FACTORS INFLUENCING PURCHASE INTENTION FOR VIETNAMESE LOCAL FASHION BRANDS IN SOCIAL COMMERCE: A CASE STUDY IN HANOI

Dr. Trinh Hoai Son  
sonth@neu.edu.vn
Le Thi Hoa Chi  
11180741@st.neu.edu.vn
Tran Duc Truong  
11185333@st.neu.edu.vn
Pham Thanh Phuc  
11183946@st.neu.edu.vn
Nguyen Thi Hoan  
11181898@st.neu.edu.vn
Nguyen Thi Phuong Anh  
11180363@st.neu.edu.vn

School of Information Technology and Digital Economics, National Economic University, Hanoi, Vietnam

Abstract

Social commerce is a new business model marking a breakthrough in the area of online shopping. Its massive expansion has boosted e-commerce and increased the effectiveness of online marketing. In the context of the increasingly developing fashion industry, the study aims to understand factors that affect purchase intention for Vietnamese local brands in social commerce. The study used questionnaire as survey method and collected answers online via Facebook. 555 valid responses were analyzed by using SPSS software version 22.0. The results show that factors including enjoyment, perceived ease of use, online review, brand image, advertising positively influence online purchase intention. Especially, brand image has the strongest impact. Besides, perceived risk has a negative impact on consumers’ intention to buy local brands. The findings have important theoretical and managerial implications helping businesses working in domestic fashion sector to come up with efficient strategies to increase customers’ intention to purchase.

Keywords: Purchase intention, social commerce, fashion, local brands.

1. Introduction

With the advent of digital era, the Internet is becoming a significant means of communication. The increasing popularity of the Internet leads to the rapid growth of e-commerce and digital marketing. In particular, social networks have become a revolution
that breaks down traditional barriers to information access, transform methods of conducting business activities as well. Social commerce is a modern business model emerging from the development of social media and e-commerce, aiming to promote product sales and influence customer buying behavior across a network of people on social websites (Sharma & Crossler, 2014; Huang & Benyoucef, 2013). Mark Zuckerberg, the founder of Facebook, states that social commerce will become a new trend in e-commerce because of its much greater growth potential than traditional e-commerce; especially since the government has figured out how to implement taxes on selling via social media; businesses have an extra opportunity to increase market share as tax implementation reduces the number of small retailers in social commerce (Social Times, 2011). As users are becoming more dependent on social media, social commerce will increase in importance and grow even more rapidly.

In Vietnam, with a population of 96 million people, there are 68 million Internet users, 65 million people are social networks’ users, accounting for 67% of the total population (Digital, 2020). According to Statista (2020), Vietnamese spend more than 2 hours a day on social platforms using mobile devices. According to the report of Google & Teamaseak (2018), although the overall social commerce market in Vietnam has only reached the size of 3 billion USD, the growth rate amounts to 30% per year. It can be said that social commerce is a much more potential market than traditional e-commerce.

In addition to the strong development of online shopping, the continuous rise of incomes and living standards has caused the trend of shopping in the fashion sector to thrive. While several famous international brands entering the Vietnamese market, local brands are also increasingly asserting their position. Not only being distinguished by the quality in each product, local fashion brands catch up with prevailing trends by making use of benefits that technology bring. Particularly, using social networks as the main marketing channel has enabled Vietnamese fashion local brands to be more successful in attracting customers across the country.

A significant number of research has been conducted to understand customers’ behaviour in the context of online shopping. However, most of the research (Yin et al., 2019; Chen et al., 2018; Shi et al., 2016; Hajli, 2015; Ngo My Tran & Mai Vo Ngoc Thanh, 2017; Nguyen Thi Thanh Thao, 2017) just examine the intention to shop online for products in general. As social commerce is still a relatively new concept in Vietnam, research on the intention to buy products of local fashion brands in social commerce has not existed before. Thus, this study focuses on covering this gap. By examining attributes that affect customers’ purchase intention in social commerce, the findings provide helpful insight for managers and brand owners to develop appropriate marketing strategies and manage social commerce business effectively.
The rest of the study is structured as follows. Section 2, the theoretical literature is reviewed to develop hypotheses and research model. Research methods carried out in the analysis are described in Section 3. Next, in Section 4, reliability and validity analysis are performed, the proposed hypotheses are also tested in this section. Finally, in Section 5, the conclusion and suggestion are listed.

