

# THE IMPACT OF ONLINE MARKETING INNOVATION STRATEGY ON DECISION TO BUY ELECTRICAL PRODUCTS VIA THE INTERNET: A CASE OF BEIJING FIRM'S HAIER GROUP

Guoxing ZHU<sup>1</sup> and Poompichai TARNDAMRONG<sup>1\*</sup>

<sup>1</sup> Faculty of Business Administration, Thongsook College, Thailand;  
guoxing.thongsookcollege@gmail.com (G. Z.); poompichai.t@gmail.com (P. T.)  
(Corresponding Author)

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## ABSTRACT

This study has the purpose to examine the impact of online marketing innovation strategy on decision to buy electrical products via the internet, especially in a case of Beijing firm's Haier Group, China. The target population was people living in Beijing, China, and the sample of the study were 400 people purposively drawn from the population. A set of questionnaires were utilized as a tool for data collection. The research hypothesis was tested with the Enter method of multiple regression analysis and descriptive statistical analysis consisting of frequency, percentage, mean, and standard deviation were also employed. The level of statistical significance was set at 0.05 level. From data analysis, the study found that the respondents had a high level of overall and individual opinions on online marketing mix. Also, the respondents had opinions on experience at the highest level of mean, followed by evangelism, exchange, and everywhere respectively. The decision of consumers of the company to purchase electronics products online in Beijing, China, was statistically significant at .01 level with a predictive power of 31.3%. The findings provide useful information for the company and future research on buying electrical products via the internet.

**Keywords:** Personal Factors, Online Marketing, Marketing Mix, Customers' Decisions

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## INTRODUCTION

In the 21<sup>st</sup> century, we are entering an era of innovation in which communication technology is easily accessible, making consumers freely choose their own choice with ease to do activities online. This results in significant changes of behaviors for both consumers and business operators and the rapid change has driven the economy, trade, and business sectors to adjust themselves. Shah (2022) states that these rapid changes are both huge opportunities for businesses to adapt to changes on time. On the other hand, it is considered a major obstacle. Zhang and He (2022) state that businesses that are unable to adapt to the changes may encounter problems. All businesses are entering the Internet technology era at the fullest pace and they have completely changed their behavior to catch up with the rapid advancement of information technology, especially computer network technologies that have been developed in a variety of ways. The computer network has covered a large area globally with the highest growth rate and the internet become a part of life for many people (Kalra & Nene, 2020).

Nowadays, information technology is growing rapidly. Computer network technology has evolved in many forms. The computer network, known as the internet, is rapidly growing and becoming a very popular communication innovation among users around the world. Because it provides users with convenience, speed, and economy the internet is an endless hub of information, causing information changes in various fields such as economy, politics, culture, education, transportation, communication, and military. In addition, nowadays many businesses are interested in using website as a tool to offer products and services to consumers. Because the Internet is the technology that enables businesses to operate efficiently, organizations that operate e-Commerce businesses will provide consumers with the information they need immediately to make them buy the products and services anywhere and anytime, causing shopping behavior to change. The innovative technology has been used in various fields for; 1) information searching that assists decision making in business, 2) displaying merchandises or products on online market or shops, 3) marketing and advertising their products and services online, and 4) providing support and after-sale to the customers of companies or organizations (Prestini & Sebastiani, 2021).

After years of development, washing machine industry in China has become more mature. With the implementation of the policy of stimulating domestic demand of the state, the size of the market gradually expanded, the domestic washing machine market also gradually picked up, and market development tended to a stable state. With sustained growth since 2016, the washing machine production was hit by the pneumonia pandemic outbreak in 2020. The production fell. Companies in China, such as TCL, Aucma, Bosch, Wisdom, Whirlpool, and Haier Media Group, together produced 64.289 million washing machines in 2020, which was 2.7% down from year 2019.

The coronavirus disease 2019 (COVID-19) pandemic has led to a huge change of consumers' behavior. It has been found that the shift to e-commerce has been becoming more rapid. Consumers are forced to get used to and must adjust to buying daily necessities and other goods online due to the lockdowns and social distancing policy to stop the COVID-19 pandemic, making online shopping become a daily routine for consumers, making them more open to spending via e-Commerce. This behavior has affected the traditional entrepreneurs to accelerate adaptation by turning their business to e-Commerce to support the customers' need, causing the value of e-Commerce to grow rapidly. Moreover, it is believed that the demand for online purchases of goods and services will become an increasingly important purchasing channel for consumers, even in the post-COVID-19 pandemic era. This online marketing mix influences consumers' decisions to buy products via the internet and it is expected to increase online spending that would replace the traditional retail channels (Hanaysha, 2022). From the growing trend of businesses that sell products via the internet, online market is constantly expanding, including electrical appliances. As a result, the importance of using the Internet is

realized and considered to continuously increase growth and expansion of opportunities with modernized business (Limna, Kraiwanit, & Siripipatthanakul, 2022).

