

Conceptual Millennials' Brand Loyalty to Online Fashion Brands' E-commerce Sites

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Abstract

Millennials' brand loyalty is difficult to attain by e-commerce sellers because of the millennials' preferences in buying online products and their tendency to be cautious of marketing techniques in order to avoid being manipulated. Despite having an immense spending power, millennials were found to be very disloyal to brands. This study aims at examining various literature on brand loyalty. It also aspires to identify the relative importance of trust as one of the most important factors which influence millennials' brand loyalty to online fashion brands' e-commerce sites. In addition, this paper seeks to determine the moderating effect of income on the relationship between trust and millennials' brand loyalty.

Keywords: Fashion Industry, Millennials' Brand Loyalty, E-Commerce Sites

Introduction

The fashion industry is one of Malaysia's largest established manufacturing among other sectors, where RM15.3 billion or 1.6% of the total export were recorded in 2017 (Malaysian Investment Development Authority, 2019). The percentage of online businesses landscape, especially in Malaysia, has increased and Malaysians tend to buy anything through the internet (Balqis, 2019). In fact, many brands are diving into the e-commerce era and transitioning into e-commerce, including the fashion industry (Lau, 2019).

There are many different definitions of millennials, especially the duration of the time interval. Millennials are born between the year of 1981–1999 (Bolton et al., 2013), 1982–2002 (Littman, 2008) or 1982–2005 (Howe & Strauss, 2007). In this research, the author describes millennials according to a previous research on millennials (Kim, 2019), and applying the definition used by Marinelli et al. (2014), which stated that millennials are those who born between 1977 and 1999, where their range of age in 2020 would be between 21 and 43 years old. According to International Data Base Summary Demographic Data for Malaysia (2007), nine million out of 24 million of the total population in Malaysia are millennials. International Data Base Summary Demographic Data believes that the millennials population is expected to increase by 11 million, and the Malaysian population is expected to grow to 33 million in 2025. In Sabah, the millennials population is estimated at 1.3 million (Department of Statistics Malaysia, 2018). Millennials are a web-savvy generation (Bilgihan, Peng, & Kandampully, 2014), high

tech-generation (Norum, 2003), obsessed with fashion (William and Page, 2011) and they spent almost 70% of their savings on fashion (Bakewell & Mitchell, 2003). Marketers need to focus by engaging with the millennials to ensure this group loyalty towards their brands (Kandampully, Zhang, & Bilgihan, 2015). However, research on the millennials is scarce despite their huge spending powers (Charters et al., 2011; Sheahan, 2005).

Undeniably, the internet has a huge influence on the millennials' daily life (Bilgihan, Okumus, & Cobanoglu, 2013) where 69% of the millennials use the internet for shopping (Reisenwitz & Iyer, 2009). Pate and Adam (2013) stated that millennials customers use the internet to make purchases due to convenience and time-saving in product searching. Notably, the internet has no boundary, which allows the online customers to purchase their desired product at anytime and any place, regardless of geographical location (Suki, Ramayah & Suki, 2008). Carney (2017) reveals that 62% of mobile users utilise their gadget to purchase fashion brands online. Nevertheless, online purchases are riskier compared to traditional shopping because of the criteria of the actual fitting, the quality of the products, hard to be present online and information might be insufficient (Kim & Forsythe, 2009).

Literature Review

Brand Loyalty

According to Oliver (1999), brand loyalty refers to commitment put by consumers to repurchase and support favoured brands in consistent. Aaker (1991) believes brand loyalty relates to customers' dedication and desire towards a particular brand. In addition, Palumbo and Herbig, (2000) indicate that brand loyalty refers to repeated purchases and customers' preferences to specific brand. Notably, when consumers are satisfying with brands offered, it will lead to brand loyalty (Selnes, 1993; Dick and Basu, 1994).

Efficiency

Previous studies suggested that the ability to search (efficiency) is the main factor that contributes to the repurchase of brands, especially in terms of website efficiency (Lynch & Ariely, 2000). Efficiency has a significant positive influence on customer loyalty, especially in the context of e-commerce (Yen, 2005). Meanwhile, Sinioukov (1999) asserted that if customers find it easy to obtain information through the efficiency of e-commerce, it will lead to customer loyalty and a successful online business.

Customer Service

The literature emphasised on customer service through communication within e-commerce sites irrespective of distance and time, where customers can be assisted in terms of the brands (Park, Lee, & Lee, 2005). Customer service on e-commerce sites cannot be done face-to-face, unlike the traditional stores; thus, customer service is a crucial aspect for online businesses (Chiu, Hsieh, & Kao, 2005). Lin (2007) found that real-time communication (customer service) provided by online businesses will lead to customers' satisfaction for an extended time frame. This finding is consistent with a study by Yoo, Lee, and Park (2010), where the authors found communication tools in e-commerce sites will enhance customer service through live help and a bulletin, where the customers can be assisted. Bolton and Drew (1992) stated that online business generally failed due to a weak relationship between the customer and the company.

