

IMPACT OF ONLINE SHOPPING EXPERIENCE ON SATISFACTION AND LOYALTY OF CONSUMERS: STUDY WITH REFERENCE TO CHENNAI METROPOLITAN CITY

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ABSTRACT

This research paper investigated the impact of online shopping experience on satisfaction and loyalty of consumers. The service quality of online shopping as well as relation between factors which influence purchase decision of consumers for online shopping and their satisfaction towards online shopping was assessed. The structural relationship between service quality of online shopping, satisfaction and loyalty of consumers towards online shopping was also evaluated. By using the data gathered from consumers of online shopping in metropolitan city of Chennai of Indian continent, some salient findings were made. This study witnessed that consumers developed loyalty towards online shopping when online retailers provided convenience, excitement, offers and interactivity to consumers of online shopping and also gave better services and enhanced satisfaction of consumers of online shopping. Moreover, the *risk perception* of consumers in online shopping was influenced by online shopping experiences of consumers namely convenience, excitement, interactivity and offers. The *satisfaction* of consumers towards online shopping was influenced by convenience, offers, excitement and interactivity. In addition, *loyalty* of consumers for online shopping was influenced by convenience, excitement, offers and interactivity. Besides, dimensions of *service quality* of online shopping have direct and positive influence on satisfaction of consumers towards online shopping and in turn, satisfaction has direct and positive influence on loyalty of consumers for online shopping. In overall, it is concluded that the online shopping in Chennai city is underutilized at present by online retailer and it has huge potential for both present and future situations also.

INTRODUCTION

Online shopping is one of the latest purchasing methods, which relies on the Internet. In the forth coming years, it could be the preferred way to purchase for its simplicity and easiness despite the fear of many because of its potential risks. The Internet is providing the possibility of creating new patterns and forms of mediation between online retailers and consumers, at which the network is working to develop new channels for information and services such as research, evaluation, comparing prices on offer, assessing the need, matching the product,

retrieval and security services. This information all facilitate the process of making a purchase decision by the consumer. Despite the availability of the necessary infrastructure for online transactions and the growing number of computers' users, that does not reflect a rise in the volume of online shopping, as the volume of transactions between corporations and consumers is still little. Online shopping of consumers is depending mainly on their knowledge on internet, incentives and past experiences. Online consumers always desire to search information within few clicks and attain to the most pertinent information based on their requirements namely best brands, better price offers, product features, quality services and word of mouth.

As consumers are ready to purchase services and products through online with reliable information, online retailers should give truthful information for their consumers to reduce their perceived risk. Therefore, the online retailers improve online purchasing of consumers through perceived value, perceived risk and perceived trust and pleasurable shopping experiences. Besides, online retailers must bear in mind that consumers are unlikely to compromise on product features namely quality, price and performance. Nowadays, considerable quantum of consumers has fair knowledge on online shopping and willingness to select online shopping over offline shopping. At the same time, the retailers which adopt online shopping methods face a number problems that include demand variation, unawareness of consumers about online shopping and their utilities, unfavorable attitude and perception of consumers towards online shopping, dynamics in purchasing, dissatisfaction and disloyal of consumers with online shopping.

NEED FOR THE STUDY

Online marketing is basically addressing the consumer's needs more effectively and efficiently with better product and services with better price, shopping access and deliver. A good online retailer constantly adapts to change and to satisfying consumers need in better way. Sometimes opportunity to address the consumers in better way is designed by online retailers himself and sometimes it is offered by the technology. Internet is changing the way consumers shop for products and services and has rapidly evolved into a global event.

Online retailers are rapidly moving towards offering cutting edge online retail services through their websites. Online shopping experiences of consumers are central component in online shopping that influence risk perception, satisfaction and loyalty of consumers towards online shopping. In addition online service quality has very significant role in consumer satisfaction and loyalty towards online shopping and also overall performance of online retailers. Therefore, a detailed study on impact of online shopping experience on risk perception, satisfaction and loyalty of consumers is necessary for both consumers and retailers in online shopping environment.

SCOPE OF THE STUDY

The study covers the areas like: (a) service quality of online shopping (b) online shopping experiences of consumers and risk perception of consumers in online shopping (c) satisfaction and loyalty of consumers towards

online shopping. This study would help to revisit the existing online service and retailing strategies, website and online shopping attributes and reduce risks associated with online shopping in order to enhance satisfaction and loyalty of consumers towards online shopping. The scope of study is limited to consumers of online shopping in Chennai city only.

