



**ADVANCED INTERNATIONAL JOURNAL OF
BUSINESS, ENTREPRENEURSHIP AND SMES
(AIJBES)**
www.aijbes.com



FACTORS INFLUENCING LOYALTY TO TAOBAO MARKETPLACE FROM THE PERSPECTIVE OF CUSTOMERS FROM JIANGXI, CHINA

Xu Ling Na¹, Sujatha Balakrishna^{2*}, Nur Hafizah Zainal³, Nor Nazeranah Omar Din⁴

¹ Graduate School of Business, Nilai University, Malaysia

Email: n00020248@students.nilai.edu.my

² Faculty of Business, Hospitality and Humanities, Nilai University, Malaysia

Email: sujatha@nilai.edu.my

³ Faculty of Business, Hospitality and Humanities, Nilai University, Malaysia

Email: drnurhafizah@nilai.edu.my

⁴ Faculty of Business, Hospitality and Humanities, Nilai University, Malaysia

Email: nornazeranah@nilai.edu.my

* Corresponding Author

Article Info:

Article history:

Received date: 11.06.2024

Revised date: 07.07.2024

Accepted date: 12.08.2024

Published date: 05.09.2024

To cite this document:

Xu, L. N., Balakrishna, S., Zainal, N. H., & Din, N. N. O. (2024). Factors Influencing Loyalty To Taobao Marketplace From The Perspective Of Customers From Jiangxi, China. *Advanced International Journal of Business Entrepreneurship and SMEs*, 6 (21), 35-51.

DOI: 10.35631/AIJBS.621003

Abstract:

This study looks at the variables affecting Chinese customers' loyalty in online marketplaces. Global digitization has greatly aided the development of this online purchasing trend. The overarching objective of this research is to focus on the web of factors that shape Chinese consumers' loyalty to online marketplaces. By unravelling the underlying variables and dynamics, this research aims to provide e-marketers with the tools and insights necessary to navigate the complexities of the Chinese market successfully. A quantitative analysis is employed to address the aim and objectives of this study. Survey questionnaire was utilized to gather data. The survey results underwent a rigorous examination with the aid of the Statistical Package for the Social Sciences (SPSS). Various statistical methodologies, including but not limited to multiple regression analysis to test hypotheses, the application of descriptive statistics to summarize data, and a comprehensive validity analysis, were employed in the process of scrutinizing and interpreting the survey findings. In conclusion, all four of the hypotheses established for the current inquiry are accepted with the help of hypothesis testing. The outcome of this investigation underscores the critical significance of various factors such as pricing strategies, the robustness of website security measures, the precision of information dissemination, and the influential role of word-of-mouth recommendations in shaping and sustaining consumer loyalty. The study's findings serve as a compass for e-commerce entities, guiding them

This work is licensed under [CC BY 4.0](https://creativecommons.org/licenses/by/4.0/)



toward crafting more effective pricing strategies that resonate with their target audience. In sum, this research not only highlights on the dynamics of customer loyalty but also furnishes e-commerce businesses with actionable insights to elevate their customer retention strategies and brand marketing efforts.

Keywords:

Customer Loyalty, Customer Behaviour, E-Commerce, Marketing Strategy, Taobao

Introduction

This study examines the variables affecting Chinese customers' loyalty in online marketplaces. People today find it impossible to envision their lives without the ease of online shopping. Global digitization has greatly aided the development of this online purchasing trend. The expansion of internet purchasing has been seen to have a positive impact on all sectors and industries of the world. China's online retail sector not only remained resilient but continued its steady expansion. There is an impressive surge in online consumers, with 87.88 million people engaging in online purchases, a significant increase from the previous year's 74 million. (Reddy & Reddy, 2018) Sales of social consumer goods reached 44,082.3 billion yuan, with a 12.5% increase over the previous year. Notably, online retail sales of physical goods exceeded the 10-trillion-yuan threshold, reaching 10.8 trillion yuan. These online sales accounted for 24.5% of total retail sales of consumer goods and contributed significantly to overall growth. (Ministry of Commerce [MOC], 2022) Food, clothing, and consumer goods saw substantial increases in online sales, with growth rates of 17.8%, 8.3%, and 12.5%, respectively (National Bureau of Statistics of China, 2021) However, this rapid growth in the Chinese e-commerce sector comes with both prospects and challenges for domestic and foreign marketers. To formulate effective e-marketing strategies tailored to the evolving desires and lifestyles of Chinese consumers and to build their loyalty, it is imperative for marketers to gain a deep understanding of the motivators that drive Chinese consumers to embrace online shopping. The dynamism of the Chinese market necessitates an adaptable approach that can resonate with the unique preferences and demands of its vast consumer base.

Background

The rise of online shopping has become indispensable in the retail sector, transitioning from a mere option to a necessity. Rita et al. (2019) emphasize how businesses have integrated online shopping into their strategies, enhancing customer convenience and satisfaction. In China, this trend has been particularly pronounced, with millions of consumers embracing e-commerce, as evidenced by China Internet Network Centre (CNNIC)'s statistics showing a significant surge in online purchases. However, this growth presents both opportunities and challenges for marketers, requiring a deep understanding of Chinese consumer behavior to develop effective e-marketing strategies tailored to their preferences.

Customer loyalty is paramount in the online retail landscape, as highlighted by Breznitz & Murphree (2011) and Syed and Norjaya (2010), whose research underscores the link between meeting or exceeding customer expectations and fostering loyalty. Understanding the multifaceted nature of customer loyalty is crucial for businesses to thrive in the online marketplace. The objective of research in this area is to unravel the factors shaping Chinese consumers' loyalty to online marketplaces, providing e-marketers with the insights necessary

to navigate the complexities of the Chinese market successfully. In an era defined by rapid technological advancement and shifting consumer preferences, adapting to the nuanced drivers of customer loyalty is key to thriving in the online retail sector.

