E-LOYALTY AMONG RURAL CUSTOMERS: EXAMINING THE ROLE OF TRUST, CONVENIENCE AND FREQUENCY OF USE

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ABSTRACT

With the cut throat competition in online business, customer retention has momentous consequence on consumer buying behaviour. There are a number of online retailers who try to lure customers through their promotion strategies. In such a scenario, retaining a customer and winning their loyalty remains a challenge. Penetrating rural market has been a major concern for e-retailers. This paper will play a significant role to understand some of the factors that can shed insights in this facet. The focus of this inimitable study is untouched rural area with a huge scope for business expansion, especially online business. Customer loyalty acts as an important factor in affecting consumer buying behaviour. It also plays a role in customer purchase decision and hence understanding antecedents of e-loyalty helps in competitive advantage. The present paper has been undertaken to identify the role of trust, convenience and frequency of use in influencing customer loyalty. Some of the initiatives that can be taken to improve loyalty among online customers have been suggested.

Keywords: E-Loyalty, E-business, Online Shopping, E- retailing.

Introduction:

The format of customer retention has significant effects on consumer buying behaviour whereas customer loyalty plays an important role in this area. Various researches concluded and highlighted the importance of customer loyalty and consumer purchase decision (Srinivasan, Anderson, & Ponnavolu, 2002) and hence understanding antecedents of e-loyalty helps in competitive advantage.

'Loyalty' symbolizes the expression of the emotional connection with consumer and hence can be stated as central part in marketing research. Loyalty is dynamic in nature and is a relational process. This is a process which contributes in strengthening both partners' mutual fidelity (Evans & Laskin, 1994). Online marketing is a platform which can be used by a marketer to effectively interact with and reach colossal as well as potential customers. The profile of online shopper is quite different from traditional retail customer. At the same time, the online marketer has to be well aware of consumer perception. Online shopping has become popular these days because of

global penetration. A possible reason for this penetration would be the global reach of internet and its different interactive potential. Another important reason behind the success of online marketing is that it is independent of time and space.

The challenge which an online marketer has to confront is to understand and predict the tendency of the online shopper. Identifying loyal customers is not an easy job in an online business, since it is not only time-consuming but also an expensive process. E-marketing requires new innovative marketing approaches. Traditional marketing strategies target on passive audience while online marketing keeps active audience in mind. According to Srinivasan et al, '*e-Loyalty is a customer's favourable attitude towards the e-retailer that results in repeat buying behaviour*'. It has been observed that e-quality have a direct effect on perceived value. However, switching cost has direct relationship on e-loyalty. According to a recent study, by the year 2018, the retail sector of India is possible to grow at a CAGR of 13percent and would arrive at around $950 billion (PwC, 2014). Organized

retail sector which represented 7percent of entire retail in 2011-12 is expected to grow at a CAGR of 24 percent and reach up to a share of 10.2percent of the total retail sector by 2016-17. Online retail is arising part of organized retail sector in Indian market. There are more than one million online retailers who put up for sale of their products through various e-commerce portals. E-commerce in India is forecasted to $20 billion by 2017(DIPP Discussion Paper, PwC report). But the total retail market in India has well prospective to grow over the next decade as technology penetrates the hinterlands.

Review of Literature, Hypotheses and Research Model:

E-Loyalty is a customers' favourable attitude towards retailers that results in repeated buying. Some of the pre-requisites for e-loyalty are equality, value and trust on website (Srinivasan etal, 2002). (Huang, 2008) highlighted that e-loyalty is critical for online business. Perceived value plays an important role in influencing e-shopping (Chang & Wang, 2011). Service quality, value on attitude and behavioural intentions play an important role in e-purchase. The dimensions that can be used to measure customer loyalty include Word of Mouth, Dwell Time, Purchasing frequency and frequency of visit. E-loyalty is critical for online businesses. Some of the dimensions to measure customer loyalty are Word of mouth, Dwell Time, Purchasing frequency and frequency of visit business essential include e-retailing (Lee, 2013). The format of retailing has significant impact on buying behaviour of consumers. Customer loyalty plays an important role in consumer buying behaviour. Recent research have concluded and highlighted the importance of customer loyalty and consumer purchase decision (Anderson and Srinivasan, 2003) and hence understanding antecedents of e-loyalty gain help in competitive advantage.

E-Loyalty and Trust:

E-loyalty is critical for success in business and consequently results into the willingness for transaction. E-quality and trust are the important antecedents to e-loyalty (Huang, 2008). A trust on website towards the maintenance of private information of consumer while purchasing online and maintenance of personal information is important (Cyr, Kindra, & Dash, 2008). According to Srinivasan et al(2002), the trust along with equality and value are the factors that results in repeated buying. Positive attitude among the customers can be created with 'risk relievers' such as security-guarantees, money-back guarantees etc. (Van Den Poel & Leunis, 1999). Perceived risk and lack of trust may form a barrier for purchasing online. The risk relievers are therefore

important action parameters for online customers. If the customers don't trust the website, they will also hesitate in repeated buying. (Hansen, 2006) suggested that perceived risk negatively affect repeated online buying intention. In order to develop loyalty among online customers and make them switch from a web browser to e-commerce websites require trust (Papadopoulou et al., 2001)(Miller, 2004), (Reichheld & Schefter, 2000). Creating trust on websites would lead to e-loyaltysince trust contributes to online-purchase decision (Kim et al., 2009). In light of the above stated findings, we propose that

