Customer Experience

in Chinese Group Buying Business

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1.Introduction

1.1 Research Background

As a result of the worldwide expansion of Internet during last two decades, the transformation of trade and the store transaction have experienced a breakthrough which contributed to the emergence of e-commerce. The development of e-business has changed people's daily life in different ways. Online shopping which is one of the categories of e-commerce has become the mainstream style of shopping in many countries. According to the report from Staticta (2013) 40% of world-wide internet users have experiences of purchasing products or services through digital online devices. Amazon is one of the leading e-commerce companies which have its business and operations all over the world. Customers can buy almost all daily goods and services through online market.

Business to business (B2B), business to consumers (B2C) and consumers to consumers (C2C) are the three dominating types of e-commerce. Furthermore, mobile commerce, using mobile devices to do online shopping, has been a new trend of e-commerce. Online to offline (O2O) is a new type of e-commerce which firstly emerged in America and was introduced to China in 2010. O2O means the transaction is finished online and the consumption is proceeding in physical store.

Group buying business is one type of O2O e-commerce which now has been spread all over the world. (Baidu Baike, 2015) Customers get a discount for the services or products they buy through the group buying websites. Meanwhile, corporate merchants get more customers through this kind of advertisement. The group buying website will take a cut from the corporate merchants. (Bilinska, 2001) Moreover, the products categories of group buying websites range from foods in different restaurants to hairdressing and beauty services. While many group buying websites are focusing on domestic markets, Groupon, a pioneer of group buying industry, has obtained 2.3 million subscribers and expanded its business and operations in 50

cities since launching 15 months ago (Nobel, 2010).

With the development of Internet technologies and online market, the increasing competitions motivate online companies to focus more on gaining competitive advantages. One of the significant ways of increasing competitive advantages is creating memorable customer experiences (Chang et al., 2010). *"Goods and service are no longer enough to foster economy growth, create new job opportunities, and maintain economy prosperity."* said B. Joseph Pine and James H. Gilmore (2011) in their book The Experience Economy. Nowadays, with the development and globalization of good and service industry, it is difficult to invent or encounter a real new product. Moreover, the drastic competition in the world market usually makes new stuff imitated fast, which means that the fundamental features of products and services such as price and quality could not be regarded as the only competitive advantage of a company any more. Customers will immediately change to another company's products if they have an unsatisfying experience with the previous one. Under this circumstance, many companies are trying to enhance or modify their items in order to improve their products and services differentiation.

A successful example of applying customer experience management strategy is from Singapore Airline (SIA). SIA quitted its membership of IATA (International Air Transport Association) and started to serve free onboard food and drink to its passengers. In addition, SIA also created the iconic "Singapore Girl" after realizing that authentic customer experience can only be transmitted to customers by the company's employee workforce. The result shows that SIA has gained a great success through it CEM strategy because the company has never experienced a financial loss. What companies should be prompted from SIA is that whether a service company could offer its customer memorable experiences or not has gradually become a main focus of companies. (Singh, 2013) Therefore, customer experience management should be included in a company's development strategy.

1.2 Research Motivation and Research Question

For B2C online shopping companies, customer experience management is also the core of their business strategy. Nowadays, many e-business companies still have been criticized for their indifference of customer experience. Moreover, many international e-business companies are reported to have the problems of unprofitability, low customer retention rate and unsustainability. Nevertheless, in U.S, nearly 41% of all online sales are from returning customers which just account for 8% of all site visitors. Loyal customers spend 3 times as much as first time buyers per visit. (Roggio, 2013) As for the e-commerce market is booming and there are new deal sites launching daily, there is no reason for any customer to be loyal to any one site, and no one wanted to own this loyalty through strong customer service; both of which were part of the eventual bust in the space (Bryant, 2014). When facing furious competitors, merchants usually offer different discounts. Consumers are bored of this concept. Therefore, offering a memorable online customer experience to create more loyal customers is one way to solve these existing problems in e-commerce companies.

These problems also exist in group buying business. Compared with traditional online shopping websites, group buying websites offer limited products/service categories in limited time (Che, Peng, Lim, & Hua, 2015). Thus, group buying websites could only satisfy minority customers' needs. In addition, many group buying sites failed because they put too much investigation to SEO (Searching Engine Optimization) and marketing over the product itself but ignoring the maintainability of customers.

Group buying business is fundamentally the brokerage between businesses and customers and receives commission fees from the transaction. Because of the low barrier of entry and exit, when creating a new group buying websites, other new websites will imitate the original one. This situation leads to the fierce competition in this industry. Compared to other types of B2C websites, group buying websites are facing more challenges since they are making business both with goods or service

merchants and group shopping customers. Customers' experiences are mainly from two origins which are goods or services from merchants and purchasing process of the group buying website. Thus, the group buying model increases the transaction complexity so that it is important for group buying websites to focus on the customer experience management. (Che, Peng, Lim, & Hua, 2015) Ensuring a good customer experience is an effective method that can help group buying company to keep customers coming back.

According to the statistics from Chinese Electronic Commerce Research Center (2014), the total turnover of Chinese online group buying industry in 2014 is 75 billion CNY (approximately 12 billion dollar). Until December of 2014, the amount of Chinese group buying users has reached 17.3 million. Until the end of 2014, the amount of Chinese group buying websites was 870. However, compared to the quantity of 2011 which was 5058, we can see that the problems of unsustainability and unprofitability in Chinese group buying industry are extremely obvious.

Given these considerations, the aim of this research is to contribute towards **how to improve the problem of customer sustainability in Chinese group buying business from customer experience's perspective**. By carrying out this work, the following research questions will be answered:

● **Where do customer experiences of Chinese group buying websites come from?**

This purpose of the first research question is to figure out the origins of customer's experience of group buying websites. Meituan, which is one of the group buying industry leaders in China, would be taken as a representative example to capture Chinese customers' experiences during the whole customer stages. Hoffman (2010)'s CxC Matrix and Jagan's customer experience framework will be applied to answer this question.

● **What are the most influential factors that affect Chinese customer's experience in group buying business?**

The second research question will be answered through conducting an online

self-completion questionnaire towards Chinese customers who have shopping experiences in Chinese group buying websites. Because of the huge amount of group buying websites in China, this research will take the five most competitive group buying websites, Nuomi.com, Dianping.com, Lashou.com, 55tuan.com and Meituan.com, which have been reported by Chinese Electronic Commerce Research Center (2014) as research targets. Through the descriptive analysis of the result of the questionnaire, the most influential factors of Chinese customer experience in group buying websites will be found out.

1.3 Research Outline

The motivation of this research is to contribute to solving the problem of customer unsustainability in Chinese group buying business from customer experience perspective. The research is structured as follows:

Chapter 1: Research background and problem formulation

Chapter 2: Literature review

1. Theories of online consumer behavior

2. Theories of customer experience

3. Group buying model and capturing customer experience framework

Chapter 3: Paradigm assumptions and research methods

Chapter 4: Capturing customer experience in Meituan

1. Group buying market in China

2. Company background and business model of Meituan

3. Origins of customer experience in Meituan

Chapter 5: Data analysis and findings

1. Descriptive analysis of data result from questionnaire

Chapter 6: Conclusion and refelction

Chapter 7: Limitations

2. Literature Review

E-commerce contains complicated types of business and refers to multi-disciplined knowledge. Online customer researches are mainly focus on three areas which are online customer experience measurement instruments, online customer behavior and online customer service experience (Rose, Hair, & Clark, 2011). Thus, in this research, in order to reach a better understanding of customer experience of group buying websites, previous academic researches about online customer behavior and online customer experience will be introduced in this part.

2.1 Online Consumer Behavior

In this research, the main topic is focusing on customer experience. Before taking eyes to customer experience, basic concepts about consumers should be introduced and connected with this research. Online shopping and offline shopping share many similarities. Meanwhile, there are some differences existing. These differences also influence consumer behavior in online shopping process. Therefore, understanding online customers' behavior should be taken as a prior issue for e-commerce marketers competing in the fast expanding e-market.

In normal physical shopping, consumer behavior is a psychological process which happens during recognizing needs, searching product/service information, alternatives evaluation, making buying decision and post-purchasing behavior (Constantinides, 2004; Gupta, 2009). The buying process and decision making process are different with the offline shopping because of the utilization of Web. Customers can search product/service information through websites, and the methods of payment are also

through the net. Moreover, the product delivery, logistics, is also an important part of online shopping, which also has a great impact on consumer behavior. Customer experience throughout the whole shopping process is also an essential element which will influence consumer behavior in products/service selecting and customer loyalty (Schmitt, 2003). Factors which influence consumer behavior in online shopping will be introduced in the following part.

2.1.1 Consumer Values in online shopping

Customer Values in online shopping is divided into two main types: utilitarian values and experiential values (Lee & Overby, 2004). Utilitarian values contain time saving, money saving, larger selection and excellence service. These values are the functional advantages of online shopping. Customers could find the cheapest product by comparing the prices of the same product from different online shops. And they also could purchase the product that is only launched in other countries. Moreover, time conservation is one of the most important reasons for online shopping. Customers could make quality assessment for all services they are provided along the buying process and after-buying service.

Experiential values include entertainment, escapism, visual appeal and interaction. Consumer's virtual experience affects consumer's perception and attitude towards this websites. High or low degree of involvement is also a question of buyer experience (Constantinides, 2004). While shopping online, customers may browse different websites for entertainment. Designed and colorful online shopping websites could offer customers an aesthetic experience. Moreover, through Internet customers could exchange product/service information with marketers and other customers easily and broadly.

According to Lee and Overby (2004), both utilitarian value and experiential value will influence customer satisfaction and ultimately have impacts on consumer behavior in terms of customer loyalty. While this section introduced the origins of customer

values which are generated from online shopping, the next sub chapter presents the factors which influence the online consumer behavior.

2.1.2 Influencing Factors on Online Consumer Behavior

Understanding the influencing factors that have an impact on online consumer behavior is a pivotal step for marketers to draw out their marketing strategies. There are many previous researches tried to indentify and classify these factors. In the study if Cheung *et al.* (2003), they reviewed and summarized 351 articles which were published before 2002 about online consumer behavior in order to come up with a systematic framework for subsequent relevant researches. In their conclusion, influencing factors of online customer behavior are divided into two main categories: controllable and uncontrollable factors. Controllable factors include product/service characteristics, medium characteristics and merchant/intermediary characteristics while uncontrollable factors conclude consumer characteristics and environmental characteristics (Cheung, Zhu, Kwong, Chan, & Limayem, 2003). These factors mainly have influences on online consumers' buying intention, adoption and continuance. With the development and expansion of online shopping, Chueng (2003)'s framework has been the foundation of many further researches and simultaneously new factors are included.

