



# A STUDY ON DRIVE OF LOYALTY AND CUSTOMER COMMITMENT IN ONLINE RETAILING

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## **ABSTRACT**

Supporting enduring progression requires businesses to manage customer loyalty and commitment very prudently. Pragmatic studies have been conducted in many countries to study the relation between e-loyalty and commitment to its antecedents in the online retail business. However experimental research on these lines is practically missing in India. This article describes a theoretical model for investigating the influence of the antecedents: identification, enthusiasm, attention, absorption and interaction on fulfilment on e-loyalty and advocacy in the online retail context in India. The theoretical model is used as a basis to formulate hypotheses. The hypotheses are tested with data collected from a survey of online customers. The output from these tests show that the customer feel strong and energetic during the visit of the e-tailer website. Trust factor shows that the customer believes the e-tailer has the best interest in their minds and as an identification the customer feels it as an insult when someone criticizes the e-tailer. Enthusiasm and attention show the discretionary time thing about the e-tailer and the time spent on the e-tailers website due to absorption. A positive drive of loyalty and customer commitment in online retailing is noteworthy and promising for the continued enhancement of e-retailing in the ensuing years.

Keywords: Loyalty, Commitment, Online Retailing.

## **INTRODUCTION**

The term "Customer Commitment" (CC) possess variety of meaning and ideas depending the situation in which it is looked. Marketing legends view "customer commitment" as the level of the customer's emotional, cognitive and physical presence in their relationship with a service company (Patterson et al, 2006). At recent times, companies have launched several programmes to drive customers and measuring their levels of CC as a response to their growth of resistance of consumers to traditional marketing programmes. (Bagozzi and Dholakia, 2006). Committed customers have a predominant role in improved corporate performance by delivering word of mouth about the saleable products, services and other branded products connecting new product augmentation and producing experience and value. (Brodie et. al., 2011). Customer commitment or engagement as a sub idea under the canopy term "Commitment" or "engagement" has been broadly examined in the marketing literature. The increasing reputation of online social platforms which includes Facebook, Netlog, Myspace and LinkedIn has further encouraged the development of online communities within these site led researchers to explore the role of customer commitment and engagement. (Chan et.al., 2014)

## **NEED FOR THE STUDY**

Consumers are ready to spend their money only based on what they really need and worth of it. This mind set will never vanish even if the spending continues to increase and even if it returns to pre-recession levels. To simply understand it means that consumers will give more money in the business they feel emotionally connected to and they will continue abstain or even oppose those that offer them any significance or no value. Study is required to identify the critical antecedents and consequences of virtual customer engagement and to assess the impact of engagement of activities on propagation and loyalty intentions.

## STATEMENT OF THE PROBLEM

It was highlighted that the lack of the online consumer trust was the prime impediment to consumer participation in e-commerce and has been found to be one of the major barrier to the popularity of internet transaction (Ribbink et. al., 2005). Online retailers (e-tailers's) are vehemently facing challenges and virtual customer commitment is continuing to be a herculean task. The major issues presented as

- a) Customers are gradually diverted
- b) Customers have amplified prospects
- c) Customers are attending to new models of experts
- d) Customers are establishing new supplies.

## STUDY OBJECTIVES

The objectives of the study were:

- a) To ascertain the antecedents and consequents of e-tailing customer commitment.
- b) To ascertain the impact of such antecedents on virtual customer commitment.
- c) To ascertain the impact of loyalty towards e-tailing.