H1: Trust on the website directly affects e-loyalty

E- Loyalty and Convenience:

(Hansen, 2006)confirmed that perceived time pressure is positively related to consumers' evaluation of online shopping. Hence, in order to retain online customers, the marketers should emphasize on saving physical efforts. Online customers who reported minor physical ailments prefer convenience when it comes to shopping (Cude & Michelle, 2000). Adding to this,(Verhoef & Langerak, 2001)suggested that consumers, who perceive offline shopping to be physically tiring, are the important market segmentsin online business.Additionally it was found that e-loyalty can be improved by giving potential importance to shopping enjoyment.

H2: Convenience of e-shopping is related to loyalty of customers

E- Loyalty and Frequency of Use:

Frequency of using a website can play a role in loyalty of an online customer. It was found that big purchases involvegreater perceived shopping risk so that the customer tends to be more involved and more loyal. Further, the purchase size may influence the loyalty, positively(Srinivasan, Anderson, & Ponnavolu, 2002). The frequency of use not only affects e-loyalty, but also other variables which further influence e-loyalty. The frequency of use may further influence customer satisfaction as the repetitive exposure to favourable service leads to higher satisfaction. Hence, it is proposed as follows.

H3: There is a correlation between frequency of purchase and loyalty

Implications of Literature Review:

By taking a note of the significant research attempts made so far, it is revealed that a number of factors may control and affect e-loyalty. The implications of the reviewed literature suggests that consumers' perceived ease of using the Internet for shopping purposes have positive effects for loyalty towards online shopping websites. On the other hand, consumers' perception towards convenience of online

shopping can play a role in consumer behaviour decision in online shopping.

Figure 1: Relationship proposal developed in inline of review of literature
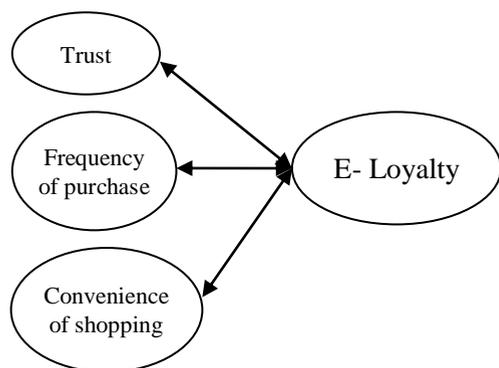
METHODOLOGY:

Objective of the Study:
1. To understand diversity of demographic background of online customers.
2. To know the relation of Trust, Convenience, and frequency of use with e-loyalty.
3. To suggest ways to improve loyalty of customer in e-retailing

Research Method:

To achieve the objective, a research model is proposed in figure 1 in which a self-administered survey method. A survey questionnaire was administered using snowball sampling among the respondents of Kangra District, Himachal Pradesh through social websites. The survey was conducted online and responses were collected from those who are using internet regularly. Further, the respondents were well acquainted with online shopping. The construct used in present study was adopted and modified from previous studies and measured by multiple item seven-point Likert-type scales

A total of 143 responses were collected. Secondary data was collected in the form of literature which is reviewed from various books and e-magazines. Also various researches regarding online shopping and opportunities and challenges for online businesses were studied. Primary data was collected after secondary data analysis. The questionnaire framed was floated on to the social media like Facebook, Twitter and LinkedIn. Also the questionnaire was mailed to all the email ids available. In this study, the *Target Population* is all internet users. From the above population, all the internet users who are either aware of online shopping or have done online shopping were identified as sampling unit for the purpose of the study. Those internet users who had no idea or were not aware of online shopping were excluded from the study.

Respondents were asked about their demographic profile, which included gender, age and geographical area. Since one of the objectives of this question is to understand the sample characteristics of online shoppers, analysis is also performed in the demographic context to understand the variation in the behaviour manifestation by people with different demographic background. The responses are presented in the form of table (Table 1) which briefly discusses the demographic profile of customers.

Table 1: Demographic Characteristics of the Respondents

Sample Characteristics	Category	Frequency (Number of respondents)	Percentage (%)
Gender	Male	93	65
	Female	50	35
Age	Less than 20	7	5
	20-30	130	91
	30-45	5	3
	Above 45	1	1
Area	Rural	30	21
	Semi-Urban	42	29
	Urban	71	50
Total		**143**	**100**

It is apparent from the Table 1 that 64 percent of the respondents out of 143 i.e 65 percent were males and the rest 35 percent were females. The bar chart clearly depicts that 130 respondents fall under the age group 20-30 and it can be interpreted that most of the internet users and online shoppers belong to this age group. It is clearly apparent that 21 percent of the respondents were rural population and 29 percent were from semi-urban area and rest were from urban area.