2. Literature review

2.1. Social commerce

The term “social commerce” was first mentioned by Yahoo (2005) as a subset of e-commerce combined with social media that supports social interaction and user contributions. Liang et al. (2011) describes that social commerce is the application of Web 2.0 features, such as content creation tools, to enhance user interaction in e-commerce. Kim & Park (2013) consider social commerce as a new business model of e-commerce driven by social media that facilitates buying and selling products and services online. In other words, social commerce is a new model of conducting commerce using social media to reach customers and their online friends. In the study of Turban et al. (2017), social commerce, also known as social business, refers to e-commerce transactions distributed via social media. More specifically, it is a combination of e-commerce, e-marketing, technologies, and social media content. In this study, the authors use the definition of Turban et al. (2017) when referring to social commerce.

2.2. Local fashion brands

According to the American Marketing Association, a local brand is a brand that is marketed (distributed and promoted) and/or developed in a relatively small and limited geographical area. Local fashion brands are only available in a specific region (a country or narrow areas, such as a particular community or even a neighborhood) and customized to the unique needs and features of that local market (Dimofte et al., 2008). Local fashion brands are also known for being self-employed from the stage of ideas creation to production and distribution. Each of these brand is protected by law when registering the trademark at the copyright management agency (Yu Nguyen, 2020). In summary, local fashion brands are brands that do business in a specific area/geographical region and their trademark copyright must be registered and fully met legal sanctions at the same time.

2.3. Purchase intention

For online shopping, Delafrooz et al. (2011) suggest that purchase intention is the possibility that a consumer will make a purchase on the Internet. Pavlou (2003) emphasizes online shopping intention is the situation in which customers are willing to engage in online transactions. Online transactions here can be considered as the process of retrieving, transferring information and performing purchase activities. Therefore, intention to purchase
online focuses on the extent to which consumers are willing to buy and pay for a certain product on online platforms; in this context social networking sites. Consumer's online purchase intention, which constantly changes, is an important aspect related to the online marketing and widely studied by market researchers to predict sales and consumer buying behaviours (Cronin, Brady, & Hult, 2000). The study of consumer purchase intention leads to different types of research such as customer loyalty testing, product and new product testing, packaging testing, advertising content testing and brand positioning.

Ghosh (1990) argues that purchase intention is an effective tool for predicting purchasing decision. In the online business environment, customers' behavior is related to how they have intention to buy products or services. Therefore, understanding the online purchase intention will contribute to determining consumers' online purchase behaviours (Salisbury et al., 2001).

2.4. Research model

TAM (Technology Acceptance Model) model has been used in many previous studies with research field related to information system, focus on explaining how users come to accept and use a new technology. However, with the limitations of the TAM model, the Value-based Adoption Model (VAM) aims to explain the use of technology from the view of consumers. Therefore, this study combined TAM (Davis, 1989) and VAM (Kim et al., 2007) model as a theoretical basis to develop the research model in which factors influencing purchase intention for Vietnamese local fashion brands in social commerce include enjoyment, perceived ease of use, and perceived risk.

In addition to this, based on the study of the impact of advertising on the purchase intention of Ngo My Tran & Mai Vo Ngoc Thanh (2017), the authors propose to add advertising to the model. At the same time, consumers still worry about online shopping as they do not have direct contact with the sellers and products, so the intention to buy is influenced by the online reviews of other consumers. Besides, combined with the study of Park et al. (2007), online review is included in the model. On the other hand, the scope of the research is Vietnam's fashion market, brand image is considered an extremely important factor. Based on research by Zamrudi (2016), the authors add brand image to the model.

