Online Purchasing Agents in China

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Background: What do you do when you desperately want a certain product but cannot buy it in your own country? Hiring an online purchasing agent may be the solution for many Chinese consumers. In China, purchasing agents refer to those who buy international brands from foreign markets, then sell them to domestic consumers with some built-in profit margins ("International Brands' Pricing," 2012). While navigating through a variety of online shopping sites, Chinese consumers are typically exposed to a massive list of purchasing agents. For example, on Taobao (www.taobao.com), China's biggest online shopping site, consumers can easily find as many as 100,000 agents offering diverse fashion products such as cosmetics, clothing, and leather products ("International Brands' Pricing," 2012). This online purchasing agent industry was worth 12 billion yuan ($1.8 billion) in 2010, a 140% increase from 2009, according to the Monitoring Report on the Data of China's E-commerce Market in 2010 by the China E-commerce Research Center (CERC) ("Overseas Online Purchasing," 2011).

Over the past decades, China's economy has moved from being largely closed to becoming a major global player. As a result, not only the living standards of Chinese consumers have been dramatically improved but also the demand for luxury goods has grown immensely. According to the research conducted by McKinsey and Company, in 2015, China will account for over 20% of the global luxury market (Atsmon, Dixit, & Wu, 2011). However, China places high tariffs on foreign luxury brands. According to the data from Wall Street Journal, the luxury goods in China typically cost about 40% more than in the foreign market. For example, if the price of a classic Louis Vuitton's bag is $619, the same one will be sold around $964 in China (Masidlover & Burkitt, 2012). Thus, if consumers choose and use a purchasing agent, they can get what they want at a relatively lower price. Although online purchasing agents will bring such benefits to consumers, there are some potentially negative aspects. For example, Shanghai Daily reports that an airline attendant who has worked as an online purchasing agent will face 11 years in jail for sneaking cosmetic products from foreign countries (Wen, 2012). Because she sent back what her customer had ordered to the mainland without clear declaration or with fake declaration, she engaged in the illegal practice of evading tariffs. With that in mind, the purpose of this study was to generate a better understanding of this recent phenomenon from the perspective of actual agents.

Methods: Three 2-hour in-depth interviews were conducted. The informants were Chinese international students working as purchasing agents in the United States. They were recruited through a snowball sampling technique. The interview questions were open ended to promote

dialog about their agent experiences. The interviews were audio-taped and transcribed. Finally, a content analysis was performed to assess the emerging themes from narrative text.

Results: The informants identified Taobao (Chinese Ebay), Weibo (similar toTwitter), and WeChat (iphone app which supports text, voice, pictures, and video communication service) as the most popular trading and promotion platforms for their purchasing agent business. Their business motivations were classified into two categories: (a) financial gain (i.e., Earning some extra money is an important reason for international students to work as an online purchasing agent); and (b) personal interest (i.e., The students are typically specialized in the products they are interested in. They enjoy serving as product experts.). Other notable findings confirmed that:

- The online purchasing agent industry is being saturated and there is intense competition among agents. However, because many luxury products/brands have not entered the mainland China yet, consumers buy those products/brands via purchasing agents.
- Although Chinese consumers can buy luxury brands directly from other foreign websites, they rarely use them. They hire online purchasing agents because foreign online shops are unfamiliar to them. In addition, there are language barriers, shipping restrictions and requirements that bank cards be set up for international use.
- Consumers are often victimized by unethical agent practices, such as selling fake products and brands.

Implications: A necessary condition for purchasing agents to act ethically and be socially responsible is that they must perceive ethics and social responsibility to be important. However, little is known about purchasing agents' perceptions regarding the importance of ethics and social responsibility components of their business practices. Future research may want to further examine online purchasing agents' perceptions regarding the importance of ethics and social responsibility in their business.

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