Chapter 6
E–Satisfaction and E–Loyalty:
Two Main Consequences of Online Buying Attributes

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ABSTRACT

The aim of this study is to examine the effect of most important factors of online shopping such as brand, price, and service quality on consumer's e-satisfaction and e-loyalty comparatively. It is for understanding the better online shopping in the Indian e-commerce context. The paper uses thorough literature review of closely related articles to analyze and confirm the conceptual model proposed in the research. The results indicate that Indian consumers are still price sensitive and influenced by branded products and excellent service quality while online shopping. However, service quality directly as well as positively affects both e-satisfaction and e-loyalty. The paper is different of its kind to discuss comparatively to the impact of brand, price and service quality on Indian customer e-satisfaction and e-loyalty. The study shows that the service quality aspects of online shopping websites need to be strengthened to motivate consumers to buy online.

1. INTRODUCTION

India has a vast population and growth prospects for e-commerce. Globally, India ranked number one in 2005 and 2006 for consumer market potential in the retail industry (Marubeni, Research Institute Report, 2006). Fuelled by high economic growth and second only to China, per capita, purchasing income in India has risen 70 percent since 1998 (Marubeni Research Institute Report, 2006). So this indicates that there is enormous scope for growth in both traditional and online retail arenas. India's population (totaling 1.08 billion) is highly involved in internet use (Marubeni Research Institute Report, 2006).

The prior studies show that the online shopping has a bright future in India, if internet users become the internet buyers, it predicts a large online business in India. But despite a lot of potential consumers from diverse cultures, there is little research on the underlying characteristics together such as brand, price, and service quality that impel these different groups to purchase online (Jarvenpaa et al., 1999).

Previous studies report that satisfaction and loyalty are two important variables in the traditional environment. However, researchers have recently discovered that the online environment offers many opportunities for interactive and personalized marketing (Burke, 2002), advertising (Li and Lee, 2006). The development of online trust, satisfaction, and loyalty (Anderson and Srinivasan, 2003; Yoon, 2002) were considered significant aspects. As Shankar et al. (2003) have noted, "Firms need to gain a better understanding of the relationship between satisfaction and loyalty in the online ambiance to allocate their online marketing efforts between satisfaction initiatives and loyalty programs. In this highly competitive market of online shopping, the media have experienced a massive transformation over the past decade (Mangold and Faulds, 2009). Recent Statistics indicates that the number of people accessing the internet exceeds two billion four hundred thousand, i.e. 34% of the global population by (Internet World Stats, 2013). Moreover, one out of seven people in the world has their personal ID on the social media like Facebook (Neilson, 2012). With the number of Internets and social media users growing worldwide, it is essential for communication managers to understand online consumer behavior. In India 12 million people found to be active Internet surfers, which is 10.2 percent of its total population. Presently online shopping market in India is 46 million and is expected to treble in the next five years (Verma et al., 2012). Increased penetration of the Internet in smaller cities of the country, coupled with changes in the demographics, handles the growth of online shopping websites (Rakesh, et al., 2012).

Internet marketing firms in India used price promotions and branded products to attract and sustain consumers but still it is unclear that on which factors they should focus on online shopping. The top latest Internet shopping websites such as Flipkart and Amazon offer low prices comparative to the physical market and discounts and promotional offers in branded products to attract Indian customers. New ventures in online shopping are focusing on low prices to attract and retain users and earn profits. Internet shopping is still in the infant stage in the country. Consumer online shopping behavior is limited to browsing and surfing the Internet, but it varies customer to customer. Low prices offered by e-commerce websites are necessary for attracting non-buyers. Research suggests that Indian consumers are price oriented, and they seek discounts, and it affects their purchase behavior.

Online shoppers can compare different products and services, prices, features and services easily on the Internet. For small differentiation goods or services, consumers can examine the price and promotions at their leisure on the web. Online shopping web portals in India are focusing towards increasing their returns and profits (Rakesh, et al., 2012). While prior studies have empirically shown that the e-satisfaction and e-loyalty were most important aspects of online shopping, and there were so many studies conducted in this field, but there was a dearth of comparative study, to understand the factors which affect the most e-satisfaction and e-loyalty. So the objective of this research is first, to find out the most influencing attributes of online buying behavior out of the brand, price, and service quality comparatively. Secondly, to establish the relationship between these three variables. With this research, we are trying to throw some light on the online buying behavior of customers.

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