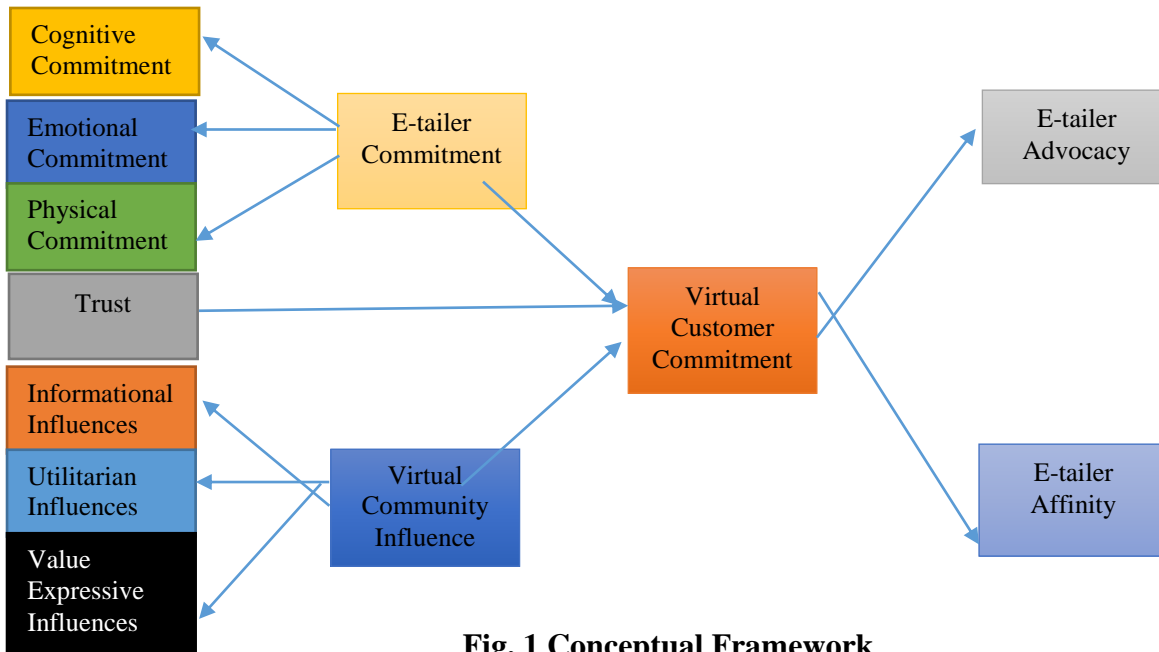
## REVIEW OF LITERATURE

Cheung et al. (2011) identified that the level of customer's physical, cognitive and emotional presence in connection with a particular online social platform. Hollebeck (2011) examined the Customer brand commitment as the level of a customer's motivational, brand related and context depend on the state of mind characterised by specific levels of cognitive, emotional and behavioural activity in brand interactions. Customer Commitment (CC) is psychological state that occurs by virtue of interactive, co-creative customer experiences with a focal agent in focal service relationships (Brondie et al., 2011). Pangani and Mirabello (2011) found that the second order construct that is manifested in various first order experience constructs. A customer centric approach with its main focus being on identifying customer needs in order to engage with them and identifying the value additions required to meet those needs. Mandelli and Accoto (2012) examined that a precondition as it either facilitates reciprocal comprehension either because it leads to co-production and collaboration or because the negotiation processes of the interpretation contexts are more efficient. Brodie et al. (2012) pointed out that the Intensity of an individual's participation in and connection with the organisation's offering and activities initiated by either the customer or the organisation. A consumer's positively valence brand related cognitive, emotional and behavioural activity during or related to the focal consumer-brand interactions (Hollebeck et al., 2014). Jaakola and Alexander pointed out that the Customer contributions of resources such as the knowledge experience and time to affect other actors like perceptions, preferences or knowledge regarding the focal firm. Hinchcliff et al. (2016) examined consumer engagement (CE) and Consumer Commitment (CC) and its promotion strategy through accreditation programmes. The study focused on the key outcome measure about the dimensions and effectiveness of the CE programme. Islam, J. U., & Rahman, Z. (2017) investigated whether and how the unique characteristics (information quality, system quality, virtual interactivity, and rewards) of online brand communities affect customer engagement. Van Asperen, M., de Rooij, P., & Dijkmans, C. (2018) examined the level of engagement of customers with the company's social media activities is measured in relation to their degree of loyalty. Results showed a partial positive relationship between social media engagement and customer loyalty: only consuming media is directly related to affective loyalty.

## HYPOSTHESES

- H<sub>1</sub> : Physical commitment has an impact in E-tailer Engagement.  
H<sub>2</sub> : Emotional commitment has an impact in E-tailer Engagement.  
H<sub>3</sub> : Trust has an impact on virtual customer commitment.  
H<sub>4</sub> : Value expressive influences have an impact on virtual community influence.  
H<sub>5</sub> : Utilitarian influences have an impact on virtual community influences  
H<sub>6</sub> : Informational influences have an impact on virtual community influence  
H<sub>7</sub> : E-tailer Engagement has an impact on virtual customer engagement  
H<sub>8</sub> : Virtual community influence has an impact on Virtual customer engagement.  
H<sub>9</sub> : Virtual customer commitment has an impact on E-tailer advocacy  
H<sub>10</sub> : Virtual customer commitment has an impact on E-tailer affinity.

