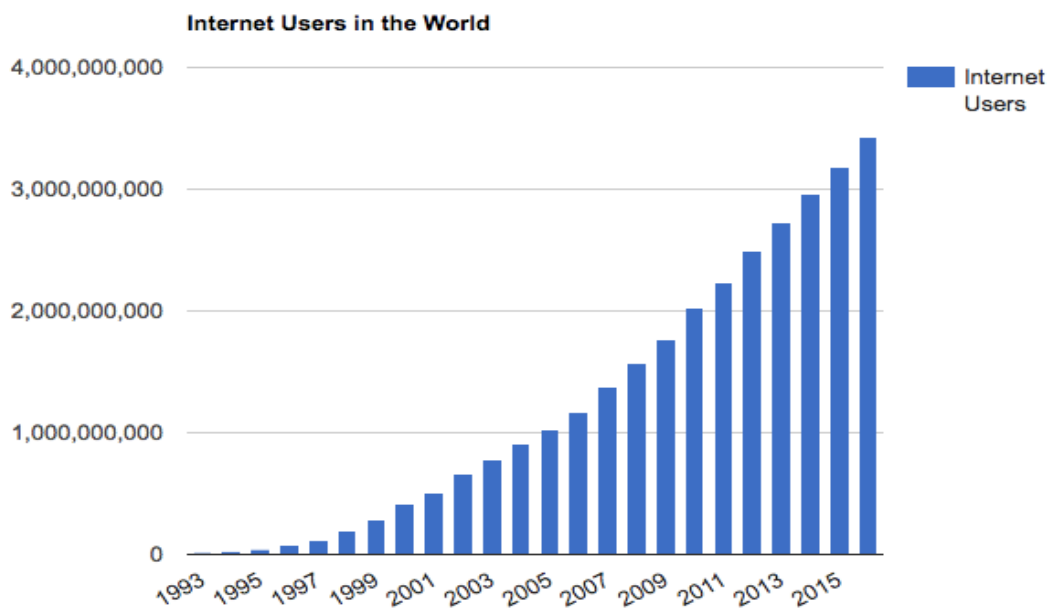
Figure 1: Number of Internet users in the world from 1993-2014

Number of Internet users by country from 2005-2014
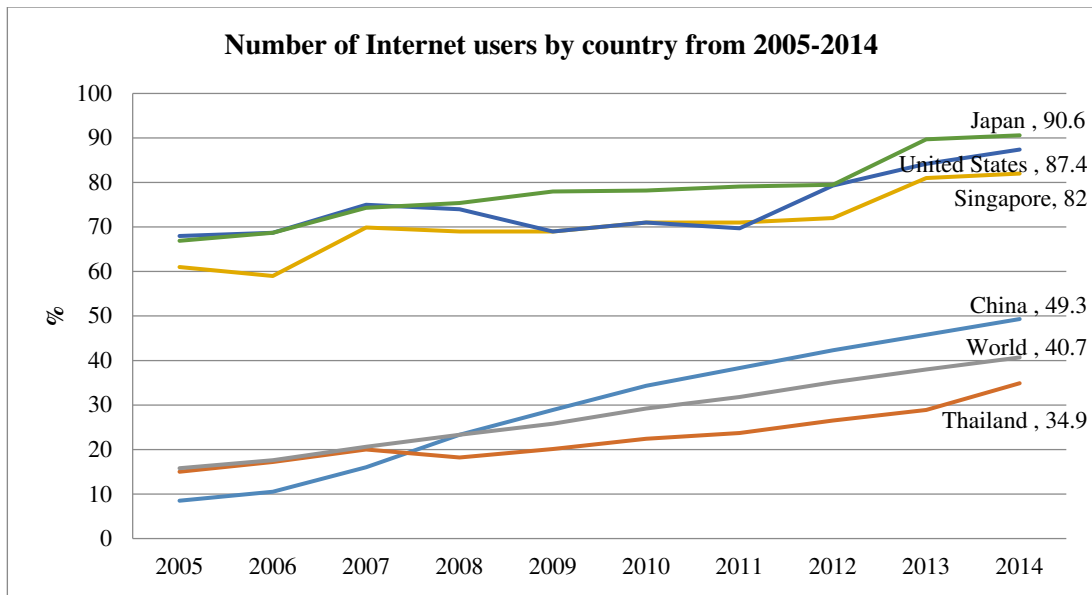
Figure 2: Number of Internet users by country from 2005 – 2014

In term of market opportunity, Southeast Asia's online population had grown up 9 % in 2012 – 2013. By 2020, Southeast Asia is projected to be the world's ninth largest economy and Asia's fourth largest with the revenue $1.9 trillion [4]. Moreover, with 600 million populations in Southeast Asia, it has the potential to become the third-largest E-Commerce market in the world. The first and the second will be China and India [5] as shown in figure 3, Asia top Internet user's countries in November year 2015[6]. "Southeast Asia is on the cusp of an E-Commerce golden age" [7].

Asia Top Internet Users Countries, November, 2015
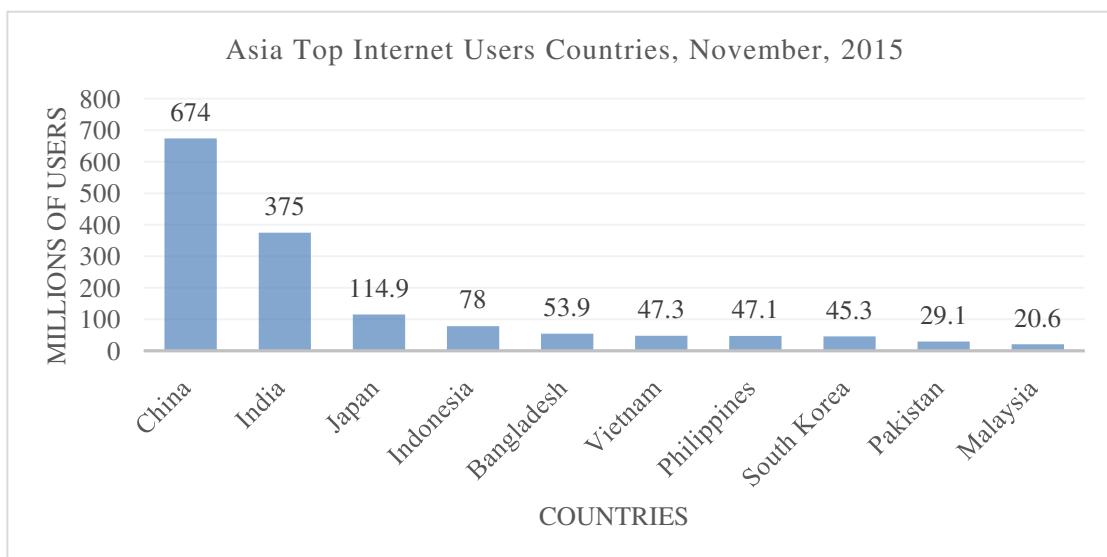
Figure 3: Asia top Internet users' countries in November, 2015

From figure 4, it is estimated that China and ASEAN will have E-Commerce growth rate about 25 percent during 2013–2017 while United State and EU5 will be growth only 10 percent [8]. The market still has the space for the new player and able to expand more than present.
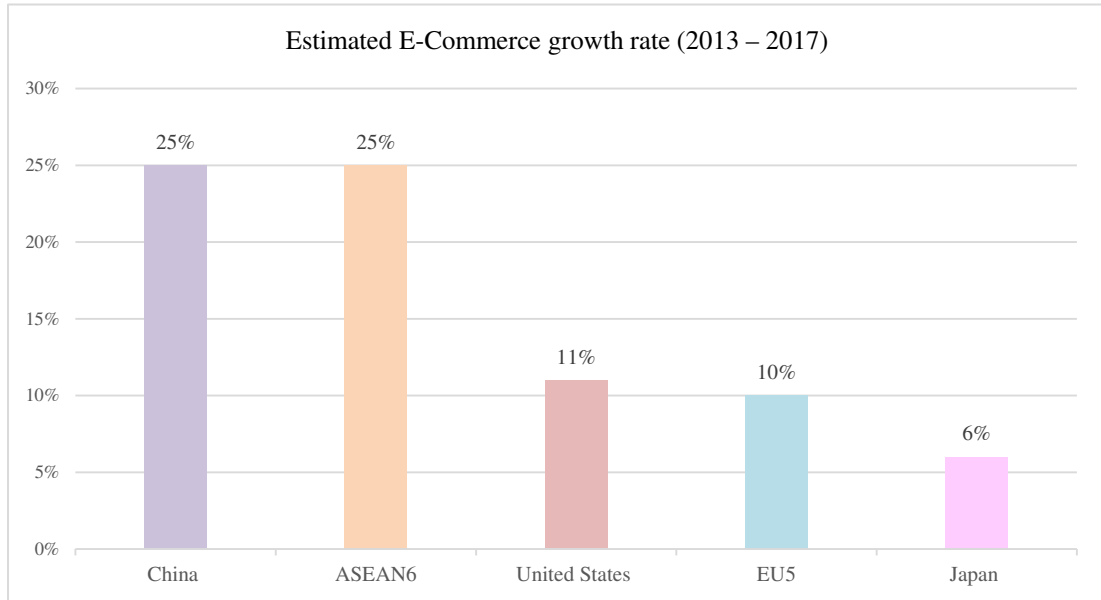
Figure 4: Estimated E-Commerce growth rate from 2013 – 2017
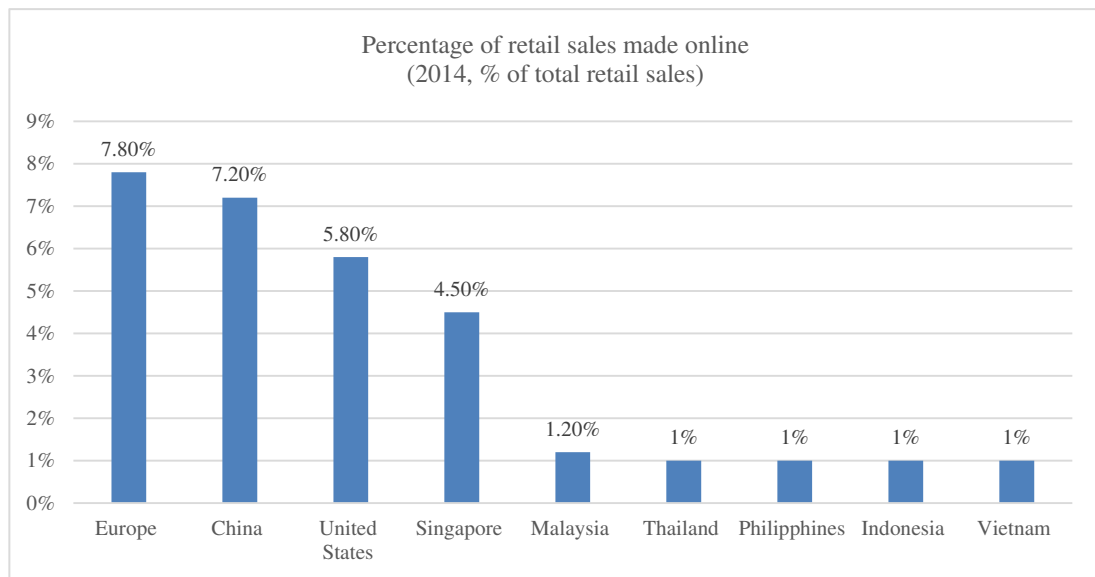
Figure 5: Percentage of retail sales made online in 2014

However, in five ASEAN countries, which are Malaysia, Thailand, Philippines, Indonesia and Vietnam, E-Commerce represents only one percent or less of total retail sales as shown in figure 5 [8] while Japanese was 5% in 2014 [9]. According to United Nations Conference on Trade and Development (UNTAD)'s B to C E-Commerce index year 2014, E-Commerce index value in Thailand is 47.2 which is in rank 70 while Japan is 83.6 or rank 12 from 130 countries all around the world as shown in table 1 [10].

Table 1: UNTAD's B2C E-Commerce Index, 2014

Economy	Share of population having mail delivered at home (2012 or latest percent)	Share of individuals with credit card (15+,2011 percent)	Share of individuals using Internet (2013 or latest percent)	Secure servers per 1 million people	UNTAD E-Commerce index value	Rank
Luxembourg	100	72.4	95.0	99.3	91.7	1
Norway	100	60.0	96.0	97.4	88.3	2
Finland	100	63.9	92.0	96.5	88.1	3
Canada	100	72.3	83.0	93.3	87.1	4
Sweden	100	53.5	95.0	95.9	86.0	5
Australia	100	64.2	83.0	94.8	85.5	6
Denmark	100	44.9	95.0	99.0	84.7	7
Republic of Korea	100	56.4	82.1	98.6	84.3	8
United Kingdom	100	51.6	91.0	94.4	84.2	9
Israel	100	79.7	73.4	82.4	83.9	10
Netherlands	100	41.4	94.0	100.0	83.8	11
Japan	100	64.4	79.5	90.5	83.6	12
Malaysia	93	11.9	63.6	71.1	59.9	45
Thailand	95	4.5	28.9	60.6	47.2	70
Indonesia	75	0.5	15.4	48.6	34.9	88
Vietnam	30	1.2	39.5	54.2	31.2	90
Cambodia	75	0.1	4.9	43.0	30.8	92

This research aims to understand the reason why E-Commerce in Thailand still in the low rate compares to Japan by focusing on consumers' attitudes and behaviors in online shopping.

1.1.2 E-commerce in Thailand and Japan

According to World Trade Organization (WTO), "E-Commerce is the sale or purchase of goods or services conducted over computer networks by methods specifically designed for the purpose of receiving or placing of orders. Even though goods or services are ordered electronically, the payment and the ultimate delivery of the goods or services do not have to be conducted online [11]". "Technology, globalization, and social responsibility are factors that change the market place. Social media is an explosive worldwide phenomenon [12]".

E-Commerce in Thailand

The revenue for E-Commerce market in Thailand is $3.01 billion in 2016 [13]. Thailand has the potential to grow in E-Commerce for several reasons. First, the number of Internet penetration is increasing every year and it is estimated that Internet users will reach 36 million in 2016 [4]. Second, in 2015, ten countries in Southeast Asia, which are Thailand, Myanmar, Laos, Vietnam, Malaysia, Singapore, Indonesia, Philippines, Cambodia, and Brunei, integrated into ASEAN Economic Community (AEC) [14], which will help cross-broader E-Commerce between countries in this region. Third, there are several online websites in Thailand such as Lazada, Tarad, WeLoveShopping, Kaidee etc. as shown in figure 6 [15] but there is no leader in online market [5].
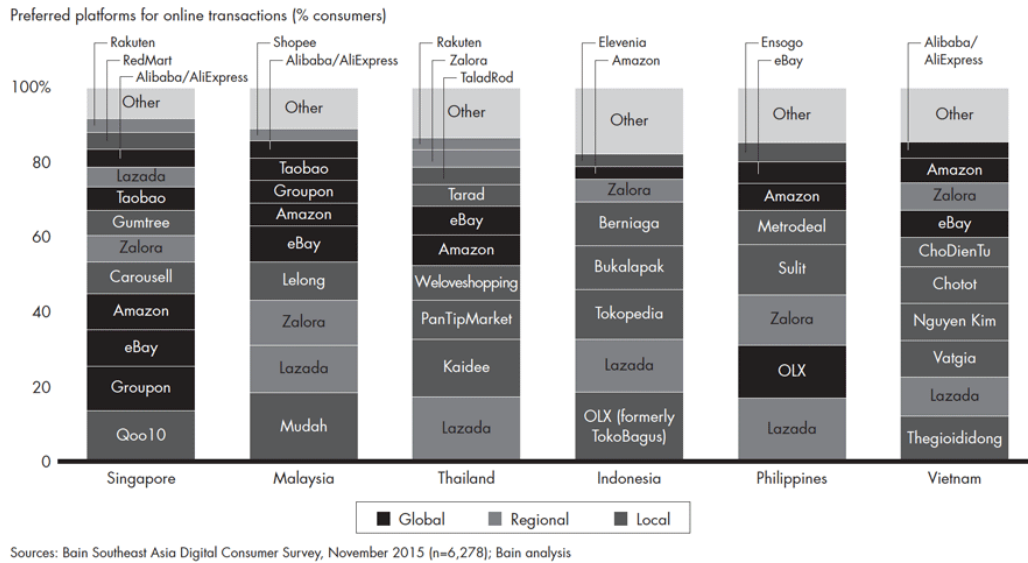
Figure 6: Digital platform in Southeast Asia

E-Commerce in Japan

In 2015, Japan is third largest E-Commerce market in the world with $80 billion in sales revenue. The biggest E-Commerce market is China with $650 billion and the second is United States with approximately $350 billion. The three biggest E-Commerce sites in Japan which has total market share more than 50 percent are Rakuten, Amazon Japan, and Yahoo Japan [16].These sites account combine together makes around 50 percent of total Japanese annual E-Commerce revenue [16].

