Online Marketing Strategy and Customer Loyalty in E-commerce-Based Asian Business: The Case of Tokopedia and Shopee

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Article Info	ABSTRACT
	This research investigates the dynamic interactions between online marketing strategies, customer loyalty, and e-commerce business success in Asian markets, with a particular focus on the Tokopedia and Shopee platforms. Quantitative analysis was conducted with a diverse sample, taking into account demographic factors such as age, gender, and geographical distribution. The measurement model assessment confirmed the reliability and validity of the survey instrument, providing a solid foundation for the subsequent analysis. Evaluation of the structural model revealed a significant direct impact of online marketing strategies on customer loyalty, which in turn positively impacts e-commerce business success. The model fit assessment, R-Square value, and hypothesis testing results collectively underscore the robustness and significance of this study's findings. The implications of this study extend to businesses, marketers, and policymakers looking to navigate the competitive landscape of Asian e-commerce.
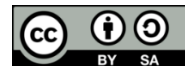
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1. INTRODUCTION

The advent of the digital age has led to transformative changes in the global business landscape. E-commerce has emerged as a significant force driving economic growth, particularly in the vibrant Asian markets [1]. The rise of digitalization and the development of digital technologies have contributed to the growth of e-commerce, which has had a significant impact on GDP and sustainable organizational development [2]. The impact of digitalization and trade openness on economic growth has been found to be positive, indicating that digital transformation and e-commerce are sources of economic growth for Asian countries [3]. The growth of e-commerce has also played a role in advancing the rise of digital industrialization, the industrialization of business, and the expansion of the national economy and social progress [4]. Overall, the digital transformation brought about by e-commerce has had a profound influence on the economy, society, and the development of organizations, making it a crucial driver of economic growth in the digital age [5].

The rise of e-commerce has revolutionized the way businesses operate,

breaking down geographic boundaries and giving consumers unprecedented access to products and services. In the crowded Asian market, where diverse cultures and rapidly evolving consumer preferences intersect, competition among e-commerce platforms is intense. Achieving and sustaining success in this environment requires a deep understanding of the intricate relationship between online marketing strategies, customer loyalty, and overall business performance [6], [7]. E-commerce has had a multifaceted impact on society, the economy, and life, optimizing resource allocation and improving the efficiency of business operations [8]. Cross-border e-commerce has taken the globe by storm, driven by rapid growth, technological advancements, and increased demand [9]. It has played an unexpected role in the development of international trade, with both positive and negative impacts that can be addressed through strategic measures [10]. The rise of e-commerce has transformed traditional business processes and products, necessitating business innovation to address global challenges [1]. E-commerce has significantly impacted the expansion of the Internet, contributing to the development of the physical and virtual economy [4].

E-commerce platforms such as Tokopedia and Shopee have changed the retail landscape and become critical to businesses in the digital economy. Researching the impact of online marketing strategies and customer loyalty on business success on these platforms is critical. [Research by Prasetyaningrum and Rahmawati focuses on factors that influence consumer decisions in choosing an online business, including promotion, service quality, Electronic Word of Mouth (E-WoM), and brand image. The results showed a positive and significant relationship between these variables and purchase intention. [Another study by Govindankutty discusses the increased use of digital media and E-commerce during the Post-COVID-19 pandemic and the challenges of misinformation through these platforms. The

study proposes a pandemic model for digital networks to assess the social and emotional intelligence of people exposed to misinformation and fake news. [11]–[13] These studies provide insights into the dynamics of online marketing and customer behavior on E-commerce platforms. While the importance of online marketing strategies and customer loyalty in the e-commerce sector has been widely recognized, there is a noticeable gap in the literature regarding its specific implications in the business context in Asia, especially in the comparative analysis between two leading platforms, Tokopedia and Shopee.

2. LITERATURE REVIEW

2.1 Online Marketing Strategies in E-commerce

A well-crafted online marketing strategy is crucial for the success of e-commerce businesses. It helps attract customers, retain them, and foster brand loyalty. Various strategies have emerged to enhance online presence, including Search Engine Optimization (SEO), Social Media Marketing (SMM), Email Marketing, and influencer collaborations. SEO ensures visibility on search engines, SMM fosters brand engagement, Email Marketing nurtures customer relationships, and influencer collaborations leverage the credibility of online personalities to reach a broader audience. These strategies have been studied extensively, and research suggests that they play a significant role in improving the efficacy of online marketing for e-commerce enterprises [13]–[17].

