

CUSTOMER LOYALTY IN E-COMMERCE: AN EMPIRICAL STUDY AMONG WORKING PROFESSIONALS IN TIRUNELVELI CITY

Dr.A.Michael John,SJ, Assistant Professor

Shyamala K, Research Scholar

*Xavier Institute of Business Administration, St Xavier's College, Affiliated to Manonmaniam
Sundaranar University, Tirunelveli.*

ABSTRACT

Customer loyalty is about ensuring promising experiences and retaining the customers delighted to stick to the brand for longer. It is directly associated with E-Commerce platform's growth, retention, and scaling up ability. E-Commerce has become an inevitable player in the current marketing situation and has seen a massive rise in the number of consumers. The pandemic has also paved for the shift in the shopping pattern of consumers. The rise in the number of E-Tailer's has given consumers more choice and there arises a pattern where consumers tend to switch easily between E-Tailer's owing to many influencing factors. This study aims to analyse various factors influencing E-Loyalty of the consumers and their impact on customer retention. E-Service Quality, E-Satisfaction and E-Trust are the variables identified for the study from the review of literature and their influence on E-Loyalty determined. A descriptive research design was used to study a sample population of 80 consumers who use E-Commerce. Non Probability sampling technique was employed to select the sample frame. The data was collected using structured questionnaire and analysed using Statistical Package SPSS 22 for the study. Multiple Regression and Correlation analysis concur the influence of the variables on E-Loyalty.

Keywords E-Commerce, E-Loyalty, E-Trust, E-Satisfaction, E-Service Quality, E-Tailing

INTRODUCTION

E-Commerce, also known as electronic commerce or internet commerce, refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions. Online Shopping Websites must be engaging, easily navigable, and regularly updated to meet consumers' changing demands. Products and services need to

stand out from competitors' offerings and add value to consumers' lives. E-Tailing includes more than just E-Commerce only companies. Infrastructure costs are lower with electronic retailing versus operating brick-and-mortar stores. E-Tailing saves cost on advertising and marketing as customers can find the stores through search engines or social media. E-Commerce websites provide additional information easily available and keep the customers abreast with updates on product availability. Most of this information is provided by vendors and does not cost anything to create or maintain. As the E-commerce industry expands exponentially, the E-Tailers come across challenges such as Cyber security, competition and order fulfilment. The average conversion rate for E-commerce sites is less than 3%, hence driving relevant traffic and conversion of the traffic to potential sales to your site is crucial. E-commerce has exploded, meaning there's more fierce competition now than ever before. Digital marketing channels are evolving at a rapid pace. Attracting new customers is more expensive than retaining the current ones present. E-Tailers must figure out where their audience is and how to attract them efficiently without exhausting their marketing budget.

Consumer shopping behaviour can be tracked to determine spending habits, page views, and length of engagement with a product, service, or website page. Effective data analytics can decrease lost sales and boost client engagement, which can lead to increased revenue. Technology enabled innovations like digital payments, hyper-local logistics, analytics driven customer engagement and digital advertisements will likely support the growth in the sector.

REVIEW OF LITERATURE

The growth of E-Commerce has numerous advantages over the traditional stores or brick-and-mortar stores, including more flexibility, enhanced market outreach, lower cost structures, faster transactions, broader product lines, greater convenience, and customization as stated by Brynjolfsson et al. (2009).

Santos (2003) has stated that customer satisfaction and loyalty for online purchases is lower than that for shopping in more traditional ways. However in order to maintain and increase the E-Satisfaction and loyalty of online customers online retailers face a tough challenge.

King, G. J. et al (2016) has stated that as the customer base grows, the firm should gradually shift its emphasis from acquisition to retention, and it should also aim to strike a balance between acquisition and retention while spending its available resources. To succeed,

companies need to appropriately allocate resources for the retention of existing customers and for acquisition of new ones. Internet use has altered the way that consumers purchase products and services, and for that reason, a firm's distribution strategy is currently treating online retailing as one of its standard components Rose, Clark, Samouel and Hair (2012).

Reichheld et al.,(2000) has stated that developing and maintaining Customer Loyalty in the online context is of paramount importance for online service providers, since the creation of a loyal customer base strongly affects online business performance. The reason for low loyalty is that in online markets, competition is one-click away, and the numerous comparative shopping sites, a consumer may not even need to make multiple clicks to find the most suited option for their needs.

