

## **Research Question**

What are the reasons that Thai consumers aged more than 45 are less likely to shop online?

## **Introduction**

There are more than 52 million internet users in Thailand today. With over 75% of the total population, Thais are some of the most avid users of the internet in the world (datareportal, 2020). 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. The high growth rate of the internet users becomes the opportunity for electronic commerce business. According to research, approximately 82 percent of Thai people purchased a product 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 more than 45 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. The consumer's decision making is influenced by psychological factors such as personality, perception, and attitude. The cultural and social are also affect the decision of online shopping. Referring to the information above, Attitude is one of the most important psychological factors as it is the way an individual thinks or feels about something, and it shows the way each consumer behaves. By understanding consumers' attitudes toward online shopping, it will help marketers to know more about their consumer groups, and can offer each group different solutions in order to move forward to the future of online shopping.

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, attitude, and perception regarding online shopping. For this reason, my objective for this paper is to study the relationship between consumer online shopping behavior and attitudes towards online shopping. Also, to address and explain why many Thai middle-aged adults aged more than 45, 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 (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., 1999). 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 (Bloomenthal, 2020). This phenomena can lead to transactions that have adverse selection and/or moral hazard. Adverse selection occurs when one party in a transaction is 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**

This research uses information surveyed from a sample of 395 average middle-aged consumers who use social media in daily life.

The target respondents of this study are male and female consumers, who are familiar with social media and the internet, and are over 45 years of age. The researcher used a questionnaire as a tool to gather the information from the target respondents.

The questionnaire is divided into five parts. The first two parts acted as filters to quickly clear out responses from candidates who did not match the criteria of the desired respondents of this survey. The first question allowed only individuals over the age of 45 to continue with the survey, while the second questions filtered out those who did not regularly consume social media in their day to day lives. This left us with our target group of 395 individuals aged 46 and over who regularly engage in social media, and who's ecommerce habits we are interested in.

Participants were asked about important characteristics that may influence their overall behaviour and perception towards ecommerce. This included their age, gender, income level, level of education, online shopping behavior, and their perception towards online shopping.

The data is then categorized into tables and charts, in order to analyze the factors affecting middle-aged consumers' behavior and pinpoint the main outstanding factors that provide the most effective strategies employed by e-commerce platforms to gain the trust of high spending middle-aged consumers. All of 395 sets of questionnaires were considered valid and were used for the analysis.

## Findings

Table 1: The Summary of Demographic Characteristics

Characteristics	Categories	Frequency (N)	Percentage (%)
<b>Gender</b>	Male	313	79.24%
	Female	82	20.76%
<b>Age</b>	46-50 years old	48	12.15%
	51-55 years old	92	23.29%
	56-60 years old	202	51.14%
	61-65 years old	37	9.37%
	more than 65 years old	16	4.05%
<b>Income level (Monthly income)</b>	Less than 20,000 THB	78	19.75%
	20,000 - 35,000 THB	76	19.24%
	35,001 - 50,000 THB	59	14.94%
	50,001 - 65,000 THB	42	10.63%
	65,001 - 70,000 THB	14	3.54%
	70,001 - 85,000 THB	20	5.06%
	85,001 - 90,000 THB	10	2.53%
	more than 90,000 THB	96	24.30%
<b>Level of Education</b>	Some high school	6	1.52%
	High school graduate	10	2.53%
	Vocational Certificate or High Vocational Certificate	113	28.61%
	Bachelor Degrees	200	50.63%
	Master Degrees	60	15.19%
	Higher than Master Degrees	6	1.52%

The first table is a summary table showcasing the demographic distribution of the respondents of the survey. As indicated in this table, a majority of the respondents were male (313 respondents and 79.24%). In terms of age, the largest

number of respondents were those whose age ranged from 56 to 60 (202 respondents and 51.14%). In terms of monthly salary, the largest group, with a total of 96 respondents (24.30%) earn more than 90,000 Baht. As for the highest education achieved, a majority of respondents have achieved a Bachelor's Degree with 50% of the respondents(50.63%) in this category.

**Table 2: The Summary table of Online Shopping Method**

How online shopping is done		Age										Total
		46-50 (12.36%)		51-55 (22.80%)		56-60 (51.92%)		61-65 (9.34%)		more than 65 (3.57%)		
		Frequency (N)	Percentage (%)	Frequency (N)	Percentage (%)	Frequency (N)	Percentage (%)	Frequency (N)	Percentage (%)	Frequency (N)	Percentage (%)	
Directly contact the sellers and then transfer money to them	Never	6	13.33%	13	15.66%	34	17.99%	5	14.71%	2	15.38%	<b>60</b>
	Sometimes	38	84.44%	56	67.47%	129	68.25%	25	73.53%	9	69.23%	<b>257</b>
	Always	1	2.22%	14	16.87%	26	13.76%	4	11.76%	2	15.38%	<b>47</b>
Shop online via E-Commerce platforms or websites	Never	6	13.33%	8	9.64%	19	10.05%	8	23.53%	1	7.69%	<b>42</b>
	Sometimes	20	44.44%	43	51.81%	114	60.32%	16	47.06%	9	69.23%	<b>202</b>
	Always	19	42.22%	32	38.55%	56	29.63%	10	29.41%	3	23.08%	<b>120</b>

As indicated in Table 2, from a total of 395 Samples who use social media in daily life, and age more than 45, 364 people have had experience with online shopping, making up 92.2% of the total sample. Those 364 respondents were then asked about the methods in which they participated in online shopping. From this table we can see that middle aged people are more inclined to purchase goods online through established e-commerce platforms or websites with a payment portal, compared to a purchase by directly contacting sellers on line or instagram and paying via a bank transfer. These results would suggest that middle aged consumers favor a more

professional and structured purchasing method. Direct purchases through a seller online may provide lower prices, but do not have the same assurances that an established company running an ecommerce platform can give consumers. These assurances of quality and policies dealing with refunds bring an ecommerce platform closer to the retail experience that consumers are used to. Direct purchases have no guarantee and the risk may put off potential customers.

