DETERMINANTS OF E-TRUST, E-SATISFACTION AND E-LOYALTY AMONG COLLEGE STUDENTS IN KOOTHATTUKULAM MUNICIPALITY

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Abstract

E-commerce is a general concept covering any form of business transaction or information exchange executed using information and communication technology. It includes buying and selling of goods and services and doing business over electronic/computer networks. Customer trust can be defined as a set of beliefs held by an online consumer concerning certain characteristics of the e-supplier, as well as the possible behaviour of the e-supplier in the future. Customer satisfaction has been defined as an evaluation of the perceived discrepancy between prior expectations and the actual performance of the product as perceived after its consumption/use. Website design produce positive outcomes to online satisfaction and it became one of the greatest effects on the online satisfaction. Both satisfaction and trust are vital inducers of e-loyalty. Online consumers' perceived risk towards an internet transaction with the e-tailer affects the development of e-loyalty. The scope of the present study is limited to identify the factors influencing e-trust and e-satisfaction, and the influence of such e-trust and e-satisfaction on the loyalty of e-commerce customers.

Key words: e-trust, e-satisfaction, e-loyalty, customer

Introduction

E-commerce is a general concept covering any form of business transaction or information exchange executed using information and communication technology. It includes buying and selling of goods and services and doing business over electronic/computer networks (Jacob & Anish, 2016). E-commerce is the use of internet and website to perform business transactions. Therefore, e-commerce is a kind of business model performed using modern technology and systems via internet as fundamental support because it is performed via wide network; e-commerce supports total ubiquity, so that all users are possible to have the transactions anywhere and any when as long as connected to the internet (Achmad, Arfian, Nur, & Yudho, 2014).

Customer satisfaction has been defined as an evaluation of the perceived discrepancy between prior expectations and the actual performance of the product as perceived after its consumption/use. Website design produce positive outcomes to online satisfaction and it became one of the greatest effects on the online satisfaction (Anas, Muhammad, & Asmai, 2016). Customer trust can be defined as a set of beliefs held by an online consumer concerning certain characteristics of the e-supplier, as well as the possible behaviour of the e-supplier in the future. Customer trust is commonly described as the willingness to rely on an exchange partner in whom one has confidence in a situation of vulnerability. Whereas trust in the online store defined as a consumer's willingness to rely on the seller and take action in circumstances where such action makes the consumer vulnerable to the seller. A deeply held commitment to reuse the service of a company is called loyalty. The consumer brand relationship is critical to the building of loyalty. It is important for several reasons.

First, it results in higher sales volume. Second, companies with loyal customers don't have to spend as much money on marketing the product. This types of loyalty can be a great asset to the firm: customers are willing to pay higher prices, they may cost less to serve, and can bring new customers to the firm. Businesses have to exert significant effort to facilitate loyalty (Gupta, 2016).

Both satisfaction and trust are vital inducers of e-loyalty. Online consumers' perceived risk towards an internet transaction with the e-tailer affects the development of e-loyalty (Fehmi & Krenar, 20-21 Novermber, 2015). Customer trust is important for the success of online business. As risk and uncertainty are always involved in online purchasing, developing confidence level of e-customer is important because any of them may be subjected to the violation of trust during the transactions. Online trust is affected by website user interface since it provides physical evidence of the service provider's competence as well as facilitating effortless use of the service.

Review of literature

The term e-loyalty is applicable to consumers who are likely to buy from the same website, rather than switch to other websites. It is a perceived loyalty of customers towards websites and their intention to visit the same website on their second purchase (Flavian & Guinaliu, 2006).

Design of the website is related with consumer perception of the organization and order at the site. User interface quality influences the customer satisfaction directly, since it provides physical evidence of the service providers, competence as well as facilitating effortless use of the service (Anas, Muhammad, & Asmai, 2016).

Loyal customers are usually serve as an information source for other customer and even work as a promotional agent for e-retailers y spreading good works about the web store (Anchal & Mamta, 2015).

Customer trust is important for the success of online business. As risk and uncertainty are always involved in online purchasing, developing confidence level of e-customer is important because any of them may be subjected to the violation of trust during the transactions (Muhammad, Muhammad, Suhaimi, Hussin, Razi, & Abdullah, 2013).

From the review of literature it is felt that many studies were undertaken so far in the field e-trust, e-customer satisfaction, e-loyalty etc in e-commerce. But studies concerning the determinants of e-trust, e-satisfaction and e-loyalty among college students in Koothattukulam Municipality are rarely found in the literature.

