

A Study on the Impact of Social Commerce Purchase Decision Factors on Customer Satisfaction, Customer Loyalty and Repurchase Intention

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Abstract

Background/Objectives: The purpose of this study is to investigate the impact of Social Commerce users' purchase decision factors on customer satisfaction, customer loyalty and repurchase intention. **Methods/Statistical Analysis:** Sample selection method was used convenience sampling methods. Among 258 total questionnaires, 226 were used as the data for analysis. 32 questionnaires were excluded either because the respondents did not have experience with the social commerce or because they responded without care. The main analysis was used as cronbach's alpha coefficient, factor analysis and regression analysis. **Findings:** The total respondents were 226: 116 were male (51.3%), and 110 were female (48.7%). In terms of age group, 55.3%, 21.7% and 23.0% of respondents are in their 20s, 30s and 40s, respectively. After analyzing the purchase decision factors of social commerce, 22 factors were extracted, and were categorized into five groups. The total explanatory power of the extracted 5 factors was 68.2%. The values for cronbach's α were all above 0.6, implying enough credibility. In addition, the values for cronbach's α for the factors of customer satisfaction, loyalty and repurchase intention were all above 0.6 as well. The results after testing the first hypothesis, the p-value were .000, which is smaller than the .05 significance level, indicating statistically significant regression. Also, user convenience, price rationality, communication availability, information usefulness has statistically significant positive relationship. The result of testing the second and third hypothesis, customer satisfaction had a statistically significant positive relationship with customer loyalty, and customer satisfaction and customer loyalty have a statistically significant positive relationship with the repurchase intention, respectively. **Application/Improvements:** Through deeper review of previous literature and research, one must suggest factors that affect the Social Commerce and analyze them through the establishment of the elaborate research model in future studies.

Keywords: Customer Loyalty, Customer Satisfaction, Purchase Decision Factors, Repurchase Intention, Social Commerce

1. Introduction

The provision and development of Internet have brought tremendous changes in our ways of life. Especially, Internet has become the medium of both online and offline commerce. As Internet and Mobile Payment became possible, Internet has been firmly established as the distribution channel. Regarding the size of Korea's Internet commerce, the total amount of e-commerce transactions in 2013 was 1,200 trillion. Of these, the Internet shopping malls and mobile shopping took 38.5 trillion and 4 trillion respectively. In other words, our consumption had

been gradually increasing both online and offline. Such development of Internet has expanded various forms of online shopping such as an open market. Recently, the Social Commerce, which allows online shopping on the basis of the Social Network Service(SNS), has appeared.

The Social Commerce refers to the type of e-commerce that utilizes SNS including Facebook and Twitter, and it is a sales method that provides products with substantial discount if a number of buyers exceeds a certain limit¹. It was first suggested by Yahoo in 2005, and it expanded in Korea, 2010. Typical examples include Ticket Monster, Coopang, WeMakePrice and Groupon Korea, and future

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Social Commerce market are expected to further expand if provision of smartphones and cooperation between commerce and info-communication increases.

However, the operators and consumers of the Social Commerce do not have clear understanding at its early stage. Consumer complaints and decrease in service quality tend to arise especially due to its emphasis on substantial discount sales strategy². In addition, the recent trend of Social Commerce study focuses on its user intention, credibility, attitude, repurchase intention and purchase decision factors. However, only few studies that analyzed the relationship between the user intention of the Social Commerce and buying behaviors have been conducted.

Thus, the purpose of this paper is to analyze the impact of Social Commerce users' purchase decision factors on customer satisfaction, customer loyalty and repurchase intention in order to provide basic information on Social Commerce marketing strategy and its operation.

2. Literature Review

Studies on Social Commerce have been rigorously conducted with the recent development of info-communication technology.