STATEMENT OF THE PROBLEM

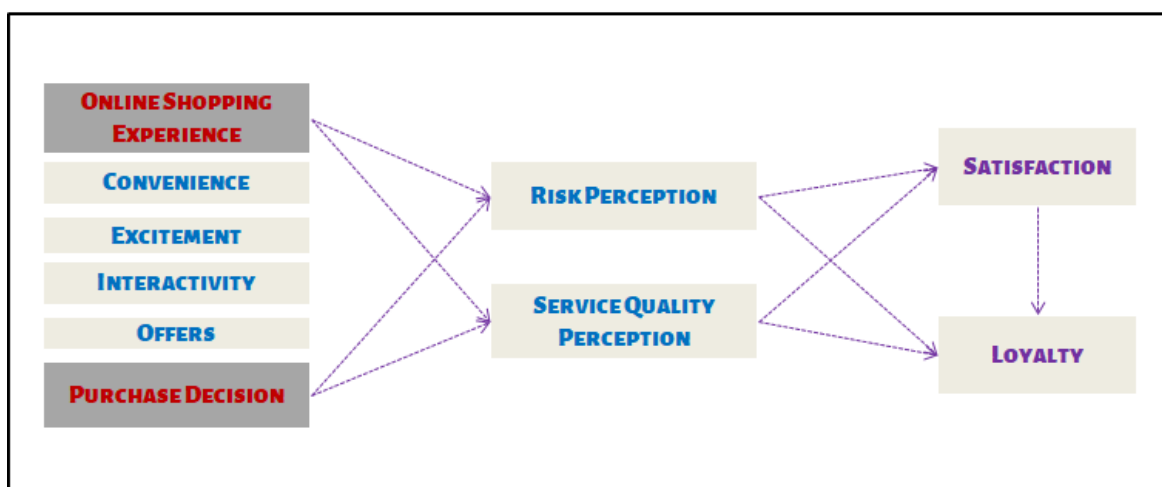
Presently, vast numbers of retailers are directly reaching the doorstep of consumers and provide the most satisfying products and services through online marketing. Though online marketing in India is low in comparison with the western parts of the world, it is growing at a faster rate in India. There is a great potential for online market in India as information and communication technologies are becoming an unavoidable part of life. In online shopping environment, personal, psychological, cultural and social factors still have influencing role in decision making of consumers for online shopping.

In online shopping, consumers mostly interact with retailers through a cold technical interface and services and products are delivered by logistics providers without direct involvement of consumers. This causes many service quality issues in online shopping. Online shopping has changed purchase pattern and habits of consumers and provides convenience for searching and comparing information in online platforms and it offers consumers different kinds of online shopping experiences.

Consumers are ready to accept online shopping, but they have fear of different types of risks related with it and these are deterrents of online shopping. Meanwhile, online retailers have to meet and satisfy the needs and wants of consumers of online shopping in order to remain competitive and attract more number of consumers towards online shopping in addition to retaining existing online consumers intact with them. At the same time, online shopping experiences of consumers are related with their risk perception, satisfaction and loyalty towards online shopping.