Figure 7: Three biggest E-Commerce websites in Japan

Speed of the Internet in Thailand and Japan

Technology helps business and customer to be able to communicate and exchange the information. From the customer's point of view, the quality of the Internet experience is the most influenced by the capabilities of the personal computer sitting in front of him/her. In term of hardware, resolution (clarity of screen image), memory (amount of computer storage), processing speed (rate at which computer processes the information) and sound (quality of audio data) affect Internet experience [17]. Speed is the key success in running business on the Internet [1]. There are two technologies, which conduct speed of the Internet: the equipment that transmits the content and the service that provides access to the Internet. Speed is measure by bits per second or bps. Table 2 shows download speed for fixed Internet access in Mb/s, Japan is in ranks 31st and Thailand is in ranks 40th [18].

Table 2: Download speed for fixed Internet access in Mb/s

	Country	Download Speed	Upload Speed
1	Singapore	97.67	78.69
2	Hong Kong, China	96.12	89.25
3	Romania	62.53	31.85
4	Sweden	49.25	27.66
5	Lithuania	47.93	45.64
6	Switzerland	46.32	8.70
7	Netherlands	44.03	19.03
8	Iceland	43.40	36.95
9	Latvia	42.03	38.07
10	Denmark	41.76	31.01
11	Taiwan, China	41.67	18.27
14	Korea	34.97	30.51
31	Japan	24.73	27.96
40	Thailand	21.00	8.57

Delivery Service

In E-Commerce, there are two ways to deliver the products. Digital goods will be delivered directly through the internet and physical goods will be sent by logistic provider such as FedEx, UPS, and post office. In B2C market, a major logistics problem is product returns or reverses logistic [19]. Customer feel inconvenient if they have to return the product and they also have to pay for those logistic.

Delivery Service in Japan (Japan Post Office)

Table 3 shows the shipping fee from Tokyo to others part of the country which started from 690 yen to 2,710 yen [20]. Table 4 shows shipping period of Japan Post start from 8:00 am until 9:00 pm.

Table 3: Shipping Fee at Japan Post Office

Destination address Area Size	Within Tokyo	Tohoku, Kanto, Shin-etsu, Hokuriku, Tokai	Kinki	Chugoku, Shikoku	Hokkaido	Kyushu	Okinawa
60	690 yen	740 yen	840 yen	970 yen	1,070 yen	1,170 yen	1,290 yen
80	900 yen	970 yen	1,070 yen	1,180 yen	1,280 yen	1,390 yen	1,510 yen
100	1,130 yen	1,180 yen	1,280 yen	1,400 yen	1,500 yen	1,600 yen	1,730 yen
120	1,340 yen	1,400 yen	1,500 yen	1,610 yen	1,720 yen	1,820 yen	1,940 yen
140	1,560 yen	1,610 yen	1,720 yen	1,830 yen	1,930 yen	2,030 yen	2,160 yen
160	1,780 yen	1,830 yen	1,930 yen	2,040 yen	2,150 yen	2,250 yen	2,370 yen
170	2,070 yen	2,140 yen	2,250 yen	2,360 yen	2,460 yen	2,570 yen	2,710 yen

Table 4 : Delivery Period at Japan Post Office

Delivery Period	Rough estimation of delivery hours
1	8:00 – 12:00
2	12:00 – 14:00
3	14:00 – 16:00
4	16:00 – 18:00
5	18:00 – 20:00
6	20:00 – 21:00

Delivery Service in Thailand (Thailand Post Office)

Delivery Fee

1. Express mail Service (EMS): Cost of delivery fee started from 32 Baht or 100

   Yen as shown in below table.

Table 5: Delivery fee for EMS at Thailand Post Office

Weight	Delivery Fee (Baht)
Less than 20 gram	32
20 – 100 gram	37
101- 250 gram	42
251- 500 gram	52
501 – 1,000 gram	67
1,001 – 1,500 gram	82
1,500- 2,000 gram	97

2. Registered mail: Delivery fee started from 18 Baht or 60 Yen and can delivery up

   to 2 kilograms.

Table 6: Delivery fee for registered mail at Thailand Post Office

Weight	Delivery Fee (Baht)
Less than 100 gram	18
100 – 250 gram	22
251 – 500 gram	28
501 – 1,000 gram	38
1,000 – 2,000 gram	58

Delivery Period

Table 7 shows delivery period in Thailand, fastest shipping will be delivered within two days and longest shipping time is seven days.

Table 7 : Delivery Period at Thailand Post Office

	Weight / Box	Tracking Number	Shipping Time (Bangkok)	Shipping Time (Upcountry)
Regular Mail	Unlimited	No	3-5 days	5-7 days
Registered Mail	Less than 2 kg.	Yes	3-5 days	5-7 days
Express Mail	Unlimited	Yes	1-2 days	2-3 days

Financial System

In offline system, customers go to the shop then choose the product and pay at the cashier. But in E-Commerce system, customer and seller are not in the same place. So customers have to transfer money to seller in several ways such as transfer at the bank, Internet banking, ATM, credit card, pay at counter service at post office or convenient store or e-payment service for example pay-pal. Southeast Asia lacks a solid regional payment and logistics infrastructure [15]. Online shoppers may select an item for purchase but fail to complete the transaction.

Number of credit card account in Thailand is 17 million with only 8 million holders in 2013 which represent 12 percent of Thai populations [21]. Payment System for online shopping in Thailand are credit card 24.6%, internet banking 18.5% and payment service provider 8.4% [22]. In reality paying by credit card is general way to transfer the money in E-Commerce. But in Thailand there are just few people familiar with this credit card system. Figure 8 shows number of ATM machine during 2010 – 2014, growth rate year 2012 – 2013 was 8.8 % and year 2013 – 2014 was 8.7 % [23]. Figure 9 shows number of Internet Banking and Mobile Banking in Thailand in 2010 – 2014 (times), Growth Rate of Internet banking year 2012 – 2013 was 29.1% and year 2013- 2014 was 14.0%. Growth of mobile banking in Thailand year 2012 -2013 was 57.6% and year 2013-2014 was 91.2 % [27].

In Japan, there were 232 million cards at the end of March 2001, and the value of payments made by credit cards amounted to JPY 23.3 trillion (USD 192 billion) in 2001[24].

Number of ATM machine in Thailand 2010-2014

■ Machine

Year	Machine
2010	44,468
2011	47,759
2012	52,242
2013	56,851
2014	61,817
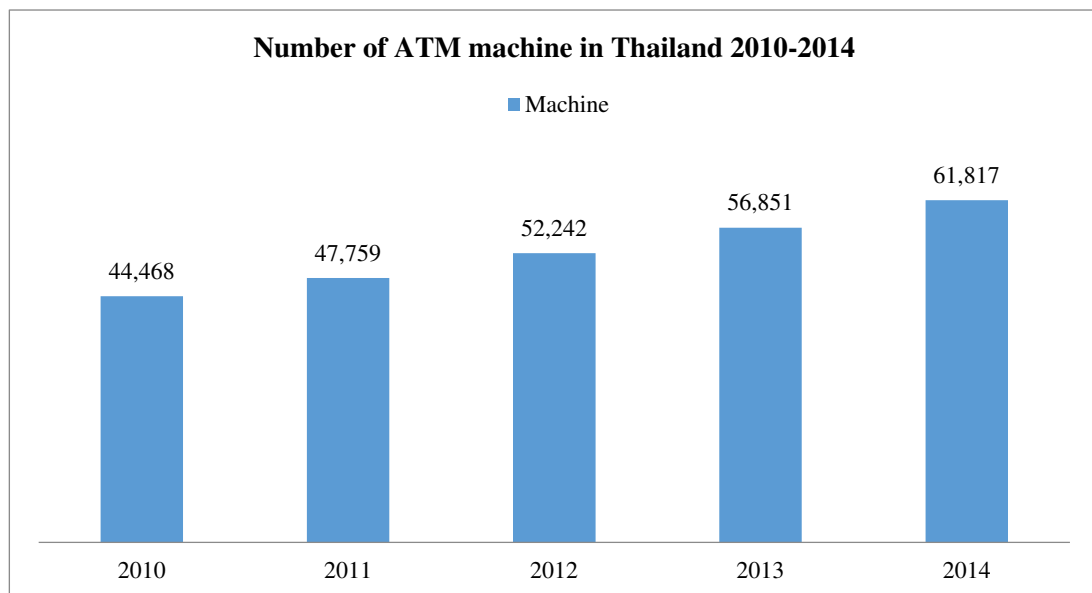
Figure 8 : Number of ATM machine in Thailand in 2010 – 2014
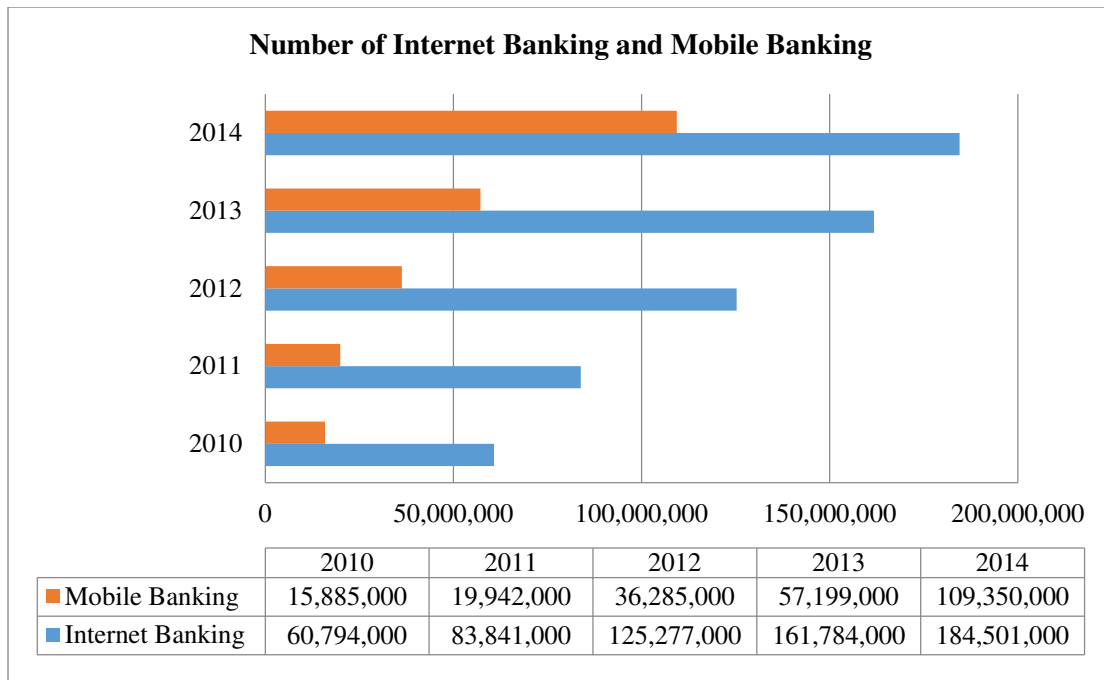
Figure 9: Number of Internet Banking and Mobile Banking in Thailand in 2010 – 2014 (times)

	2010	2011	2012	2013	2014
Mobile Banking	15,885,000	19,942,000	36,285,000	57,199,000	109,350,000
Internet Banking	60,794,000	83,841,000	125,277,000	161,784,000	184,501,000

1.1.3 Advantages and Disadvantages of E-Commerce

Advantages

Online business has advantages in several points. First, consumers and enterprises can get the information fast with little or no cost. Second, interactive, seller and buyer can send and receive the information at the same time. Third, regardless of size or distance and last one is always on and many to many [1].

Advantages for individual or customer

"The Internet makes the individuals have more power than before" [19]. Consumers can search for information, compare price and specification of the product, able to read a review before decided to buy products and at the same time can give a comment on the Internet via social network or website. Moreover, consumers can buy and receive the product anywhere and anytime. So E-Commerce makes consumers have more bargaining power than before.

Advantages for business sector

Advantages for business sector divided into four points. First, in term of marketing activities and marketing content, company has more ways to promote the products such as e-mail, social media, clip, viral, music, text message and able to trace whether the promotion is success or not. A company has more choices to create content of the marketing not only see a picture and the content in the magazine or watch advertisement from television. Second, information collection, a marketer can get customer's information easier than before because a company can access the data, collect it into a database and send product's information or promotion directly to the customers [25]. Third, regardless of place and time, buyer and seller can contact each other anywhere and anytime. Fourth, efficiency cost and competitive price. Using the Internet in business can reduce some cost for the company such as shop rental and salary for sell representative. A marketer can set competitive price or spend the money on promotion to the customers.

Disadvantages

Disadvantages for individual or customer

There are several disadvantages from trading via the online channel. First, customers cannot touch or see the real product before buying. Second, most of the time customers have to transfer money to the person whom they do not know before without receiving the product. Third, customers have to give their personal data such as real name, home address, phone number, e-mail address. These might cause uncertain feeling for the customer to buy the products via the online channel. There is a special challenge of E-Commerce in some region such as in Southeast Asian market,

customer prefers physical shopping where they can see real products with cool air-conditioner in the place that have restaurants and coffee shop [4].

Disadvantages for business sector

There are five points that company has to beware in E-Commerce era. First, customer's loyalty, customers can switch brand easier than before because there are many information and variety of products on the Internet. Second, a power of word of mouth, customer gets the information from comments or review from other customers. Third, customers trust each other more than companies. According to Trust Barometer, customers trust individual more than CEO or government officer [19]. Fourth, customers will pay attention lesser than before because there are many windows to see such as replying text message while listening to the music on YouTube and commenting their friend's photo on Facebook. Fifth, customer's expectation, customer expected company to do more, do better and faster [17].

1.1.4 Internet and Importance of the Internet

The Internet is the way of communication. Internet helps people to be able to contact each other easier and quirkier. Internet is the combination between two words: international and network. Networks let people be able to transfer the data from point to point [17].

Importance of the Internet

The Internet changed the way to run the business and company has to change their business model. Early commercial activities emphasize on face-to-face or one-to-one, which made radio, television and newspaper were the most powerful equipment. "The emerging of computer, telecommunications and information

technology had a major impact on the way companies bring value to their customers [26]". There are four stages in communication history [17] as following;

First stage is one-to-one communication which is face-to-face communication such as personal selling.

Second stage is one-to-many such as a print advertisement or newspaper.

Third stage is one-to-many such as television.

Fourth stage is one-to-one, many-to-one, one-to-many which is Internet.

Internet change the expectation of the customer such as the product should be cheaper price or faster payment service. The Internet has affected business conditions and social issues in many aspects such as the regulation that government has to legislate, business activities, a relationship between company and customer etc. Also the Internet can improve the efficiency of business communication and management such as increase the ability of the employees to work in cross functions [19] [17].

1. An employee can share and exchange their knowledge to another employee who lives in another place which distance is meaningless.
2. The company can check stock and prepare the warehouse more effective. The company can prepare stock even the customer just browses the data.
3. The cost for operation and rental are decreasing. The company does not have to hire the employee to deal with the customer as much as before. For example, in the airline business, the customer can do self-check-in which takes lesser time.

1.2 Research Problems

E-Commerce has potential to be a major engine for trade and development in a global scale [27] However, there are many challenge points for E-Commerce such as number of Internet penetration, delivery service, E-payment system, number of credit card users, ICT infrastructure, E-Commerce Law, support from the government, consumers' behaviors. Only two percent to three percent of visits to online retailers lead to sales, compared with 5 percent of visits to department stores [12].

There is E-Commerce platform who success running the business in Japan but failed in Thailand and Southeast Asia. For example, the case of Rakuten, "Rakuten Ichiba" is the largest E-Commerce platform in Japan with more than 40 million products and 30,000 merchants [28]. In Japan, Rakuten has approximately 60 million registered members and total sell in 2008 was US$ 2.7 billion. Rakuten ran business in Southeast Asia region. However, the company was shut down in Indonesia, Malaysia, and Singapore since March 1, 2016, that affects around 150 employees [29]. In Thailand, Rakuten holds 67 percent stake in Tarad.com since 2009 with $35 million. In 2013, Tarad.com had an accumulated loss 117 million Baht or $3.2 million so Rakuten is negotiating to sell the stake in Thailand [30].

This research tries to understand E-Commerce situation via Thailand and Japanese consumers' behaviors and attitudes. Japan represents developed E-Commerce market while Thailand represents emerging market in E-Commerce.

1.3 Research Goal and Purposes

1.3.1 Research Goal

The goal of the research is to suggest the government and private sectors what are factors that need to be improved in order to expand E-commerce in Thailand and how to improve those factors.

1.3.2 Research Purposes

There are three main purposes for this research:

- To identify and analyze factors that affects online shopping attitudes and behaviors between Thai and Japanese consumers.

- To understand the differences between Thai and Japanese consumers' attitudes and behaviors.

- To find the way improve E-Commerce in Thailand.

