

Impact of online shopping on brand loyalty: A study in Dhaka, Bangladesh

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Abstract

Brand loyalty is the most important aspect of the competitive market in the present times. Maintaining loyalty of customers towards a brand is essential and online shopping puts a huge impact on this factor. The purpose of this study is to inquire into the impact of online shopping on a customer's loyalty towards a brand from a customer's perspective by taking the opinions of the residents of Dhaka, Bangladesh. This paper gives a theoretical model to establish the bridge between brand loyalty and online shopping, both having an interrelation between them. Then the hypothesis is formulated. This paper took primary responses from 70 people living in Dhaka city and did a qualitative analysis of them. The result of this empirical study is that online shopping does have a significant impact on brand loyalty. Online platforms for shopping is more significant in dying companies and also running companies to grab the potential customers in this digitalized world and thus have a constructive effect on the brand loyalty is the core implication of this study.



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Introduction:

With the evolution of the Internet, the business also went under significant evolutions and now with the emergence of e-commerce and online shopping trends it became necessary to build and maintain customer loyalty in the online platform. Brands are now investing huge amounts of money on maintaining customer loyalty. A brand is only a name and a symbol. Online image is an important means which helps to create a positive image on consumers and being different from rival products. Loyal customers are loyal consumers of the brand and perform repeat purchases and recommend the brand to those around them (Pasumarthy and Kumar, 2015). Brand loyalty is defined as positive feelings towards a brand and dedication to purchase the same product or service repeatedly now and in the future from the same brand, regardless of a competitor's actions or changes in the environment. It can also be demonstrated with other behaviors' such as positive word-of-mouth advocacy. Brand loyalty is where an individual buys product from the same manufacturer repeatedly rather than from other suppliers. (Kotler P. 1991). A loyal customer base for a brand can help to push past the competitors and give the brand a competitive advantage. Companies with strong brand loyalty will have customers who are frequent buyers of their products or services regardless of any change in price and convenience or any other inflations.

Online shopping is the new way of shopping without hassle or haste to see. Now online shopping platform has become such a huge platform that the world's highest net worth company is the company which is fully based on online shopping i.e. Amazon. Online shopping means the shopping behavior of consumers in an online store or a website used for the online purchasing purpose (Monsuwe et al. 2004). There has been a rapid growth in the online shopping platform due to its numerous advantages. Online shopping experience decreased the need to make time for buying essentials and also the physical exhaustion due to shopping in the traditional or physical markets. In just one click, one can get all necessities. One can get goods and services 24/7 for 365 by using the internet. Now comes the impact of online shopping on brand loyalty. According to Prothom Alo, a leading newspaper in Bangladesh, in 2014 about 1.5 to 2 million people shopped online every year and the market is growing by 15% to 20% (Shah, 2014). Most of this happens in Dhaka. It is mostly observed in the citizens of Dhaka that online experience does have an impact on how a consumer or customer feels about the brand. Not only that consumer advocates for the brand itself if one has a positive experience with the online interaction and transaction.

Literature Review:

As the study is based on the power that online shopping has to sway the customers towards a specific brand so it is necessary to see the prior discussions on online shopping. The online shoppers are more likely to see the price attractiveness and the time-saving intention with their actual intention to buy a product. According to Monsuwe, Delleart and Ruyter (2004) customer personality, situational factors, product characteristics, previous online shopping experiences and trust in online shopping are the five external factors to understand a customer's intention to purchase on the internet. Consumer traits that are of interest in understanding why consumers shop on the internet include demographic factors and personality characteristics (Dellaert et al, 2004). According to Burke, there are four relevant demographic factors which are age, gender, education, and income (Burke, 2002)

Brand loyalty and customer loyalty are two important aspects for the future of a business which should be studied carefully (Aydin and Ozer, 2005). In a short concept, brand loyalty means when a customer buys a product from a specific brand and continuously buys from the same brand every time. Loyalty is found to be an important construct for the long-term financial performance of business firms (Reichheld, 1996). Brand loyalty is a premise to the firm's competitiveness and profitability (Aaker, 1996). Different researchers have found that brand loyalty is a very important strategy of achieving a competitive advantage while others have argued that brand loyalty is at the heart of the marketing activities of firms and is a key to integrated marketing. Almost all the marketing strategies are directly and indirectly related to it (Reichheld and Teal, 2001) which makes necessary the study of loyalty. Brand loyalty is different from the other major dimensions of brand equity because it is related more closely to the user experience. It cannot exist without prior purchase and use experience while awareness, associations and perceived quality are characteristics of many brands that a person has never used. However, brand loyalty is influenced in part by the other major dimensions of brand equity; brand awareness, brand associations, and perceived quality. The strategy to repurchase the same brand refers to brand use satisfaction, perceived superior value, and preference or loyalty for the brand (Prasad and Dev, 2002). Brand loyal consumers provide the basis for a stable and growing market share of a company. In this increasingly fierce competition, it is necessary for businesses to hold customer data and to create a customer database. By doing so, they could have greater knowledge for the base of their customers and could also offer more personalized services and products to them. This way, businesses would have the opportunity to fulfill customers' preferences and to enhance brand loyalty (Reichheld and Scheffer, 2000). The importance of consumer brand loyalty to the success and continued growth of brands has been recognized in different studies (Chaudhuri and Holbrook, 2001).

