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Influential Factors of Service Quality Affecting E-loyalty in E-Retailing

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Abstract: The speedy development of technology and the internet has diverted the company direction to retain customer e-loyalty. Customer loyalty is becoming an area of keen interest for companies and customer loyalty has a direct impact on the profitability of a company. With regard to customer loyalty's importance, we investigate the impact of service quality elements on customer loyalty. Hence, the sample of this survey consists of online purchasers who have dealt with e-retailer. A quantitative approach was employed using questionnaires; the sample consisted of 269 respondents. Regression and correlation technique were used to analyze the impact of service quality dimension on customer loyalty. Results showed that the independent variable i.e. Service quality dimensions, i.e. Responsiveness, information, design and fulfillment are found to deliver a strong and positive association with customer loyalty but other dimensions i.e. Security, dependability, efficiency and simplicity of use are found to have an insignificant and negative association with customer loyalty.

Keywords: e-retailing, e-loyalty, service quality

I. INTRODUCTION

The online growth rate indicates that the online channel will play a keener role in consumers' shopping activities. Unarguably, online channel presents different experiences, even when the same products are bought from different e-retailer. In the last few years, a significant growth has been noticed on the internet- based service. Consumers have limited time and unlimited choice. Nevertheless, consumer can assess a virtual product in a single click. They would naturally stick to the internet merchant who meet their requirements and provide quality service. A number of researchers have made the point that the purpose of measuring service quality and gap is to provide information to upgrade customer loyalty. To deliver a superior service quality, manager of the companies with web presence must first understand how the customer perceives and assess online customer service.

Loyalty can be defined as customers remain with believing that one organization's products/services offer remains their best choice. Loyalty means a customer wishes to do business with a company and does. The challenge for organizations is accepting this definition and rendering it into definite practice, where detailed actions are defined and ideal client relationships are seen. It also entails identifying a means for getting hold of this loyalty construct and putting it into assessable terms so that success and bankruptcy can be assessed and progress or decline tracked company and its wares or services" (Looy, Gemmel & Dierdonck, 2003).

According to the Sreenivasan et al, (2002), E-loyalty is defined as the customer's positive attitude towards the e-retailer that results in repeated buying activities. E-loyalty can be defined as attitudes or feelings that incline a customer to re-visit an internet site for communication, entertainment or information purposes, or to re-purchase a particular product or service from an online job. While many online business models exist, e-loyalty is critical to job success and profitability so enhancing e-loyalty is a core objective of loyalty marketing - a strategy practiced by commercial endeavors in society to increase the loyalty of customers and other stakeholders in the drive to conform to or exceed designated commercial objectives. Online loyalty can also

define as the a deeply held in tension to repurchase a preferred product or services regularly from an e-vendor in the future, contempt of the presence of factors or situation that may include changing behavior. Reichheld & Schefter (2000) and Deveraj et al. (2003) propose that most online consumers own a higher tendency towards Loyalty if service provision remains of a gamey talent. Since the arrival of B2C e-Commerce and hyper-competitive markets, the importance of creating a loyal customer base is gradually more important. Many Internet pioneers have competed in ways which disturb nearly all the traditional rules of sound strategy. Rather than focus on profits, they have pursued customers indiscriminately through discounting and mass advertising.

II. LITERATURE REVIEW

Considering the cut-throat environment, there is a need for e-retailer to design their strategies that will differentiate them from some other. This can be achieved through the delivery of high service quality. The pattern of exceptional service quality has been proven that service quality will significantly lead to client loyalty (Caruana et al., 2000; Caruana, 2002).

Service quality

Parasuraman et al., (1985, 1988): Service quality is determined by the differences between customer's expectations of the service provider's performance and their evaluation of the services they received. Quality of service is very essential especially for the outgrowth and development of service sector business enterprises (Powell, 1995). It works as an antecedent of customer satisfaction (Ruyter and Bloemer 1995)

Recently e-service has become popular in the world with the proliferation of the Internet, but the practice and theory of e-service is still in its infancy (Santos 2003), and there is not an conformity on the definition of e-service. Zeithaml et al. (2000) state that *e-service is web services which are delivered through the Internet*. In an e-service customer interaction or contacts with service providers is through technology, such as their websites. Customers have to rely solely on information technology in an e-service encounter. Rust and Lemon (2001) conceptualize e-service as an information service or self-service since the primary value exchanged between the two parties (e.g. buyer and seller) is information.