Even this research focuses in Thailand's environment but it would be able to apply this model to another country that has a similar background such as Malaysia, Vietnam or others developing countries.

1.4 Benefits of Research

At present, there are more than 1,500 Japanese companies registered at the Japanese Chamber of Commerce in Bangkok. Sixty-one percent of all direct investment in Thailand is coming from Japan. Japan has been Thailand's second largest trading partner in 2013 and third largest exporter and the largest importer for Thailand [31]. Table 8 shows a number of trading value between Japan and Thailand Trade between the year 2005 to 2014 (Yen: billion).

Table 8: Japan-Thailand Trade (Yen: billion)

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
from Thailand to Japan	24,776	26,651	30,093	30,515	20,697	29,937	29,885	34,889	35,072	33,198
from Japan to Thailand	19,625	19,625	21,536	21,522	14,952	18,400	19,532	18,857	21,503	22,995

This research would help Japan or Thailand enterprises who is running a business in Thailand and who is going to run a business in Thailand understand how difference between Thai and Japanese consumers' behaviors and attitudes in term of online business. Not only Thailand but enterprises can also adapt result of this research to another emerging country such as Vietnam, Malaysia or Indonesia. Also, there are several factors that government needs to consider and improve and the result from this research would help government to make a decision.

1.5 Originality of Research

The originality of this research is to compares consumers' attitudes and behaviors in online market between emerging market and developed market by study similarities and differences factors between Thai and Japanese consumers including buying motivation, seller, delivery service, payment method, and security by using qualitative method to analyze the data. This research compares online market between emerging market and a developed market by study similarities and differences factors between Thai and Japanese consumers. Thailand is representative of emerging market and Japan is a benchmark for developed market. The insight from Thai and Japanese consumers will be able to help both private sectors to make a marketing strategy before entering to the market and help the government to understand the factors that need to improve in order to expand E-Commerce market in Thailand in the future.

1.6 Research Processes and Structure of the Research

1.6.1 Research Processes

The research starts from define research problems and objectives of the research then collect the information by in-depth interview. The size of sample group are sixty interviewees divided in to two groups, Japanese consumers thirty peoples and Thai consumers thirty peoples. The insight from the customers lead to hypothesis and verify the hypothesis by using conjoint analysis by interview thirty Thai consumers and end up with suggestion for the way to improve E-Commerce in Thailand.

Define the problem and research objectives

⬇

Collection information by in-depth interview

⬇

Hypothesis

⬇

Conjoint Analysis

⬇

Marketing Strategy / Marketing Plan
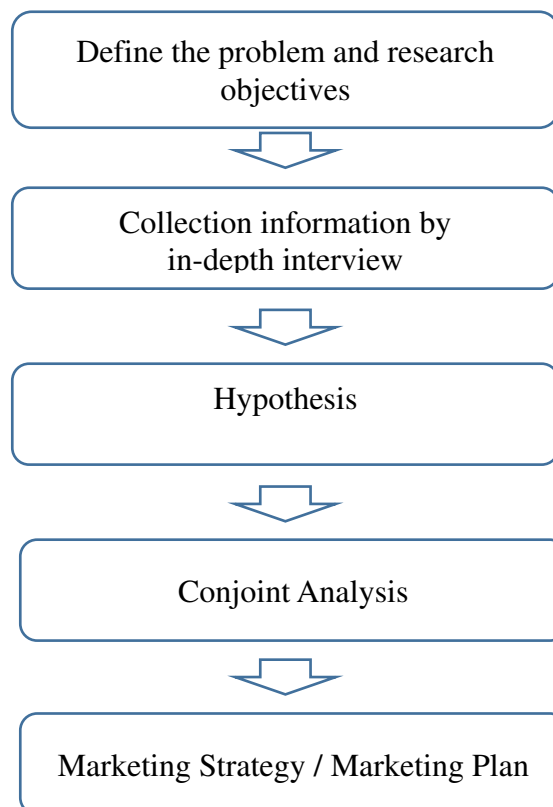
Figure 10: Research Processes

1.6.2 Structure of the Research

This research divided into six chapters. First chapter describe research background and E-Commerce situation in Thailand and Japan, problems in E-Commence in emerging market that leads to research problems and benefits of this research. Also this chapter defines the process to find the answer and originality of the research. Second chapter is literature review which study the previous study related to consumer's attitudes and behaviors, concept of consumer's attitudes and behaviors, marketing system and stakeholders, value chain in E-Commerce and marketing mix. Third chapter describes research methods using in this research, sample of populations and scope of the study. Next chapter explains the results after in-depth interview that shows how similar and how different between Thai and Japanese consumers' attitudes and behaviors. Fifth chapter is suggestions and limitation of the study. Suggestions part shows the factors that need to concern for private sectors before enter online market in emerging country and what factors that government have to improve to expand online market in the country. Last chapter is the conclusion of the research.

2. Literature Review

There are previous researches related to consumer's behaviors in E-Commerce in many aspects such as how to create a good content or the time to post the online content [32], infrastructure that related to E-Commerce activities, the role of trust in E-Commerce [33, 34] and customer loyalty in E-Commerce [35].

Gerald Häubl and Valerie Trifts (2000) studied about the interactive decision aids which affect consumer decision making in online shopping and found that interactive tools strongly affect quality and efficiency of purchase decision [36].

Chung-Hoon Park, Young-Gul Kim, (2003) studied key factors that affect consumer purchase behavior in an online shopping context. The key factors are quality of the interface, quality of product and service's information, security perception and site awareness. Information of the store is important factors that affect consumer's loyalty and purchase behavior [37].

Jiunn-Woei Lian and Tzu-Ming Lin found that increased personal perceptions of Web security positively affect user attitudes toward purchasing and type of products and service affect the relationships between consumer's characteristics and attitudes toward online shopping [38].

Gwo Guang Lee and Hsiu Fen Lin (2005) studied customer perceptions of e-service quality in online shopping. Trust is the strongest factor that affects quality of the service and customer satisfaction for online stores. "Reliability is a significant predictor of overall service quality, customer satisfaction and purchase intentions in online shopping." Design of the website has a small effect on customer satisfaction [39].

2.1 Definitions

2.1.1 Types of E-Commerce

Business to Consumer (B2C)

According to United Nations Conference on Trade and Development (UNCTAD) report in 2015, Global E-Commerce Business-to-Consumer (B2C) in 2013 was $1.3 trillion while the value of E-Commerce in Business-to-Business (B2B) was $15 trillion. The largest global market in B2C is China and it is expected that B2C E-Commerce ratio in Asia and Oceania will rise from 28 to 37 percent between 2013 and 2018 [40].

The company can connect to the customer via E-Commerce which can help small business to reach new markets both domestically and internationally. There are many ways to reach the consumer such as social network, E-Commerce website or mobile applications [10]. Table 9 shows B2C revenues in the top 10 countries ranked by a number of the online buyers during the year 2012-2013. Top three biggest B2C countries are China, United States, and Japan [10].

Table 9: B2C revenues in top 10 countries by number of online buyer 2012 – 2013

Country	B2C market		Online buyers	
	2013 ($ billion)	As a share of B2B (%)	Number in million	Annual spend per buyer ($)
China	301	18.5	271	1,111
United States	263	4.7	133	1,975
Japan	119	5.3	55	2,171
Germany	52	4.5	33	1,593

	B2C market		Online buyers	
Country	2013 ($ billion)	As a share of B2B (%)	Number in million	Annual spend per buyer ($)
United Kingdom	144	5.2	30	4,874
Russian of federation	13	14	20	662
Republic of Korea	22	2.2	19	1,195
France	68	12	18	3,688
Brazil	14	-	14	1,045
Canada	19	11.9	13	1,446
Total	**1,016**	**8.1**	**605**	**1,679**

Business to Business (B2B)

Business to Business is a transaction between businesses such as between a manufacturer and a wholesaler or between a wholesaler and a retailer. More activity is being conducted on business-to-business (B2B) sites. Forrester and Gartner estimated that B2B commerce is 10 – 15 times bigger than B2C commerce [41].

Consumer to Consumer (C2C)

Consumer to Consumer includes online action platforms and online communities. It offers possibilities for informal enterprises to engage in E-Commerce [10]. Customer not only consumes product information but also create it [41].

2.1.2 E-business

E-business is all the way that the company runs their business activities by using digital technology including products and services [19]. The main tools in

E-business are computer or device and Internet in order to store and transfer the data in digital format. There are many activities in E-business such as online communication between company-to-customer, company-to-company, customer-to-customer, online research, online transaction and online delivery system.

2.1.3 E-Commerce

E-commerce is a subset of E-business. The main activities are buying and selling a product online, shop and distribution channel [19]. E-commerce Company is the company which informs, communicate, promote, and sell products and services over the internet [41]. So the company who provide only information is not including in E-Commerce company[41]. According to Organization for Economic Cooperation and Development (OECD), an E-Commerce transaction is the "sale or purchase of goods or services, conducted over computer networks by methods specifically designed for the purpose of receiving or placing of orders. The goods or services are ordered by those methods, but the payment and the ultimate delivery of the goods or services do not have to be conducted online. An E-Commerce transaction can be between enterprises, households, individuals, governments, and other public or private organizations. To be included are orders made over the web, extranet or electronic data interchange. The type is defined by the method of placing the order. To be excluded are orders made by telephone calls, facsimile or manually typed e-mail [42]".

2.1.4 E-Marketing

E-marketing is the marketing activities that use information of technology. The main activities are the way to create, communicate delivery and exchange the value to the customer or partner [19]. In previous E-Marketing's activities was only on the website but now the activities can be another way such as application, social

network, cloud, e-mail, video clip, text message in chatting program such as Line, Whatapps, Skype etc.

2.2 Consumer's Behavior

Engel, Blackwell, and Kollat have developed a model of consumer buying decision process in 1968 with five steps which are problem recognition, information search, evaluation of alternatives, purchasing decision and post-purchasing behavior as shown in the figure below [1].
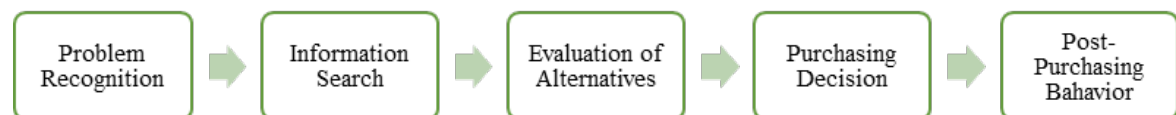
Figure 11: The five states of consumer buying decision process

Problem recognition

Buying process started when the customer finds problem or need. Need could divide into internal and external stimuli. Internal stimuli are the fundamental need such as sex or hunger. External stimuli come from other factors or situation such as see the advertisement or see other people action.

Information Search

Customers who found the problem are willing to find more information which can group into two levels. Heightened attention is the level that the people open mind for new information. Second level is active information search. Customer will find information from interactive source such as phone, friend or visit the store [41].

Evaluation of Alternatives

Customer will pay the most attention to attributes that deliver the benefit [41]. There are two processes that help to understand consumer evaluation process that is consumer is trying to satisfy their need and consumer is looking for certain benefits from product solution

Post purchase behavior

The customer can feel satisfy or unsatisfied after receive product or service so marketer has to monitor customer's feedback after purchasing the product.

Factors that affect consumer`s behavior
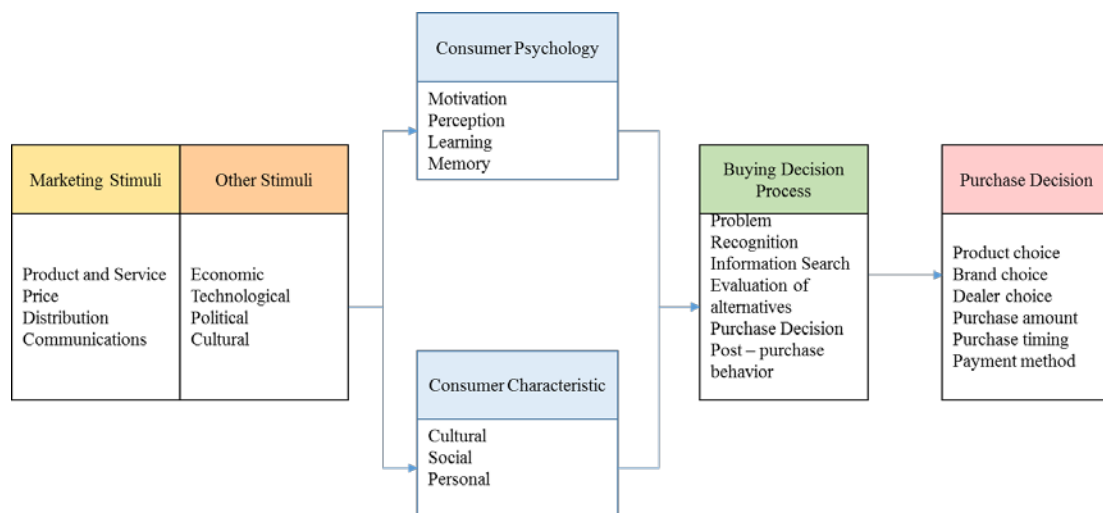
Figure 12 : Model of consumer behavior

Figure 12 shows the model of consumer's behavior, marketing stimuli such as product and service, price, distribution, communication and environment stimuli such as economic, technological, political and cultural lead to customer's psychology and

consumer characteristic. Cultural factors exert the broadest and deepest influence [41]. Consumer's characteristic and consumer's psychology lead to buying decision process and certain purchase decisions[12]. The marketer's task is to understand consumer's consciousness from stimuli's factors to purchase decisions.

2.3 Consumer's Attitude

Lars Perner defines consumer attitude as a combination of beliefs, feelings, and behavioral intentions toward some object within the context of marketing. These three objects have to view together to understand how the customer will react to the product or service [43]. Attitudes are difficult to change so it is easier to create the product that matches with customer attitude than change their attitude to match the product [26].

2.4 Marketing System and Stakeholders

Marketing System

Figure 13 shows the relationship of marketing system between industry (seller) and market (buyer) which connected by four flows. The seller sends products, services, and communication to the buyers. In other way, buyers return money and information to the sellers [44].
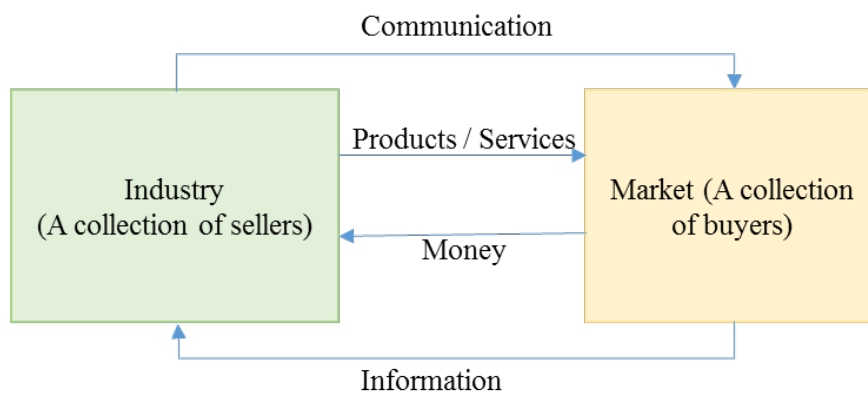
Figure 13: A simple marketing system

Stakeholders

Figure 14 shows main actors and forces in a modern market system that are suppliers of the product, company, competitors, marketing intermediary and end user [26].
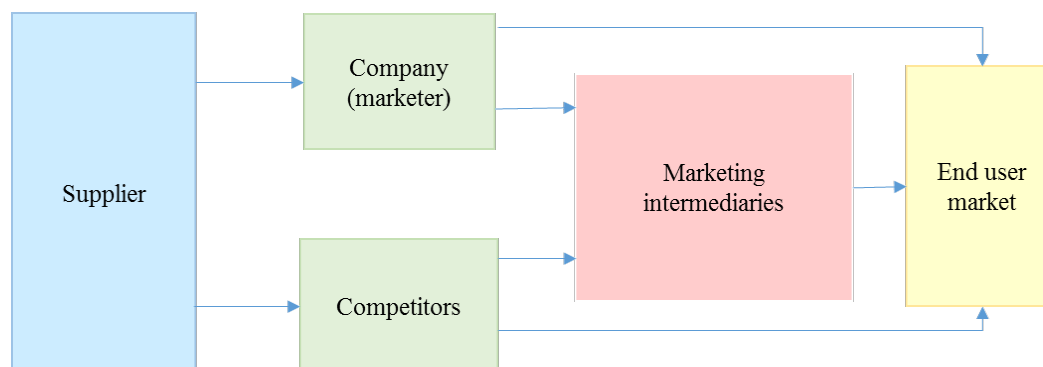
Figure 14: Main actors and forces in a modern market system