Hypothesis

Based on the literature review, two hypotheses are formed. They are:

H0: Online shopping has no impact on the promotion of brand loyalty.

H1: Online shopping has a positive impact on the promotion of brand loyalty.

Research Method

The objective of this study is to examine the impact of online shopping on a customer's loyalty towards a brand from a customer's perspective by taking the opinions of the residents of Dhaka, Bangladesh. The target population for this research was people who have bought something online at least once and living in Dhaka. Dhaka being the capital of the country and a booming business center for online business is the perfect hub for collecting such information. There were 90 respondents in total from mixed professions. There were nine key constructs to the questionnaire i.e. satisfaction, availability of product variety, security and privacy, quickness, attractive, flexibility, special conveniences, awareness, and recommendations. The respondents were asked to fill the extent to which they agreed or disagreed, based on their experiences, with the statements provided in the questionnaire under each of the key constructs. The questionnaire was divided into three segments where the first was a demographic segment where the respondent answered their gender, age, education, etc. The second part was to identify their frequency of online shopping or if they had any experience with online shopping to see if the respondent is eligible to answer any further of our questions. The third part consists of twenty-two items (statements) aimed to measure the satisfaction, availability of product variety, security, and privacy, quickness,

attractive, flexibility, special conveniences, awareness, and recommendations. The respondents were asked to rate on a five-point Likert scale where they could rate from 1 (strongly disagree) to 5 (strongly agreed). The demographic characteristics were analyzed by frequency analysis of descriptive statistics, keys were at first put through reliability statistical analysis (Cronbachs Alpha Test) and then each key is analyzed in one sample T-test.

The data used in the research are primary data which was collected from residents of Dhaka who are between the ages of 17 to 35 years. The questionnaire was given to 90 people via Facebook and all of the respondents actively filled the survey and all of them are useable.

Findings and Discussions

A. Respondent profile

1. Gender

Based on 90 respondents we can see that 53% of the respondents are male and 37% of respondents are female. It implies that there is a male dominance for online shopping. It is notable to say that in general Bangladesh is a male dominant country.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	53	58.9	58.9	58.9
	Female	37	41.1	41.1	100.0
	Total	90	100.0	100.0	

2. Age

Based on 90 respondents it can be seen that 94.4% of the respondents were between the ages of 17 to 27 years and 5.6% of the respondents are between the ages of 28 years to 35 years. This shows that the ones between the ages of 17 to 27 years are more likely to buy things online and are more likely to follow specific brands according to fashion and need.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	17 to 27	85	94.4	94.4	94.4
	28 to 35	5	5.6	5.6	100.0
	Total	90	100.0	100.0	

3. Education

According to the educational level of the 90 respondents, it is seen that 54.4% of the respondents are in there under graduation level or passed it already. 31.1% are at the intermediate level, 8.9% are in post-graduation level or have passed it already and 5.6% are at their secondary level.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SSC	5	5.6	5.6	5.6
	HSC	28	31.1	31.1	36.7
	Graduation	49	54.4	54.4	91.1
	Post-Graduation	8	8.9	8.9	100.0
	Total	90	100.0	100.0	

So based on these data the information extracted is that males are more likely to shop online from any brand. The youngsters and youths (aged 17 to 27 years) are more prone to buying

items from brands online and are attracted to items of their favor. Not just that education level matters as most buyers are undergrad students or have completed under graduation.

B. Respondents' behavioral profile

1. Frequency of purchase from brands using any online platform

The 90 respondents were asked to fill how many times they purchased from online to determine how frequently they buy from online. Within the last six months, there were 31.1% of the buying which is the highest frequency.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Today	15	16.7	16.7	16.7
	Last week	14	15.6	15.6	32.2
	Last month	20	22.2	22.2	54.4
	Within the last six months	28	31.1	31.1	85.6
	Within 1 year	13	14.4	14.4	100.0
	Total	90	100.0	100.0	

From this one that understands that daily there are many purchases, every day, every month and within the last six months.

C. Reliability

The Cronbach coefficient alpha is commonly used to evaluate the reliability of a measurement scale with a multi-point item. Now for each of the key constructs, the reliability is measured. All of them are calculated to be above .5 which is the standard set by the Cronbach coefficient alpha i.e. if the reliability is over .5 then it should be accepted. The reliability of each construct is Satisfaction .826, Availability of products variety .602, Security and privacy .729, Quickness .624, Attractive .777, Flexibility .674, Special conveniences .671, Awareness .787 and Recommendations .848.