Figure2: Frequency of buying online respondent
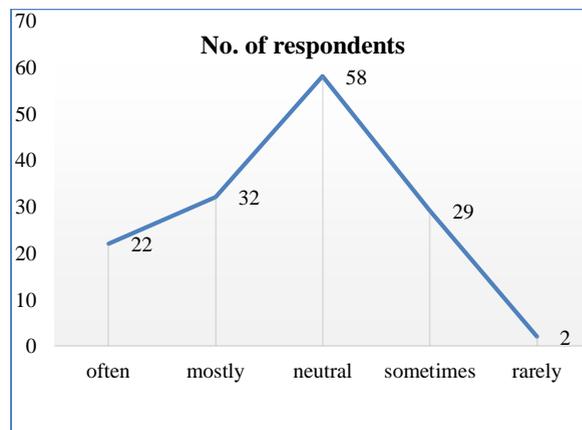
It can be interpreted from the data that 112 respondents out of 143 buy online frequently and are quite acquainted with online shopping. The rest 31 respondents have also tried online shopping, but it seems to be that they still do not shop online regularly. These can be the responses from the areas where online shopping hasn't yet built trust. This will be analysed in hypotheses ahead.

Table 2: Role of Trust, Convenience and Frequency of Buying in E-loyalty

Variables	(r)	P value
Trust	Pearson Correlation	0.256
	Sig.(two –tailed)	0.02
	n	141
Convenience	Pearson Correlation	0.406
	Sig.(two –tailed)	0.05
	n	141
Frequency of buying	Pearson Correlation	0.286
	Sig.(two -tailed	0.04
	n	141

Three hypotheses have been proposed about the relationship of three independent variables and e-loyalty. The first hypothesis proposes a positive relation between e-loyalty and trust. The correlation test did return a significant correlation coefficient of $0.256 (p < 0.05)$ suggesting that trust on e-shopping website play a role in e-loyalty. Therefore, H1 is supported by the data.

The second hypothesis proposed that Ease of convenience is related to loyalty of customers. The hypothesis is strongly supported by Pearson correlation coefficient 0.406 $(p<0.05)$. Therefore, providing ease of shopping can be one of the ways to ensure loyalty of customers. The frequency of buying is proposed to be positively correlated with e-loyalty as correlation coefficient of 0.286 $(p<0.05)$ is significant.

Discussion:

The research was aimed to study the level of customer satisfaction and loyalty of online shoppers in India.The study was conducted with an overview of current and past research works on related topics through qualitative and quantitative data collection. The majority of the respondents are from urban and semi-urban location.Therefore, it can be inferred that people from rural area are less involved in online shopping. Therefore the findings can be applied to urban and semi urban area. It is evident from the study that the customers who are well aware of online shopping can go for online shopping. Therefore spreading awareness about online shopping can help in improving market penetration.

Trust as a critical factor in e-loyalty: The credibility of shopping websites can strongly influence the e-loyalty of the customer (Corbitt, Thanasankit, & Yi,2003). The degree to which a customer trusts a website, it affects his or her loyalty. In order to enhance the loyalty of the customer, the e-retailers have to win trust. It is commonly accepted that online shopping can be completed while sitting at home itself. However more easier the shopping process is, higher the loyalty is. This is evident from the results of this study that support a positive relation of e-loyalty and convenience. It can be seen as a strategy to provide convenience of purchase and return to earn customer loyalty.

Another factor which can help promote e-loyalty is the frequency of buying. The study has revealed that the frequent buying from a website increases the loyalty of online customers. Also, people are willing to buy more often and from the same website which provides hassle-free products. So, new innovative strategies to improve the experience and customer convenience shall be looked for. For the customer convenience, it is recommended that online Indian businesses offer information in different languages. To gain trust and loyalty, businesses should pay attention to consumer feedback and co-invent new technology as per customer needs. Security, trust and quality attributes such as speed and convenience need innovation and focus.

Practical Implication and Future Scope of the Study:

Online shopping is playing a critical role in organization's marketing policies. There are a number of players who are trying to lure customers through their promotion strategies. In such a scenario, customer retention is a challenging process. The present study suggests that customer's trust on website is one of the decisive factors. Sincerity and transparency, fulfilling the commitments and promises made and ensuring security of the transaction are some of the critical factors which results in customer loyalty. There is a segment of customers who opts for online shopping to avoid hassles as in traditional shopping. This aspect must be improved and customer ease should be increased so that the online shopping can create a niche for the e-retailer. In order to increase frequency of shopping, repurchase decision should be reinforced with various customer oriented schemes. Frequent buying builds up a relation between customer and the seller which leads to loyalty. Hence, the results of present study can help in improving e-loyalty which is a challenge for e-retailers.

In terms of the future scope of the study, some complementary aspects are worth to analyze. On the basis of prior studies conducted, the present study has taken few variables into consideration while the future researchers should focus on other antecedent that needs to be identified. The fact that the survey was carried out only in one region of the country, the study could be extended to other regions as well. Further research is also needed to understand group differences for the factors that influence e-loyalty.

Therefore, the study is concluded with the proposal for future researchers to evaluate our model with a different segment of customers and role of group differences in infusing e-loyalty.

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