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**Research Report**

## Korea's E-Commerce Exports to China: Direction for Corporate Strategy and Government Policy

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## Korea's E-Commerce Exports to China: Direction for Corporate Strategy and Government Policy

Min Jung Kim, Fellow at KDI

On the back of the emerging trend in global cross-border e-commerce, Chinese cross-border online shopping has exhibited extraordinary growth. This phenomenon provides Korean manufacturers and e-commerce platforms with invaluable opportunities to expand into a broader market via e-commerce exports. Accordingly, future strategies should focus on attracting new Chinese consumers, building a powerful brand image and improving product quality and post-purchase services, while taking full advantage of the popularity of the Korean Wave. Meanwhile, the government must step up policy efforts such as improving e-commerce export statistics, simplifying logistics and clearance procedures, and building Chinese consumers' trust.

### I. Introduction

China's e-commerce has recently witnessed extensive growth, reaching 12.3 trillion yuan (2,103 trillion won) in gross merchandise value (GMV) in 2014, owing to the nation's economic growth and internet dispersion. With China's internet penetration rate hovering at around the 50%-mark and the government's eagerness to promote e-commerce

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**This study conducted a survey on Chinese cross border online shoppers' experiences of buying Korean products to draw implications for corporate strategy and policy-making to boost e-commerce exports.**

further, there is still sufficient room for additional growth. A particularly noticeable trend is that Chinese consumers are rushing to online retailers across the border. Cross-border e-commerce is booming around the globe, but the growth of China's cross-border online shopping has been exceptionally fast and is forecast to reach approximately 400 trillion won in 2018, according to the China E-Commerce Research Center.

Chinese consumers' enthusiasm for cross-border online shopping offers Korean companies increasingly more opportunities to engage in e-commerce exports, which will stretch the limitations of Korea's narrow domestic market. China accounts for 40% of Korea's e-commerce exports and provides numerous advantages such as inexpensive logistics costs, duty-free benefits from the Korea-China FTA and an amplification of the Korean Wave effect.

Hence, the time has come to seek out measures to use this opportunity more effectively. Due to the insufficient data available with regards to Korea's e-commerce exports to China, this study conducted a survey on Chinese cross-border online shoppers to better understand the nation's consumers, and presents implications for the corporate strategy of domestic manufacturers and e-commerce platforms and government policies to boost e-commerce exports.

## II . China's E-Commerce: Status Quo

**B2C is expected to drive the future growth of China's e-commerce.**

One striking feature in the rise of China's e-commerce is the rapid growth of the online shopping market.<sup>1)</sup> As shown in [Figure 1], China's online shopping amounted to 2.8 trillion yuan (481 trillion won) in 2014 and overtook the US to stand at the top since 2013. Despite recording a mere 7% of the e-commerce market in 2009, China's online shopping is expected to reach 30% in 2018 and lead the growth of the whole industry. Before 2010, online shopping transactions were mostly C2C (Consumer to Consumer).<sup>2)</sup> But, as the market matured, consumers grew more particular about the quality of the purchased goods, which led to the expansion of B2C (Business to Consumer). Accordingly, the proportion of B2C in online shopping is estimated to surpass 50% in 2015 and continue to rise afterwards, becoming a key growth engine (iResearch, 2015.7.27).

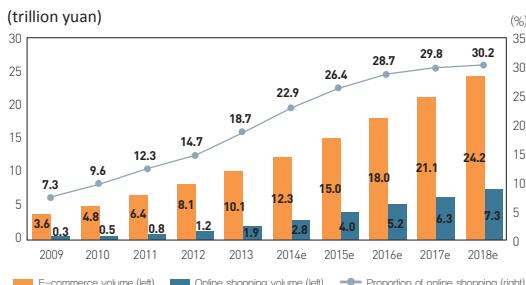
With the increase in B2C, China's cross-border online shopping<sup>3)</sup> has risen so remarkably

1)E-Commerce is largely categorized into B2B (business to business) and online shopping; the latter refers to the transaction between individual consumers and product or service sellers. Depending on whether the seller is a company or an individual, this online shopping is categorized into B2C (business to consumer) and C2C (consumer to consumer).

