

Chapter 4

Do Digital Service Channels Influence Consumer Satisfaction?

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ABSTRACT

The evolution of technology has ushered in a new era of communication between businesses and consumers, offering an array of digital channels to influence consumer behavior. This study explores the intricate relationship between these digital service channels and customer satisfaction while exploring how demographic variables moderate this relationship. According to a survey of 189 Delhi NCR residents, digital service channels, particularly those that are simple to use, convenient, and personalized, significantly increase customer satisfaction. However, the impact of these channels varies on demographic factors, suggesting a nuanced interplay between technology and individual characteristics. This study sheds light on an often-overlooked aspect in existing literature. This research underscores the need for businesses and policymakers to adopt a more tailored and inclusive approach. This study also has practical implications for businesses and government entities, offering valuable guidance in developing consumer-centric policies and initiatives.

1. INTRODUCTION

‘Digital channels’ are defined as digital shopping formats that are used by businesses to offer online shopping opportunities to consumers (Wagner, Schramm-klein and Steinmann, 2020; Pires *et al.*, 2022). It helps companies make shopping an emotional experience for consumers (Behera *et al.*, 2020). Companies from a wide range of industries, sectors, and sizes are implementing innovative digital strategies to attract more customers and enhance their experience (H. M. Taiminen and Karjaluo, 2015; Marco

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et al., 2017; Styvén and Wallström, 2017). Some of the popular digital channels used by top companies like Amazon, Apple, Facebook, Microsoft, Tesla, Uber, Spotify, Adobe, and Slack are email, social messaging, social media, live chats and chatbots, Virtual Reality (VR) and Augmented Reality (AR), voice agents, and mobile apps (Ramachandran *et al.*, 2017). McKinsey revealed that in every country and region, the willingness to consider digital channels is more than 70% (Khon *et al.*, 2022). Thus, in today's interconnected world, using digital service channels is not a choice but a necessity for companies to target consumer experience and satisfaction.

Statistics show that the usage of the Internet has developed quickly during the past decade, and the exact figures show that over 90% of society already handles at least one digital channel. (Fin-Stat, 2023)

Sophisticated digital channels have the capability to deliver responses to intricate customer inquiries that necessitate comprehension of the conversational context, in addition to handling straightforward transactions like product returns and reservations. In the case where a problem cannot be resolved through the channels, it can be escalated to a human agent, thereby safeguarding consumer satisfaction. However, the adoption and acceptance of digital channels for customer service management are influenced by a variety of factors. One such aspect is service quality, which has conventionally been defined as the customer's evaluation of the service received in terms of its overall excellence or superiority. In order to establish competitive advantages, companies are increasingly optimizing their service quality. This holds particularly true with regard to e-commerce and e-services, where the integration of digital channels such as chatbots presents encouraging prospects for enhancement (Misischia *et al.*, 2022). Research has indicated that the effectiveness of information system implementations is significantly influenced by the quality of the digital service channel (Hsu & Lin, 2023).

The customers' expectations are higher nowadays with the development of digital platforms, and they want seamless services and easy usage, but does it always need to be online and faceless service? You might think everyone wants to do the same thing as you, but there are as many opinions and thoughts as there are people. Someone might want to handle all their matters over a mobile application or any other digital platform, but there might still be more people than we think who want personal contact. One crucial aspect to keep in mind is that in what matters, people want to use different satisfaction channels.

Customer satisfaction is the attitude of the consumer that affects the purchase which directly influences the repurchase intention of the person (Bilgili and Ozkul, 2015). Faced with the existence of rapid technological innovations and increased regulatory constraints, the focus of companies on customer satisfaction is important to work on service loyalty relationships and service quality (Dash, Kiefer and Paul, 2021). It also helps businesses raise their profitability along with deriving consumer trust. However, over the years, the concept of consumer satisfaction has changed. Initially, good quality consumer service by salespersons was regarded as the means of satisfying consumers but now the demands of consumers are more customized which are according to their lifestyles, needs, and tastes (Lee, 2018; Lee and Lim, 2018). The evolution of technology helped in providing more customized services to customers, and Netflix and FedEx are primary examples (Lee and Lee, 2020).

In the literature, it was found that most studies connected either digital channels or demographic variables to customer satisfaction. In the context of Indian fintech enterprises, customer service is the primary determinant of customer satisfaction. Concerning general information, consumers may approach digital channel teams; for responses, the teams will provide assistance through digital channel platforms and can be reached via email, IVR, or in-person customer service. However, given that the preferences of the consumers are affected by their needs, desires, and lifestyles, demographics form a key component of the extent to which digital channels affect customer satisfaction. Moreover, there is extant literature

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