

# Factors Affecting Customer Loyalty When Shopping on Shopee

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## Abstract

Under the background of the rapid popularization of network technology and mobile network technology, e-commerce has developed rapidly, a large number of online shopping platforms and online stores have emerged, and a highly competitive network market situation has been formed. If online shopping platforms and online stores want to survive in the fierce online market competition and grow, they need to improve customer loyalty. To improve customer loyalty, we need to understand what factors affect customer loyalty. Taking shopee network in Vietnam as an example, this paper studies the influencing factors of online customer loyalty by using the method of questionnaire. Firstly, based on the relevant research literature of customer loyalty, this paper establishes the research model of the influencing factors of online customer loyalty, including customer perceived value, switching cost, relationship trust and customer satisfaction. Then, according to the research model, this paper puts forward the research hypothesis of this paper, and designs a questionnaire for shopee customers in Vietnam. Secondly, statistical analysis is carried out according to the data collected by the questionnaire to verify the effectiveness of the influencing factor model of online customer loyalty established in this paper, and all the research hypotheses in this paper are valid. That is, customer perceived value, switching cost, relationship trust and customer satisfaction can have a direct impact on online store customer loyalty; At the same time, switching cost, relationship trust and customer satisfaction can play an intermediary role in the impact of customer perceived value on online store customer loyalty. Finally, according to the conclusion of empirical analysis, this paper puts forward the relevant strategies to improve customer loyalty in online store shopping. It mainly includes improving the customer satisfaction and credit of online stores, strengthening the product quality management of online stores, and improving the customer service system of online stores.

## Keywords

Online Store; Customer Loyalty; Customer Perceived Value; Customer Satisfaction; Vietnam Shopee.

## 1. Introduction

With the development of e-commerce and network technology. The popularity of the Internet has made online shopping a new and important way of shopping. According to World Internet Users estimates for 2020, the global network population reaches 4.3 billion, Vietnam ranks 82nd in the world and 14th in the world.

From the development of Shopee, Shopee is the mainstream e-commerce platform in Southeast Asian e-commerce market with its rapid growth. Five years forward, Southeast Asia is a market with a population of over 600 million, but the market development is seriously polarized. In developed markets, the vast majority of people still shop online through PC, and at that time neither mobile phone, mobile phone nor PC were popular in Indonesia and Vietnam, a populous country. The marked growth of mobile Internet traffic is from the end of 2015 to the beginning

of 2016, when Shopee formally entered the Southeast Asian market. Most of the Southeast Asian populous countries enter the Internet through mobile phone, which is also a great opportunity for Shopee to enter the Southeast Asian e-commerce market. Vietnam has the second largest population, the fastest growing country and the largest potential. Currently, Vietnam shopee has the highest conversion rate in Southeast Asia. The enthusiasm of young people for online shopping, the rapid growth of GDP, the younger population and the desire to adopt new technologies have led to substantial and stable growth in Vietnam's digital and Internet industries.

In the future, online shopping, especially e-commerce, will become a major focus of marketing. In the 21st century, various restrictions of traditional retail industry have emerged, which is an opportunity for the development of e-commerce. After the epidemic period in 2020, online shopping has shown great advantages. In this paper, Shopee (shrimp skin network) is used as an example to study the influencing factors of customer loyalty. With the retail market in Vietnam as the main research object, the influencing factors of customer loyalty in online shopping are analyzed, and relevant application suggestions to improve customer loyalty in online shopping are put forward.

## **2. Research Purpose and Significance**

### **2.1. Research Purpose**

The main research purposes of this paper are:

- (1) By reading relevant literature, collecting data and practical exploratory research and summary, this paper summarizes the main factors affecting customer loyalty of online merchants, analyses the development status of e-commerce in Vietnam and points out some problems in its development, and further explores the development space, development trend and shortcomings of Shopee in Vietnam.
- (2) On the basis of the questionnaire, through empirical analysis and existing models, we validate the hypotheses of various dimensions and relationships affecting loyalty through the questionnaire survey on e-commerce consumers' shopping perception and future purchasing intentions, in order to improve and modify the model.
- (3) Propose ways to improve service quality and customer trust so as to improve customer satisfaction and cultivate loyal customers so as to gain long-term competitive advantage for Shopee Online Store.