2.5 E-Commerce Value Chain
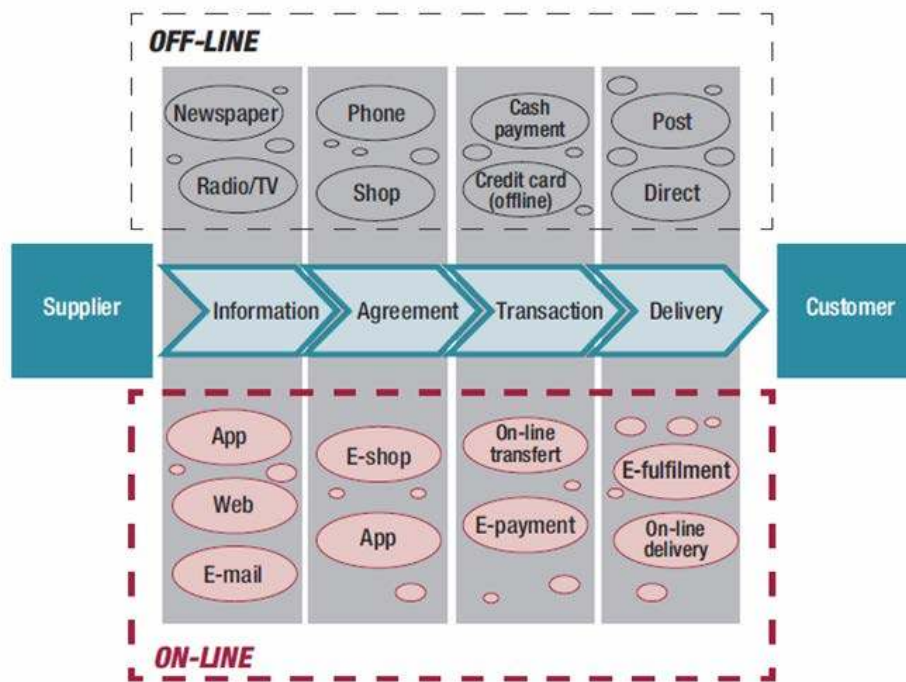
Figure 15: The role of ICT in E-Commerce transaction value chain

Above figure shows four stages in E-commerce processes which are information gathering, agreement, transaction and delivery [42]. In the traditional way, the customer has to visit the store or outlet to see the detail and price of the product. In online, the customer can browse the information and compare over the computer also they can see review or comment from the person who used the same product before. At the agreement and transaction stage, the customer can have more choice of the way to contact the shop's owner such as making a phone call, send a message or send an e-mail. Also, there is more variety of payment methods such as e-payment, PayPal, internet banking or mobile banking. The last stage, delivery, the way to get the product which might not only touchable product such as clothes, cosmetic or book but also can be the product in term of electronics file such as e-book or download songs from the website.

2.6 Marketing Mix (4 P's)

Marketing mix is a set of controllable and tactical market tool. It consists of everything that frim can do to influence the demand for its products [26]. 4 P's comes from product, price, place and promotion as shown in the figure below.
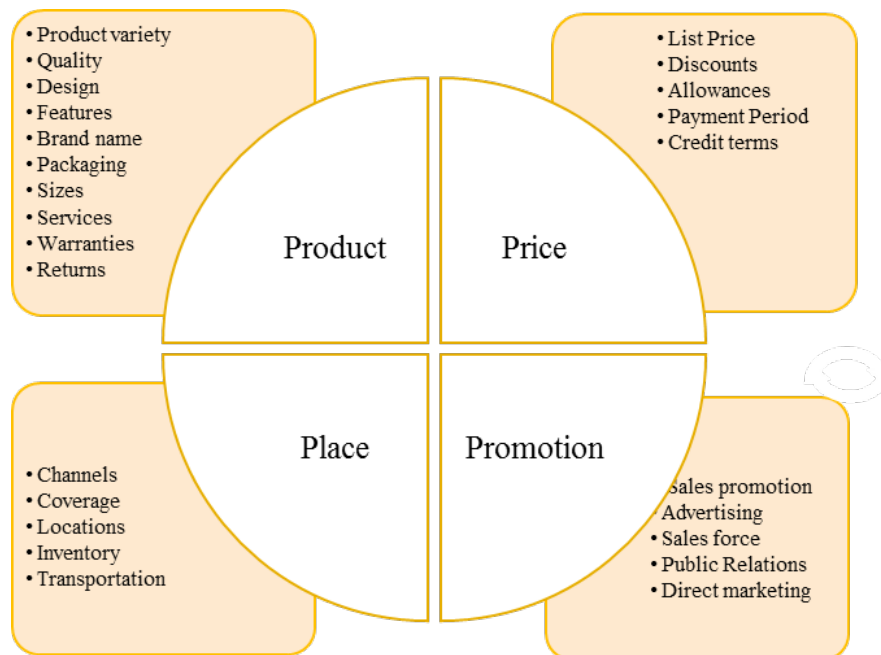
Figure 16: Marketing Mix

1. Product is the combination of goods and services that the company offers to the market [26]. Product consists of quality, design, features, brand name, packaging, sizes, service etc.

2. Price is the money that the customer has to pay in order to get product or service including list price, discount, and payment period or credit term.

3. Place is company activities that make the product available to target customer through channels, coverage, locations, inventory or transportation.

4. Promotion is activities that communicate information of the product and lead target customers to buy it.

2.7 Trust and Role of Trust in E-Commerce

Trust

"Trust is at the root of any economics system based on mutually beneficial exchange [1]". Morgan and Hunt define trust as "the perception of confidence in the exchange partner's reliability and integrity [45]". Trust in marketing consists of customer perceived on brand reliability, product and service [46]. In complex society, people have to interact to each other in many ways. It is impossible to understand or predict what will be happened when communicating with the people. So Trust is one of the most effective ways to reduce this complexity [33].

Consumer's trust in E-Commerce

Trust plays the important role in E-Commerce because the customer cannot see or touch the real product at first [46] while have to transfer their money to the person they do not know before receiving the products. They also have to give their personal information such as their real name, address, e-mail, and phone number. According to Information Technology Association of America (ITAA), online customers feel uncertain about their information privacy and data protection. Also the technology security cannot prevent security [1]. In order to do that, the customer will always experience some level of risk [34] and trust play role as a process to help customer feel more secure [46].

McCole (2002) suggested that trust is essential to all commercial transactions and the role of trust in economic exchange online may be a key marketing tool [47]. Lack of trust is one of the reasons for the customer to discontinue shopping online.

eMarketer (2001) identified general lack of trust in vendor as a significant factor inhibiting online purchases. Princeton Survey Research Associates (2002) also

suggested that lack of trust is emerging as one of the critical roadblocks to success in E-Commerce [48].

Expectation of authentication, confidentiality and integrity underscore the importance of being able to assure online customer of privacy and security. Privacy and security are related to trust [17].

3. Research Method

This research uses mixed methods between qualitative and quantitative. Quantitative method is to find the answer by the set of constructed questions with the amount of respondents [49]. Qualitative method is to monitor people behavior by using the collecting, analyzing, and interpreting data [49]. "Qualitative research techniques indirect and unstructured measurement approaches, limited only by the marketing's researcher creativity, which permit a range of response. The advantage point of qualitative analysis is samples group are always small and the result may not generalize to border populations. Difference researchers examining the same qualitative but results may draw very difference conclusions [50]".

3.1 Qualitative Method by In-depth Interview

This research focus on the qualitative method by an in-depth interview, which is to monitor people's behavior by collecting, analyzing, and interpreting data [49].

3.1.1 Samples

The sample of the interviewees is 60 people divided into two groups: Japanese 30 peoples and Thai 30 peoples. In figure 17, there are 14 males and 16 females of Thai interviewees, and 18 males and 12 females of Japanese interviewees. The age of interviewees is between 21-50 years old as shown in figure 18. According to Nielson Survey of E-Commerce's user in 2014, consumers age 21-34 browse online 49 - 59 percent and buy online 52- 63 percent, which is the most active group in E-Commerce activities [51]. Moreover, this age grows up in a digital period and they know how to use Internet technology.

This research in-depth interview Thai and Japanese peoples who have experience in E-Commerce. Then compare similarities and differences between Thai

and Japanese consumers in order to understand consumer's point of view in online business. Japan is the country with a well-developed E-Commerce system that can see from the number of Internet penetration and B to C E-Commerce index. Thailand represents the online business in emerging market.
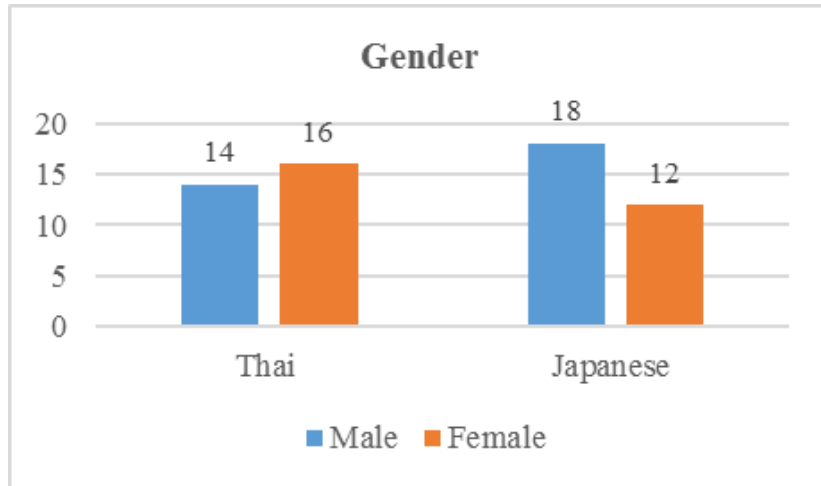
Figure 17: Gender of interviewees
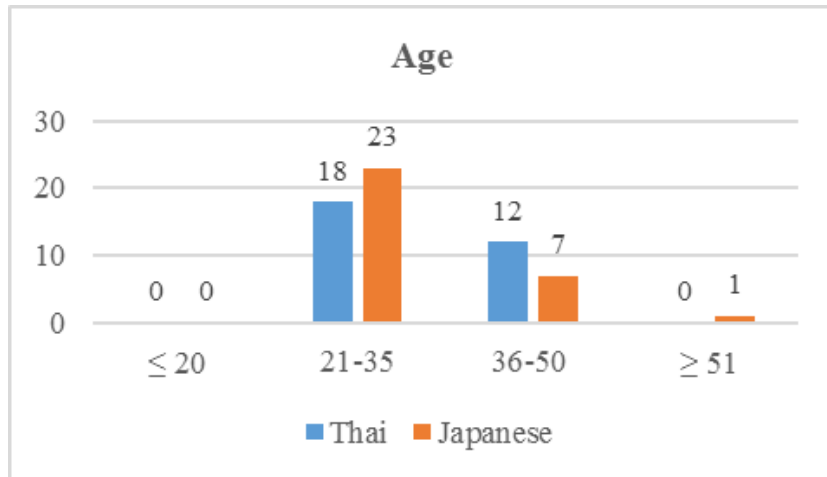
Figure 18: Age of interviewees

3.1.2 Scope of the questions

This research scopes in 4 P's of marketing mixed which are

1. Product including service and data privacy

2. Price focus on payment method and customer's attitude about the price between online and offline.

3. Place or channel focus on website, interface and delivery service.

4. Promotion is how customer recognizes the promotion.

Scope of questions divided into 4 parts as following:

Part 1: General information

Part 2: Reason to buy and not to buy from online store

Part 3: Consumers' behaviors mainly focus on 4 P's of marketing mix such as the type of product that buy and do not buy, the amount of the money that spend per one time, the website that customers always purchase and the reason why they choose that website, interesting promotion that affects buying decision.

1. Product: This topic studies similarities and differences between product that Thai and Japanese consumers buy from online channel and do not buy from online channel that divided into 10 categories;

- Food that can keep more than two weeks such as can food or dried food

- Fresh food such as raw food and daily products

- Medicine and supplementary

- Clothes and accessories such as shirt, skirt, shoes, bag, necklace etc.

- Consumer product such as shampoo, soap, detergent etc.

- Electronics products such as computer, television, watch, camera etc.

- Book

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- Home decoration and furniture such as lamp, sofa, table, bed etc.

- Hotel and ticket reservation

2. Price is the amount of money that consumers are willing to pay for the product per time and payment method.

3. Place is the channel that consumers always search for information, buy the product or do money transaction. This research studies consumers' opinions in E-Commerce platform, social network, the interface of the platform, and reasons why consumers decided to buy. Delivery service studies company who run the service and time of delivery.

4. Promotion studies how consumers recognize promotion from online company.

Part 4: Consumers' attitudes: studies customer's perception in following topics;

1. Quality and price of the products

2. Payment method

3. Delivery service

   - Condition of the product after receive such as distortion after receive

   - The tracking system is to study how customers realize the status of the goods after order.

4. Law and regulations

5. Promotion

3.2 Conjoint Analysis

Conjoint analysis is the technique for measuring multi-attribute product and service since the early 1970s [52]. It is a statistical technique that consumer or interviewee's ranked preferences for differences offers. These will break down to decide person's preferences for each attribute and the relation for each attribute [41]. The utility score of each level shows the customer's decision making. Utility score can calculate by the following formulation.

Formula

$$U_{ij} = \sum_{j=1}^{n} a_{ij} x_{ij}$$

U_{ij}: Overall utility of alternative j for individual i

a_{ij}: A real valued function defining the utility on the jth attribute for the ith individual

x_{ij}: The level on attribute j characterizing the ith alternative

Attribute and level is the way that the product or service can be broken down. There are four attributes that concern in this research: time of delivery, delivery fee, company that take responsibility in delivery service and accuracy of delivery service as shown in table 10.

Table 10: Attributes and Levels of Delivery Service

Attribute	Level 1	Level 2	Level 3	Level 4
Time	1-3 days	4-6 days	7-9 days	
Fee* (Yen)	Free	150	200	250
Channel	Thailand Post Office	Company own delivery service	Private Company	
Accuracy	100%	80%	60%	

* For product price 3,000 Yen and 1 kilogram

1. Time of Delivery

Time of delivery is the time since customer pays money until receiving the product. In this research, delivery time is the time that sends the product inside Bangkok divided into three levels; 1-3 days, 4-6 days and 7-9 days. In Thailand, the period for express mail service (EMS) is 1-3 days and period for regular mail service is 4-6 days. Japanese customer always receives the product within 1-3 days.

2. Delivery Fee

Delivery fee is the price that the customers have to pay for logistic to get the product. In this research, the delivery fee will base on product price 1,000 Baht (3,000 Yen) and weight of the parcel 1 kilogram. Delivery fee divided into four levels; free delivery, 150 yen, 200 yen and 250 yen.

3.   Channel

Channel is the person or company who take responsible for sending the parcel to the customers. Channel divided into three levels; Thailand post office, the company own delivery service and private delivery company. Thailand post office established in 1833 [53] and it is the commonplace that Thai people use to send the letter, money or parcel. Another aspect is delivery service by the company who sell the product. From the in-depth interview, some customers said that if the company has their own delivery service, customer feel more secure because the product does not pass third-person's hands.

4. Accuracy of Delivery

This factor finds consumer's opinion about the percentage of mistake during deliver the product at 100%, 80%, and 60%.

Orthogonal Design

From attribute and level of delivery service, there are 3*4*3*3 = 387 possible product profiles in total. This research uses Orthogonal Design using SPSS to focus on the main possible factors. After analysis, there are 16 significant factors which use in this research.

4. Results

4.1 Results from in-depth Interview

Results from in-depth interview divided into four topics. First, reasons to buy from the online channel between Thai and Japanese customers. Second, reasons not to buy from the online channel between Thai and Japanese customers. Third, customers' attitudes in online shopping. Fourth, customers' behaviors in online shopping.

4.1.1 Reasons to buy and not to buy online

Reasons to buy online

There are common eight reasons that make consumers decided to buy from online channel that is lower price, can get product faster than go to online store, do not have time to go to store, cannot find product from offline channel, do not have to take product back home by themselves, can buy any place and anytime, get promotion such as point or discount, and able to compare specification of the product before make a decision.
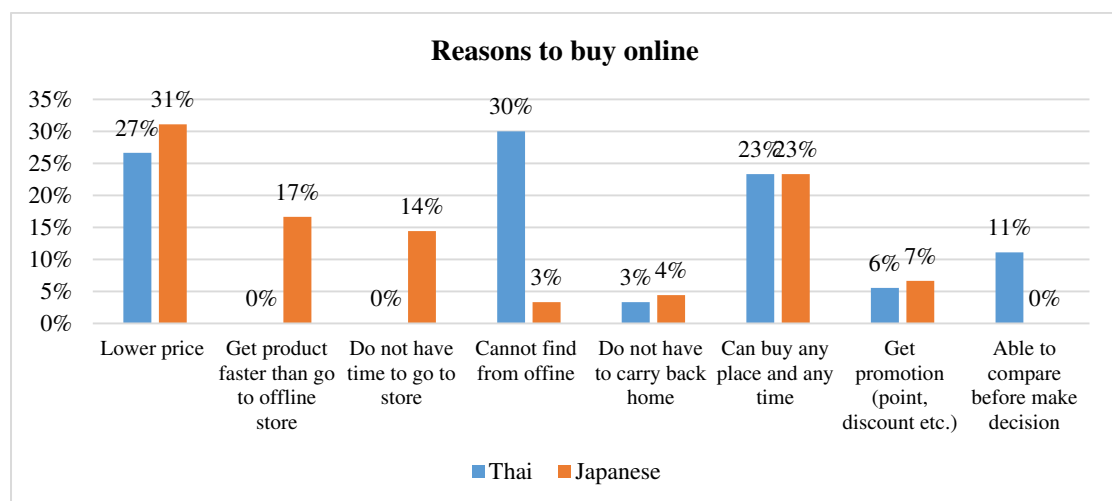
Figure 19 : Comparison between Thai and Japanese consumers about the reasons to buy online

There are two similar points that make Thai and Japanese customers choose online channel as shown in figure 19. First, price in online channel is lower than an offline channel, twenty-seven percent of Thai interviewees and thirty-one percent of Japanese interviewees buy from online channel because the price is lower than offline. Second, can buy anyplace and anytime in online store, twenty-three percent of Thai and Japanese interviewees buy the product from online channel because it is able to buy whenever and wherever they want.

