



FACTORS INFLUENCING E-LOYALTY TOWARDS ONLINE SHOPPING – AN EMPIRICAL STUDY

Vinoth. S* Dr. S.G. Balaji**

Research Scholar, Bharathiar University, Coimbatore & Assistant Professor, MEASI Institute of Management, Chennai.
Associate Professor, MEASI Institute of Management, Chennai.

Abstract

People turned to the Internet to buy everything from diapers to books, houses and even groceries this year, pushing e-commerce revenues in the country. Factors like spiralling inflation and slower economic growth failed to dampen the online shopping frenzy as more and more companies opted for selling wares through the internet route, offering innumerable options and discounts to buyers. Increasing Internet penetration and availability of more payment options boosted the e-commerce industry. Besides electronics, customer traction grew considerably in categories like fashion and jewellery, home and kitchen and lifestyle accessories like watches and perfumes.

More personalised offers, loyalty programmes and better customer care is what most e-commerce companies would focus on to offer customers a richer, more relevant online experience. An innovation that will "revolutionise" e-commerce in India is cost optimisation through warehouse and logistics management that will enable companies to do profitable business.

According to analysts, factors like growing Internet penetration, increasing spending power, availability of multiple payment methods like credit/debit cards, cash on delivery, combined with faster adoption of smart phones and tablets are contributing to the growth of the sector. "Mobility most likely will be the trend to look forward to the next year. Mobile commerce would be huge as more and more people access Internet through tablets and smart phones.

Keywords: E-Commerce, Cost Optimisation, Internet Penetration, Mobile Commerce.

1. Introduction

1.1 Online Market in India – Overview

Average online purchases in India are expected to increase on the back of attractive deals and aggressive marketing of merchandise. Unfazed by slowdown, average online purchases are expected to increase by 78 percent in 2016 from 66 percent in 2015, due to attractive deals and aggressive marketing of ever-expanding range of merchandise from clothes to jewellery, from electronics to books.

Overall the e-commerce industry, worth \$25 billion (roughly Rs. 1,66,296 crores), has been growing at a compound annual growth rate of about 35-40 percent a year, and is expected to cross the \$100 billion (roughly Rs.) mark in five years. E-commerce is big business and getting bigger every day. Online shopping has been embraced by Indians with close to 8-10 million adults making a purchase via the Internet in the last year. Computer and consumer electronics, along with apparel and accessories, will contribute 40 percent of the total retail e-commerce sales in 2016, from the current level of 35 percent.

1.2 Role of Smart Phones in Online Sales

Around 55 million consumers shopped online in 2015 and the number is expected to grow to 80 million this year with better logistics. The growth of e-commerce has been driven by aggressive merchandising and discounting from flash sales and daily deals, more online loyalty programmes and increasing popularity of smart phones and tablets among consumers. The smart phone and tablet shoppers will be strong growth drivers. Mobile phones already account for 11 percent of e-commerce sales, and their share will jump to 25 percent by 2017.

1.3 E-Loyalty

Today's customer is not limited by geography like their counterparts just a generation ago. Nothing stops a customer sitting in South Africa from buying a boomerang from an ecommerce site in Australia. Similarly, their sources of information about products and services are vast and varied. The only way an ecommerce business can hope to build a large and loyal customer base in today's information saturated market is by being present where your customers are and engaging them in ways they prefer.

A well-thought out customer retention program is step one towards this goal. Notifications about new launches via your mobile app, reminders about wish-list items being available via email, reminders about complementary items to their last purchase, greetings on special occasions like birthdays, anniversaries and the holidays are all simple yet extremely effective ways of maintaining top of mind recall. Brand loyalty, after all, would ultimately stand the websites in good stead.



2. Statement of the Problem

One of the toughest challenges that ecommerce businesses and online retailers face is earning customer loyalty. A face to face interaction at a brick and mortar store has a far higher chance of building a real connection with a customer than a fleeting online interaction does. Smart retailers and entrepreneurs realise that their customers are central to their success, and it is important to build a lifelong relationship with them. They also understand that earning their customers' loyalty is no cakewalk and comes only with giant doses of ecommerce wizardry (cue Amazon). Developing a user interface that exceeds expectations, offering "performance-oriented" customer service that anticipates and prevents problems before they arise, and tackling the sticky issue of shipping and returns deftly are some of the many little building blocks that make a truly great ecommerce experience.

3. Need for the Study

With online market places steadily gaining traction with consumers, retailers need to determine the best ways to enhance brand equity, grow reach, and gain direct customers. Online marketplace product selection impacts the consumer shopping experience, which, in turn, drives customer loyalty. With an increased focus on customer loyalty, retailers looking to expand their presence in the online marketplace may very well see increased sales and repeat customers. But it isn't just retailers who may benefit. Online marketplace can improve the overall customer experience as well. For customers, shopping at an online marketplace helps them find products they may not have otherwise encountered and allows them to buy from multiple retailers all in one transaction.