For this reason, the researcher was interested in studying the impact of online marketing innovation strategy on decision to buy electrical products via the internet: A case of Beijing firm's Haier Group with the purpose to determine difference of personal factors affecting decision to buy electrical products via the internet from the Haier Group in Beijing China and examine the online marketing mix affecting decision to buy electrical products via the internet from the company.

## **CONCEPT AND THEORY OF ONLINE MARKETING MIX**

Many researchers and scholars have given the meaning of online marketing mix in different definitions. Sun (2022) explained that the online marketing mix (6'Ps) has evolved from the traditional marketing mix (4'Ps—product, price, distribution or place, and promotion) and new marketing methods (4'Es—experience, exchange, everywhere and evangelism). Marketing mix is a tool that businesses and marketers use to help determine a product or brand's offering. The 4'Ps has been associated with the marketing mix since their creation (McCarthy, 1960). The modern marketplace is unlike anything seen before in human history (Lim, Jee, & Run, 2020). For example, e-Commerce allows anyone to order practically anything from anywhere in the world with virtual currency. The remarkable shift in marketing from conventional to digital that has been observed over the past several years has given a whole new meaning to marketing. To acquire a strong competitive advantage, many organizations—regardless of sector— have made significant efforts to integrate digital technology and marketing techniques; like social media marketing, digital advertising, and e-word of mouth into their strategies. Online marketing becomes crucial for business success.

### **Concept and theory of customers' decisions**

Consumer behavior theory centers around study of how people make decisions when they purchase products. This helps businesses and marketers to capitalize on the behaviors in predicting how and when a consumer will make a purchase (Jain, 2020). Xu and Jin (2022) state that consumer behavior studies individual, group, or organizational factors and the processes they use to select, maintain, and eliminate products, services, experiences, or ideas to meet the needs and impact these processes have on consumers and society. Consumer behavior combines psychology, sociology, social anthropology, and economics to understand the buyer's purchasing decision process. Both individual factors and group consumer behavior study the characteristics of consumer factors, such as demographic characteristics and behavioral variables, to try to understand the needs of the people. Consumer behavior, in general, also attempts to assess what affects consumers by individual groups such as family, friends, referral groups, and society.