2) iResearch (Oct. 22, 2013) found that B2C and C2C account for 7.8% and 92.2% of total online shopping transactions in 2009, respectively.

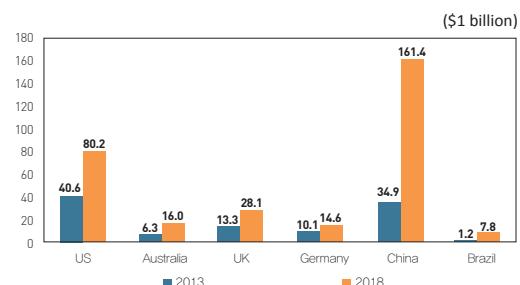
3) Cross-border online shopping describes domestic consumers' direct purchase of foreign products via online platforms. This can be seen as a B2C type, with the consumer as the buyer and foreign company as the seller. However, the above statistics on e-commerce, online shopping and B2C only contain transactions between local buyers and local sellers, meaning cross-border online shopping is not included.

**[Figure 1] Trends in China's e-commerce and online shopping**



Note: E-commerce and online shopping volumes are measured in gross merchandise value (GMV). Data on 2014-2018 are estimates.  
Source: Data until 2010 are from iResearch (Oct. 22, 2013) and data after 2011 are from iResearch (Mar. 9, 2013).

**[Figure 2] Cross-border online shopping by country: Consumption estimates**



Note: Calculated by multiplying the original amount in local currency by respective exchange rates against the dollar (2013 annual average)  
Source: Paypal (July 2013).

**<Table 1> Popular cross-border online shopping destinations of haitao shoppers**

Country	Proportion	Country	Proportion
US	84	UK	43
Hong Kong	58	Australia	39
Japan	52	Korea	37

Note: Proportion of haitao shoppers who have purchased directly online from each country.  
Source: Paypal (July 2013).

that a new word, 'haitao,'<sup>4)</sup> was coined to describe Chinese cross-border online shoppers. The growth of cross-border online shopping is now a global trend, but China has grown noticeably fast compared to other countries (Figure 2). As of 2013, US cross-border online shopping tops the list in consumption size, followed closely by China. However, their positions are highly likely to switch in the coming five years with China considerably outpacing the US.<sup>5)6)</sup> <Table 1> lists countries favored by haitao shoppers arranged in the order of 'most frequently purchased'; Korea ranks in sixth, meaning that 37% of haitao consumers have bought Korean products online.

**Chinese cross-border online shopping has expanded incredibly fast and is projected to record 200-400 trillion won in size by 2018.**

### III. Korea's E-Commerce Exports

Korea's e-commerce exports have expanded by more than 20 fold since 2010 to reach \$44.6 million in 2014 and this figure is expected to triple for 2015 (Figure 3). It is still low compared to the size of e-commerce imports which marked \$1,544.9 million in 2014. However, Korea Customs Service's statistics on e-commerce exports are not suitable to understand the current situation as exporters are not obliged to report the export of items below two million won. Since most e-commerce exports are small B2C transactions, more

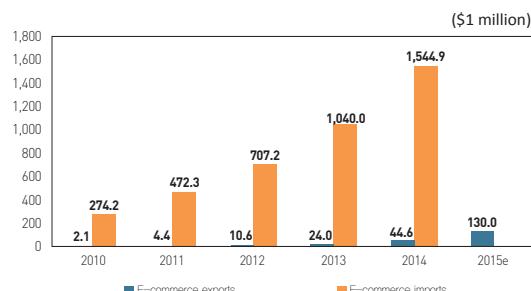
**Korea Customs Service's clearance records are not suitable to understand the current situation of Korea's e-commerce exports.**

4) 'Haitao' comes from the Chinese, 'ocean search'—to purchase online abroad.

5) In terms of the yuan, Chinese cross-border online shopping recorded 216 billion yuan in 2013 and is estimated to rise to 1 trillion yuan in 2018. Its relative ratio to online shopping as well is estimated to expand to 13.7% from 11.4%.

6) China E-Commerce Research Center presented the optimistic projection for Chinese cross-border online shopping to reach 418 trillion won in 2018.

