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Satisfaction trust and loyalty of repeat online consumer within the Japanese online supermarket trade

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ABSTRACT

Japanese consumers are changing their consumption patterns, following those of the Europeans and Americans (Salsberg, 2010). Generally known to be brand and quality conscious, Japanese are not willing to sacrifice quality and convenience for discounted and online purchases. Japanese consumers pick and choose their products differently. In general, the modified structural equation model shows that all relationships proposed by the theoretical model were significant except for two (i.e. product towards satisfaction and distribution towards e-satisfaction). The results suggest that to determine an online repeat shopper's e-satisfaction, companies need to focus their attention on their promotional activities, pricing and shopper's experience. On the other hand, when companies are seeking to determine an online repeat shopper's e-trust, companies need to focus their attention on product, promotional pricing and shopper's experience. Most importantly, the results show that between e-trust and e-satisfaction, e-satisfaction has a more significant impact on repeat online shoppers' loyalty.

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CHINESE ABSTRACT

日本的消费者跟随着欧洲和美国消费者的脚步，正在改变他们的消费模式（Salsberg，2010年）。日本人通常被认为是品牌和质量意识比较强的，他们不会愿意以牺牲质量和便利性为代价去购买打折和网上的商品。日本消费者挑选和选择产品的方式是有差异的。在一般情况下，修改后的结构方程模型表明，几乎所有通过理论模型提出的关系都是非常密切的，有两个例外（即产品对满意度的影响和配送对网上购物满意度的影响）。结果表明，若要确立网上购物常客的网上购物满意度，商家需要把它们的注意力集中在它们的促销活动、定价以及购物体验上。在另一方面，如果商家想要确立网上购物常客的网上购物信任度，它们需要把注意力集中在产品、促销定价以及购物体验上。更为重要的是，结果表明，网上购物满意度较之网上购物信任度更能影响网上购物常客的忠诚度。

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1. Introduction

Japan's consumer market is constantly driven by changes in society, and it has brought significant shifts in shaping cultural identity. Japanese consumers are seeing an increase in Western influence, which is an indication of globalization. This nation is often described as a collective nation with ethnic homogeneity, and it is culturally unique, which contributes to building a successful modern nation (Tsutsui, 2009). The introduction of the Internet has triggered changes ranging from education to businesses. "Electronic commerce is at its core of expansion, and its scale of growth rate varies among countries" (Atchariyachanvanich et al., 2007, p. 47).

The Japanese consumer market has not been widely explored since the long-term recession and two earthquake disasters. Although the Japanese economy began to revitalize, a major challenge for the Japanese economy has been a long-term demographic change. The population has been aging, and senior residents have been seeking convenience in their daily lives (Ikeda, 2014), which has changed the opportunities for and threats to marketers in determining the consumption patterns of Japanese consumers. Despite the importance of this market, the vast majority of online shopping studies have concentrated on US demographics (Close and Kukar-Kinney, 2010; Gefen et al., 2003; Ha and Stoel, 2012; Horppu et al., 2008; Hsu et al., 2006; Jones and Kim, 2010; Shim et al., 2001). Although the US market has the largest economy, the majority products sold in the US are imports from other countries. In fact, the US is the largest exporting country. According to United States Trade Representative report (2013), Japan's exports to the US amounted to $138.5 billion which is 6.1% of the

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overall imports to the US in 2013 (BBC News, 2015; ustr.gov). This fact suggests that an understanding of foreign markets, such as Japan, will allow for increased opportunity in growing the number of exports to other countries (i.e., trade surplus). Thus, to understand the importance of the international marketplace, we must first understand the consumers in that target market.

To capitalize on a growing market such as Japan, it is important to recognize first the lifestyles of the general Japanese consumers. According to Takahashi and Fluch (2009), Japan is an Internet-driven society. Consumers in Japan "use diverse Internet retail shops and Internet auction sites, creating diversification of the purchasing channels available to them" (Takahashi and Fluch, 2009, p. 158). With such heavy reliance on the Internet, many retail outlets are inevitably forced to adapt to this emerging lifestyle to remain competitive within the market. These retail outlets not only must adapt to this new modality of shopping, but they must also implement differentiation marketing to emphasize their presence in the consumer market. In this study, we will examine the different factors that motivate Japanese online consumers to shop online and how these factors affect their intentions to review online the products and services that they receive from online stores.