In summary, the proposed research model of factors affecting the purchase intention for Vietnamese local fashion brands in social commerce consists of six factors: (1) Enjoyment, (2) Perceived Ease of Use, (3) Perceived Risk, (4) Online Review, (5) Brand Image, (6) Advertising.
According to Khoje et al. (2013), enjoyment is the pleasure gained from the online shopping process. In the context of information systems, this concept is understood as the level of satisfaction that consumers gain when making a purchase on a website, especially in terms of entertainment and stress relief it brings (Davis, 1989; Kim et al., 2007). According to Koufaris (2002), shopping enjoyment has a significant impact on attitude and intention to purchase online. Additionally, Jarvenpaa & Todd (1996) also conclude that the enjoyment of shopping has a great influence on the attitude, behaviour on the website and increases the purchase intention of customers. Hence, it is hypothesized that:

Hypothesis 1 (H1): Enjoyment has a positive impact on the purchase intention for Vietnamese local fashion brands in social commerce.

Perceived ease of use is defined as “the degree to which an individual believes that using a particular system requires no physical or mental effort” (Davis, 1985). In TAM model, perceived ease of use is an important factor assumed to have a positive relationship with using a technology. Based on the theory of task-technology fit, consumers often use social networking sites for their online shopping activities. Davis (1989) also suggests that when an individual perceives the ease of use of a system, they will form a positive feeling that leads to the intention to use that system. Hence, it is hypothesized that:

Hypothesis 2 (H2): Perceived ease of use has a positive impact on the purchase intention for Vietnamese local fashion brands in social commerce.

According to Featherman and Pavlou (2003), the perception of risk is an unwanted loss encountered in the process of completing an action. Hong & Yi (2012) argue that many customers feel brick-and-click purchasing is more risky than the conventional one because
consumers cannot physically check products when buying online, so they are concerned that the product is not up to their expectations. All the risks consumers perceive during the purchasing process directly influence their purchase intention (Garretson and Clow, 1999). Hence, it is hypothesized that:

Hypothesis 3 (H3): Perceived risk has a negative impact on the purchase intention for Vietnamese local fashion brands in social commerce.

Floh et al. (2013) admit that reading positive product reviews leads to an intention to purchase online. Online product reviews are one of two types of information consumers can access when shopping on social networks, which is what sets them apart from traditional shoppers. Consumer online reviews act not only as information but also as suggestions (Part et al., 2007). Hence, it is hypothesized that:

Hypothesis 4 (H4): Online review has a positive impact on the purchase intention for Vietnamese local fashion brands in social commerce.

Brand image is the perception of the consumer as reflected in the consumer's memory (Keller, 1993). Each consumer usually has a certain impression after seeing, hearing, reading or experiencing a product brand for himself through media such as TV, Internet and other channels (Kotler et al., 2002). According to research by Del Rio et al. (2001), research by Keller (1993), brand image is positively related with consumers' purchase intention. Hence, it is hypothesized that:

Hypothesis 5 (H5): Brand image has a positive impact on the purchase intention for Vietnamese local fashion brands in social commerce.

Attitude formed towards advertising helps to transform consumers' attitude towards products or brands until their purchase intention is shaped (Goldsmith and Lafferty, 2002). Qian He & Hongjian Qu (2018) suggest that the attractiveness of advertising has a significant influence on purchase intention. Social media advertising creates a greatly new dimension to advertising, as it provides interactivity for users, especially on Facebook, users can communicate and perform purchasing activities at the same time (Logan, Bright & Gangadharbatla, 2012). Hence, it is hypothesized that:

Hypothesis 6 (H6): Advertising has a positive impact on the purchase intention for Vietnamese local fashion brands in social commerce.

3. Method

To ensure the accurate and objective results, the authors used both qualitative and quantitative method. For the qualitative analysis, the research team conducted interviews with a group of 10 people living and studying in Hanoi. The interviewees all have knowledge of local fashion brands and have experience buying those products in social commerce. The results of the qualitative study show that there are 6 independent factors accepted by
interviewees, including: enjoyment, perceived ease of use, perceived risk, online review, brand image, advertising. Next, the authors quantified analysis by building a scale to measure factors through 35 constructs. The scale is based on previous studies as well as from construction of the authors.