CONCEPTUAL MODEL OF THE STUDY

ONLINE SHOPPING EXPERIENCE – CONCEPTUAL MODEL



2. REVIEW OF LITERATURE

- Chahal (2015) found that convenience, save money or low cost of product, availability of wide variety of product, save time and secure transaction were the factors affecting consumers purchasing decision towards online shopping. The online retailers and marketers needed to focus on these factors, so that they could retain their existing online customers and attract new customers.
- Pavan et al (2016) concluded that majority of the customers spent enough time in internet for online purchase and they also spent some considerable amount through online shopping. They were conscious in purchase factors such as service quality, ease of use, security and payment process while they purchased online.
- Sulaiman et al (2017) found that product risks, delivery risks, privacy risks, and financial risks were the risks associated with online shopping
- Azadavar et al (2011) concluded that privacy and security risk was associated with online shopping. It was found that an anxiety regarding security of personal information had a negative influence on online shopping and decrease frequency of online shopping.
- Zhang et al (2012) revealed that perceived health risk, perceived time risk, perceived quality risk, perceived delivery risk and perceived after sale risk was significantly associated with consumer purchase decision through online.
- Karim (2013) showed that time saving, information availability, opening time, ease of use, websites navigation, less shopping stress, less expensive and shopping fun were affecting customer satisfaction in online shopping.
- Su (2014) indicated that ease of use, aesthetic design, processing speed, and security were service quality dimensions of online shopping.
- Bhagat (2001) found that e-commerce websites, display of products and services by websites and after sales service and logistics were influencing online purchasing decision of consumers.
- Rust et al (2002) concluded that security, privacy, the ease of use, responsiveness of their customers and efficiency of their own systems were service quality of online shopping.
- Yang et al (2003) revealed that Responsiveness, credibility, ease of use, reliability, convenience, communication, access, competence, courtesy, personalization, continuous improvement, collaboration, security/privacy, aesthetics were the service quality of online shopping.

MccLoskey (2004) stated that consumers experienced usefulness, ease of use, security concerns through online shopping.

Shergill et al (2005) indicated that situational factors, website reliability, customer service, website design, ambience and functionality, easy to use were important factors influencing online purchasing decision of consumers.

Miyazaki et al (2006) showed that technological developments in e-commerce was increasing consumers' ability to making a better decision to purchase due to accessibility to more information. However, at the same time this also reduced their ability to be anonymous and made them less transparent to the retailers.

Cristobal et al (2007) found that a four-dimensional model indicating other aspects of eservices, in addition to the design and usability, which affected the consumer's perception of eSQ and included web design, customer service, assurance, and order management.

Liu et al (2008) indicated that transaction ability, response, security/privacy, and payment system, delivery and customer service were affected online customer satisfaction.

Delafrooz et al (2009) showed that utilitarian orientations, convenience, price and wider selection were significant determinants of online shopping decision of consumers.

Yanyang et al (2010) found that caring for customers, paying attention to personalized consumption, enhancing service guarantees, making barriers to exit, and communicating with customers were associated with customer loyalty.

3. RESEARCH METHODOLOGY

OBJECTIVES OF THE STUDY

- 1) To identify the Factors influencing *Purchase Decision* of consumers for online shopping.
- 2) To study the *Perception* of consumers about *Service Quality* of online shopping.
- 3) To examine the Online Shopping *Experiences* of consumers.
- 4) To study the *Risk Perception* of consumers in online shopping.
- 5) To ascertain the *Satisfaction and Loyalty* of consumers towards online shopping

HYPOTHESES OF THE STUDY

H₀1: There is no significant difference in factors that influence purchase decision for online shopping among socio-economic profile of online shopping consumers.

H₀2: There is no significant association in preference of websites for online shopping among socio-economic profile of online shopping consumers.

H₀3: There is no significant difference in service quality of online shopping among socio- economic profile of online shopping consumers.

H₀4: There is no significant difference in online shopping experiences among socio-economic profile of online shopping consumers.

H₀5: There is no significant difference in risk perception in online shopping among socio- economic profile of online shopping consumers.

H₀6: There is no significant impact of online shopping experiences of consumers on their risk perception in online shopping.

H₀7: There is no significant association in satisfaction about online shopping among socio- economic profile of online shopping consumers.

H₀8: There is no significant relationship between factors which influence purchase decision of consumers for online shopping and their satisfaction towards online shopping.

H₀9: There is no significant impact of online shopping experiences of consumers on their satisfaction towards online shopping.

H₀10: There is no significant association in loyalty towards online shopping among socio- economic profile of online shopping consumers.

H₀11: There is no significant impact of online shopping experiences of consumers on their loyalty towards online shopping.

H₀12: There is no significant structural relationship between service quality of online shopping, satisfaction and loyalty of consumers towards online shopping.

RESEARCH DESIGN

The descriptive research design is chosen for the present study. This study explains factors that influence purchase decision for online shopping among, service quality of online shopping, shopping experiences, risk perception, satisfaction and loyalty of consumers towards online shopping and also provides meaningful relation

between factors which influence purchase decision of consumers for online shopping and their satisfaction towards online shopping and impact of online shopping experiences of consumers on risk perception, satisfaction and loyalty of consumers for online shopping.