**[Figure 3] Trends in Korea's e-commerce exports and imports**



Note: Data for e-commerce exports in 2015 are estimates.  
 Source: E-commerce exports data from Korea Customs Service's press release (Oct. 29, 2015), E-commerce imports data from Korea Customs Service's press release (Jul. 13, 2015).

**<Table 2> Korea's e-commerce exports : Top products and partner countries**

Product	E-commerce exports (amount)	Top markets	
		Country	Proportion
Total	108.3	China	42.2
		Singapore	21.1
		US	17.2
Clothing	29.1	China	94.7
Beauty items	11.5	China	73.1
Fashion items	6.5	China	68.9

Note: 1) As of Sep. 2014-Aug. 2015.  
 2) Proportion of each country in Korea's total e-commerce exports (amount) of each product.  
 Source: Press release, Korea Customs Service (Oct. 29, 2015).

than 90% of e-commerce export goods have been omitted from the statistics.<sup>7)</sup> In actual fact, Korean online retailers exported 582.0 billion won<sup>8)</sup> worth of goods in 2014, ten times more than the records released by Korea Customs Services, according to the Ministry of Trade, Industry and Energy and Korea Online Shopping Association.

<Table 2> shows that China is Korea's largest e-commerce export market, accounting for 42.2%<sup>9)</sup> of total e-commerce exports. China's portion in Korea's e-commerce exports is even more impressive for clothing (94.7%) and beauty and fashion items (nearly 70%), which are top export consumer goods. This means that China is a vital component in Korea's e-commerce exports, and its importance is likely to increase in the coming years.

Korean manufacturers hoping to export online to Chinese consumers, can use either a Chinese e-commerce platform or a Korean one. A Chinese platform has certain merits such as high traffic flow from existing users, friendly platform design customized to Chinese consumers and secured consumer trust. However, there are also flaws, such as limited opportunities for brand exposure due to competition from other countries and difficulties in communication with Chinese platforms due to the language barrier. Therefore, using a Korean platform could be more beneficial to Korean manufacturers in terms of marketing and cost-saving.

A deep understanding and comparison of the ways for e-commerce exports is fundamental to Korean companies who wish to take full advantage of China's e-commerce boom. To that end, precise statistical data on e-commerce exports must first be compiled; Korea Customs Service's clearance data is inadequate in identifying the actual e-commerce exports. In recognition of this, Statistics Korea started releasing statistics on reverse

China is Korea's largest e-commerce export market and e-commerce exports to China present valuable opportunities for Korean manufacturers to broaden their market.

At present, there are no statistics available on e-commerce exports via Chinese platforms.

7) Meanwhile, e-commerce imports of low price products are also subject to a simplified clearance procedure, but not left out of statistics.

8) This is the results from the survey on major online retailers (eBay Korea, Lotte.com, 11ST) and two web hosting companies (Cafe24, Makeshop). If the coverage broadens, the actual size is expected to be larger.

9) The survey on Korea's major e-commerce export platforms reveals that China accounts for 70% of the total, much higher than the 42.2% in the statistics released by Korea Customs Service.

direct purchases<sup>10)</sup> since late 2015, based on corporate surveys on major domestic online retailers. However, given the possibility that the majority of e-commerce exports is being driven by Chinese platforms, there are limitations due to the lack of information on e-commerce exports via Chinese platforms.

#### IV. Analysis on Chinese Consumers' Online Shopping Experiences of Korean Products

This study analyzed the results of a survey<sup>11)</sup> conducted on Chinese cross-border online shoppers about their experiences with purchasing Korean products. A total of 3,000 respondents were surveyed (1,000 per group for three types): Type A who have never purchased Korean products online; Type B who have purchased Korean products only via Chinese platforms; and Type C<sup>12)</sup> who have purchased Korean products via Korean platforms.

According to the quota sampling survey<sup>13)</sup> on each type, Type B (Chinese platform user) respondents filled the quota (1,000) first. At the same moment, the number of Type C (Korean platform user) respondents totaled 886; implying that Chinese consumers are more likely to only use Chinese platforms when purchasing Korean products online, rather than using Korean platforms. Moreover, among Type C respondents, 88.7% answered that they also use Chinese platforms. Together, it can be assumed that Chinese consumers' online shopping of Korean products is substantially driven by Chinese platforms.