A detailed Conceptual Framework is elucidated in the Fig.1



**Fig. 1 Conceptual Framework**

**SAMPLING DESIGN**

The Population comprised online retail shoppers in India.

**SAMPLING METHOD**

Purposive deliberate or judgement sampling was employed wherein online shoppers who use virtual commitments were surveyed. The questionnaire was hosted online using the website [www.surveymonkey.com](http://www.surveymonkey.com). The link to the survey questionnaire was then emailed to virtual community members (Facebook, LinkedIn, etc.,) in India. The link was also passed through email to friends’ acquaintances and other people in India.

**SAMPLING AND DATA COLLECTION**

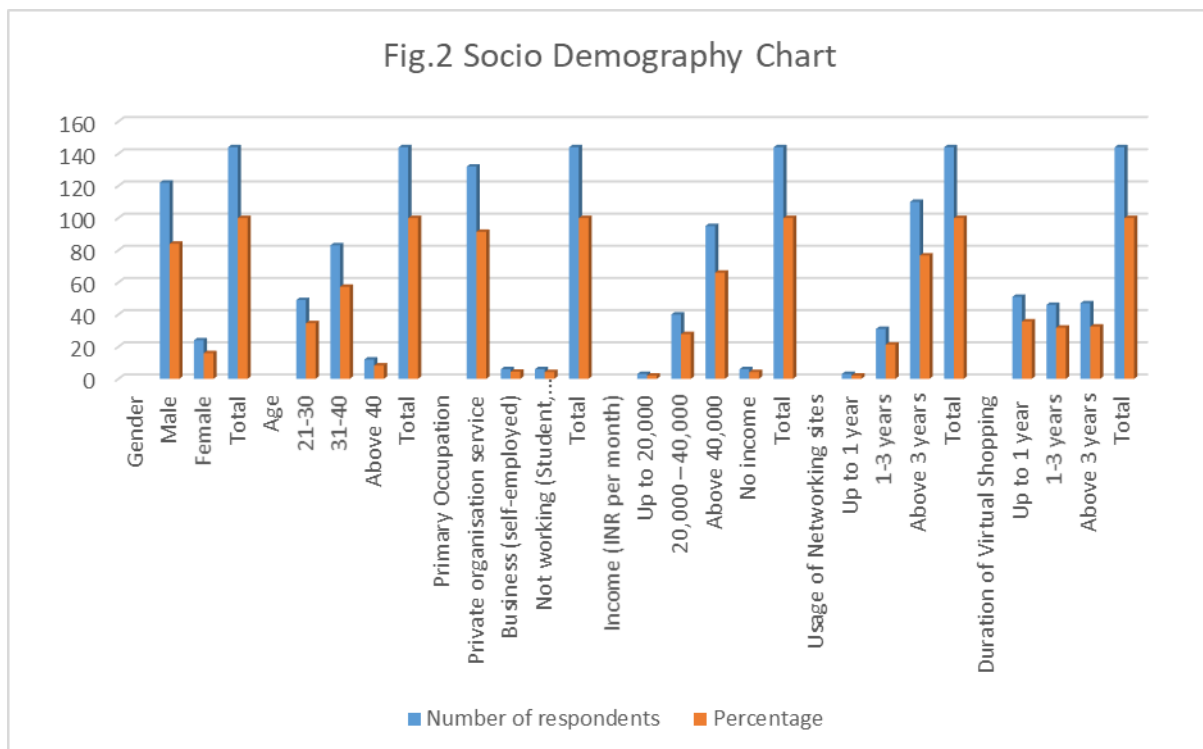
In the current study the population for online retail shoppers in India could not be ascertained. In such a case the standard deviation value to be ascertained in order to estimate the sample size. The same has been done through the pilot study. The survey link was kept until 144 responses was achieved.