SOURCE OF DATA

Both primary and secondary data are collected for the study. The primary data are collected from the consumers of online shopping in Chennai city. The secondary data are collected from the sources like books, research studies, and research reports, national and international journals and on line journals.

SAMPLING DESIGN

Chennai city is chosen for the present study. The consumers of online shopping are selected by using convenience sampling method. The sample size is 711 consumers of online shopping.

STRUCTURE OF QUESTIONNAIRE

The questionnaire is designed as following parts.

PART-I – consists of *socio-economic profile* of consumers of online shopping.

PART II – deals with *factors influencing purchase decision* of consumers for online shopping.

PART III – includes *preference of websites* by consumers for online shopping.

PART IV – comprises of *service quality* of online shopping.

PART V – consists of *online shopping experiences* of consumers. **PART VI** – deals with *risk perception* of

consumers in online shopping **PART VII** – includes *satisfaction* of consumers about online shopping. **PART**

VIII – comprises *loyalty* of consumers towards online shopping.

STATISTICAL TECHNIQUES USED

The data are analysed through various statistical techniques in order to study objectives and testing hypotheses based on nature and structure of data. The statistical techniques used for data analysis for the present study is percentages, mean, standard deviation, t-test, ANOVA test, Chi-Square test, exploratory factor analysis, confirmatory factor analysis, multiple correlation, multiple regression and Structural Equation Model (SEM).

4. MAJOR FINDINGS OF THE STUDY

1. The value for money, easy to use and website features are the factors that influence purchase decision of online shopping of consumers. Half of consumers of online shopping have moderate level of perception

for factors that are influencing purchase decision of consumers for their online shopping.

2. More than two third of consumers of online shopping have moderate level of perception for service quality of online shopping. The convenience, interactivity, excitement and offers are online shopping experiences among consumes.
3. Nearly two third of consumers of online shopping have moderate level of perception for online shopping experiences. Nearly two third of consumers of online shopping have moderate level of perception for risk in online shopping.
4. The convenience, excitement, interactivity and offers are negatively and significantly impacting risk perception of consumers in online shopping. More than two fifth of consumers of online shopping have moderate level of satisfaction for online shopping.
5. The value for money, easy to use and website features are positively, highly and significantly are related with satisfaction of consumers towards online shopping. The convenience, offers, excitement and interactivity are positively and significantly impacting satisfaction of consumers for online shopping.
6. Half of consumers of online shopping has moderate level of perception towards loyalty towards online shopping. The convenience, excitement, offers and interactivity are significantly and positively impacting loyalty of consumers towards online shopping.

LIMITATIONS OF THE STUDY

The present study is restricted to online shopping experience on risk perception, satisfaction and loyalty of consumers in Chennai city only. The other aspects of online shopping are not taken in to consideration in this study. The limitations of convenience sample method for data collection are also applicable for the present study. The demerits and limitations of the field level survey are highly pertinent to the present research. The data gathered from consumers of online shopping have recall biases.

CONCLUSION

This present research investigated the impact of online shopping experience on risk perception, satisfaction and loyalty of consumers. Secondly, service quality of online shopping as well as relation between factors which influence purchase decision of consumers for online shopping and their satisfaction towards online shopping was assessed. Thirdly, structural relationship between service quality of online shopping, satisfaction and loyalty of consumers towards online shopping was also evaluated. By using the data gathered from consumers of online shopping in metropolitan city of Chennai of Indian continent, some salient finding were made. This study witnessed that consumers develop loyalty towards online shopping when online retailers provided convenience, excitement, offers and interactivity to consumers of online shopping and also gave better services and enhanced

satisfaction of consumers of online shopping.

More over, the risk perception of consumers in online shopping is impacting by online shopping experiences of consumers namely convenience, excitement, interactivity and offers. The satisfaction of consumers towards online shopping is impacting by convenience, offers, excitement and interactivity. In addition, loyalty of consumers for online shopping is impacting by convenience, excitement, offers and interactivity. Besides, dimensions of service quality of online shopping have direct and positive influence on satisfaction of consumers towards online shopping and in turn, satisfaction has direct and positive influence on loyalty of consumers for online shopping. In overall, it is concluded that the online shopping in Chennai city is under utilized at present by online retailer and it has huge potential for both present and future situations also.

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