

# An Investigation of Customers' Loyalty to Social Commerce Websites

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**Abstract:** The emergence of web 2.0 has brought new applications which have played a significant role in extending e-commerce websites with social commerce (S-Commerce) functionality. S-Commerce is a new extension of B2C e-commerce where customers purchase products/services online with the existence of social cues in the websites (such as reviews, recommendations and sharing). There has been little research in the area of customer loyalty to S-Commerce websites. Drawing upon theories of social presence and trust; and the Delone and McLean model of information systems success, this study aims to determine what factors affect customer loyalty to S-Commerce websites and to develop a framework that helps in investigating those factors. In order to achieve this objective, a quantitative approach will be employed. Data will be collected from S-Commerce users in Australia via survey. Analysis will be performed using Structural Equation Modeling (SEM). This study will contribute to the S-Commerce literature through a theoretical framework that shows how the loyalty of customers can be generated in S-Commerce websites. In addition, it is expected that this study will help businesses to have understanding of how to retain their customers which will result in higher profits.

## 1 INTRODUCTION

The emergence of web 2.0 has brought with it new applications that have played a significant role in developing e-commerce sites which enhanced with social features. Social media sites have offered users the opportunity to communicate with each other, exchange opinions, post comments, photos, and videos, as well as give recommendations and referrals. The dynamic nature of social interaction via social media sites and the potential financial benefits of these sites have been recognized by e-commerce businesses and social networks throughout the world as part of what is known today as "social-commerce" (s-commerce), which also can be defined as the usage of social media in e-commerce. This initial research in progress aims to examine the aspect of customer loyalty in relation to social commerce

The term "s-commerce" was introduced by Yahoo in 2005 (Wang and Zhang, 2012). According to (Shen and Eder, 2009), s-commerce is an extension of business-to-consumer e-commerce in which consumers interact with each other while conducting online shopping activities, such as discovering products, aggregating and sharing

product information, and collaboratively making shopping decisions. For the purposes of our study, we have chosen to follow Shen and Eder's definition of s-commerce. Researchers have predominantly discussed s-commerce in two different ways: first, in terms of commercial features added to social networking sites (SNS) that allow people to make purchases, such as Facebook (Liang et al., 2011). Second, in terms of traditional e-commerce sites that add social features and content to allow people to socialize while making purchases, such as Amazon and eBay (Shen and Eder, 2009). This study will focus on the second form, as the majority of s-commerce transactions currently being made throughout the world are of this type.

Many studies have been published that have sought to investigate various aspects of s-commerce (see Table 1), yet there currently exists a gap in the literature in terms of customer loyalty. The exception are Liang et al., (2011) who have conducted an empirical study on a Social Network Site (SNS) to investigate how social factors such as social support and relationship quality affect the user's intention of future participation in social commerce. However, in this study we will study customer loyalty from different angle. Therefore, the researcher seeks to conduct a survey to investigate s-

commerce customer loyalty in Australia. The following factors of customer loyalty in the s-commerce context will be considered in this study: satisfaction, trust, social presence, service quality, system quality, information quality, reputation, online shopping experience, word-of-mouth, and communication. Of these, little research has been done to investigate the influence of social presence (SP) on customer attitudes in the s-commerce context (see Table 1), as well as the influence of SP on customer loyalty. Lu and Fan, (2014) argue that the multidimensional nature of SP should be taken into consideration when studying SP because people in virtual communities do not deal only with the computer medium; however, they interact with other people in such a medium. They propose three dimensions of SP in the s-commerce context: the SP of a website (i.e., websites that are rich in information and have social cues, such as images, audio, and videos), the perception of other users on the web (i.e., websites that allow for the social cues of users, such as recommendations, reviews, and rankings), and the SP of customers interactions with sellers. This study will focus on customer loyalty from a buyer perspective, examining the impact of SP on customer loyalty in the s-commerce context from two perspectives: the SP of a website and the perception of other users on the web.

The current study seeks to develop a framework to assist businesses using s-commerce to improve customers' loyalty to their websites. To achieve this

objective, this primary question is formulated:

What are the key factors that influence customer loyalty to s-commerce websites?.

Sub-questions are:

1. What are the dimensions of customer loyalty to s-commerce websites since it is different from customer's loyalty to e-commerce websites?
2. How do the key factors interact to influence customer loyalty to s-commerce websites?
3. What are the factors that affect trust in s-commerce websites?,
4. How does SP in its two dimensions affect customer loyalty to s-commerce websites?
5. How does customer satisfaction have an impact on customer loyalty to s-commerce websites?

This paper will be organized as follows: first, a literature review will be presented. Second, the study's theoretical framework and research hypotheses will be given. Third, the study's methodology will be presented, followed by its data collection, data analysis, study outcomes, ethical considerations, and time schedules.