**SOCIO DEMOGRAPHY**

**Table 1: Socio-Demography**

Socio Demography	Number of respondents	Percentage
Gender		
Male	122	84.00
Female	024	16.00
Total	144	100.0
Age		
21-30	49	34.6
31-40	83	57.2
Above 40	12	8.3
Total	144	100
Primary Occupation		
Private organisation service	132	91.4

Business (self-employed)	6	4.4
Not working (Student, House wife, Retired)	6	4.2
Total	144	100
Income (INR per month)		
Up to 20,000	3	2.0
20,000 – 40,000	40	27.8
Above 40,000	95	66.0
No income	6	4.2
Total	144	100
Usage of Networking sites		
Up to 1 year	3	2
1-3 years	31	21.3
Above 3 years	110	76.7
Total	144	100
Duration of Virtual Shopping		
Up to 1 year	51	35.7
1-3 years	46	31.8
Above 3 years	47	32.5
Total	144	100



The above Table 1 & Fig. 2 describes the socio Demography details with the 144 respondents.

**RESULTS & CONCLUSION**

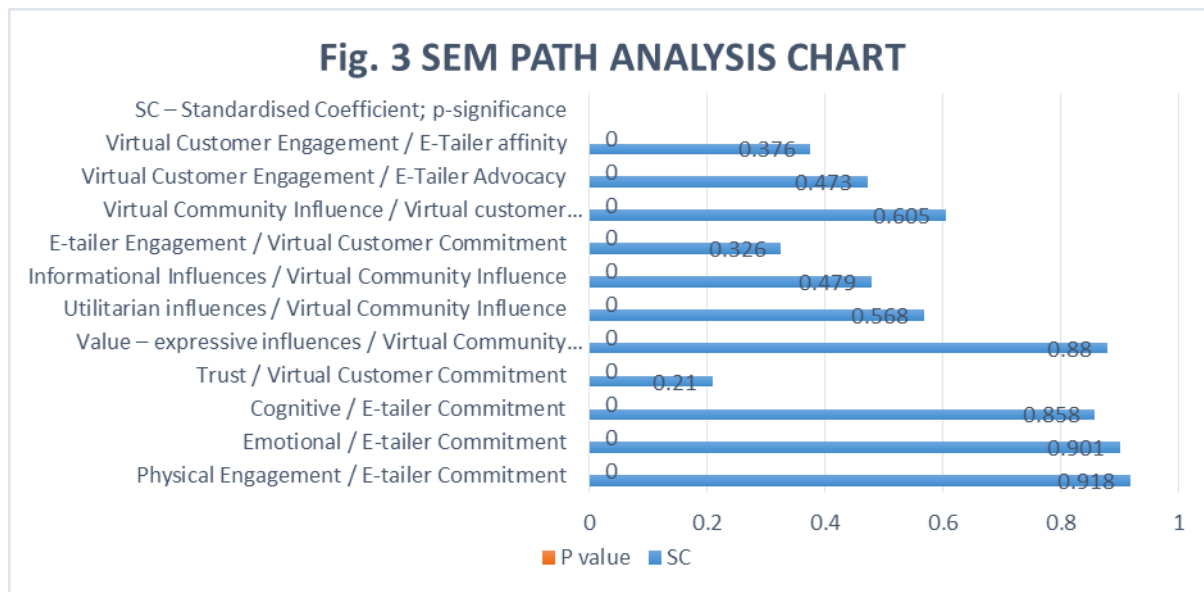
**Structure Equation Modelling Path Analysis**

Table 2 describes the SEM Path Analysis and Fig.3 labelled with a detailed Chart below.

**Table 2: SEM Path Analysis**

Path Variables	SC	P value
Physical Engagement / E-tailer Commitment	0.918	***
Emotional / E-tailer Commitment	0.901	***
Cognitive / E-tailer Commitment	0.858	***
Trust / Virtual Customer Commitment	0.210	***
Value – expressive influences / Virtual Community Influence	0.880	***
Utilitarian influences / Virtual Community Influence	0.568	***
Informational Influences / Virtual Community Influence	0.479	***
E-tailer Engagement / Virtual Customer Commitment	0.326	***
Virtual Community Influence / Virtual customer engagement	0.605	***
Virtual Customer Engagement / E-Tailer Advocacy	0.473	***
Virtual Customer Engagement / E-Tailer affinity	0.376	***