Trust

According to Urban, Sultan, and Qualls (2000), online business should give a priority on trust because this element might be a crucial part of online businesses' strategy. The previous study mentioned that trust has a relationship with transactions made online (Warrington, Abgrab, & Caldwell, 2000) and more challenging than traditional stores (Reichheld & Schefter, 2000). This is supported by many researchers, who claimed that trust is the key to reducing doubts and creating safety to online customers (Ribbink et al., 2004). When it comes to e-commerce sites, trust element that includes privacy and security is crucial and need to be seriously considered by the online businesses (Caruana & Ewing, 2006).

Brand Image

According to Tan (1999), brand image is important to an individual, especially when it comes to clothing brands, as he explained customers' obsession towards a particular brand image. Dittmar, Beattie, and Friese (1996) stated that customer purchased a fashion with a brand image to enhance their self-confidence when interacting with societies. Additionally, Michaelidou and Dibb (2006) emphasised that purchasing fashion brands that have a brand image will help customers to enhance their self-identity and improve their appearances, especially to someone they have known (Ross & Harradine, 2004). Based on the previous literature, brand image has been conveyed by many companies to develop brand loyalty where a brand image will enhance familiarity and reliability (Palumbo & Herbig, 2000). However, there are some issues pertaining to brand image, such as the colour of a brand, layout, print size, or graphics-related matter.

Moderating Effects of Income on the Relationship between Trust and Millennials' Brand Loyalty

A study by Kim (2019) suggested the possible moderating effect of income on independent variables, namely efficiency, order management, customer service, personalisation, trust, product description, and web appearance. Trust is said to be a crucial element on brand loyalty and has a significant positive impact when it comes to income as a moderating variable, especially for the millennials. This is because millennials need specific information about payment method, shipping cost, and the procedure in case of default transactions to reduce uncertainty or risk (Kim, 2019). Websites need to do customization to their online account, especially the range of price to target different income levels (Kim & Kim, 2018). There has been no distinct and solid result from past research on the moderating role of income in the relationship between trust and the millennials' brand loyalty. Thus, this research will extend the knowledge and research on this scope. In sum, this study will further investigate the moderating effect of income on brand loyalty, which is still inconclusive (Kim & Kim, 2018; Kim, 2019).

Conceptual Framework

This study is expected to conduct further full scale study by using the specified model adopted and modified from Kim (2019); Al-Hawari (2011).

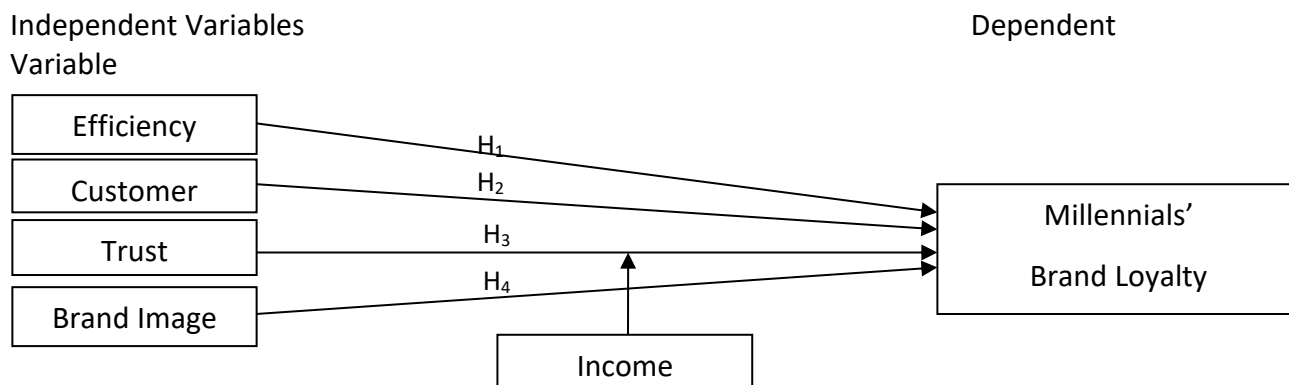


Figure 1: Conceptual Framework

Sources: Jung-Hwan Kim (2019) and Al-Hawari, M. A. (2011)

Hypotheses Development

Ranganathan and Gradon (2002) suggested that website efficiency is crucial as it can influence the users' loyalty towards brands. Prior studies found that website's efficiency has a significant positive relationship with brand loyalty (Parasuraman, Zeithaml, & Malhotra, 2005). Kim, Jin, and Swinney (2009) mentioned that the efficiency of the online website is crucial that it needs to provide high-quality information to ensure customer satisfaction. Efficiency has a significant positive effect on brand loyalty in the context of e-commerce sites as it facilitates online shoppers, especially when dealing with advanced search, Frequent Asked Question (FAQ) and specific filter (Kim, 2019). Hence, this study hypothesises that:

H1 : There is a significant positive relationship between efficiency and millennials' brand loyalty to online fashion brands' e-commerce sites in Kota Kinabalu, Sabah.