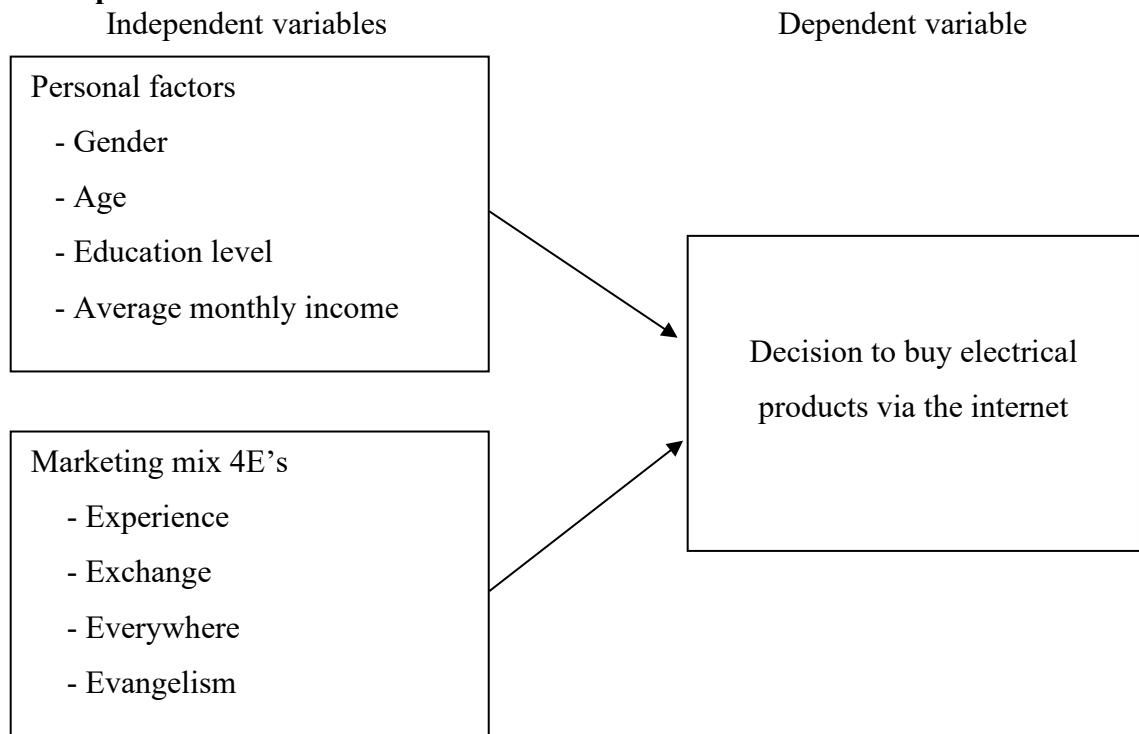
### **Hypothesis development**

In this study, the researcher was interested in examining the impact of online marketing innovation on buying electrical products via the internet. Firstly, the study determined difference in personal factors affecting decision to buy electrical products via the internet offered by Haier Group in Beijing, China. Secondly, the study determined the online marketing mix; consisting of experience, exchange, everywhere, and evangelism affecting decision to buy the products via the internet from the company. This study would be significant for the Haier Group in Beijing, China, in terms of marketing development for more business success and improvement of the company to maintain its effective completion among entrepreneurs selling products online.

Hypothesis 1: Difference in personal factors affects decision to buy electrical products via the internet offered by Haier Group in Beijing, China.

Hypothesis 2: Online marketing mix affects decision to buy electrical products via the internet offered by Haier Group in Beijing, China.

### Conceptual framework



**Figure 1** the conceptual framework of the study

## RESEARCH METHODOLOGY

This case study investigation was concerned with the Haier Group in Beijing, China. The population utilized in this study were the people living in Beijing, China, where the exact population size is unknown. The sample consisted of 400 customers using online marketing innovation strategy for their decision to buy electrical products via the internet offered by the company.

Research instrumental was a questionnaire created after studying and researching concepts and theories to obtain information from the related literature review that considered to impact online marketing decision to buy electrical products via the internet offered by the Haier Group in Beijing, China. The questionnaire consisted of four divided sections: 1) demographic factors of respondents, 2) opinion questionnaire about the online marketing (4E), 3) opinions on the decision to purchase electronic products online, and 4) other comment. The data collection was conducted online using a programmed digital format.

The data analysis employed the descriptive statistics of frequency distribution, percentage, mean, and standard deviation to describe basic information about the sample group. And, the inferential statistical analysis was used to test the hypothesis with statistical significance at the 0.05 level with the Enter method of multiple regression analysis.

## RESEARCH RESULTS

The findings in Table 1 show that the respondents were female (58.50%), aged between 31-40 years old (31.25%), graduated bachelor's degree (49.00%), and had an average monthly income between 6,001 - 8,000 Yuan (28.75%). Most respondents viewed at a high level both on the online marketing mix ( $\bar{X} = 3.66$ ,  $SD = 0.16$ ) and the decision to purchase the electronic online from the company ( $\bar{X} = 4.02$ ,  $SD = 0.20$ ).

**Table 1** the results on personal factors on customers' decisions

Personal factors	Statistics	Statistical values	p-value
Gender	t-test	0.613	.540
Age	F-test	2.818	.025*
Education level	F-test	0.162	.851
Average monthly income	F-test	2.014	.092

**Table 2** the results of the online marketing mix and decision to buy the electric products

Online marketing mix	b	Std. Error	$\beta$	t	p-value
Constant	1.76	0.19		9.188	.000***
Experience	0.10	0.03	0.14	3.280	.001***
Exchange	0.02	0.03	0.03	0.596	.551
Everywhere	0.20	0.04	0.25	5.440	.000***
Evangelism	0.30	0.04	0.39	8.482	.000***

$R = 0.565$ ,  $R^2 = 0.320$ , Adjusted  $R^2 = 0.313$ ,  $SE_{EST} = 0.164$ ,  $F = 46.419$ , p-value = .000\*\*\*

\*\*\* Statistically significant at .01 level.

In table 2, the analysis shows that three strategies had effect on the online marketing mix; namely experience, everywhere, and evangelism, affected customers' decisions to purchase the electronics products online from the company at a statistical significance at .01 level with a predictive power of 31.30%.

## CONCLUSION AND DISCUSSION

From hypothesis testing in this study, it was found that the different personal factors in terms of age affect the decision to buy electronic products online differently with a statistical significance at .05 level. This is because age of the buyers could influence the decision to purchase the products online.