Based on previous research results, Constantinides (2004) introduced another factor, web experience, which marketer can use as marketing tools to influence or shape online consumer behavior during online interactions. Other factors which can affect online consumer behavior include personal and environmental uncontrollable factors, marketing stimuli. Moreover, Constantinides (2004) also sorted out web experience elements which have impacts on online consumer behavior based on P. Kotler (2003)'s framework.

As seen in Figure 2.1, consumer behavior is affected throughout the stimuli process, buying process and decision process. Chueng *et al.* conclude factors which influence

intention, adoption and continuance. In the continuance part, he mentioned the customer repurchase is influenced by trust and satisfaction, delivery/logistics and after sale service (Cheung, Zhu, Kwong, Chan, & Limayem, 2003). Therefore, combining Cheung's research result and Constantinides's conclusion, post-purchase process should also be included in to the influential factors of online consumer behavior. In this research, this framework will help the author understand how consumer behavior is influenced throughout the whole e-business shopping process. This understanding could be a foundation of establishing a systematic structure for figuring out the influencing factors of customer experience.

Figure 2.1 Constantinides's Factors Affecting Online Consumer Behavior Framework

Other Stimuli: Personal and Environmental uncontrollable factors:
Demographic, personal, cultural, sociological, economic, legal, environmental, etc.

Marketing stimuli:
(Traditional Marketing Mix)

Web Experience:
Online Controllable Marketing Factors

Buyer 's Decision Process
Problem identification, Search trust building, Evaluation of alternatives, Choice, Post-Purchase Behavior.

Buyer's Decision:
Product choice, Brand choice, Dealer choice, Purchasing timing

2.2 Customer Experience

The main purpose of this research is to solve the problem of customer unsustainability from customer experience perspective. Thus, the concept of customer experience will be introduced in this section. Then, studies about online customer experience and web experience will be described. Customer experience management will also be included in this part in order to complete the final findings of this research.

2.2.1 Customer Experience

"*Customer experience is bigger than customer service in that it is the full, end to end experience. It starts when you first hear about Amazon from a friend, and ends when you get the package in the mail and open it*." said by Jeff Bezos (2011) who is one of Amazon funders. The concept of customer experience primitively emerged in 1980s align with the literatures of consumer behavior. Customer experience exists in every organization in any market (Shaw, 2005). The definition of customer experience has been developed and modified by marketing or sociological experts over and over. Customer experience comes from the interactions between customers and a product, a company or a part of company's operations (Holbrook and Hirschman, 1982). Customer experience emerges because a dialogue between organization and its customer happens when the organization sells or provides products or services to the customer (Shaw, 2005). Colin Shaw (2005) also mentions that customer experience embraces every serving and offering part of a company which concludes product/service quality, advertisement, package, ease of use and information security etc. The contacts and touch-points from these parts of companies are also the origins of stimuli and accordance of evaluation of customer experience (Lasalle & Britton, 2003; Shaw, 2005).

Gentile, Spiller and Noci (2007) concluded from previous researches and studies about customer experience that there are mainly six experiential components of

customer experience. They are sensorial component, emotional component, cognitive component, pragmatic component, lifestyle component and relational component. Understanding these components of customer experience will bring the author a clinical system to map out the experiential components of group buying process.

The comprehension of customer experience is essential in understanding consumer behavior and will be the fundamental element of economy (Pine and Gilmore, 2011) and marketing (Schmitt, 1999) in the future. Customer experience is an important factor when customers evaluate the possibility of repurchase in the same company (Schmitt, 2003). Understanding that customer experience is generated from interactions that customers have with the companies indicates the method of figuring out the origins of customer experience in group buying business.

2.2.2 Customer Satisfaction

In the 1990s, we sought to "satisfy" our customers, but today this is no longer enough. Our aim now is to provide them with positive and memorable "experience" (Théoret, 2013). There is confusion between the concept of customer experience and customer satisfaction. Customer satisfaction is used to measure whether the products/services of a company could meet customer's expectations or not. The concept of customer satisfaction also could be understood as a net result of a customer's positive experience minus negative experience (O'Neill, 2015; Meyer & Schwager, 2007). Thus, compared to customer experience, the scope of customer satisfaction is smaller.

Nowadays, companies regard meeting customer expectations as their core of business strategy. However, the emotional impact generated from customer's experience or interaction with companies is also a crucial factor which can influence customer's buying decision. Customer loyalty could be generated from accumulated customer satisfaction. But customers might leave if they have other better

alternatives. Hence, customer satisfaction could not be the ultimate goal of a company. Instead, companies should focus more on providing customers more positive and memorable experiences (Théoret, 2013).

2.2.3 Determined Factors on Customer Experience

Figure 2.2 Jagan's Customer Experience Framework
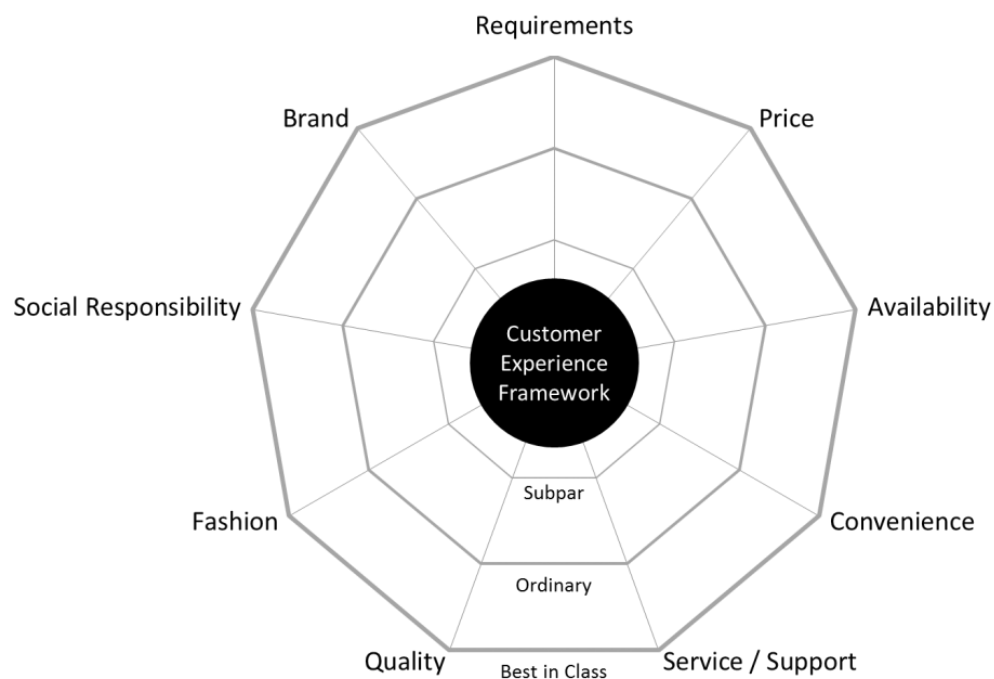
Jagan (2013) defines customer experiences as *"customer perception formed by interaction with tangible and intangible assets of a company"*. Based on different needs and requirements of different customers, there are 9 factors concluded by Jagan to help companies deliver best customer experiences. (Nemani, Shift: Innovation That Disrupts Markets, Topples Giants, and Makes, 2013)

Requirement: Customer's requirements not only contain customer's needs but also include their restraints. If a company provides a product/service which could satisfy customer's needs and meanwhile meet customer's restraints, then this company is delivering a good experience. Nowadays, it is difficult for companies to understand

each customer's needs and restraints. So companies usually promote products/service which contains a variety of functions that could serve most customers' needs.

Price: Price is one of the most important factors of customer experiences. Price represents the value of products/service. Different customer segmentations will have different opinion on price. For customers of group buying websites, buying a product/service in a discounted price is one of their intentions to visit group buying websites.

Availability: Availability here means company should ensure that their products/services are available whenever customers need. An unsatisfied experience may happen when a customer could not find an available table after he/she has already purchased a voucher of a restaurant through a group buying website.

Convenience: Convenience is an essential element when customer evaluates a company's product/service. Companies should ensure that customers could use the product/service easily under different situations. For example, all most all group buying websites have their own mobile app through which customer could visit and purchase their products anytime and anywhere.

Service/Support: In this part, Jagan (2013) emphasizes the post-purchased service and support. Whether customers could get solutions when they meet problems of the products/services they buy and the speed of resolving these problems could strongly influence their experience towards companies.

Quality: The quality of a product/service is the core of customer experience since this factor will influence customers experience in a corporate level. When customers find a bad quality product/service, this will directly impact their perceptions of the brand of the company. In group buying business, when some customers receive a product/service from vendors which could not achieve their expectations, they might ascribe this quality problem to the group buying website.

Fashion: Fashion is called "cool" factor by Jagan (2013). Fashion is an attractive factor

that could bring a good impression to customers. For group buying websites, since product/quality is offered buy vendors, so they might improve their fashion by well-designed websites' interfaces.

Social Responsibility: Companies could deliver a good experience to customer when they do something good the public welfare. A company could have its social impact through its product/service or supporting welfare programs.

Brand: Brand value is one of company's most important competitive advantages. Additionally, the brand of company could in some extent be the motivation of customer's buying behavior. Brand is also the most important factor since *"it carries the fruits/burdens of good/bad experiences across the other eight factors."* For group buying companies, their brand experiences are associated with both customers and vendors partners.

Jagan (2013) suggests that in order to differentiate with other companies in the same industry, companies could be the best-in-class by offering high level of several determined factors. For example, Figure 2.3 is Amazon's customer experience framework. It depicts that Amazon is delivering a high level of brand, requirements, price and convenience and medium level of availability (Nemani, Fab.com: Customer Experience Success Story, 2012). Oppositely, companies could find out customer's evaluation of customer experiences they delivered towards these 9 factors through customer investigation. Companies could find out what are their shortages in customer experience. In this study, these 9 factors will be utilized as a reference to find out the origins of customer experience in Chinese group buying market.