A considerable portion of Chinese consumers' online shopping of Korean products seems to be done via Chinese platforms.

##### 1. Corporate strategy to induce the initial purchase

This section directly looks into the reasons why respondents chose not to buy (Type A) and buy (Type B and C) Korean products online, and analyzes the model for the determinants of their purchase decision-making. In doing so, a corporate strategy can be developed that draws Chinese consumers' interest and induces the initial purchase of

10) Reverse direct purchase describes overseas consumers shopping on Korean websites to purchase Korean products, meaning e-commerce exports through Korean platforms.

11) The survey was conducted online on Chinese panels through Macromill Embrain, one of the largest online research providers, during the period Oct. 8-20, 2015.

12) Comparing buying experiences via Chinese and Korean platforms may produce more reasonable results if the survey is conducted on Chinese consumers with experiences of either of the two platforms. However, the case of using only Korean platforms is expected to be rare, suggesting difficulties in conducting a survey. So, anyone with Korean-platform-use experience is classified as Type C and asked questions about their buying experiences via Korean platforms.

13) Unlike random sampling, in quota sampling, respondents are selected according to certain conditions. In this study, Type A, B and C, respectively, have the quota of 1,000 respondents, and the survey stays open only until it receives answers from 1,000 respondents. As a result, once the type fits the quota and the survey on that specific type closes, there is no way to know its distribution state in population; a limitation of this sampling method. In recognition of this, the author added extra data on responses of other types when one type reaches its quota, meaning tracing the number of respondents in each type during the same survey period, so that the distribution state of each type can be assumed to some degree.

**<Table 3> Reasons for not having purchased Korean products online**

Answers	Proportion (Type A)	(%)
Lack of knowledge on Korean brands	45.5	
Concerns about exchange, refund and AS	32.2	
Insufficient or inaccurate information on products	24.9	
Expensive shipping costs	24.0	
Lack of trust concerning the quality and authenticity of Korean products	23.2	

Note: 1) Multiple choice questions (max. three choices), hence the total may not equal 100.  
 2) There were more selectable answers in the survey, but the above table lists five answers with the highest responses.

**<Table 4> Reasons for purchasing Korean products online**

Answers	Chinese platform (Type B)	Korean platform (Type C)	(%)
Preference for Korean brands	42.0	51.2	
Superior quality of Korean products	35.7	39.5	
Authenticity of products	34.9	37.7	
Cheaper than similar Chinese products	22.1	27.9	
Lack of product availability in China	27.7	25.6	

Note: 1) Multiple choice questions (max. three choices), hence the total may not equal 100.  
 2) There were more selectable answers in the survey, but the above table lists five answers with the highest responses.

Korean products.

<Table 3> demonstrates the results of the survey on Chinese consumers who have never purchased Korean products online (Type A).<sup>14)</sup> When asked about the reasons why they did not buy, almost half of the respondents answered that they had no knowledge of Korean brands, implying that the lack of awareness of Korean brands is the largest obstacle to the initial purchase; other major obstacles include a lack of trust in post-purchase services (exchange, refund, AS), product quality and authenticity, insufficient or inaccurate product information and expensive shipping costs. Meanwhile, 85.1% answered positively when asked whether they would buy if certain obstacles were removed, indicating that there is a high possibility of an expansion in e-commerce exports to new Chinese consumers.

Meanwhile, brand preference, superior quality and product authenticity are the reasons why Chinese consumers purchased Korean products online (Table 4). Moreover, when asked about the importance of influencing factors like product price and quality, respondents, regardless of type, answered product quality, authenticity and post-purchase services were the most important.<sup>15)</sup>

Now, according to the results of the model analysis on the determinants of consumers' decisions on purchase and platform choice,<sup>16)</sup> the frequency of watching Korean videos had a positive influence on the choices of both platforms. The marginal effects, calculated using estimated results, can be interpreted to mean that a 2 fold increase in frequency equals a 4%p increase in the likelihood of buying Korean products online (2%p increase in purchase probability via Chinese and Korean platforms, respectively).<sup>17)</sup> Overall, this implies that the Korean Wave is influential when it comes to the online purchase of Korean products.

