

## FACTORS AFFECTING ONLINE SHOPPING DECISION OF PEOPLE LIVING IN THE MEKONG DELTA, VIET NAM

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### Abstract

Objectives of the study Factors affecting online shopping decision of people living in the Mekong Delta, Vietnam in order to promote the development of e-commerce in Vietnam, especially in the context of adaptation to Covid-19. The study collected primary data from 250 people who have been shopping online on online sales sites in Vietnam such as Lazada, Shopee, Sendo, etc. by random sampling method via google Form at 5 provinces in the Mekong Delta are: Tra Venn province, An Giang province, Vinh Long province, Soc Trang and Ben Tre province. The author use multivariate regression model. The research results prove that there are 6 factors affecting the online shopping decision of Mekong Delta people including: Information, Distractions, Interaction, Perceived risk, Entertainment and Reliability. From the above research results, the author have proposed solutions to promote the development of e-commerce in the future in the Mekong Delta, Vietnam.

**Keywords:** Decision, Online Shopping, People, Social Networks, Solutions, Mekong Delta

**JEL Classification Code:** D71, E71, H31, G14, M37

### 1. INTRODUCTION

Along with the strong development of the information technology industry along with the explosion of social networking sites, people are spending more and more time on social networks, especially today's young people. Ankit Kumar Jain, Somya Ranjan Sahoo & Jyoti Kaubiyal (2021); According to statistics released by We Are Social (2022): there are 76.95 million social network users in Vietnam, the number of social network users in Vietnam at the beginning of the year 2022 is equivalent to 78.1% of the population, of which Facebook users are 70.4 million people, of which about 24.9% of users are of university age (18-24 years old). individuals take advantage of social networking sites to do business with various forms of advertising to attract customers Benson V, Saridakis G, Tennakoon H, Ezingard JN (2015).

In Vietnam, Statista forecasts advertising revenue in 2022 to reach about \$ 2.192 billion, ranking 5th out of 11 ASEAN countries. However, Vietnam ranked 2nd out of 11 countries in terms of growth rate of 12.7%, just behind Malaysia (18.9%) and ahead of Indonesia (8.1%), Thailand (3.9%). and Singapore (8.4%). In fact, the revenue of the digital advertising market in Vietnam from social media advertising is 58.93 million USD, ranking third in all types of digital advertising Anh Nhi (2023). In addition, due to the impact of the Covid-19 pandemic, more and more customers choose to shop online, making advertising on social networks even more developed. However, when choosing to buy products advertised on social networks, customers may face many risks such as the advertised product and the actual product being far apart, the seller delivering the wrong product, or the wrong product. Poor quality affects the

health of consumers. Customers may lose safety in terms of information security or may become victims of online fraud, causing many bad consequences. If these things happen, those who are not financially self-sufficient like people will be more severely affected. Therefore, it is necessary to conduct research on the factors affecting the purchasing decisions of people in the Mekong Delta, Vietnam, in order to help production and business enterprises improve the efficiency of advertising activities. through social networks, attracting customers to increase sales.

## 2. LITERATURE REVIEW

Information about social media advertising: According to Waldt et al. (2009), information is defined as the ability of advertising to provide information to consumers about alternative product choices so that they make a purchase in the most satisfied state. According to Ducoffe (1996), the information element is an important factor for advertising on the Internet, potential customers often require additional information for the product they need. Therefore, the scale "Informationality" is based on the study of customer perceived value and attitude towards advertising by Ducoffe (1996). According to Soares et al. (2012) in the research on the role of social networks in marketing, it has been shown that the information element is influenced by social relations and trust. Therefore, the information provided needs to be accurate, relevant, timely and useful to consumers because they are interested in the messages that are relevant to them (Chowdhury et al., 2006).

**Hypothesis H1:** The information of advertising through social networks positively affects people's purchasing decisions.

Entertainment of advertising through social networks: Entertainment is the emotional level that advertising in general and advertising through social networks in particular bring to viewers. Research by Ducoffe (1996) shows that entertainment in online advertising information has a positive impact on perceived value and attitude of consumers. Therefore, the GT scale is based on the study of customer perceived value and attitude towards advertising by Ducoffe (1996). Research by Tsang (2004), Ashmawy (2014) shows that entertainment in online advertising information has a positive impact on the perceived value and attitude of consumers. A high level of enjoyment and attraction in the process of interacting with the media will positively influence consumer perception and mood (Hoffman and Novak, 1996).