Figure 2.3 Amazon's Customer Experience Framework
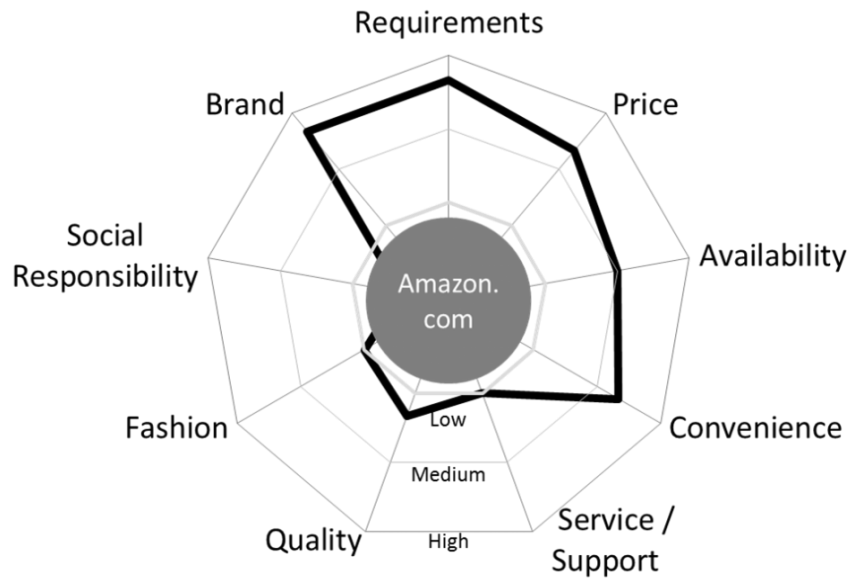
2.2.3 Online Customer Experience

Online experience is more difficult to understand compared to physical shopping experience, since online customers are not only shoppers but also information technology users (Constantinides, 2004). Normally Customer experience generates from the products, services, communications and every interaction the customer has with the company (Schmitt, 2003). Moreover, while shopping online, as an information technology user, online customer' initial experiences come from his/her interpretation of the sensory data which is from online shopping websites. These sensory data includes text-based information, visual imagery, video, or audio delivery (Rajan.T.Y. & Vardharaj, 2015). Transmitting memorable online experience could in some extent influence consumer decision making process. *Sites delivering superb web experience are designed in a way not only addressing the client's product needs and expectations but also assisting the customers through the steps of buying process* (Constantinides, 2004). Thus, the web site is the prime part that has most interactions with online customers.

Web experience elements contain information searching, websites browsing, products/services selecting and comparing, information evaluating, interacting and

transacting with companies. Analyzed and concluded from 48 different research articles, Constitanides (2004) figured out the components of web experience which are functionality of websites, psychological elements and content elements.

- The functionality of websites refers to the usability and interactivity.

- The psychological elements embody the factors that could influence customer's trust and credibility of the websites.

- The content elements contain the aesthetic aspects of the online presentations and the marketing mix.

Figure 2.4 Main Building Blocks of Web experience and their Sub-categories

Usability	Functionality factors interactivity	Psychological factors Trust	Content Factors: Aesthetics	Marketing Mix
Convenience Site Navigation Information architecture Ordering /Payment Process Search facilities and process Site speed Findability/accessibility	Customer service/after sales Interaction with company personnel Customization Network effects	Transaction security Customer data misuse customer data safety Uncertainty reducing elements Guarantees/return policies	Design Presentation Design elements Style/atmosphere	Communication product fulfillment Price Promotion Characteristics

Additionally, mobile experience has been part of online experience because of the extensive utilization of mobile devices. Many online shopping companies set up their own mobile applications in order to increase purchasing channel and provide a more convenient way of shopping. Therefore, there is an increasing focus on mobile customer experience (Charlton, 2012).

In this research, Web experience is illustrated as a part of online group buying customer experience. These building blocks will be applied to map the customer journey of Chinese customers' online group buying experiences.

2.2.4 Customer Experience Management

This research is trying to find out the most influential factors which have impacts on group buying customer experiences, which could help marketers to take a further step to improve company's customer experience management (CEM) in order solve the customer unsustainability in Chinese group buying market.

Bernd H. Schmitt in his book Customer Experience Management defines CEM as the process of applying strategy to manage customer's experience of a product or a company. Customers could obtain different values including information, service, and interactions from CEM. Thus, CEM is a way to increase customer loyalty and to bring value to the company (Schimitt, 2003). Every detail of the whole process which is from the advertisement to the post purchase service could affect customer's experience. Accumulated positive customer experiences could satisfy customers and ultimately promote the relationship between customers and companies (Rose et al, 2011).

Schimitt introduces five steps of CEM framework which are analyzing the experiential world of customers, building the experiential platform, designing the brand experience, structuring the customer interface and engaging in continuous innovation.

● First step, company should conduct several researches towards customers and try to find out experiential touch points such as customer needs, lifestyle and preferential tendency.

● Second step is an application process of strategy. Building a dynamic experiential platform which contains multi-sensory and multi-dimensional desired experience is essential for companies.

The left three steps are the implementation process of the experiential platform.

● Third step is to focus on the designing and quality of product/service which can provide brand experience.

- Forth step requires marketers to structure every touch points with the customers. This means should notice every connection and deal with dynamic exchanges between companies and customers.

- Fifth step is that the experiential platform should be taken into the company's innovations and be revised continuously. (Schmitt, 2003)

Schimitt (2003) proposes dividing the experiential world of customer into four layers instead of only focusing on consumption of features of product/service. From brand experience to experience from product categories to experience provided by usage and consumption situation, and finally to experience generated from sociocultural/business context, these four layers of the experiential world of customer help marketers to take a broaden insight to understand more about their customers. Nowadays, companies' understanding about their customers goes several steps deeper than before from outwardly finding the answer of what is happening to searching for the reason for why these things are happening. Many methods are applied in order to find out the problems of customer experience and not to miss any significant assessment. Online shopping companies usually search information in customer emails, calls to the customer service teams, online feedback tools, usability testing/heatmaps and digital experience replay (Charlton, 2012). In this research, the questionnaire towards Chinese group buying websites buyers is part of the first step of CEM.

2.3 Online Group-buying Model

Online group-buying (OGB) became a popular way of online shopping since US-based deal-of-the day websites such as Groupon that has expanded its businesses all over the world (Shiau & Luo, 2012). OGB was initially given birth by Mercata.com and Accompany.com in 1999. After more than ten years of development, the market of OGB has been enlarged and generated great revenue especially in America and China.

Figure 2.5 Group Buying Model
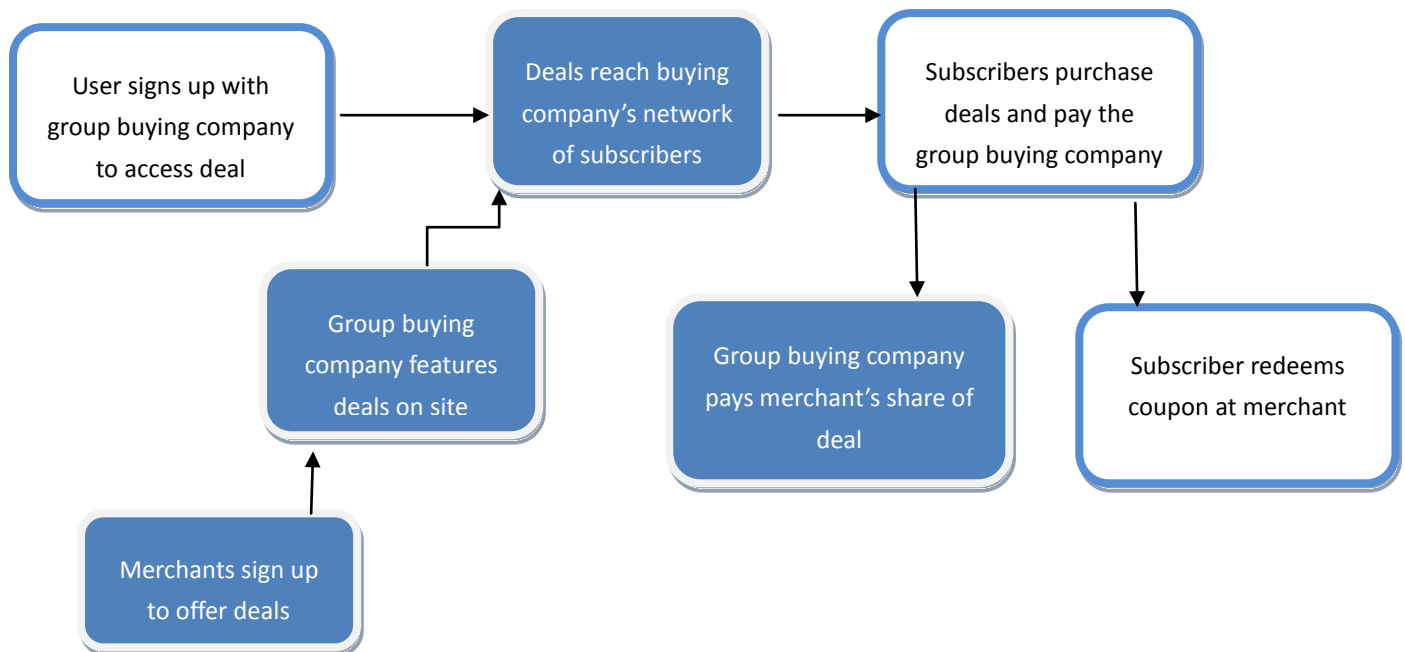
OGB is a model that assembles customers who want to buy the same products/service to obtain lower prices which are often at the discount of 50% (Kauffman & Wang, 2002). Group-buying websites act as middle men between customers and deal suppliers. For merchants, offering deals in lower prices to group-buying website could help them to expand product/service reputation and gain more customers. For group-buying companies, offering more reliable deals to customers could help them to gain more page views and earn brokerage from merchants and customers. For customers, they could buy high quality products and services in a lower price. Therefore, a successful OGB model could create a win-win-win situation.

However, some disadvantages also exist in OGB model. For merchants, they offer lower price to customers and meanwhile they also need to cut approximately 30% to 50% of their profits to group-buying websites. According to This means the profit that merchants gain from their business in group buying websites is much lower than other sale channels. Moreover, online group buying customers have many

differences in consumer behavior with other kinds of customers. Customers of group buying websites are mostly price-sensitive so that they are always seeking for lower cost deals (Brown, 2011). This is also an obstacle for merchants to obtain these customers as loyal customers. Likewise, this situation also might create negative impacts to their old and loyal customers. If these old customers found the price of products/services they have bought is much lower in group buying websites, they would feel being cheated by the merchants. The limitations of online group buying model also include that the limited product/service categories and limited buying time which might lead to the loss of customers (Che, Peng, Lim, & Hua, 2015).