Junmo An and Sangrok Han argues that the most influential variable on general user satisfaction on shopping malls is the convenience of the mall's composition³. In a study conducted by Seonsook Kim and Eunyoung Rhee, pleasure is used as the purchase intention factor, and they define it as the joy that arise from looking around several shopping mall websites or from perceiving Internet as a new interesting way of shopping⁴.

argues that customers choose Internet shopping mall's contents by themselves, obtain its diverse information, and interact directly with its managers, message board or e-mail^{5,6}.

argue that the products or coupons listed on Social Commerce are sold with various discount rates—generally ranging from 10% to 90% per item—and that the discount benefit can only be applied when the number of buyers exceed a certain limit suggested economy, information acquisition, interest and convenience as Social Commerce customers' user motives, and they argue that economy and information acquisition are the only motives that affect satisfaction⁷.

identified factors including the value of pleasure, the discount rate over 50% and the inducement of consum-

ers' participation to affect Social Commerce purchase motives⁸. compared the value of Social Commerce shopping with that of current Internet shopping and analyzed practical values of both sides to be similar but that the value from pleasure is the type of shopping value that distinctively appear in the group-purchase of Social Commerce⁹ suggested the characteristics of Social Commerce to include its reputation, price, user convenience and pleasure¹⁰.

categorize information, variety of products, commutation possibility, reactivity and price as service quality factors that affect Social Commerce satisfaction and repurchase intention¹¹. choose relationship, user convenience, info-communication, affordability, reputation and speed as influential factors for Social Commerce purchase intention and identified them as factors that affect satisfaction and repurchase intention¹² categorizes economic feasibility, convenience, information acquisition, pleasure and sociality as Social Commerce use motivation factor. He revealed that one feels satisfied when his/her use motivation factor is fulfilled and that satisfaction has a positive influence on reuse intention¹³.

suggests that repurchase intention is determined by client's thought on whether the service was good or bad¹⁴.

In his study on the factors that affect Social Commerce repurchase intention, demonstrated that Social Commerce characteristics including economic feasibility, reputation and availability have positive influence on customer satisfaction and that security risk has negative influence on customer satisfaction¹⁵.

showed that customer satisfaction affects attitude and continues to influence repurchase intention. Thus, their study identifies that customer satisfaction has positive influence on attitude¹⁶⁻¹⁹.

3. The Study Model and the Sampling Strategy

3.1 The Study Model

The purpose of this study is to investigate the impact of Social Commerce users' purchase decision factors on customer satisfaction, customer loyalty and repurchase intention. Based on the literature review, this paper developed the study model and hypotheses.

In this study, user convenience, information usefulness, price rationality, communication availability and

shopping pleasure were chosen as the purchase decision factors. More specifically, user convenience refers to the degree of independence of time and space constraints when buying through the Social Commerce, unlike shopping at physical stores. Information usefulness refers to the useful influence of the information provision for purchase decision. Price rationality refers to the increase in consumers' benefit through group-purchase and its discount rate. Communication availability refers to the ability to interact through SNS, blogs and communities and to have direct interaction with the relevant people in charge when buying the products. Lastly, shopping pleasure refers to the provision of refreshment, fun and enjoyment through visiting shopping malls.

3.2 The Sampling Strategy

This study has designed and conducted surveys to fulfill its purpose. Among 258 total questionnaires, 226 were used as the data for analysis. 32 questionnaires were excluded either because the respondents did not have experience with the Social Commerce or because they responded without care. The study sample was restricted to the age group of 20s to the 40s, who often uses SNS through the Internet and mobile phones.

4. Analysis Result

4.1 Demographic Characteristics of the Study Sample

Table 1 demonstrates the demographic characteristics of respondents in this study. The total respondents were 226: 116 were male (51.3%), and 110 were female (48.7%). In terms of age group, 55.3%, 21.7% and 23.0% of respondents are in their 20s, 30s and 40s, respectively. In terms of media for using Social Commerce, 66.4% and 33.6% of them used mobile phones and PC, respectively. In terms of place of use, 41.2% used while on move, 36.7% at home and 15% at work or school.