In the formal quantitative study, the authors used a five-level Likert scale to measure impact of factors. According to Hair et al. (2014), the minimum sample size is 175 (5*35), so to ensure the minimum sample size requirement and reliability, the study sample size should be at least 175 responses. Data is collected through a survey which was sent as a questionnaire on Google Form to the sampled subjects who are living in Hanoi area. After removing 55 invalid answers from 610 responses, the total number of valid answers put in analysis is 555.

Quantitative analysis was carried out using the following methods: descriptive statistics, reliability testing, exploratory factor analysis (EFA), correlation analysis and regression analysis. The authors conducted data analysis on Statistical Package for the Social Sciences (SPSS) version 22.0.

4. Results

4.1. Descriptive analysis

Data were included in the analysis with sample size N = 555. The results show that female (73.2%) is likely to buy more often than male, especially for fashion products. Young people aging from 18-25 who are interested in shopping activities in social commerce account for the majority of respondents (96.8%). The buying group that account for the highest percentage is students with income below 5 million (95%). This result is expected because they are people who are often exposed to the Internet and online shopping. In terms of social platforms used to perform purchasing activities, it can be seen that Facebook is the most popular (80.5%).

<table>
<thead>
<tr>
<th>Category</th>
<th>Information</th>
<th>Frequency</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>148</td>
<td>26.7</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>407</td>
<td>73.3</td>
</tr>
<tr>
<td>Age</td>
<td>Under 18</td>
<td>10</td>
<td>1.8</td>
</tr>
<tr>
<td></td>
<td>18 – 25</td>
<td>537</td>
<td>96.8</td>
</tr>
<tr>
<td></td>
<td>26 – 35</td>
<td>6</td>
<td>1.1</td>
</tr>
<tr>
<td></td>
<td>Above 35</td>
<td>2</td>
<td>0.4</td>
</tr>
<tr>
<td>Job</td>
<td>Students</td>
<td>530</td>
<td>95.5</td>
</tr>
<tr>
<td></td>
<td>Working</td>
<td>6</td>
<td>1.1</td>
</tr>
<tr>
<td></td>
<td>Unemployed</td>
<td>19</td>
<td>3.4</td>
</tr>
<tr>
<td>Income</td>
<td>Under 5 million VND</td>
<td>524</td>
<td>94.4</td>
</tr>
<tr>
<td>Social platforms used for shopping</td>
<td>5 – 10 million VND</td>
<td>10 – 25 million VND</td>
<td>Above 25 million VND</td>
</tr>
<tr>
<td>-----------------------------------</td>
<td>-------------------</td>
<td>-------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>Facebook</td>
<td>447</td>
<td>340</td>
<td>52</td>
</tr>
<tr>
<td>Instagram</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Zalo</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tiktok</td>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>17</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Collected and analyzed by authors

4.2. Reliability analysis

The proposed model includes 6 independent variables, 1 dependent variable with 35 observations. The results of Cronbach's Alpha coefficient analysis show that the total correlation coefficient of the variables is greater than 0.3 and the value of Cronbach's Alpha coefficient is greater than 0.75, so all factors meet this analysis requirements. However, in exploratory factor analysis (EFA), 4 observations are removed from the model because of factor loadings less than 0.5. Thus, authors only list the final results of reliability test in table 2.

Table 2: Results of reliability analysis

<table>
<thead>
<tr>
<th>Factor</th>
<th>Observations</th>
<th>Cronbach’s Alpha</th>
<th>Total correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enjoyment</td>
<td>6</td>
<td>0.847</td>
<td>0.555</td>
</tr>
<tr>
<td>Perceived Ease of Use</td>
<td>4</td>
<td>0.811</td>
<td>0.604</td>
</tr>
<tr>
<td>Perceived Risk</td>
<td>5</td>
<td>0.784</td>
<td>0.452</td>
</tr>
<tr>
<td>Online Review</td>
<td>5</td>
<td>0.791</td>
<td>0.601</td>
</tr>
<tr>
<td>Brand Image</td>
<td>3</td>
<td>0.825</td>
<td>0.577</td>
</tr>
<tr>
<td>Advertising</td>
<td>4</td>
<td>0.778</td>
<td>0.565</td>
</tr>
<tr>
<td>Purchase Intention</td>
<td>4</td>
<td>0.855</td>
<td>0.652</td>
</tr>
</tbody>
</table>