**Hypothesis H2:** The entertainment of advertising through social networks positively affects people's purchasing decisions.

Social media advertising interactivity: According to Jensen (1998) and Steuer (1992), interaction is defined as the degree to which an individual can control the context and information of the media platform. According to Wang and Meng (2013), interaction also plays an important role in shaping the online buying behavior of customers. Furthermore, the existing level of engagement in social media advertising can shape customers' purchasing decisions for products advertised via social networks (Mackenzie, Scott B. (1986).

**Hypothesis H3:** The interactivity of advertising through social networks positively affects

people's purchasing decisions.

**Online Advertising Credibility:** Advertising credibility refers to the degree of trust consumers have in the advertising message and is based on the trust placed in the source of the advertisements and the trust in the advertisement. advertiser). According to Goldsmith et al. (2000), trust has been shown to have a direct, positive impact on the attitude towards advertising, attitude towards the brand and the purchase decision of consumers. use. Trust can be related to consumers' expectations that advertisers and companies should use consumers' personal information for the right purposes, avoiding misuse of consumers' information (Pham Thi Lan Huong and Tran Nguyen Phuong Minh, 2014). Consumers will not feel comfortable about surfing online advertisements if they do not find the advertisements trustworthy. This makes them hesitant to provide personal information and only buy from websites they know and trust (Yaakop et al., 2013). The credibility of advertising is affected by various factors, especially by the reputation of the company and the advertiser (Chowdhury et al., 2006). Reliability has a direct and positive impact on the attitude towards advertising, the attitude towards the brand and the purchasing decision of consumers.

**Hypothesis H4:** The credibility of advertising through social networks positively affects people's purchasing decisions.

**Distractions of Social Media Ads:** Distractions are the level of discomfort that ads bring to viewers. According to Ducoffe (1996), when advertising uses techniques that are offensive, offensive or outrageous, consumers will often feel unwanted and unpleasant effects from the advertisement. The distraction scale is based on the study of customer perceived value and attitude towards advertising by Ducoffe (1996). Ads that are annoying, annoying, and often overstated can lead to consumer confusion and negative reactions, create negative attitudes toward advertising, and can reduce purchase decisions. products being advertised (Pham Thi Lan Huong and Tran Nguyen Phuong Minh, 2014).

**Hypothesis H5:** The distraction of social media advertising negatively affects people's purchasing decisions.

**Perceived risk of advertising through social networks:** According to Dowling, G. R., & Staelin, R. (1994) perceived risk refers to consumers' perception of uncertainty and consequences of participating. engage in a particular activity. According to Sindhav and Balazs (1999); Swaminathan et al., (1999), lack of security and confidentiality of information on the internet is a barrier to online purchasing decisions. According to Bhimani (1996) consumers may fear that online vendors may reject an agreement after the transaction has been completed. Pavlou, P. A. (2003) considers classifying risks into: financial risk, seller risk, privacy risk (personal information may be illegally disclosed) and risk security mechanism (credit card information stolen) (Pavlou, P. A., 2003).

**Hypothesis H6:** Perceived risk of advertising through social networks negatively affects people's purchasing decisions.

### 3. METHODOLOGY

Based on the preliminary studies, the authors propose the following research model:

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \dots + \beta_6X_6 + \varepsilon$$

**In there:**

Y is the dependent variable: Online shopping decision:

$\beta_1, \beta_2, \dots, \beta_6$ : is the regression coefficient of the independent variable.  $\varepsilon$ : is the estimated error.

$X_1, X_2, \dots, X_6$  are the independent variables used in the model.