**Table 3: The Summary table of middle-aged consumers' Perception and Attitude toward Online Shopping**

What factors prevent you from purchasing goods online	Score										Total Score
	5		4		3		2		1		
	Frequency (N)	Percentage (%)	Frequency (N)	Percentage (%)	Frequency (N)	Percentage (%)	Frequency (N)	Percentage (%)	Frequency (N)	Percentage (%)	
Complexity of application installation and sign up process	73	18.48%	92	23.29%	115	29.11%	84	21.27%	31	7.85%	<b>1,277</b>
Difficulty in utilising and navigating E-commerce platform	65	16.46%	101	25.57%	118	29.87%	84	21.27%	27	6.84%	<b>1,278</b>
Complexity of payment process	80	20.25%	80	20.25%	110	27.85%	91	23.04%	34	8.61%	<b>1,266</b>
Lack of trust in online payment system	83	21.01%	88	22.28%	123	31.14%	65	16.46%	36	9.11%	<b>1,302</b>
Perceived risk of sharing personal Information	150	37.97%	123	31.14%	70	17.72%	39	9.87%	13	3.29%	<b>1,543</b>
Fear of fake products	176	44.56%	126	31.90%	59	14.94%	29	7.34%	5	1.27%	<b>1,624</b>
Quality of products do not match with the photo and product description	164	41.52%	131	33.16%	67	16.96%	29	7.34%	4	1.01%	<b>1,607</b>
Product picture and description are ambiguous	113	28.61%	158	40.00%	86	21.77%	33	8.35%	5	1.27%	<b>1,526</b>
Cannot inspect or try the product before purchasing	148	37.47%	133	33.67%	72	18.23%	33	8.35%	9	2.28%	<b>1,563</b>

Participants were asked to rate how much a given factor affected their decision in making ecommerce purchases. These answers were then converted to points and totaled up to provide us with a total score, showing the most significant factor, on average, affecting our respondents, as well as a percentage distribution of the answers within a factor to highlight any disparity in the responses.

According to the results, we can conclude that the greatest influencing factor that discourages middle-aged consumers from shopping online is fear of the fake products. This is closely followed by fear that the product quality does not match with the photo or product description, and the inability to physically inspect the product. All these factors are concerned with the state of the product, and the absolute assurance that what you see is what you get when you purchase the product, an important part of the retail shopping experience and unique to ecommerce. With the exception of the 5th place, the product picture and description are ambiguous, the rest of the factors deal with the complexities and drawbacks commonly associated with social media usage in general. Since our respondents actively use social media, they may have a better grasp of the risks that arise from social media usage. Or perhaps, because of our ever modernising society, there is no alternative to social media for keeping in contact with others, while ecommerce still presents itself as a convenient alternative to an established method.

## **Conclusion**

The goal of this research paper is to understand the factors that discourage Thai middle-aged consumers from shopping online compared to younger age groups. From our results, it is clear that middle-aged consumers have many concerns regarding online shopping that actively discourage them from utilising it. Cunningham (1967) has suggested that the perceived risk has two major components: the probability of making a loss, and the subjective feeling of incoming unfavourable consequences. This is consistent with the results of our findings as the top 3 main concerns in our results are related to the state of the product that our respondents are purchasing. Are they receiving what they paid for, or are they wasting their money?

These main barriers that prevent middle-aged adults from purchasing online are related to asymmetric information of the product being sold. Thai middle-aged adults have more perceived risk that the product they are presented with, is not the product they will be receiving once they make a purchase. These concerns stem from a lack of physical inspection and quality checking that is readily available when making a purchase at a retail shop. With that being said, ecommerce platforms can reduce the risk to the consumer by providing assurance policies that place the burden of monetary loss on the company itself. Policies such as allowing flexible returns to assure customers that they are not stuck with a product upon purchase, as well as a cash on delivery payment method which allows a customer to make a transfer of money only once the product has been received and inspected. These strategies employed by ecommerce platforms help to alleviate customer concerns and reduce the perceived risk of monetary loss. Although the other factors are not the overall main concerns of the respondents, our results show that every factor in

our survey has a significant portion of the respondents listing it as a major concern for them as an individual, and so should not be discounted. Many of these concerns are associated with the usage of social media in general. The fear that their personal information will be used, a lack of knowledge concerning technology, and difficulty in utilising and navigating online platforms are all concerns of social media usage for those not savvy with the technology. These concerns about the usage of the platform itself, may also intensify a users existing concerns about the product itself. If a user is unable to navigate the platform, and access the information they need to make a purchasing decision, they may succumb to asymmetric information. Thus it is vital that ecommerce platforms set up user-friendly website design focusing on usability. A good website/platform should provide information (such as detailed product information, in-stock number status information, prices list, reviews, and frequent ask questions) to consumers in order to create a positive attitude.

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