Prior studies concluded that online businesses need to build long-term relationships to gain loyal customer (Reisenwitz & Gupta, 2011) and it will contribute to the company's profits (Hsieh & Li, 2008). This theory is supported by Park et al. (2008), who found customer services through a flow of experience increased brand recall that positively affects their attitude towards the brands. Kim (2019) mentioned that customer service is crucial to e-commerce sites in ensuring online customers' positive experience throughout the transactions. Hence, this study hypothesises that:

H2 : There is a significant positive relationship between customer service and millennials' brand loyalty to online fashion brands' e-commerce sites in Kota Kinabalu, Sabah.

Previous studies found that trust has a relationship with transactions made online (Warrington, Abgrab, & Caldwell, 2000) and has many challenges compared to traditional stores (Reichheld & Scheffer, 2000). This is supported by many researchers who claimed that trust is the key to reducing doubts and creating safety to online customers (Pavlou, 2003; Ribbink et al., 2004). Trust has a significant positive relationship with brand loyalty, in which it involves security and privacy of the e-commerce sites (Kim, 2019). Hence, this study hypothesises that:

H3 : There is a significant positive relationship between trust and millennials' brand loyalty to online fashion brands' e-commerce sites in Kota Kinabalu, Sabah.

Steenkamp et al. (2003) argued that a brand name or brand image would allow a company to have a positive perception of their brand. According to Tan (1999), brand image is important to an individual, especially when it comes to clothing. This finding is consistent with the study by Schroeder and Morling (2006), who asserted that brand image plays an important role in customer's loyalty to brands. However, even though the brand image is important, perceived quality need to be considered as well, especially when it comes to unfamiliar brands (Hoyer & Brown, 1990). Brand image has a significant positive effect on brand loyalty, especially in the e-commerce sites context (Kim, 2019; Al-Hawari; 2011). Hence, this study hypothesises that:
H4 : There is a significant positive relationship between brand image and millennials' brand loyalty to online fashion brands' e-commerce sites in Kota Kinabalu, Sabah.

Kim and Kim (2018) conceptualised and assessed E-service quality for luxury brands, and claimed income might act as a moderating variable and has an impact on trust, especially for luxury shoppers due to the perceived risk when making a transaction. Websites need to do customisation to their online account, especially the price ranges in order to target different income level of customers (Kim & Kim, 2018). Therefore, this study will further investigate the moderating effect of trust on brand loyalty, which is still inconclusive (Kim & Kim, 2018; Kim, 2019). Hence, this study hypothesises that:

H5 : Income has a positive moderating effect on the relationship between trust and millennials' brand loyalty to online fashion brands' e-commerce sites in Kota Kinabalu, Sabah.

Research Methodology

Data were collected through direct and online distribution of physical questionnaires and Google Form link to identify the factors affecting millennials' brand loyalty to online fashion brands' e-commerce sites in Kota Kinabalu, Sabah. This study employed a correlational study using a cross-sectional survey design seeking to test the relationships between independent variables (efficiency, customer service, trust, brand image, brand loyalty) and dependent variable (millennials' brand loyalty). A self-administered questionnaire was developed using structured questions. The target population of this study is the Sabahans' millennials in Kota Kinabalu, Sabah. Census survey was employed since the questionnaires were distributed to different universities in Kota Kinabalu, Sabah, which comprised Universiti Teknologi Sabah, Universiti Malaysia Sabah, Open Universiti, Aseana College, and Politeknik Sabah.

Conclusion

The researcher highlighted the factors of millennials' brand loyalty of which brand loyalty is one of the crucial elements for online sellers to remain competitive in the market, especially in the era of digitalisation. Thus far, research on millennials is scarce despite their huge spending powers (Charters et al., 2011; Sheahan, 2005). Hence, this study will contribute to the body of knowledge, which focuses on millennials' brand loyalty in the context of e-commerce sites.

Four factors may affect the millennials' brand loyalty to online fashion brands' e-commerce sites, namely efficiency, customer service, trust, and brand image. The efficiency of the e-commerce sites should be given priority to facilitate customers search for information on the products by using search engine optimisation or even filters. Meanwhile, customer service is one of the services provided by online sellers, where they provide prompt responses through live help or e-mail to the customers. Trust, which involves customers' security and privacy is

classified as one of the crucial elements when it comes to e-commerce sites, while a brand image provides a unique identity or a different outlook from other competitors.

The framework and the findings of this study will have an impact on the Ministry of International Trade and Industry (MITI), online sellers, and researchers. In terms of MITI, the study's findings provide an overview of the latest business environment through Internet-of-things (IoT) and promote the government aspiration to achieve a high-income nation by 2024 through e-commerce, particularly to the policymakers. This study will also have an impact on stakeholders or online sellers, especially brand managers, by providing better marketing strategy and enhancing their knowledge of millennials' brand loyalty to online fashion brands' e-commerce sites. Finally, this study contributes to the body of knowledge for other researchers' reference and extend the current knowledge of millennials' brand loyalty to online fashion brands' e-commerce sites in different fields or countries.

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