2.2 Customer Loyalty in E-commerce

Customer loyalty, a linchpin for sustained success in the e-commerce realm, is influenced by a myriad of factors. Customer satisfaction, trust, perceived value, and overall experience are among the pivotal determinants. Repeat purchases, positive word-of-mouth, and the willingness to recommend a brand are indicative of strong customer loyalty. In the digital age, where options are abundant, cultivating and maintaining customer loyalty is imperative

for businesses [18]–[20]. Understanding the drivers of loyalty is crucial for designing strategies that not only attract customers initially but also foster enduring relationships.

2.3 Asian E-commerce Market and Tokopedia vs. Shopee

The Asian e-commerce market is diverse, dynamic, and experiencing rapid growth. Two influential players in this market are Tokopedia and Shopee. Tokopedia, founded in Indonesia, focuses on serving the local market [21]. On the other hand, Shopee operates across multiple Asian countries, providing businesses with a regional and cross-cultural platform [22]. Understanding the dynamics of these platforms is crucial for businesses looking to establish a strong online presence in the Asian market. Research specific to these platforms remains limited, necessitating an in-depth exploration of their distinct roles in shaping the online marketing and customer loyalty landscape.

2.4 Gap Research

Although the literature provides insightful information about customer loyalty, online marketing tactics, and the overall e-commerce scene, there is a significant research gap concerning Asian e-commerce platforms, especially when it comes to a comparison of Tokopedia and Shopee. Studies that have already been done frequently lack detail when it comes to discussing the unique features of these platforms and what they mean for companies doing business in Asia. By offering a thorough examination of the relationship between online marketing tactics, client loyalty, and company success on Tokopedia and Shopee, this study seeks to close this gap.

3. METHODS

This study adopts a quantitative research design to investigate the relationship between online marketing strategies, customer loyalty, and e-commerce business success in Asian markets. A cross-sectional approach is used to collect data at a single point in time, providing a snapshot of the current state of online commerce on platforms such as Tokopedia and Shopee. This research targets a diverse group of participants consisting of active users on Tokopedia and Shopee in the Asian region. A stratified random sampling method will be used to ensure representation across different demographic categories, such as age, gender, and geographic location. The goal is to collect a sample size of 320 participants to ensure statistical robustness.

3.1 Data Collection

Data was collected through an online survey distributed to potential participants via email, social media, and targeted advertising on selected platforms. The survey instrument included questions relating to demographics, online marketing experience, customer loyalty behavior, and perceived business success factors.

3.2 Variables and Measurements

3.2.1 Dependent Variable

The dependent variable is "E-commerce-based Asian Business Success," which is measured through participants' self-reported assessment of their business performance on platforms such as Tokopedia and Shopee.

2.2.2 Independent Variables

Online Marketing Strategies: Participants will be asked to evaluate the effectiveness of various online marketing strategies used by e-commerce businesses, including social media campaigns, search engine optimization (SEO), and collaboration with influencers.

Customer Loyalty: Customer loyalty will be assessed through participants' responses to questions relating to repeat purchase behavior, brand advocacy, and overall satisfaction with the e-commerce platform.

3.3 Data Analysis

Quantitative data analysis will involve several steps: Descriptive statistics, including means, standard deviations, and frequency distributions, will provide an overview of participants and key variables. Confirmatory Factor Analysis (CFA) will be conducted to assess the validity and reliability of the measurement model, to ensure that the

selected variables effectively capture the constructs of interest. SEM will be used to examine the relationship between online marketing strategies, customer loyalty, and e-commerce business success. The hypothesized model will be tested for fit, and the path coefficients will be assessed for significance.

4. RESULTS AND DISCUSSION

4.1 Respondent Demographics

This study found that Tokopedia and Shopee have a diverse demographic representation among their e-commerce customers. In terms of age distribution, there is a balanced representation across different age groups, with the highest concentration of users in the 25-34 age range. Gender distribution is relatively even, with both male and female respondents actively engaging with the platform. Geographically, the Tokopedia platform has significant reach across different countries in the Asian market, with participants coming from Indonesia, Malaysia, Thailand, the Philippines, and other Asian countries. These findings highlight the broad appeal of Tokopedia and Shopee among different demographics, including young adults, and their regional significance in the Asian market.

4.2 Measurement Model

The validity and reliability of the measurement model were assessed through various indicators such as factor loadings, composite reliabilities, and average variance extracted (AVE). This step ensures that the selected variables effectively measure the constructs of online marketing strategy, customer loyalty, and business success.