Rita, Paulo & Oliveira,Tiago and Farisa, Almira (2019) analytical research showed that three dimensions of E-Service Quality, namely website design, security/privacy and fulfilment affect overall E-service quality. However customer service is not significantly related to overall E-service quality. According to Saleh Bukhari et al. (2013) although privacy and trust might not always have the same definition, in many cases it shows similar idea in different fields or contexts. Therefore, trust should be incorporated in the E-Service Quality instrument to determine the quality of a website.

Nisar, T. M., and Prabhakar, G. (2017) have emphasised that there is a direct relationship among E-Service Quality, E- Satisfaction and E-Loyalty in terms of online spending by consumers. However, the analysis shows that E-Commerce still faces challenges compared with traditional offline retailers since customers cannot feel and try the products, and may end up choosing the products that they do not want.

It is in this context that the current study has been undertaken among the working professionals of Tirunelveli city to analyse whether the study variables have an impact on E-Loyalty and thereby formulate better marketing plans and strategies.

STATEMENT OF THE PROBLEM

Customer retention is the key aspect of consumer marketing. It helps to reduce cost and also aids in word of marketing for the business. Customer Loyalty drives a positive retention rate and is very essential for any business. The research problem taken for study is determining the impact of E-Satisfaction, E-Service Quality and E-Trust on E-Loyalty among working professionals in Tirunelveli city. The research gap has paved way for the researcher to identify that E-Satisfaction, E-Service Quality and E-Trust as study variables. Their influence

on E-Loyalty varies for different industries and our area of interest is to find the significant influence in Tirunelveli City for Working Professionals. The results derived can assist E-Tailers to design strategies which can encourage favourable results and remove the problem of customer switching.

OBJECTIVES OF THE STUDY

1. To explore the impact of Socio-demographic factors on Consumer Buying Behaviour
2. To analyse the relationship of each variable E-Service Quality, E-Satisfaction, E-Trust on E-Loyalty
3. To determine the impact of E-Service Quality, E-Satisfaction, E-Trust(Predictor Variables) on E-Loyalty(Study Variable)

RESEARCH METHODOLOGY

The researcher has used a descriptive research design for the study. Data was collected by survey method using a self selection method of sampling. The primary data was collected using a well structured questionnaire to study the objectives and a Likert 7 point scale was used in the design of the questionnaire. The questionnaire comprised of two components, first component being Socio Demographic Factors and second component for the variables used in the study. The questionnaire was circulated with the help of Google Forms. A total of 95 responses were received from the respondents out of which 80 samples were considered for further study.

The reliability test for all the factors has been checked using Reliability analysis. This Test was conducted in SPSS Version 22. The results obtained show a consolidated value of the Cronbach Alpha Value of all the variables of study and since all of them are above 0.7 we can infer that the reliability is high according to the Cronbach alpha Value indicator table.

Normality tests show the acceptable skewness ± 2 and kurtosis ± 3 range value for the variables lie in the acceptable range and hence we can conclude that they are normally distributed. Therefore the researcher has used Parametric Tests for further analysis of the research objectives. The Statistical tools which were used for the analysis with the aid of the SPSS Version 22 (Statistical Package for Social Sciences) are Cross Tab, Correlation and Multiple Regression Analysis.

DATA ANALYSIS AND INTERPRETATION

Data Analysis is an important part of the study wherein the numerical data collected are transformed to meaningful information with the help of statistical tools identified for the study. The primary aim of data analysis is to derive insights that are ultimately unbiased. The Dependent variable E Loyalty and the Independent variables E-Service Quality, E-Satisfaction and E-Trust are analysed.

Cross Tabulation Analysis between Age and Preferred Shopping Mode of Respondents

			Preferred Shopping mode		Total
			Websites	Mobile Apps	
Age	19-25	Count	5	35	40
		% within Age	12.5%	87.5%	100.0%
		% within Preferred Shopping mode	23.8%	59.3%	50.0%
		% of Total	6.3%	43.8%	50.0%
	26-40	Count	15	22	37
		% within Age	40.5%	59.5%	100.0%
		% within Preferred Shopping mode	71.4%	37.3%	46.3%
		% of Total	18.8%	27.5%	46.3%
	41-60	Count	1	2	3
		% within Age	33.3%	66.7%	100.0%
		% within Preferred Shopping mode	4.8%	3.4%	3.8%
		% of Total	1.3%	2.5%	3.8%
Total	Count	21	59	80	
	% within Age	26.3%	73.8%	100.0%	
	% within Preferred Shopping mode	100.0%	100.0%	100.0%	
	% of Total	26.3%	73.8%	100.0%	

The above tabulation represents a cross tabulation between age and the preferred shopping mode. Among the respondents 50% of them belong to the age group of 19-25 of which 12.5% prefer online shopping and 87.5% of them prefer to shop on mobile apps. 46.3% of the population are of the age group 26-40 among which 40.5% of them prefer to shop online via websites and 59.5% of them prefer to shop by mobile apps. We can infer from the table that irrespective of the age group, the respondents prefer to shop online through mobile apps.