Ghosh (2004) conceptualizes e-service as an interactive information service. On one side, the information on customers collected in e-service process can be gathered and analyzed by e-service providers, and used as the basis for their customized services. On the other part, for customers e-service transaction and e-service delivery can be fulfilled through exchange of information with service suppliers. Parasuraman et.al. (2004) opined to measure the service delivered by web sites. The study developed two scales E-S-QUAL and E-RecS-QUAL model on the basis of these models, the factors like efficiency, responsiveness and various dimensions had a significant impact on customer's global evaluation of website.

Customer loyalty

Kotler et al. (1999) stated the cost of attracting a new customer may be five times the cost of keeping a current customer happy. Gremler & Brown (1996) offered one definition of customer loyalty that is related to our purpose in this study: the degree to which a customer exhibits repeat purchasing behaviour from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using only this provider when a need for this service exists.

Carlson & Sinnappan (2003) proposed a conceptual framework that e-Service Quality and Perceived Value are key determinants of e-Loyalty. However, they also suggest that the Internet Expertise of a consumer is also very important in determining e-Loyalty. They reason that the more confident an Internet user is, the more probable they will be "adventurous" enough to attend for info and potentially switch to competitors' offerings. Research conducted by Tsai et al (2006) concludes in agreement with other frameworks that Eservice Quality, Perceived Value and Trust are key determinants of e-Loyalty. Yet their research as well suggests that perceived switching costs and community building exert the "greatest impact upon repurchase intentions" through switching barriers and overall satisfaction.

Semeijn et al (2005), suggested that Trust, Security, e-Service Quality and Perceived Value are key determinants of e-Loyalty. Two other determinants are also offered in the framework: Customisation, and Offline Fulfillment. It is suggested that offline fulfillment is at least as important as e-Service Quality in this instance. They highlight the importance of the need for the standard of Offline Fulfillment to be at least equal to the standard of e-Service Quality. They put emphasis on the importance of delivering an effective logistics system instead to match the customer's delivery and offline needs.

Studies related to Service quality and service loyalty

Author	Objective	factors	Method used	Supported results
Ali.P, Sankaran (2010)	analyze the customer satisfaction and loyalty of the online customers in Norway	product information superior customer service, quality and timely delivery of goods and importantly effective website designs.	structural equation modelling	Service quality. Customer satisfaction customer loyalty
Eid.M.I (2011)	identified the factors that influence the extent to which Saudi consumers trust, are satisfied with, and are loyal	interface quality, service information quality, security risk perception, and privacy perception.	structural equation modelling	Customer satisfaction customer loyalty
Kassim and Abdullah (2010)	examined the relationships among e-service quality dimensions, customer satisfaction and trust	quality and timely delivery of goods and importantly effective website designs.	structural equation modelling	Service quality. Customer satisfaction- e-trust
Lin and Sun (2009)	Factors influencing satisfaction and loyalty in online shopping: an integrated model	feedback on the website design,competitive price of the product, merchandise availability& condition,on-time delivery, return policy; customer support, order confirmation; and promotion activities	structural equation modelling	Website quality- Customer satisfaction-loyalty
Moez Ltifi and Gharbi (2012)	studied the satisfaction and loyalty pattern for the consumers shopping online and the impact of emotional state and perceived risk of remote purchase on e-satisfaction	emotional state during Internet shopping remote purchase	Regression analysis	Customer satisfaction-loyalty
Sun and et al. (2009)	examine causal linkages among dimensions of e-service quality, customer satisfaction, perceived value and loyalty	Privacy, Fulfillment, System availability and Efficiency	structural equation modelling	eservice quality- customer satisfaction ,perceived value. -loyalty
Swaid and Wigand (2007)	Key dimensions of E-commerce service quality and its relationships to satisfaction and loyalty	website usability, reliability, responsiveness, assurance and personalization	structural equation model	Service quality. Customer satisfaction customer loyalty
Wen Wu (2011)	explored the relationships among electronic service quality, customer satisfaction, electronics recovery service quality, and customer loyalty	System availability. Fulfilment, privacy, responsiveness, compensation, contact	Regression analysis, hypnotized modal	electronic recovery service quality -perceived value & customer satisfaction - customer loyalty
Yen and Lu (2008)	Effects of e-service quality on loyalty intention	efficiency, system availability, privacy and fulfillment	structural equation model	Service quality. Customer satisfaction customer loyalty

Little experimental research has focused explicitly on the relationship between service quality perceptions and customer loyalty. With regards to behavioral intentions in a service setting, Zeithaml et al. (1996) proposed a comprehensive, multi-

dimensional framework of customer behavioural intentions in services. This framework was initially comprised of the following four main dimensions:

Word-of-mouth communications

1. Say positive things about XYZ to other people
2. Recommend XYZ to someone who seeks your advice
3. Encourage friends and relatives to do business with XYZ