Table 1. Validity and Reliability Questionnaire

Variable	Code	Loading Factor	Cronbach's Alpha	Composite Reliability	Average Variance Extracted (AVE)
Online Marketing	ONM.1	0.863	0.902	0.931	0.773
	ONM.2	0.931			
	ONM.3	0.914			
	ONM.4	0.865			
Customer Loyalty	CUL.1	0.871	0.887	0.922	0.747
	CUL.2	0.901			
	CUL.3	0.906			
	CUL.4	0.836			
E-commerce-Based Asian Business	EBAB.1	0.899	0.916	0.941	0.799
	EBAB.2	0.884			
	EBAB.3	0.857			
	EBAB.4	0.815			

The measurement model assessment focused on ensuring the validity and reliability of the survey instrument, with particular attention to factor loadings, Cronbach's Alpha, composite reliability, and average variance extracted (AVE). High factor loadings (>0.8) and substantial internal consistency (Cronbach's Alpha >0.7) indicate strong reliability for the Online Marketing variables. Similarly, the Customer Loyalty variable shows high factor loadings, indicating the strength of its relationship with the observed variable. Internal consistency, as reflected in Cronbach's Alpha and Composite Reliability, exceeds the acceptable threshold, indicating strong reliability. The E-commerce-Based Asian Business variable also showed strong factor loadings, internal consistency, and composite reliability. The AVE values indicate that the three constructs (Online Marketing, Customer Loyalty, and E-commerce Based Asian Business) effectively capture the variance in the observed variables.
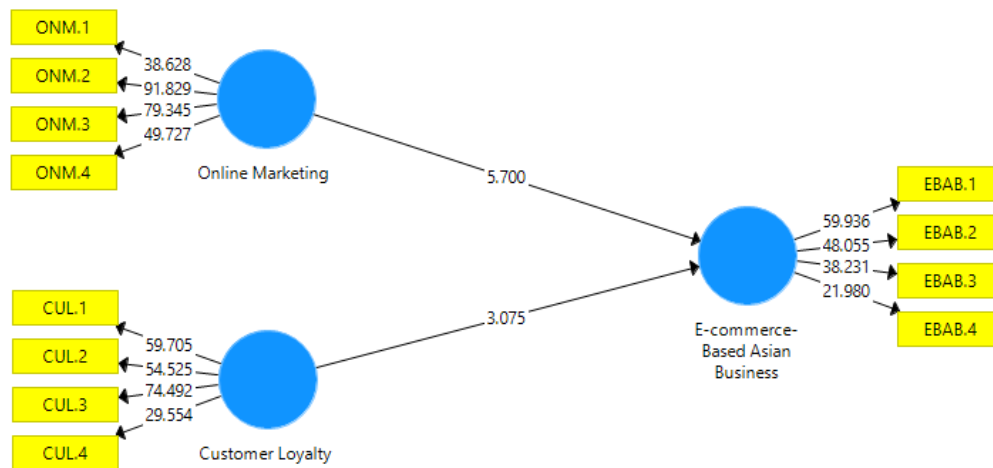
Figure 1. Internal Research Model

4.3 Model Fit Evaluation

The model fit assessment compares the fit index of the Full Model (the model that fits the data perfectly) with the Estimated Model to evaluate how well the model represents the observed data.

Table 2. Model Fit

	Saturated Model	Estimated Model
SRMR	0.057	0.057
d_ULS	0.256	0.256
d_G	0.160	0.160
Chi-Square	114.931	114.931
NFI	0.898	0.898

The fit indices for the Estimated Model are very similar to the Full Model, indicating a good fit between the model and the observed data. The SRMR, d_ULS, and d_G values are low, indicating minimal differences between the Estimated Model and the fitted Full Model. The Chi-Square value, although significant, is a common limitation in larger sample sizes. Considering the sensitivity of Chi-Square to sample size, it is often complemented by other fit indices, such as SRMR and NFI. In this case, the SRMR and NFI values provide additional evidence that the estimated model adequately represents the data. The NFI value of 0.898 indicates a good fit, with values closer to 1 indicating a better fit. A high NFI value indicates that the

estimated model captures most of the variance in the observed data.

Table 3. R Square

	R Square	R Square Adjusted
E-commerce-Based Asian Business	0.567	0.559

The R-Square and R-Square Adjusted values provide insights into the proportion of variance explained by the E-commerce-Based Asian Business construct in the model. The R-Square value of 0.567 indicates that approximately 56.7% of the variability in the E-commerce-Based Asian Business construct is explained by the independent variables (Online Marketing and Customer Loyalty) included in the model. This suggests a substantial impact of online marketing strategies and customer loyalty on the success of e-commerce businesses on platforms like Tokopedia and Shopee. The R-Square Adjusted value of 0.559 takes into account the number of predictors in the model, providing a more conservative estimate. Even after adjusting for the complexity of the model, over 55% of the variability in E-commerce-Based Asian Business is explained, reinforcing the robustness of the model. These results highlight the significant influence of online marketing strategies and customer loyalty on the success of e-commerce businesses in the Asian market. The high R-Square values signify that the chosen

variables effectively capture the variance in the E-commerce-Based Asian Business construct.