4.2 Testing the Credibility and Validity

In this study, the Principal Component Analysis method was utilized for factor analysis. Regarding the factor analysis, Varimax method—useful for verifying the mutual independence among the factors—was utilized.

Table 1. Demographic characteristics of respondents

Demographic Characteristics		Frequency (person)	Percentage (%)
Gender	Male	116	51.3
	Female	110	48.7
Age Group	Twenties	125	55.3
	Thirties	49	21.7
	Forties	52	23.0
Media	Mobile Phones	150	66.4
	PC	76	33.6
Place of use	On move	93	41.2
	Home	83	36.7
	Work/School	34	15.0
	Other	16	7.1
Utilization of The Social Commerce	We Make Price	72	31.9
	Coopang	97	42.9
	Ticket Monster	35	15.5
	Groupon Korea	21	9.3
	Other	1	0.4
Number of Visit	More than once in a day	31	13.7
	More than once in two or three days	39	17.3
	More than once in a week	50	22.1
	More than once in a month	40	17.7
	I do not visit regularly	66	29.2
Total		226	100

After analyzing the purchase decision factors of Social Commerce, 22 factors were extracted as shown in Table 2, and were categorized into five groups. Based on previous literature studies, the five factors were defined as user convenience, price rationality, communication availability, shopping pleasure and information usefulness. The total explanatory power of the extracted 5 factors was 68.2%. Looking at the analysis result for credibility, the values for Cronbach's α were all above 0.6, implying enough credibility.

In addition, the total explanatory power for the factors of customer satisfaction, loyalty and repurchase intention was 74.1%, and the values for Cronbach's α were all above 0.6 as well.

4.3 Testing the Hypotheses

Table 2. Testing the credibility and validity of the purchase decision factors of the social commerce

Category	Factors	Number of Factors	Cronbach's α	Eigenvalues	Dispersion rate
Purchase Decision Factors	User Convenience	5	.867	3.900	20.271
	Price Rationality	4	.818	3.721	16.915
	Communication Availability	4	.814	2.768	12.580
	Shopping Pleasure	4	.820	2.333	10.603
	Information Usefulness	5	.831	2.268	7.764
Customer Satisfaction	Customer Satisfaction	3	.873	3.399	26.149
Customer Loyalty	Loyalty	5	.892	3.133	24.097
Repurchase Intention	Repurchase Intention	5	.903	3.113	23.950

Table 3. The impact of purchase factors of the social commerce on customer satisfaction (dependent variable:customer satisfaction)

Factors	Non-standardized coefficient		Standardized coefficient	t	p-value	F	p-value	R ²	Accept/reject hypothesis
	B	Standard error	Beta						
(Constant)	.301	.192		1.571	.118	62.908	.000	.588	
User Convenience	.170	.050	.186	3.398	.001				Accept
Price Rationality	.136	.056	.133	2.408	.017				Accept
Communication Availability	.250	.069	.258	3.641	.000				Accept
Shopping Pleasure	.141	.074	.142	.556	.009				Accept
Information Usefulness	.354	.083	.318	4.267	.000				Accept

The study hypothesized on the impact of Social Commerce purchase decision factors on customer satisfaction, loyalty and repurchase intention were tested. Table 3 illustrates the results after testing the first hypothesis that ‘the purchase decision factors have positive impact on customer satisfaction.’

The value of F-statistics was 62.908, and the p-value was .000, which is smaller than the .05 significance level, indicating statistically significant regression. Also, looking at the significance level of the variables, user convenience, price rationality, communication availability,

information usefulness has statistically significant positive relationship.

Next, Table 4 illustrates the result of testing the second hypothesis that ‘the customer satisfaction formed in the Social Commerce will have positive impact on customer loyalty.’ The F-statistic was 306.658, and the p-value was .000, which was smaller than the .05 significance level, indicating statistically significant regression. Also, looking at the significance level of the variables, customer satisfaction had a statistically significant positive relationship with customer loyalty.