Purchase intentions

4. Consider XYZ your first choice to buy . . . services
5. Do more business with XYZ in the next few years
6. Do less business with XYZ in the next few years

Price sensitivity

7. Take some of your business to a competitor that offers more attractive prices
8. Continue to do business to a competitor that offers more attractive prices
9. Pay a higher price than competitors charge for the benefits you currently receive from XYZ

Complaining behaviour

10. Switch to a competitor if you experience a problem with XYZ's service
11. Complain to other consumers if you experience a problem with XYZ's service
12. Complain to external agencies, such as the Better Business Bureau, if you experience a problem with XYZ's service
13. Complain to XYZ's employees if you experience a problem with XYZ's service

III. RESEARCH METHODOLOGY

To study the e-retail service quality and to find the impact of service quality on customer satisfaction, convenience sampling was used to collect data from individuals who could reasonably interpret the E-retailing, hence in the present study those individuals have been included who are educated and exposed to online shopping. The survey has been conducted via email and face-to-face interviews. A total of 300 survey questionnaires had been sent and out of which 269 questionnaires received. Data collected by surveying of online customers than data are stored in SPSS database and further analysis were carried out using the Statistical Package for Social Science, SPSS, (Statistical Package for social Science), version 16.0 and excel.

Table 1: Demographic information of respondents (n=269)

Region	No.	%age
Rural	56	20.82
Urban	213	79.18
Gender		
Male	128	47.58
Female	141	52.42
Marital status		
Single	110	40.89
Married	159	59.11

Age		
16-30	117	43.49
31-45	123	45.72
>45	29	10.78

Hypothesis of the Study

Nine hypotheses are developed based on the review literature in order to find the association and impact of service quality dimensions on loyalty toward e-retailing. The hypothesis are follow:

- H1.** Service quality has impact on customer loyalty.
- H2.** Responsiveness has impact on customer loyalty.
- H3.** Information, have impact on customer loyalty.
- H4.** Design has impact on customer loyalty.
- H5.** Fulfilment has impact on customer loyalty.
- H6.** Security, have impact on customer loyalty.
- H7.** Reliability has impact on customer loyalty.
- H8.** Personalisation has impact on customer loyalty.
- H9.** Ease of use has impact on customer loyalty.

Table 2: Extent of likelihood among respondents regarding various statements related to their loyalty for e-shopping

Statements	Mean	SD
Say positive things about the e-retailing website to other people	3.37	1.35
Recommend the e-retailing website to someone who seeks your advice	3.20	1.25
Encourage friends and relatives to do business with the e-retailer	3.19	1.26
Consider the e-retailing website your first choice to buy . . . services	3.28	1.29
Do more business with the e-retailer in the next few years	3.35	1.27
Do less business with the e-retailer in the next few years	3.26	1.29
Take some of your business to a competitor that offers more attractive prices	3.23	1.26
Continue to do business to a competitor that offers more attractive prices	3.17	1.27
Pay a higher price than competitors charge for the benefits you currently receive from the e-retailer	3.26	1.32
Switch to a competitor if you experience a problem with the e-retailer service	3.42	1.27
Complain to other consumers if you experience a problem with e-retailer service	3.05	1.25
Complain to external agencies, such as the Better Business Bureau, if you experience a problem with e-retailer service	3.17	1.35
Complain to e-retailer employees if you experience a problem with e-retailer service	3.45	1.18
Total Loyalty	42.40	6.32

The total mean score of customer loyalty is 42.40 and standard deviation is 6.62 respectively. The mean scores of all the statements of customer loyalty are more than 3 or close to 4 which show that customers are somewhat agree that they are loyal towards their respective e-retailer with less variability in the responses as indicated by the standard deviation of customer loyalty.

Impact of service quality parameters on loyalty of respondents in Punjab:**Regression analysis****Table 3 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.817 ^a	.668	.663	.495
a. Predictors: (Constant), Information, Responsiveness, Fulfilment, Design				

Table 3 above provides the model summary of the model which specifies customer loyalty as a function of service quality dimensions which are Information, Responsiveness, Fulfilment and Design. R square of the model is .668 which entails that 66.8% of the variation in the dependent variable i.e. customer loyalty is accounted for by this model which is quite good.

Table 4 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	130.285	4	32.571	132.907	.000 ^a
	Residual	64.698	264	.245		
	Total	194.983	268			
a. Predictors: (Constant), Information, Responsiveness, Fulfilment, Design						
b. Dependent Variable: loyalty						

Table 4 above provides the ANOVA test of the model which species customer loyalty as a function of Information, Responsiveness, Fulfilment and Design. ANOVA tells overall goodness of fit of the model. F-statistic of the model is 132.907 which is quite good and entails that model is a good fit at 1% level of significance.