### **2.2. Research Significance**

#### **2.2.1. Theoretical Significance**

Enriched the Vietnamese marketing theory, not only satisfied with the product, but also analyzed the impact factors of customer loyalty from all aspects of the whole consumer psychological process. Moreover, from the three dimensions of customer loyalty (platform loyalty, shop loyalty, brand loyalty) of online consumption to study the impact factors of customer loyalty, enriching the customer loyalty theory.

By studying the process of online shopping and customer loyalty, fully considering the difference between online shopping process and traditional shopping process, this paper puts forward a influencing factor of customer loyalty in the process of online marketing, and provides valuable theoretical reference for Vietnam online shopping retail industry to formulate corresponding network marketing strategies. By using D.I. Hodgins' consumer decision-making process model, this paper establishes a consumer psychological process model for Vietnamese online retail consumers, which enriches Vietnam's e-commerce theory.

### 2.2.2. Practical Significance

With the rapid development of network technology and e-commerce, network marketing has also received a lot of attention. At present, online shopping in Vietnam is still in its initial stage and there are many problems. Most of the studies on customer loyalty are traditional purchasing rather than online purchasing. There are few studies on customer loyalty of commercial platforms, especially Shopee. This paper points out the advantages of online purchasing through the analysis of the development status of online purchasing, analyses the influencing factors of customer loyalty in online purchasing, and provides reference for improving customer loyalty in Vietnam online purchasing.

### 3. Research Summary

The existing literature on customer loyalty has great reference value for this paper. However, the influence factors of traditional shopping environment and online shopping are still different, especially for Vietnam market and Spoe. From the above literature, we can see that different experts and scholars have different factors for in-depth study of online customer loyalty. However, due to the differences in culture, environment, economic conditions, development status, consumers and other factors, these concepts and theories still need to be tested in Vietnam. In addition, many experts and scholars still have many deficiencies in summarizing and summarizing the factors, such as ignoring the trust of network customers on the website and the confidence in transaction security. The biggest difference between network environment and traditional business environment is that in network marketing environment, customer's transaction behavior can only depend on information appearing on the computer screen, and trust and confidence are more difficult to determine. This paper attempts to introduce the theory of online marketing into the study of the factors affecting customer loyalty based on the study of traditional factors affecting customer loyalty, to explore the factors affecting customer loyalty in Shopee, Vietnam, and to provide reference opinions for long-term benefits.

### 4. Research Hypotheses

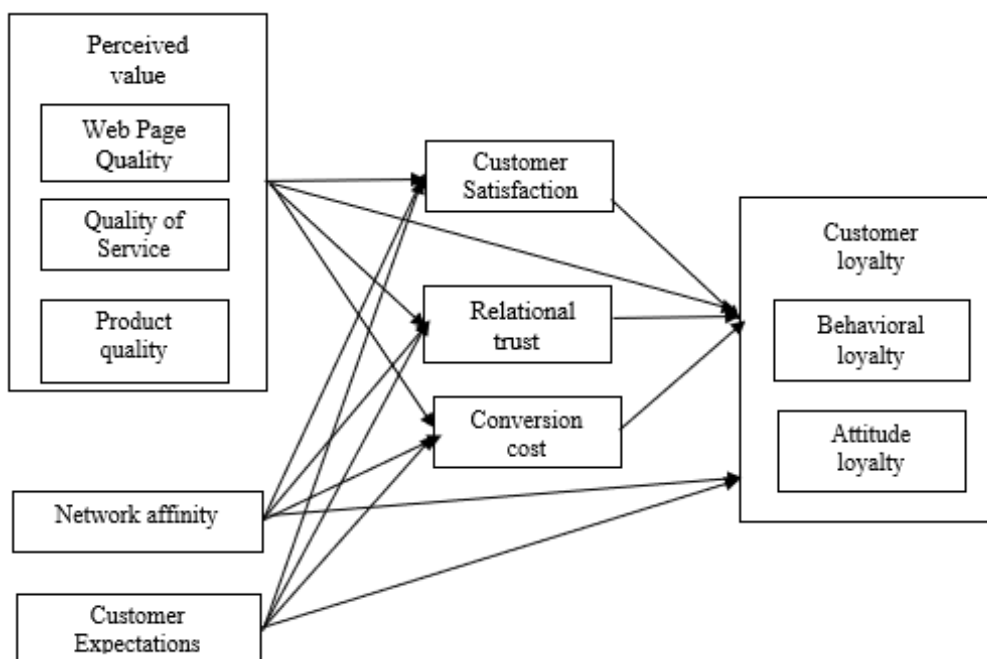


Figure 1. Research mode

Based on a literature review of traditional customer loyalty and factors influencing e-commerce customer loyalty, and combined with several customer loyalty influencing factors models discussed earlier, this study proposes an influencing factor model of online store customer loyalty as shown in Figure 1 below:

Here, we hypothesized that:

H1: Customer perceived value has a significant positive impact on customer loyalty.

H1. 1: Web page quality has a significant positive impact on behavioral loyalty;

H1. 2: Service quality has a significant positive impact on behavioral loyalty;

H1. 3: Product quality has a significant positive impact on behavioral loyalty;

H1. 4: Web page quality has a significant positive impact on attitudinal loyalty.

H1. 5: Service quality has a significant positive impact on attitudinal loyalty;

H1. 6: Product quality has a significant positive impact on attitude loyalty.

H2 perceived value has a significant positive impact on customer satisfaction.

H2. 1: Web page quality has a significant positive impact on customer satisfaction;

H2. 2: Service quality has a significant positive impact on customer satisfaction;

H2. 3: Product quality has a significant positive impact on customer satisfaction;

H3: perceived value has a significant positive impact on relationship trust.

H3. 1: Web page quality has a significant positive impact on relationship trust.

H3. 2: Quality of service has a significant positive impact on relationship trust.

H3. 3: Product quality has a significant positive impact on relationship trust;

H4: The perceived value has a significant positive impact on the conversion cost.

H4. 1: Web page quality has a significant positive impact on conversion costs;

H4. 2: Quality of service has a significant positive impact on conversion costs;

H4. 3: Product quality has a significant positive impact on conversion costs.

H5: Customer network intimacy has a significant positive impact on customer loyalty;

H5. 1: Customer network intimacy has a significant positive impact on behavior loyalty.

H5. 2: Customer network intimacy has a significant positive impact on attitudinal loyalty.

H6: Customer network intimacy has a significant positive impact on customer satisfaction;

H7: Customer network intimacy has a significant positive impact on relationship trust.

H8: Customer network affinity has a significant positive impact on conversion costs.

H9: Customer expectation has a significant positive impact on customer loyalty.

H9. 1 Customer expectation has a significant positive impact on behavioral loyalty;

H9. 2: Customer expectation has a significant positive impact on attitudinal loyalty.

H10: Customer expectation has a significant positive impact on customer satisfaction;

H11: Customer expectation has a significant positive impact on relationship trust.

H12: Customer expectations have a significant positive impact on conversion costs.

H13: Customer satisfaction has a significant positive impact on customer loyalty.

H13. 1: Customer satisfaction has a significant positive impact on behavioral loyalty.

H13. 2: Customer satisfaction has a significant positive impact on attitude loyalty.

H14: Relationship trust has a significant positive impact on customer loyalty.

H14. 1: Relational trust has a significant positive impact on behavioral loyalty;

H14. 2: Relational trust has a significant positive impact on attitudinal loyalty.

H15: Conversion costs have a significant positive impact on customer loyalty.

H15. 1: Conversion cost has a significant positive effect on behavioral loyalty.

- H15: 2: Conversion cost has a significant positive effect on attitudinal loyalty.
- H16: Customer satisfaction mediates the impact of customer perceived value on customer loyalty.
- H17: Customer satisfaction mediates the impact of customer network intimacy on customer loyalty.
- H18: Customer satisfaction mediates customer expectations affecting customer loyalty.
- H19: Relationship trust mediates the impact of customer perceived value on customer loyalty.
- H20: Relationship trust plays an intermediary role in the impact of customer network intimacy on customer loyalty.
- H21: Relationship trust mediates customer expectation affecting customer loyalty.
- H22: Conversion costs mediate the impact of customer perceived value on customer loyalty.
- H23: Switch-off costs mediate the impact of customer network intimacy on customer loyalty;
- H24: Conversion costs mediate customer expectations affecting customer loyalty.

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