However, there are three differences reasons between Thai and Japanese customers. First, cannot find product in offline store, thirty percent of Thai interviewees buy from online because cannot find product in offline store while only five percent of Japanese interviewees buy from this reason. Second, can get the product faster even buy from online store, twenty percent of Japanese interviewees agree that delivery service in Japan make life easier that they do not have to carry the product by themselves especially big size or heavy product such as water or furniture while none of Thai interviewee mention that buy from online can get the product faster than offline. Third, do not have time to go to store, seventeen percent of Japanese interviewees choose online store because they do not have time to go and they think going to department store is waste of time.

From in-depth interview, the advantage of buying from online than offline are able to compare the product before making a decision, timeless and no pressure from the seller in the store and regardless of the time.

Japanese Consumers
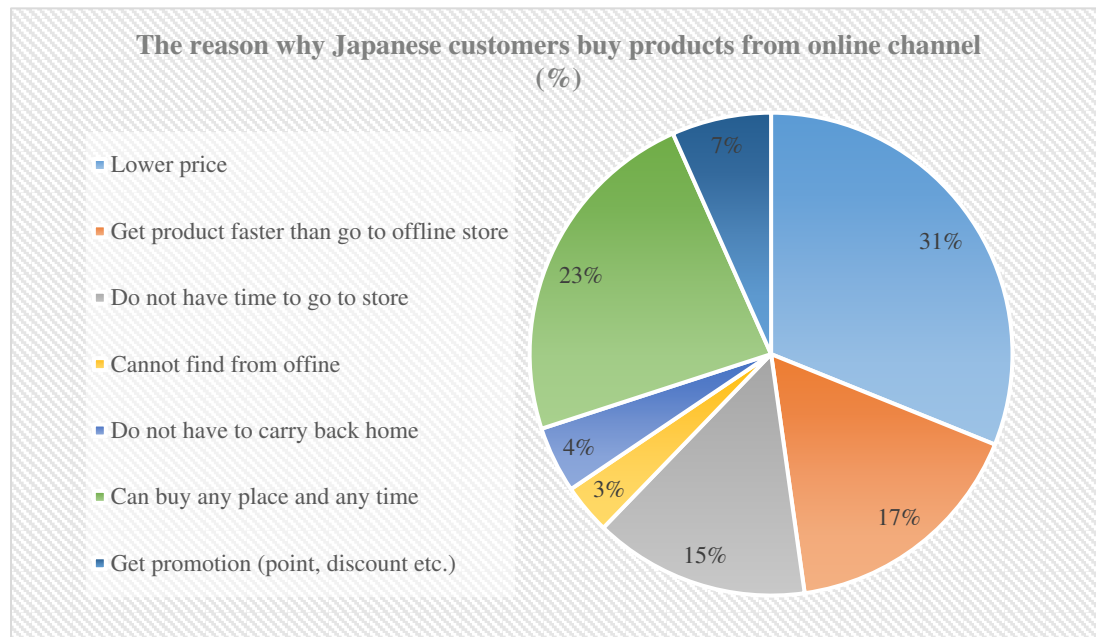
Figure 20: The reasons why Japanese customers buy products from online channel (%)

First, thirty-one percent of Japanese interviewees buy from online channel because price of the product is cheaper than offline store. The definition in term of cheaper is not only pricing of the product itself but also includes the cost of transportation and deliver fee.

Second, twenty-three percent of Japanese interviewees buy from online store because it is more convenient which means customers can order anytime and anyplace. Convenience for consumer can define in many meaning such as time that they have to spend when they order from Internet compare with when they go out and buy product at department store. Some interviewees said that buy from Internet is convenient because some people in their family cannot go out and buy by themselves. For example, grandparents who cannot go out and carry the stuffs by themselves so it is convenient for their son/daughter to order foods or daily life products and send to

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their house. Online shopping is also benefit for people who live in upcountry where the department store is far and the transportation is not convenient.

Third, seventeen percent of Japanese interviewees buy from online because it is able to receive the product faster. Customers could get the product within one to three days that is same as they go to offline store. One to three days is acceptable period for customer except raw food such as meat or vegetable because they want to cook at that moment.

Fourth, fifteen percent of Japanese interviewees buy from online because they do not have time to go to the store so buy from online could solve this problem. All of the interviewees have to work or study during daytime at least from 9:00 – 17:00 so they can go to department store after their work in weekday or in the weekend. If customer orders from Internet, they are able to get the product in the evening or weekend, so buy from online or offline does not make differences.

Fifth, seven percent of Japanese interviewees buy from online because it is able to get the discount or point. This reason is for the consumer who always but the product from online channel.

Sixth, four percent of Japanese interviewees buy from online because it is delivery directly to their house so do not have to carry the product by themselves. Some products are heavy or too big to carry without car such as television, fridge, bed, table, water, bicycle etc. It is better to order online.

Seventh, three percent of Japanese interviewees buy from online because it is hard to find or shy to buy at offline store. There are some products that the customer

feels shy to buy in the store such as sanitary napkin, perfume etc. Buy from online can solve this problem.

Thai Consumers
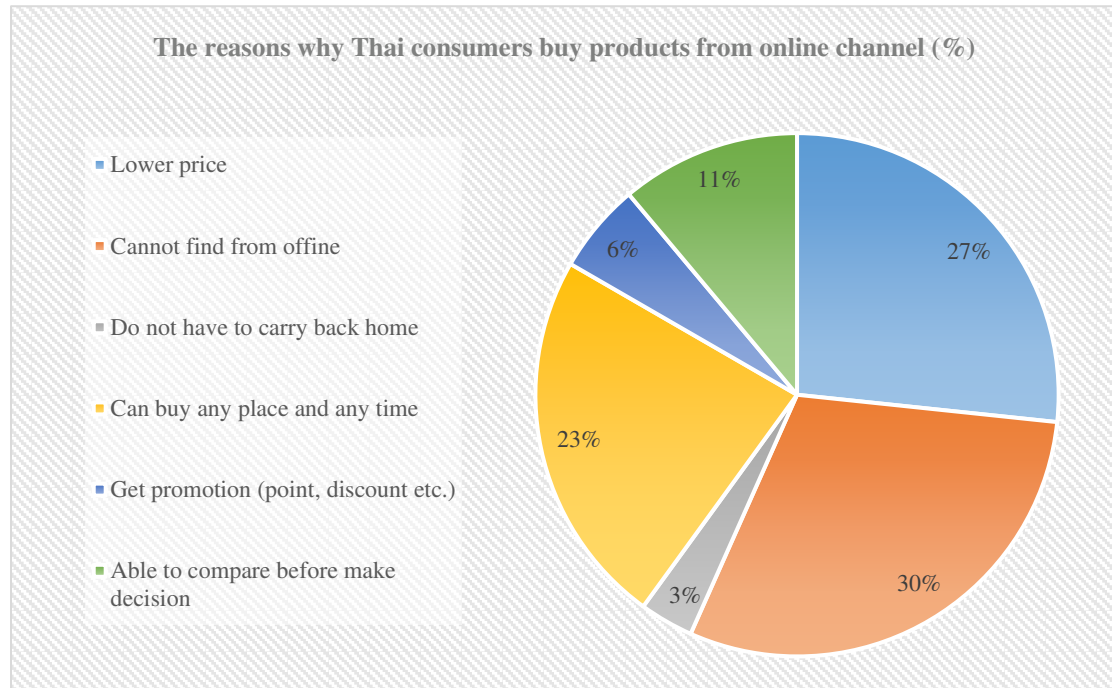

Figure 21 : The reasons why Thai consumers buy products from online channel (%)

First, thirty percent of Thai interviewees buy from online because some products are hard to find from offline store around their house. There are some products that not sell anywhere such as cosmetic, clothes, limited edition, pre-order or handmade product. Consumers have to order from online channel which sell specific product.

Second, twenty-seven percent of Thai interviewees buy from online because price is lower than offline store. Third, twenty-three percent of Thai interviewees buy from online because it is able to buy anytime and anyplace and eleven percent of Thai

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interviewees buy from online because it is able to compare price and specification of the product before making decision.

Table 11: Comparison between reasons that Thai and Japanese consumers buy products from online channel

Country	Reasons to buy from online	
Japanese	26%	Lower price
	19%	More convenient: able to order anytime and anyplace
	17%	Can get the product faster or same as offline
	17%	Cannot go out and buy by themselves
	8%	Can get the discount or point
	5%	Do not have to carry the product back home
	3%	Able to compare the product
Thai	30%	Cannot find the product in offline store
	27%	Lower price
	23%	More convenient: able to order anytime and anyplace
	11%	Able to compare the product
	6%	Can get the discount or point
	3%	Do not have to carry the product back home

Reasons <u>not to</u> buy online

There are common nine reasons that make consumers decided not to buy from online channel that are cannot see real product, have to pay before get the product, delivery is not convenient, no guarantee or after sale service, cannot find online shop, do not know product specification, want to get the product immediately, afraid of being deceived and the price is more expensive than offline store.

There are three similar reasons between Thai and Japanese consumers who not buy from online which are cannot see real product before purchase especially product that related to the size, color and texture such as clothes and accessories. Second, customers do not know product's specification or function such as IT product. Third, price is more expensive than offline.
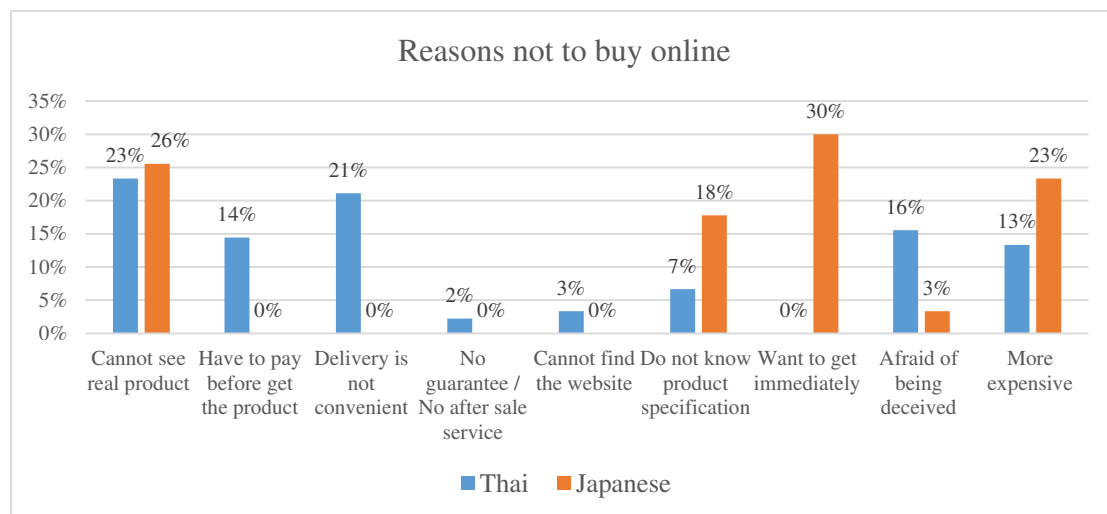
Figure 22: Comparison between Thai and Japanese customers about the reasons not to buy online

There are two similar reasons that make the customer do not buy online that are cannot see real product and do not know product's specification. However, there are differences between Thai and Japanese customers about the reason not to buy online. Thirty percent or twenty-seven Japanese interviewees do not buy from online

because they want to get the product immediately especially fresh food such as vegetable, meat or daily products but none of Thai interviewee mention about this. However, twenty percent or nineteen of Thai interviewees do not buy from online because delivery is not convenient

Japanese Consumers

For Japanese customers, there are four main reasons that they do not buy from online channel.
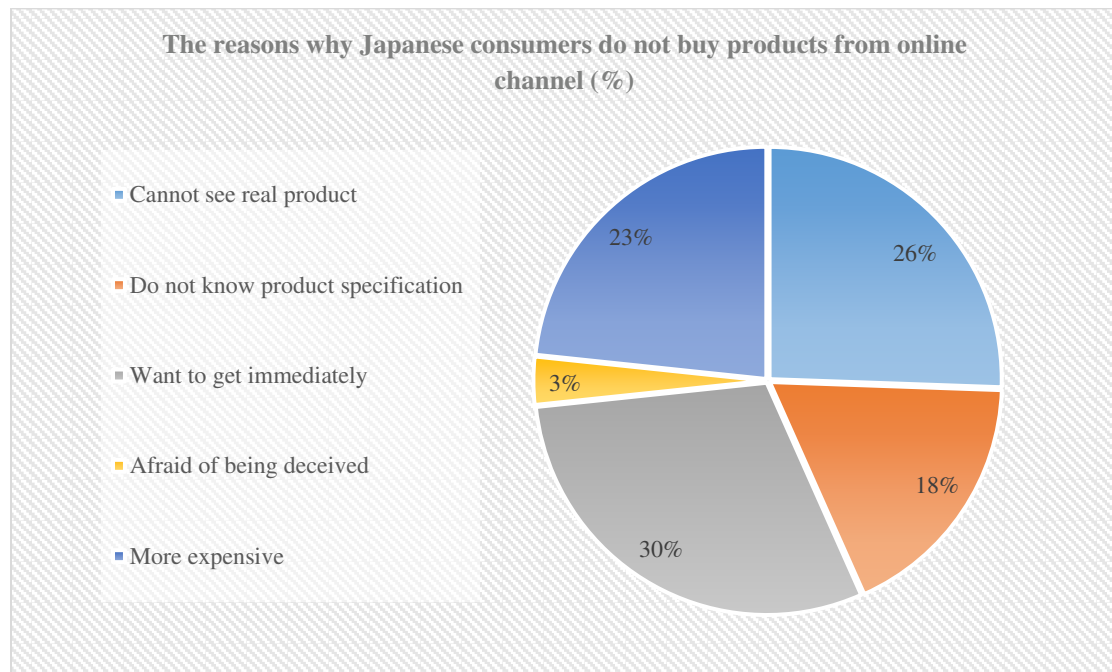
Figure 23: The reasons why Japanese consumers do not buy products from online channel (%)

First, thirty percent of Japanese interviewees do not buy from online channel because consumers want to get the product immediately such as fresh food, shampoo, soap, and detergent. Those products are mainly daily products or raw food. Consumers feel like they want to see and choose buy them. Also there are

supermarket and convenience store around Japan so it is not too difficult to buy by themselves.

Second, twenty-six percent of Japanese interviewees do not buy from online channel because it is not able to see the real product before make a decision and they afraid that detail of the product which written on the website will be different from real products.

Third, twenty-three percent of Japanese interviewees do not buy from online channel because price of the product which they can find from the Internet is more expensive than offline store. In this case, consumers will consider buying from offline store even they have to pay for transportation because at least consumers can see the real product.

Fourth, eighteen percent of Japanese interviewees do not buy from online channel because do not know specification of the product. There is some product that consumers want to see or try on before make the decision such as clothes and accessories, cosmetics, IT product. So some customers choose to buy from offline store for first time and buy from online store in second time.