Source: Collected and analyzed by authors

4.3. Exploratory factor analysis (EFA)

27 constructs of the independent variables are classified into 6 groups of factors in exploratory factor analysis. KMO coefficient is 0.909 (0.5<KMO<1) with a statistical significance level (Sig.) of 0.000 (<0.05), emphasizing that the data used for analysis is appropriate and statistically significant. In addition, according to Eigenvales standard, the total variance extracted is 62.385% (>50%), which means that the results explain 62.385% of the variation of the data.

The results of factor analysis with the dependent variable shows that only one factor is extracted, and all the observations converge at the Eigien value of 2,791 and the extracted variance is 69.781%. This reveals the scale of dependent variables are suitable with the load
factor greater than 0.8. At the same time, the Bartlett test has the result of 963,912 with sig=0.000 (<0.05), indicating that the observed variables are correlated with each other.

4.4. Correlation Analysis

The results of the correlation matrix analysis with Pearson's coefficient demonstrate that the relationship between purchase intention and six independent variables is statistically significant (Sig<0.05). To be specific, the correlation coefficients of the variables range from 0.255 to 0.618 (-1≤r≤1). Thus, the correlation between factors is closely linear in the model. On the other hand, correlation coefficients scale ensure that there is no multicollinearity. Hence, regression analysis can be used to test the relationship between independent and dependent variables.

4.4. Regression Analysis

From the results of the regression analysis, the adjusted R² (Adjusted R-square) shown in the table 3 is 54.5%; it also means that 54.5% of the variation of purchase intention (Y) is explained by six mentioned factors, the remaining of 46.5% is caused by the influence of other attributes and random error. On the other hand, the F test (Sig=0.00 <0.01) in the ANOVA analysis proves that the constructed linear regression model is not only suitable for the research sample but also for the population. Thus, the research model is well-suited.

Based on the analysis results in Table 3, all standardized Beta coefficients are statistically significant (Sig.<0.05). Accordingly, brand image has the most significant impact (Beta = 0.279) and perceived ease of use has the weakest impact (Beta = 0.104) on purchase intention. The remaining factors have the level of impact in respective order: Enjoyment , Online Review, Advertising. Besides, perceived risk has a negative impact on purchase intention (Beta = -0.79 < 0).

<table>
<thead>
<tr>
<th>Model</th>
<th>Standardized coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td></td>
<td>2,293</td>
<td>0.022</td>
<td></td>
</tr>
<tr>
<td>Enjoyment</td>
<td>0,248</td>
<td>7,329</td>
<td>0.000</td>
<td>1,399</td>
</tr>
<tr>
<td>Perceived ease of use</td>
<td>0,104</td>
<td>2,691</td>
<td>0.007</td>
<td>1,803</td>
</tr>
<tr>
<td>Perceived risk</td>
<td>-0,079</td>
<td>-2,428</td>
<td>0.015</td>
<td>1,289</td>
</tr>
<tr>
<td>Advertising</td>
<td>0,157</td>
<td>4,087</td>
<td>0.000</td>
<td>1,786</td>
</tr>
<tr>
<td>Online review</td>
<td>0,212</td>
<td>5,439</td>
<td>0.000</td>
<td>1,843</td>
</tr>
<tr>
<td>Brand image</td>
<td>0,279</td>
<td>7,173</td>
<td>0.000</td>
<td>1,836</td>
</tr>
</tbody>
</table>

Source: Collected and analyzed by authors

\[ PI = 0.279BRI + 0.248ENJ + 0.212ONR + 0.157ADV + 0.104PEU - 0.079PR + \mu \]
Brand Image (BRI), Enjoyment (ENJ), Online Review (ONR), Advertising (ADV), Perceived Ease of Use (PEU), Perceived Risk (PR).