Table 5 Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.023	.152		6.707	.000
	Responsiveness	.312	.045	.357	6.988	.000
	Fulfilment	.131	.053	.142	2.472	.014
	Design	-.145	.065	-.147	-2.246	.026
	Information	.603	.093	.532	6.454	.000
a. Dependent Variable: loyalty						

Table 5 provides the results of the model predicting customer loyalty through the variables of service quality which are Information, Responsiveness, Fulfilment and Design. These variables have a positive and significant relationship with customer loyalty. These results are in confirmation with the correlation analysis explained below. But in regression analysis, the variable of Functionality, security, reliability and personalisation is found insignificant. The regression coefficients of significant variables i.e. responsiveness, fulfilment, design and information are .312, .131, -.145 and .603 respectively. Regression analysis leads us to accept hypotheses of H2, H3, H4 and H5 postulating a significant and positive relationship of service quality. The hypotheses H6, H7, H8 and H9, have a insignificant and negative effect on loyalty with customer loyalty are however rejected.

Table 6 Correlations

Service quality Dimensions		Loyalty
Responsiveness	Pearson Correlation	.719**
	Sig. (2-tailed)	0
Fulfilment	Pearson Correlation	.691**
	Sig. (2-tailed)	0
Security	Pearson Correlation	.646**
	Sig. (2-tailed)	0
Design	Pearson Correlation	.490**
	Sig. (2-tailed)	0
Efficiency	Pearson Correlation	.761**
	Sig. (2-tailed)	0
personalisation	Pearson Correlation	.707**
	Sig. (2-tailed)	0
Reliability	Pearson Correlation	.739**
	Sig. (2-tailed)	0
Information	Pearson Correlation	.724**
	Sig. (2-tailed)	0

**correlation is significant at the 0.01 level (2-tailed)

Table 6 provides the Pearson's correlation coefficient between various service quality dimensions and customer loyalty which is found using the SPSS 16. The results indicate that service quality and its dimensions such as responsiveness, fulfilment, security, design, Efficiency, personalisation, reliability and information have positive association with customer loyal in e-retailing for Punjab region.

The dimension of responsiveness showed a strong and significant correlation with customer loyalty as provided by respective correlation coefficients of .719 (sig < .05) which lead us to accept hypotheses H2 proposing positive relations of responsiveness with customer loyalty. The second dimension i.e. fulfilment also yielded positive and significant correlation confidants of .691 (sig < .05) customer loyalty which also lead us to accept hypotheses of H5. The dimension of security was also significant and positive regarding its association with customer loyalty (r = .646, sig < .05) thus we accept next hypotheses of H6. The fourth dimension i.e. design also yielded positive and significant correlation confidants of .490 (sig < .05) customer loyalty thus we accept hypotheses h4. The dimension of easiness showed a strong and significant correlation with customer loyalty as provided by respective correlation coefficients of .761 (sig < .05) which lead us to accept hypotheses H9. The dimension of personalisation was also significant and positive regarding its association with customer loyalty (r = .707, sig < .05) so we accept H8 hypotheses. The seventh and eighth dimension i.e. reliability and information also yielded positive and significant correlation confidants of .739 and .724 (sig < .05) customer loyalty thus we accept hypothesis H7 and H3.

IV. CONCLUSION

Evidences entail that service quality is an excellent technique for enhancing customers' loyalty to the organization in today's competitive environment. The primary aim of this work is to see the impact of various service quality dimensions on customer loyalty in e-retailing for Punjab. Findings suggest that service quality and its dimensions such as responsiveness, fulfillment, security, design, ease of use, personalisation, reliability and information tangibles, have a significant and positive association with the loyalty of customers towards their respective-retailer. Service quality has been admired by the organizational researchers all around the world as a competitive weapon which differentiates the system from its challengers in a much more positive way by enabling the service organizations to delight the customers through the supply of premium quality services on a consistent base and later enhance their satisfaction and loyalty to the organization. It has been witnessed that in today's marketplace-driven organization, clients are not loyal to one particular e-retailer. Today all what they need is quality of products and services which meet their requirements effectively. Hence the major need of today's e-retailer is to find the ways to create satisfied and happy client-base. Consequently, these financial institutions must consider above discussed antecedents of customer satisfaction in order to deliver a happy client base (B. Sharp, & A. Sharp, 1997) which subsequently enhances their operation and profitability (Hackl et al.,2000; Andereson et al., 1994; and Lewis, 1993).

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