Thai Consumers
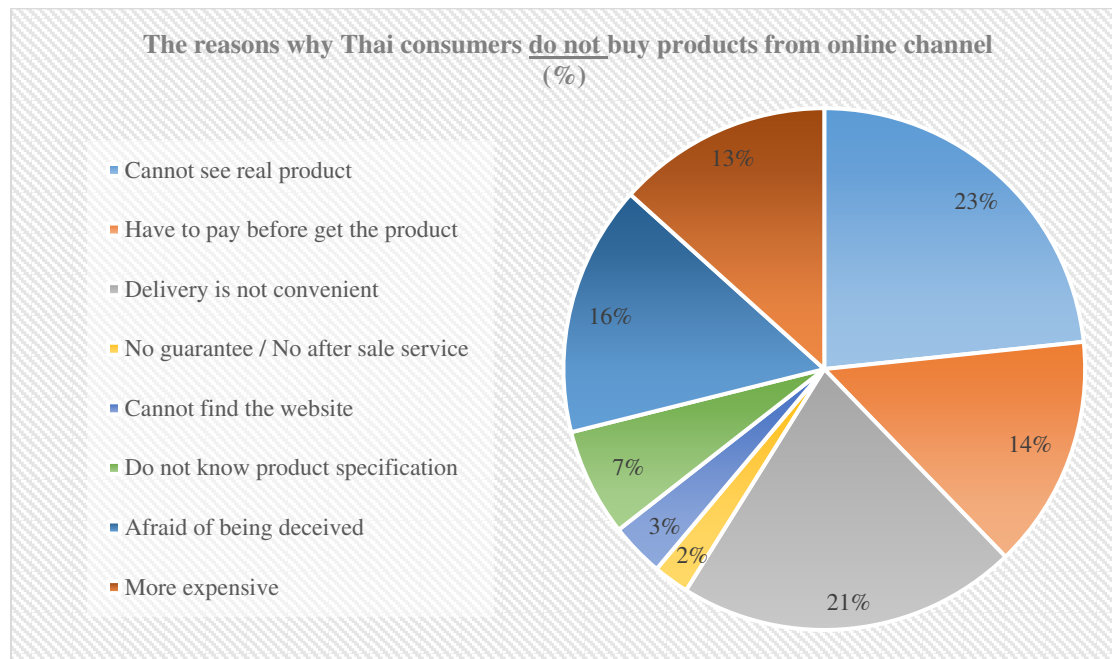
Figure 24: The reasons why Thai consumers do not buy products from online channel (%)

For Thai consumers, there are five main reasons that they do not buy from online channel.

First, twenty-three percent of Thai interviewees do not buy from online because it is not able to see real product at first with the same reason with Japanese interviewees.

Second, twenty-one percent of Thai interviewees do not buy from online because delivery service is not convenient in three aspects. Frist, date, time and period to deliver the product. Delivery date for Thailand post office that is main delivery channel is only weekday and Saturday. There is no service on Sunday and national holiday. Delivery time divide into 2 periods; before noon (8:30–12:00) and afternoon (12:00 -16:30) which inconvenient for business man or student who normally work or study from 8:00 – 18:00. Second, place to receive the product, can choose only given

address while Japanese can choose to deliver at convenience store. Consumers feel that they can receive the product around the same time even they buy from online or offline. Another point is the condition of the product, there are many bad comments or reviews of the customer who receive the parcel from Thai post office that make another customers worries about the system

Third, sixteen percent of Thai interviewees do not buy from online because afraid of being deceived or seller is not trustable. There are many factors that affect consumers believe such as the interface of the website. The website which has lots of advertisement or the interface is complicate such as has to click on the website many time to finish buying process tends to make the customer hesitate to buy from that website. The website that has too many products information makes the consumers confuse. Also the seller themselves such as if they reply the message or confirmation quite slow or send the product late. Consumer will feel unsecure and hesitate to buy.

Fourth, fifteen percent of Thai interviewees do not buy from online because they have to pay before get the product. Most of the interviewees by product from social network which do not have e-payment system so consume have to use credit card, transfer the money at counter at the bank or ATM machine without third party such as Amazon or Rakuten to control payment system.

Fifth, thirteen percent of Thai interviewees do not buy from online because price of the product is more expensive than offline store.

There are others factor that make Thai interviewees do not buy from online channel such as do not trust in policy or after sale service, cannot find website or do not know product specification. Also, there is one factor that no one mentions but when asks interviewee opinion about computer crime law in Thailand. All

interviewees do not trust in computer crime law. Consumers feel that if there is problem cause by Internet transaction such as if they paid but the seller said they did not receive the money, if the parcel is broken during the delivery and seller said it is because of delivery process and the post office said it because of the seller. In this case the consumer might need third person to mediate the problem however, most of Thai consumers do not trust in justice system in Thailand. They tend to trust the power of social network more than the police man.

Table 12: Comparison between the reasons why Thai and Japanese consumers do not buy from online channel (%)

Country	Reasons not to buy online
Japanese	31% Want to get the product immediately such as fresh food 26% Cannot see real product 23% Price is more expensive 18% Do not know specification of the product 3% Afraid of being deceived
Thai	23% Cannot see real product 21% Delivery service is not convenient 16% Afraid of being deceived 15% Have to pay before receive the product 13% Price is more expensive

There is also different shopping behavior which found from the interview such as Thai People go to department store quite often (at least every week) so they can

buy there and do not have to buy online. And cost of transportation is different such as cost of taxi in Thailand started from 100 yen while in Japan started from 750 yen.

4.1.2 Customers' Attitude in Online Shopping

There are four interesting insights from the consumers after in-depth interview.

First, online shopping and time to receive the product. Japanese customers believe that they can receive the product around the same time whether they buy from online or offline store while Thai customers believe that they will receive the product slower if they buy from online store because they cannot choose the place and time to deliver the product.

Second, price of the product in online and offline store, Japanese consumers believe that they can get product in same or cheaper especially electronics products. Consumers go to offline shop to see real product, compare specification and ask more information with the seller first and then buy from online store. Consumers buy electronics product from online store because it is able to compare price of the product. Electronics products has curtain serial number and specification do not change. Another point is even compare cost of transportation that have pay to go to the shop and pay for delivery service, consumers think that at the end the total cost that they have to pay will be almost the same. Figure below shows that Japanese consumer`s attitude that cost of online product plus transportation cost is cheaper than cost of the product plus delivery cost so Japanese customers choose online channel.
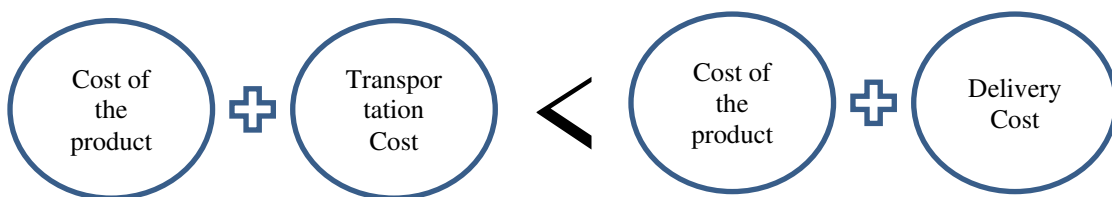
Figure 25: Japanese's attitude in term of price of product online

Thai consumers believe that they have to pay same amount or more. Thai consumers think that buy from online can get the same price or higher because they have to pay for transportation. Figure below shows that Thai consumer`s attitude that cost of online product plus transportation cost is more expensive than cost of the product plus delivery cost so it is one of the reason that make Thai customers hesitate to buy from online channel.
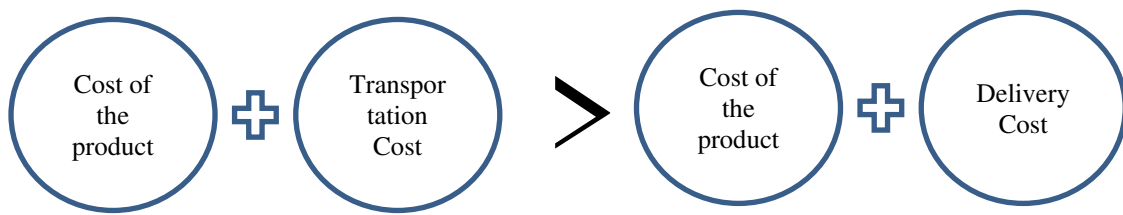
Figure 26: Thai's attitude in term of price of product online

Third, quality of the product, Japanese customers consider that they can receive the same quality of the product even they buy online or offline however Thai consumers feel that they might get same quality or a little bit worst products than offline store such as the product with some defect. Buy from online and offline can receive the same quality of the product. Mostly when buy from online, customer will find trustable website which has enough detail to decide. Japanese customers believe that the seller will not cheat them. Thai Consumer believe that buy from online might get the same quality or product with small defect because even they got the product with some defect it has many process to get the new one or the law in Thailand is not strong enough to do something with the seller.

Forth, after sales service policy, Japanese consumers said they could get same refund policy as offline store however Thai consumers think that it is harder to get refund if they buy from online store. Thai Consumer said that they think that after

sale service of online store is not that good because computer crime law in Thailand is not very strong so the seller is not scare of the law that much. The customers believe in power of social more than the policeman. If they got problem from online shopping, they will post their story in social media such as Facebook or website such as www.pantip.com first. They hope that social pressure can help them. Also they feel like the process to return the product is quite takes time.

Thai consumers suggest that the company should have their own delivery service. So customer can see the product from people of the company and if there is some problem customer can claim immediately. Also, company can receive cash from the customer and do not have to worry about payment method as show in figure 27.
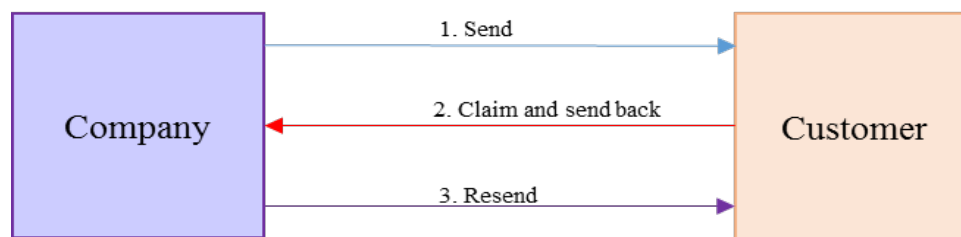

Figure 27: Process to send parcel direct from company to customer

After receive the order, the company send the product to the customer and the customer can check the condition of the product and pay the money. If the product is not in good condition, customer can send it back to the company immediately and they do not have to pay money.
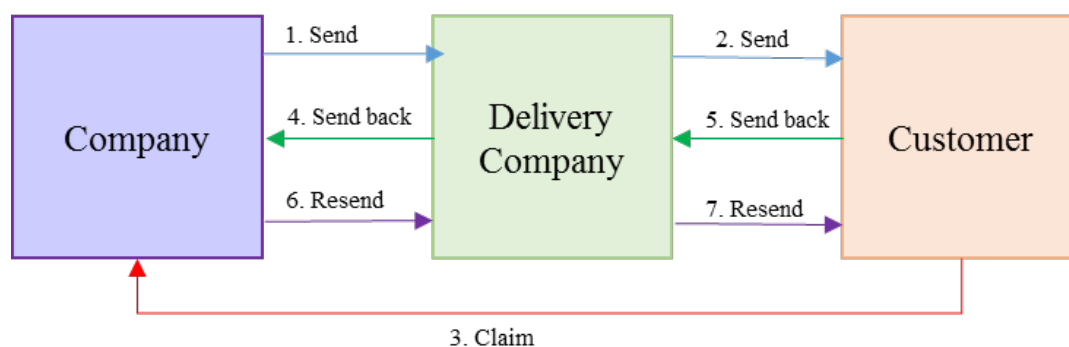
Figure 28: Send by Delivery Service Company

If online business does not have their own delivery service, they have to send the product to delivery company (such as post office) and then they will pass it to the customer as shown in figure 28. In this case customer might pay the money to the company when they buy the product or cash on delivery. But if they choose cash on delivery they have to pay more fees. In case product has a problem, customer has to receive product first and then contact the company which takes longer time to check, send it back and resend new product.

To sum up about consumers' attitude, there are three aspects that customers concern or expect from online shopping as shown in figure 29. First, total cost that they have to pay including transportation cost, should be less expensive than offline store or have better deal such as promotion or point. Second, convenience, buying online should be able to find anything, can buy and contact seller anytime and anywhere. This means consumers emphasize not only before purchase but also service during making decision and after purchase or after sale service. Third, time consumption, online shopping should take lesser time than offline shopping so the interface of the website should be easy to find, delivery should be fast, purchasing process should not complicate and do not take long time to end the process, have a variety of payment method, have the confirmation system in every process such as after order, after payment.
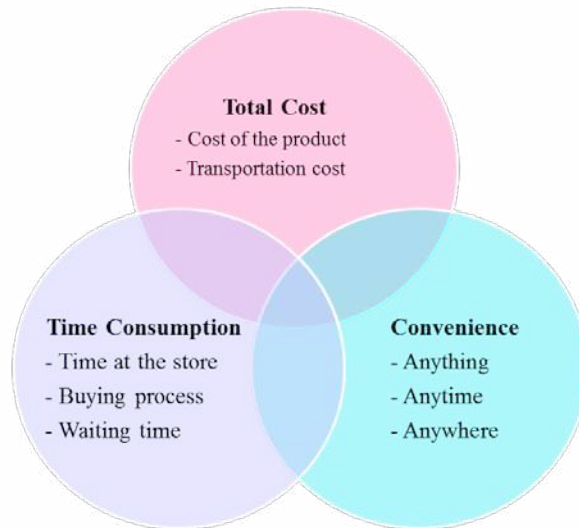
Figure 29: Three aspects that customers expect from online shopping

4.1.3 Consumers' Behaviors

Product

There are many products selling via online store. This research divided product that consumers buy from online channel into nine categories that are fresh food, dried food, medicine and supplement, clothes and accessories, cosmetic, IT products, books, home decoration and furniture, hotel and ticket reservation as shown in figure below.
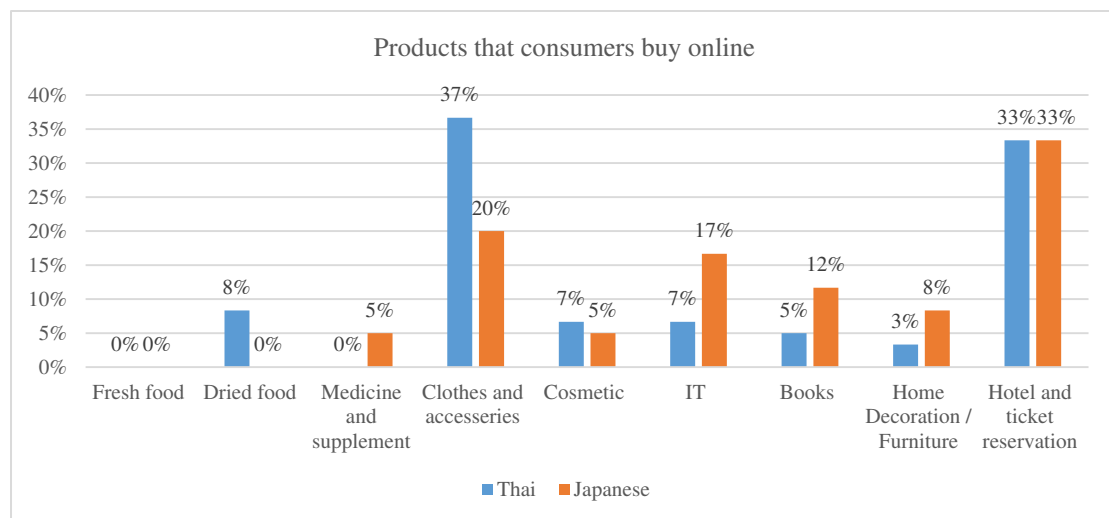
Figure 30 : Products that Thai and Japanese consumers buy online

Similar product that Thai and Japanese buy from online is hotel and ticket reservation because buying from online is the easiest way to get it. The product that both Thai and Japanese consumers do not buy is fresh food. From figure 31, main concept of the product that Thai consumers buy from online channel are the product that they cannot find from offline store such as limited edition, pre-order product and clothes that cannot find design or size. Japanese consumers buy most of product in their daily life from online channel such as consumer products, book, clothes, home decoration or electronics product.
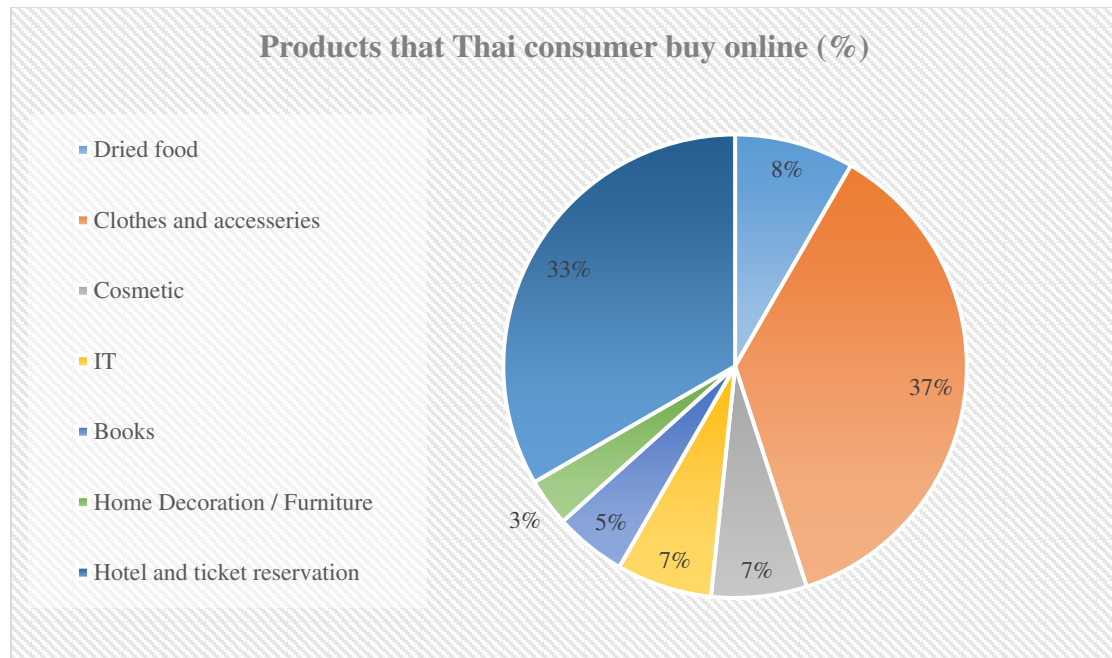
Figure 31: Products that Thai consumer buy online (%)