Significance of the study

As far as the managers of e-commerce business are concerned, understanding the factors that influence e-commerce customer loyalty is very essential to focus their efforts on key areas in their e-commerce business which contributes most to increase customer retention. From an academic perspective also the study of the determinants of customer satisfaction, trust and loyalty will improve our understanding regarding these key areas of electronic commerce. E-commerce vendors can use the result of the study as an evaluation to improve their website quality and reputation. It is important for them to gain a customer trust which is the foundation for gaining loyal customers. In this context the present study is found relevant.

Statement of the problem and scope of the study

In the past few years, Kerala has witnessed a rise in e-commerce in different sectors. Lifestyle changes and high disposable income are the driving forces for this growth. The challenges that were faced by the e-commerce business are slowly diminishing. Earlier people less aware and had poor knowledge about internet or online business. However, now since the internet is available everywhere including rural or semi-rural areas people are gaining more insight on the different uses and purposes. The penetration of smart phones is also increasing. With the rise of smart phone availability and producers within the country, it is now possible to purchase one at lower costs. Most of people now possesses credit or debit cards so it is easier to make payments, in addition, the option of cash on delivery is also advantageous. The logistics and shipment services are now improving for a scheduled or quicker delivery. Most importantly, Indians are having less fear and becoming more confident towards online transactions and shopping online. The scope of the present study is limited to identify the factors influencing e-trust and e-satisfaction, and the influence of such e-trust and e-satisfaction on the loyalty of e-commerce customers.

Objectives of the study

1. To identify the factors considered by an e-commerce customer to build customer satisfaction and trust.
2. To find out the factors considered by an e-commerce customer to build e-loyalty towards a particular e-commerce website.
3. To measure the influence of customer satisfaction and trust on the customer loyalty of e-commerce customer.

Hypotheses of the study

1. There is no significant difference between mean rank towards the factors that are most concerned by an e-commerce customer to build customer satisfaction and trust.
2. There is no significant difference between mean rank towards the factors that determine e-loyalty towards a particular web store.
3. There is no significant relationship between the satisfaction, trust and loyalty of the e-commerce customers and hence their loyalty is independent of their satisfaction and trust on the e-commerce business/website.

Methodology of the study

The study is empirical in nature and uses both secondary as well as primary data. The secondary data is mainly sourced from books and journals. The primary data have been collected from the respondents in different colleges in Koothattukulam Municipality. Initially three colleges were identified and snow ball sampling technique has been administered for picking samples from the identified colleges. 10 students each from all the three colleges (10x3=30 samples) were picked. The collected data have been analyzed by means of simple percentage, Friedman's test and simple regression.

Results and Discussions

The general profile of the respondents is shown in table 1 below. From the table it is seen that 63.3 percent of the respondents belong to the age category of 19-21 years. Majority (63.3 percent) of them is doing post graduation and many of them (60 percent) are getting up to Rs.2000 as pocket money of which up to Rs.1000 (46.7 percent) has been used for online purchase. Many of them (83.3 percent) make online purchase up to two times in a month. Most preferred e-commerce website is Flipkart (70 percent are using it). Most preferred items of online purchase are electronics (36.7 percent) and clothing (36.7 percent).

Table 1: General profile of the respondents

Particulars		Frequency	Percentage
Gender	Male	15	50
	female	15	50
Age	Up to 19 years	4	13.3
	19 -21 years	19	63.3
	Above 21 years	7	23.3
Course of study	Graduation	7	23.3
	Post-graduation	19	63.3
	engineering	4	13.3
Pocket money received per month	Up to Rs.2000	18	60.0
	2000 to 4000	7	23.3
	Above Rs.4000	5	16.7
Amount spent to online purchase	Up to Rs 1000	14	46.7
	1000-2000	13	43.3
	Above Rs 2000	3	10.0
Frequency of online purchase in a month	Up to 2 times	25	83.3
	2-4 times	4	13.3
	Above 4 times	1	3.3
E-commerce site usage (frequency of usage only given)	Flipkart	21	70
	Amazone	14	46.7
	Minthra	1	3.3
	Jabong	1	3.3
	others	1	3.3
Items of purchase (frequency of usage only given)	Electronics	11	36.7
	Apparels	3	10.0
	Clothing	11	36.7
	Bags/footwear	8	26.7
	Others	7	23.3

Source: Field survey

Determinants of e-trust and e-satisfaction

In order to find out the factors that create electronic trust and electronic satisfaction of the e-commerce customers, thirteen variables were identified and the responses of the customers were sought in a five point scale. The data is analyzed by means of Friedman's test. The test result and the hypothesis formulated in this respect are as follows:

Ho: there is no significant difference between mean rank towards the factors that determine e-trust and e-satisfaction.

