

# Factors Influencing Indonesian Customers In Performing Online Shopping And Building E-Loyalty

Erlina Dwi Ratnasari, Mts. Arief, Mohammad Hamsal, Asnan Furinto

**Abstract**—Fashion industry is one of the biggest sector of the Indonesian market that contributes towards the employment opportunities, however the growth of the industry is not that conducive rather negative. The growth of internet users in Indonesia is rapid with huge potential available for fashion companies in marketing their industry through online shopping. There are factors influencing customers in performing online shopping, one of the unique proposition in this research is the Visual Attractiveness in which fashion company provide picture of product with emotional attachment so customers are attracted to perform online shopping. The aim of this research is to test previous findings regarding online shopping and propose Visual Attractiveness as a new variable. Results showed that Visual Attractiveness and E-experience are influencing Customer Delight which influence E-trust. And ultimately E-trust also influences E-loyalty.

Keywords: online shopping, fashion, visual attractiveness, e-loyalty, indonesian customer (put keywords in alphabetical order)

## 1 INTRODUCTION

Indonesian GDP in the last five years is dominated by Food and Beverages, Metal, Transportation, Chemical, Medicine, and Textile and fashion [1]. Based on the data of 2014, fashion industry absorbed more than 473 thousands of labors. On the other hand, based on the data from BPS (Badan Pusat Statistik) which is the center of Indonesian statistical data, fashion industry is facing a decline with negative growth as of the first term of 2015 [2] (mention the exact source and year). Though the fashion industry is big and contributed in absorbing workforce, the decline is a worrisome development. If the trend continues there is risk for fashion industry and Indonesian economy. Indonesian internet users is growing rapidly, in a 2014 survey by APJII there are 88.9 million internet users in Indonesia, the number is growing and reached 132.7 million users in 2016 [3]. From the 132.7 million users, only 8.5% are using internet for online shopping or business. Though the number is still small, it means that there is a potential to enhance the growth of e-commerce, especially the online shopping. More than 90% of internet users can be the target market for growth in the market for fashion industry [3]. In performing online shopping, internet network quality and website quality is also important [4]. The internet availability is growing rapidly in Indonesia and based on [5], Indonesia has the potential to be the number one country in online shopping. Based on the survey by [6], Indonesian online shopping is dominated by fashion shopping with 37%.

In the survey by APJII [3] also provided a survey result showing that 78% of Indonesian online shoppers are buying fashion products. This result is further supported by the survey result of 2016 showing that 62% of internet users in Indonesia are visiting online shops. Kassim et al. [7] also found that there are no significance difference between customers in Malaysia and Nepal regarding their perception on e-commerce. The findings described that through different age range and environment, customers generally have the same perspective toward online shopping. This finding supports the adoption of e-commerce by fashion industry in targeting their customers. McKinsey [8] found that the top 3 problems in online shopping in Indonesia are fear of fraud, uncertainty of product quality, and the uncomfortable method of payment. In 2015 survey also by McKinsey, it is shown that trust issue is the dominant factor preventing online shopping, this amounted to 70% [9]. Another survey by APJII [3] in 2015 showed that the main issues in online shopping are the long process (59.5%), delivered product is not what is shown in picture (38%), and inexperience in online shopping. With huge growth potential, online shopping in Indonesia for fashion products are not developing as expected. Underdevelopment of online shopping for fashion products can lead to problems for fashion industry because online shopping is the future marketplace. There are still some issues that customers perceive in performing online shopping. This research is aiming to find the main factors that influence Indonesian customers in performing online shopping and becoming loyal customers.

## 2. MATERIALS AND METHODS

### 2.1 MATERIALS

Svatosova [10] found that online shopping is not related with consumer's age. This result is aligned with Jusoh and Ling [11] who found that there is no significant differences between consumer's age and occupation in performing online shopping. Study by Curtis et al [12] found that there is a

- Erlina Dwi Ratnasari, Mts. Arief, Mohammad Hamsal, Asnan Furinto
- Doctor of Research in Management, Binus Business School, Bina Nusantara University, Jakarta
- [lina.ratnasari@yahoo.com](mailto:lina.ratnasari@yahoo.com)

positive correlation between e-trust with e-loyalty, positive impact between e-trust to e-satisfaction, and positive impact between e-satisfaction to e-loyalty. Study by Lien et al [13] found that trust is positively impacting the intention to perform online shopping. Perceived Ease to Use and Perceived Usefulness also positively impacting the intention to perform online shopping. In their research, Perceived Ease to Use and Perceived Usefulness can be included to E-experience in impacting Customer Delight.