Key constructs	Cronbach's Alpha	N of Items
Satisfaction	.826	3
Availability of product variety	.602	2
Security and privacy	.729	3
Quickness	.624	2
Attractive	.777	4
Flexibility	.674	2
Special convenience	.671	2
Awareness	.787	2
Recommendations	.848	2

D. One-Sample T-Test for the key constructs:

When the p-value i.e the Sig. (2-tailed) value is less than .005 then the H0 is rejected and the H1 is accepted. In table 7, we see that there is a variation in the p-value of each of the key constructs.

Key Constructs	N	Mean	Std. Deviation	Std. Error Mean
Online Shopping Information	90	3.4639	.94628	.09975

Satisfaction	90	3.4037	.97214	.10247
Availability of Products Variety	90	3.6000	.95752	.10093
Security and Privacy	90	3.1556	.97561	.10284
Quickness	90	3.1278	.98175	.10349
Attractiveness	90	3.6917	.80557	.08491
Flexibility	90	3.2722	1.01439	.10693
Special Convenience	90	3.3667	.85722	.09036
Awareness	90	3.5333	.79606	.08391
Recommendation	90	4.0000	.89317	.09415

Table 7: One-Sample Test

Key constructs	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Online Shopping Information	4.651	89	.000	.46389	.2657	.6621
Satisfaction	3.940	89	.000	.40370	.2001	.6073
Availability of Products Variety	5.945	89	.000	.60000	.3995	.8005
Security and Privacy	1.513	89	.134	.15556	-.0488	.3599
Quickness	1.235	89	.220	.12778	-.0778	.3334
Attractiveness	8.145	89	.000	.69167	.5229	.8604
Flexibility	2.546	89	.003	.27222	.0598	.4847
Special Convenience	4.058	89	.000	.36667	.1871	.5462
Awareness	6.356	89	.000	.53333	.3666	.7001
Recommendation	10.622	89	.000	1.00000	.8129	1.1871

From the table, it is seen that for the frequency of online shopping the p-value is less than .005 so this factor supports the alternative hypothesis that is H1 that online shopping has a positive influence on brand loyalty. Similarly, satisfaction, availability of product variety, attractiveness, flexibility, special convenience, awareness, and recommendation has a p-value of less than .005. But security and privacy and quickness factor do not rely on the notion. This could be for several reasons. As 90 respondents are taken so the sample size isn't that big and individual perspective also plays a huge part. But one can say from the results that online shopping has a positive impact on brand loyalty or even helps to increase it as most of the key constructs resides with the notion.

Discussion

This research intends to evaluate if online shopping does have a positive impact i.e. increases brand loyalty in any way or not. The key findings of the study include the acceptance of the given hypothesis. The outcome of the result came by doing the one-sample t-test which signifies the support of each hypothesis and gives a concluding result. Now the frequency of online shopping concludes that there is a positive relationship between online shopping and brand loyalty as a good experience in this field tends to increase brand loyalty by increasing customer loyalty. Then satisfaction, availability of products variety, attractiveness, flexibility, special convenience, awareness and recommendation all of these key constructs also suggest that there is a positive impact of online shopping on brand loyalty as customers are more keen into buying products they once bought and has suited to their lifestyle in any way. Most

people answered in the recommendation factor that they would like to buy from the same brand again and again and would also recommend the brand to others if they like it. Awareness regarding the brand does play a huge part and through online advertisement, the online sales rise and thus rises the chance of more customers to try the products of a brand. Special convenience given by a brand puts a positive impact on the online sales of that product which might convert loyal customers from other brands. The internet platform or the online platform is delineated with customer relationship and satisfaction which was shown from the keys that were taken so carefully. These two factors illustrate the path leading to brand awareness and brand loyalty. Creating loyal customers towards a brand is the heart of every business module.

Conclusion

As per the result of the study, seven out of nine key constructs approve the hypothesis that online shopping has a positive impact on the promotion of brand loyalty. The existence of online customer loyalty comes from experience that the customer has with the brand and the conduct of the online approach of the brand. Companies should focus on building an attractive site where the customer will be excited to buy products and from time to time and for occasions discounts, sales, etc. should be given to retain customers and also attract new ones. So we recommend all brands to put emphasis on building a relationship with the customers via online websites and put efforts to enhance the buying experience from the brand. We also recommend to build an attractive website that will be user-friendly and can be accessed by all ages. Child toys and product websites should be relatable to mothers and guardians. Females are more attracted to online websites and young generations are also attracted to buying things online so promotional activities are required targeting these groups so that a loyal customer base can be created. Brand satisfaction, available products, and brand awareness creates a strong brand image and connecting through online websites make a stronger brand loyal force.

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