Building Customer E-Loyalty in Online Marketing

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ABSTRACT

The development of technology and information has influenced people's lifestyles in making purchases, from conventional to online shopping. Therefore, research on online marketing becomes an interest for academic and practitioners in recent years. This study attempts to build customer loyalty in online marketing by investigating the relationships between e-service quality, e-trust, e-satisfaction, and e-loyalty. The measurement of e-service quality is reconstructed based on the review on conceptual and empirical literatures. Hence, the long-term goal of this research is to build customer e-loyalty through the reconstruction of e-service quality dimension.

Keywords: e-service quality, e-trust, e-satisfaction, e-loyalty

1. BACKGROUND

Economic, business, and technological developments have changed people's lifestyles, including shopping activities from physical to online shopping [1-4]. The process of buying, selling, and transactions previously require consumers to meet face to face can now be done using gadgets that are integrated with internet technology, called e-commerce [5].

E-commerce in Indonesia is growing rapidly, inflicting fiercer competition [6-8]. In order to win the competition, service providers are required to provide best service quality to create customer loyalty. In the context of online marketing, they need to provide best "electronic-service", known as e-service quality [9].

Studies on e-service quality have been conducted by previous researchers [10, 9]. However, dimensions to measure the construct are not comprehensive yet. According to [9], the dimensions to measure e-service quality are website design, fulfilment, customer service, and security. Meanwhile, according to Rowley [3], e-service quality is mostly determined by efficiency. The Study of Santos [11] finds that incentives are important in measuring e-service quality. Therefore, it is necessary to reconstruct the dimensions of e-service quality.

The consequences of e-service quality have become an interesting issue for academics and practitioners [12,10]. One of them is to increase customer satisfaction [14]. Meanwhile, e-service quality has a positive effect on customer's trust (e-trust) [15]. Furthermore, according Barnes [16], satisfied customers tend to be loyal customers. Furthermore, the research of Vandayuli [17] finds that increasing customer loyalty requires a high level of trust. Those previous researchers have conducted investigation on these constructs in partial way. Therefore, to fill the gap, a comprehensive study is needed to investigate the four constructs in online marketing, namely e-service quality, e-trust, e-satisfaction, e-loyalty.

2. LITERATURE REVIEW

2.1 E-service quality Concept

E-service quality is broadly defined as covering all customer interaction in online services and sales [12]. E-service quality is one of the variables in marketing science that is most dramatically affected by the development of information and communication technology [9, 18, 19]. According to Wolfinbarger and Gilly [20], e-service quality is the act of users of online services from beginning to the end of transaction, including information search, privacy policy, website navigation, order processing, customer service interactions, shipping, return policies, and product satisfaction. Thus, several attributes in online stores need to be considered, such as attractiveness of online services, convenience of order process, and quality of return policy.

Blut's research [9] found the four dimensions of e-service quality measurement namely website design, fulfilment, customer service, and security/privacy. Meanwhile, Santos [11] found that websites that offer some discounts, attractive prizes, or other incentives attract consumers to shop online.

Efficiency is a major consideration in assessing the quality of online services [21]. Efficiency is the ease and speed of access in using the site [4]. An efficient provider is a company that produces goods or services quickly, smoothly, and minimum costs, including online service. In e-service quality, the use of efficiency dimension is defined as the ease and speed of accessing and using the site [22]. Thus, it is believed that efficiency is one of the important dimensions in measuring e-service quality. Based on the review on previous literatures, the dimensions of e-service quality measurement can be formulated. It consists of website design, fulfilment, customer service, security/privacy, incentives, and efficiency.

2.2 The relationship between e-service quality and e-trust

Service quality increases customer's trust in products and companies [9]. Trust occurs when one party involved in the exchange process believe the reliability and integrity of the other party [15]. According to Barnes [16], some important elements of trust are past experiences and actions, trustworthy and dependable character, willingness to put themselves at risk, a sense of security, and confidence in partners. There are five components of trust, namely integrity, competence, consistency, loyalty, and openness. These elements and components of trust will increase if there is an improvement in the quality of better service. Therefore, the first hypothesis of this study is

H1: E-service quality has a positive and significant effect on e-trust.

2.3. The relationship between e-service quality and e-satisfaction

The relationship between service quality and customer satisfaction has been widely documented in the literature [13]. Experts agreed that, by providing good services, consumers will tend to feel satisfied [14]. Conversely, if a service provider or company provides poor services, consumers will feel disappointed.

The study of Fang, Chiu, and Wang [13] explained that customers will feel satisfied and happy if they are well served by the company, having a positive perception from the company's services. Happiness is obtained or generated from experience of buying [23]. Wahyuningsih [24] found that satisfied consumers tend to use company's services for a longer period. Therefore, the second hypothesis of this study is

H2: E-service quality has a positive and significant effect on e-satisfaction.

2.4. The relationship between e-trust and e-loyalty

According to Vandayuli [17], one of the factors for maintaining relationships is trust of the parties involved in the relationship. When a person trusts another party in an interpersonal relationship, he will depend himself on the other party, and, subsequently emerge his intention to maintain the relationship. It will be represented in the form of loyalty to purchase [25].