SC – Standardised Coefficient; p-significance



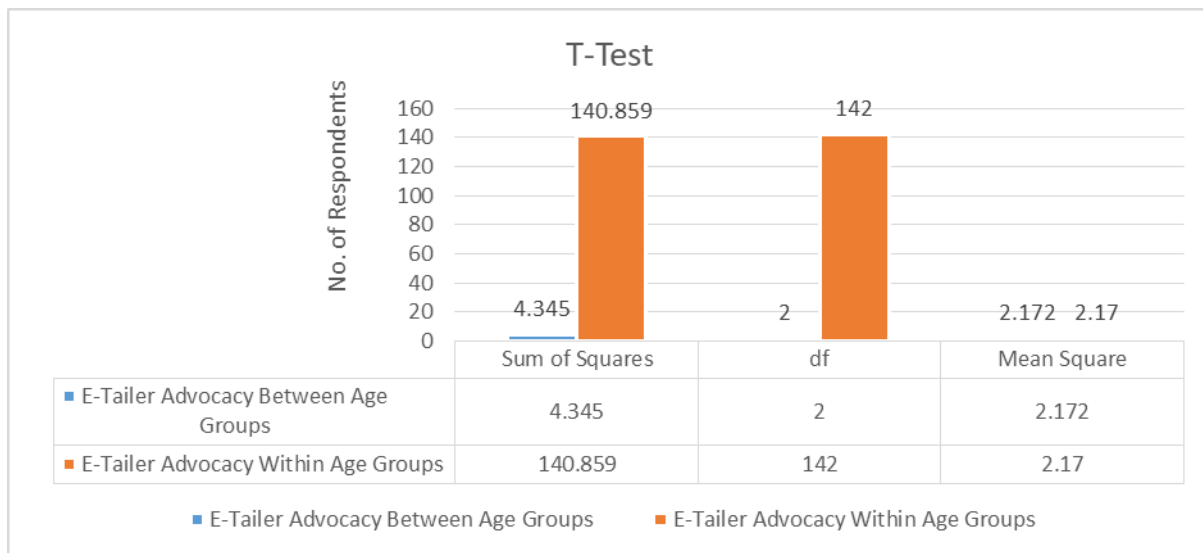
For driving the desired results SEM Analysis was performed in order to test the Conceptual Framework. The observed endogenous variables were Physical commitment, Motional commitment, cognitive commitment, Value expressive influences, Utilarian influences, Informational influences, Virtual Customer Commitment, E-tailer Advocacy and E-tailer Affinity or Loyalty. The Observed exogenous variable was Trust. The Unobserved exogenous variable was E-tailer’s Commitment, Virtual Community influence.

**Influence of Gender (T-Test)**

H<sub>7</sub> : There is no significant difference between virtual shoppers gender groups with respect to perception about Virtual Customer Commitment.

Fig.3 elucidates the Gender and Virtual Commitment where t is the test statistic and p is the significance.