14) The author presumes that, in the actual survey, those who have visited Korean websites to buy Korean products and those who have never visited Korean websites have different reasons with regards to not buying and future purchase intent, hence the survey was conducted separately with different answer choices. Refer to Kim (2015) for further details.

15) Measured using the Likert scale (1 for very unsatisfied - 5 for very satisfied). Refer to Kim (2015) for further details.

16) See <Appendix Table 1> for further details on the model estimation.

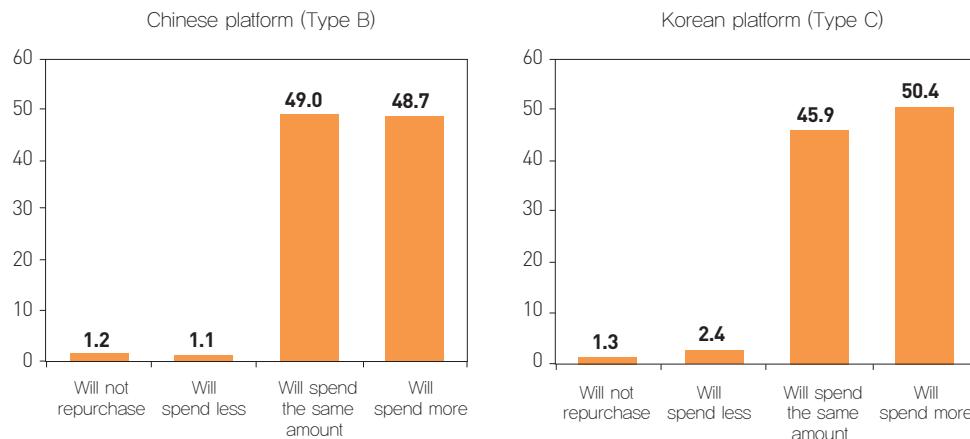
17) Strictly speaking, the marginal effect of a 1-unit increase in the variable for Korean video viewing frequency. The variable is a categorical variable defined by '1=Never watched,' '2=Less than once a year',..., '9=Once every 2-3 days' and '10=More than once a day.' A 1-unit increase in the variable is equivalent to the increase of 1.7-2.8 times in actual viewing frequency.

**Main reasons for Chinese consumers to not buy Korean products online include limited knowledge of Korean brands and the lack of consumer trust in post-purchase services, product quality and authenticity.**

**Main reasons for Chinese consumers' online purchases of Korean products include their preference for Korean brands and trust in product quality and authenticity.**

**The Korean-Wave is found to actually affect Chinese consumers' initial purchase of Korean products online.**

[Figure 4] Intent to repurchase and increase spending



The decision as to whether to use Korean platforms to buy Korean products is significantly influenced by the user's experience of visiting or staying in Korea. Likewise, calculated marginal effect shows that when users have been to Korea, they are 27%p (visit) and 11%p (stay) more likely to buy Korean products via Korean platforms. This implies that Korean platforms should focus their marketing efforts on Chinese tourists during their visit to Korea. The coefficients of variables for the importance of factors influencing purchases<sup>18)</sup> show that Korean platforms are weak in user reviews and comments and more trust was given to Chinese platforms in terms of product authenticity.

## 2. Corporate strategy to boost repurchases

While the above section deals with corporate strategy from the perspective of attracting new consumers (customer conversion), this section explores the retention of existing consumers (customer retention).

[Figure 4] demonstrates the results of a survey on Chinese consumers who have purchased Korean products online, which asked about repurchase intentions. Surprisingly, almost 99% answered positively regardless of which platform they used, and most intended to maintain or increase the amount of purchase.

Preceding studies have found that satisfaction with previous purchases significantly affects intent to repurchase. As such, this study looks into Chinese consumers' satisfaction levels with buying Korean products, and conducts a model analysis on the influence of the satisfaction level on their intent to repurchase.<sup>19)</sup> The analysis results show that, as expected, overall satisfaction with previous purchases has a positive influence on consumers'

**Almost 99% of Chinese consumers with online shopping experience of Korean products expressed their intent to repurchase.**

18) In this case, coefficient estimates themselves are not meaningful, but instead their signals are. Due to the selection effect, if a platform has positive (negative) coefficient in the importance of a specific purchasing factor, it can be said that the platform has a strength (weakness) in that factor.