Mobile friendly apps and the ease of usage of the apps make it user friendly for the consumers irrespective of their age.

Cross Tabulation between Age and Payment Option

Table 2: Cross Tabulation between Age and Payment Option						
			Payment Option			Total
			Credit/Debit Cards	Cash on Delivery	Pay Later/EMI Schemes	
Age	19-25	Count	7	31	2	40
		% within Age	17.5%	77.5%	5.0%	100.0%
		% within Payment Option	33.3%	56.4%	50.0%	50.0%
		% of Total	8.8%	38.8%	2.5%	50.0%
	26-40	Count	13	22	2	37
		% within Age	35.1%	59.5%	5.4%	100.0%
		% within Payment Option	61.9%	40.0%	50.0%	46.3%
		% of Total	16.3%	27.5%	2.5%	46.3%
	41-60	Count	1	2	0	3
		% within Age	33.3%	66.7%	0.0%	100.0%
		% within Payment Option	4.8%	3.6%	0.0%	3.8%
		% of Total	1.3%	2.5%	0.0%	3.8%
Total	Count	21	55	4	80	
	% within Age	26.3%	68.8%	5.0%	100.0%	
	% within Payment Option	100.0%	100.0%	100.0%	100.0%	
	% of Total	26.3%	68.8%	5.0%	100.0%	

The above tabulation represents a cross tabulation between age and the preferred payment option. Among the respondents 50% of them belong to the age group of 19-25 of which 77.5% prefer to pay by Cash on delivery and 17.5% of them prefer to pay by Credit/Debit cards and 5% of them prefer to pay by Pay Later/EMI Schemes. We can see that the 46.3% of the respondents belong to the age group of 26-40, among which 59.5% of the respondents prefer to pay by cash on delivery, 35.1% of the respondents prefer to pay by credit/debit cards, 5.4 % of them prefer to pay by EMI/Pay Later Schemes. Irrespective of their age,

consumers choose to go for Cash on Delivery. This paves an avenue of improvement for E Retailers to work on ways to establishing trust and reliability among consumers.

Cross Tabulation Analysis between Gender and Frequency of Shopping

Table 3: Cross Tabulation Analysis between Gender and Frequency of Shopping								
			Frequency of shopping					Total
			Very rarely	Rarely	Occasional ly	Frequent ly	Very Frequent ly	
Gender	Male	Count	1	13	23	11	2	50
		% within Gender	2.00%	26.00%	46.00%	22.00%	4.00%	100.00%
		% within Frequency of shopping	25.00%	68.40%	59.00%	68.80%	100.00%	62.50%
		% of Total	1.30%	16.30%	28.80%	13.80%	2.50%	62.50%
	Female	Count	3	6	16	5	0	30
		% within Gender	10.00%	20.00%	53.30%	16.70%	0.00%	100.00%
		% within Frequency of shopping	75.00%	31.60%	41.00%	31.30%	0.00%	37.50%
		% of Total	3.80%	7.50%	20.00%	6.30%	0.00%	37.50%
Total	Count	4	19	39	16	2	80	
	% within Gender	5.00%	23.80%	48.80%	20.00%	2.50%	100.00%	
	% within Frequency of shopping	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
	% of Total	5.00%	23.80%	48.80%	20.00%	2.50%	100.00%	

The above tabulation represents a cross tabulation between gender and the frequency of shopping. Among the respondents 62.5% of them are male of which 46% of them shop occasionally, 26% of the shop Rarely, 22 % of them shop frequently, 4 % of them Shop Very frequently and 2 % of them shop very rarely. Among the respondents 37.5% of them are female of which 53.3% of them shop occasionally, 20% of the shop Rarely, 16.7 % of them shop frequently, 10 % of them Shop Very frequently.

Testing of Hypothesis

Correlation

H₀ There is no relationship between E-Satisfaction, E-Trust, E-Service Quality and E-Loyalty

H₁ There is a relationship between E-Satisfaction, E-Trust, E-Service Quality and E-Loyalty.