In this research, the author is trying to find out the origins of customer experiences in group buying businesses. Thus, it is important for author to be clear of who are the main actors in group buying businesses. Combining with the literatures of online customer behavior and experience, customer journey in group buying business could be mapped out.

2.4 Hoffman's C x C Matrix

CxC Matrix is proposed by Michael B. Hoffman (2010) to help companies "*align their objectives with the customer's vales and preferences as each contact*". This Matrix could be used to capture customer experience through a framework which classify and manage each contact that customer may have with a company (brand, products, services). These contacts might occur in different company channels which contain physical, digital and virtual locations. (R.Hoffman, 2010)

CxC Matrix is constituted by two components which are customer stages and channel categories. Customer stages depict the customer's journey from need generating (awareness, information, identification), shopping for information (selection, negotiation, contract), buying process (logistics, delivery, acceptance, collection) to consumption of products/services (use, care/support, repair, disposal, community). The "community" in the consumption stage could be understood as customer

interactions with their networks in terms of word-of-mouth, social media and recommendations. In CxC Matrix, company's channel categories are divided into 6 parts which are classified from customer's perspective and stand for the customers' expectations. These 6 parts are geography, digital, location, third party, one-on-one and community. Hoffman also lists most frequent customer contacts to help capturing customer experience (Appendix 1). From Figure 2.6, customer stages are the horizontal side of the Matrix, and channels categories are the vertical dimension. Each cell in the Matrix stands for an intersection between customer and the company. (R.Hoffman, 2010)

Figure 2.6   Hoffman's CxC Matrix

	1. Awareness	2. Information	3. Identification	4. Selection	5. Negotiation	6. Contract	7. Logistics	8. Delivery	9. Acceptance	10. $ Collection	11. Use	12. Care/Support	13. Repair	14. Disposal	15. Community
Geography	X	X													X
Digital	X	X	X	X	X							X			X
Location	X	X	X	X	X	X	X			X		X			X
Third party	X	X	X	X											X
One-on-one	X	X	X					X	X		X	X			
Community		X	X									X			X

Customer's experience is a dynamic factor. Multiple experiences of one customer could happen simultaneously. And these experiences from each stage might have impact of experiences in other stages. Since a customer's experiences with a company could be more complex than the dimensions Hoffman mentions in CxC Matrix, he also introduces an advanced CxC Matrix which reveals the mutual relationships of multi-dimensional customer experiences from a corporate level to

line of business, product/service, and marketing level. This advanced Matrix provides a way to see how a bad experience could negatively impact other experiences even they seem irrelevant.

This CxC Matrix could also be utilized by marketing, customer communication and customer-service managers to plan business activities. Through this Matrix, managers could get an overview of the customer experience instead of only focusing on purchase process. Hence, companies might find more marketing opportunities and generate more revenue through broadening their view from this customer over the customer' entire lifetime. This research will take the CxC Matrix as a fundamental framework to make a comprehensive list of all customer contacts in Chinese group buying businesses. Since group buying business is one type of e-commerce, customer's web experience should be emphasized in this research. Thus, the combination of customer' web experience and CxC Matrix would be the theoretical base of answering the first sub-question which is to find out the origins of customer experience in Chinese group buying businesses. (Nemani, Shift: Innovation That Disrupts Markets, Topples Giants, and Makes, 2013)

2.5 Summary

This chapter contains three main sections: online consumer behavior, customer experience and group buying model.

Online consumer behavior section basically introduces the values of shopping online and factors which have an impact on consumer behavior. Consumer online values are used to help the author to understand the value motivations of shopping online. And influencing factors of online consumer behavior is applied as a foundation to establish a systematic structure when capturing customer experience in group buying websites.

Theories in customer experience state the reasons why customer experience is important to e-commerce. The combination of the determined factors of customer

experience framework and CxC Matrix are used as the foundation framework of figuring out the origins of customer experience in group buying business.

3. Methodology

This chapter concerns Methodology, which essentially is the description of how the research engages in data collection, analysis and conclusion and why researchers decide to do so in order to figure out the research questions. There are numerous ways to solve the same problem differently, only results can be measured to identify the most efficient one. According to Kuada (2011), most researchers in social science divide research design process into four levels. The first two levels are talking about the researcher's assumptions of ontology and epistemology from philosophical perspective. Based on the first two levels, the research could make a decision about the methodological approach of research. The last level is to select appropriate data collection and data analysis methods and techniques.

In this chapter, the researcher's view of ontology, epistemology and basic philosophical paradigms will be discussed firstly. Secondly, to build the project's fundament a certain methodological approach must be opted. The methodology approach which includes the way of data collection and quantitative methods will be stated in the last part of this section.

3.1 Paradigm Assumptions

3.1.1 Ontology

The central word of ontology is "reality". For a research, research question and the researcher's understanding of reality are the most important factors which could decide the methodology approach of the whole research process (Collen, 2012). From philosophical perspective the definition of otology is the science of what is, of the kinds and structures of entities in different areas of reality (Smith, 2003). The

central question of ontology in social science is that whether the reality is originally from people's consciousness or externally exists from people's consciousness (Bryman& Bell, 2011). Several different paradigms were extracted from different views toward this question. Among these paradigms, *Objectivism* and *Constructivism* are two basic positions/paradigms of ontological level.

In social science, the view of organization and culture in a research problem could be the accordance of making decision between these two different paradigms. Objectivism concerns the view that social actors could not control or decide the existence of social phenomena and the daily categories. Researcher who hold the view of objectivism agree that there is a reality which are independent from individuals exists in an organization, which means some features such as rules and regulations of an organization are external from people in organization but will have impacts on people. The same goes for the view of cultures/subcultures. (Bryman & Bell, 2011)

On the contrary of objectivism, constructivism asserts that the social world is being dynamically consummated by social actors. Researchers who hold the view of constructivism agree that the realities in an organization are continuously *"being established, renewed, revised and revoked"* again and again as the interactions between the actors and the organization happen every day. (Bryman & Bell, 2011)

In business research, researchers' assumptions and commitments of ontology have inevitable impacts on research problem formulation. In this research, customer experience in group buying business is the "reality". Some theories which are concerned about consumer behavior and customer experience are applied while mapping origins of customer experience in group buying business. Moreover, those factors such as cultures and environment are external from customers but have influences on customer experience. Therefore, the objectivism is chosen as the philosophical perspective of this research.

3.1.2 Epistemology

Epistemology is discussed surrounding the issue of the nature, scope and sources of knowledge (Derose, 2005). According to Burrell and Morgan (1979), epistemology concerns the question of how can knowledge and the nature be known by social actors. The core issue in epistemology is that *"whether the social world can/should be studied according to the same principles, procedures, and ethos as the natural sciences"* (Bryman & Bell, 2011). Same as ontology, in social science, when talking about researcher's view of epistemology, two domain paradigms which are *positivism* and *interpretivism* are taken into consideration.

Researchers who stand at the position of positivism hold that the methods of the natural sciences could be used to study the social reality. Moreover, any social realities or theoretical terms should be amenable to observations, which means social knowledge and theories are originally existed but should be tested or observed through scientific methods. The theoretical framework, sampling frames and research structures are determined by researchers in positivism research. Meanwhile, researchers also take a risk of lacking subjective interpretations and the context of research (Holloway& Wheeler, 2010). However, as positivism was also criticized for its assumption about science inquiry, post-positivism emerges as an evolution of positivism. Reality could be multiple and variable from post-positivism perspective. Moreover, post-positivism contradicts the view that social realities could be studied through the same methods since *what might be the truth for one person or cultural group may not be the "truth" for another* (O'Leary, 2004: 6).

Compared with positivism, interpretivism is on the contrary side. Researcher who holds the view of interpretivism criticize that the social science and natural science are different in essence since People and their communities are the core matters of the social science. Therefore, Researchers should grasp the subjective meaning of social actions. (Bryman & Bell, 2011)

In this research, customer experiences in group buying business are not only

influenced by the same factors which were found out in e-commerce since there are some other specialties in group buying businesses which may have great influence in consumer behavior. Therefore, post-positivism is selected as the main paradigm of this research.

3.2 Deductive Approach & Inductive Approach

Based on the understanding and assumptions of both ontology and epistemology, an appropriate approach should be selected as the methodological approach of this research since the understanding and selection of methodological/paradigmatic foundation of a research are related to the feasibility of the whole research process (Kuada, 2011). Deductive and inductive approaches are two main prevalent approaches that are applied in researches in different academic fields.

Deductive approach starts from theories. Based on the consideration of the relevant theories, a hypothesis will be figured out. As following, the hypothesis will be tested through collected data. Oppositely, the inductive approach starts from the data collection which is generated from different methodological methods and techniques. The deductive approach is used to test a theory/ hypothesis while the inductive approach is to fill a knowledge gap or generate a new theory. Researchers could make a selection between inductive research and deductive research approach through distancing the existence and placement of hypotheses and theories.

However, in some researches, researchers are not following the deductive and inductive sequence rigidly because these two research processes are not mutually repulsive. Since the deductive approach is the *"logical approach to extract regularities from the general to the specific"*, the deductive approach can determine the definition of the problem and outline possible variables that may affect it (Bryman, 2008).

In this research, a series of theories and concepts about customer experience and e-commerce are collected at first. Some previous research results demonstrate the

most important factors which have impacts on customer experience. Based on the theories and frameworks, the influencing of customer experience in Meituan will be figured out. As for the purpose of this research is to find out most influential factors which affect the Chinese customer experience in group buying businesses, these factors will be tested in this research towards Chinese group buying business customers through quantitative methods. Therefore, the approach of this research is primarily deductive since the tested hypothesis is the outcome of this research.