19) See <Appendix Table 2> for further details on the model estimation.

**The Korean Wave, product quality and price, and information provision are factors affecting Chinese consumers' repurchase intention.**

intentions to spend more in future purchases. It is also found that frequent viewers of Korean videos are more willing to repurchase or spend more, suggesting that the Korean wave has a positive impact on repurchases as well as initial purchases. According to the estimates, when consumers double their watching frequency of Korean videos,<sup>20)</sup> probabilities to repurchase and spend more will increase 0.4%p and 7%p respectively, for each platform.

Then, what affects Chinese consumers' overall satisfaction most significantly when purchasing Korean products online? In both platforms, the answer was product quality and price, fundamental factors of any product.<sup>21)</sup> Other than these two factors, information accuracy and sufficiency are also significant, suggesting that sufficient information on products should be made available to Chinese consumers.

## V . Conclusion and Policy Suggestions

### 1. Summary of discussions

Overall, it seems that product quality plays a more significant role than price in Chinese consumers' decision-making on the initial online purchase of Korean products; revealing that to attract more new Chinese consumers, Korean manufacturers should focus on building and marketing a powerful brand image which assures product quality and authenticity, even if price competitiveness is slightly weakened. Also, a system that can guarantee post-purchase services in collaboration with platforms must be established while also taking full advantage of the Korean Wave. Additionally, Korean platforms should focus their marketing efforts to make sure that they are fully embedded in the minds of Chinese tourists visiting Korea.

Product quality and the Korean Wave must also be emphasized, not only to attract more Chinese consumers but also to maintain existing consumers. In addition, product price and information provision, although not as important as product quality, can affect the overall satisfaction level of Chinese consumers, hence they must not be overlooked.

Generally, e-commerce growth occurs by first being driven by the expansion of consumers, followed by the increase in purchase frequency and volume. Given the fact that Chinese cross-border online shopping is at the incipient stage, customer conversion should be given priority over consumer retention. Besides, 99% of Chinese consumers who purchased Korean products online expressed their intent to repurchase, meaning once

**Given the fact that Chinese cross-border online shopping is at the incipient stage and consumers have expressed a strong intent to repurchase, customer conversion should take precedence.**

20) As in <Appendix Table 1>, experiences of visiting and staying in Korea variables were included in the analysis, but no meaningful results were obtained. Intuitively, consumers' experiences of visiting or staying in Korea might affect their initial purchase of Korean products, but their repurchases may be more affected by previous buying experiences or their continued viewing of Korean videos.

21) See <Appendix Table 3> for further details on determinants of overall satisfaction.

they buy a Korean product, they are very likely to buy again; this also serves to highlight the importance of approaching new consumers.

## 2. Policy suggestions

Although the Korean government has presented various support policies, establishing appropriate statistics on e-commerce exports is of the greatest urgency. The data released by Statistics Korea on e-commerce exports provide information only on e-commerce exports conducted via Korean platforms. This study finds that for now, e-commerce exports via Chinese platforms are considerable and as such, correlating statistics take precedence. Improvements are possible through collaborations with China Customs, to reduce the cases of e-commerce export records being excluded from official statistics, and giving exporters certain incentives to report simplified export declarations.

Reform of the settlement system<sup>22)</sup> has laid a foundation for Chinese consumers to better access Korean platforms, and therefore, support should be given to manufacturers in the form of simplified logistics and clearance systems so that they can present competitive products to Chinese consumers. As for logistics, where the economy of scale is prevalent, it would be meaningful to consider establishing additional joint logistics centers in China to encourage SMEs' e-commerce exports. Other efforts include formulating an automated processing system that transfers transaction records to Korea Customs Service's export reporting system to ease manufacturing exporters' burden of administrative procedural costs; this could contribute to improving e-commerce export statistics surveys and their efficiency. Furthermore, consistent efforts must be made to exempt tariffs and import reporting on Korean e-commerce products entering Chinese customs for clearance.