Morgan and Hunt [15] said that trust and commitment are key intermediaries in building loyalty. Meanwhile, Kurniasari [26] put forward that trust is a fundamental commitment, and it has the tendency to oppose preferences, which is the key to customer loyalty. According to Aaker [27], consumer loyalty will arise if there is trust from consumers in a product; consumers will communicate and interact to others talking about the product. Therefore, the third hypothesis of this study is

H3: The higher the consumer's trust in a product, the higher the level of consumer loyalty.

2.5 The relationship between e-satisfaction with e-loyalty

Wahyuningsih [24] argued that satisfied consumers will make repeat and loyal purchases. Parallel with this argument, Swinder [19] said that satisfied consumer has the intention to repurchase and become consumer loyalty. To create long-term customer loyalty, service providers must ensure that they not only make consumers satisfied but also make them feel very satisfied.

Customer loyalty is strongly influenced by customer's experience and feeling of satisfaction [28]. The research comes up with the same conclusion, that satisfaction plays an important and positive role in developing loyalty. Hence, the fourth hypothesis of this study is

H4: E-satisfaction has a positive and significant effect on e-loyalty.

2.6 The relationship between e-service quality, e-trust, e-satisfaction, and e-loyalty

Anang [29] showed the influence of e-trust and e-satisfaction using system of buying and selling in online transactions. [30-32] have investigated the relationships between e-service quality, e-satisfaction, and e-loyalty. Their studies found that the higher the service quality, the higher the level of loyalty. Chu et. al. [18] examined the effect of e-service quality, e-satisfaction, and e-trust on e-loyalty. Hongxiu Li et al. [33] in his study specifically measured the application of e-service quality dimension in online travel services. The results show that trust from a customer perspective and ease of use from an online company perspective are the most critical and important aspects of customer perceptions about the quality of online travel services. Based on the results of previous studies, it is necessary to re-examine the relationship between e-service quality, e-trust, e-satisfaction, and e-loyalty. Therefore, it is proposed that

H5: The relationship between e-service quality and e-loyalty is mediated by e-trust and e-satisfaction

3. METHOD

This is a quantitative research examines the relationship between e-service quality, e-trust, e-satisfaction, and e-loyalty. To test the dimensions of e-service quality, the measurement model test was used. The data was collected through observations, interviews, and questionnaires. Structural Equation Modeling (SEM) in AMOS was applied to test the model. The sample size of this study was determined using Lemeshow's formula of 100 respondents using purposive sampling techniques. The measurements of constructs of this study can be seen in the following table:

Table 1 The Measurements of Constructs

Construct	Dimension	Indicator
E-servqual (X) [10, 9, 18, 21, 11]		Website Aesthetics
		Purchasing Process
		Ease of Website
		Product Selection Services
		Product / service availability
		Price quotation
		Personalization The website
		System Availability
	Fulfillment [9]	Timeliness of Fulfillment
		Accuracy of Order
	Customer Service [9]	Service Level
		Return Policy
	Privacy [9]	Safety of personal data
		Safety of transaction
	Efficiency [21] (X₅)	Ease of operating the website
		Information / search needs are accessed quickly
		Information on this site is well organized
	Incentive [11]	Discount Program Offers
		Gift Offer
		Shopping Points Program
E-satisfaction (Electronic Service Satisfaction) [33]	**Overall Satisfaction**	Satisfaction of Additional Core Product Services
		Experience and Decision Accuracy
		Level of Trust on the website
E-trust (Electronic service trust) [34, 35]		Fulfillment of trusted website information
		Honesty Website
E-loyalty [35]	**Word of Mouth (WoM)**	Recommend
		Influencing other parties
		Spread the Positive

	Retention Intention	Repeated Use
		Levels of pleasure
		First choice
		Positive Assessment

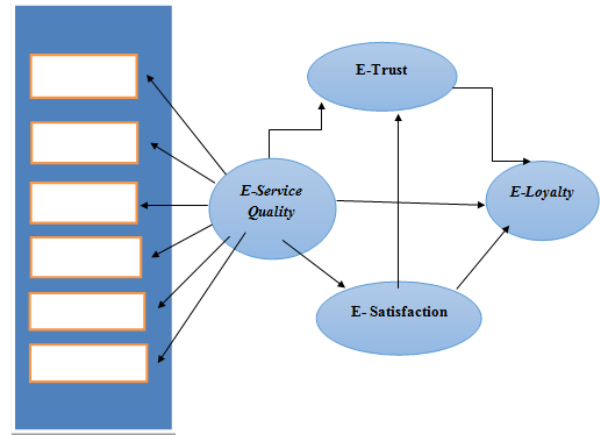Based on the description above, model of this study is depicted in the figure below:

Figure 1 Research Model

5. CONCLUSION

This research attempts to provide contribution to the body of knowledge in marketing management field, particularly in online marketing or digital marketing. This is in line with the development of industrial revolution 4.0. The long-term goal to be achieved by this research is building customer loyalty through reconstruction of e-service quality dimension. Specific targets expected from the results of this study are, first, the availability of e-service quality measurement that have been reconstructed based on literature review and empirically tested studies, and, second, the application of a comprehensive research model examines the relationships between e-service quality, e-trust, e-satisfaction, and e-loyalty.

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