The objective of this research is to focus on the web of factors that shape Chinese consumers' loyalty to online marketplaces. By unravelling the underlying variables and dynamics, this research aims to provide e-marketers with the tools and insights necessary to navigate the complexities of the Chinese market successfully. In current world, the key to thriving in the online retail sector lies in understanding and adapting to the nuanced drivers of customer loyalty.

Research Problem

The burgeoning online marketplace has captivated interest across society as a novel avenue for shopping, marking a transformative shift in business operations towards digital infrastructure. China stands as a formidable force in the global internet market, experiencing rapid growth and shaping the competitive landscape of e-commerce. Amidst the opportunities presented by this growth, online marketplaces face intensifying competition and the imperative to navigate the intricacies of the digital realm. Strategies for engaging online customers and fostering loyalty are paramount, as identified by Momtaz et al. (2011), with an emphasis on understanding the unique dynamics of the online purchasing environment in China. These strategies were developed by focusing on how to convince online customers to make a purchase. The online purchasing environment and typical purchase scenarios are very different from one another as a result of electronic networking's invulnerability and digital world (Aryani et al., 2021). Despite the clear growth in corporate and consumer engagement in e-commerce, there is a significant lack of empirical research on Chinese consumers' online shopping behaviour. This gap in knowledge raises questions about the applicability of findings from Western contexts to China's unique cultural and legal environment. This study aims to address this gap by empirically investigating the factors influencing Chinese consumers' propensity to shop online. By identifying and discussing various tactics for sustaining client loyalty and retention, this research aims to provide valuable insights for online marketplaces seeking to optimize their strategies in the dynamic Chinese market. Ultimately, understanding the drivers of client loyalty in online markets is essential for navigating the evolving landscape of e-commerce in China.

Research Questions

1. Does pricing strategy of online marketplace influence the loyalty of Chinese customers?
2. Does website security of online marketplace influence the loyalty of Chinese customers?
3. Does information quality of online marketplace influence the loyalty of Chinese customers?
4. Does word of mouth of online marketplace influence the loyalty of Chinese customers?

Research Objectives

1. To determine the influence of pricing strategy of online marketplace on the loyalty of Chinese customers.
2. To determine the influence of website security of online marketplace on the loyalty of Chinese customers.
3. To determine the influence of information quality of online marketplace on the loyalty of Chinese customers.

4. To determine the influence of word of mouth of online marketplace on the loyalty of Chinese customers.

Significance And Scope Of The Study

The forthcoming research study focuses on the factors influencing Chinese consumers' loyalty to online marketplaces, aiming to enrich existing literature and provide practical insights for industry practitioners. By evaluating the efficacy of client loyalty strategies specific to online marketplaces, the study seeks to broaden the scope of benefits and enhance its applicability within the field. While primarily centred on online marketplaces, the study's recommendations hold relevance for businesses across various sectors, offering adaptable strategies to bolster client retention and loyalty. Moreover, the research sets the stage for further exploration into the impact of customer loyalty on businesses in China and other Asian countries, signalling a potential avenue for future research and practical applications in a broader context. Factors influencing Chinese customer's loyalty in online marketplace has been the focus of this research paper. This research paper has supplied a thorough understanding of customer loyalty and factors affecting customer loyalty. A quantitative analysis is employed to address the aim and objectives of this study. Questionnaire was utilized to gather data. Therefore, when future readers conduct their own research on the same subject, they will profit from the richness of information provided in this research paper.

Literature Review

Customer loyalty stands as a crucial metric for the success of any business, reflecting the degree of customer satisfaction with a company's offerings and interactions. Daroch et al. (2021) highlighted the importance of factors such as the reputation and services provided by online sites in influencing consumers' online shopping behaviour. Businesses strive to foster and nurture customer loyalty, recognizing its pivotal role in bolstering brand recognition and driving financial gains. However, the consequences of customer discontent are equally significant, potentially leading to substantial losses. Effective communication and prompt resolution of customer concerns are emphasized in the retail sector to enhance satisfaction levels. According to Forrester's 2024 US Customer Experience Index, the quality of customer experience (CX) among US brands has hit an all-time low. (Forrester, 2024) To enhance satisfaction without sacrificing revenue, companies should focus on ten key areas of the customer experience. These areas include aspects like product quality, service responsiveness, and consistency in meeting customer expectations. (Hult & Morgeson, 2023) Through consistent delivery of exceptional services and exceeding customer expectations, businesses aim to cultivate lifelong loyalty among their customers, safeguarding their market position and ensuring sustainable growth.

Customer satisfaction, driven by the alignment between customer desires and actual experiences, is a key determinant of loyalty. It transcends individual transactions, encompassing the overall perception of a business by customers. While customer satisfaction revolves around meeting expectations and needs, customer delight goes beyond that by creating a positive and memorable experience. Delighting customers involves surpassing mere satisfaction and focusing on exceeding basic needs. The impact of delight on customer loyalty cannot be underestimate. (Saxena, 2023) Delight occurs when a business exceeds customer expectations, while discontent arises from issues such as inefficient problem resolution and unmet expectations. By prioritizing customer satisfaction and striving to deliver exceptional experiences, businesses endeavour to secure and strengthen customer loyalty, thereby fortifying their market position and mitigating the adverse effects of customer dissatisfaction.