First need is to understand the "experience attributes" customers' value most. These may include ease of accessing and using an offering, ease of obtaining service support before and after a purchase, a product's quality or aesthetics, and a sense that an offering enhances a customer's personal brand or connection with others.

4. Objectives of the Study

1. To analyse the various factors that influence online shoppers E-Loyalty.
2. To determine the customer preferences towards products in online shopping
3. To find out the retention strategies adopted by online companies.

5. Review of Literature

According to Lin (2011), product quality has improved customer's satisfaction in internet shopping at a higher level. Moreover a customised online product has been offering consistent quality and provides better product depth and length and ensures 24x7 customer care for product availability to their customers. Hence, these sorts of e-tailor product related characteristics can develop, sustain and improve customers trust in internet shopping.

According to Weisberg (2011), it was found out that customer has attractiveness towards purchasing online increases when they had higher goodwill towards the website. The higher degree of e-trust among customers makes brings in positive advice to prospective customers. E-trust is the core for long-term association between online companies and customers and improves the level of trust. Online repurchase decision is based on higher level of e-trust and trustworthy.

According to Hui and Kejin (2009), it was identified that factors affect individuals' online purchase intention was empirically tested using data collected from a survey of online consumers in Shanghai. The findings of this study showed that perceived usefulness, compatibility and trust positively affect consumers' attitude. The results also revealed that attitude positively affects consumer's purchase intention.

According to Jones and Leonard (2008) it was evaluated that internal and external factors that affect individuals' trust in consumer-to-consumer electronic commerce. The internal factors that affect trust were natural propensity to trust and perception of web site quality and external factor that affect trust were others trust of buyers or seller. With regard to the website quality, they suggested the importance of having updated web site and proposed that businesses should put more effort to create high quality web site.

According to Jiang, Chen and Wang (2008), it was determined the relationship between knowledge and trust in consumers' online shopping behaviour. The relationship between knowledge, trust in online shopping, and the intention to go shopping online. Based on the responses, the study revealed that knowledge is positively associated with trust and online shopping activities. People who know more about online shopping tend to trust and are more willing to shop online.

6. Research Methodology

7.1 Research and Sampling Methods

In this study, a convenience sampling technique is adopted. The research methodology adopted is Descriptive research.



7.2 Sampling Size

Sample size for the study is 180. The study is limited within Chennai city. Questionnaire for collection of data from target respondents has been used. The study was conducted among the age group of 18 to 55, who had previous online shopping experience in any retail segment (web store). Time period of the study is limited from **Feb 2016 to March 2016.**

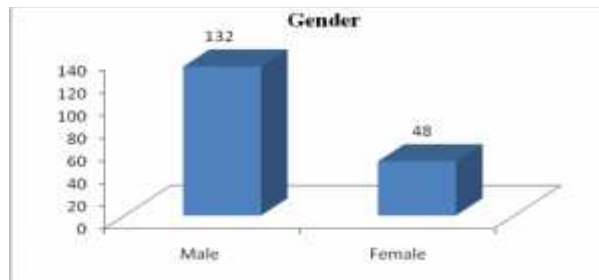
7.3 Statistical Tools Used

The primary data collected is analyzed by **chi-square test and correlation.** Zhao H1, Speed TP, Mc Peek MS.1995 Feb;139 (2):1045-56 cites that the chi-square model (also known as the gamma model with integer shape parameter) for the occurrence of crossovers proposed as a description of interference that was mathematically tractable. It interprets the goodness-of-fit statistics appropriately when there are some recombination classes that have only a small number of observations.

7. Results

Table 8.1 - Demographic Factors

Gender	Frequency
Male	132
Female	48
Total	180



Age	Frequency
18-25 years	42
26-35 years	85
36-45 years	49
46-55 years	4
Total	180

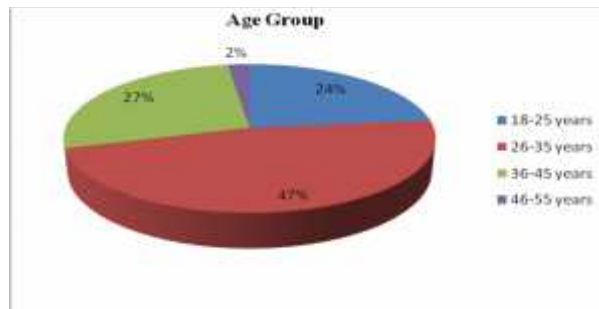


Table 8.2 - Online Companies Preferred

Online Companies Preferred	Yes	No
Flipkart	133	47
Amazon	97	83
Snapdeal	93	87
Ebay	76	104
Jabong	79	101
Myntra	45	135

Table 8.3 - Products Preferred Online

Products preferred online	Yes	No
Apparels	91	89
Electronic gadgets	110	70
Jewel Accessories	93	87
Watches	61	119
Fashion Accessories (Shoes, Belts, etc)	67	113
Books	36	144