Hansen and Jonsson [14] found that e-satisfaction and e-trust has positive direct impact to e-loyalty. Quick response also positively impacting e-loyalty and e-trust. Assurance also positively impacting e-trust. Quick response and Assurance can be included to Customer delight.

Critical Success Factor for online shopping companies in Sri Lanka are trust, big scale marketing, customer experience in website usage, fashion industry acumen, and customer relationship [15]. This shows that experience is important in influencing customers online shopping.

Rodriguez [16] stated that fashion customers are affected by product appearance. But, with the saturation of fashion market, customers are bored with simple appearances, they need emotional attachment to the appearance. Visual attractiveness is important to gain customers attention and willingness to perform online shopping. Visual attractiveness not only include the appearance of the product but also the attraction that can attain customers' interest.

The difference between this research and previous researches is shown in the table below.

Researchers	Visual Attractiveness	e-experience	Customer delight	e-Trust	e-Loyalty
Curtis et al (2011)	-	-	Yes	Yes	Yes
Cheng and Fang (2015)	-	Yes	Yes	Yes	Yes
Hansen and Jonsson (2013)	-	Yes	Yes	Yes	Yes
Fazmeer (2014)	-	Yes	Yes	Yes	-
This research (2017)	Yes	Yes	Yes	Yes	Yes

Table I Gap Controversy, and Inconsistency table

Based on the information presented from previous researches and the present situation of Indonesian online shopping in fashion industries, the research questions for this study are:

1. Is visual attractiveness positively impacting customer delight?
2. Is e-experience positively impacting customer delight?
3. Is Customer delight positively impacting e-trust?
4. Is e-trust positively impacting e-loyalty?

2.2 METHODS

Sampling method in this research is random sampling by distributing the questionnaires to online shopping customers from several online shopping websites. The customers are chosen randomly based on their visit to fashion department store. The reason behind this method is to ensure that the at least once. The content of their product review and their satisfaction remarks on the products are disregarded.

2.3 RESEARCH MODEL

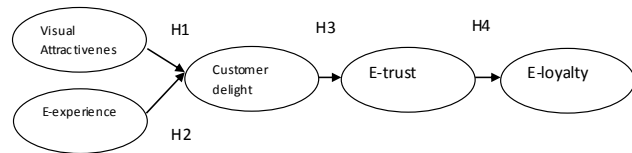


Figure 1 Research Model

- H1 : Visual Attractiveness is positively impacting Customer delight
- H2 : E-experience is positively impacting customer delight
- H3 : Customer delight is positively impacting e-trust
- H4 : E-trust is positively impacting e-loyalty

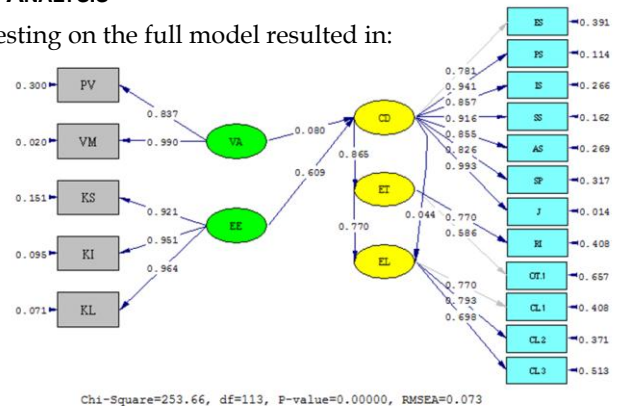
3. RESULTS AND DISCUSSION

3.1 SAMPLES

270 questionnaires are gathered and analyzed using SEM Lisrel to obtain the relationship between variables under study.