**Fig.3 Gender and Virtual Customer Commitment**

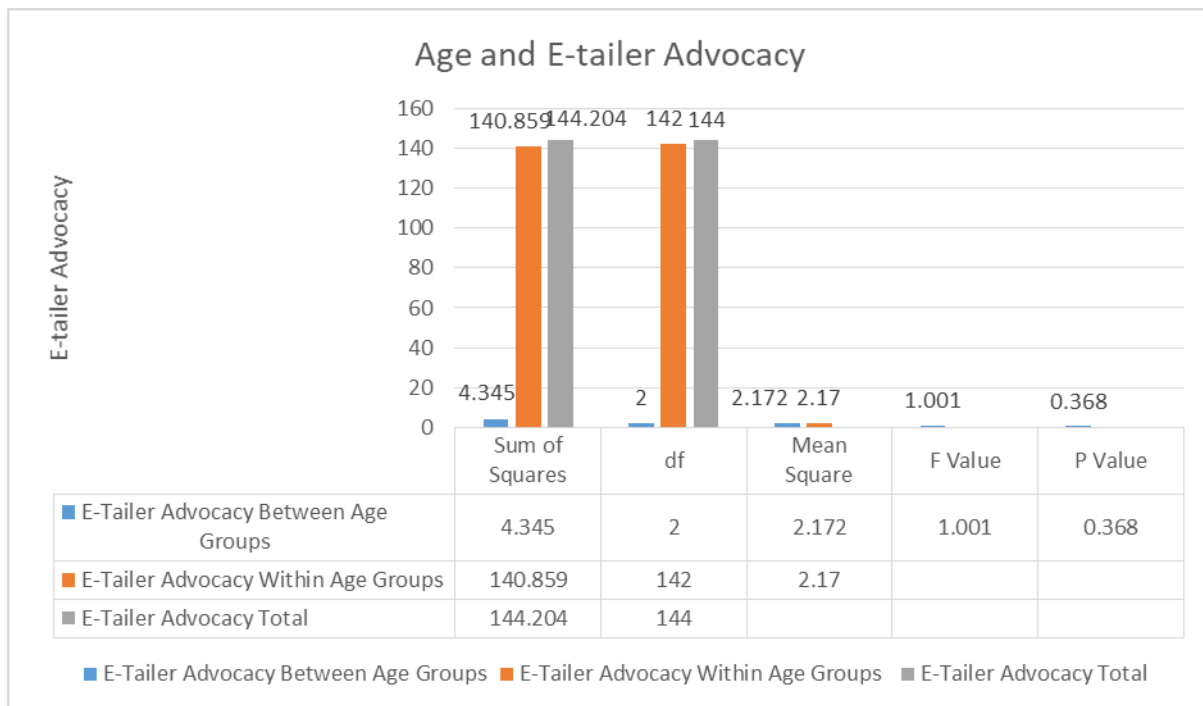


The significance (p) value is greater than 0.05 for virtual customer commitment. Hence null hypothesis was accepted. There is no significant differences between virtual shopper’s genders groups with respect to perception about virtual customer engagement.

**Influence of Age (One Way ANOVA)**

One way ANOVA was used for the influence of Age and the Age and E-tailer Advocacy is shown in the Fig. 4.

**Fig. 4 Age and E-tailer Advocacy**



**H<sub>8</sub>** : There is no significant difference among virtual shoppers’ age groups with respect to perception about E-tailer Advocacy. Similarly the influence of Occupation (One Way ANOVA) and Influence of Monthly Income (One Way ANOVA) were tested.

**H<sub>9</sub>**: There is no significant difference among virtual shopper occupation groups with respect to perception about E-tailer Advocacy and E-tailer Affinity.

H<sub>10</sub>: Similarly there's no significant difference among virtual shoppers' monthly income groups with respect to perception about virtual engagement and e-tailer affinity.

## RECOMMENDATION

The Attribute Customer Commitment needs to be strong and vigorous when the customer visit e-tailer website. The Virtual community attribute was felt that it would be nice to act according to recommendation of famous personalities in the online community to satisfy the expectations of virtual community members and their decision to purchase a brand influenced by their preference. The Trust attribute was believed to be the e-tailer having the best interest in mind. The identification attribute suggests that when someone criticizes the e-tailer it feels like to be a personal interest. The attribute attention recommends to spend a lot of time thinking about a particular e-tailer. Absorption attribute suggests that some a customer interacting with the e-tailer the person forgets everything else around. The attribute interaction in general is to get involved in virtual by suggestion and e-tailer community discussions. The last two attributes E-tailer advocacy and E-tailer Affinity suggests that the customer should be proud to tell that they are the good customer of the particular e-tailer and their likelihood to search for good should be from the selected e-tailer considered to be high always.

## LIMITATIONS OF STUDY

The limitations of the study were:

- 1) Only virtual customer commitment has been studied and the other topics in retailing are not under the ambit of this study.
- 2) The study has been taken under the Indian context and the findings cannot be extrapolated to other geographical regions.
- 3) It is purely related to virtual shopping and not directed to any particular product or service offered online.
- 4) There may be significant change in the online environment in the ensuing future which may turn the influence in virtual communities, behaviour, expectations, perceptions, experiences and trust.

## SCOPE OF FUTURE STUDY

The other themes of study can be undertaken in the future may include the Voice of the customer, Service convenience and consumption experience, Brand e-positioning, Digital customer journeys, Mobile e-commerce influences and I-commerce studies.

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