

## **The Seminar Proposal**

### **Research Question**

What are the reasons that Thai consumers aged between 45 to 60 are less likely to use E-commerce platforms?

### **Introduction**

There are more than 50 million internet users in Thailand today. With over 70% of the total population, Thais are some of the most avid users of the internet in the world . It is undeniable that the internet has become one of the most important parts of our daily lives. Alongside the advancement of the internet and cutting edge technologies, our lifestyles have also developed to incorporate these changes. People no longer surf the web just for information and entertainment, they use the internet to communicate with those they care about, as well as utilizing convenient services to improve their quality of life.

Due to the digitalization of businesses and services, people tend to do more things online, such as purchasing goods and services. According to research, approximately 85 percent of Thai people between the ages of 16 and 64 buy products and services online (GlobalWebIndex, 2019). This has resulted in a large growth in Thailand's e-commerce market, over 25% in 2018, with a tremendous number of e-commerce platform users here in Thailand. With that being said, there is a disproportionately low number of thai middle-aged citizens engaging in e-commerce, compared to younger age groups. Research has shown that adults aged 45 to 65 are still not as familiar and/or willing to use e-commerce platforms.

This is reflected in the low representation of middle-aged consumers in the e-commerce user base. We can conclude that e-commerce platforms in Thailand have yet to successfully play a key role in the day to day life of the average middle-aged Thai citizen.

Even though the statistics show a significant percentage gap between Thai e-commerce users of each age group, researchers and practitioners have paid little attention to the underlying issues related to the Thai middle age group's behaviour and perception regarding online shopping. For this reason, my objective for this paper is to address and explain why many Thai middle-aged adults between the ages of 45 to 65, specifically those in Bangkok, are resistant to the ever growing popularity of e-commerce platforms. Moreover, as middle-aged adults are a significantly higher earning age group, this paper also details possible strategies to overcome bias and reluctance in middle-aged consumers, and attract more users of this age group to utilise e-commerce platforms.

### **Literature review**

In order to devise successful strategies to increase middle age participation in e-commerce, we have to analyse the factors of e-commerce that repel middle-aged users in the first place.

According to Lian (2014), older adults are more likely to resist technology usage than young people. In a similar vein, Gitlow's (2014) research stated that the main barriers that prevent middle-aged adults from using the internet are a lack of knowledge concerning technology, and difficulty in utilising and navigating online websites. Compared with younger generations, middle-aged consumers lived a

larger part of their life bereft of the convenience of online purchasing. They are more accustomed to traditional methods of retail, and so, struggle more heavily with transitional barriers of moving from physical retail stores, to online e-commerce shops. When users visit online shops, they are only privy to information provided on the website on the product they are interested in. Consumers have no access to the product itself and must rely on possibly biased or misleading information provided by the sellers. Due to the intransparent path, middle-aged consumers would face difficulties in finding the information they would normally use to make a purchasing decision. They lack the ability to navigate the web, conduct basic research, and find more information on the product, the legitimacy of the seller, and the security of the e-commerce platform itself.

Additionally, middle-aged consumers have more perceived risk, affecting their desire to make transactions online. They simply do not trust most websites and are not willing to engage in relationship exchanges with web providers (Hoffman et al., 1998). Perceived risk is based on two major components that Cunningham (1967) has suggested: the probability of making a loss, and the subjective feeling of incoming unfavourable consequences. It includes the fear that what consumers are paying for will not be received or what that the product itself will not be as presented, or not be able to perform its function as intended. As a result, middle-aged consumers prefer to purchase goods in a store rather than purchase goods online. Platforms that want to appeal to this demographic must address these concerns. Examples of methods that alleviate middle-aged consumer grievances include User-friendly website design focusing on usability, and assurance policies that put the safety of the consumer at the forefront, such as a flexible returns policy and cash

on delivery payment method that put the risk of loss on the company itself. These policies and design choices help to alleviate customer concerns and reduce the perceived risk.

Although there have been many studies delving into these themes of older adult consumers and e-commerce, most of these studies have focused on their population and the behaviours present in their country. A study based on middle-aged consumers in a developed country such as the United States of America will not accurately reflect the behaviour of a developing country such as Thailand. The culture and overall acceptance of technology and e-commerce have not developed at the same pace, and so to accurately gain a view of Thailand's middle-aged consumer's view on e-commerce, this study takes the core aspects of other studies, and applies them to the Thai population.

## **Theoretical Framework**

### **Asymmetric Information Theory**

Asymmetric information, also called information failure, is when one party has access to more information than the other party. This phenomena can lead to transactions that have adverse selection and/or moral hazard. Adverse selection occurs when one party in a transaction has more accurate and is better informed than the other party on the product or service that is being exchanged. Sellers may have access to information that buyers do not, or vice versa, about some aspect of the product's quality. As a result of this, buyers have an inherent distrust of sellers as there is always a possibility that relevant product information is being withheld. This is especially the case in online transactions, where the condition of the product can

be disguised or not addressed. In addition to withheld information, consumers and sellers may also experience moral hazards. This occurs when two parties have different information, resulting in one party changing their behavior after a deal has been completed. Sellers may have great service before a deal is made, but package a product badly after the payment has been received. Whereas buyers may delay or default on a payment after having received the product, since they are no longer in a rush to receive the product.

Online purchasing has only enhanced the asymmetric information of transactions. Consumers cannot physically inspect the products or visually see the condition of the products. They can only access the information that sellers provide on the products. This information is often biased and may mislead consumers to purchase things. Middle-aged consumers are not experienced enough to effectively find trustworthy sources of information online, and feel confident in making informed choices and purchasing decisions. This enhanced information imbalance has deterred the technologically inexperienced consumer

### **Methodology**

In this section, methods and information used in the analysis will be provided. This research uses information surveyed from a sample of 400 average middle-aged consumers based in Bangkok. Participants were asked about their age, gender, income level, level of education, occupation, family structure, and their perception towards online shopping. Since this research is focused on individuals who struggle to navigate the internet, conducting online surveys alone may exclude many relevant responses. And so, in order to minimize a biased pool of results, we have conducted

in-person surveys around the Bangkok area. The data is categorized into a table to analyze the factors that affect middle-aged consumers' behavior, and effective strategies employed by e-commerce platforms that can be used to gain the trust of high spending middle-aged consumers.