Table 8.4 - Frequency of Online Purchase

Frequency of Online Purchase	Frequency
Weekly	8
Monthly	36
Quarterly	67
Half yearly	46
Yearly	23
Total	180

8.5 – Chi Square Test

Age Group * Factors That Influence Buying Online Again – Cross Tabulation Count

		Factors that influence buying online again						Total
		Price / Offer	Varieties	Brand	Prompt delivery	Convenience	Trustworthy	
Age group	18-25	16	5	10	7	3	1	42
	26-35	24	20	31	3	5	2	85
	36-45	32	6	6	4	0	1	49
	46-55	1	0	1	0	2	0	4
Total		73	31	48	14	10	4	180

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	45.767 ^a	15	.000
Likelihood Ratio	39.893	15	.000
Linear-by-Linear Association	3.909	1	.048
N of Valid Cases	180		

Degree of freedom = 15
 Level of Significance = 0.05
 p value = 0.000
 p value < 0.05
 Null hypothesis is rejected.

Symmetric Measures

		Value	Approx. Sig.
Nominal by Nominal	Phi	.504	.000
	Cramer's V	.291	.000
N of Valid Cases		180	

Cramer's V = 0.291

Inference

There is a moderate association between age and factors that influence buying online again.

8.6 Correlation

Correlations

		Frequency	Satisfaction
Frequency of purchase	Pearson Correlation	1	.039
	Sig. (2-tailed)		.602
	N	180	180
Satisfaction on quality	Pearson Correlation	.039	1
	Sig. (2-tailed)	.602	
	N	180	180

Karl Pearson coefficient of correlation = 0.039



Inference

It is inferred that there is a weak correlation between frequency of purchase and satisfaction level towards quality of products purchased.

9. Discussions

9.1 Findings of the Study

Loyalty of online customers is highly influenced by price / discounts / offers and is followed by brand and varieties of products offered. Flipkart is identified as the most preferred online company followed by Amazon and Snapdeal. Majority of the respondents purchase online once in 3 months. The customers are neutral and satisfied with the quality of the products purchased online. Electronic gadgets are the most frequently bought product online followed by jewel accessories and apparels.

9.2 Suggestions

The online companies should ensure that the qualities of the products delivered by the sellers are monitored periodically. Jabong, E bay and Myntra could develop effective marketing strategies to increase their market share. The companies should focus in providing discount offers and also increasing the variety of brands available to retain loyal customers. The online companies should make sure that the promotional offers reach customers through effective online media.

9.3 Conclusion

The study throws light on the factors essential for retaining loyal customers. The study evaluates the satisfaction level on the various parameters towards online products. The internet and smart phones have certainly changed the way of shopping. But, a customer chooses a product, buys and pays for it which is exactly the same as conventional shopping.

Customers review or evaluation, actively communicates with buyers and find out the reason why the customers are not satisfied, and give reasonable explanation. The after sales service relationship with customers, retain more customers and improves the overall customer satisfaction. Merchant's description on commodity information online is the most important criteria as the virtuality of the network shopping does not allow customers to have experience and appearance on the product's quality.

References

1. Fang, Y., Qureshi, I., Sun, H., mccole, P., Ramsey, E. & Lim, K.H. (2014). Trust, satisfaction and online repurchase intention: The moderating role of perceived effectiveness of e-commerce institutional mechanisms. *MIS Quarterly*, 38, 2, 407-427.
2. Fredriksson, T. (2013). E-commerce and development: Key trends and issues, [Online] Available: http://www.wto.org/english/tratop_e/devel_e/wkshop_apr13_e/fredriksson_ecommerce_e.pdf (June 21, 2014)
3. Shin, J. I., Chung, K. H., Oh, J. S. & Lee, C. W. (2013). The effect of site quality on repurchase intention in Internet shopping through mediating variables: The case of university students in South Korea. *International Journal of Information Management*. 22, 453-463.
4. Fung Business Intelligence Center (2013). Online retailing in China 2013 Online Access: < http://www.fungroup.com/eng/knowledge/research/china_dis_issue111.pdf>
5. Li Dongjin, Wu Bo, Li Yan. The Influence of Product Return on Purchase Regret in Remote Purchase Environment [J]. *Nankai Business Review*, 2013(5), pp 77-89.
6. Ltifi, M., Gharbi, J.-E., (2012). E-Satisfaction and E-Loyalty of Consumers Shopping Online. *J. Internet Bank. Commer.* 17.
7. L. D. Pleessis, "Customer relationship management and its influence on customer loyalty at Liberty Life in South Africa," University of Johannesburg, 2010.
8. S. Alam and N. M. Yasin, "What factors influence online brand trust: evidence from online tickets buyers in Malaysia," *Journal of Theoretical and Applied Electronic Commerce Research*, vol. 5, issue 3, pp. 78-89, December 2010.