As consumers become more familiar with the online shopping environment, their attitudes toward their online shopping behaviors change over time. Previous studies have indicated that subjective norms and perceived behavioral control could change over time due to increased information technology (IT) usage experience (Venkatesh et al., 2003), indicating that users' beliefs about continuance intentions might not be the same as when they first adopt IT usage (Karahanna and Straub, 1999). Using this same rationale, attributes that online shoppers once thought as determining factors might no longer hold the same weight compared to when these people first shopped online. However, despite the importance of loyal behavior in the context of e-commerce, there have been barely any studies examining the factors influencing repeated consumers' loyalty in collectivistic societies, especially with an extended traditional marketing mix (i.e., the 4Ps). In this study, our proposed extended marketing mix model includes consumers' shopping experiences. We believe that, as companies move from a company-centric to a consumer-centric model, it is reasonable to integrate the fundamentals of marketing practices into consumers' first-hand shopping experiences as determining factors in their repeat purchasing experiences.

Companies that venture into online business are constantly challenged to retain their existing customers while, at the same time, attracting new customers. Ultimately, companies are attempting to attain consumer loyalty from all of their marketing activities. In this study, we focus on external marketing activities to determine the factors that contribute to online consumers' loyalty. Thus, we ask the following research question:

RQ: What is the impact of the extended marketing mix model on repeated online shoppers' loyalty to e-vendors?

2. Literature review

As consumers begin to rely on the Internet for their daily activities, including information searches, shopping, and business transactions, companies see the need to expand their online portfolios to take full advantage of this revenue-generating platform. With increasing numbers of consumers seeing the need to leave feedback on company and third-party web sites, companies are exerting more effort to find common ground with their existing and new customers (i.e., satisfaction). However, many companies place their focus on increasing positive comments on various web sites, and they have incidentally overlooked the fundamentals of marketing a product, which is the basis of generating customer satisfaction and loyalty. Based on the existing literature, there have been hardly any new studies on how a marketing mix, integrated with shopping experiences, can affect online satisfaction and online trust. In this study, we examined the traditional four Ps, as well as consumers' shopping experiences (hereafter called the extended 4Ps model), to determine the antecedents of online satisfaction (hereafter e-satisfaction) and online trust (hereafter e-trust). This paper examines the factors that affect the customer loyalty of repeated customers through the Internet based on the expectation–confirmation theory (ECT).

2.1. Japanese online shoppers

Japan is the third largest economy in the world after the US and China (www.bbc.com). Japan has played a major role in the international community and has been a major aid donor and a source of global capital and credit. As Japan has recovered from the 2011 tsunami disaster, it has become evident that Japanese consumers are playing an active role in shopping, both in brick-and-motor stores and online. According to PR Newswire (2014), there are an increased number of smaller households and more women joining the workforce, which will increase online retailing. Another reason for the patronage of online shopping is the increase in the senior population. Older people are gradually becoming accustomed to the convenience provided by ordering their groceries online (Ikeda, 2014). In addition, with the introduction of *Abenomics*, the increase in sales tax has created the possibility of encouraging more price-sensitive customers to shop online. Another indication of the increase in online shopping consists of the sales of food and grocery products (Nihon Keizai Shimbun, 2014a, 2014b). Japanese consumers are a unique group of ethnic consumers. Their collective culture and their need for uniqueness provide opportunities for other countries to attract Japanese consumers. Several multinationals, such as the Gap, Costco and Amazon, have successfully entered the Japanese market over the past 15 years (Abraham and Wolf, 2010). In the context of online markets, Rakuten, Amazon.co.jp and Yahoo! Japan are the top three online retailers in Japan (Fuji Keizai.co.jp). The products and services that these companies provide have helped to change consumer habits, in which there is a strong preference for higher-end goods from large department stores.

2.2. Extended marketing mix and loyalty

Yoo, Donthu and Lee (2000) suggested that brand equity is affected by both marketing decisions and market conditions. In addition, high brand equity leads to high brand loyalty. An example provided by Simon and Sullivan (1993) who suggested that factors affecting brand loyalty include advertising expenditures, marketing expenditures, the ages of brands, order of entry and many more. Other studies have recommended the use of public relations, slogans or jingles, symbols, and packages (Aaker, 1991). Boulding and Kirmani (1993) suggested warranties, and Keller (1993) suggested company image, country of origin, and promotional events. Keller, Heckler, and Houston (1998) also proposed brand naming strategies as one of the sources of marketing decisions and market conditions.

Yoo, Donthu and Lee (2000) used key elements of the marketing mix, particularly price, store image, distribution intensity, advertising expenditures, and price promotions, which are commonly regarded as the traditional "4Ps" in marketing activities (price, place or distribution, promotion, and product). These researchers argued that although these 4Ps do not fully cover the entire domain of marketing, they are representative of typical marketing programs. The 4Ps build the foundation of understanding how marketing activities work; for example, knowing how certain marketing activities contribute or hurt a particular brand's