A STUDY OF CUSTOMER LOYALTY AND SATISFACTION OF ORGANIZED E-COMMERCE IN M.P

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ABSTRACT: The fierce competition in E-commerce has forced the companies to focus on providing customer satisfaction and gain customer loyalty. Thus, measuring the parameters which drive customer satisfaction is very important for the long-term growth of the businesses. This research work makes an attempt to identify the factors which influence the loyalty and satisfaction of customers in organized E-commerce sites in M.P. The study also identifies relative importance of factors affecting satisfaction. Attention has been given to cover all the major factors with special emphasis on the logistics part. In today’s era of intense competition customer loyalty and customer satisfaction has become very important for retailers. Generating a new customer cost more than satisfying an existing customer. The retailer should fulfill the expectations of the customers in order to generate profit and survive in the existing market in M.P.

KEYWORDS: Customer loyalty, Customer satisfaction, Retailing, Perception, E-commerce; E-loyalty; Internet retailing.

INTRODUCTION: Technological development, cheap and fast internet availability, nature of city life etc. has led to drift consumer from traditional to internet base (online) shopping. With
the movement of greater population percentage towards internet based shopping, more and more E-commerce sites are coming to the forte. Higher the number of E-commerce site (companies) in the fray higher the competition. This gives opportunity to the consumer to select the sites which provides highest customer satisfaction. While consumer behaviour in Ecommerce seems to be a complex subject, the consumer expectations are changing, challenging traditional patterns of supply of commercial websites. E-commerce has become one of the essential features in the internet era. Online shopping become the third most popular internet activity immediately following e-mail and web browsing. A brand is generally a name and a symbol. It is an important means which helps creating a positive image on consumers and differentiates it from its rivals. Loyal customers are loyal consumers of the brand and perform repeat purchases and recommend the brand to those around. Changing life styles, strong income growth and favorable demographics are the drivers of rapid growth of this sector. Loyalty is at the heart of business firms and companies make great efforts in order to maintain their customer’s loyalty. These efforts become increasingly difficult and serve in the online business to customer environment since online companies such as e-stores or e-retailers are facing competition not only from other similar sites but also from offline companies that offer similar products and services. A unique factor in e-loyalty is the critical role of the first impression created by a website as well as its ease of use. Easy navigation, fast page loads, server reliability, quick shopping and checkout processes add to a personalized interface. Other factors that drive customer satisfaction are cost of the products, authenticity, logistics and easy returns. At a global level, e-loyalty is generally very strongly related to the profitability and long-term growth of a firm. Small increases in customer retention rates can dramatically increase profit. Loyal customers visit their favorable
websites twice as often as non-loyal customers. Loyal customers spend more money, 35 to 40% of revenue will come from repeat visitors.

**LITERATURE REVIEW:** As long as repeat business is important and as long as customers have chance to go somewhere else, Ecommerce sites must deliver high level of customer satisfaction to be successful, in a competitive market place that offers meaningful consumer choices. Firms that do well by their customer are rewarded by business. According to Allagui and Temessek the theoretical foundations of loyalty to a company of the internet are similar to those of traditional loyalty. It is defined as continuing relationship established between the consumer and a brand as long as repeat business is important and as customers have the chance to go somewhere else, companies must deliver high level of customer satisfaction to be successful.

**CUSTOMER LOYALTY**

**Intention of Repeat purchase:** If loyalty is defined as an uninterrupted sequence many purchases of the same brand, according to the marketing literature, a minimum of three to four successive repeat purchases are enough to talk about loyalty. Behaviour on the internet is much less stable over time. Indeed, the cyber consumer has more alternatives to choose from, the cost of change is relatively small and information about the sites is available at low cost. The consumer is no longer a mere purchaser of the product or user of the site, but a true partner with whom we can cooperate and be willing to make sacrifices in the short run.

**Online Retailing:** A 2012 global online survey by Nelsen suggests that about 875 million consumers across the world prefer to shop online. The report confirms that 85% internet users shopped online. According to Google India, out of more than 100 million internet users, half
make online purchases and the number is growing every year. Online retail in India is projected to grow to 200 billion dollars by 2025.

**Brand image:** Brand image is the soul of the product or service. It translates into customers, makes them believe in the products and helps them to make purchase decisions. The brand image affects consumer cognition of the product or service quality. This is why enterprises work hard on it and maintain their brand image.

**Brand satisfaction:** Satisfaction is necessary but not sufficient component of loyalty, satisfaction is a prior to loyalty. The notion of satisfaction is considered here as an indirect source of loyalty. Brand Satisfaction refers to transactional measures focusing on a discrete incident construct resulting from a service of transactions. It is an antecedent of trust, with increase in satisfaction leading to increase in trust, which in turn leads to loyalty.