Table 4. The impact of customer satisfaction on customer loyalty (dependent variable : customer loyalty)

Factor	Non-standardized coefficient		Standardized coefficient	t	p-value	F	p-value	R ²	Accept/ reject hypothesis
	B	Standard error	Beta						
(Constant)	.646	.161		4.009	.000	306.658	.000	.576	
Customer Satisfaction	.796	.045	.760	17.512	.000				Accept

Table 5. The impact of customer satisfaction and customer loyalty on repurchase intention (dependent variable ; repurchase intention)

Factors	Non-standardized coefficient		Standardized coefficient	t	p-value	F	p-value	R ²	Accept/ reject hypothesis
	B	Standard error	Beta						
(Constant)	.529	.137		3.855	.000	274.711	.000	.711	
Customer Satisfaction	.127	.058	.122	2.200	.029				Accept
Customer Loyalty	.741	.055	.747	13.489	.000				accept

Table 5 illustrates the result of testing the third hypothesis that ‘the customer satisfaction and loyalty formed in the Social Commerce will have positive impact on repurchase intention’.

The F-statistics was 274.711, and the p-value was .000, which was smaller than the .05 significance level, indicating statistically significant regression. Also, looking at the significance level of the variables, customer satisfaction and customer loyalty have a statistically significant positive relationship with the repurchase intention.

5. Conclusions

The result of this study illustrates that the important purchase factors of Social Commerce have impact on customer satisfaction, and customer satisfaction has impact on both customer loyalty and repurchase intention. In other words, confirming the first, second and third hypotheses as all statistically significant.

Based on the analysis results, the following implications can be suggested.

First, although the interpretation of the analysis results is difficult, corporates should recognize the importance of purchase decision factors and search for ways on utilization since they have impact on customer satisfaction, customer loyalty and repurchase intention.

Second, it is necessary to recognize the importance of benefits that come from the time spent in the Social Commerce, price reduction and discount rate. Also, one should establish measures to emphasize the price discount rate and reduce the time spent on Social Commerce by simplifying the order process and payment methods on the Internet and mobile applications.

Third, it is true that consumers using Social Commerce give importance on price discount. However, one should be aware of the problems in terms of quality and service decrease from over-emphasis on low price. Thus, the Social Commerce companies have to provide accurate information on the products and their service. Moreover, the decrease in service quality, such as the delay in delivery caused by excessive number of orders, causes giving up purchase and complaints, so it is necessary to maintain and manage appropriate level of service to prevent such issues.

Fourth, the statistical significance of the shopping pleasure implies the importance of constant provision of events that induce consumers’ participation, enjoyment and interest. Especially, the provision of price benefit will be effective.

Fifth, it is necessary to establish the marketing strategy for consumers who have difficulty in accessing SNS. Thus, one should seek for ways to let such consumers to

be familiarized with the Social Commerce through active promotions and events.

Lastly, the impact of customer satisfaction does not end the moment when consumers buy products, as shown in the result of the impact on repurchase intention. Thus, in order to constantly protect the consumer's benefit and fulfill the quality, it is necessary to establish a speedy and efficient refund system considering the Social Commerce sales method and the characteristics of the products.

Meanwhile, this study has following limitations.

First, in terms of sampling, the proportion of the 20s takes about half of the sample, which can cause error in the convenience sampling. In addition, this study is conducted with the focus only on the interest of the consumers who constitute Social Commerce. Thus, the study does not consider the influence of the providers'. Furthermore, the study limits the factors that affect the Social Commerce only on the purchase decision factors. This implies that there could be other important factors that could have been excluded. In other words, through deeper review of previous literature and research, one must suggest factors that affect the Social Commerce and analyze them through the establishment of the elaborate research model in order to resolve these problems in future studies.

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