3.3 Mixed Methods Research

The research methods contain a number of techniques applied to collect and analyze data. Whether the method that researchers select is in consistency with the research paradigm is the core element when opting research method (Olkkonen, 1993). There are two main methods of data collection, qualitative and quantitative. Quantitative method is usually used to test the hypothesis of a research that researchers establish related to the matter investigated. The foundation of this method is mainly about fact rather than interpretation and loose derivations. Therefore, quantitative method is usually applied under deductive logics. Self-completion questionnaire is one of the prevalent data collection methods in quantitative research. Distinguished with quantitative method, qualitative method concludes interviews, observations from the perspective of the one observed etc. This method emphasizes words which is mainly a subjective understanding of the world rather than quantification of data. This method entails an inductive view that the theory is generated out of the research. (Bryman & Bell, 2011)

Therefore, the methods and techniques applied in data collection and analysis would start with qualitative methods for generating hypothesis that will be tested though quantitative methods, of which is so called mixed methods research. Over the past decades, there is an increasing number of researches which are using mixed methods research (Bryman, 2009). Mixed methods research has acquired credibility in the field of business.

Bryman and Bell (2011) in their book mentioned that the qualitative research could facilitate quantitative research through providing hypotheses or aiding measurement and vice versa. Another situation is that quantitative method and qualitative method are equally important in a research. Based on these conditions, there are four possible combinations of both qualitative and quantitative methods. In this research, there are two sub-questions need to be figured out. As for the first sub-question, since there are many previous researches about consumer behavior and customer experience in general online shopping process. Nevertheless, there are not many academic researches focus on customer experience in group buying business, the author will collect and conclude the relevant theories and take Meituan as a case study example to map out the origins of customer experience in group buying business. The data of second sub-question will be collected through a questionnaire towards Chinese customers and be analyzed through SPSS. Therefore, this research takes quantitative approach as the main data collection approach and the qualitative data collection will be undertaken before and as the foundation of the quantitative data.

3.4 Case Study

Case study is a study of a practical case. The case could be an individual, an organization, a group of individuals and other practical samples. Case study could be applied as a method to test whether theories or frameworks actually work in real situations. This method could also help to establish an indication of some studies. (Shuttleworth, 2008) In this research, Meituan is taken as the focal company of case study. Theories and frameworks will be applied in this case to capture customer experience in Meituan. The case study of Meituan is used to generate the hypothesis of this research.

3.5 Data Collection & Analysis

3.5.1 Online Self-completion questionnaire

The purpose of this research is to find out most influential factors of customer experiences in group buying businesses, which means it is a research towards customers. The author decided to use online self-completion questionnaire as the main quantitative method to collect data. Self-completion questionnaire requires respondents to read and answer each question themselves. Because of this situation, a self-completion questionnaire should have fewer opening questions. And the design of the questionnaire should be easier to follow and as simple as possible. (Bryman & Bell, 2011)

Compared with other quantitative data collection methods, self-completion questionnaire is much cheaper for researcher to implement. Moreover, this kind of questionnaire is usually sent out by email or professional questionnaire websites so that the time of data collecting will be shorter. Since there is no interviewer in self-completion questionnaire, the influence that comes from the characteristics of interviewer will not exist. However, there are also some risks existing in this data collection method. Since there is no interviewer in self-completion questionnaire, when respondents have some questions or difficulties in finishing the questionnaire, no one will give them any answer or help. Moreover, the researcher will not know the origins and backgrounds of their respondents, so that there is a great risk of missing data and lower response rate. Bryman and Bell (2011) also mention that the content of the questionnaire may not appropriate for some kids of respondents. In this research, the questionnaire is about online group buying business. In such a situation, respondents who do not have any online shopping experiences will meet some problems in finishing this questionnaire.

3.5.2 Questionnaire Design

This online self-completion questionnaire is composed by 5 parts. The first part contains 3 questions which ask respondents about their gender, age, and whether they have had customer experience in 5 Chinese top group buying websites. Respondents who have had customer experiences will enter the next part. The next three parts are asking in which degree the origins of customer experiences in different customer stages that are analyzed in previous chapter would influence respondents' customer experience. The last part is also the question to ask about the degree of influence in terms of requirement, price, convenience and brand.

5 Likert rating scale is applied in this questionnaire. Respondents are asked to make evaluations from 1 to 5 to each factor. 1 means almost no influence, and 5 means this factor will strongly influence their customer experiences and retention motivations.

The online questionnaire of this research was conducted from 10th, July, 2015 to 17th, July, 2015. A total of 158 respondents answered the online self-completion questionnaire. These 158 respondents are from 16 different cities of China. And 51 of them are from Chongqing which locates in the south-west of China.

3.6 Descriptive Analysis

In this research, closed-ended questions are used in this online self-completion questionnaire so that the results of questionnaire will be collected and converted into numbers and analyzed through SPSS. SPSS (Statistical Package for the Social Sciences) is usually used for statistical analysis in many fields of studies. SPSS is usually used in business researches which focus on major consumers.

Descriptive statistics analysis will be used to analyze the data collected from the online self-completion questionnaire. The mean and standard deviation are the two main descriptive statistics that are used in this research. The purpose of this online

shopping questionnaire is to find out what are the factors which could influence customers' experience in Chinese group buying websites, and through the comparison of the mean of each factor to get the most influential factors. And through the comparison of standard deviation of each factor we can see the otherness from customers' different opinions.

4. Capturing Customer Experience

Understanding the mechanisms of virtual shopping and the behaviors of the online consumer is a priority issue for practitioners competing in the fast expanding virtual marketplace (Constantinides, 2004). The aim of this chapter is to figure out the origins of Chinese customer experience in group buying businesses and conclude what are the factors which might have impacts on customer experiences. Meituan is taken as the group buying model case study example in this section. Based on Jagan's determined factors and Hoffman's CxC Matrix, the origins of customer experience in Meituan are the main findings of this Chapter.

4.1 Online Group-buying Market in China

As mentioned in the introduction part, China is a big market for group-buying business. Deal-of-the-day group buying websites have sprung up in China since the beginning of 2010. After a short time of flourish, group-buying market in China has experienced its industry winter in 2011 and 2012. Many small local group-buying websites were weeded out in the drastic competitions with other group-buying companies. And for those successfully existing group-buying companies, searching a way of innovation is their primary task. (Wei M. , 2013)

Customers have numerous selections of group buying websites. Some merchants might offer the same deals in different group-buying websites in order to increase customers. This leads to some repeated deals in different websites. Under this circumstance, group-buying companies should find a way to keep customers

revisiting their websites and to be differentiated from other companies. Xing Wang, the founder of Meituan, in an interview from http://tech.163.com (2010) towards Chinese group-buying market mentioned that user trust decides whether a customer will visit and consume in this website again. And customers' experience with the websites has an obvious impact on customers' assumptions about the nature of the company and on the company's trustworthiness (Friedman et al., 2000). Therefore, to improve customer experience could be an effect way for group-buying websites to increase their customer retention.

Since 2012, China group buying market has been entered into the stage of mature period. Group buying companies realized that they could not only depend on the strategy of investing a large amount of advertisement and offering extremely low price products/services to attract customers. A strategy which could help them increase customer retention rate is needed around the corner. Therefore, many group buying websites started to open a channel for customers to demonstrate their assessment and advice to the products/services they purchase. In 2013, Meituan.com and Lashou.com firstly made the customers reviews opened for every website users. Thus, more and more customers will be attracted by these authentic reviews (Nian, 2015).

Nuomi.com, Dianping.com, Lashou.com, 55tuan.com and Meituan.com are China top 5 group buying websites (Cecilia, 2014). In order to be as practical as possible, the author decided to take Meituan.com, one of group buying industry leaders in China, as an example to map out its customer journey and ultimately figure out the origins of its customer experience. Meituan has experienced the vicissitude of Chinese group buying industry and has obtained a lot of customers. Thus, Meituan is an appropriate example for studying customer experience in Chinese group buying businesses.

4.2 Company Background

Meituan was set up in 2010 by its founder and CEO Xing Wang. Meituan.com is a deal-of-the-day group buying website which provides localized consumer services, a wide range of local food and beverage, personal care, beauty salon selections and more. The company missions of Meituan.com are:

- to find reliable vendors for consumers;

- to offer extra-lower discounted and superior products/services to consumers;

- to help vendors find appropriate consumers;

- to offer superior internet technology. (About Meituan, 2015).

In 2014, Meituan reported their whole year total transaction value has reached $7.4 billion. In 2015, this company plans to attract more investigation and estimate the transaction value of 2015 will be around $16.2 billion (Billion Dollar Unicorns: Meituan Leads China's Group Buying Market, 2015).

The operation method of this website is based on Groupon's model, which mainly provides vouchers that contain heavy discounts on products and services to a minimum number of buyers who want these vouchers. In earlier stage, Meituan promoted their services only in Shanghai and Beijing. After short time development, the company has extended its business to other cities which are both second and third tier cities in country. Today, their business has been spread to more than 1000 cities in China. The company scale of Meituan also has been extended year after year. Meituan has obtained over 200 million active users, 90 million mobile users, and 800,000 vendor partners until December of 2014. So far Meituan occupies 60% of share in group buying market of China. (Billion Dollar Unicorns: Meituan Leads China's Group Buying Market, 2015)

Facing the drastic competition in Chinese online shopping market, Meituan is also trying to find its way of keeping customer sustainability and increasing customer retention rate. Different from traditional B2C online shopping companies which

pursue the maximum amount of customers, group buying companies should find a balance between consumers and vendors. From this point of view, customer experience is extremely important. Only by ensuring both consumers' and vendors' interests, can Meituan get the company's sustaining development. (Zhao & Yan, 2012)

What's more, Meituan is a pioneer in Chinese group buying market. In 2014, Meituan disclosed relevant database about user generated content (UGC) of their websites. There were over 0.338 billion customers' comments in 2014 which contain the consumption of food, hotel, cinema, karaok (KTV) and more. *"There are probably more than 3 million transactions happening in Meituan.com every day. Among all these transactions, we will get 40% to 50% of UGC which are effective. Our customers need authentic and effective UCG in order to make an optimal choice when they purchase in our websites."* said Xing Wang. He also agrees that authentic and effective comments generated from both customers and vendors are beneficial for transactions of group buying websites. Additionally, *more companies are recognizing not only the value positive customer experiences in producing more goodwill on social sites, and realize that the reverse is also true. Monitoring and analysis of social data can be valuable method of uncovering customer experience issues* (Charlton, 2012).

Thus, Meituan has taken some actions in order to obtain customers' real experiences. Customers can only leave their comments after the whole consumption is completed, which avoids malicious comments from people who are not real consumers. Additionally, they also launched some rewarding policies to encourage customer to leave their comments after consumption. Customers of Meituan could get some points of integral if they write their consumption comments with detailed description or products / services photos (Wei & Jiang, 2015). For the future plan, Xing Wang said that they will invest more on mobile devices to make customer's purchasing process simpler and more diverse (Nian, 2015).