Ha: there is significant difference between mean rank towards the factors that determine e-trust and e-satisfaction.

Table 2: Factors determining e-trust and e-satisfaction

Factors	*Mean rank*	*Chi-square value*	*p-value*
1. Ease of use	8.20		
2. Website design/quality	6.63		
3. Responsiveness	7.28		
4. Customization	7.43		
5. Assurance	6.38		
6. Technology	8.20		
7. Privacy and security	7.40	39.056(df:12)	0.001**
8. Organization, environment & institutional influence	4.58		
9. Vendor image	6.10		
10. Deterrence	5.68		
11. Social influence	6.98		
12. Personal factors	7.95		
13. Knowledge and experience	8.17		

Source: field survey

Note: ** denotes significant at 1% level.

From table 2 it is seen that the most important factors determining e-trust and e-satisfaction among youth are ease of use & technology (mean rank= 8.20), knowledge and experience (mean rank =8.17) and personal factors (mean rank = 7.95). Hence the null hypothesis is rejected at five percent level of significance (Chi-square value = 39.056, df =12, p-value = 0.001).

Factors determining e-loyalty towards a particular web store

In order to find out the factors that create electronic loyalty towards a particular web store (e-commerce website), ten variables were identified and the responses of the customers were sought in a five point scale. The data is analysed by means of Friedman's test. The test result and the hypothesis formulated in this respect are as follows:

Ho: there is no significant difference between mean rank towards the factors that determine e-loyalty towards a particular web store.

Ha: there is significant difference between mean rank towards the factors that determine e-loyalty towards a particular web store.

Table 3: Factors determining e-loyalty

Factors	*Mean rank*	*Chi-square value*	*p-value*
1. Satisfaction with a particular web store	6.10		
2. Trust in a particular web store	6.67		
3. No of visit to a particular site without purchase	4.95		
4. No of repeated visit to purchase items	4.52	30.531(df:9)	0.001**
5. Perceived value	4.90		
6. Security	6.52		
7. Offline fulfillment	4.40		
8. E-service quality	6.50		

9. Community building	4.88			
10. Internet expertise of the customer	5.57			

Source: field survey

Note: ** denotes significant at 1% level.

From table 3 it is seen that the most important factors determining e-loyalty towards a particular web store (e-commerce site) are trust in a particular web store (mean rank= 6.67), security (mean rank =6.52), e-service quality (mean rank = 6.50) and satisfaction with a particular web store (mean rank = 6.10). Hence the null hypothesis is rejected at five percent level of significance (Chi-square value = 30.531, df =9, p-value = 0.001).

Influence of e-trust and satisfaction on the e-loyalty of the customer

In order to determine the influence of e-trust and satisfaction on the e-loyalty of the customer simple regression is applied (IV=e-trust and satisfaction, DV= e-loyalty). The test result along with the hypothesis is as follows:

Ho: the e-loyalty of the customers is not significantly dependent on their e-trust and satisfaction

Ha: the e-loyalty of the customers is significantly dependent on their e-trust and satisfaction

Table 4: Influence of e-trust and satisfaction on e-loyalty

r -value	r2	ANOVA		Unstandardized co-efficients	
		F	p-value	B	Std. error
.515	.266	10.128	.004**	.181	.057

Source: Field survey

Note: ** denotes significant at 1 percent level

From table 4, it is clear that there is significant correlation between e-trust & satisfaction and e-loyalty (r=.515, p-value= .004). 26.6 percent variation in e-loyalty is predicted by e-trust and satisfaction (r2= .266). One unit change in e-trust and satisfaction leads to 0.181 unit change in the e-loyalty of the customer. Hence the null hypothesis is rejected and concluded that e-loyalty of the customer is dependent on e-trust and satisfaction of the customer.

Conclusion

In the nutshell the study concludes that the majority of the respondents are frequently visiting e-commerce site for their online purchase. The most preferred e-commerce site is Flipkart. The most important factors determining e-trust and satisfaction among customers are ease of use, technology, knowledge and experience. The factors that make them loyal towards a particular web store are trust, security, e-service quality and satisfaction. More over the e-loyalty is dependent on e-trust and satisfaction. Hence, the e-commerce dealers are to make their website more user-friendly and to ensure that the technology they are using is appropriate. This is very essential to build e-trust and satisfaction and thereby building e-loyalty.

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