Difference of age might affect their needs to buy different types of electronic products. This result is corresponded to the study done by Assaker (2020), who found that age differences could influence the use of online travel reviews and user-generated-content (UGC) adoption; as well as the study conducted by Natarajan, Balasubramanian, and Kasilingam (2018) who found that age of users could have an impact on the intention to use mobile shopping applications. Furthermore, the study conducted by Mehrolia, Alagarsamy, and Solaikutty (2021), using binary logistic regression to study customers' response to online food delivery services during the COVID-19 outbreak, indicated that the age of the respondent is the main factor that influenced online food delivery services. Furthermore, age is also correlated to the use of technology to purchase products online. However, many studies found that the elderly might find it difficult to use the technology. Similarly, the study made by Vaportzis, Giatsi Clausen, and Gow (2017) found that older adults' perceptions were barriers to using the technology.

The findings related to the hypothesis testing revealed that online marketing mix, including experience, everywhere, and evangelism had affected customers' decisions in China to purchase electronics products online at a statistical significance .01 level with a predictive power of 31.3%. This might be because the customers who had experience in online market felt familiar with using the technology in purchasing products they wanted and could pay attention to the experience arising from the latter purchase and use, which might include its design, quality, usability, and other social aspects (Belonging to groups, participation in popular movements, etc.).

The findings from this study are consistent with some findings on online shopping experience that was important for an emerging e-retailing market and that online shopping experience could help develop management strategies to increase customers' experience by concentrating on the most important components of experience. However, Barari, Ross, and Surachartkumtonkun (2020) indicated being aware of negative and positive customer shopping experiences in an online context. Their finding indicated that client priority is emotive in a successful shopping scenario; in a service failure, it is cognitive. In a successful shopping setting, emotional experience had a greater influence on consumer satisfaction and good word of mouth than cognitive experience. In an unsuccessful shopping context, cognitive experience had a greater impact on dissatisfaction and bad word of mouth.

Furthermore, another reason that make the customers to decide to purchase products online is that technology can allow access to the market everywhere. The term 'everywhere' refers to the structure of the channel. It consists of institutions and activities that move products and services from the organization to the market. The institution that brings the products to the target market is the marketing institution. The activities that help distribute goods include transportation, warehousing, and keeping inventory herein. The online store is open 24 hours daily. In addition, the website should be designed with easy to use, convenience process of product ordering, free delivery service, and punctuality in delivery.

For the 'everywhere' factor, the customers are enable to access shopping online wherever they want. The convenience can make them feel comfortable and happy. Therefore, the finding from study is consistent with the study done by Mishra and Singh (2021) who found that the mobile shopping revolution redefines the consumer decision process. They can decide to purchase something easily because they can access any website and application via a mobile phone. Lastly, the factors related to the evangelism factor also indicated the effect on decision to purchase products online by the consumers. Evangelism refers to the trend of emphasizing loyalty and increasing customer retention. Loyal customers spend more money and are much more likely to recommend the brand to friends. Therefore, customers who can hear voices of using online shopping from others can influence the decision to purchase online. Besides, this study finding corresponds to the study done by Ezekiel (2021), who indicated the importance of evangelism to e-Commerce and m-Commerce marketing. Similarly, the finding from the study undertaken by Dunaetz (2019) has indicated the importance of evangelism in e-marketing and social media. In addition, the study indicated that evangelism could affect customer engagement as well.

### **Suggestions**

- 1) According to the study, the different personal factors in terms of age could affect the decision to buy electronic products online in China differently. Therefore, the entrepreneur should provide technological platforms for customers of different ages to increase purchase.
- 2) Online marketing mix in terms of experience affects customers' decisions to purchase electronics products online in China. Therefore, the entrepreneur is suggested to provide modern electrical products and giving quick response to inquiry of additional information about the product.
- 3) According to the study, online marketing mix in terms of 'everywhere' affected the purchase decision. Therefore, the entrepreneur should provide punctuality in delivery and free delivery for the customers.
- 4) This study recommends that the company provide an attractive and modern online advertising formats as well as sale activities to collect points to get discounts on the customers' next purchase, which the evangelism in marketing mix had the effect on the purchase decision.

### **Future research**

- 1) The next study should use another research approach besides the quantitative method, such as a qualitative inquiry using customers' in-depth interviews to obtain insights.

- 2) Future research should focus on other factors; such as attitudes towards using technology, technology infrastructure, and so on. Besides, emphases on the factors of the online marketing mix, including experience, exchange, everywhere, and evangelism affecting the purchase decision of consumer electronics products online should be taken in to account.
- 3) Future research should examine how customers in remote areas without internet connection can access the technology to purchase online.

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