

## "EVALUATING THE INFLUENCE OF E-SERVICE QUALITY ON CUSTOMER SATISFACTION AND LOYALTY IN ONLINE RETAIL".

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### ABSTRACT

The aim of this study is to assess the influence of electronic service quality on customer satisfaction and loyalty in the context of online shopping. The increasing utilization of the Internet and online shopping presents significant opportunities in the e-commerce sector. Consequently, electronic service quality (e-SQ), satisfaction, and loyalty become essential for online retailers to attract and retain customers in this digital environment. The findings reveal that e-service quality has a positive and substantial effect on customer satisfaction. Additionally, customer satisfaction positively and significantly impacts loyalty. The indirect effect of e-service quality on loyalty surpasses the direct effect, indicating that satisfaction plays a crucial role in fostering customer loyalty. This research offers a deeper understanding of the relationship between e-service quality, satisfaction, and loyalty in the realm of online shopping.

### 1. INTRODUCTION

The technological surge in India is a well-recognized phenomenon with a positive impact on the economy. Due to globalization and technological advancements, the internet has become an exceptional platform for various businesses to deliver products and services to customers worldwide. The e-commerce industry has experienced remarkable growth alongside fierce competition. Unlike physical stores, online businesses offer convenience to customers, allowing them to place orders from home, pay with credit cards, and have goods delivered to their doorstep. Companies leverage this sales channel extensively to compete in the e-commerce market.

The swift advancement of information technology has led to cultural shifts, with customers increasingly opting for e-commerce over physical stores. Traditional businesses have sought a competitive edge by utilizing e-commerce to engage with customers (Lee and Lin, 2005). In the online marketplace, competition can easily emerge due to low entry barriers (Wang et al., 2016). From the customer's perspective, switching to another online store involves minimal costs (Mutum et al., 2014). In both physical and online businesses, customer purchasing experiences influence future behavior, including re-purchase intent, store revisit intent, and word of mouth (WOM) (Chang and Wang, 2011). The rapid growth of online shopping has spurred research efforts to identify factors driving customer satisfaction, which is considered key to evaluating website service quality and determining whether customer expectations are met. This study addresses this issue by examining the indirect impact of confirming customer expectations on the relationship between website service quality and customer satisfaction in online shopping.

### OBJECTIVES

1. To examine customer satisfaction in relation to e-service quality.
2. To determine the impact of e-SQ on customer loyalty.
3. To explore the impact of customer satisfaction on customer loyalty.

### 2. LITERATURE REVIEW

#### 2.1 E-service quality

Electronic service quality is typically defined as the gap between expected service and perceived service (Gronroos, 1982). According to Zeithaml, Parasuraman, and Malhotra (2002), e-service quality is the extent to which a website facilitates efficient and effective shopping, purchasing, and delivery of products and services. For instance, Lee and Lin (2005) identified key factors influencing customer perception of e-service quality in online shopping, such as user-friendliness, reliability, security, responsiveness, and trust mechanisms provided by a website. Fassnacht and Koese (2006) suggest that high-quality services offer a competitive advantage.

#### 2.2 Customer satisfaction

Kotler (2000) defined satisfaction as a feeling of pleasure or disappointment resulting from comparing a product's perceived performance against expectations. Anderson and Srinivasan (2003) described customer satisfaction as the contentment of a customer concerning their previous purchasing experience with an e-commerce company. Smith (2005) viewed customer satisfaction with e-service quality as a general positive or negative perception of their purchasing experience with a specific online retailer. Satisfaction is crucial for establishing long-term customer relationships and developing customer loyalty, although the strength of the satisfaction-loyalty relationship varies under different conditions (Anderson and Srinivasan, 2003).

### 2.3 Customer Loyalty

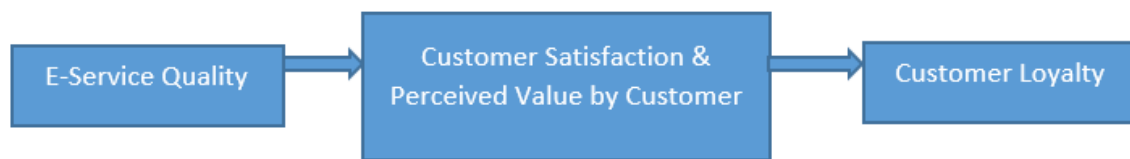
Customer loyalty is defined as the percentage of times a buyer chooses a specific product or service within a category compared to the total number of purchases made in that category (Neal, 1999). Maximizing customer loyalty and long-term value is a primary goal of websites (Smith, 2005). Gaining customer loyalty online is considered challenging (Gommans, Krishnan & Scheffold, 2003). Researchers found that overall online customer satisfaction reduces the perceived benefits of switching suppliers, leading to strong repurchase intentions for e-commerce (Szymanski and Hise, 2000). Developing customer loyalty can drive sustained growth and profit, as loyal customers are less price-sensitive, refer others to the company, and provide feedback that helps improve service delivery (Anderson and Mittal, 2000).

