Fast Fashion Store Image, Customer Satisfaction and Loyalty on the Young Vietnamese Perspective

Huong Thi Lan Bui, Eastern International University, Thủ Dầu Một, Viet Nam

ABSTRACT

Fast fashion has become a trend in emerging markets in Asia such as China, India, Malaysia, and Vietnam for over a decade. During the last few years, Vietnam has become the hub for global fast fashion retailers creating fierce competition in the Vietnamese clothing market. Most of past research on fast fashion brands focuses on the global supply chain whereas its interest on the consumer behavior of their target markets is quite limited. This research work explores the store image of fast fashion stores specifically perceived by the Vietnamese target customers as store image has long been considered a key marketing differentiator for retailers over competitors to lure shopper patronage. It further investigates the inter-relationship among each component of the fast fashion store image with store satisfaction and loyalty with the structural equation modeling analysis. The author’s findings indicate that the commercial and corporate image components positively influence store loyalty via customer satisfaction as a mediator.

KEYWORDS


INTRODUCTION

Fast fashion was introduced in Vietnam in the 1990s and dominated by local retailers like NINOMAXX, Blue Exchange, SEA collection, NEM, CANIFA, etc. During the last few years, fast fashion has been booming in the country which has become rapidly the hub for global fast fashion retailers such as H&M, Zara, Old Navy, UNIQLO, Topshop, F21, Pull & Bear, OVS, etc. Among newcomers, Zara and H&M are reported to have a good start in Vietnam as both generate good performance since their presence. High annual economic growth rate sustained for a long period leading to a gradual increase of disposable income and the middle class in the context of the quick pace of globalization in conjunction with its young population who has been particularly changing their consumption behavior toward fast fashion brands has made Vietnam a fertile market for these global fashion retailers. The kind of clothing which follows luxury fashion trend with affordable price reflecting the desire of the young population in different countries and Vietnam is not an exception. Millennials (who are 18-39 years old) represent one-third of the population with international exposure, high standards of fashion, and Internet access have sped up the penetration of global fast fashion into Vietnam.

It is reported that more than 200 international fashion brands, representing 60% of the market share in Vietnam from the middle to high-end (Association of Vietnamese Retailers, 2018). According
to Euromonitor International (2018), sales of apparel in Vietnam has nearly doubled from 2012 to 2018. They are forecast to grow to VND Billion 69,964 in 2022 (Table 1).

Sales in constant value is calculated with GDP deflator of the US (World Bank 2019) for 2012-2018; estimated by author for 2019-2022 (base year: 2010)

The impressive attractiveness of the Vietnamese fashion market is attributed to the changing behavior toward fashion taste and spending. Vietnamese consumers have become increasingly fashionable and hence more and more interested in fashion and appearance. A recent marketing research report delivered from Nielsen show that clothes spending from the Vietnamese disposable income ranks second after saving in 2019 (Nielsen, 2018). Business Monitor International Marketing Research revealed that the Vietnamese tend to spend strongly on foreign brand products (BMI, 2017). In the same year, Q&Me Vietnam Market Research released that among the segment of urban consumers between 18 to 39 years old, 52% of the sample (240 respondents) interviewed purchased apparel at least once a month. Most importantly, global fast-fashion retailers when penetrating the Vietnamese market have aggressively introduced a so-called “democratic fashion” characterized by trendy design, reasonable price and quick rate of new arrivals. These elements of fast fashion have made seem to drive the current fashion market. This overview of the Vietnamese apparel market suggests that it appears strongly competitive for both local and global fast fashion retailers, in particular, the newly established.

In this new competitive setting, fast fashion retailers have to find ways to improve their economic performance by enhancing store patronage and hence customer loyalty. The retailing literature teaches us that creating a favorable image is crucial for apparel stores to be differentiated from their competitors (Visser et al., 2006; Martenson, 2007; Saraswat et al., 2010; Shamsher, 2016). Thus, store image can be used as a powerful marketing tool for retailers to attract customers, to make them buy and finally come back (Barnett et al., 2006; Bui, Prime, Tran, 2011; Koo, 2003; Chang, Tu, 2005; Miranda, 2005; Chang, Luan, 2010; Gupta, Kishore, 2014). However, most of studies on fast fashion retailers focus on the supply side of such a resource-intensive sector (Todeschini et al., 2017; Kaikobad et al., 2015) whereas research on store image of fast fashion stores from the consumer’s perspective remains limited for both developed and emerging markets (Visser et al., 2006; Barnes, Lea-Greenwood, 2010; Bhardwaj, Fairhurst, 2010; Birwistle et al., 2011; Thomas, 2013). Besides, store image in the clothing

<table>
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<th>Year</th>
<th>2012</th>
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<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales in current VND (Billion)</td>
<td>33,298.8</td>
<td>37,064.8</td>
<td>40,973.6</td>
<td>45,091.9</td>
<td>49,506.1</td>
<td>54,282.4</td>
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<tr>
<td>Exchange rate USD/VND (VND)</td>
<td>20,828</td>
<td>20,933</td>
<td>21,148</td>
<td>21,698</td>
<td>21,935</td>
<td>22,370</td>
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<tr>
<td>Sales in 2010 constant USD (Billion)</td>
<td>1.5366</td>
<td>1.6732</td>
<td>1.796</td>
<td>1.9061</td>
<td>2.0476</td>
<td>2.1604</td>
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<table>
<thead>
<tr>
<th>Year*</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
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<tr>
<td>Sales in current VND (Billion)</td>
<td>57,525.8</td>
<td>60,646.2</td>
<td>63,651.2</td>
<td>66,762.3</td>
<td>69,964.9</td>
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<tr>
<td>Exchange rate USD/VND (VND)</td>
<td>23,000</td>
<td>23,385</td>
<td>23,853</td>
<td>24,330</td>
<td>24,816</td>
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<tr>
<td>Sales in 2010 constant USD (Billion)</td>
<td>2,1831</td>
<td>2,2193</td>
<td>2,2388</td>
<td>2,2570</td>
<td>2,2735</td>
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</tbody>
</table>

*: Forecast
Source: Euromonitor International, 2018
Note: Exchange rate collected in World Bank 2019 for 2012-2018; estimated by the author for 2019-2022;
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