4.3 The Business Model of Meituan.com

4.3.1 Product & Service

Meituan's product and service categories are mainly divided into 9 parts which could be selected by customer. These 9 parts are food (restaurant, bakery, café, beverage shop etc.), hotel, cinema, KTV, leisure and recreation (spa, hot spring, massage, gymnastics, amusement park etc.), traveling/entertainment activities, daily service (photography, different courses, car service etc.), shopping (food, clothes, accessories, cosmetics etc.) and cosmetic service (hairdressing, plastic surgery, skin care, manicures etc.). Vendors provide these products and services in terms of vouchers or sets of services with discounted prices to customers through Meituan. (About Meituan, 2015)

Meituan's products and services could almost satisfy normal customers' needs in their daily life. In 2015, Meituan launched a new business named "Meituanwaimai" which means foods/beverages take away service around your location. Customers now could order foods/services around their locations which could be delivered to them in a short time through Meituan. (About Meituan, 2015)

4.3.2 Business Model

As mentioned in previous part, Meituan's group buying model is based on Groupon. (Billion Dollar Unicorns: Meituan Leads China's Group Buying Market, 2015) Figure 4.1 describes Meituan's basic business model and all actors in this business model. Other Chinese group buying companies' business models are almost the same. The differences exist in these cooperative payment service providers, logistics providers and local vendors.

Customers could find meituan.com in many Chinese group-buying navigation websites such as tuan800.com, tuan.2345.com, hao224.com, tuan.sogou.com and more. These navigations websites update product/service information of group

buying websites and charge for promotion fee from these websites. As for payment service provider, Meituan is cooperated with Alipay which is used also by Taobao.com. The number of users of Alipay has been Over 0.3 billion, which makes Alipay become the world biggest payment service provider (Baidubaike, 2015). Moreover, Alipay has gained the trust from customers, which means the cooperation between Meituan and Alipay could in some extent increase reliability of Meituan. As for logistics provider, since the products and services are delivered directly by the vendors who provide these offers, Meituan does not need to find a logistics provider for these products.

Customer experience in this business model could be generated from all these actors. Thus, when capturing customer experience of Meituan, each interaction that customer has with these actors mentioned in this model should be taken into consideration.

Figure 4.1 Business Model of Meituan
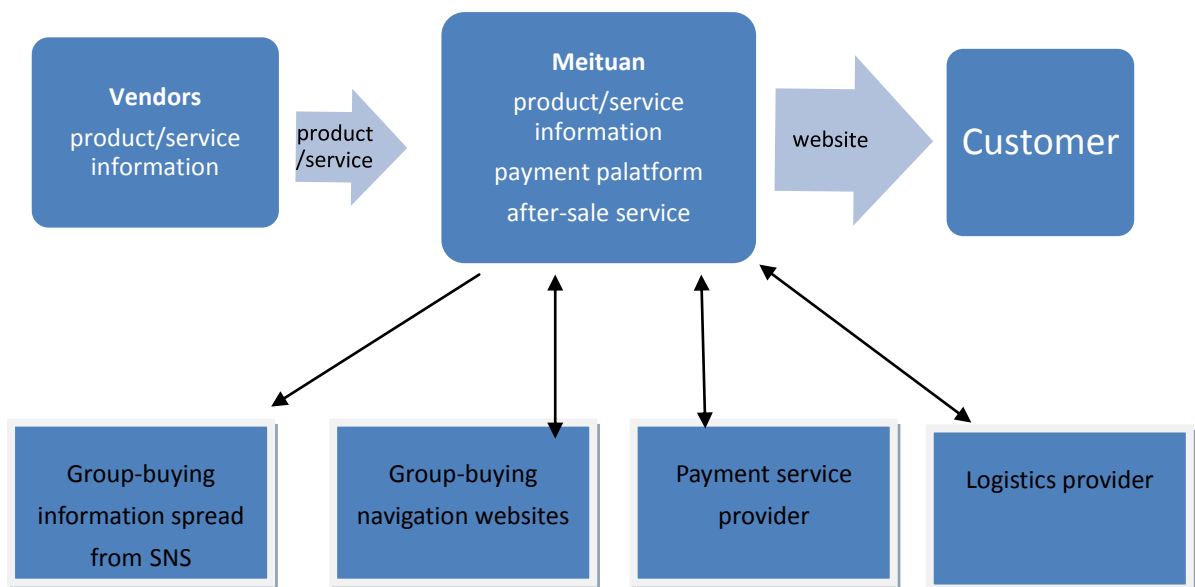
4.4 Customer Stages in Meituan

Based on Hoffman's CxC matrix, customer stages which conclude customers' complete buying process could be used to figure out customer stages in Meituan. Additionally, through the whole shopping process, each interaction that Meituan's customer has with different channels of the company could also be summarized in this part. Web experience will also be applied here since a half part of shopping process in group buying business is happening through internet.

4.4.1 Need

In this stage, customer's need is generated through different stimuli which could be marketing stimuli, personal or economic stimuli (Constantinides, 2004). As a group buying company, how to make customer notice the information of your offers is the first obstacle that the company should overcome. There are three main ways for customers to get access to Meituan.com. When customers want to search discounted information for a product/service that they are interested in, they will search in search engine. When using the word "tuangou" (which means group buying in Chinese) as a key word to search in Baidu which is the biggest search engine in China, Meituan.com comes as the third link in the searching page. The second way is through navigation websites. Meituan's hot offers are demonstrated at the first page of tuan800.com, tuan.sogou.com and tuan2345.com. For customers who want to shop in Meituan, they can directly input the link to enter the website.

The purpose of capturing customer experience in group buying websites is to find out the origins of customer experience and ultimately test the degree that these origins could impact customer's experience. Customer experience which could happen in this stage could be understood as interactions that customers have with Meituan's digital channels (website, navigation website). Whether customers could easily get access to the websites is an important factor which would influence customer's experiences in this stage. Therefore, **in which degree the speed and the**

channels of getting the information of a group buying website would influence your own experience could be the question towards Chinese group buying customers.

4.4.2 Shop & Buy

These two customer stages are concluded in one part since these they are all happening through the group buying website. Constantnides's web experiences will be used to help to summarize customer experiences in these two stages. Two main processes will be analyzed in this chapter.

Figure 4.2 Shopping Information Process

Front Page		**Location Page**		**Product/service Page**
Product/service categories		Product/service categories		Detailed information (words & pictures)
Pictures of Today's deal	Location	Pictures and prices of	Product	Time for this deal
				Number of people join in this deal
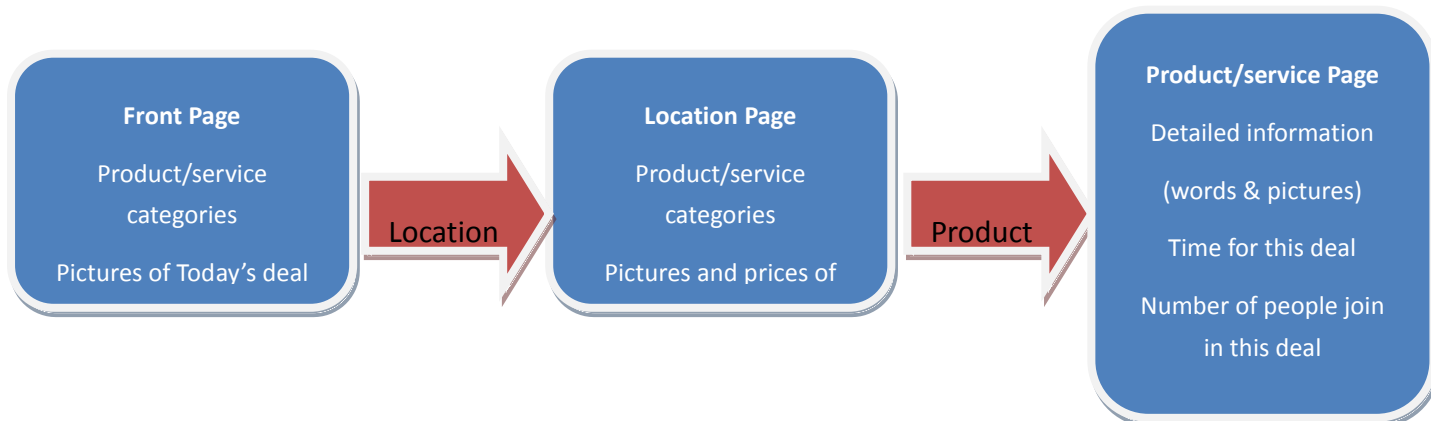
Figure 4.2 shows what Meituan demonstrates in their webistes. Customers should choose the location firstly. When enter into the local page, customers start to select product/ service categories or find the product/service that they have purchasing intentions. Many different kinds of product/service pictures and prices are showed in this page. The next step is to enter to the product page that customers are interested in. The product/service pages show more information including detailed product presentations and pictures, deadline for this deal, number of people who already bought this deal and customer consumption comments from previous transactions.

Customer experience in this part could be generated from the contacts that customers have with the company's digital channel (website, online content, word presentations) in information searching process. According to web experience from Constantnides (2004), the first part that the customer has interaction with is the

aesthetics of the website page. The origins of customer experience here could be concluded as webpage design, word presentation and whether the process is easy to follow or not. Well designed websites have much more visitors than normal websites. Moreover, customer experience could also be reflected through their perceptions about the previous transaction comments. Thus, question towards customers could be **in which degree the webpage design, word presentation simplicity of shopping process and publicity of comments from previous buyers of a group buying website would influence your own experience towards this group buying website.**

Figure 4.3 Payment process
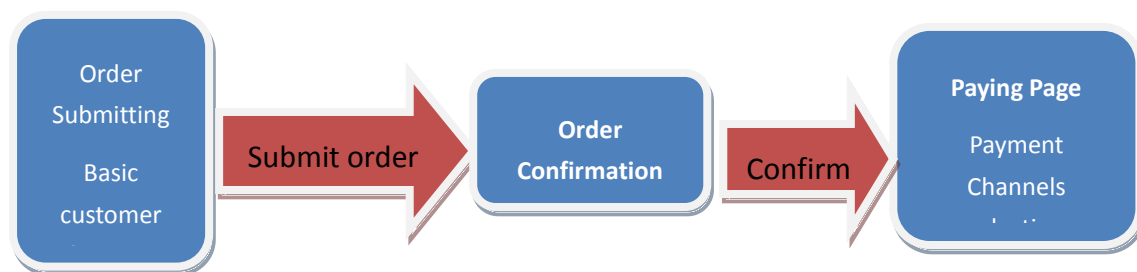
Figure 4.3 demonstrates the paying process in Meituan. People who want to purchase in Meituan.com should be the member of this websites firstly. They need to register in registration page with their basic information such as name, email and telephone number. Customers who are already members of Meituan need to log in before submitting orders. After order confirmation, customers are getting into paying page, and they need to choose a method of payment. These are four methods of payment in Meituan.com which are paying through net bank of different banks and paying through payment providers which conclude Alipay, Tenpay and Wechatpay.