## 3. CONCEPTUAL MODEL AND CREATING HYPOTHESES

Based on existing literature in service marketing, a conceptual model is presented in Figure 1. The model comprises four constructs: one predictor (e-service quality), two mediators (customer satisfaction and perceived customer value), and one outcome (customer loyalty). The relationship model indicates that e-service quality has both direct and indirect effects on customer loyalty. Providing high-quality e-services influences customer satisfaction, which in turn leads to customer loyalty. Alternatively, e-service quality impacts perceived customer value, ultimately fostering customer loyalty.

### 3.1 Quality of electronic service and customer loyalty

Scholars broadly agree that the quality of online e-services significantly influences online customer loyalty (Zeithaml et al., 2002). According to Hsu (2008), user-friendly and informative websites increase the likelihood of customers making initial and repeat purchases. Hsu's (2008) research further showed that all elements of e-service quality are crucial predictors of consumer loyalty. Jin et al. (2007) also found that a positive online shopping reputation enhances customer loyalty. Hence, the more users trust the quality of internet services, the higher the probability they will remain loyal to the online business. Based on empirical evidence, this study hypothesizes:



**Fig1:** Relationship of E-service Quality and Customer Loyalty

### 3.2 Electronic service quality and customer satisfaction

Wu & Lin, 2006 suggest that websites that are better and easier to use make consumer transactions easier and that it encourages consumers to visit again or purchase again, which translates into customer satisfaction. Alpar (2001) identified two e-service quality features that determine customer satisfaction with the website (refer Fig-2): ease of use (speed of reaction, navigation support, use of new internet technologies); and information content (quantity, quality, accuracy, personalized) Information). It follows that the more user-friendly your website is, the more likely customer engagement is online shopping. Moreover, several empirical studies confirm that a higher level of service quality is associated with a higher level customer satisfaction



**Figure 2:** Relationship between E-service Quality and Customer Satisfaction concerning Ease of Use & Information Content

### 3.3 Customer satisfaction and loyalty.

Satisfied customers tend to revisit websites more frequently due to increased loyalty, as they become accustomed to shopping at a particular site, making the purchase decision process habitual (Alba & Hutchinson, 2007). Customer satisfaction is widely recognized as a primary predictor of customer loyalty (Taylor and Baker, 2004). Satisfied customers are more inclined to share their positive experiences with others, engaging in positive word-of-mouth advertising (File & Prince, 2002). Therefore, this study expects a positive relationship between customer satisfaction and loyalty and hypothesizes: Fig3.



#### Hypothesis-

H0: There is a positive impact of the quality of e-services on customer loyalty through customer satisfaction.

H1: There is a lesser impact of the quality of e-services on customer loyalty through customer satisfaction.

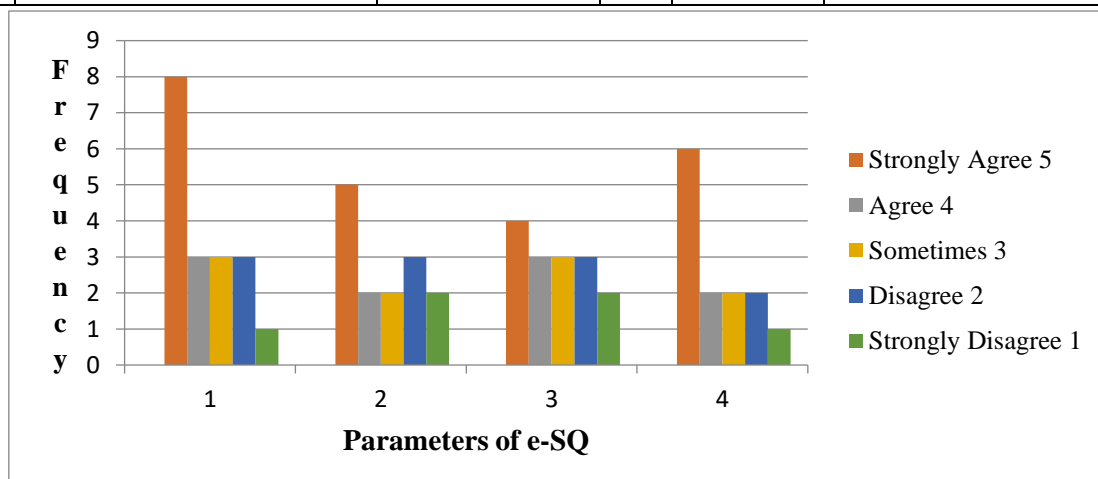
#### 4. METHODOLOGY

The research examines three dimensions of service quality: responsiveness, trust, and personalization, and five variables related to customer satisfaction and loyalty. The survey questionnaire was designed to meet degree requirements and comprises two sections. The first section pertains to e-SQ parameters, while the second section includes statements on various aspects of service quality such as responsiveness, trust, and customization, along with customer satisfaction and loyalty.