## 2 LITERATURE REVIEW

This section reviews prior literature on s-commerce and customer loyalty. Table 1 shows a summary of this literature review.

Table 1: A Summary of Previous Literature on s-commerce.

Dependant Variable/ Outcome	Author(s)/ Year	Theory Used
Purchase Intention	(Hajli, 2013, Ng, 2013, Kim and Park, 2013, Hajli, 2012b, Ng, 2012, Mikalef et al., 2013)	Social support, Theory of Planned Behaviour (TPB), Technology Acceptance Model (TAM), Social Influence, Social Impact, Theory of Reasoned Action (TRA), Trust Transference Theory, Social Interactions, and Hofstede's Cultural Dimensions.
Behavioural Intention	(Shen, 2012, Gatautis and Medzaiusiene, 2014, Tan et al., 2012)	Social Comparison Theory, Social Presence, Flow theory, TAM, , technology Acceptance and Technology Resistance Theories, SoloMo Theory, TAM, and TRA
Behaviour	(Shin, 2013)	TPB and TAM
Word-Of-Mouth Intention	(Kim and Park, 2013, Mikalef et al., 2013)	TRA and TPB
S-commerce Intention	(Zhang et al., 2014)	Stimulus-Organism-Response (S-O-R) Model
Use Intention	(Hajli, 2012a)	TAM
Continuance Intention	(Liang et al., 2011)	TRA, TAM and Social Support

## 2.1 Attitudinal and Behavioural Customer's Loyalty

According to the literature, there are two kinds of customer loyalty: behavioural customer loyalty and attitudinal customer loyalty. The former is past-focused (i.e., retrospective) and refers to loyalty obtained through repeated purchasing behaviours and engaging in recommendations over time, whereas the latter is future-focused (i.e., prospective) and refers to a loyalty of intention to engage in certain purchasing behaviours in the future (Allagui and Temessek, 2004, Jang et al., 2008, Kandampully and Suhartanto, 2003, Toufaily et al., 2013).

Many researchers have argued that customer loyalty to a website cannot be measured simply by observing repeat purchases, which is the method of the behavioural approach (Shankar et al., 2003, Currás-Pérez et al., 2013). Instead, an understanding of customer loyalty to s-commerce websites should take into consideration customers' intentions to continue using a website, including their browsing, purchasing, and sharing of purchases with friends on a particular social networking site, as well as recommending such sites to other users through various social media features, such as comments, recommendations, and rankings. Given this recognition, this study will adopt an attitudinal approach to customer loyalty.

## 2.2 Customer's Loyalty in s-Commerce

The difference between traditional customer loyalty and e-loyalty is that the former represents a customer's attitudinal preference toward a particular product or service, whereas the latter refers to a customer's attitude or behaviour toward revisiting a particular website (Anderson and Srinivasan, 2003). Cyr et al., (2008) define e-loyalty as the perceived intention to visit a website and purchase and repurchase from it in the future. Currás-Pérez et al., (2013) define customer loyalty to a social networking site as "a favourable attitude towards that social networking site expressed by the intention to continue using it in the future and recommend that other users use it." In line with this definition, and based on the s-commerce definitions of prior mention in this study (Afrasiabi Rad and Benyoucef, 2011, Zhong, 2012, Leitner and Grechenig, 2007, Wang, 2009, Shen and Eder, 2009), we define customer loyalty toward s-commerce websites as a favourable attitude toward a particular s-commerce

site expressed by the intention to continue using it. Here, usage includes the following: browsing the site, purchasing from the site, creating content, sharing a purchase with other friends on a particular social networking site, and recommending the site to other users through integrated social features, such as comments, recommendations, and rankings.

Usage is more complex in s-commerce than in e-commerce. On a traditional e-commerce website, there are only two possible actions: browsing and purchasing. On an s-commerce website, however, there are an additional three possible actions: creating content, sharing, and recommendations. These are major differences between customers' loyalty to the two kinds of websites, each of which are related to customer loyalty.

## 3 THE THEORETICAL FRAMEWORK AND RESEARCH HYPOTHESIS

This section summarize the theoretical background, research model, and hypotheses development of the study.

### 3.1 Theoretical Background

The conceptual model, in Figure 1 draws on customer loyalty, SP and trust theories detailed in the literature review as well as the updated IS success model of Delone and McLean (2003) review to identify both possible factors and their relationships. These theories were used for the following reasons: first, these theoretical approaches and this model will help to investigate customer loyalty in s-commerce as other studies focus on customers' intentions to use s-commerce websites in a variety of ways. Second, many studies have utilized various theoretical approaches to study consumer attitudes in the e-commerce and e-service contexts (Gefen and Straub, 2004, Hassanein and Head, 2007, Cyr et al., 2007), yet social presence theory has yet to be used to study customer loyalty in the s-commerce context. These theoretical approaches have assisted to identify twelve possible factors and their relationships that influence customer loyalty in s-commerce.