Combining the web experience categories, customer experience in this part could be found through security of customer personal information, simplicity of paying process and optionality of payment method which is embodied in Meituan's third party channel. Therefore, question towards customers could be **in which degree the security of customer personal information, simplicity of paying process and optionality of payment methods of a group buying website would influence your**

own experience towards this group buying website.

4.4.3 Consumption

According to Xing Wang, customer experience in group buying websites could be divided into 2 parts. The first part is the customer experience from website. The second part is the customer experience from vendors since the main products/services of group buying websites are offered by vendors. (Wei & Jiang, 2015) Customers will consume the products/services directly from vendors. Thus, customers' consumption experience is from vendors. **In which degree the quality of products and services from vendors would influence your own experience and your buying retention to this group buying website could be the question towards group buying customers.**

Another important part will be analyzed in this part is post-purchase process. Meituan offers their customers six different customer protection services which are aimed at solving customer's problems. Three of them are different refund policies in different situations. These three situations contain refund before consumption, refund for orders which have been overtime but have not been consumed and speedy refund that is offered only by some vendors.

Moreover, Meituan also provides the customer a channel to complain about his/her unsatisfied experience with the consumption. Meituan as a company will pay for customer' unsatisfied consumption. This comes into force only after the unsatisfied consumption is inspected and proved by Meituan customer service department. Customers who buy defective products that need to be delivered through logistics companies could contact customer service staff of the vendor/Meituan within 10 days. Once their problems have been proved, they can return the products and get their refund. The last consumer protection is the system of Meituan will generate a snapshot once a payment is finished. This snapshot is used as a record and accordance when disputes and complaints happen during the consumption process.

For example, the products/services that vendors offer to the customer during the consumption are different from the deal description that the customer ordered from Meituan. The snapshot of that deal will restore the truth.

Customer experience in this part could be generated from the interactions happen in company's one-on-one channel (customer service, online customer support) and third party channel (logistics service provider). Thus, the question in this stage could be concluded as **in which degree the speed of refunding, the speed of problem solution, the level of customer service and the diversity of after-consumption service would influence your own experience in group buying websites.**

4.5 Determined factors in Meituan

9 determined factors are concluded by Jagan (2013) to help company find out their own ways of delivering customer experience in order to differentiate from other similar companies (Nemani, Shift: Innovation That Disrupts Markets, Topples Giants, and Makes, 2013). In this chapter, the basic factors which have impact on customer experience will be analyzed as a supplement of last part.

For customer requirement, Meituan's offers diverse products and services categories which could satisfy most customers' needs. Meituanwaimai which has been mentioned is also based on customer's needs. These diverse products and services also could be related to availability factor. But the deals of Meituan have a time limitation and sometimes customer could not find a seat in the restaurant when they want to have dinner by using vouchers of this restaurant. These situations will affect customers' availability experience. Thus, the question towards customers could be **in which degree the diverse product/service categories that Meituan offers would influence your customer experience.** As for price factor, the low price is the specialty of group buying websites. Customers are attracted by the discounted price of Meituan. Therefore, the question towards customers could be **in which degree the discounted price that a group buying website offers would influence your customer**

experience. For convenience factor, many research results show that convenience is a principal reason for customers to shop online. Almost all group buying websites are operated depend on location. Customers could find product/service they want near their locations. Moreover, nearly 90% of Meituan's transactions were completed through its mobile app (Billion Dollar Unicorns: Meituan Leads China's Group Buying Market, 2015). Mobile devices make customers' buying process become more simple and convenient. For this factor, question towards customers could be **in which degree whether a group buying websites could bring convenience would impact your customer experience**. As for brand factor, Meituan is one of the leader companies in Chinese group buying markets. **In which degree the brand factor will influence customer' experience when shopping in group buying websites** could be the question towards customers. Service/support (post-purchase service), quality (product/service quality from vendors) and fashion (website design) factors have already been discussed as experiences generated during customer stages in previous part.

4.6 Research Hypothesis

Drawing upon the previous analysis and theoretical application, the author of this research argues that **these factors: findability, website design, information, simplicity of searching and payment process, customer data security, refund policy, customer protection policy, quality of products/services, generated from the origins of customer experiences would influence Chinese customer's experience in group buying websites.** This hypothesis will be tested in next chapter buying analyzing data result of questionnaires towards Chinese group buying customers.

In this chapter, the study took Meituan as an illustration of Chinese typical group buying websites. These questions concluded from the origins of customer experience in Chinese group buying websites will be applied in the online self-completion questionnaire.
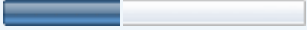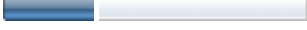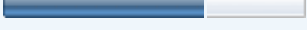
5. Data Analysis & Results
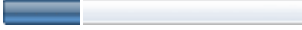
5.1 Descriptive Statistics of Respondents

41.3% (65) of respondents are male and 58.7% are female (93). The majority respondents are aged between 21 to 30 years old (141). 10 respondents are between 31 to 40 years old. The last 7 respondents are between 41 to 50 years old. Among 158 respondents, 20 of them have never had consumption in Chinese group buying websites. Thus, the valid responses of this online self-completion questionnaire are from 138 respondents who have shopping experiences in Chinese group buying websites.

The result of the questionnaire also shows that most respondents who have shopping experiences in these five group buying websites are people between 21 to 30 years old. According to the statistics data of 2012, in Chinese group buying market over 45% group buying websites users are aged between 25 to 30 years old and most of them are white collars. (Wei M. , 2013) From Table 5.1, among 138 respondents, 126 of them have purchased products/services in Meituan.com, which makes the result align with the analysis of the origins of customers experience generated from Meituan's group buying model.

Table 5.1 Number of Respondents Who Have Had Group Buying Experience

Selection	Total	Proportion	
Meituan.com	126		91.3%
Nuomi.com	53		39.13%
Lashou.com	42		30.43%
Dianping.com	93		67.39%

55tuan.com	36	▮▮▯▯▯ 26.09%
Sample Size	**138**	

5.2 Descriptive Analysis

The figures demonstrated in the descriptive table for each question display the mean and standard deviation of respondents' rating result about the influential degree of influencing factors in each customer stage. The mean is from minimum 1 (no influence) to maximum 5 (strongly influence). That is to say, the higher mark that the respondents give to a factor means the factor is more influential. In addition, a low standard deviation indicates that respondents' given marks are close to each other, and the data points tend to be very close to result of the mean. If the result of the standard deviation is high, the respondents' answers are much more different from each other, and the data points tend to be in a large range.

Table 5.2 Descriptive Statistics of Need Part

	Sample	Minimum	Maximum	Mean	Standard Deviation
1. Whether can this group buying website could be searched in navigation websites	138	1	5	3.22	1.413
2. Whether can this group buying websites could be found in the first page of Baidu when searching	138	1	5	3.11	1.386
3. Whether does this group buying website have its own mobile app	138	1	5	3.57	1.515
Sample size	138				

Table 5.2 is the data analysis result of the first customer stage. Three factors towards

the question how customer could get access to the group buying websites were tested in this part. The mean of the influential degree of the group buying website' mobile app is 3.57 which is higher than other two factors that are appearances in navigation websites and in the first page of searching engine.

Among 138 respondents, 41.3% (57) respondents gave 5 to this factor. These respondents deem that if a group buying websites does not have its own mobile app, they might not revisit this group buying websites again. However, the standard deviation of this factor is a little bit higher than other two factors in this customer stage. 33 respondents gave 1 or 2 to this factor. For people who always shop through computers, mobile app could not influence their customer experience. Still, over 90% Meituan's transactions in 2014 were completed through mobile devices (Billion Dollar Unicorns: Meituan Leads China's Group Buying Market, 2015). Thus, whether a group buying website has its own mobile app could strongly influence customer's experience.

Table 5.3 Descriptive Statistics for Shop & Buy Part

	Sample	Minimum	Maximum	Mean	Standard Deviation
1. Website Design	138	1	5	3.26	1.084
2. Word demonstration of product/service information	138	1	5	3.57	1.068
3. Pictures/photos of product/service	138	1	5	3.67	1.076
4. Comments from previous customers' transactions	138	1	5	4.35	1.037
5. Information searching process is easy to follow	138	1	5	4.11	1.100
6. Whether the group buying website could ensure the security of customer data	138	1	5	4.39	1.125

7.	Whether the group buying website need users to be their members before payment	138	1	5	3.41	1.376
8.	The process of payment is easy to follow	138	1	5	4.07	1.200
9.	Whether the group buying website provide different ways of payment	138	1	5	4.22	1.134
	Sample Size	138				

Table 5.3 is the descriptive results of the factors in the next two customer stages which are shopping and payment process. These factors concluded from the interactions that customers might have with the group buying website's different channel. From the result, the highest mean is 4.39 and the standard deviation of this factor is 1.125 which is lower than most factors. Thus, most of the respondents agree that the whether a group buying company could protect their customers' data could strongly influence customers' experiences in that website. Moreover, the mean of the factor whether the group buying website provide the comments from previous customers is 4.35 while its standard deviation is 1.037, which means most respondents think comments from previous transactions have strong impacts of their own experience. This result could explain why Meituan takes many actions to encourage their customers to leave their real comments and consuming experience in their websites. According to the result, respondents also deem that the information searching process and payment process are easy to follow could to a large extent influence their customer experiences.

Additionally, whether a group buying website needs its visitors to register as its members before payment is a controversial factor since the standard deviation of this factor is 1.376 that is the highest mark among the 9 factors in these two customer stages. The mean of the factor website design is 3.26 which is the lower than other factors.