China's Online Marketplace

China's online marketplace has experienced remarkable growth fuelled by the increasing buying power of Chinese consumers and the widespread accessibility of the internet. Online commerce transactions in China reached approximately 15.43 trillion yuan, representing an almost 12 percent year-on-year growth. (Statista, 2023) The rise in online usage, coupled with a more user-friendly shopping environment, has led to a surge in online shoppers. While C2C e-commerce dominates, platforms like Taobao accommodate both B2C and C2C transactions, reflecting the evolving dynamics of China's online retail market. Despite historical consumer tendencies like a preference for conservative savings habits and mistrust of online retailers, attitudes appear to be shifting, especially among younger, educated consumer segments who exhibit a heightened sense of brand awareness and an appreciation for foreign products. However, international companies face significant challenges in establishing a successful presence in China's online market, including cultural barriers, governmental regulations, and underdeveloped distribution networks and online payment systems. Nevertheless, Chinese consumers exhibit familiarity with the livestreaming channel and are comfortable spending on livestream platforms. The adoption rate is notably higher than that of their American counterparts. (Daxue Consulting, n.d.) The government's prioritization of e-commerce and policies aimed at guiding its expansion highlight the market's importance in stimulating China's economy. While accessing this market presents hurdles, its dynamic nature and untapped opportunities make it an enticing prospect for businesses aiming to tap into China's growing consumer base.

Pricing Strategy

Pricing strategy is a critical component of retail business strategy, influencing consumer behaviour and overall profitability. Among the various approaches delineated by Gefen (2000), variable pricing and fixed prices stand out as significant methods with distinct impacts. Variable pricing offers flexibility and responsiveness to market dynamics, allowing retailers to adjust prices based on changing demand and market conditions. This adaptability enables retailers to attract customers through discounts and promotions, fostering loyalty and driving sales. On the other hand, the long-term fixed-price strategy provides stability and predictability by maintaining consistent prices over an extended period. (Li,2023) Rooted in customer psychology, this approach builds trust and reliability in the brand, leading to repeat purchases and sustained customer loyalty. The variable pricing strategy thrives in environments characterized by fluid market conditions, enabling retailers to swiftly respond to fluctuations in consumer demand. During peak seasons or sales events, prices can be reduced to attract shoppers, while higher price points during low-demand periods help optimize profits. Conversely, the long-term fixed-price strategy appeals to customers seeking stability and consistency, catering to a segment valuing predictability in their shopping experience. By maintaining steady prices, retailers cultivate trust and simplify product management, appealing to customers who prioritize reliability in their purchasing decisions. Overall, both pricing strategies offer unique advantages and play crucial roles in shaping the retail landscape. Gerpott & Berends (2022) examined 132 articles on competitive pricing in e-tail markets. They highlighted that pricing strategies do not receive proper research attention according to their practical relevance.

Website Security

Customer satisfaction in e-commerce is intricately linked to perceptions of security, with robust security measures being vital for enhancing consumer trust and confidence. Elliot and Fowell (2000) define security as the safeguarding of customer personal information obtained through

electronic transactions, highlighting its importance in mitigating risks related to unauthorized access and misuse of data. Security concerns in e-commerce primarily revolve around user authentication and the security of data and transactions, areas that directly influence customers' trust in online retailers. As consumers perceive lower security risks, their satisfaction with e-commerce services tends to increase, emphasizing the critical role of security measures in shaping consumer experiences and fostering trust in online platforms. In the rapidly expanding e-commerce landscape, particularly in markets like China, security concerns are paramount due to heightened apprehensions about submitting personal information online. Despite the popularity of e-commerce in China, security remains a significant barrier to industry growth, distinguishing it from more mature markets (Dong-Her et al., 2004). Chawla & Kumar (2022) found that a secure and reliable system is essential for e-business firms to work successfully. They also found that website information and effective customer care services build a customer's trust. Tran and Nguyen (2022) investigated the relationship between security, individuality, reputation, cognitive trust, perceived risk, consumer attitudes, and purchase intention of online shopping. They found that security and reputation positively affect cognitive trust and negatively affect perceived risk. According to Aboobucker (2019), security issues does have an impact on the online shopping buying behaviour of the customer. Positive correlation between security measures and e-satisfaction underscores the importance of providing a secure online environment to enhance the overall shopping experience and bolster customer confidence (Sharma & Lijuan, 2015).

Information Quality

Customer perception of website information quality is a crucial determinant of user engagement and satisfaction in e-commerce platforms. Park and Kim (2003) define website information quality as the quality of information presented on a website, which directly influences users' perceptions and interactions with the platform. This concept encompasses various elements, including the nature of products offered, service quality, website design, usability, and overall product representation. Amsl et al. (2023) found that online shoppers make product purchase decisions based on product information shown on a retailer's website. According to Yoo et al. (2023), information trust, information accuracy, and website design had a positive influence on customer satisfaction, which subsequently led to user shopping loyalty. It serves as a fundamental aspect of e-commerce websites, highlighting the significance of optimizing information presentation to enhance user satisfaction (Kuo & Chen, 2011). Therefore, achieving high website information quality involves not only delivering accurate and relevant information but also creating a user-friendly and captivating online environment that enhances customer satisfaction and drives user adoption.

Word-of-mouth

In the digital age, word-of-mouth marketing has undergone a transformative evolution, propelled by the proliferation of e-commerce and social media platforms. Consumers now wield unprecedented power as online product evangelists, utilizing digital channels to share their opinions and recommendations about various products and services (Sharma & Lijuan, 2015). This democratization of consumer feedback has reshaped the marketing landscape, allowing individuals from diverse backgrounds to participate in influential marketing activities. According to Junejo (2020) found that positive online experiences and trust lead to higher customer loyalty and more frequent positive word of mouth. Similarly, Marcos & Coelho (2020) highlight that perceived value and customer satisfaction directly impact loyalty and word of mouth, thereby underlining their importance in building customer loyalty. Social media platforms have emerged as the epicentre of modern word-of-mouth advertising in e-

commerce, offering consumers a plethora of tools to express their sentiments, including online reviews, testimonials, and influencer endorsements (Sharma & Lijuan, 2015). These platforms serve as virtual arenas for product discussions, facilitating the organic exchange of information and opinions among users. The interconnected nature of social media amplifies the reach and impact of these interactions, creating a dynamic cycle of recommendation and exploration that drives consumer engagement and brand recognition. As individuals initiate conversations about brands online, these narratives have the potential to spread virally across social circles, significantly enhancing the brand's visibility and resonance within the market (Ahn et al., 2007). Thus, fostering brand discussions in the digital landscape becomes paramount for achieving heightened brand recognition and fostering consumer engagement in the competitive e-commerce arena.

Customer Loyalty

In the realm of e-commerce, the interplay between customer trust and loyalty is fundamental to the success of online businesses. Customer trust plays a crucial role in influencing brand loyalty. When customers trust a brand, they are more inclined to stay committed and continue purchasing its products or services. Trust establishes confidence and dependability, resulting in customers feeling valued and understood. (Valeria, 2023) Mazumder (2020) highlighted that trust of the customer acts as a mediating factor which enhances the loyalty of the customer in regard to the further purchase and consumption of the particular product or service in the online environment. Thus, customer satisfaction serves as the foundation upon which trust is built, setting the stage for subsequent loyalty. Jiby and Pragadeeswaran (2016) found that the online shopping intention, attitude, and loyalty are not only due to ease of use alone, but also by factors like trust, product quality, service quality, previous online shopping satisfaction experiences, and easy access in online shopping. The establishment of trust engenders a sense of reliability, influencing customers' willingness to engage in repeated transactions with the same e-commerce platform. This propensity to return for further purchases constitutes the essence of customer loyalty, as conceptualized by Oliver (1997). Furthermore, Al-Adwan and Al-Horani (2019) found that customer trust, satisfaction, and loyalty with regard to the provision of e-commerce services are expected to be critical factors for the assessment of the success of online businesses. Thus, for e-service providers, nurturing and preserving customer trust is paramount, as it serves as the cornerstone for cultivating enduring relationships and securing repeat business in the competitive digital marketplace.

Underpinning Theories

Oliver's theory of customer loyalty delves into the intricate relationship between satisfaction, trust, and loyalty within the e-commerce landscape. Oliver (1997) posits that satisfaction, characterized by a state of completion intertwined with enjoyment, serves as a subjective assessment of how a purchase aligns with a standard of pleasure versus unhappiness. This satisfaction, which accumulates over time, lays the groundwork for trust development and subsequently fosters loyalty. Contrary to Oliver's perspective, the article defines loyalty as an unwavering determination to consistently choose the same brand or set of brands in the future, even when faced with situational influences and marketing strategies that may tempt one to switch allegiances. Loyalty, as elucidated by Oliver (1997), encompasses a steadfast resolve to repurchase a particular product or service, disregarding alternatives, thereby solidifying the customer's allegiance through repeated actions and choices. Fishbein and Ajzen's (1975) Theory of Reasoned Actions elucidates consumer attitude, intention, and behaviour by highlighting the logical judgments individuals make based on available facts. The theory posits that trust, fostered by truthful and trustworthy website content, positively influences early

purchases and subsequently impacts loyalty. The Technology Acceptance Model, an extension of the Theory of Reasoned Actions by Mayer, Davis, and Schoorman (1995), further explicates consumer behaviour by emphasizing perceived ease of use and utility as determinants of technology adoption. McKnight et al. (2002) proposed a study paradigm for e-commerce consumer loyalty based on the Theory of Reasoned Actions and the Technology Acceptance Model, suggesting that website qualities foster customer trust, thereby influencing trust-related activities and loyalty. Additionally, Oliver's (1980) Expectation Confirmation Theory exemplifies customer post-purchase behaviour by illustrating how expectations shape consumer perceptions, subsequently influencing trust and fostering loyalty. Finally, Ajzen's (1991) Theory of Planned Behaviour forecasts human social behaviour by incorporating various variables, including emotional components, attitudes, social consequences, and perceived influence over behaviour development, thereby providing a comprehensive framework for understanding and predicting consumer loyalty in e-commerce contexts.

Research Hypothesis

H1: Pricing strategy of online marketplace has an influence on the loyalty of Chinese customers in Taobao online marketplace.

H2: Website security of online marketplace has an influence on the loyalty of Chinese customers in Taobao online marketplace.

H3: Information quality of online marketplace has an influence on the loyalty of Chinese customers in Taobao online marketplace.

H4: Word of mouth of online marketplace has an influence on the loyalty of Chinese customers in Taobao online marketplace.

Research Framework

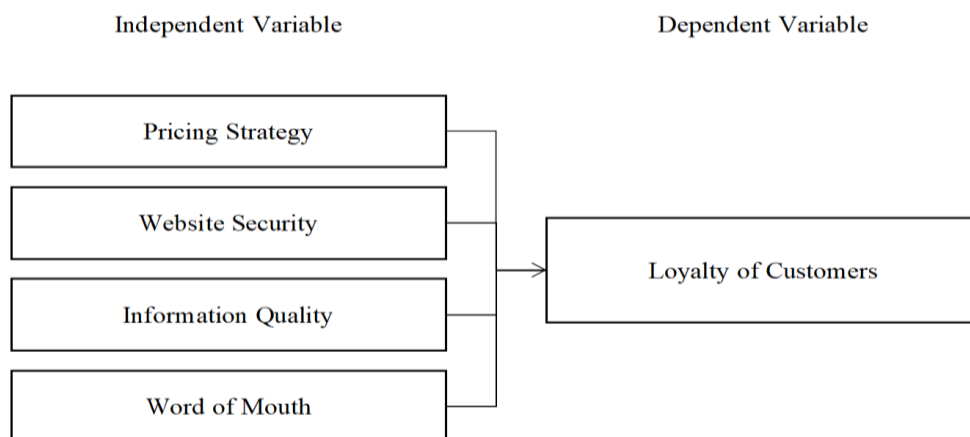


Figure 2.7: Research Framework

Source: Authors (2023)

Methodology

Research Design

The research strategy used in this study is a quantitative research approach, which involves collecting and analyzing numerical data to test hypotheses. The research method used is a survey, which was conducted online and targeted Chinese Taobao users.

Population

The population of Chinese Taobao users as of December 2022 was approximately around 300 million annual buyers. (DMR,2023)

Sample Size

The sample size for the survey is 384 participants. The sampling technique used in this study is convenience sampling, which involves selecting participants who are easily accessible and willing to participate in the study.

Instruments

The questionnaire used in the survey is a structured questionnaire that includes questions related to the factors influencing Chinese customers' loyalty in online marketplaces, including pricing strategy, website security, information quality, and word of mouth. A quantitative instrument evaluating the elements influencing Chinese customers' loyalty in online marketplaces: with regard to Taobao online marketplace was developed to collect information from the respondents for testing purposes. Each question was scored using a five-point Likert scale (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, and 5 = highly agree). The questionnaire used to assess the items of the independent variables and dependent variable was created by adapting and modifying the items from the research conducted by Madjid et al. (2018) and Yang et al. (2015) respectively.

Data Analysis

The data analysis for this study was conducted using the Statistical Package for the Social Sciences (SPSS), which is a software program used for statistical analysis. The data analysis included descriptive statistics, multiple regression analysis, and validity analysis. The focus of this study was on online shoppers hailing from China, comprising the study's primary demographic.

Results

The main goal of the study was to examine the variables affecting Chinese customers' loyalty in online marketplaces, specifically with regard to Taobao online marketplace. 384 Chinese users of the Taobao online marketplace were surveyed to reach the study's goals. The sample profile and response rate are displayed in Table 1. Only 116 replies were received out of the 384 questionnaires that were sent out. With 30.20% response rate, it is considered acceptable as mentioned in Tools4dev (2023), most statisticians agree that the minimum sample size to get any kind of meaningful result is 100. However, only 104 out of the 116 replies submitted by the respondents were accepted as credible. 89.66% of the received replies in this instance are valid. Due to confusing, missing, or irrelevant information, the remaining replies were judged inappropriate for further research.

Table 1: Response Rate

Items	Frequency
Number of Surveys Distributed	384
Number of Surveys Obtained Back	116
Response Rate (%)	30.20
Valid Response	104
Valid Response Rate (%)	89.66
Number of Responses Used for Statistical Analysis	104

Descriptive Analysis of The Demographic Questions

To begin, the researcher inquired about the participants' gender. Male and female were the two choices. Female respondents provided 58 of the responses, making up 55.8% of the total, and male respondents provided 46 of the replies, making up 44.2% of the total.

Table 2: Gender

		Frequency	Percent	Cumulative Percent
Valid	Female	58	55.8	55.8
	Male	46	44.2	100.0
	Total	104	100.0	

Secondly, the researcher inquired about the participants' age. Four alternatives were presented to the responders. 18 to 30 years, 31 to 40 years, 41 to 50 years, and above 51 years were the alternatives. 36.54% of the respondents were between the ages of 18 and 30. The age group between 31 and 40 comprises 20.19% of the population. 31.73% of the sample's respondents were between the ages of 41 and 50, while 11.54% were above the age of 51.

Table 3: Age

		Frequency	Percent	Cumulative Percent
Valid	18 - 30 years old	38	36.54	36.54
	31 - 40 years old	21	20.19	56.73
	41 - 50 years old	33	31.73	88.46
	> 51 years old	12	11.54	100.00
	Total	104	100.0	

Thirdly, the researcher inquired about the participants' education level. Five options were presented to the responders. High school was the highest level of education for 18.27% of the respondents. The highest level of education for 24.04% of the respondents were Pre-U/A-level/Foundation. 39.42% of the respondents were Bachelor's Degree holders. 15.38% of the respondents were Master's Degree holders. Whereas, only 2.89% of the respondents had Doctoral Degree.

Table 4: Highest Level of Education

		Frequency	Percent	Cumulative Percent
Valid	High School	19	18.27	18.27
	Pre-U/A-level/Foundation	25	24.04	42.31
	Bachelor's Degree	41	39.42	81.73
	Master's Degree	16	15.38	97.11
	Doctoral Degree	3	2.89	100.00
	Total	104	100.0	

Descriptive Analysis of Variables

Pricing Strategy

PS1 has an overall mean score of 3.18 (std. deviation = 0.64). PS2 has an overall mean score of 3.94 (std. deviation = 0.83). PS3 has an overall mean score of 3.39 (std. deviation = 0.48). The mean index for pricing strategy has an overall mean score of 3.50 (std. deviation = 0.65). Since the standard deviation for all the items are below 1.00, it is concluded that all the respondents agree that pricing strategy does influence Chinese customers' loyalty in Taobao online marketplace.

Table 5: Descriptive Statistics for Pricing Strategy

	Items	N	Mean	Std. Dev
The price offered on online shopping is in accordance with the quality of the item.	PS1	104	3.18	0.64
Prices offered on online shopping are more economical than traditional shopping.	PS2	104	3.94	0.83
Promotional and discount strategies used by the online shopping web influences me to make a purchase.	PS3	104	3.39	0.48
	Mean Index	104	3.50	0.65

Website Security

In assessing the impact of website security on Chinese customers' loyalty within the Taobao online marketplace, it can be examined several key dimensions. WS1 exhibits an impressive mean score of 4.11, with a standard deviation of 0.64. Moving on to WS2, as observe a slightly lower mean score of 4.09, accompanied by a standard deviation of 0.51. WS3, on the other hand, stands out with an elevated mean score of 4.93 and a low standard deviation of 0.49. When consider the mean index for website security across these dimensions, it averages at 4.38, with a standard deviation of 0.55. An observation is obtained that the standard deviations for all these items fall comfortably below the 1.00 threshold. This convergence suggests a consensus among respondents, affirming the influence of website security on the loyalty of Chinese customers in the Taobao online marketplace. It's apparent that the respondents

collectively recognize the important role website security plays in shaping customer loyalty, underscoring its significance in the context of e-commerce in China.

Table 6: Descriptive Statistics for Website Security

	Items	N	Mean	Std. Dev
I am sure Taobao's online site has a security system to protect my personal and financial data.	WS1	104	4.11	0.64
I believe online Taobao's sites will not sell personal information (e-mail, telephone numbers, account numbers) to other parties for commercial purposes.	WS2	104	4.09	0.51
I feel safe to pay money or make buying and selling transactions on online Taobao sites.	WS3	104	4.93	0.49
	Mean Index	104	4.38	0.55

Information Quality

IQ1 has an overall mean score of 3.80 (std. deviation = 0.45). IQ2 has an overall mean score of 4.19 (std. deviation = 0.83). IQ3 has an overall mean score of 4.23 (std. deviation = 0.74). The mean index for information quality has an overall mean score of 4.07 (std. deviation = 0.67). Since the standard deviation for all the items are below 1.00, it is concluded that all the respondents agree that information quality does influence Chinese customers' loyalty in Taobao online marketplace.

Table 7: Descriptive Statistics for Information Quality

	Items	N	Mean	Std. Dev
The Taobao website catalog is complete and fulfills all my needs.	IQ1	104	3.80	0.45
Classifying types of regular items so that I can easily find the items I want to buy.	IQ2	104	4.19	0.83
The ordering process on the Taobao site is simple and does not confuse me.	IQ3	104	4.23	0.74
	Mean Index	104	4.07	0.67

Word of Mouth

WM1 has an overall mean score of 3.01 (std. deviation = 0.77). WM2 has an overall mean score of 3.99 (std. deviation = 0.85). WM3 has an overall mean score of 3.73 (std. deviation = 0.68). The mean index for word of mouth has an overall mean score of 3.58 (std. deviation = 0.77). Since the standard deviation for all the items are below 1.00, it is concluded that all the respondents agree that word of mouth does influence Chinese customers' loyalty in Taobao online marketplace.

Table 8: Descriptive Statistics for Word of Mouth

	Items	N	Mean	Std. Dev
I encourage friends or others to shop on this site.	WM1	104	3.01	0.77
Reviews or recommendations from other consumers can affect me in buying products on the Taobao site.	WM2	104	3.99	0.85
I often post positive and negative comments about the product I bought.	WM3	104	3.73	0.68
	Mean Index	104	3.58	0.77

Customer Loyalty

CL1 has an overall mean score of 3.09 (std. deviation = 0.78). CL2 has an overall mean score of 3.78 (std. deviation = 0.67). CL3 has an overall mean score of 3.77 (std. deviation = 0.96). The mean index for customer loyalty has an overall mean score of 3.55 (std. deviation = 0.80).

Table 9: Descriptive Statistics for Customer Loyalty

	Items	N	Mean	Std. Dev
Overall Taobao's online shopping site has been very well designed and is one of the best online sites in China.	CL1	104	3.09	0.78
I am very motivated to participate actively in this site.	CL2	104	3.78	0.67
I post messages and responses on this site with great excitement.	CL3	104	3.77	0.96
	Mean Index	104	3.55	0.80

Validity Analysis

The results of the validity test for the research instruments are shown in Table 4.4. The table shows that this study has a respectable level of discriminant validity since the correlation coefficient magnitude between the notion of customer loyalty and the variables affecting it ranges from 0.892 to 0.605.

Table 10: Discriminant Validity

Variables	AVE	Pricing Strategy	Website Security	Information Quality	Word Of Mouth	Customer Loyalty
Pricing Strategy	0.862	0.851				
Website Security	0.783	0.788	0.817			
Information Quality	0.765	0.629	0.790	0.892		
Word Of Mouth	0.686	0.689	0.622	0.743	0.844	

Customer Loyalty	0.782	0.877	0.605	0.881	0.760	0.677
-------------------------	--------------	--------------	--------------	--------------	--------------	--------------

Note: The coefficients in the diagonal section are the roots of AVE; The coefficient outside the diagonal is the correlation coefficient between constructs; AVE: Average Variance Extracted.

Multiple Regression Analysis

The correlation coefficient (R) value of 0.772 indicates that the independent and dependent variables are well correlated as per table 4.5. When the correlation coefficient is high, there is a significant link between the variables being studied. The coefficient of determination, often known as the R square, was found to be 0.620. The research's findings suggest that the four independent factors may account for around 62.0% of the variation in Chinese customer's loyalty in Taobao online marketplace.

Table 11: Model Summary for Multiple Regression Analysis

R	R Square	Adjusted R Square	Standard Error of the Estimate
0.772	0.620	0.627	0.390

Hypothesis Testing

As shown in the table below, all four of the hypotheses considered for the current inquiry are accepted because the significant value is less than 0.05. Information quality has contributed the most in influencing the loyalty of Chinese customers in Taobao online marketplace.