5. Discussion and Conclusions

5.1. Discussion

The study has built a model to understand factors that have impact on the purchase intention for Vietnamese local fashion brands. The authors provide empirical evidence by collecting, processing, and analyzing data of consumers with the ability and have experience with buying products of the local brands on social platforms in Hanoi, Vietnam. The results reveal that six factors affect the intention to purchase local fashion brands in social commerce. To be specific, the factors affecting consumers' purchase have different influence in this descending order: brand image, enjoyment, online review, advertising, perceived ease of use, and perceived risk.

The current study has both theoretical and empirical implications. First, it contributes to the literature by presenting new insights into level of factors’ impact on intention to buy Vietnamese local fashion brand products in social commerce. It was concluded that brand image has the strongest positive impact. This finding is expected as most consumers, especially millennials usually pay attention to brand image before making a purchase decision. Particularly, for online shopping, customers cannot directly touch or try on products, brand image acts as a representation of garment attributes of a brand and reflects what the brand stands for in the customers’ mind. In addition, perceived risk is shown to have a negative influence on consumer’s purchase intention. This result adds to our understanding since we focused on the impact of individual components of perceived risk rather than risk as a whole. Thus, these findings offer informative insights for owners of social commerce websites so that they can build successful strategies to attract more online consumers.

5.2. Suggestions

For Vietnamese local fashion brands that are growing in social commerce, they firstly need to focus on building and consolidating communities of consumers on social platforms to enhance brand image and reduce customers’ risk perception when purchasing online. A community available with different reviews from customers who have purchased products and useful information from followers interested in the brand will increase the intention to purchase of other customers. Second, brands should regularly change and add appealing messages into advertising campaigns to increase the effectiveness of marketing and attract more buyers. For example, a local brand with environmentally - friendly products can emphasize its message by participating or sponsoring environmental conservation programs. Third, brands need to diversify and update styles to keep up with new trends and expand the customer base. Many people expect that when using products of Vietnamese local fashion
brands, they will have an impressive and unique style. Therefore, the more brands diversify styles and products, the more customers they attract.

For Vietnamese local fashion brands that tend to participate in social commerce, they need to determine the right target consumers and clearly define the brand's image and style at first. Hence, they would be able to create an important premise to make an impression on the customers. Clearly defining fashion styles before entering social commerce allows new brands to attract potential customers on social networking sites. Second, brands need to grasp new trends in the fashion market quickly and wisely. Local fashion brands’ identifying trends of the target market is a good way to seize opportunities and create ideas for advertising and marketing strategies on social platforms. Third, local brands should have the consistency for style image on different platforms. To be more specific, posters and advertisements presented on Facebook, Instagram, Twitter should be consistent, aligned with the image and identity of the brands.

For customers, they should consider joining the communities that local brands set up (if any) to get the realistic and comprehensive reviews from customers who have had experience purchasing products of that brand before. At the same time, actively participate in reviewing honestly is a way to build a trustful community of consumers.

For Vietnam Textile and Apparel Association, authors suggest developing a website that provides in-depth articles to orientate and raise customers' awareness of local brands. By doing this, Vietnamese fashion local brands can have the opportunity to introduce their collections and reach buyers more efficiently. Organizing competitions or events so that consumers can vote for their favorite brands (for example, top 10 most popular collections of street style local brands) will also create fair competition environment among brands and act as an official information channel for customers' reference.

5.3. Limitations

Like any other studies, this study has some limitations. As respondents are mainly young consumers from 18-25 years old, the representativeness is not very high; other age groups should be investigated further. Moreover, online purchase intention is affected by many other factors that have not been mentioned in this study. The inclusion of more factors would have produced applicable results of even greater interest for social commerce sites. Besides, the concepts of "social commerce" and "local fashion brands" are still quite new to consumers in Vietnam, so when people have a better understanding of social commerce and accumulating more experience, different results can be found on customer’s purchase intention. Therefore, future research is expected to overcome limitations that still exist in this study.

6. Reference