**Table 1: Summary of variables in the models**

No	Variable Codes	Names of Variables	Basics of Variable selection	Expectations of Variable
1	X <sub>1</sub>	Information	Waldt et al. (2009), Ducoffe (1996), Soares và các cộng sự (2012); Chowdhury et al., 2006	+
2	X <sub>2</sub>	The entertainment	Ducoffe (1996), Tsang (2004), Ashmawy (2014), Hoffman và Novak, 1996	+
3	X <sub>3</sub>	The interactivity	Jensen (1998) và Steuer (1992); Wang, Meng và Wang (2013), Mackenzie, Scott B. (1986).	+
4	X <sub>4</sub>	The credibility	Goldsmith và các cộng sự (2000), Phạm Thị Lan Hương và Trần Nguyễn Phương Minh, 2014; Yaakop et al., 2013; Chowdhury et al., 2006.	+
5	X <sub>5</sub>	The distraction	Ducoffe (1996), Phạm Thị Lan Hương và Trần Nguyễn Phương Minh, 2014.	+
6	X <sub>6</sub>	Perceived risk	Dowling, G. R., & Staelin, R. (1994), Sindhav và Balazs (1999); Swaminathan và cộng sự, (1999), Bhimani (1996); Pavlou, P. A. (2003).	+
7	Y	Online shopping decision	Synthesis of summary studies	+/-

(Source: Synthesis of proposed variables, 2023)

To conduct the study, the authors collected data from 280 people in five provinces in the Mekong Delta through direct and online surveys from March 2021 to January 2023. The results of 250 questionnaires were all valid. Collected data was coded and processed on SPSS 20.0 software. The methods used in the study include: frequency analysis for sample statistics, reliability assessment of the scale by Cronbach's Alpha, exploratory factor analysis EFA and multiple linear regression for analysis. The level of impact and significance of each element of social media advertising on the purchase decision.

### 4. RESEARCH RESULTS AND DISCUSSIONS

In Table 2, Cronbach's Alpha test results 34 observed variables all have Cronbach's Alpha coefficient > 0.6 and the total correlation coefficient of all variables > 0.3. Therefore, all 34 observed variables were kept for EFA analysis.

**Table 2: Test results of Cronbach's Alpha scale**

Factors	Cronbach's Alpha	Items
Information	0,745	5
The entertainment	0,773	5
The interactivity	0,856	6
The credibility	0,855	6
The distraction	0,739	6
Perceived risk	0,832	6
Online shopping decision	0,839	7

(Source: References from research results, 2023)

EFA analysis with 34 independent observed variables in Table 2 shows that KMO coefficient = 0.883 > 0.5 and Bartlett Test is statistically significant (Sig = 0.000) showing that observed variables are correlated. In the overall, satisfying the conditions of factor analysis and the factor loading coefficient of 31 observed variables is greater than 0.5, in addition, there are 03 observed variables belonging to the factor Disturbation with factor loading coefficient less than 0,5, so the author removes these three observed variables. The final analysis results the author kept 6 independent factors under the hypothesis with 31 observed variables to conduct multiple linear regression analysis. The results in Table 3 show that the model has a satisfactory fit. The model's adjusted R2 coefficient is 0.759, which means that 75.9% of the variation in the purchasing decision is explained by the variation of the independent variables. In addition, the magnification of the variance VIF of the variables in the model is around  $1 < VIF < 3$ , showing that the variables included in the model do not have multicollinearity. The Durbin - Watson coefficient of the model is 2.063, showing that the model does not have autocorrelation.

**Table 3: Results of regression model estimation**

Model	Unstandardized coefficients		standardized coefficients	T	Sig.
	B	Standard errors (Std. Error)	Beta		
(Constants)	-0,401	0,158	-2,537	0,012	
Information	0,310***	0,039	0,310	8,017	0,000
The entertainment	0,072***	0,008	0,384	9,464	0,000
The interactivity	0,126***	0,038	0,137	3,351	0,001
The credibility	0,060**	0,032	0,071	1,887	0,060
The distraction	0,189***	0,034	0,203	5,500	0,000
Perceived risk	0,082***	0,031	0,091	2,619	0,009
<b>R2 adjustment</b>					<b>0,759</b>
<b>Durbin watson (d)</b>					<b>2,063</b>
<b>Test value F</b>					<b>131,036</b>
<b>Level of significance</b>					<b>0,000</b>

Dependent Variable: Online shopping decision (Y).