Table 12: Hypotheses Testing

Hypothesis	Multiple Linear Regression	
	Result (sig)	Remarks
H1: Pricing strategy of online marketplace has an influence on the loyalty of Chinese customers in Taobao online marketplace.	r = 0.822 (p < 0.01)	Accepted
H2: Website security of online marketplace has an influence on the loyalty of Chinese customers in Taobao online marketplace.	r = 0.890 (p < 0.01)	Accepted
H3: Information quality of online marketplace has an influence on the loyalty of Chinese customers in Taobao online marketplace.	r = 0.901 (p < 0.01)	Accepted
H4: Word of mouth of online marketplace has an influence on the loyalty of Chinese customers in Taobao online marketplace.	r = 0.899 (p < 0.01)	Accepted

Conclusion and Recommendations

The study explores the factors influencing Chinese customers' loyalty in the Taobao online marketplace, focusing on pricing strategy, website security, information quality, and word-of-mouth. Findings reveal significant correlations between all the variables tested and customer

loyalty. That indicates that all four objectives of the research have been achieved. This is also supported by the acceptance of all four hypothesis. Notably, reasonable pricing, secure website platforms, comprehensive information, and positive electronic word-of-mouth contribute to higher levels of loyalty among customers. These results align with established theories such as Oliver's Theory of Customer Loyalty, the Theory of Reasoned Actions by Fishbein and Ajzen, the Technology Acceptance Model, the Theory of Planned Behaviour, and Oliver's Expectation Confirmation Theory. Overall, the study underscores the critical role of these variables in shaping customer loyalty in online marketplaces like Taobao, providing insights for future research and practical implications for e-commerce businesses. Despite the study's contributions, several limitations are acknowledged, including sample size constraints and language barriers in questionnaire design. Recommendations for future research include expanding sample diversity, incorporating cross-national analyses, and employing real online purchase data for more robust findings. Additionally, suggestions for exploring other variables such as website quality and shipping alternatives are proposed to deepen understanding and improve prediction capabilities in the e-commerce context. Ultimately, the study underscores the paramount importance of factors like pricing, security, information quality, and word-of-mouth marketing in shaping customer loyalty, offering practical guidance for e-commerce enterprises to navigate the competitive landscape and foster enduring customer relationships.

Acknowledgement

The authors would like to acknowledge Global Academic Excellence (M) Sdn Bhd, who gave the opportunity to share our research findings and publication. We would like to extend our gratitude to all the academics, respondents and family members who has supported us throughout the research process.

References

- Ahn, T., Ryu, S., & Han, I. (2007). The impact of web quality and playfulness on user acceptance of online retailing.
- Ajzen, L. (1991). The theory of planned behavior. *Organizational Behavior and Human Decision Processes*, 50, 179-511.
- Al-Adwan, A. S., & Al-Horani, M. A. (2019). Boosting Customer E-Loyalty: An Extended Scale of Online Service Quality. *Information*, 10(12), 380. doi:10.3390/info10120380
- Aryani, D. N., Nair, R. K., Hoo, D. X. Y., Hung, D. K. M., Lim, D. H. R., Chew, W. P., & Desai, A. (2021). A study on consumer behaviour: Transition from traditional shopping to online shopping during the Covid-19 pandemic. *International Journal of Applied Business and International Management (IJABIM)*, 6(2), 81-95. <https://ejournal.aibpm.org/index.php/IJABIM>
- Breznitz, D., & Murphree, M. (2011). *Run of the red queen: Government, innovation, globalization, and economic growth in China*. Yale University Press.
- Chawla, N., & Kumar, B. (2022). E-Commerce and Consumer Protection in India: The Emerging Trend. *Journal of Business Ethics*, 180(2), 39-52. <https://link.springer.com/article/10.1007/s10551-021-04884-3>
- China Internet Network Information Center (CNNIC). (2021). Statistical report on internet development in China.
- CNNIC. (2022). Statistic report on internet development in China.
- Coulter, K. S., & Coulter, R. A. (2002). Determinants of trust in a service provider: The moderating role of length of relationship. *Journal of Services Marketing*, 16(1), 35-50. <https://www.emerald.com/insight/content/doi/10.1108/08876040210419406/full/html>

- Daroch, B., Nagrath, G., & Gupta, A. (2021). A study on factors limiting online shopping behaviour of consumers. *Rajagiri Management Journal*, 15(1), 39-52. <https://www.emerald.com/insight/content/doi/10.1108/RAMJ-07-2020-0038/full/html>
- Daxue Consulting. (n.d.). Western consumer habits: How do they differ from Chinese consumers? Retrieved from <https://daxueconsulting.com/western-consumer-habits/>
- DMR. (2024). Taobao Statistics, Customer Count and Facts for 2024. Retrieved from <https://expandedramblings.com/index.php/taobao-statistics/>
- Dong-Her, S., Hsiu-Sen, C., Chun-Yuan, C., & Lin, B. (2004). Internet security: Malicious e-mails detection and protection. *Industrial Management & Data Systems*, 104(7), 613–623. <https://www.emerald.com/insight/content/doi/10.1108/02635570410550278/full/html>
- Elliot, S., & Fowell, S. (2000). Expectations versus reality: a snapshot of consumer experiences with Internet retailing. *International Journal of Information Management*, 20(5), 323-336. <https://link.springer.com/article/10.1007/s11365-019-00564-x>
- Fishbein, M., & Ajzen, I. (1975). *Belief, attitude, intention and behavior: An introduction to theory and research*. Reading, MA: Addison-Wesley.
- Forrester. (2024, June 17). Forrester's 2024 US customer experience index: Brands' CX quality is at an all-time low. <https://www.forrester.com/press-newsroom/forrester-2024-us-customer-experience-index/>
- Gefen, D. (2000). E-Commerce: the role of familiarity and trust. *The International Journal of Management and Science*, 28, 725-737. [http://www.sciencedirect.com/science/article/pii/S0305-0483\(00\)00021-9](http://www.sciencedirect.com/science/article/pii/S0305-0483(00)00021-9)
- Gerpott, T. J., & Berends, J. (2022). Competitive pricing on online markets: a literature review. *Journal of Revenue and Pricing Management*, 21, 596-622. <https://link.springer.com/article/10.1057/s41272-022-00390-x>
- Hult, G. T. M., & Morgeson, F. V. (2023, January 12). 10 Ways to Boost Customer Satisfaction. *Harvard Business Review*
- Junejo, I. (2020). Building customer loyalty in online shopping: The role of online trust, online satisfaction, and electronic word of mouth. *Indian Journal of Science and Technology*, 13(11), 1085-1098. <https://doi.org/10.17485/ijst/v13i11.46>
- Jiby, B. J., & Pragadeeswaran, S. (2016). A Study on Relationship Between Customer Satisfaction and Loyalty in Online Shopping. *International Journal of Current Research*, 8(11), 41404-41410. <https://www.journalcra.com/article/study-relationship-between-customer-satisfaction-and-loyalty-online-shopping>
- Kuo, H. M., & Chen, C. W. (2011). Application of quality function deployment to improve the quality of Internet shopping website interface design. *International Journal of Innovative Computing, Information and Control*, 7(1), 253–268. https://1library.net/document/yjjoj6py-application-quality-function-deployment-improve-internet-shopping-interface.html#google_vignette
- Li, W. (2023). Pricing Strategies in a Dynamic Market. In *Strategic Management Accounting in a Network Economy*. Springer, Singapore. https://doi.org/10.1007/978-981-99-5253-3_8
- Madjid, I., Ma, J. J., Ibrahim, M., Havizatun, M., & Ibrahim, M. (2018). Factors Affecting Online Shopping Attitudes and the Role of Trust as Mediating. *International Journal of Management and Economics*, 04(09), 1929–1935. <https://doi.org/10.1080/23311975.2018.1535751>
- Marcos, A. M. B. d. F., & Coelho, A. F. d. M. (2020). Service quality, customer satisfaction and customer value: holistic determinants of loyalty and word-of-mouth in services. *The TQM Journal*, 34(5), 957-978. <https://doi.org/10.1108/TQM-10-2020-0236>