**Loyalty:** A deeply held commitment to reuse the services of a company is called loyalty. The consumer brand relationship is critical to the building of loyalty. It is important for several reasons. First, it results in higher sales volume. Second, companies with loyal customers don’t have to spend as much money on marketing the product. This type of loyalty can be a great asset to the firm: customers are willing to pay higher prices, they may cost less to serve, and can bring new customers to the firm. Businesses have to exert significant effort to facilitate loyalty. Companies need to convince potential customers that their product has a significant advantage over other products to justify consistent purchases.

**Satisfaction:** Research has shown that consumer behaviour is difficult to predict. It studies features of individual consumers such as demographics and behavioural variables in an attempt to understand people’s wants. It also tries to assess influences on the consumer from groups such
as family, friends, reference groups and society in general. The state of satisfaction depends on a number of both psychological and physical variables which correlate with satisfaction behaviours such as other products against which the customer can compare the products to shopping sites which match the predominant motives of customer have higher patronage and different product categories have different motives. Once the customer is satisfied with one e-retailer or brand he doesn’t generally change to another one. Satisfaction has generally been presented as an emotional state arising from the non-confirmation of positive or negative initial expectations for the experience of possession or consumption.

SATISFACTION AND LOYALTY: Customer satisfaction is generally viewed as a psychological reaction of the customer and an evaluation of emotions. Barnes et al. explain that the overall positive or negative emotions the customer gets about the net value from the services and products that are delivered, define customer satisfaction. Further the benefits with high customer satisfaction and imply that decreased price elasticity, increased customer loyalty, decreased future transactions costs, reduced charges imposed on attracting new customers and an improved reputation of the company are a result of high customer satisfaction. A cumulative customer satisfaction involves the customer’s overall experience and evaluation of the service or product over time.

Commitment, loyalty and satisfaction could be explored from psychological and economical perspective. Many authors believe that satisfaction is a pre-condition for loyalty. Customer satisfaction and customer loyalty have a strong relationship (instead we can say are strongly related) and the company’s ability to retain and create repurchasing customers is strongly related to the customer satisfaction intensity. Customer satisfaction influences customer loyalty, which may lead to that companies develop profits. The psychological perspective suggests that
affective responses such as satisfaction, trust, and attitudinal commitment will induce customers’ desires to stay in the relationship. Customers with cumulative satisfied experiences tend to remain affective loyalty to relationship. Chang et al. suggests that unsatisfied customer switches easily to a rival company and the chance for redemption is reduced. Although customer satisfaction is an essential factor in creating customer loyalty, it does not automatically lead to loyalty arise.

**BEHAVIORAL CONSEQUENCES OF E-LOYALTY:** Having discussed the antecedents of e-loyalty, we now focus on its behavioral consequences. Loyal customers forge bonds with the company and behave differently from non-loyal customers. Customer loyalty impacts behavioral outcomes and, ultimately, the profitability of a company. While loyal customer’s focus both on the economic aspects of the transaction and the relationship with the firm, less loyal customers focus mainly on the economic aspects. Loyal customers have lower price elasticity’s than non-loyal customers and they are willing to pay a premium to continue doing business with their preferred retailers rather than incur additional search costs. Loyalty to a business reduces the consideration set size and the amount of effort expended in searching for alternatives while increasing the individual’s willingness to purchase from that e-business in the future.

One of the behavioral outcomes expected to result from e-loyalty is positive word-of-mouth—the extent to which an individual says positive things about the e-retailer to others. Loyal customers are more likely to provide positive word-of-mouth. Hence, we propose that: The e-loyalty of customers will be negatively related to their search for alternatives and positively related to their (1) word-of-mouth behavior, and (2) willingness to pay more.
CONCLUSION: The results of this study suggest following outputs which might be useful for E-commerce websites to extend their business. 1. The cost of the product, the reliability of the E-commerce company and the return policies all play an equally important role in deciding the buying behaviour of online customers. The cost is an important factor as it was the basic criteria used by online retailers to attract customers. The reliability of the E-commerce company is also important, as it is even required in offline retail. It is important because customers are paying online, so they need to be sure of security of the online transaction. The return policies are important because in online retail customer does not get to feel the product. Thus, he wants to be sure that it will be possible to return the product if he does not like it in real. Whereas, the logistics factor, which included Cash on delivery option, One day delivery and the quality of packaging plays a secondary role in this process though these are Must-be-quality of product model. This is so because these all does not interfere with the real product and people believe that this is the basic value that E-commerce websites provide. 2. All the websites were not equally preferred by online customers. Amazon was the most preferred followed by Flipkart. This can be explained easily by previous result that we got. These two companies are most trusted in the industry and hence, have a huge reliability. Also, these websites have the most lenient return policies as compared to others and also the time required to process a return is low for these.

REFERENCES:


