

**AN EMPIRICAL STUDY ON KOREAN CONSUMER ATTITUDE TOWARD  
C-to-C E-BUSINESS**

**By**

**Jin Su Yan**

THESIS

Submitted to

KDI School of public policy and management

In partial fulfillment of the requirements

For the degree of

MASTER OF BUSINESS ADMINISTRATION

2009

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Committee in charge:

Professor Yoon Cheong Cho, Supervisor

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Three handwritten signatures are written on three horizontal lines. The top signature is the most legible, appearing to be 'Yoon Cheong Cho'. The middle signature is more stylized, and the bottom signature is also stylized.

Approval as of Oct, 2009

## Abstract

Korean's C-to-C e-business has outstanding achievement. In the past five years, Korea's C-to-C e-market has been growing rapidly. The number of online consumers reached more than 26 million, sixth in the world until April 2003 and Korea has the adoption rate of broadband access to the internet per hundred persons the highest in the world (Organization for Economic Co-operation and Development 2001, 2002).

However, it seems that there are not so many studies to analyze Korean consumer attitude toward C-to-C e-business. Based on the consideration, this paper explores consumer attitudes toward C-to-C e-business and provides insights to understand Korea's flourishing C-to-C e-business market. This study conducted a survey and applied advanced statistics such as factor, ANOVA, and regression to examine Korean consumers' attitudes toward C-to-C e-market. This study examined relationship between the consumer attitudes and factors such as convenience, price, product, promotion and website design.

Key words: C-to-C e-business, Consumer attitude, Korean e-business

Copy right by

Jin Suyan

2009

Dedicated to my parents

Jin Xie & Zhao Lianfu

## Acknowledgement

I am so lucky that I have studied in KDI school from where I learned the people, culture not only from KOREA, but countries from all over the world. I have learned so much here. Academically it makes me more clearly about my career direction. I realized that there are so many things I want to learn. Personally I have made some friends for lives I could never ask more, they are the best gifts I had through these two years.

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Secondly, I would like to dedicate this thesis to my family who had always supported me and whom I love the most in the world. I want to specially say "thank you" to my parents, they made me the luckiest person in the world to have them as my first teacher, and will be the teacher lasting throughout my life.

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# 1. Introduction

E-business has achieved worldwide success as a powerful business tool, it does not only help the market utilized the profitability also enable the customers to receive better services. The growth of e-business was so sharp that, according to research from Business Communications Company Inc ([www.bccresearch.com](http://www.bccresearch.com)), the revenues exceed \$3 trillion by 2005.

Later C-to-C e-business got the huge success. Most people recognized eBay as the most distinguished brands in the industry that dominate the market by allowing consumers to put up their own products for sale on the company's site while other consumers can browse and purchase the product online. eBay was the first one enter the C-to-C e-business market in 1995 (eBay Investor Relations 2007) and followed by Yahoo! Auctions in 1998 (Yahoo Investor Relations 1998) and Amazon in 1999 (AMZN Investor Relations 1999)

Korea has silently become like an Asian e-business powerhouse. After the 1996 Asian economic crises, Korean government had established government-industry co-operation in developing local e-business infrastructure to bring the new local states to international comparative levels and standards (Organization for Economic Co-operation and Development 2001, 2002). This Challenge absorbed the political and economic attention in Korea. Now Korea is the second most developed Internet access market in Asia –Pacific (Organization for Economic Co-operation and Development 2001, 2002).

Moreover, Korean's C-to-C e-business has outstanding achievement. In the past five years, Korea's C-to-C e- market has been growing rapidly. The number of online consumers reached more than 26 million, sixth in the world until April 2003 and has the adoption rate of broadband

access to the internet per hundred persons the highest in the world (Organization for Economic Co-operation and Development 2001, 2002). The Korea C-to-C e-business market had generated total revenue of \$7.8 billion in 2004, representing a compound annual growth rate (CAGR) of 46.8% from 2000 world (Organization for Economic Co-operation and Development 2001, 2002). It was expected that Korean market would generate \$22.7 billion from 2004 to 2009 (Organization for Economic Co-operation and Development 2001, 2002). In addition, Korean market expected as the second largest market in Asia pacific region, overtaking Japan in 2009 right after China (Organization for Economic Co-operation and Development 2001, 2002). Internet Auction co. Ltd ([www.auction.co.kr](http://www.auction.co.kr)) the largest Korean auction web site in 2001 (Korea Network Information Center) had generated 75% of eBay's Asian revenues. In the first quarter of 2006, Gmarket and Internet Auction both sold about \$490 million worth of goods (Ihlwan Moon 2006).

However, it seems that there are not so many studies to analyze Korean consumer attitude toward C-to-C e-business. Based on the consideration, this paper exposes consumer attitudes toward C-to-C e-business and provides insights to understand Korea's flourishing C-to-C e-business market. This study conducted a survey and applied advance statistics such as ANOVA, and regression to examine Korean consumers' attitudes toward C-to-C e-market. This study examined relationship between the consumer attitudes and factors such as convenience, price, product & service, promotion and website design.

## 2. Literature Review

### 2.1 Overview of e-business

Internet makes companies able to implement new business models to strengthen their competitive edges (Dussart 2000). The Boston consulting group (2002) estimated that online relating market in North America alone was valued \$27 billion in 1999 and \$45 billion in 2000. This amount had increased over 67% since 1999 and Nortel Networks indicated that the value of the global Internet marketplace had expanded to \$2,800 billion and the infrastructure investment had reached \$ 1,500 billion. Online business had grown at 86% to reach \$1,300 billion in the year 2003 (Bridges 2003), 50.9% in North America, while 24.3% in Asia/Pacific and 22.6% in Europe and 1.2% in Latin America and others (Forrest Research 2003).

e-business started from late 1990, which was a completely new interactive, responsible and direct market that engage individual, or companies, encourage interaction, and elicits direct response (Kalakota and Whinston 1997). It is based on traditional business principle, but emphasis on marketing which carried a great significance in a highly interactive environment with more sufficient information, dynamic pricing and endless choices (Kalakota and Whinston 1997). Companies who want to stand out and win this increasing competitive environment have to exercises creativity and effective marketing strategy to remain an important aspect of any successful business (Kalakota and Whinston 1997).

Kalakota and Whinston (1997) described e-Business from different perspectives. Firstly, from a *communication perspective*, e-Business is the delivery of information, products and services or payments via telephone lines or computer networks. Secondly, from *business process perspectives*, e-Business is the application of technology towards the automation of business

transactions and workflows. Thirdly, from *service perspective*, e-Business is a tool to address the desire of firms, consumers and managements to cut series coats while improving the quality of goods and increasing the speed of service delivery. Finally, from *online perspective*, e-Business provides the capability of doing all the on-line services. However, there is no unified definition of them depending on the view of the electronic landscape. e-Business has three segments (McConnell 2000): Business to Customer (B-to-C), Business to Business (B-to-B) and Customer to Customer (C-to-C). C-to-C business often provide free classifieds, auctions and forums where individuals can buy and sell ,with the high developed online payment system, customers can send and receive money online use online paying system like eBay's Pay Pal (Kalakota and Whinston 1997).

### **2.1.1 Development and the Current Status of C-to-C e-business**

E-Business has some advantages over traditional market – low prices, more choices and sufficient information, also some of the benefit from trading online as lower transaction costs or great diversity and competition from greater number of suppliers and buyers (David Byrne 2000). Now a whole new business model has developed for consumers doing commerce, not only with businesses, but also with other consumers online. This new way of trading is called consumer-to-consumer (C-to-C) e-business, and customer could purchase the product by either auction or at the set price (Baker 2003).

C-to-C e-business primarily started from electronic retailing between merchant-consumer and traditional purchaser-consumer and now it has highly expanded with the developing of the internet (David Byrne 2000). The new boom of C-to-C e-business popularity is attracted by the simplicity and efficiency in price negotiation which already covered the most frustrating parts of

the purchasing process between the individual buyers and sellers online (Jin & Wu 2004).

It doesn't need any particular requested in the C-to-C e-business, everybody could sell in the online market with paying little fees, and the buyer could just pick the product they like. Unlike any other channel, C-to-C e-business give the platform for the customer to meet the customer meet the unlimited supplying source with the variety of the products

Online sale, bidding, or buying became one phenomenon spreading all over the world; people buy everything online from baby diapers to airline ticket. One of the most popular C-to-C online website, eBay's annual transaction was valued US \$59 billion in 2007 (EBay Investor Relations 2007). Unlike other e-business, C-to-C e-business has different functional and operational characteristic such as eBay and Yahoo! Auction operates as the third party to create a virtual platform for the users (Chong and Wong 2005). At eBay alone, millions of sellers add 6.7 auction listings per day across 50.000 products but eBay has not participated none of the actual selling products or services (Chong and Wong 2005). These companies provide the platform and delivery system and promotion to the seller and take the fees as income. Buyers can the product they like with the lowest price and the sellers can start a business with small amount of investment.

C-to-C e-business websites generate revenue through the small amount of fees from the sellers for registering and other services (Chong and Wong 2005). One-way of measuring the performance of the website is the website's sustainability and growth. Empirical study has proved that 80% of the highly satisfied online consumer would shop again within 2 months and 90% of the satisfied consumer would recommend the websites to the others (NCL Online Auction Survey Summary 2001).

C-to-C online business users are generally unknown to one another and it has added more risk especially in auction a long-term buyer and seller relationship that is the seller has to wait until

the payment to transfer to his or her account from the auction winner after the bidding closed (Chong and Wong 2005). To reduce such risk and unstable simultaneous trading process, C-to-C e-business has applied the Time Asymmetry in the business transaction (Chong and Wong 2005). As an additional security feature, many of the C-to-C e-business websites have rating system and feedback system that allow the buyers to rate and evaluation about the product after purchasing in order to reduce the uncertainty and the high risk (Chong and Wong 2005).

As the popularity growth during the past decade, the competition became fierce in C-to-C e-business. For the long-term surviving, C-to-C e-business websites should develop and maintain the customer relationship strategy and manage the buyers' shopping experience (Chong and Wong 2005).

C-to-C e-business is growing in online market. However, The traditional marketing approach and specific e-marketing theory are not adequately providing the initiation of new types of business (Baker, 2003). There are limited studies dealt with C-to-C e-business (Kiku and Lori 2007). Between the years 2001 to 2003 there are four main Areas in e-business researches, which were 1) B-to-B 2) B-to-C 3) Strategy and 4) Technology adoption. Even 17 other different themes found in E-business researches. C-to-C research was not listed (Kiku and Lori 2007). C-to-C e-business is not only providing product or service, but more added values linked to the product (Baker, 2003).

## **2.2 External Analyses**

According to the study done by Kshetri (2001), C-to-C e-business could be affected by various aspects, which can divide by economic and infrastructure-related aspect, political and

legal aspect and supranational institutions, as well as cultural factor. Steinfield and Klein (1999) said that, for pursuing and establishing efficient global transactions, companies have to consider transaction partners, places and methods as well as political social and cultural, technical and economic conditions of the local markets

Korea has a fast growing C-to-C e-business with good infrastructure. Following section examine Korean markets that are related to C-to-C e-business including Economic Environments and C-to-C Internet Market, Technology, e-Business Legal Protection and Government Supports.

### **2.2.1 Economic Environments and Internet Market Analysis**

Economic factor, which include income level like GDP per capita, could affect the category of shopping preferences and price and payment in C-to-C e-business. It took less than four decades for Korea became an industrialized nation grew nearly 3%, with growth of 3.5% to 4% forecasted for 2002 (DATA MONITOR 2005). Korea is a fast growing country with advanced IT infrastructure. It has ranked the top among the 30 member counties of the Organization for Economic Cooperation and Development (OECD) in terms of broadband access, rapid growth of Internet use and e-business (OECD 2001).

In 2005, Economist Intelligence Unit Limited reported in the financial services forecast that Korean financial sector has transformed since the 1997 Asian financial crisis, successfully practiced extensive and aggressive reform program, which increased the stability of the bank profitability (DATA MONITIOR 2005).

According to DATA MONITOR's report in 2005 (DATA MONITIOR 2005), Korean's Internet market generated total revenue of \$7.8 billion in 2004, representing a compound annual growth rate (CAGR) of 46.8% from 2000 to 2005. It was expected that Korean market would

generate \$22.7 billion from 2004 to 2009 generating 8.6% of the whole business transition value which was as twice as much comparing the European countries and U.S (DATA MONITOR 2005).

Korea has more than 26 million internet users, sixth in the world as of April 2003 and 70% of all households subscribed to the 10 million broadband services which has the adoption rate of broadband access to the internet per hundred persons the highest in the world (Organization for Economic Co-operation and Development 2001, 2002). Korea has the most developed Internet access market in Asia –Pacific area along with Japan. The number of Internet users in Korea is over 26 million, sixth in the world in 2003, total of 31.7 million people by the end of 2004.and expected to expand to 40 million by the end of 2009 (DATA MONITOR 2005). Table 1 shows the Korea Internet Access Market Value growths from 2000 to 2004.

**Table 1: South Korea Internet Access Market Value: \$billion, 2000-2004**

<b>Table 1: South Korea Internet Access Market Value: \$ billion, 2000-2004</b>			
<b>Year</b>	<b>\$ billion</b>	<b>SKW billion</b>	<b>% Growth</b>
2000	1.7	1,942.9	
2001	2.7	3,072.3	58.10%
2002	4.1	4,697.2	52.90%
2003	5.8	6,686.9	42.40%
2004	7.8	9,020.0	34.90%
<b>CAGR, 2000-2004:</b>			<b>46.8%</b>
Source: Datamonitor			<b>DATAMONITOR</b>

According to the research done by Korean Internet & Security Agency, 51.2% of the internet users had purchase goods on line. The number of consumers who had log in C-to-C

E-business is up to 1.6 million from 18000 in 1997 (Han 2007). It had also stated some changes in C-to-C e-business in Korea. For instance, 63% of the C-to-C e-business consumers were 30s,

19% were 20s, 17% were over 40s and only 1% were teenagers in 1997. But now 42% of the C-to-C e-business consumers are 20s, 32% are 30s, 20% are over 40 and the teenagers took 6% (Han 2007). Korean On-Line Shopping Association (KOLSA) had announced that the Korean C-to-C e-business had growth so fast since 2003 that in 2005 it taken 29% of the whole Korean e-business volume and expected to be over 40 % (Han 2007).

The Korean C-to-C e-business had started from late 1990 with a slow growth rate, but had grown sharply when the electronic commercial transaction infrastructure had been constructed. The transaction value had been over 12.5 trillion Won at the end of 2006 (Han 2007). The main players in the Korean C-to-C e-business are Auction, Gmarket, Interpark, GS e-store, Dnshop and Mple. Korean Financial Supervisory Service had announced that until at the end of the 2006, Auction's transaction value was 162.1 billion Won largest in the market, on the second place was Gmarket (158 billion Won), Interpark (111.5 billion Won) was on the third place. The three of the Korean C-to-C e-business had taken 37.2% of the whole Korean e-business transaction value. Moreover the whole Korean C-to-C e-business had 77.2% growth rate comparing with previous year (Han 2007). Table 2 illustrates the Korean major C-to-C e-markets evaluative history.

**Table 2: Korean C-to-C e-business Market Developing Process (Han 2007)**

<b>Stage</b>	<b>Time</b>	<b>C-to-C e-market</b>
<b>Birth</b>	1996-1999	Interpark, Auction
<b>Growth</b>	2000-2002	Gmarket
<b>Maturity</b>	2003-Until Now	GS e-store, Dnshop, 11st, Mple

### **2.2.2 Technology Analysis**

Technology infrastructure such as availability of bandwidths supports online shopping by

increasing the speed of the Internet or online transaction like package tracking system to facilitate online shopping. Information technology considered as the key component in the global competition (Gibbs et al. 2003). Many countries have put the focus on developing and upgrading the broadband, high speed and premium quality information infrastructures while high levels of hard-wired infrastructure will clearly promote ecommerce. Indeed, the advanced infrastructures such as Internet technology and credit card system could be taken as major factor in e-business (Gibbs et al. 2003). The lack of technology can inhibit consumers from fulfilling requirement for selling products to other consumers in C-to-C e-business, such as adequate images of the product, adequate feedback on the seller, etc (Gibbs et al. 2003).

There are considerable opportunities in many of the Korean advanced technology, including wireless telecom, non-memory semiconductor technology and values-added Internet service programs (Country Commerce 2007). With continually strengthen position as the world top Internet and information technology-based economies, Korea has an exceptional diffusion of a broadband network that drawn world wild attention (Country Commerce 2007). Korea launched the world first third-generation (3G) wireless platform, called CDMA2001-1X in 2000, and developed the advanced version in 2002, making cell-phone users access to wireless broadband data (Country Commerce 2007). Transition to 3.5G making, Korean wireless carriers rolling out a new mobile-telephony protocol called high-speed downlink packet access (HSDPA) (Country Commerce 2007). The telecoms industry has also rolled out a homebred wireless broadband Internet technology known as WiBro (wireless Broadband) (Country Commerce 2007). WiBro is an advanced version of wireless local area network technology that could allow moving mobile devices or laptop working at a broadband speed (Country Commerce 2007).

Because of all these technology make Korean able to have high speed Internet available

everywhere; most of the Korean C-to-C e-business websites are based by pictures which have the clear contrast comparing with e-bay whose website is designed in a simple style considering the internet condition.

### **2.2.3 e-Business Legal Protection in Korea**

Choosing among the variety of products throughout internet, the consumers could have the convenience from the C-to-C e-business by shopping anywhere and anytime. But they also need to take risk. The risk could happen in different situations such as computer viruses, having personal information stolen, or not receiving the product. Especially in C-to-C e-business, when the buyers do the trade through mediator without seeing, talking and knowing the sellers, the risk would be extremely high. However the legal protection could reduce the risk and promote the C-to-C e-business after all.

In Korea, there are two basic e business laws that implemented in 1999: 1) The Umbrella Law that basically acts on Electronic Transitions Under the jurisdiction of the Ministry of commerce, industry and Energy and broadly defines e-business as a concept, requirements of electronic documents and e-commerce dispute resolution; 2) the Electronic Signature Law which take in charge by the jurisdiction of the Ministry of Information and Communication that stipulates the legal effects and certification requirements of digital signature (Country Commerce 2007).

e-business consumer protection have been addressed since 2000 by the Fair Trade Commission (FTC) in Korea that required online shopping mall operators to comply with the existing fair-trade rules on consumer protection (Country Commerce 2007). The FTC published two documents to promote “sound and orderly markets” for e-business (Country Commerce 2007). One was that amends the January 2000 “ standard e-commerce contract terms” and contains more

stringent requirement for compliance with standard contract terms and with customer requests about cancellations of orders and refunds, the other was that established new “e-commerce consumer protection guidelines” to introduced additional requirements for payment security (Country Commerce 2007).

The Fair Trade Commission (FTC) had the power to suspend business and impose fines if E-business merchants violate fair –trade rules given by the Consumer Protection in Electronic Commerce (Country Commerce 2007). It also had the right to ask e-business merchants to set up insurance to cover repayment or compensations to customers. The first modification of the law introduced an escrow system for a more secure payment methods which is an escrow arrangement allows a buyer to place money in the custody of a trusted third party such as a bank or mediator and the money is paid to the seller only after specified transition conditions are met (Country Commerce 2007).

The Privacy in E-Commerce means the protection of privacy of the parties involved in trading through e-commerce. The means of trading have changed from “traditional” to “e-commerce” (Karim, Michael and Shyam 2002). Parties involved trading in C-to-C e- business exchange information including private information like phone Numbers, addresses, credit card number, sometimes even ID numbers to complete a transaction.

Especially C-to-C e-business market places enable the sale and purchase of products and services between individual customers. Individual customers frequently buy and sell products and provide private information to complete the transaction (Karim, Michael and Shyam 2002). It is the prime responsibility of the C-to-C e-business provider to implement necessary security policies to protect the private information from exchanging between customers and the exchange occurs only under the agreed policies (Karim, Michael and Shyam 2002).

Therefore, in Korea, the Ministry of Information and Communication (MIC) define privacy protection obligations of information and telecoms service providers in collecting, using, storing, transferring and deleting personal information (Country Commerce 2007). They set up regulations to restrict on the online collection and distribution of personal information and provide penalties for the unauthorized transfer of personal information to third parties (Country Commerce 2007). Recently they also require companies to set operational standards to safeguard personal data from accidental or deliberate security breaches and the establishment of a separate team of experts handling personal data and a clearance and authorization system to assess such data (Country Commerce 2007). Other regulations include departmental co-operation to maintain personal data security at all organizational levels, control and monitoring of employee access to personal data, use of encryption algorithms for personal data transmissions and timely maintenance of information security safeguards (Country Commerce 2007).

Companies have to store personal data in physically secure places, conduct periodic vulnerability surveys and take remedial actions as necessary and put in place computer emergency response procedures (Country Commerce 2007).

In order to protect digital privacy, the Law provides the basis for many programs on the Promotion of Utilizations of Information and Communication. In Korea, the Law has specifically requires providers of online information to obtain users' approval before collecting and using their private information (Country Commerce 2007). Without letting the customers notifies of the transfer of their information from one provider to another because of a merger or acquisition are against criminal penalties violations with a maximum five years in prison or 50 million Korean Won in fines (Country Commerce 2007).

The latest change to the Act on the Promotion of information and Communication Network

Utilization and the protection of data was from 2004. It had also provides measures to boost consumer's right to know how their information is used on the Internet while prohibits installing software on an end user's computer to collect personal information without prior consent (Country Commerce 2007).

Private related laws are on top of the Korea's e-business legislative agenda. Moreover, they intend to increase personal data protection in the public and private sectors promoted by Ministry of Information and Communication (Country Commerce 2007). The new law will combine privacy provisions in the existing law with significantly increased law enforcement power and make it mandatory for the entire private sector to comply with the basic requirements of personal data protection comparing with existing law that applied only to businesses fully or partially operating online, including internet service providers (Country Commerce 2007). The new data protection law intends to provide online financial transaction security and upholding consumer interests against online financial frauds that take into force from 2007. For protecting consumers' interest, the law also stipulates requirements for financial institutions to compensate consumers' financial damage (Country Commerce 2007).

#### **2.2.4 Analysis of Korean Government Supporting**

Korean government has been very active on ensuring the country's telecommunication and Internet infrastructure staying at the cutting edge. It has aided ISPs in promoting Internet access particularly in broadband. Korean government had droved the project that provide the broadband Internet access to the people who live in apartment (DATA MONITOR 2005). Korea has been cited as the world's most wired country in e-business studies. The truth is that Korea has a saturation of densely populated urban commercial and residential districts with high-speed

telephone and broadband networks, which put the country at a unique advantage to exploit e-business (DATE MONITOR 2005). Bandwidth technology is widely accessible through optical fibers connecting most office and commercial buildings apartment complex and houses (DATE MONITOR 2005).

Korean has high population density and as the matter of fact, many people live in apartment in the city (DATA MONITOR 2005). If there are more firms providing the internet services thus there would be more choice for customer with the lower price (DATA MONITOR 2005). Providing the broadband access to customer could make the low cost in the local constructions (DATA MONITOR 2005). The shift in government policy has resulted in low prices and rapid growth of Internet broadband services while broaden the Internet user and market which give C-to-C e-business the condition to grow and compete with the B-to-C e-business (DATA MONITOR 2005).

Commercial broadband services boasting the highest speed in the world are readily available at competitive prices (DATA MONITOR 2005). Internet market volume is considered as the total revenues generated by Internet Service Providers (ISPs) provided by narrowband and broadband Internet connections through both consumer and corporate channels (DATA MONITOR 2005). All of the Korean banks offer online-and mobile-banking services. Banks and credit card companies and wireless carriers are developing several types of virtual currency based on interrelated –circuit and wireless telecoms technology (DATA MONITOR 2005). It was believed that proving Internet banking system as the new C-to-C e-business platform will give consumer more user-friendly shopping with emphasis on better consumer service (DATA MONITOR 2005). Table 3 shows Korea’s Internet banking was on the top list among the developed countries in the world.

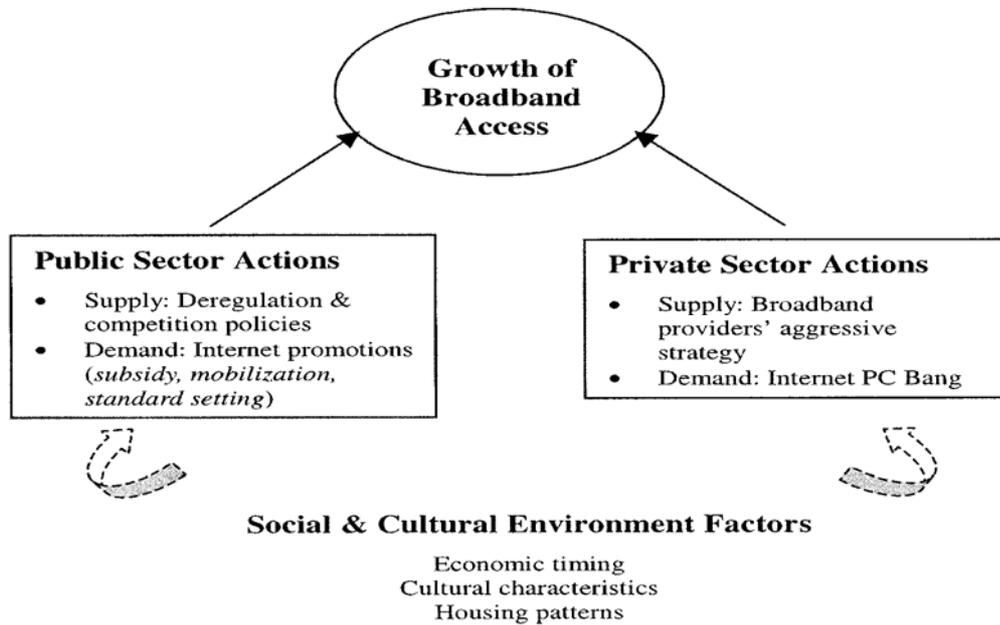
**Table 3: Internet Banking in Developed Countries (2002)**

Country	Internet banking users (A)	Population (B) (households for USA)	% (A/B)
Sweden <sup>1</sup>	260	885	29.4
Norway <sup>1</sup>	120	428	28.0
France <sup>1</sup>	311	5,872	5.3
Spain <sup>1</sup>	156	3,950	3.9
Italy <sup>1</sup>	270	5,832	4.6
Switzerland <sup>1</sup>	61	690	8.8
UK <sup>1</sup>	524	5,839	9.0
Germany <sup>1</sup>	473	8,100	5.8
Australia <sup>2</sup>	175	1,830	9.6
USA <sup>3</sup> (household)	1,830	9,300	19.7
Japan <sup>4</sup>	250	12,600	2.0
Korea <sup>5</sup>	1,131	4,679	24.2

Source: Bank of Korea

Another role the Korean Government has played is to promoting e-business in the public and private sectors. As it mentioned before, the Korean C-to-C e-business had started from late 1990 with a slow growth rate, but had grown sharply when the electronic commercial transaction infrastructure that has been promoted significantly by government had been constructed (Kwang-Hee Han 2007). The government bodies taking in charge of administration of e-business are the Ministry of Information and Communication (MIC) and the Ministry of Commerce, Industry and Energy (MOCIE) (Country Commerce 2007). Among the Korean government sectors, the Ministry of Information and Communication (MIC) has the power to grant or revoke telecom licenses with the duty of; deliberating issues concerning fair competition and consumer protection in the telecoms industry, arbitrating disputes among telecoms service providers and between users and carriers and enforcing corrective measures and imposing fines on unfair competition practices (Country Commerce 2007). Figure 1 systematically shows the contributing factors to the broadband development in Korea.

**Figure 1: Contributing Factors to the Broadband Development in Korea**



Source: Country Commerce 2007

### 2.3 Internal Analysis of C-to-C e-Business

Interpark ([www.interpark.co.kr](http://www.interpark.co.kr)) as the first online shopping site started in 1996 as B-to-C business with C-to-C partially. Then later Internet Auction ([www.auction.co.kr](http://www.auction.co.kr)) had entered the C-to-C e-business especially in the auction market. While the Korean C-to-C e-business became bigger and bigger, Interpark has established Gmarket ([www.gmarket.co.kr](http://www.gmarket.co.kr)) as its C-to-C branch market that now became the biggest C-to-C e-business player in Korean market. Until now the Korean C-to-C e-business is growing in the maturity stage, there are some new players showing in the market for instance: the 11st ([www.11st.co.kr](http://www.11st.co.kr)) .see the following table

**Table 2: Korean C-to-C e-business Market Developing Process (Han 2007)**

<b>Stage</b>	<b>Time</b>	<b>C-to-C e- market</b>
<b>Birth</b>	1996-1999	Interpark, Auction
<b>Growth</b>	2000-2002	Gmarket
<b>Maturity</b>	2003-Until Now	GS e-store, Dnshop, 11st, Mple

Actually eBay (www.ebay.com), the internet trading giant, have purchased the majority stake in Internet Auction co. Ltd ([www.auction.co.kr](http://www.auction.co.kr)) the largest Korean auction web site in 2001 (Korea Network Information Center) who accounted for 75% of eBay's Asian revenues (Ihlwan Moon 2006). In the first quarter of 2006, Gmarket and Internet Auction both sold about \$490 million worth of goods. Eventually, eBay has owns almost 90% of the Korean C-to-C e-business (Ihlwan Moon 2006). According to Financial Express, eBay again offered \$1.2 billion to buy and already secured the 67% of Gmarket stakes, the biggest C-to-C internet based retailer in Korea, as the top shareholders including Yahoo Inc who holds around 10% of Gmarket's stock.

For comparing Analysis companies' STP, 4P and SWOT strategies, this study has taken Auction that represents the company started during the Korean C-to-C e-business Birth stage; Gmarket represents the company started during the Korean C-to-C e-business Growth stage and 11st as the new player.

### **2.3.1 STP Marketing Strategies Comparison**

#### **Segmentation**

Korean C-to-C e-business customers are mostly 1) people who want to save time: Living in

the high-speed society especially as the nation who is famous for doing everything quickly, there are more and more Koreans shopping on line for saving times.2) people want diversified products. As time goes, people want more different products, different designs, and even different colors. People want to have more choices. Especially Koreans are very creative and have more curiosities and are willing to try new thing. They have more demand for diversified products. 3) People who are price sensitive and willing to take more risk.

### **Targeting**

Targeting consumer for Korean C-to-C e-business is from teenager to 30s, because they spend more time on the Internet and have limited amount of money for shopping, need more various products considering more practical rather than the quality. From teenager to 30s their main focus of the Internet shopping is price and the popularity trend comparing for the over 30s who are more care about the price and the product quality

**Table 5: Comparison Analysis of Consumer Age with Internet Using Rate and Financial Ability**

<i>Age</i>	<i>Internet Using rate</i>	<i>Financial purchasing ability</i>
Teenagers	Very high	Low
20s(main target)	Very high	High
30s(substantial target)	High	Very high
40s	Low	Very high
50s or over	Very low	High

### **Positioning**

The concept of positioning could be considered as a dynamic static concept of role, the role that fits within the framework of the emerging body (Rom Harre & Luk Van Langenhove 1999).

The past thinking was that a good product would sell itself. However, there are no products, which now can be termed as bad product. The question on the product therefore has become whether the company creates what its intended customers want. Aspects such as brand name, styling, quality, safety, packaging, appearance, repairs and support are monitored in company's products (Kotler and Armstrong 2006).

**Auction.co.kr:** Auction.co.kr has positioned as containing the most various products with the lowest price. Compared with Gmarket, which has sold mostly by the set price, Auction.co.kr also positioned itself as auction market. Their vision is to make the more efficient free and global online market.

**Gmarket.co.kr:** Talking about Gmarket, it has always claimed that the business is the 1<sup>st</sup> and the best in the C-to-C market. Gmarket's slogan is "Good and Global e-market For Green world" ([www.Gmarket.co.kr](http://www.Gmarket.co.kr)). According to the survey done by Korean Financial Supervisory Service, 44.3% of the internet users are willing to purchase in Gmarket and 44.3% of the internet users are willing to purchase in Auction, 59.1% of the users are satisfied by using Gmarket, and 53.4% are satisfied with Auction. Still Gmarket is on the top of the Korean C-to-C e-market in term of the trading amount (Korean Financial Supervisory Service).

**11st.co.kr:** Creating new shopping culture and environment of trust, 11st inscribe its differentiated image and concept in customers' minds ([www.11st.co.kr](http://www.11st.co.kr)). 11st is inspiring fresh shopping culture into open market area. It brings fast and joyful shopping concept into their whole process ([www.11st.co.kr](http://www.11st.co.kr)). Breaking the stereotype that price competitiveness is all of internet C-to-C market, 11st revolutionizes shopping concept into an entertainment ([www.11st.co.kr](http://www.11st.co.kr)). Using Web 2.0, communication functions such as Chapping service, Daily Say (the term indicates blogs in 11st), and information navigator system synchronized with

mobile, which is linked with SKT enable fast, joyful, and ubiquitous shopping ([www.11st.co.kr](http://www.11st.co.kr)). Also, 11st advocates “TRUST” business. Initiating their business with a motto, “clean open market,” 11st promotes lots of policies. (e.g., 110% refund system for counterfeits, 110% guarantee of the lowest price, 24-hour call center etc.). “TRUST ZONE” is denoted as a symbol of 11st ([www.11st.co.kr](http://www.11st.co.kr)). Moreover 11st is about to constructing representative image of pure Korean company to customers and stakeholders ([www.11st.co.kr](http://www.11st.co.kr)).

### **2.3.2 4Ps marketing Strategies Comparison**

Marketing mix is a combination of marketing tools that are used to satisfy customers and meet organization’s objectives (Kotler and Armstrong 2006). Fundamentals of marketing usually identify 4Ps of the marketing mix as referring to Product, Price, Place (Distribution) and Promotion. These 4Ps are the parameters an organization can control depending on the internal and external constraints of marketing situation (Kotler and Armstrong 2006). The goal is to make decisions that center the 4Ps on the customers in the target market in order to create a perceived value and generate positive response (Kotler and Armstrong 2006).

#### **Product**

**Auction.co.kr:** Based on the data and the suggestions that Auction has collected from the customers, Auction provides products by considering consumers preference by connecting with the offline small businesses (Korean Investment & Securities 2007). Therefore, Auction contains more diverse products from health foods to the electronic products. It also provides more detailed categories for assisting the customers (Korean Investment & Securities 2007).

**Gmarket.co.kr:** Gmarket shows the special discount product on the main webpage, for increasing the extra product selling. It also practices other form of marketing such as group buying auction

(i.e., more consumers buy the same product, the lower price they get), zero margin, and Lottery auction (i.e., consumer could have the chance to purchase a product at very low price mostly at 10% of the original price, similar with lottery) which is only available at the Gmarket (Korean Investment & Securities 2007).

**11st.co.kr:** 11st as the new player tries to come out with their own private brand product. 11st already has some private brand products such as Cherry Machen, SCINIC (cosmetic brands), Gianna by True Religion (jeans), and H by Jinni Kim (shoes) ([www.11st.co.kr](http://www.11st.co.kr)). According to the financial news, the sales of SCINIC are 3% of all cosmetic products in 11st and Cherry Machen is also growing steadily. Gianna by True Religion has been sold for 1.5 billion a year. The world-famous jeans brand, True Religion, collaborates these unique jeans with actress Jun Ji-hyeon ([www.11st.co.kr](http://www.11st.co.kr)). After the success of the jeans, 11st launched H by Jinni Kim, the fashion shoes brand which is made by actress Han Ji-hye and designer Jinni Kim and he said that “Private brand products and exclusively selling products are the efficient ways to differentiate the online shopping site from others and to offer customers better shopping experiences” (Korean Investment & Securities 2007). He also said Private brand products reduce the marketing expenses and enable 11st to sell economical price with good quality (Korean Investment & Securities 2007).

### **Price**

Talking about the most important factor –Price, Lichtenstein et al (1993) explained in a traditional view that price performs both positive and negative roles. Depending on the price of the particular product, the probability of purchasing the product may either increase or decrease. Pricing strategies are a sometimes-overlooked part of the marketing mix (Lichtenstein et al 1993). They can have a large impact on profit, so should be given the same consideration as promotion and advertising strategies (Lichtenstein et al 1993). A higher or lower price can

dramatically change both gross margins and sales volume. Lichtenstein et al (1993) had also stated the seven psychological constructs of the price perception: Prestige sensitivity, price quality schema, value consciousness, price consciousness, coupon proneness, sale proneness and price mavens.

Prestige sensitivity applied in the situation 1) when the customers are willing to pay higher prices because they pursue the prominence and status and they believe that the higher price associated with them; 2) Value consciousness means the ratio of the quality received after the price paid in a purchase situation; 3) Coupon/sale proneness applied in the positive effect of the coupon or sale proneness offered. Furthermore, he believed that only prestige sensitivity and price-quality schema play in the positive role of price, and the rest of them represent the negative role of price (Lichtenstein et al 1993)

**Auction.co.kr:** Auction has paid attention on the convenience and low price ([www.auction.co.kr](http://www.auction.co.kr)). It offers dynamic price strategy (e.g., regular auction, cooperate auction (i.e., if there are more people bid the product the price will decrease then consumer could buy at lower price and the seller could sell more product to collect more revenue.)) and also static price strategy (e.g., setting a price) ([www.auction.co.kr](http://www.auction.co.kr)). Auction differentiates itself with other auction e-business by addressing daily use product with lower price in order to make the customer satisfied. They hold more interesting auction such as 10Won auction, 1000 Won auction ([www.auction.co.kr](http://www.auction.co.kr)).

**Gmarket.co.kr:** Gmarket has lower registration fee and no card commission ([www.gmarket.co.kr](http://www.gmarket.co.kr)). It also does not charge for decorating the personal store. Besides Gmarket has the lowest commission fee ([www.gmarket.co.kr](http://www.gmarket.co.kr)). Gmarket does not take any commission until the deal is closed ([www.gmarket.co.kr](http://www.gmarket.co.kr)). The sellers could post their product on Gmarket

website until they have sold them. Following Table 6 is to explain Pricing comparison between Auction, Gmarket and 11st.

**Table 6: Pricing Comparison Analysis (Auction vs. Gmarket vs 11st)**

	<b>Auction</b>	<b>Gmarket</b>	<b>11st</b>
Register fee	○	X	○
Commission (successful deal)	○	○	○
Bankcard commission	○	X	○
Additional fee	○	X	○

**11st.co.kr:** 11st stresses the reliability of its products, sellers and services by many policies such as individual seller authorization and 110% refund system for counterfeits, potential sellers to participate in are hindered by its strong policies (www.11st.co.kr). 11st focused on branded products in order to guarantee the product quality, so the price is little higher, comparing with Auction or Gmarket .For decreasing the price burden, 11st also encourages the consumer to collect SPoint or coupons being able to purchase at the lower price (www.11st.co.kr). SPoint is a term for mileage of 11st (www.11st.co.kr). This point is generated when customer purchases goods. Mileage rate is different for each individual product category. This point can be used as money when customers settle accounts). Another price strategy of 11st is that they 110% Guarantee of the Lowest Price. If the customers find much lower price of the designated items, which is selling in other sites, 11st will refund by 110% (www.11st.co.kr).

**Place (Distribution)**

A company needs to ensure that its products are available at the right place, at the right time and in the right quantities. Distribution is about getting the products to the consumer (Kotler and

Armstrong, 2006).

**Auction.co.kr:** Auction has their own network with the local suppliers and the own delivery company ([www.auction.co.kr](http://www.auction.co.kr)). Therefore consumers could minimize concerns whether the product they ordered has lost or destroyed ([www.auction.co.kr](http://www.auction.co.kr)). Due to the local network it has, consumers are able to have very new and fresh product in the short time especially for the groceries or good product, besides the network provides quicker delivery with lower price ([www.auction.co.kr](http://www.auction.co.kr)).

**Gmarket.co.kr:** Gmarket also uses offline network with the grocery suppliers. It offers consumers needs by both online and offline ([www.gmarket.co.kr](http://www.gmarket.co.kr)). Gmarket has connected offline supermarkets for the grocery items. So if the consumer ordered online, it could deliver more quickly.

**11st.co.kr:** 11st is a platform to connect the sellers and the buyers, but they also connected both online and offline sellers in order to make the biggest marketplace. 11st adopts mobile methods to increase accessibility ([www.11st.co.kr](http://www.11st.co.kr)). Consumers could through Internet banner ads and special hyperlinks in partnership websites such as Cyworld, Nate-on, and SKTelecom ([www.11st.co.kr](http://www.11st.co.kr)).

## **Promotion**

In the context of marketing mix, promotion represents the various aspects of marketing communications that is communication of information about the product with the goal of generating positive customer response (Kotler and Armstrong, 2006). Marketing communication decisions include advertising, public relations and publicity, media, and sale promotions (Kotler and Armstrong, 2006).

The similarity among the C-to-C e-businesses market promotion strategies is that most of

them use female young persona Lee Hyooli who is one of the top star in Korea. She has not only spoken for Gmarke and Interpark, also has been the spoken person for 11st.

**Auction.co.kr:**

1:1 promotion: Auction provides 1:1 service such as new discount information for stimulate purchasing via e-mail or direct mail

([www.auction.co.kr](http://www.auction.co.kr)).

Star shop: After Gmarket got some success in star shop, Auction also adopts this strategy for letting the celebrities dress in products ([www.auction.co.kr](http://www.auction.co.kr)).

Advertising: Auction use “one of five Koreans uses Auction” ([www.auction.co.kr](http://www.auction.co.kr)) as the slogan to strengthen the recognition and chooses well known Korean singer Bae Chorl Su to strengthen the reliability and “The more people sell in Auction, the lower price you can get” ([www.auction.co.kr](http://www.auction.co.kr)) to emphasize the low price. Recently Go Hyen Jong has been chosen for Auction’s TV advertising mainly focus on Auction’s online grocery store.

Besides TV advertng, Auction was the first one to use the Newspaper advertising since 2004.

([www.auction.co.kr](http://www.auction.co.kr)). Unlike other player, it has emphasized people can easily sell their products rather than buying. And from 2005, it has more addressing the low price factor. ([www.auction.co.kr](http://www.auction.co.kr))

Auction also uses subway advertng addressing how customers could sell their unwanted product easily on Auction.



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**Gmarket.co.kr:**

Besides using TV advertising by super celebrities, Gmarket focuses on those people who are hesitating buying things in Gmarket. It tries to attract those potential customers with various activities such as “Get 10 millions won with guessing the Pin numbers” (i.e., people could log in the website and input the Pin number which had posted at the subway or cable TV) ([www.gmarket.co.kr](http://www.gmarket.co.kr)). This activity has not only rise the customer’s interesting on Gmarket, also improves customers’ awareness toward Gmarket. Unlike other website who arranging the product categories by popularity, Gmarket posts the product photos on the main website for getting people’s attention at the first site.

**11st.co.kr:** As a later player who just started since 2008, It’s very hard for 11st to compete with Auction who holds most memberships and Gmarket who maintains the most using rate and market share. 11st emphasize they guarantees customers could retune or change the product easily without any explanation. “Come to 11st. Surprising benefits for customers are there to protect Korea Internet shopping” is advertising slogan ([www.gmarket.co.kr](http://www.gmarket.co.kr)). Without seeing the product, customers most worries about what if they don’t like what they got or it is different with the product they have seen on the website or the quality is lower than what they expect. Deducing the customers’ risk 11st provides 110% refund system for counterfeits, 24-hour call center, OK Cash-back maximum 11% discount, compensation for customer’s fault in product ([www.gmarket.co.kr](http://www.gmarket.co.kr)). Free returning or changing products is the strongest attrition for the C-to-C e-business consumer.

### 2.3.3 SWOT Marketing Strategy Comparison

#### Auction:

**Table 7: Auction SWOT Analyses**

Strengthen	Weakness
<ol style="list-style-type: none"> <li>1. The first and biggest Korean C-to-C auction site</li> <li>2. Brand power</li> <li>3. Consolidated with eBay global giant auction site strong financial support</li> </ol>	<ol style="list-style-type: none"> <li>1. Rely on singularity customer (on young consumer group)</li> <li>2. Low trust</li> <li>3. Income source only from the commission fees and advertising</li> <li>4. Vacuity contents</li> </ol>
Opportunity	Threaten
<ol style="list-style-type: none"> <li>1. Korean C-to-C e-business growth</li> <li>2. Most of the internet users are young people</li> <li>3. Depression in Economic</li> <li>4. Entering global market</li> </ol>	<ol style="list-style-type: none"> <li>1. Fierce competition in C-to-C e-business</li> <li>2. Low quality products , and not honest seller</li> </ol>

**Strengthen:** Auction was the first and the biggest auction website in Korea (Korean Investment & Securities Reports 2007). It has more than 10 million members who have registered in the website with a strong band value (Korean Investment & Securities Reports 2007). Because it has consolidated with global cooperation eBay, Auction has a very strong capital source.

**Weakness:** Although Auction holds more members, most of them are young people; they should extend their consumer group to the potential middle age (Han 2007). Without testing the auction products, the trust toward the e-business is very low. Besides Auction depend on only commission fees and advertising making their revenue very unstable (Kwang-Hee Han 2007). Comparing Gmarket its contents are not fresh and unique enough for being outstanding in the market to attract more customers.

**Opportunity:** Korean Internet users are still growing so it makes the C-to-C e-business have the potential to grow. Although most of the consumers of Auction are young people, they are also

the majority of the C-to-C e-business consumers. From late 2008 there has been the most serious world Economic Crises which attacked Korea badly, more and more people became price sensitive and have been more interested on C-to-C e-business. Consolidating with eBay not only give Auction strong capital enforce also give it opportunity to enter the global market.

**Threaten:** As the Korean C-to-C e-business, there are more competitors enter the market to make the competition more tough and firers and low price product and not honest seller could hurt Auction’s image, losing the trust from the customers eventually.

**Gmarket:**

**Table 8: Gmarket SWOT Analyses**

<b>Strengthen</b>	<b>Weakness</b>
<ol style="list-style-type: none"> <li>1. Loyal customer sustaining</li> <li>2. Low fees</li> <li>3. Bargaining and Random selection auction</li> <li>4. Star shop</li> </ol>	<ol style="list-style-type: none"> <li>1. Low profit margin</li> <li>2. Weak brand value</li> </ol>
<b>Opportunity</b>	<b>Threaten</b>
<ol style="list-style-type: none"> <li>1. Korean C-to-C e-business growth</li> <li>2. Strong capital support</li> </ol>	<ol style="list-style-type: none"> <li>1. Market saturation</li> <li>2. Strong competitors</li> </ol>

**Strengthen:** Gmarket provides 1% to 5% discount coupon and “Gstamp” (i.e., customer could use Gstamp to attend some special auction) to stimulate the selling Gmarket use lower price to attract customer and use-differentiated event to maintain loyal customers (www.gmarket.co.kr). As it has mentioned before Gmarket only take commission if the deal between buyer and seller has successfully closed, and there are no other fees such as registration fee, bankcard commission (i.e., Gmarket bears 3% bankcard commotions for the customers) or additional fees (www.gmarket.co.kr). Although it bring Gmarket some disadvantage, as having single source

of revenue but it will attract more sellers joining Gmarket. More sellers will make the price competition much tense and eventually price competition between sellers will bring benefit to the buyers and more buyers will bring profit to the sellers also.

Gmarket has introduced bargaining function that has been evaluated as the best service so far. Buyers can bargain the price with the sellers directly. And also has introduced a random auction event that customers could not only have a chance to purchase the product at 1% to 10% of the original priced also add more fun in the shopping ([www.gmarket.co.kr](http://www.gmarket.co.kr)).

Gmarket has add one category as star shop that sell the cloths or items that has been wear by celebrities, this star shop has got popular among teenagers or young age group who chase the fashion trend.

**Weakness:** Gmarket's low price strategy could bring itself some disadvantage. Gmarket sell the product at low price that give itself very low profit margin. Also because it is only play as the media, there could be a lot of difficulties happen between buyers and sellers, unfortunately these difficulties could affect as Gmarket's problem and hurt the brand image Moreover, because most of the Gmarket's products sell at low price it has "cheap" image than other e-market to hurt the brand value.

**Opportunity:** The growth of Korean C-to-C e-business has given Gmarket a promising opportunity, and recently Oak investment partner has invested 8 billion won that gives Gmarket stronger capital support (Kwang-Hee Han 2007).

**Threaten:** There are too many e-business companies in Korea. Not only pure C-to-C e-business market, B-to-C e-business companies start to enter the C-to-C business such as CJ mall, Interpark and Lotte.com. And also new marketplace such as 11st, make the battle much fierce.

11st:

**Table 9: 11st SWOT Analyses**

<b>Strengthen</b>	<b>Weakness</b>
1. Combined m-commerce 2. Own brand product	1. Operation instability 2. Few users
<b>Opportunity</b>	<b>Threaten</b>
1. Only pure Korean brand 2. Different positioning	1. Market saturation 2. Customers low loyalty

**Strengthen:** 11st is found by SK the biggest telecommunication company who has more than 1 million users (www.sk.co.kr). It has used this advantage to allow all the users to send SMS by mobile to the 11st online store for opening more wide market (www.11st.co.kr). Besides 11st has secured some products from the designers and producers which only available at the 11st.

**Weakness:** 11st has started since early 2008. With such short experience, the operation management has not quit matured yet, and had some criticized from the customers. Since 11st has just enter the market, it has not sustain as many customers as Auction or Gmarket.

**Opportunity:** Since Auction and Gmarket have been consolidated with eBay, 11st is the only pure C-to-C e-business shopping site in Korean market, and could give them some of the opportunity since Korean is a racially homogeneous nation people are prefer domestic company from patriotism perspective.

**Threaten:** As it mentioned before, there are too many e-business companies in Korea. Not only pure C-to-C e-business markets, B-to-C e-business companies start to enter the C-to-C business. In addition there are too similar market, customers' loyalty seem to get very low.

### **3. Consumer Behavior towards C-to-C e-Business**

#### **3.1 Consumer Behavior towards e-Business**

##### **Price sensitivity**

From Baye et al.'s (2003) research, it was showed that consumer could save approximately 16% by using Internet channel. It had been more advance use in C-to-C e business, since consumers could trade both new and used goods in the C-to-C e-business market (Baye et al. 2003).

Since the consumers are individuals who do not have to cope with overwhelming deals, it is believed that the e-business could be more efficient than the brick and mortar companies (Bryjolfsson and Smith, 2000). The researchers have exposed that it is 6% to 16% cheaper in the e-business than other brick and mortar channel and also the company fluctuations in price or price adjustments in the e-business are 100 times smaller than the brick and mortar companies (Bryjolfsson and Smith, 2000). Moreover, it is found that there is greater price dispersion on the e-business than the brick and mortar channels (Bryjolfsson and Smith, 2000), and Smith and Bryjolfsson (2001) had stated that online consumers are much price sensitive and looked for the better price.

##### **Decision-making**

The investigation into the effect which lenient return policies have on consumers and the potential sale and how return policy effected choice had connected with the time it took to make a choice, the rating of product quality, and buyer remorse (Wood 2001). It has been also found that when there is lenient return policy participants took less time to making a decision when picking a product (Wood 2001). In addition, it has been found that when there is a lenient return policy in place the products were rated higher on a scale for product quality (Wood 2001).

It has been also shown that consumer purchase decision-making could also be influenced by social-cultural (Wood 2001).

### **Social-cultural**

Culture is the most widely studied factor in e-business. It influences the degree of acceptance or rejection of the business models and the speed or success of them because it has involved the compatibility and the value standard of the society (Zhou, Z & Nakamoto, K 2001). There have been various studies about the relationship between cultural factors and the e-business such as website design preference among different cultural background, online shopping behaviors and trust in e-business (Zhou, Z & Nakamoto, K 2001).

In Kluchhohn's (1951) paper, it was mentioned that cultural as guidelines lead people to adapt the different social and physical environment. For further explanation, he stated an example that people from Western countries tended to be more valued individualism comparing to the people in Asia who were highly regarded collectivism and also there were significant difference between people from east and west on materialism. However Belk (1988) and Wong & Ahuvia (1998) had different explanation on materialism. They believed that because of the globalization and increased market sharing and economies interdependence, materialism with the respect of Collectivism from the western cultural had been commonly adopted among Asian countries.

In Park and Jun (2002)'s cross-cultural comparative study, it was mentioned that the perceived risks of online shopping and online shopping behavior between Korea and US were significantly different. It was longer usage of the internet per week and higher perceived risks of online shopping in the Korean sample than the US sample (Park and Jun 2002).

As the previous studies have shown that online purchase behavior is related to socio

demographics, most of the online consumers are male, expect most of the grocery store's customers are female (Casas *et al.*, 2001). Also age is one of the factors that presented in the e-shopping non-linear manner. People over 40 tend to use online market less likely, comparing to the young people (Farag *et al.*, 2003). According to the Casas's paper (2001), high income and education level also another factor that could be affected online shopping behavior.

Value standards have an indirect impact on the consumers' behavior. Researcher Shim and Eastlick (1998) said "hierarchy exists among values, attitudes and behaviors such that values indirectly influence behaviors through attitudes, more specifically, values have an impact on consumer and that attitudinal-based higher-order cognitions gave rise to particular choice criteria in the marketplace". Internet experience and frequency are other factors to affect online shopping behavior (Shim *et al.*, 2001; Sim and Koi, 2002).

### **Search activity**

Another important factor of the online purchasing is search activity that is categorized as external information search activity. Bloch et al (1986) suggested that "an orientation focusing solely on repurchase search is deficient and unable to account for search activity that is recreational or that occurs without a recognized consumption need." Other researcher Tauber (1972) stated that consumers shop for both product information and psychological satisfaction. Personal and social factor could categorize such motivation. Personal factor include role-playing, self-gratification and learning new trends (Tauber 1972). And Social factor include social experience, communication with other, and the pleasure of bargaining (Tauber 1972). According to Bellenger and Korgaonkar (1980) report's, there are part of the consumers enjoy the act of shopping without

Purchasing any product, such behavior is usually called window-shopping. Therefore, ongoing search activity is defined as search activities that are excluding specific purchase needs or decisions (Bloch *et al.*, 1986). Ongoing search activities include browsing, window shopping, reading a fashion magazine for new trends acquisition, discussing new trends of fashion, or get the information about products (Bloch *et al.*, 1986).

### **3.2 Consumer Behavior towards C-to-C e-Business**

It is believed that the consumers who use C-to-C e business channel are more relatively more price sensitive, take more risk and have lower perception and are less loyal than the customer who do not purchase from C-to-C channel (Anderson and Zahaf 2007). Following section examines consumer behavior towards C-to-C e-business from trust and consumer loyalty aspects.

#### **Trust**

Trust is a critical issue in e-Business, because buyers have to have the trust on the online sellers who sited to have the product and the price they advertised, and the sellers have to trust the information that the buyer claimed (Preissle et al 1999). Besides the only information the other member knows is usually the display name and feedback rating (Ba et al., 2003). The reliability and security is the two main issued on the online transaction problems. Reliability means credibility and trustiness between online vendors and customers (Preissle et al 1999).The security problems contain personal privacy and confidential data protection and security of the payment systems (Preissle et al 1999). The online Business customers need to trust both the Medium they are using and the sellers to complete the online transaction.

A buyer or seller does not have to give his or her information to the C-to-C e-business operators such as eBay or Yahoo other than the email which could remain invisible and be changed regularly if the member wants to hide his or her past (Dellarocas, 2003). This means a seller or buyer can do fraudulent things and if they feel that no one wants to do business with them due to a poor feedback they can just easily create another email address and sign up under a new name with a fresh start (Dellarocas, 2003). This can be quite problematic as it is estimated that C-to-C e-business fraud is 10 times more common than the second and third most reported Internet frauds combined (Albert, 2002). While C-to-C e-business operators try to avoid accuse around these incidents, the company is open to major legal threats (Gonzales, 2003).

The C-to-C e-business channel is not a particularly easy area to build a brand image off of, as it does not have the benefits of other online and non-online businesses (Dellarocas, 2003). An online business can build its name over time and build a reputation with that. Further, a brick and mortar business can develop an identity and make consumers feel safer through its in person service and tangibility (Dellarocas, 2003). The C-to-C e-business channel does not have this as many of the sales between the seller and buyers are not duplicated thus making it difficult to establish itself (Resnick and Zeckhauser, 2002).

### **Consumer loyalty**

It has been confirmed by the research that that Non-C-to-C e-business buyers are more loyal to the place of purchase than the C-to-C e-business buyers (Anderson and Zahaf 2007). It has shown in many cases that non C-to-C e-business buyers tend to often shop from the same stores (Anderson and Zahaf 2007). It does not necessary mean that these consumers will only buy from one particular store and will not shop around, they do some comparison but keep it to only a few regular places (Anderson and Zahaf 2007). This group would most likely go to its most popular

stores then pick the product and price from the selection offered there (Anderson and Zahaf 2007). In contrast, as it has mentioned before, C-to-C e-business buyers are very price sensitive (Anderson and Zahaf 2007). Price could be the main motivating factor behind why consumers buy through the C-to-C e-business (Anderson and Zahaf 2007). The reason why they choose C-to-C e-business is that individuals sell the product for a lower price than the businesses (Anderson and Zahaf 2007).

Anderson and Zahaf (2007) have indicated that the C-to-C buyers are less sensitive toward time and do not see it as much of a valuable asset. They do not mind spending the time when making the purchase, as they will thoroughly research the product and then make the purchase (Anderson and Zahaf 2007). The C-to-C buyers may even enjoy the whole process, thus making it more worthwhile to spend time on (Anderson and Zahaf 2007). MacInnes (2005) has researched risk online and risk associated with the C-to-C channel, but neither has looked at how different users perceive risk through different mediums (MacInnes 2005). It was hypothesized that C-to-C buyers are more risk takers than Non-C-to-C buyers, but the results showed that there was no real difference between the two groups (MacInnes 2005). In preceding research Anderson and Zahaf (2007) also stated that the C-to-C environment is a much riskier than the regular only market. As the C-to-C buyers spend more time researching their purchases, it is clear that by going to a less trustworthy site it is riskier, but they are willing to compensate for the risks of the site and thus making it more trustworthy (Anderson and Zahaf 2007). In conclusion, it was showed that loyalty is affected by price sensitivity, shopping time, and risk taking and perceptions (Anderson and Zahaf 2007). Also it could interpreted as When loyalty was not present, the consumers spent more time researching the purchase and were more inclined to look for the best price (Anderson and Zahaf 2007).

## 4. Hypothesis Development

The primary purpose of this research is to explore the Korean consumer attitudes towards C-to-C e-business and examined relationship between the consumer attitudes and factors such as convenience, price, product & service, promotion, advertising, additional supporting program and website design. The questionnaire was divided into sections according to the different factors that could affect Korean consumer attitude toward C-to-C e-business.

### 4.1 Convenience Factor

It has been published that researchers found one of the major factor to increase consumer satisfaction from e-business is convenience (Cho, Im, Hiltz, and Fjermestad 2001). It is found that with the internet and a media –inherent, characteristic of the e-commerce is its accessibility that does not restricted by anytime (Cho 2008). However, the way e-business offers convenience and the way customers perceive it are significantly affect consumer attitudes toward C-to-C e-business (Cho 2009). Korean C-to-C e-business provides convenience to the consumer by proving more efficient system such as easy search program, price comparison system .and Korean consumers will perceive C-to-C e-business as convenient retail space. While e-business is developing, consumers' expectation toward e-business services is increasing (Cho 2009). Moreover, these basic services are already adopted by most of the C-to-C e-business, value added services that could enhance consumer satisfaction and minimize complaints (Cho 2009). Based on the consideration of convenient related issue, this study hypothesizes that as consumer positive attitudes toward the convenient factor of C-to-C e-business increases, consumer satisfaction also increases.

***H1: As consumer positive attitudes toward the convenient factor of C-to-C e-business increases, consumer satisfaction also increases.***

## **4.2 Product Factor**

Consumer satisfaction with a product refers to the favorability of the individual's subjective evaluation of the various outcomes and experiences associated with using or consuming it (Hunt 1977). According to theories of buyer behavior (Engel, Kollat, and Blackwell 1973; Howard and Sheth 1969), the evaluation is based on a cognitive process in which consumers compare their prior expectations of product outcomes (i.e., to those actually obtained from the product. The extent to which expectations are realized assumed to be directly related to the level of satisfaction experienced. If actual product outcomes meet or exceed those expected, product performance and other important attributes)

Product availability has been an important factor, which affects consumer attitudes and satisfaction (Cho 2009). In order to attract more consumers' attention and needs, C-to-C e-business should consider product variety and quality (Cho 2009).

Based on the consideration of product related issue, this study hypothesizes that as consumer positive attitudes toward the product factor of C-to-C e-business increases, consumer satisfaction also increases.

***H2: As consumer positive attitudes toward the product factor of C-to-C e-business increases, consumer satisfaction also increases.***

## **4.3 Price Factor**

Talking about the most important factor –Price, Lichtenstein et al (1993) explained in a traditional view that price performs both positive and negative roles. Depending on the price of the particular product, the probability of purchasing the product may either increase or

decrease. The consumers who use C-to-C e business channel are more relatively more price sensitive, take more risk and have lower perception and are less loyal than the customer who do not purchase from C-to-C channel (Anderson and Zahaf 2007). Based on the consideration of price related issue, this study hypothesizes that as consumer positive attitudes toward the price factor of C-to-C e-business increases, consumer satisfaction also increases.

***H3: As consumer positive attitudes toward the price factor of C-to-C e-business increases, consumer satisfaction also increases.***

#### **4.4 Promotion Factor**

Behavioral research on sales promotions has tended to focus on the demographics of deal-prone consumers and the identification of personal traits such as “coupon proneness”, “value consciousness” or “market mavenism” (Lichtenstein, Netemeyer, and Burton 1990). These studies offer a coherent portrait of the demographic and psychographic characteristics of deal prone consumers (Blattberg and Neslin 1993). As a result, most analytic and econometric models of sales promotions simply assume that monetary savings are the only benefit that motivates consumers to respond to sales promotions (Blattberg and Neslin 1993). Researchers have advanced explanations related to achievement motives, self-perception, fairness perception, or price and quality inferences in low-involvement processing (Raghubir and Corlman 1999).

Based on the consideration of price related issue, this study hypothesizes that as consumer positive attitudes toward the promotion factor of C-to-C e-business increases, consumer satisfaction also increases.

***H4: As consumer positive attitudes toward the promotion factor of C-to-C e-business increases, consumer satisfaction also increases.***

#### **4.5 Advertising Factor**

Consumer attitudes toward advertising in general have long been found to be negative (Zoller, Housen, and Matthews, 2001). Zanot had found that attitudes toward advertising became increasingly negative after the 1970s (Zanot 1984). Early surveys of consumer attitudes revealed somewhat positive results. Gallup found that a majority of respondents liked advertising and found it to be informative (Gallup1959). Bauer and Greyser reported that more people held favorable attitudes toward advertising than unfavorable attitudes (Bauer and Greyser 1968). The trend changed after 1970. Harris and Associates, for example, found that a majority of respondents considered TV advertising to be seriously misleading (Schlosser, Shavitt and Kanfer 1999). Later studies have provided more evidence of the unfavorable public attitude toward advertising (Zoller, Housen, and Matthews, 2001). More recent studies have focused on attitude structures. Elliot and Speck (1998) investigated six major media (TV, broadcasting, magazines, newspapers, Yellow Pages, and direct mail) and found that television and magazines exhibited the highest level of ad-related communication problems (hindered search and disruption) (Zoller, Housen, and Matthews, 2001). Perceived clutter, hindered search, and disruption were related to less favorable attitudes and greater ad avoidance. These effects varied in different media (Elliot and Speck1998). The differences in the way different media affects consumer attitudes were also reported (Elliot and Speck1998). Based on the consideration of advertising related issue, this study hypothesizes that As consumer positive attitudes toward the advertising factor of C-to-C e-business increases, consumer satisfaction also increases.

***H5 : As consumer positive attitudes toward the advertising factor of C-to-C***

*e-business increases, consumer satisfaction also increases.*

#### **4.6 Website Design Factor**

Customer satisfaction has typically been studied in physical environments. In contrast, Website satisfaction relates to ‘stickiness’ and ‘the sum of all the website qualities that induce visitors to remain at the website rather than move to another site’ (Holland and Menzel 2001). According to Anderson and Srinivasan (2003), e-satisfaction is defined as the contentment of the customer with respect to his or her prior purchasing experience with a given online vendor. A positive navigation experience and perception of a well-designed site may result in consumer e-satisfaction (Agarwal and Venkatesh). Koufaris (2002) uniquely combines elements of the Technology Acceptance Model (TAM), with marketing and consumer behavior when examining web users’ behavior. The results of the investigation suggest that characteristics, such as involvement with a product, level of web skills of the consumer, value-added search mechanisms, and the challenge to perform to the best of one’s ability will result in perceived usefulness and perceived ease of use (as in TAM), as well as shopping enjoyment (Koufaris 2002). However, Dittmar (2004) outline the computer environment as being seen as ‘masculine’, which may lead women to feel some sense of disempowerment.

Based on the consideration of website design issue, this study hypothesizes that As consumer positive attitudes toward the web site design factor of C-to-C e-business increases, consumer satisfaction also increases.

*.H6: As consumer positive attitudes toward the web site design factor of C-to-C e-business increases, consumer satisfaction also increase*

## 5. Methodology

### 5.1 Data Collection

This study conducted a survey and applied advanced statistics such as factor analysis, ANOVA, Chi-square and regression to examine Korean consumers' attitudes toward C-to-C e-market. This study examined relationship between the consumer attitudes towards factors such as convenience, price, product, promotion, advertising and website design. The survey has been collected on both online and offline. There are all together 154 people did this survey voluntarily as anonymously.

For online data collection, the survey was distributed via e-mail that addresses were obtained from the mailing list of a university alumnus. It was distributed to total 720 people and got the respond from 81 out of 720, therefore the online response rate was 11.25%. For offline data collection, the survey was randomly distributed to Korean citizens at various places such as coffee house, churches, and public institutions est. There were 73 Koreans out of 100 respond to the survey request, therefore the offline response rate was 73 %.( See Table 10)

**Table 10: Survey Response Report**

<b>Total result: 154 (100%)</b>	Online: 81 (53.63%)	Offline: 73 (46.68%)
<b>Response rate</b>	Online 11.25%(81/720)	Offline:73%(73/100)
<b>Gender</b>	Male: 75(48%)	Female: 79 (52%)
<b>Marriage status:</b>	Single: 109 (71%)	Married: 45 (21%)

Among the 154 respondents, 3% of them are teenagers, 30% of them are between 20 to 25 years old, 44% of them are between 26 to 35 years old, 22% of them are between 36 to 45 –year old and 1 % of them are between 46 to 55 years old, none of them are over 55 years old. Approximately 3% state that their highest education level is high school or below, 8% of them

are university (2 years), 48% of them are university (4 years) and 41% of them have master degree or above (See Table 11 and Table 12).

**Table 11: Age Group of the Respondents**

Age Group	Count	Percent
<b>Below 20(Korean age):</b>	4	3%
<b>20-25 (Korean age)</b>	46	30%
<b>26-35 (Korean age)</b>	66	44%
<b>36-45 (Korean age)</b>	34	22%
<b>46-55 (Korean age)</b>	1	1%
<b>Over 55(Korean age)</b>	0	0

**Table 12: Education Level of the Respondents**

Education Level	Count	Percent
<b>High school or Below</b>	5	3%
<b>University (2 years)</b>	9	9%
<b>University (4 years)</b>	75	50%
<b>Master or above</b>	62	41%

Among the 154 respondents, 37% of them are students, 4% of them do personal business, 42% are company employees, 4% are educators and 6% are government officers and 3% do freelance the left 4% have no job or other type of job which doesn't belong to any categories. Approximately, 41% of the respondents do not have any income, 11% have income between 10 million Won or below, 2% have income between 10,001 thousands Won to 20 million Won, 12% have income between 20,001 thousands Won to 30 million Won, 8% have income between 30,001 thousands Won to 40 million Won, 8% of them have income between 40,001 thousands Won to 50 million Won, 8% of them have income between 50,001 thousands Won to 60 million Won, 6% of them have income between 60,001 thousands Won to 70 million Won, 4% of their income is more than 70,001 thousands Won or above.(See Table 13 and Table 14)

**Table 13: Job Type of the Respondents**

Job group	Count	Percent
<b>Student</b>	57	37%
<b>Personal business</b>	6	4%
<b>Company employee</b>	65	42%
<b>Educator</b>	6	4%
<b>Government officer</b>	9	6%
<b>Freelance</b>	4	3%
<b>Other</b>	7	4%

**Table 14: Annual Income Level of the Respondents**

Annual Income Level	Count	Percent
<b>Not available</b>	63	41%
<b>10 Million won or below</b>	17	11%
<b>10.001 thousands to 20Millionwom</b>	3	2%
<b>20.001 thousands to 30Millionwom</b>	18	12%
<b>30.001 thousands to 40Millionwom</b>	13	8%
<b>40.001 thousands to 50Millionwom</b>	12	8%
<b>50.001 thousands to 60Millionwom</b>	12	8%
<b>60.001 thousands to 70Millionwom</b>	9	6%
<b>70.001 thousands won or above</b>	7	4%

50% of them have used Gmarket , 27% of them have used Auction , 4% have used eBay, 13% have used Interpark and 6% of them have used 11st. And 87% of them use C-to-C –e-business 4 times or less than times per month, 8% of them use C-to-C –e-business 5 to 8 times per month, 2% use 9 to 12 times per month and 3% of them use more than 13 times per month. Also 3% of them answered that they used to purchase the product which was less than 10.000 won , 3% purchased the product which is 10.000 won to 30,000won and 10% purchased the product was 30.000won to 50,000won, 33% purchased products which was 50.000 won to 100,000won , 29% purchased product valued 100.000 won to 150,000won , and 19% said they have spent from 150,000 won to 200,000 won for one product , and 3% of them have spend more than 250,000 for one product at C-to-C e-business market. There are approximately 26% of the respondents spend less than 50,000 won per month at C-to-C e-business market, 20% spent from 50,000won to 100,000won monthly, 9% spend 100,001 won to 150,000won monthly and 16 % spend 150.001 won to 200,000won, 11% spend 200.0001 won to 300,000won and 18% spend more than 300,001 won monthly at the C-to-C e-business market. The mean of the Korean overall satisfaction toward C-to-C e-business was 4.485294 (7 as top, 1 as bottom), so we could conclude that it medium.

**Table 15: Monthly Spend Report**

<b>Monthly spend amount</b>	<b>Count</b>	<b>Percent</b>
<b>Less than 50,000won</b>	40	26%
<b>50,000won-100,000 won</b>	31	20%
<b>100,001 won- 150,000won</b>	14	9%
<b>150,001 won- 200,000 won</b>	24	16%
<b>200,001 won -300,000 won</b>	17	11%
<b>More than 300,0001 won</b>	28	18%

## 4.2 Operational Measures

There are multi item scales used to measure each of the constructs that served as the basis

for the survey items (Cho 2009). The item scales were taken from previous studies and modified to several objectives of the present study (Cho 2009). Quantitative methods that include factor analysis, regression and ANOVA were applied to measure consumer attitudes toward C-to-C e-business. This study measures whether factors such as “convenience factor”, “product factor”, “price factor”, “promotion factor”, “Advertising factor” and “website-design” affect the consumer satisfaction toward C-to-C e-business. Several items used in this survey such as liker scales, nominal scales and open-ended questions. For liker scale questions, a seven-point scale was used with extreme labels such as “strongly Disagrees” as 1, and “Strongly Agree” as 7, and N/V as not available.

## **6 Analyses and Conclusion**

### **6.1 Hypothesis Testing**

The first step in this analysis was intended to valid reduce the data that might affect consumer satisfaction. This study ran a confirmatory factor analysis to identify those factors (Cho 2009). Using principal components analyses as the extraction method and Varimax rotation methods with Kaiser Normalizaion, the most relevant data emerged (Cho 2009). These analyses showed a distinct reduction of six factors, with Eigen Values over 1.00. Six factors that affect perceived satisfaction and preference towards C-to-C e-business usages appeared to be “convenience factor”, “product factor”, “price factor”, “promotion factor”, “Advertising factor” and “website-design factor”. This study presents the results of factor which analysis consumer

satisfaction toward C-to-C e-business.

**Table 16: Component Matrix: Result for Korean C-to-C e-business market**

Items		Component					
External Factors	Scale Items	1	2	3	4	5	6
Convenience B	The C-to-C e-business market I used to use is easy to search product	.807					
Convenience A	The C-to-C e-business market I used to use is easy to use	.788					
Convenience C	The C-to-C e-business market I used to use is easy to ask the delivery service	.787					
Promotion A	I prefer the C-to-C e-business market I used to use is because it is easy to down load the coupon		.832				
Promotion B	The C-to-C e-business market I used to use has the product suggestion serve that suggest the product I might need or like		.775				
Promotion C	I prefer the C-to-C e-business market I used to use is because I can easily use the coupon or discount service		.751				
Product B	The C-to-C e-business market I used to use has more various product			.874			
Product A	The C-to-C e-business market I used to use has more category of product			.855			
Web design E	The more pictures show on the website the more fun I have when I shopping at the C-to-C e-business market				.892		
Web design D	The more picture the website show the more reliable the customers feel				.875		
Advertising A	The C-to-C e-business market I used to use is introduced by people around me					.802	
Advertising C	I have known the C-to-C e-business market I used to use from magazine advertising					.712	
Advertising D	I have known the C-to-C e-business market I used to use from subway advertising					.685	
Price A	The C-to-C e-business market I used to use is much cheaper than other C-to-C e-business						.798
Price B	I am overall satisfied the delivery fee offered by the C-to-C e-business market I used to use						.508
Eigen Value		5.500	2.202	1.670	1.515	1.234	1.033

This study analyzed simple linear regression analyses and the analyses of variance (ANOVA).

Factor scores were used for regression analyses. Like Cho (2009) study used regression analyses for the impacts of external variables to the predictors that are consumer satisfaction. Another regression analysis was conducted to examine the consumer satisfaction and the shopping preference toward Korean C-to-C e-business. Table 17 shows that factors how indicators affect consumer satisfaction. Factor coefficients from factor analyses, were used for regression analyses. Regression analysis was applied to determine how indicators affect consumer satisfaction. The result in Table 17 show that factor such as convenience, Promotion, Advertising, and Web-design affect the consumer satisfaction (The results of the analysis of variance found the models significant at the .01 level with  $F=7.824$  )

**Table 17: Summary of the Effect of consumer satisfaction on C-to-C e-business**

Variable	Standardized	
	t-value	Sig-
Convenient Factor	4.849	.000**
Promotion Factor	-2.108	.037*
Product Factor	.182	.855
Web Design Factor	2.373	.019*
Advertising Factor	-3.399	.001**
Price Factor	1.329	.186

\*\*Significant at 0.01 level (2-tailed); \* Significant at 0.05 level (2-tailed)

## 6.2 Conclusion and Limitation

This research paper explored Korean consumer attitude toward C-to-C e-business. The finding of the study contributes to the development of the uses and providing implicated which and how does the factor affect the consumer satisfaction of C-to-C e-business. This study found out important factor that affect consumer satisfaction toward C-to-C e-business 1) Convenience

factor that Korean consumer prefer the website is easy to use: easy to search product, and easy to ask the delivery service 2) Promotion Factor: Korean consumer will use the certain C-to-C e-business market more if it is easy to down load the coupon from the website and easy to use the coupon or discount service and if the market provide the service that suggest the product they might like 3) Product & Serve Factor: The Korean consumer prefer the market provide various products and more categories. 4) Web site design Factor: Korean consumer prefer more pictures on the website and they consider it is more fun to shopping on C-to-C e-business market if there are more pictures presented on the website and they feel the market are more reliable.5) Advertising: Korean consumer know the website more from magazine or subway or people introduced, Surprisingly TV advertising do not affect consumer significant 6) Price: Surprisingly it is shown that expect the deliver fee, The price factor do not affect the Korean consumers satisfaction significantly. It could be explained as because there are not so many significantly different price strategies are used in Korea C-to-C e-business, the consumers do not distinguish the different market from one to each other.

From the statistic, it shows that there are no significant relation between Korean consumer satisfaction toward C-to-C e-business with price factor and product factor. There is also no significant difference between price and products at each website. Consumers feel that the prices are similar and they can find any products at each website. It is true that most of sellers not only sell at one website, they usually posted their products at each of the website, which result in the current circumstance. For the future development of Korean C-to-C e-business, it is necessary for the companies to differentiate their price and product factors with each other and enhance the Convenience, Promotion, Website design and Advertising factors.

The study has some limitation. There are some limitations on the design of the questionnaire, the connection between the questions are not scientifically developed enough. Also the limitation of the numbers of participants might affect the result on some level. Further study will cover this limitation and more valuable subjects will be surveyed. Although this study has applied multivariate statistics, the researcher will investigate cause and effect in the further study.

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인터넷 쇼핑 소비자 태도 시장 조사 보고서

안녕하세요, 저는 KDI국제정책대학원 MBA전공하는 대학원 학생입니다.저의 논문을 위한 시장조사 보고서에 참여해주셔서 대단히 감사합니다. 본 조사는 인터넷 오픈 마켓( Customer -to -Customer 개인 -대 -개인 거래) 에 대한 한국소비자 태도 조사를 위한 것입니다 본 조사는 자원의 형식으로만 진행되고 제공된 모든 자료는 학문연구용으로만 사용되며, 모든 자료는 연구자외의 타인에게는 제공되지 않습니다. 또한 모든 자료는 익명으로 활용됩니다.

Part I. 아래의 질문에 답해주세요

1. 인터넷 오픈마켓에서 상품을 구매하신적이 있습니까? 네 ( ) 아니오( )

( 구매하신적 있다면 2 번 문제로 가시구요, 없으시다 면 10 번 문제 부터 시작 해 주십시오)

2 아래 인터넷 오픈 마켓중 어느 사이트에서 구매해 보셨습니까?( 두가지 이상으로 선택할수 있습니다)

지마켓 G-market ( ) 옥션 ( ) 이베이 eBay ( ) 인터파크 ( ) 11 번가 ( )  
기타\_\_\_\_\_

3. 얼마나 자주 인터넷 오픈 마켓에서 구매 하십니까

<u>1=전혀 없음</u>		4=중간			<u>7=매우빈번</u>	
1	2	3	4	5	6	7

4.평균 한달에 몇번정도 인터넷 오픈 마켓에서 구매하십니까?

4번 또는 4번 이하 - ( ), 5번--8번 ( ), 9번--12번 ( ) 13번 이상( )

5. 평균 한달에 얼마정도 인터넷 오픈 마켓에서 소비하십니까?

5만원 미만 ( )	5만 부터 10 만원미만 ( )
10만원부터 15만원미만 ( )	15만 원부터 20만원미만 ( )
20만원부터 30만원미만 ( )	30만원 이상( )

6.인터넷 오픈 마켓에서 아래 상품들을 얼마나 자주 구매하십니까 ?

	<u>1=전혀없음</u>	4=중간			<u>7=매우빈번</u>		
패션/ 의류 /가방	1	2	3	4	5	6	7
화장품 /약세사리	1	2	3	4	5	6	7
컴퓨터 /전자관련상품	1	2	3	4	5	6	7
가전제품	1	2	3	4	5	6	7
식품/생활용품	1	2	3	4	5	6	7
가구,인테리어	1	2	3	4	5	6	7
도서 /DVD	1	2	3	4	5	6	7
여행/항공권	1	2	3	4	5	6	7

7. 인터넷 오픈 마켓에서 구매하는 상품의 단가가격은 주로 얼마 입니까? ( 두가지 이상으로 선택할수 있습니다 )  
 1만원 미만 ( ) 1만원 -3만원미만 ( ) 3만원-5만원 미만( ) 5만원-10만원미만( ) 10만원  
 -15만원미만( ) 15만원 -20만원 미만( ) 20만원 이상 ( )

8. 인터넷 오픈 마켓에서 구매하는데 대하여 전반적으로 얼마나 만족하십니까?

1=전혀없음                      4=중간                      7=매우만족  
 1                      2                      3                      4                      5                      6                      7

9. 인터넷 오픈 마켓에서 상품을 구매할때 어떤 형식의 구매를 즐기십니까?

경매( )                      정가 구매( )

10. 아래 인터넷 오픈 마켓중 어느 사이트를 가장 자주 사용하십니까 ? (단 한가지만 선택하십시오)

지마켓 G-market ( ) 옥션 ( ) 이베이 Ebay ( ) 인터파크 ( ) 11 번가  
 ( ) 기타\_\_\_\_\_

11. 가장 애용하는 인터넷 오픈 마켓에 대해서는 얼마나 만족하십니까?

1=전혀없음                      4=중간                      7=매우만족  
 1                      2                      3                      4                      5                      6                      7

Part 2. 다음 랭킹을 선택하여 주십시오. (인터넷에서 구매하신적이 있으시면 아래 문제를 기존 경험에 의하여  
 답해 주시고 인터넷 에서 구매하신 적 없으 시다면 기대를 토대로 답해 주십시오.) 1=강력하게 반대한다  
 4=중간    7=강력하게 동의한다 . 적용할수 없으면 N/A 를 선택해 주십시오.

12. 편의 요소 (Convenience)

	강력하게 반대한다	1	2	3	4	5	6	7	N/A
A. 지금 애용하고 있는 인터넷 오픈마켓은 사용하기 편리하다		1	2	3	4	5	6	7	N/A
B. 지금 애용하고 있는 인터넷 오픈마켓에서 구매하려는 상품을 찾기가 더 편리하다		1	2	3	4	5	6	7	N/A
C. 지금 애용하고 있는 인터넷 오픈마켓은 배송요청 이 편리하다		1	2	3	4	5	6	7	N/A
D. 지금 애용하고 있는 인터넷 오픈마켓에서는 상품비교가 더 쉽다		1	2	3	4	5	6	7	N/A
E. 지금 애용하고 있는 인터넷 오픈마켓에서는 상품구매시 결제하기가 편리하다		1	2	3	4	5	6	7	N/A
F. 지금 애용하고 있는 인터넷 오픈마켓은 실시간 문자 서비스가 제공되어 상품결제시 더 안심이 간다		1	2	3	4	5	6	7	N/A
G. 다른 인터넷 오픈마켓에 등록하기가 귀찮아서 사용하던온라인 오픈마켓을 계속 사용한다 .		1	2	3	4	5	6	7	N/A

13. 가격요소 (Price)

강력하게  
반대한다                      강력하게  
동의한다

A. 지금 애용하고 있는 인터넷 오픈마켓은 다른 사이트보다 가격이 더 싸다	1	2	3	4	5	6	7	N/A
B. 지금 애용하고 있는 인터넷 오픈마켓의배송가격에 전반적으로 만족한다	1	2	3	4	5	6	7	N/A
C. 지금 애용하고 있는 인터넷 오픈마켓은 정기적인 할인이 있어서 선호한다	1	2	3	4	5	6	7	N/A
D.지금 애용하고 있는 인터넷 오픈마켓은 가격비교가 쉬워서 선호한다	1	2	3	4	5	6	7	N/A

**14. 상품과 서비스 요소 (Product &Service)**

	강력하게 반대한다							강력하게 동의한다
A 지금 애용하고 있는 인터넷 오픈마켓에서는 선택할수있는 상품의 폭이 더 넓다.	1	2	3	4	5	6	7	N/A
B.지금 애용하고 있는 인터넷 오픈마켓은 상품의 종류가 더 다양하다	1	2	3	4	5	6	7	N/A
C 지금 애용하고 있는 인터넷 오픈마켓 에서 구매하는 상품의 품질에 믿음이간다	1	2	3	4	5	6	7	N/A
D. 지금 애용하고 있는 인터넷 오픈마켓에서는 내가 구매했던 상품의 세일정보를 제공하여 선호한다	1	2	3	4	5	6	7	N/A
E.지금 애용하고 있는 인터넷 오픈마켓에서는 항상 제일 새로운 상품(신상)을 찾을수 있다	1	2	3	4	5	6	7	N/A

**15. 홍보요소 (Promotion)**

	강력하게 반대한다							강력하게 동의한다
A. 지금 애용하고 있는 인터넷 오픈마켓에서는 쿠폰을 쉽게 다운받을수 있어서 선호한다	1	2	3	4	5	6	7	N/A
B. 지금 애용하고 있는 인터넷 오픈마켓에서는 항상 내가 원하는 상품이나 서비스를 추천해 주어 선호한다	1	2	3	4	5	6	7	N/A
C 지금 애용하고 있는 인터넷 오픈마켓에서는 할인쿠폰적립이거나 스탬프사용이 쉬워서 선호한다	1	2	3	4	5	6	7	N/A

Part 3. 다음 랭킹을 선택하여 주십시오. (아래 문제를 기존 경험이나 개인 견해에 의하여 답해 주십시오)  
 1=강력하게 반대한다 4=중간 7=강력하게 동의한다 . 적용할수 없으면 N/A 를 선택해 주십시오.

**16. 부가 지원 프로그램 (Additional Supporting Program)**

	강력하게 반대한다							강력하게 동의한다
A.인터넷 오픈마켓에서 진행되는 이벤트활동에 자주 참가한다	1	2	3	4	5	6	7	N/A
B.서로다른 인터넷 오픈마켓의 광고를 구분할수 있다 .	1	2	3	4	5	6	7	N/A
C.인터넷 오픈마켓을 광고에서 나오는 연예인의 호감도에 따라서 선택해서 이용한다	1	2	3	4	5	6	7	N/A
D.인터넷오픈마켓에서 공모전이나 자원봉사활동을 주최한다는것을 알고 있었다	네 ( ) 아니오( )							

E.인터넷 오픈마켓에서 주최하는 공모전이나 자원봉사활동에 참가한적이 있다	네 ( ) 아니오( )
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**17.종합적 충실도 (Overall Royalty )**

	강력하게 반대한다							강력하게 동의한다
A.한국계인터넷 마켓에서 구매하는것을 선호한다	1	2	3	4	5	6	7	N/A
B.글로벌 외국계 인터넷 마켓에서 구매하는것을 선호한다	1	2	3	4	5	6	7	N/A
C. 자주 이용하던 인터넷마켓외의 다른 마켓에서도 상품을 구매할 의향이 있다	1	2	3	4	5	6	7	N/A
D.글로벌 인터넷마켓에 더 신임이 간다	1	2	3	4	5	6	7	N/A

**18.웹사이트 디자인( web-site Design)**

	강력하게 반대한다							강력하게 동의한다
A. 웹사이트 디자인은 인터넷마켓을 선택할때 매우중요한 요인이다	1	2	3	4	5	6	7	N/A
B.애용하고 있는 인터넷 마켓 사이트의 디자인에 대하여 만족한다	1	2	3	4	5	6	7	N/A
C. 인터넷 마켓의 메인 사이트가 사진위주이기를 선호한다	1	2	3	4	5	6	7	N/A
E.인터넷사이트에서 상품소개시 사진이 많으면 상품에 대하여 더 신임이 간다	1	2	3	4	5	6	7	N/A
F.인터넷사이트에 사진이 많으면 쇼핑하기가 더 흥미롭다	1	2	3	4	5	6	7	N/A

**19.광고 영향 (Adverting Effect )**

A 주위 지인들 소개로 인터넷 오픈마켓을 선택하게 되었다.	네 ( ) 아니오( )
B. 인터넷 오픈 마켓을 TV 광고에서 보고 알았다	네 ( ) 아니오( )
C. 인터넷 오픈 마켓을 잡지 광고에서 보고 알았다	네 ( ) 아니오( )
D. 인터넷 오픈 마켓을 지하철 광고에서 보고 알았다	네 ( ) 아니오( )
E 인터넷 오픈마켓 스타 패션쇼에서 구매한적이 있다	네 ( ) 아니오( )
F. 인터넷 오픈 마켓을 광고에서 나오는 연예인이 좋아서 선택했다	1 2 3 4 5 6 7 N/A