### 3.2 Research Model and Development of Hypothesis

The proposed research model is depicted in Figure 1.

There is a positive relationship between the factors. The first two hypotheses are examples, as there is insufficient space to provide all the hypotheses in detail:

*Hypothesis 1. There is a positive association between customers' levels of satisfaction and customer loyalty to an s-commerce website.*

*Hypothesis 2. There is a positive association between customers' levels of trust and customer loyalty to an s-commerce website.*

## 4 RESEARCH METHODOLOGY AND DESIGN

Given the objectivity of the data in this research, a quantitative approach was deemed appropriate for the current study. The benefits of quantitative research include the strong validity and reliability that come with utilizing only observable facts. This study aims to involve 1,000 s-commerce customers. Therefore, the study's survey will be web-based. The study will employ a cross-sectional method for the survey and use a structured questionnaire to collect data. The population of the study will consist of male and female customers of multiple s-commerce websites (e.g., Kogan, eBay, Amazon, Target, Big W, Harvey Norman, Dick Smith, Etsy, OO, Booktopia, Shopping.com Network, Deals Direct, and Gumtree) who live in Australia and is sourced from a research panel. The survey questions

are based on a range of existing surveys that address the relevant factors.

### 4.1 Data Analysis

The research model of this study will be tested using structural equation modelling (SEM). SEM is a statistical technique for testing and estimating causal relations via the use of qualitative causal assumptions and statistical data. The use of SEM will allow the researcher to compare the study's empirical data and model. SEM will then be used to test the hypothesized relationships among the study's constructs.

## 5 OUTCOMES OF THE STUDY

The conceptual model generated by this study, especially when tested and refined by the future work will be useful for businesses using or considering the use of s-commerce, customers of s-commerce websites, and other academics studying this topic. From the academic perspective, it will add a framework that details the factors influencing customers' loyalty to the body of s-commerce research, will contribute to an in-depth understanding of the impacts of social presence (especially the social presence of other users), satisfaction, trust, and loyalty of customers in s-commerce, it will give more understanding of

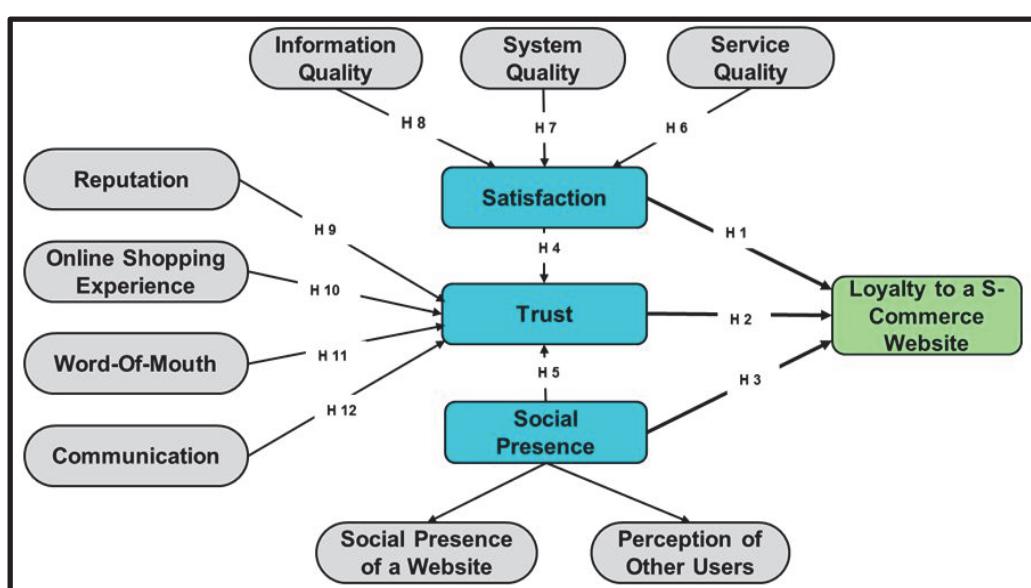


Figure 1: Research Model.

dimensions of customers' loyalty to s-commerce websites since it is different from customers' loyalty to e-commerce websites. From the business perspective, it will provide businesses a framework that will allow them to improve their s-commerce websites to increase customer loyalty. Finally, from the customer perspective, if businesses implement the framework, customers will receive better s-commerce website services.

## 6 CONCLUSION AND FUTURE WORK

Drawing upon SP and trust theories as well as the updated IS success model of Delone and McLean (2003), this paper presents a conceptual model to studying the impact of social presence, trust and the three web qualities (information, system, service) on customers' loyalty to s-commerce websites. In future work, a survey of 1,000 s-commerce customers will be conducted and the conceptual model tested and refined using a SEM approach.

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