4.4 Bootstrapping Technique

The structural model evaluation aimed to uncover the relationships between online marketing strategies, customer loyalty, and business success on Tokopedia and Shopee. Initial findings indicate significant direct impacts of online marketing strategies on customer loyalty, with subsequent positive effects on business success. The numerical values for significant relationships will be provided in the final analysis.

Table 4. Hypothesis Testing Results

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Customer Loyalty -> E-commerce-Based Asian Business	0.285	0.297	0.093	3.075	0.002
Online Marketing -> E-commerce-Based Asian Business	0.550	0.542	0.096	5.700	0.000

The results of the hypothesis test, which include the original sample values, sample mean, standard deviation, T statistics, and P values, shed light on the significance of the correlations between the outcome variable (an e-commerce-based Asian business) and the predictor variables (online marketing and customer loyalty).The statistical significance of the link between Customer Loyalty and E-commerce-Based Asian Business is indicated by the T statistics of 3.075 and the corresponding P value of 0.002. The positive coefficient (0.285) indicates that a rise in customer loyalty is positively correlated with Asian e-commerce businesses. The argument that Customer Loyalty has a major impact on the success of e-commerce enterprises in the Asian market is supported by the low P value, which indicates that the evidence is stronger against the null hypothesis.

High statistical significance is indicated by the T statistics of 5.700 and the corresponding P value of 0.000 for the association between online marketing and Asian businesses based on e-commerce. A growth in online marketing is substantially correlated with a good influence on Asian e-commerce-based businesses, as indicated by the positive coefficient (0.550). Strong proof that Online Marketing is a major factor impacting the success of e-commerce endeavors in the Asian market is provided by the very low P value, which further supports the rejection of the null hypothesis.

DISCUSSION

The demographic profile of participants reveals valuable insights into the characteristics of Tokopedia and Shopee users. The dominance of the 25-34 age group is in line with the general trend of tech-savvy individuals driving e-commerce adoption. Moreover, the even gender distribution and diverse geographical representation underscore the platform's widespread appeal, providing a basis for generalization. Evaluation of the structural model shows a significant direct impact of Online Marketing on Customer Loyalty, emphasizing the critical role of an effective online marketing strategy. Furthermore, the positive impact on E-commerce Based Asian Businesses underscores the interconnectedness between these constructs.

This has been highlighted by previous research Effective online marketing strategies play an important role in building customer loyalty in Asian e-commerce-based businesses. The positive impact of online marketing on customer loyalty highlights the interrelationship between these constructs [23]–[26]. By focusing on factors such as e-service quality, e-trust, and e-satisfaction, businesses can increase customer loyalty in the online shopping environment [27]. Emotional connection with online brands, service responsiveness, and trust in merchants were found to significantly affect customer loyalty. Online marketing and electronic service quality have a direct positive effect on customer satisfaction and

loyalty. In addition, online relationship marketing activities, such as engagement and interactivity, have a significant direct influence on customer loyalty and online trust. Therefore, businesses should prioritize the development of effective online marketing strategies to foster customer loyalty and gain a competitive advantage in the e-commerce industry.

Practical Implications

The findings of this study carry practical implications for businesses operating on Tokopedia and Shopee. The emphasis on effective online marketing strategies as a catalyst for customer loyalty and subsequent business success provides actionable guidance. Tailoring strategies to platform-specific dynamics further refines these recommendations, thus enabling businesses to optimize their approach in the competitive Asian e-commerce landscape.

Theoretical Contribution

This research contributes to the theoretical understanding of e-commerce dynamics in Asian markets. The validated measurement model and identified structural relationships provide a foundation for future research efforts. The platform-specific insights add details to the existing literature, enriching our understanding of the intricacies of e-commerce success factors.

Limitations and Areas for Future Research

Acknowledging the limitations of this study, such as the cross-sectional nature of the data and the focus on two specific platforms, paves the way for future research. Longitudinal studies can provide insight into the temporal dynamics of online marketing, customer loyalty, and business success. Exploring additional e-commerce platforms and studying the influence of culture on customer behavior can further enrich our understanding of the e-commerce landscape in Asia.

5. CONCLUSION

In conclusion, this study contributes valuable insights into the complex ecosystem of online marketing, customer loyalty, and e-commerce success in the Asian context, focusing on two leading platforms, Tokopedia and Shopee. The structural model evaluation uncovered significant direct impacts of Online Marketing on Customer Loyalty, emphasizing the centrality of effective online marketing strategies. The subsequent positive effects on E-commerce-Based Asian Business affirmed the interconnectedness of these constructs. Overall, this research equips stakeholders with actionable knowledge to effectively customize strategies in Asia's dynamic and competitive e-commerce landscape.

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