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# The Charisma of Online Group-Buying: The Moderating Role of Social Motivation

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## Abstract

Group buying can spread worldwide because the growth of the online shopping market has been considerable. In addition to deal popularity and discount rate, social motivation was included in this study. If a consumer cannot achieve an economic exchange benefit, a social exchange benefit might provide another function for the group member to stay in the community. This study adopted convenience sampling and an online questionnaire to conduct a survey. Among 240 questionnaires collected, 204 were valid. According to ANOVA analysis, the results demonstrated that social motivation has a positive influence on the relationship between the discount of a product and customers' purchasing intention but not on the relationship between the popularity of a product and customers' purchasing intention. Therefore, we concluded that strengthening social networking can have a positive effect on customers' purchasing intention and thus encouraging the development of group purchasing retailers and related industries.

*Keywords:* Group Buying; Deal Popularity; Discount Rate; Social Motivation;

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## 1. Introduction

According to a survey by the Market Intelligence & Consulting Institute [7], consumer spending on online shopping increased 12% from 2015 to 2016. Group buying can spread worldwide because the growth of the online shopping market has been considerable. A group-buying website can create a win – win business model that catches the eyes of both consumers and suppliers [4].

Group-buying is defined as a group of consumers gathering and buying collectively to obtain a lower price [5]. Discount price and the deal popularity of a product are common information on online group-buying websites. Moreover, social exchange is one function of the group-buying websites. Therefore, this research considered consumers' social motivation as a moderator to investigate the relationship between discount price, deal popularity and online group-buying intention.

## 2. Literature Review

The study probed what factors influence online group shopping intention, namely deal popularity, discount rate, and social motivation. We propose each hypothesis in the following.

### 2.1. Discount price and purchase intention

Price is one element of the 4P strategy in marketing. Many scholars believe that stores should provide discount information to consumers for reference because it is attractive to consumers and can increase their willingness and likelihood to purchase [3]. In this study, we modified a concept [8] from gift value to the discount price of the product, which is called promotion percent. The concepts of promotion percent and discount depth are similar. The greater the promotion percent is, the higher is the probability that customers participate in group buying. Thus, it is reasonable to infer that a higher discount depth will also increase customer participation in group buying (hypothesis 1).

## 2.2. Deal popularity and purchase intention

Deal popularity refreshes to the cumulative number of items sold to customers [6]. Deal popularity that spreads through electronic word-of-mouth from group buying could dramatically reduce the search time required before purchasing [9]. The higher the number of items that are sold, the higher will be the number of products bought in the actual situation of online group-buying [6]. The uncertainty of product quality is a major problem of online group-buying that can discourage participation in the deal [10]. Many businesses have entered this market to provide homogenous products; this entry has caused consumer uncertainty regarding product quality. Group members can clarify the uncertainty through sharing information. Thus, it is reasonable to infer that a higher deal popularity will also increase customer participation in group buying (hypothesis 2).

## 2.3. Moderator: social motivation

Social exchange theory was adopted in this research. Researchers [2] proposed a typology of transactions and relationships that inspired this research to include social motivation in the group-buying setting. If a consumer cannot achieve an economic exchange benefit, a social exchange benefit might provide another function for the group member to stay in the community. Therefore, social motivation is included in the analysis. Consumers naturally form a virtual community on group-buying websites or social-shopping websites according to the consumers' personal preferences, user experiences, personal expertise, and similar backgrounds through mutual communication and information sharing. This type of mutual communication can meet the economic and noneconomic needs of fellow members [1]. According to our observation, the younger generation often overlooks the importance of an online social life, and the old social channels (e.g., blind-dating sites, dating apps, married friends) no longer meet the demands of the younger generation. Therefore, this research is considered consumers' social motivation as a moderator to investigate online group-buying intentions. Compared to the consumers with weak social motivation, the relation between discount depth and group-buying intention is higher in the consumer with strong social motivation (hypothesis 3). Compared to the consumers with weak social motivation, the relation between deal popularity and group-buying intention is higher in the consumers with strong social motivation (hypothesis 4).

## 3. Method

### 3.1. Website Design

Theme park admission coupon was selected as our product. The target product is popular in young consumers and they always ask friends to participate in the activities together, therefore, fit for the topic of this research. Discount price (high and low) and deal popularity (high and low) were designed as four product web pages to collect data. Social motivation and purchase intention were measured through appropriate scales and got the satisfactory reliability, which are 0.91 and 0.94 respectively.

### 3.2. Data Collection

An online survey questionnaire was designed to collect data. Snowball sampling is adopted among students. The participants were recruited via social media, such as line and facebook. In total, 240 online questionnaires were collected. After deleted incomplete answer questionnaires, 204 valid questionnaires were used to analyze. The respondent is about 42.65% of the sample. The respondents which age between 20-24 years (47.6%) are the majority.

The respondents were randomly distributed into four product web pages, which are high discount price and high deal popularity, high discount price and low deal popularity, low discount price and high deal popularity, and low discount price and low deal popularity, and the number of each product web pages is 51, 51, 50, and 52 respectively.

## 4. Conclusion

According to the Multi-way Analysis of Variance, the results demonstrated that social motivation has a positive influence on the relationship between the popularity of a product and customers' purchasing intention but not on the relationship between the discount of a product and customers' purchasing intention. The detailed results are shown on table 1.

	Hypotheses	Result
H1:	A higher discount depth will increase customer participation in group buying.	Support
H2:	A higher deal popularity will increase customer participation in group buying.	Not Support
H3:	Compared to the consumers with weak social motivation, the relation between discount depth and group-buying intention is higher in the consumer with strong social motivation.	Support
H4:	Compared to the consumers with weak social motivation, the relation between the deal popularity and group-buying intention is higher in the consumers with strong social motivation.	Support

Therefore, we concluded that strengthening social networking can have a positive effect on customers' purchasing intention and thus encourage the development of group-purchasing retailers and related industries.

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