A five-point Likert scale, ranging from 1 (Strongly Disagree) to 5 (Strongly Agree), was used to measure customer feedback. A sample of 100 people was collected for the study.

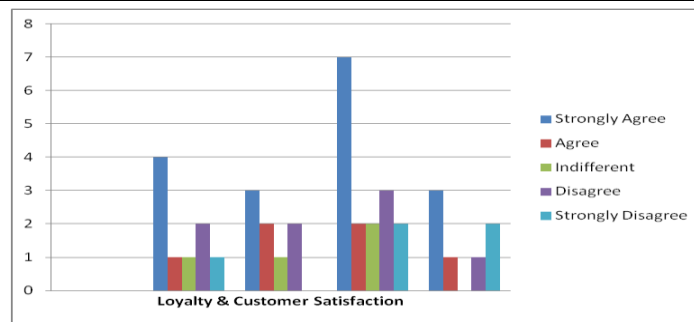
**Table 1.** – The table below reflects the parameters of E-service Quality, Loyalty and Customer Satisfaction as per data collection.

Sr No	Sample Size (100)	Strongly Agree	Agree		Sometimes	Disagree	Strongly Disagree	
	<b>Parameters of E-service</b>	5	4		3	2	1	
1	Ease use of merchants website	8	3	11	3	3	1	4
2	Customer's Feed Back	5	2	7	2	3	2	5
3	Return Policy	4	3	7	3	3	2	5
4	Speed of reaction	6	2	8	2	2	1	3
	<b>Sub Total of e-SQ</b>	33			10	17		60
	<b>Loyalty &amp; customer satisfaction</b>	5	4		3	2	1	
5	Detail about product specification	4	1	5	1	2	1	3
6	Choices given	3	2	5	1	2		2
7	Customer choice of repeat purchase	7	2	9	2	3	2	5
8	No. of Suppliers	3	1	4	0	1	2	3
	<b>Sub Total of Loyalty &amp; Cust Satisfaction</b>	23			4	13		40



**Chart 1-** The below bar chat shows the parameters of E-service Quality.

**Interpretation:** Consumers strongly agree with the parameters, valuing ease of use on merchants' websites, prompt responses to feedback, and efficient return policies.



**Chart 2-** The below bar chat shows the parameters of customer loyalty and customer Satisfaction.

**Interpretation:** The bar graph illustrates that consumers are loyal and satisfied with their merchants while shopping online, as they receive detailed product specifications, multiple choices, and quality services. This satisfaction leads to repeat purchases from the same site.



**Interpretation:** Based on Table 1, it is evident that e-service quality positively impacts customer satisfaction and loyalty during online purchases. Both service quality and e-service quality are crucial for consumers when shopping online.

Hence, **H0 is accepted.**

## 5. RESULTS & ANALYSIS

This study tested the structural model of the relationship between e-service quality and customer satisfaction and loyalty. It aimed to determine the impact of e-service quality on satisfaction and loyalty variables in the context of online shopping. The analysis shows that e-service quality comprises three dimensions: reliability, responsiveness, and trust. Other dimensions, such as web design and personalization, have load factors below the cut-off value. Service quality dimensions include online store functionality, product attributes, ownership conditions, delivery, customer service, and security. Important indicators also include information quality, security, ease of use, availability, customization, community, responsiveness, and delivery. Consumers may prioritize trust, reliability, and responsiveness over website design and personalization. Online buyers prefer dealing with stores they can trust, that respond quickly to inquiries and orders, and provide reliable long-term services. The results indicate that the direct impact of e-service quality on consumer satisfaction is significant. This suggests that online shoppers consider e-service quality crucial for their satisfaction. The third finding is that satisfaction is vital for determining consumer loyalty. The impact of satisfaction on loyalty is moderately high. Online stores need to focus on factors influencing customer satisfaction, as meeting customer expectations significantly affects future consumer behavior, such as repeat purchases and recommendations.

## 6. CONCLUSION

Customer satisfaction is essential for any business as it precedes loyalty. With the increasing trend of online marketing, companies are employing various strategies to deliver quality customer service by identifying market characteristics. This study investigated the quality of online business services and their impact on customer satisfaction and loyalty. The findings suggest that consumer satisfaction is significantly influenced by e-service quality elements: trust, reliability, and responsiveness. Additionally, satisfaction is critical from the consumers' perspective, as customers are unlikely to remain loyal to an online store unless they are satisfied.

## 7. REFERENCES

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