Products that Japanese consumer buy online (%)

- Medicine and supplement
- Clothes and accesseries
- Cosmetic
- IT
- Books
- Home Decoration / Furniture
- Hotel and ticket reservation

5%
20%
5%
33%
17%
8%
12%
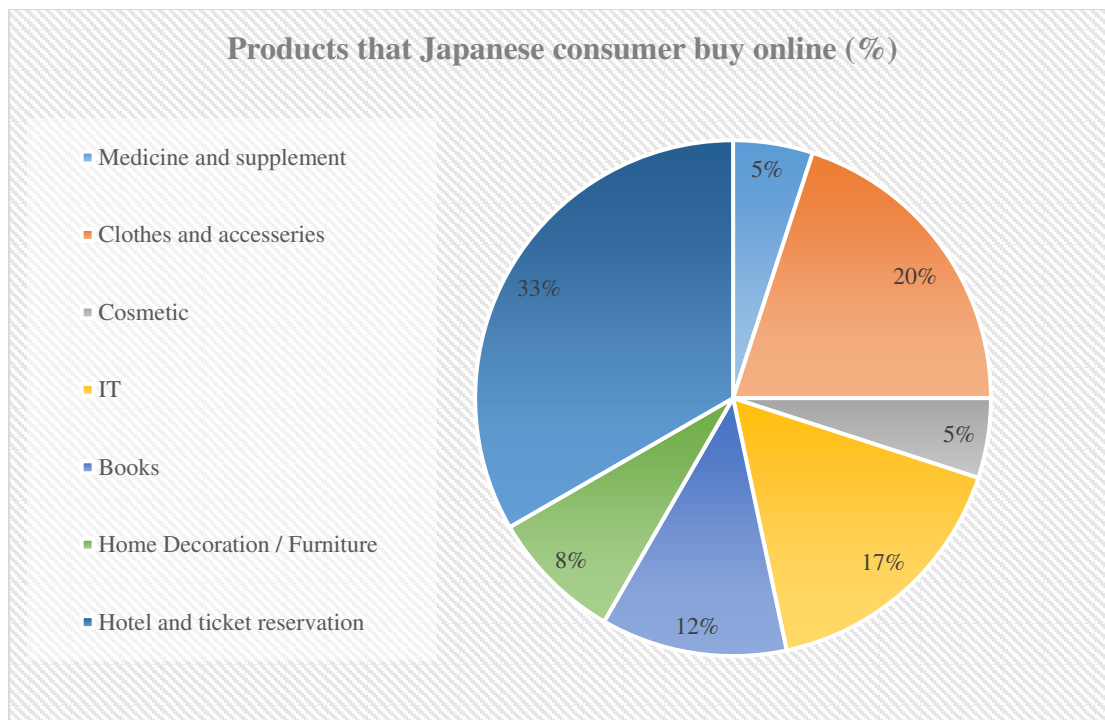
Figure 32: Products that Japanese consumer buy online (%)

First, fresh food, none of Thai interviewee buys fresh food from online. Thai people afraid that packing or delivery processes are not good enough. Also none of Japanese customers buy fresh food from online because they want to get the product immediately. Thai consumers do not buy food from online channel for many reasons. First, the price of food in Thailand is cheap. Second, it is easy to find food everywhere (street food / convenient store), in front of supermarket or every corner in Thailand has street food. Third, fresh market in Thailand is cheap and fresh. Fourth, customers think that the way to keep the product fresh in delivery in Thailand is not good. The food might turn bad or not fresh when they receive it. To conclude, there are many choice of the food in Thailand so customers do not think that it is necessary to order food from online.

Second, dried food, eight percent of Thai interviewees buy dried food from online channel because they cannot find some special food around the house.

Third, medicine and supplement, five percent of Japanese interviewees buy from online because the price is cheaper and some medicine has to order from foreign countries. None of Thai interviewee buys it from online channel because there are counterfeit products in the market and it can affect the health.

Fourth, clothes and accessories, thirty-seven of Japanese and twenty percent of Thai interviewees buy clothes and accessories from online. There are two different opinions about buying clothes and accessories from online channel, the customers who always buy from online and do not buy from online. The first group said that they would buy because cloths are not expensive and mostly the shop shows size chart so customer can measure their size before order the product. In other way, the customers who do not buy said that they want to fit before buy it. Clothes are not just fit with the body but it must be good on them too. And one-third said that they would buy from online channel if they buy same product second times. Clothes, accessory, Thai consumers buy clothes mostly from Instagram or Facebook, price of the clothes is not very expensive. So the customers would be able to try if they really want to.

Fifth, cosmetic, five percent of Thai and seven percent of Japanese interviewees buy cosmetic from online channel. Thai consumers buy cosmetic that do not expensive and no offline shop in Thailand such as cosmetic from United Kingdom or United States. However, pre-order shop must be the shop that they trust or the price of the product is not very high. Japanese consumers buy from online channel because it is cheaper and do not have to go to the store.

Sixth, electronics products, seven interviewees said that they would not buy from online channel because the price quite expensive so they want to make sure that the product that they will buy is in perfect condition. While ten interviewees said that

they would buy electronics product from online channel because the price is cheaper and there is a warrantee so if it has some problem from the product, they can claim with the shop. Before order online, customers went to offline store to see the product first. Also Electronics devise has the specific specification, so they do not worry that they will order the wrong one. Thai consumers sometimes by electronics devise only from official online store such as Apple store. The customer will buy if they trust that they can the product is refundable and delivery service is good. They afraid that the seller will cheat them.

Seventh, books, five percent of Thai and twelve percent of Japanese interviewees buy book from online store. Japanese interviewees mainly buy from Amazon because delivery service is fast and the book is quite heavy to bring it back home.

Eight, home decoration and furniture, three per percent of Thai and eight percent of Japanese interviewees buy this from online channel. Main reason is because furniture is too big or too heavy to carry.

Ninth, hotel and ticket reservation, thirty per cent percent of Thai and thirty percent of Japanese interviewees but this from online channel. It is similar product that Thai and Japanese buy from online because buying from online is the easiest way to get it. Customers do not have to go to ticket office and wait for the line to buy the ticket while they can do the same at home

Price

Japanese consumers can pay online reach to 100,000 Yen (30,000 Baht) and main payment method is credit card. This one related to type of the product. Japanese

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customers can pay in the higher price because they buy via E-Commerce website which they think they can claim if the seller does not send them the product or send wrong product. The started price is quite low because they buy everything from body soap to television.

The range of the price that Thai consumers willing to pay is from 800-5,000 Yen (250 – 1,500 Baht) and main payment method are credit card, transfer money and cash on delivery. Thai customer pays by cash on delivery because they want to receive the product and check condition of the product first.

Thai consumers are willing to pay cheaper. The started price from eight hundred to five thousands yen. Started price is higher because consumers just buy one or two items from the shop so if net price of each product is too low, it will not worth the money that they have to pay.
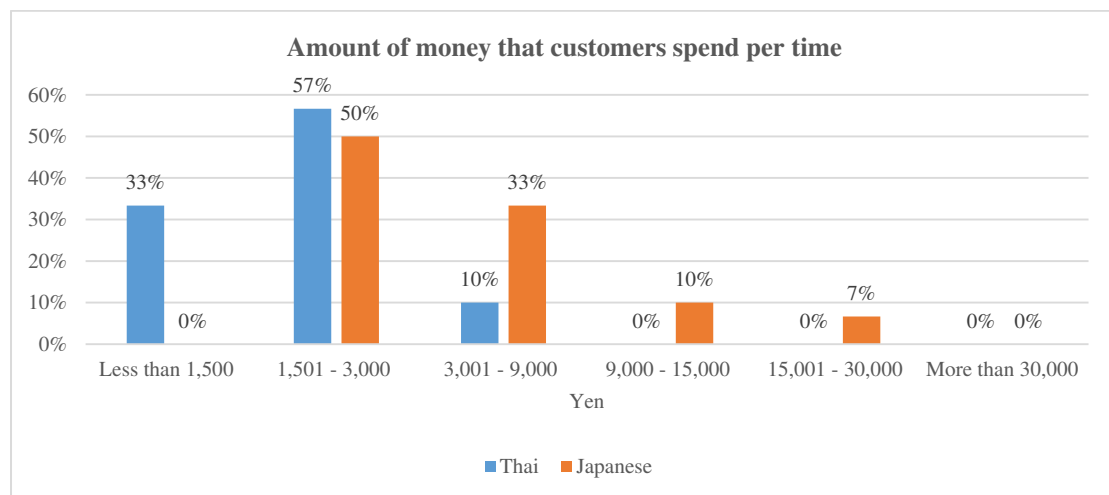
Figure 33: Amount of money that customers spend per time

Price is not only net price of the product but have to consider the cost of transportation. In Japan, the price of the taxi starts from 750 yen while in Thailand

started from 100 yen. So Thai consumers think if they buy product from the store and take a taxi back home is cheaper than buy from online store. Thai consumers do not emphasize on time consuming at the supermarket that much. They think spending time in the supermarket is the time they can escape from the hot weather.

To conclude, Japanese consumers has more variety of the product they buy from online channel also the price that they can pay is higher than Thai consumer. Pricing is not only in dimension of the price of the product but have to consider buying environment and consumer's behavior too (opportunity cost)

Place / Channel

Website or E-Commerce platform that Thai and Japanese consumers use is also different.
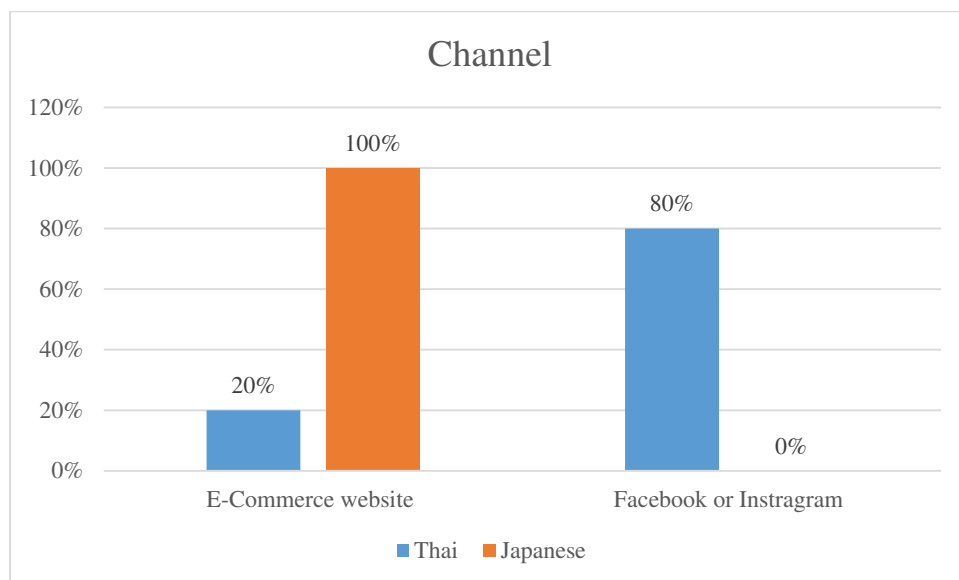
Figure 34: Channel that Thai and Japanese consumer buy online

From figure 34, one hundred percent of Japanese interviewees buy from E-Commerce website such as Rakuten, Amazon or Yahoo for several reasons;

• Product's information: Rakuten and Amazon platform provide enough information such as picture, price, size, and color for the customer to make decision.

• User friendly: interface is easy for the customer to find the information and buying process is not complicate.

• Trustable agent: customer believe that website such as Amazon or Rakuten is trustable agent with a standard such as quality seller, standard price, delivery service, payment method, after sale service, and meditate the problem between seller and buyer. Their attitudes toward each website are following:

- Amazon : consumer think that it there are discount for the student and free shipping so this quite popular. The detail of product in the website is not as much as Rakuten but it is enough to make decision. Customer can compare price and detail of product from the website. Delivery time is quite fast and able to buy many products from many shops and Amazon will combine all together and send at one time. This can save delivery cost and time that customers have to wait the parcel.

- Rakuten: customer who buy from Rakuten said that there are many detail of the product and all of them has Rakuten point card. And Rakuten has a variety of service such as Rakuten travel so combine together, customer can get more discount. However, customers who do not buy from Rakuten said that there are too many detail and product so it is hard to find the product.

- Yahoo Japan: All interviewees said that they would buy from Yahoo Auction for second hand product. They said they can get good product

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with cheaper price. However many times that final price reached as high as the first hand or too expensive for the second hand so they did not buy it.

Thai consumers mainly buy from social media such as Facebook or Instagram especially clothes, accessories and cosmetic because able to contact the owner of the shop directly to ask for more detail. E-Commerce platform in Thailand is cannot act as trustable agent such as cannot control quality of the seller or cannot control the claim process. Thai interviewees have some experience with E-Commerce website. But they have seen many bad comments or reviews from the Internet especially from www.pantip.com which is the website that anyone can create the topic and others members can share their idea or experience. Another place that Thai consumer likes to buy is official website such as Apple Store because there is product warrantee from the company.

To conclude, trust of the seller is the key point which effect consumer decision in Japan E-Commerce website is more

Promotion

Japanese customer can recognize the promotion from E-Commerce Website every interviewee mention Rakuten point card even they do not have it. Japanese student can recognize Amazon student discount and free delivery. Thai customer cannot recognize the promotion they receive that much such as free delivery service if they buy some amount of money or sale in some season.

In common Japanese customer and Thai customer said that free delivery service can make they make decision easier.

Payment Method

Credit card is the most popular way to purchase online for both Thai and Japanese because it does not require much time to go to the machine or counter at the bank as shown in figure 35. Thai consumers has no problem with payment method in online business because there are many ways to transfer the money such as credit or debit card, ATM delivery., internet banking, mobile banking, transfer money at the counter or cash on delivery.
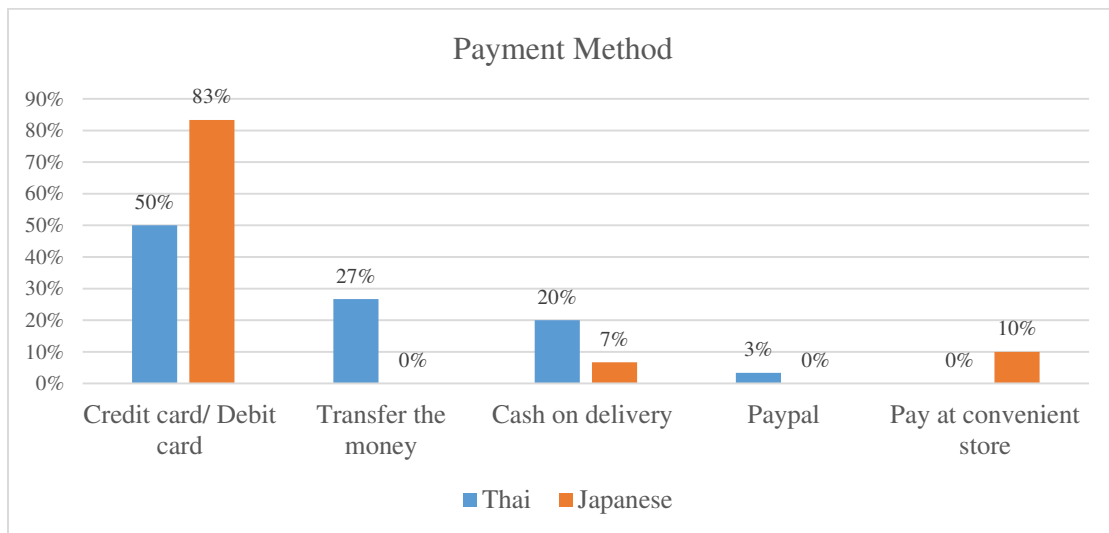
Figure 35: Online payment method between Thai and Japanese consumers

Even credit card is the most convenience but Thai customer has to transfer the money at ATM machine or internet banking because Thai customer buy online product from social network which does not support credit card system. Another way that Thai consumer chooses is cash on delivery. The reason is customer do not trust in the seller or shop that they buy online so they would like to see get the product before paying money. However, cash on delivery is not popular in Japan because customer has to pay fee.