3.2 ANALYSIS

Testing on the full model resulted in:



Visual Attractiveness has a positive effect on Customer Delight but was found to be not significant. The coefficient is 0.080 but the t value is 1.05 (my suggestion is that as it is < 1.96 or 1.65, therefore it is not significant and hypothesis should be rejected, please check with your promoter team). Though there is positive effect in which higher Visual Attractiveness can increase Customer Delight, it is not a significant factor. **Hypothesis 1 is accepted because there is positive impact** but, it should be noted that the impact is less significant. (please be careful here, either it is not significant or less

significant .... These 2 terms have different interpretations) E-Experience has a positive effect on Customer Delight with coefficient of 0.609 and t value of 6.968. E-experience is more significant for Customer Delight. **Hypothesis 2 is accepted because E-Experience is positively impacting Customer Delight.** Customer Delight has a positive effect on E-Trust with coefficient of 0.865 and t value of 8.206. The result shows that Customer Delight is significant for E-Trust. **Hypothesis 3 is accepted because Customer Delight is positively impacting E-Trust.** E-Trust has a positive effect on E-Loyalty with coefficient of 0.770 and t value of 2.481. **Hypothesis 4 is accepted because E-Trust is positively impacting E-Loyalty.**

### 3.3 DISCUSSIONS

Results showed that all hypotheses are accepted. This result is in-line with previous researches further suggesting that variables from previous researches can be applied to Indonesia. Positive relationship between E-experience with Customer delight is in-line with research by Hansen and [14] and also research by [17], suggesting that e-experience is also an important factor in Indonesia that can affect Customer Delight. The positive relationship between Customer Delight with E-trust is also in-line with researches by [12], [14], [17], and [15]. This shows that the satisfaction of customers is essential in building customers' trust in online shopping. Though previous researches were not conducted in Indonesia, this result shows that customers from different countries have the same trust building factor, which is the delight over online shopping. E-trust is positively impacting E-loyalty, in-line with researches by Curtis et al [12], Chen and Fang [17], also Hansen and Johnson [14]. Customers from different countries are willing to perform online shopping from the same company or online store when they have trust in online shopping. Visual Attractiveness is positively impacting Customer Delight though less significant. This result shows that Visual Attractiveness is a factor that can be taken into consideration when dealing with customers of online shopping. Previous researches have not utilized the importance of this variable and is subject to further exploration of this concept and this research acts as a novelty and a stepping stone for future researches

## 4. CONCLUSIONS

All hypotheses are accepted, the results are inline and supporting the previous researches. Therefore, it can be concluded based on these research findings that Visual Attractiveness and e-Experience are positively impacting Customer Delight. Customer Delight positively impacting e-Trust which positively impact e-Loyalty. Therefore, these variables are important in further exploring the concept of e-Loyalty which might benefiting both the academic and business practices.

### 4.1 RESEARCH LIMITATION

This research is conducted through random sampling method with limited variables and indicators for each construct. With 270 samples, it is sufficient in confirming the relationship between variables. However, this research has not deeply

analyzed each variable. , hence it provides an opportunity in finding new variables that may relate to the topic of this research through further researches which can provide more elaborative relationship between variables and their complex indicators.

### 4.2 ACADEMIC IMPLICATION

This research can be used as the base for further researches. Relationship between each variables have been verified providing a research model that can be further expanded by adding more variables or more detailed research to each variable. Visual Attractiveness variable has been an important antecedent for online shopping literature. Future researches can further analyze this variable in providing an in-depth analysis for the importance of this variable. Though result showed Visual Attractiveness has positive impact but found to be less significant and this finding in itself is scarce specifically related to online shopping and customer's perception. Further research with more in depth dimensions and indicators analysis might prove that this variable's significance.

### 4.3 BUSINESS IMPLICATION

This research confirmed that previous researches on online shopping from different countries can be applied to Indonesia. This means that Indonesian online shopping companies especially in fashion industry can learn from other countries in improving their market performance through adoption and marketing strategies. Visual attractiveness has been confirmed as a variable with positive impact and can be taken into consideration by Indonesian fashion companies. Simply displaying product image is not enough to entice customers in committing towards online shopping, hence the image should be attractively presented, and there must be an emotional connection towards the customers. Customer engagement should be the main concern in performing product marketing and advertising through online shopping media. Customers are more engaged when they understand how the product relate to their lives. This is the challenge and opportunity provided by the fashion industry that must be accepted by open arms in order to engage their customers.

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