- Mayer, R. C., Davis J. H., & Schoorman, F. D. (1995). An integrative model of organizational trust. *Academy of Management Review*, 20(3), 709–734. <https://doi.org/10.2307/258792>
- McKnight, D., Choudhury, V., & Kacmar, C. (2002). Developing and validating trust measures for E-commerce: An integrative typology. *Information Systems Research*, 13(3), 334–359. <https://doi.org/10.1287/isre.13.3.334.81>
- Ministry of Commerce (MOC). (2022, January 28). China's online retail sales of physical goods surpass 10 trillion yuan. [China.org.cn](http://china.org.cn).
- Montaz, H., Islam, M. A., Ariffin, K. H. K., & Karim, A. (2011). Customers satisfaction on online shopping in Malaysia. *International Journal of Business and Management*, 6(10), 162. <http://dx.doi.org/10.5539/ijbm.v6n10p162>
- National Bureau of Statistics of China. (2021). *China Statistical Yearbook 2021*
- Oliver Richard, L. (1997). *Satisfaction: A behavioral perspective on the consumer*. New York, NY: Irwin-McGraw-Hill
- Oliver, R. L., Rust, R. T., & Varki, S. (1997). Customer delight: foundations, findings, and managerial insight. *Journal of Retailing*, 73(3), 311–336. [https://doi.org/10.1016/S0022-4359\(97\)90021-X](https://doi.org/10.1016/S0022-4359(97)90021-X)
- Oliver, W. (2017). *The Impact Of Leadership Styles On Employee Engagement In A Large Retail Organisation In The Western Cape*.
- Park, C., and Kim, Y. (2003). Identifying key factors affecting customer purchase behaviour in an online shopping context. *International Journal of Retail and Distribution Management*, 31(1), 16–29. <https://www.emerald.com/insight/content/doi/10.1108/09590550310457818/full/html>
- Reddy, K. S., & Reddy, S. K. (2018). The impact of Instagram Stories and Facebook Wall on consumer attitude and perceived intrusiveness. *Journal of Marketing Management* <https://www.emerald.com/insight/content/doi/10.1108/SJME-09-2018-0042/full/html>
- Saxena, S. (2023, September 25). *Unlocking Customer Delight: A Comprehensive Guide*.
- Sharma, G., & Lijuan, W. (2015). The effects of online service quality of e-commerce websites on user satisfaction. *The Electronic Library*, 33(3), 468–485. <https://www.emerald.com/insight/content/doi/10.1108/EL-10-2013-0193/full/html>
- Statista. (2023). *Monthly active users of Taobao app in China 2020-2023*.
- Syed , S., & Norjaya, M. (2010). An Investigation into the Antecedents of Customer Satisfaction of Online Shopping. *Journal of Marketing Development and Competitiveness* 5(1), 71–78. https://www.researchgate.net/publication/266495477_An_Investigation_into_the_Antecedents_of_Customer_Satisfaction_of_Online_Shopping
- Tran, V. D., & Nguyen, T. D. (2022). The impact of security, individuality, reputation, and consumer attitudes on purchase intention of online shopping: The evidence in Vietnam. *SOCIAL PSYCHOLOGY*. <https://doi.org/10.1080/23311908.2022.2035530>
- Tools4dev. (2023). *How to choose a sample size (for the statistically challenged)*. Retrieved from <https://tools4dev.org/resources/how-to-choose-a-sample-size/>
- Valeria, G. (2023, October 30). *The Psychology of Customer Trust: Keys to Unlocking Brand Loyalty*. Retrieved from <https://www.reputationsciences.com/psychology-customer-trust-unlocking-brand-loyalty/>
- Yang, K., Li, X., Kim, H., & Kim, Y. H. (2015). Social shopping website quality attributes increasing consumer participation, positive eWOM, and co-shopping: The reciprocating role of participation. *Journal of Retailing and Consumer Services*, 24, 1–9. <https://doi.org/10.1016/j.jretconser.2015.01.00>