Notes: \*\*\* alternative reliability 99%, \*\*: alternative reliability 95%,

The results of the regression analysis show that there are 6 factors of social media advertising that affect people's purchasing decisions in the Mekong Delta. At the 95% significance level, the information factor ( $\beta_1 = 0.310$ ) has the strongest effect, and the hypothesis H1 is accepted. When viewing ads through social networks, people will pay the most attention to product information including ingredients, materials, uses, colors, sizes, weight, product origin, return policy. ... The more detailed and clear the product information, the higher the impact on people's purchasing decisions.

The analysis results show that the distraction factor of advertising through social networks has a positive impact on people's purchasing decisions with regression coefficient  $\beta_5 = 0.189$ ; reject hypothesis H5. When the Covid-19 epidemic situation is complicated, universities allow people to study online, so people will have more time to spend on social networking sites. In the process of people operating on social networking sites, they will be exposed to a lot of information, including information about product advertisements. Ads that appear repeatedly will create attention for people.

The interactive factor: of advertising through social networks positively affects people's purchasing decisions with regression coefficient  $\beta_3 = 0.126$ , the result accepts H3. Articles, banners, advertising videos with high interaction from customers will attract people's attention. Or people can interactively participate in these ads in the form of mini games, share videos to receive gifts, ... for a chance to receive prizes that will attract people's attention.

Perceived risk: shows that the perceived risk factor of advertising through social networks has a positive impact on people's purchasing decisions with regression coefficient  $\beta_6 = 0.082$ ; Sig. = 0.009 < 5%, the H6 result is accepted even though this is contrary to the hypothesis. This seems absurd, but considering that the topic was conducted in the context of the complicated Covid-19 epidemic, the authors think that it is acceptable.

Entertainment: advertising through social networks positively affects people's purchasing decisions with regression coefficient  $\beta_2 = 0.072$ ; Sig. = 0.000 < 5%, the result accepts H2. This proves that the highly entertaining social media advertising videos will attract the most viewers, especially the people. Entertainment is expressed through vividness, novelty, originality or content that brings joy and comfort.

## 5. SOLUTIONS FOR ONLINE SHOPPING DEVELOPMENT IN VIETNAM

- Business enterprises need to invest well in product information. Product information advertised through social networks can be presented in the form of articles or through promotional videos. The information will be described including ingredients, materials, uses, origins, images, colors, and sizes of products so that customers can easily learn and choose suitable products. The more specific the information, the more trust the customer has. Sellers can use advertising banners with attractive ongoing and upcoming promotions to attract customers' attention.
- Businesses must invest more in advertising content. Content must be lively, novel and attractive to viewers or contain witty humor, can use cartoon characters for advertising or

slogans that make a deep impression on viewers, advertising It is not only entertaining but also conveys a message from the product to the viewer. In fact, some businesses build advertising content like a short movie with a methodical script and professional actors that make viewers excited.

- Interactivity is shown through some feedback from customers who have used the product, or live chat through comments between sellers and customers. Sellers/businesses need to communicate directly with customers, answer questions, advise and guide... quickly, record and respond to even bad feedback to overcome and improve product quality. / its service. In addition, individuals and businesses can tap into the customer's preference for rewards by organizing mini games, liking, sharing on their personal pages in public mode on social networks and writing feeling to receive gifts, through which sellers both impress customers and help product and business information reach more customers.
- Advertising through social networks, businesses should present some product quality certification certificates, if any, invite celebrities to advertise, create trust for customers. In addition, the more specific, clear and reasonable the warranty and return policy is, the greater the impact on trust and creating peace of mind for customers when making a decision to buy a product.
- Customers feel bothered by the frequent appearance of ads on social networks. Therefore, in order to reduce the inconvenience of customers, businesses need to give customers the freedom and comfort by which they can accept or ignore ads easily, without forcing customers to watch all of them. even promotional videos. In addition, businesses can rely on the customer database they own to classify ads to the right audience to avoid being seen as spam ads.
- Enterprises need to take information security measures for customers such as asking customers not to provide personal information on social networks, but to exchange privately via email or text message; specify and provide a variety of payment methods for customers to choose from, specific shipping methods and fees, delivery times, return and exchange times, return methods and costs, contact information.

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