Delivery Service

There are three aspects that consumer concern in term of delivery that are average time to receive the product, place to receive the product date and period to receive the product.

First, average time to receive the product. From in-depth interview in figure below, Japanese consumer receives the parcel in 1-3 days while Thai consumer receives in 4 -7 days.

Delivery Time

(Figure: bar chart showing percentages for Thai and Japanese consumers across delivery time ranges. For "1-3 days": Thai 30%, Japanese 93%. For "4-6 days": Thai 60%, Japanese ~6%. For "7-9 days": Thai 10%, Japanese 0%.)
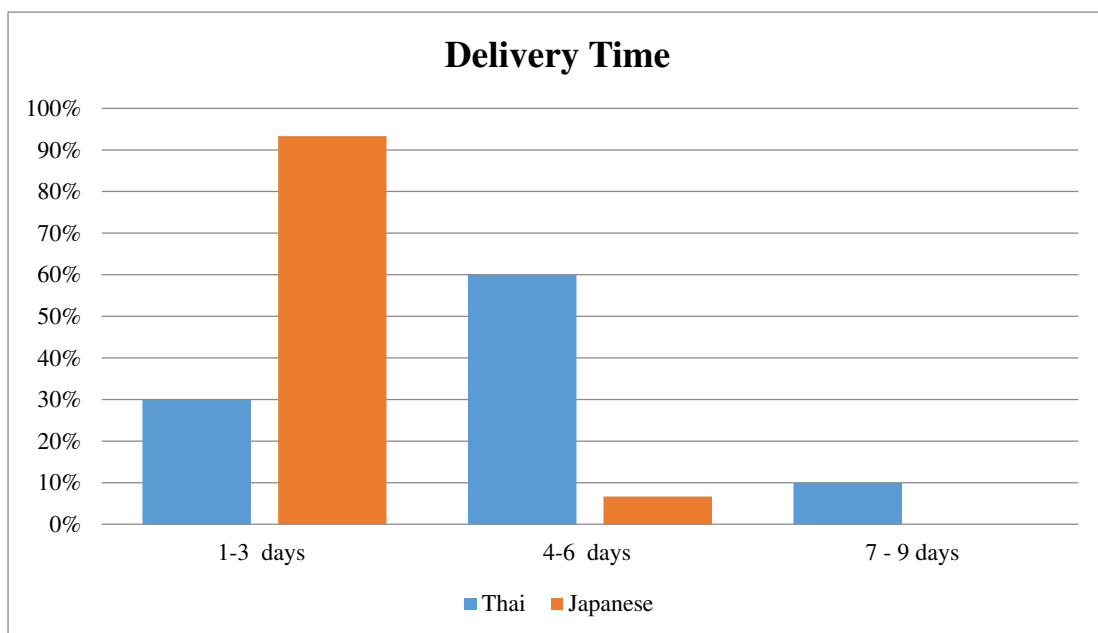
Figure 36: Delivery time between Thailand and Japan

Second, place to receive the product. In Japan, customers can choose to deliver the product at given address or convenience store but in Thailand customer can choose only given address so if nobody home, the parcel have to be delivered later. Delivery at convenience store can help business man who has to work outside all day and has no one at home to be able to get the parcel anytime.

Third, date and period to receive the parcel. In Japan, there are flexible times to deliver the parcel in Japan mostly from 8:00 - 21:00 o'clock while delivery time in Thailand is 8:30 – 16:30 o'clock. Longer delivery period gives more time for working or studying customers to get the parcel.

Seller, interface of the website, after sale service and policy

Customers judge seller from the comment or review on their website, number of buyer and interface of website.

Interface of the website is important because it is the first place that customer see information of the product. The interface should be easy to access and buying process should not complicate. Easy to access means take only 2-3 clicks to access the information. Interface should be simply and not too informative or very hard sell.

Claiming process is one of the process that customer concern. Customer cannot see the real product at first so it has possibility to return unsatisfied product. Claiming process should be fast, easy and has many channels to reach the contact person such as message, e-mail, and phone.

4.2 Hypothesis

Figure below shows the relationship between five factors; seller, delivery service, payment method, data privacy, law and regulations. Seller is the person who decides almost every process in online shopping such as interface, payment method, refund policy, data privacy so for Thai customer view seller is the most important in online system. However, law and regulations can change every factor to be better. From in-depth interview, delivery service in Thailand is different from Japan market so this comes to hypothesis.
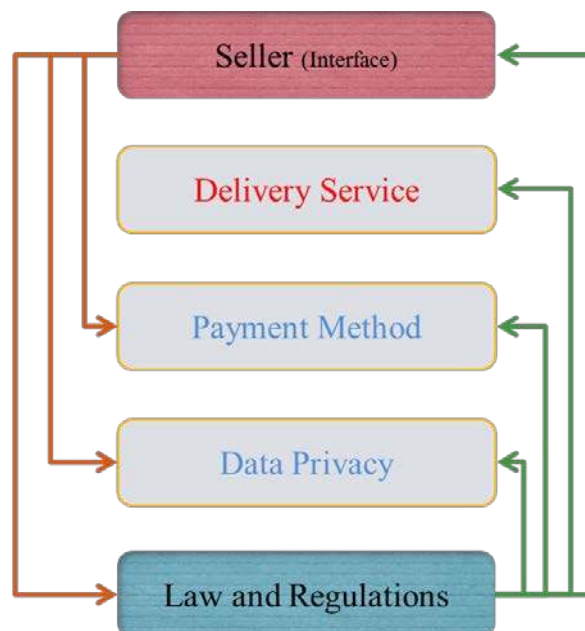
Figure 37: Relationship between five factors

Hypothesis: Thai customer will buy from online channel more if seller and delivery service are more effective.

4.3   Result of Conjoint Analysis

First, verify hypothesis by interview 30 Thai consumers and the result shows in figure 38. Fifty-three percent of interviewees answer that seller is the key factor before decide to purchase product from online channel. Thirty-seven percent answer delivery service and ten percent answer that payment method decision makings the key factor that affect purchasing. None of the interviewee answers about data privacy and regulations.
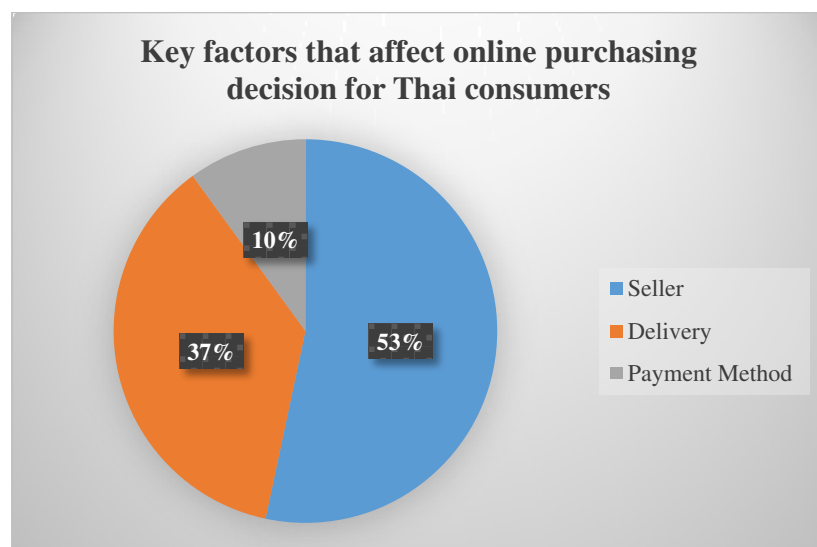
Figure 38: Key factors that affect online purchasing decision for Thai consumers

Second, this thesis chooses conjoint analysis to understand deeper factors related to delivery service. There are four attributes in conjoint analysis; delivery time, delivery fee, delivery channel and delivery accuracy as shown in table 13.

Table 13: Results from conjoint analysis

Attribute	Level	Utility Score	P-value
Time	1-3 days	5.875	0.000869967
	4-6 days	5.25	0.003206706
Fee	Free	2.5	0.064998613
	150 Yen	3.5	0.019641731
	200 Yen	1	0.40182548
Channel	Own delivery	0.125	0.900672057
	Private Company	-0.625	0.539196373
Accuracy	100 Percent	5.75	0.000974129
	80 Percent	3.5	0.019641731

From table 13, last column, p-Value holds a value between 0 and 1. Number of p-value which is smaller than or equal to 0.05 truly make a difference for the consumer. So from the table, time of delivery and percentage of accuracy can affect consumer's decision but delivery fee and delivery service company do not affect consumer's decision.

Table 14: Utility score of each level

Attributes	Level	Utility Score
Time of delivery	1-3 days	5.875
	4-6 days	5.25
	7-9 Days	0
Price* (Yen)	Free	2.5
	150 Yen	3.5
	200 Yen	1
	250 Yen	0
Channel	Own delivery	0.125
	Private company	-0.625
	Thailand post office	0
Accuracy	100 Percent	5.75
	80 Percent	3.5
	60 Percent	0

1. Time of Delivery: Comparing three levels of delivery time, the highest utility score is delivering within 3 days. However, deliver within 4-6 days does not show big different but later than that it will affect consumer decision making.

2. Price: The highest utility score is 150 yen and second one is free delivery which does not difference. However, if delivery fee is higher than 200 yen, customer would hesitate to order from online channel.

3. Channel: The utility score between own delivery, private delivery company or Thailand post office is not different which means online company can choose any delivery person to send the parcel.

4. Accuracy: The accuracy of delivery is one of the factor that consumer concern when order the product from online channel. 100 percent accurate is the level that customer pleasure the most.

5. Suggestions and Future Study

5.1 Suggestions

5.1.1 Suggestions for Private Sectors and Company

There are six topics that private sectors have to concern before run a business in Thailand as shown is figure below.

Figure 39: Factors to be concerned in online business

1. Produce: online business still in beginning stage for Thai market. Customers tend to buy product that they cannot buy from offline store such as convenience store or department store. So the product should be unique such as homemade, handmade, pre-order products. The company has to find the different point to sell the product to Thai customers. From in-depth interview, Thai customers do not buy food from online because they cannot see the advantage from that. So the company has to find unique point such as the food, such as food that can buy only some region of the country, the food that import from foreign country. Moreover, product description also affects consumer's trust. The company

might have to find the way to make the consumer understand the product as much as possible such as write the product description and attach image of the product. Send the samples of the product to the customer for a better decision, use the hologram, create the application such as make up or clothes application that the customers can put their photo and see whether which color or size that match their style.

2. Price: Thai consumers get use to buy from offline store and they do not count transportation cost as a price of the product. So if sell same product in online and offline in the same price, consumers would go to the store and buy by themselves because they can see the real product and get the product immediately. To set the price in online business, marketing has to set cheaper than offline, volume discount, promotion or free delivery. Higher price can be set for unique product that customer cannot find easily.

3. Channel: In Japan, there are strong E-Commerce platform such as Rakuten or Amazon. However, in Thai market, consumers still buy and search for information from social network or official website. So to enter the market in Thailand, company has to prepare social network platform such as Facebook or Instagram that not only the channel to promote the website but also customer can ask for more detail. So company has to reply fast and accuracy. For the official website, it is important to have official website because Thai customer always find the product's information from the official website first and they have confident to buy with the official website. Interface is very important, interface must be easy to access, the process to order and payment must not complicate and have enough product's detail.

4. After Sale Service and Promotion: Thai consumers do not trust in after sale service that much that can see from the amount of the money that customer willing to pay in online channel still low. Thai customers protect themselves from buying online by choose the cheap product to test liability of the seller first. The customers do not hope that company will take responsible from company mistake that much. So one thing that can build trust in online business in Thailand is fast response from the company. If the customer buy product from online channel and found that the product is difference from what they order, the company must have a contact person that customer can contact immediately to explain how, where the customer can return and next step that company and customer have to do. After sale service is also important for consumer decision making, after sale service should be fast and available anytime. Promotion such as free delivery service can make the customer decide easier.

5. Delivery Service: In term of delivery, company has to concern speed of delivery, accuracy, flexibility of place and time. Delivery Service is one of the most importance point that affect customer buying decision. It will be the best if the company can have choice for the customer such as the company who delivery the product or the company should have their own delivery service. Time of delivery is also important. The range of the time should be flexible as much as possible such as able to deliver at night, weekend or national holiday.

6. Payment method: There are many payment methods in Thailand such as mobile banking, Internet banking, credit card, ATM, transfer at the bank, and cash on delivery. The company has to open as much options as possible.

5.1.2 Suggestions for the government

There are four factors that the government can support

1. Computer crimes law is the direct responsible that government has to take action. Computer crimes law related to many factors such as confidence in seller, confidence in payment system. Law to protect seller and buyer. Law to protect buyer who has the age lower than eighteen year old, law to protect type of the product that can sell online such as counterfeit product, stolen product, drug etc.

2. Support and promote investment from private sector such as E-Commerce platform. There are no main leaders in E-Commerce platform in Thailand now. So government has to be the main person to support the investment in Thailand.

3. Delivery service: delivery service in Thailand is still slow and do not have a good image which affect consumers decision making. So government or Thailand Post Office has to reform the organization or delivery process. For example, more flexible delivery time, reasonable price, or use online platform to make it more convenient.

4. Internet System such as increase the coverage of internet system and speed of the internet in the country.

5.2 Limitation

This research uses in-depth interview as a main part to find the result. So the number of the interviewees is limited however the results can show some similarities and differences between Thai and Japanese consumers in term of online shopping attitudes and behaviors. There are many factors that combine together when making a decision. Some factors are rational and some are irrational so this study scope cannot include every factor that affect consumer's decision but try to cover all main factors such as product, price, place, promotion, delivery service, payment method, and law and regulations.

5.3 Future Study

Consumers' behaviors and attitudes can study in many aspects and dimensions. This research aims to study individual decisions which affect online business. However, there are another aspect that can be concern such as social and education aspects such as

1. Language barrier and online business in Thailand: now English language is dominating on the Internet however in May 2011, English speaking web user were 565 million users while Chinese-speaking web user were 510 million [19]. Thailand use Thai language as a first language in the country so language barrier could be one factor that obstructs online business from foreign investor.

2. The effect from online marketing in developed country.

6. Conclusion

At present, online channel is important part for the business however E-Commerce in Thailand represents only one percent or less of the total retail sale. This study is to identify and analyze factors, which effect online shopping attitude and purchasing behavior between Thai and Japanese consumers using qualitative methodology by in-depth interview. The result showed that there are many factors that differences between Thailand and Japan online market but the point that need to concern the most is delivery service and seller. The result from conjoint analysis shows that time of delivery and accuracy are the most important part for delivery service. Company that interested to start online business in Thailand has find unique selling point such as product that can buy only some region of the country or import from foreign country, informative website, user-friendly interface, after sale service that customer can contact anytime, and finally fast and accurate delivery service.

7. Acknowledgement

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Appendix

Questionnaire for in-depth interview (Open-Ended)

Questions

1. General Information
   - Gender
   - Age

2. Purchasing Behavior and Reasons
   - Can you explain your buying decision process?
   - How do you find the information before decided to buy the product?
   - Have you ever ordered products from online channel?
   - How often do you usually buy products from online channel?
   - Which website/ online channel you usually buy? (Website /FB / Instagram/...)
   - How much do you purchase online per time?
   - Which product do you usually buy online and why?
   - Which product you will not buy online and why?
   - According to the reasons you just said, which point do you concern the most before buying product from online channel?

3. Problems
   - Have you ever got problems buying product from online channel?
   - How did you solve that problem?
   - If you never got some problem, what will you do if you got the problem?

4. Solutions
   - In your opinion, how to improve E-commerce business in Thailand?
   - How do you think about this topic;
       1. Delivery System
           - How long can you accept for delivery time?
           - How do you think about the accuracy after receive the products? Was it same spec as you ordered?
           - How do you think about delivery company? Which company you usually got service? Thai post office / FedEx/ DHL?
           - Have you ever received the product, which has damage because of transportation?
       2. Payment System
           - How do you usually pay? (credit card / ATM / transfer at the bank/ …)
           - Why did you choose that way to pay?
           - Have you ever got problem when you transfer the money?
           - How did you solve that problem?

       3. Security and Reliability

- What information do you usually give when buying product?
- How do you think about your data privacy?
- What will you do if you know that the shop discloses your personal information?

4. Law and Regulation
- Do you think computer law in Thailand is strong enough?
- Do you know where can you complain your problem?

5. Internet System / Interface
- Do you think cost and speed of the Internet is the problem when you buy the product online?
- Interface of the website has the effect when you make buying decision.

- Which topic should change first to improve E-Commerce in Thailand?

6. Others comments