Various policies are currently in place to protect Korean exporters' overseas IPR and to resolve relevant disputes. However, these policies are mostly centered on the protection of Korean companies and as such, need to reflect the perspectives of Chinese consumers as consumer trust is a vital component in cross-border online shopping as well as in general e-commerce transactions. Moreover, as product authenticity and post-purchase services guarantee are critical in Chinese consumers' decision-making process, the possibility of developing a government-level system should be explored, as well as how much it would be effective. Lastly, it is also important to build a consensus with China on consumer issues arising from growing cross-border online shopping. ■

**Statistics on e-commerce exports conducted through Chinese platforms should be provided.**

**By simplifying logistics and clearance procedures, the Korean government can help domestic manufacturers strengthen their competitiveness with regards to the needs of Chinese consumers.**

**Policy support is also necessary for the protection of Chinese consumers.**

<sup>22)</sup> Inclusive of the abolition of mandatory use of authorized certificates for online purchase using credit cards (May 2014), mitigation of several user identification regulations and adoption of easy payment services (Dec. 2014) and launch of non-ActiveX online payment service (Apr. 2015).

**<Appendix Table 1> Analysis on online purchase decisions for Korean products**

Choice	Variable	Estimate
Chinese platform	Korean video viewing frequency	0.177 ***
	Demographic characteristics	
	Dummy for experience visiting Korea	0.167
	Dummy for experience staying in Korea	-0.114
	Importance of purchasing factors	
	Product authenticity	0.381 ***
Korean platform	User reviews & comments	-0.078
	Demographic characteristics	
	Korean video viewing frequency	0.177 ***
	Dummy for experience visiting Korea	1.521 ***
	Dummy for experience staying in Korea	0.517 ***
	Importance of purchasing factors	
Importance of purchasing factors	Product authenticity	-0.100
	User reviews & comments	-0.181 **

Note: 1) Results of the multinomial logit model. The dependent variable is a categorical variable that has one of 'not purchasing Korean products online', 'purchasing Korean products via Chinese platforms' and 'purchasing Korean products via Korean platforms', and the base outcome is set to be 'not purchasing Korean products online'.  
 2) Importance of purchasing factors is measured using the Likert scale (1 for not important at all-5 for very important)  
 3) \*\*\*, \*\* and \* denote significance levels of 1%, 5% and 10%.  
 4) Additional demographic characteristics such as Chinese consumers' education and income, other purchasing factors, and constant terms are included in the analysis, but not reported in this table.

**<Appendix Table 2>  
Analysis on expected spending on Korean products  
in future online purchases**

	Variable	Estimate
Chinese platform	Overall satisfaction level	0.602 ***
	Korean video viewing frequency	0.325 ***
Korean platform	Overall satisfaction level	0.375 ***
	Korean video viewing frequency	0.324 ***

Note: 1) Results of the ordered logit model. The dependent variable is a ordinal variable that has 1-4 value: 1=Will not repurchase, 2=Will spend less, 3=Will spend the same amount, and 4=Will spend more.  
 2) Separate estimation for Type B and Type C.  
 3) Overall satisfaction level is measured using the Likert scale (1 for very unsatisfied -5 for very satisfied).  
 4) \*\*\*, \*\* and \* denote significance levels of 1%, 5% and 10%.  
 5) Additional demographic characteristics such as Chinese consumers' education and income, and constant terms are included in the analysis, but not reported in this table.

**<Appendix Table 3>  
Analysis on Chinese consumers' overall satisfaction  
with online purchase of Korean products**

	Chinese platform (Type B)	Korean platform (Type C)
Product quality	0.213 ***	0.127 ***
Product price	0.160 ***	0.111 ***
Product information accuracy and sufficiency	0.064 **	0.088 ***
Post-purchase services	0.048 **	0.036
Product variety	-0.011	0.078 ***
Adjusted R <sup>2</sup>	0.308	0.354

Note: 1) Results of normal regression analysis of overall satisfaction on its sub-variables (satisfaction levels by item). Separate estimation for Type B and Type C.  
 2) Detailed satisfaction levels by item are also measured using the Likert scale (1 for very unsatisfied -5 for very satisfied).  
 3) \*\*\*, \*\* and \* denote significance levels of 1%, 5% and 10%.  
 4) Other variables are included in the analysis, but not reported in this table.

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