Table 5.4 Descriptive Statistics for Consumption Part

	Sample	Minimum	Maximum	Mean	Standard Deviation
1. Product/service quality offered from vendors.	138	1	5	4.35	1.120
2. Refund policy	138	1	5	4.15	1.333
3. The speed of dealing refund.	138	1	5	3.89	1.303
4. The speed and attitude of responding and providing solutions for customers' problems.	138	1	5	4.13	1.185
5. Whether the group buying website has complete customer protection policies.	138	1	5	4.24	1.196
Sample Size	138				

Table 5.4 display the result of influencing factor in customer stage of post-consumption. The mean of the quality of products/services factor is 4.35 and the standard deviation of this factor is 1.120. This result indicates that though the customer's consumption process is happened offline at the vendor's location, the group buying website should be responsible for the quality of services and products. If a customer has a bad consumption experience, his/her experience of this group buying website might be negatively impacted. Moreover, the means of the reasonable refund policy, the speed and attitude of responding and dealing with customers' problems and complete consumer protection policy are all over 4. This implies these three factors have fairly strong impacts on customer experiences.

Table 5.5 Descriptive Statistics for Determined Factors Part

	Sample	Minimum	Maximum	Mean	Standard Deviation
1. Discounted price of product/service	138	1	5	4.33	1.175
2. Diverse product/service to choose	138	1	5	3.91	1.244
3. Convenience	138	1	5	4.02	1.145

4.	The group buying websites itself as a brand	138	1	5	3.48	1.260
	Sample size	138				

Table 5.5 displays the descriptive statistics result of the fifth part which is asking for the degree of influence of price, requirement, convenience and brand. The mean of the factor discounted price of product/service is 4.33 which is the highest mark in this part. Still, price is also a determined factor of Chinese customer experience in group buying business. Additionally, many respondents agree that whether the group buying website could bring convenience to them also has a strong influence on customer experience.

The impact brought from the brand factor is a bit lower than others. When customer shopping on the group buying websites his/her experience will not be influenced by the awareness or customer perceptions of the group buying company's brand.

5.3 Findings-----Determined Factors

Through the descriptive analysis, the most influential factors of customer experience in Chinese group buying websites were figured out. All the factors of which the means are over 4, which means over 45% respondents gave "5" to these factors, could be taken as the determined factors of customer experience in Chinese group buying market. These factors are:

● Publicity of comments from previous customers' transactions;

● Straightforward information searching process;

● Protection of the security of customer data;

● Concise payment process;

● Different selections of payment methods;

● Product/service quality offered from vendors;

● Reasonable refund policy;

- The speed and attitude of responding and dealing with customers' problem;

- Complete customer protection policies;

- Discounted and low price;

- Convenience.

According to Jagan's (2013) 9 determined factors of customer experience, different selections of payment methods, straightforward information searching process and concise payment process could be categorized in to "convenience" since these factors make customers' buying process become more simple and easy to follow. Publicity of comments from previous customers' transactions, Protection of the security of customer data Reasonable refund policy, the speed and attitude of responding and dealing with customers' problem and complete customer protection policies could be sorted into the factor "service/support" offered by group buying websites.

Thus, as suggested by the analysis, customers experience of Chinese group buying websites are mainly influenced by the discounted prices of the products/services that the group buying websites offer, the quality of the products/services from vendors, the convenience that the group buying websites bring to them and complete customer service/support system that can solve customer's problems.

6. Conclusion

The aim of this research is to find out the most influential factors of Chinese customer experiences in group buying business. This research was conducted towards customers. However, there were few academic researches which introduce customer experiences in group buying business in a systematic way. Thus, instead of asking customers directly about what are experiences in group buying businesses, the origins of customer experience in Chinese group buying websites should be figured out as a valid foundation of organizing an online self-completion

questionnaire.

There are two basic theoretical frameworks were applied in this research. Hoffman's CxC Matrix and Jagan's customer experience framework were combined to find out the origins of customer experience in Meituan, one of Chinese group buying leading companies. Customer experiences in Chinese group buying websites are generated from the interactions that customers have with the group buying company in each customer stage. There are 21 factors concluded from Meituan' business model. Based on these factors, an online self-completion questionnaire was conducted towards Chinese customers.

According to the answers from 158 respondents, 11 most influential factors of customer experience in Chinese group buying business were figured out as the main findings of this research. As the author mentioned in the introduction part, these most influential factors could be used as accordance from customer experience to solve the problem of unsustainbility in group buying business. The findings of this research could be the first step of Schmitt's Customer Experience Management framework which is to take a research to find out how customer evaluate their experiences from their interactions with the companies.

Through the findings, group buying companies could understand the reasons which cause the low customer retention rate in group buying websites. When facing other choices why customers are struggling? These most influential factors could help group buying companies get to know customers' bottom lines and improve them through CEM (Galat, 2011). Group buying companies could conduct the next four steps of Schimitt's CEM framework based on their own truth.

According to the 11 most influential factors of customer experience in Chinese group buying websites, group buying websites should firstly make their searching and payment process easy to follow and understand. Then they should ensure that the prices of products/services are attractive. Moreover, for group buying websites, complete refund policy and customer protection policy are essential for delivering an

excellent customer experience. Customer sustainability could be improved from group buying companies' efforts on delivering goods customer experiences. In addition, group buying websites could figure out their own customized services to make their determined factors framework of customer experience differentiate from their competitors. This kind of actions could increase customer involvement which could create memorable customer experiences and ultimately increase customer retention rate in this group buying websites.

For further study, the relationship between group buying companies and their vendors might be a significant area which is worth to study. Different from group buying companies, the development of B2B websites is a threat of the offline retailers. The relationship between group buying websites and offline vendors is symbiosis. From the findings of this research, the quality of products and services offered by the vendors could strongly influence customer experiences. Thus, establishing a good relationship with vendors and a supervision and control system for the quality of products and services offered by vendors could be an effect way to improve customer experience.

Furthermore, these determined factors concluded through the analysis of the conducted questionnaire are all controllable factors which could regulate and control by the company through customer experience management. Nevertheless, the uncontrollable factors such as the personal and cultural factors that have been proved to have influences on consumer behavior could not be simply summarized by questionnaires. So these uncontrollable factors of customer experience in Chinese group buying websites could be investigated in further research.

7. Limitation

● Limitations of applications of theories and frameworks

This research only applied Jagan's (2013) and Hoffman's (2010) frameworks in a

superficial way. When capturing the origins of customer experience in Meituan, the analysis was based on Meituan's group buying models. However, the interactions that customers have with the group buying companies are not only limited in the process that the group buying model depicts. Customer experience could also be found out from many other channels such as words of mouth from other people, advertisements and company's social responsibilities. Thus, the factors concluded in this research are not completed.

- Limitations of questionnaire

In this study, the biggest the limitations and shortages are this questionnaire could not reach the whole China and the sample size could not simply represent the majority of customer of Chinese group buying websites. Different people of different age groups from different locations might have their own opinions of customer experience in group buying websites. This research did not reach all these age groups and locations of respondents.

- Limitations of Meituan as an illustration of analysis

This study used Meituan as a case study example. Meituan could not represent all group buying websites in China. Every group buying website might have its specialties that attract customers to shop in this websites, which will also generate customer experiences. This situation leads to the deviations of the findings in this study.

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Appendix 1

Hoffman's (2010) Most Frequent Customer Contacts

Geography	Digital	Location	Third Party	One-on-One	Community
TV Community events Radio Billboards Outdoor Signage Magazine	Banner ads Websites Company email Blast email Webinars Online-demonstrations Hosted & sponsed online content, video, etc. Campaign management email Click for chat	Store In-store promotions Demonstrations	Package inserts Private-label partners Affiliate offers Advertorials Resellers Paid analysts Paid reviewers Aggregators Brokers Distributors Non-captive sales agents Paid subject matter experts	Inbound telemarketing Online customer support SMS Email Hosted, sponsored contests Email billing statements Shipments Catalog Customer service Statement inserts Service click for chat Direct mail Outbound telemarketing in person sales call	Independent membership organization Clubs Social networks Subject matter experts Reviews Independent trade organizations Blogosphere Trade shows Public relations Priss/trade magazines

Appendix 2

Online Self-completion Questionnaire

Customer Experience in Group Buying Business

Part 1 About Respondents

1. Gender

○ Male

○ Female

2. Which age group are you in？

○ <20

○ 21---30

○ 31---40

○ 41---50

○ >50

3. Have you ever purchased products/services in one/more the following websites？

□ Meituan.com

□ Nuomi.com

□ Lashou.com

□ Dianping.com

□ 55tuan.com

Part 2 The Channels for customers to get access to group buying websites

4. Please evaluate the degrees that the following factors could influence your customer experience?

1→5 means No impact ---- Strongly impact

	1	2	3	4	5
1. Whether can this group buying website could be searched in navigation websites	O	O	O	O	O
2. Whether can this group buying websites could be found in the first page of Baidu when searching	O	O	O	O	O
3. Whether does this group buying website have its own mobile app	O	O	O	O	O

Part 3 Customer experience in shop and payment process

5. Please evaluate the degrees that the following factors could influence your customer experience?

1→5 means No impact ---- Strongly impact

	1	2	3	4	5
1. Website Design	O	O	O	O	O
2. Word demonstration of product/service information	O	O	O	O	O
3. Pictures/photos of product/service	O	O	O	O	O
4. Comments from previous customers' transactions	O	O	O	O	O
5. Information searching process is easy to follow	O	O	O	O	O

	1	2	3	4	5
6. Whether the group buying website could ensure the security of customer data	O	O	O	O	O
7. Whether the group buying website need users to be their members before payment	O	O	O	O	O
8. The process of payment is easy to follow	O	O	O	O	O
9. Whether the group buying website provide different ways of payment	O	O	O	O	O

Part 4 Customer experience in consumption and post-purchase process

6. Please evaluate the degrees that the following factors could influence your customer experience?

1→5 means No impact ---- Strongly impact

	1	2	3	4	5
1. Product/service quality offered from vendors.	O	O	O	O	O
2. Refund policy	O	O	O	O	O
3. The speed of dealing refund.	O	O	O	O	O
4. The speed and attitude of responding and providing solutions for customers' problems.	O	O	O	O	O

5. Whether the group buying website has complete customer protection policies.	O	O	O	O	O

Thank you for your attendance!