		E-Service Quality	E-Trust	E-Satisfaction	E-Loyalty
E-Service Quality	Pearson Correlation	1	.424**	.684**	.646**
	Sig. (2-tailed)		.000	.000	.000
	N		80	80	80
E-Trust	Pearson Correlation		1	.602**	.585**
	Sig. (2-tailed)			.000	.000
	N			80	80
E-Satisfaction	Pearson Correlation			1	.828**
	Sig. (2-tailed)				.000
	N				80
**. Correlation is significant at the 0.01 level (2-tailed).					

The significance p values remain significant at 1% level of confidence for all variables and show that there is a significant relationship between all of the variables. ESQ has moderate positive association with ET at .424, ESQ has moderate positive association with ES at .684, ET has moderate positive association with ES at .602, ESQ has moderate positive association with EL at 0.646, ET has moderate positive association with EL at 0.585, ES has strong positive association with EL at 0.828. The results show that among the predictor variables E-Satisfaction has a strong relationship with E-Loyalty than the other variables.

Multiple Regression Analysis

H₀ There is no significant impact of E-Satisfaction, E-Trust and E-Service Quality on E-Loyalty

H₁ There is a significant impact of E-Satisfaction, E-Trust and E-Service Quality on E-Loyalty

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.842 ^a	.709	.697	.712

a. Predictors: (Constant), E-Satisfaction, E-Trust, E-Service Quality

From the above table ,the adjusted R square value of 0.697 shows that there is a strong influence of the Predictor Variables – E-Satisfaction, E-Trust and E-Service Quality on E-Loyalty(Dependent Variable).

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	93.706	3	31.235	61.609	.000 ^b
Residual	38.532	76	.507		
Total	132.238	79			

a. Dependent Variable: E-Loyalty
b. Predictors: (Constant), E-Satisfaction, E-Trust, E-Service Quality

The above table shows that the p value (0.000) is lesser than the level of significance(0.05) and homogeneity of variance is met. Hence we accept H₁.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.639	.464		-1.378	.172
	E-Service Quality	.198	.114	.147	1.736	.087
	E-Trust	.148	.087	.132	1.705	.092
	E-Satisfaction	.766	.114	.647	6.722	.000

a. Dependent Variable: E-Loyalty

The above table shows that when there is a one-point increase E-Service Quality, there is a 0.198 increase in E-Loyalty of the respondents when other variables are constant. Similarly, when there is one-point increase in E-Trust, there is a 0.148 increase in E-Loyalty among the respondents when other independent variables are constant. Also, when there is a one-point increase in E-Satisfaction, there is a 0.766 increase in E-Loyalty among the respondents. Hence, we can infer that among the Independent Variables, E-Satisfaction has a more significant influence on E-Loyalty.

From the study, the multiple regression equation can be written as

$$\text{E-Loyalty (y)} = -0.639 + 0.198 \text{ E-Service Quality}(x_1) + 0.148 \text{ E-Trust}(x_2) + 0.766 \text{ E-Satisfaction}(x_3).$$

SUGGESTIONS

- Email marketing and Social media marketing can be targeted based on the demographic factors to suit a specific band of consumers. The personal touch in Email and Social media marketing can help in conversion rate of consumers.
- A well designed Customer Loyalty Program can incentivize customers to keep coming back in the fiercely competitive ecommerce space and could make the difference between a returning customer or a one-time purchaser.
- E-Trust has to be established between the business and consumers for a reliable shopping experience by delivering the goods as mentioned and also assuring the consumers a secured payment system to prevent them from fraudulence.
- E-Service Quality can be improved by designing an easy to understand return/exchange policy, ensuring timely delivery and simplifying the check out process.

CONCLUSION

Online shopping has become the most sensible ways to shop and procure goods with the click of a button reducing the hassle of going into brick and mortar stores and scoring aisles of products for the required product needed by the consumer. In the competitive world of ecommerce there is a fierce competition among the E- Commerce providers for attracting and retaining customers. A long term consumer relationship is more profitable than one time consumers or purchase. Customer Loyalty paves the way for customer conversion and retention. The factors contributing for E-Loyalty as taken for the study are E-Service Quality, E-Satisfaction and E-Trust. It was observed from the study that these factors have a strong positive association with E-Loyalty. In conclusion, when the expectations of the consumer are satisfied by a well balanced mix of E-Service Quality, E-Satisfaction and E-Trust, E-Loyalty will be on the rise and customer retention happens which yields long term results for the business. Customer Loyalty does not happen

overnight and is a process which involves time, effort and willingness from the business to provide what it takes to assure that every purchase transitions into a repeat purchase. The process when done effectively will yield long term benefits to the E- Tailer.

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