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# Antecedents and consequences of online customer satisfaction: A holistic process perspective

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## ABSTRACT

This paper examines the determinants and consequences of online customer satisfaction by considering the entire online shopping experience, based on data collected from our survey of UK consumers in 2016. We found evidence that post online purchase experiences including experiences with order fulfilment, ease of return and responsiveness of customer service are the most significant contributors to online customer satisfaction. Security assurance, customisation, ease of use, product information and ease of check-out, all have significant impact but at much lower levels. The effect of website appearance on customer satisfaction is not significant. Our findings show that online customer satisfaction leads to repurchase intention, and a likelihood of making positive recommendations to others, but not willingness to pay more. We also found the effects of product information, customisation, order fulfilment and responsiveness of customer service on customer satisfaction are stronger for experience products than search products, while there is no significant difference in the effects of other determinants for search products and experience products. Several theoretical and managerial implications are provided, based on our findings.

## 1. Introduction

Research exploring what constitutes the online customer experience is an important area of internet marketing research that requires further exploration (Trueman et al., 2012). The internet continues to revolutionise the retailing market. During 2015 online sales in Europe have grown by 18.4% and by 13.8% in the U.S (Centre for Retail Research, 2015). Despite the growth in sales in the online retail industry, individual online retailers continue to face severe challenges. They need to create a shopping experience that is as dynamic, exciting, and as emotionally rewarding as shoppers can get from bricks-and-mortar stores as these retailers offer online sales coupled with offline customer service. The multi-channel retailing context gives rise to more transparent information about price and product, empowering consumers to switch to better options. Competing online retailers reside only a few mouse clicks away, so consumers are able to compare competing offers with minimal investments of personal time or effort. The result is fierce price competition and customer loyalty to an e-retailing brand is difficult to obtain. This means it is important to understand consumer online shopping experiences, in order to cultivate customer loyalty.

Most of the existing research investigating factors influencing online customer experience focuses on the elements associated with customers' activities in pre-purchase and purchase stages such as features of the retailing website, this includes website design and performance, information quality, ease of use and security, Turban et al. (2000), Srinivasan et al. (2002), Park and Kim (2003), Perea y Monsuwé et al. (2004), and Rose et al. (2012). Research has not taken account of the customers' total purchasing experience and failed to pay sufficient attention to the post purchase stage. Only Rao et al. (2011) considered the impact of order fulfilment and Griffis et al. (2012) looked at the effect of return management on online customer satisfaction.

The research examining customer satisfaction in relation to all stages of online shopping process is limited. Liu et al. (2008) and Thirumalai and Sinha (2011) are the only two we found attempting to incorporate various elements belonging to the entire online shopping process, but their studies omit the important element in post online purchase stage, that is customer's experience of product return. The recent empirical results given by Griffis et al. (2012) demonstrate that the returns in online retailing significantly influence repurchase behaviour.

From a management perspective, in order to develop an understanding of customer online shopping experiences, it is preferable to have an instrument that covers all the dimensions of total online shopping experience. If only one component of the total retailing

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experience is considered at a time, it might be detrimental to our understanding of customers' shopping experience and this in turn could lead to strategies that either overemphasise some factors and under appreciate the importance of others (Liu et al., 2008).

This study seeks to expand our knowledge of consumer online shopping experience, and identify the most important factors from the entire online shopping process that influence customer satisfaction. Our paper will fill a gap in research by considering pre-purchase, purchase and post-purchase experience simultaneously. We make several contributions to the e-retailing literature by developing and testing a new model of antecedents and outcomes of the consumer satisfaction with the entire online shopping process not currently found in the literature. We also offer significant managerial implications on which downstream activities e-retailers should focus on more in order to enhance customer satisfaction and lead to customer loyalty.

## 2. Theoretical background and hypothesis

Customer satisfaction refers to the customer's overall evaluation of the product or service after he/she purchases it (Choi et al., 2013). Customer satisfaction is the consequence of the customer's experiences during the buying process (Kotler, 1997a,b) and plays a crucial role in directly affecting customers' future behaviour. Berman and Evans (1998) define customer purchase experience as all the elements that encourage or inhibit a consumer during his contact with a retailer. Recent literature on e-retailing has provided several concepts of online shopping experience (OSE). Novak et al. (2000, p. 22) define OSE as the “cognitive state experienced during navigation”. Rose et al. (2012, p. 309) call it online customer experience and define it as ‘a psychological state, manifested as a subjective response to the e-retailers website’. Trevinal and Stenger (2014, p.324) use the term online shopping experience and state that it is ‘a complex, holistic and subjective process resulting from interactions between consumers, shopping practices (including tools and routines) and the online environment (e.g. shopping websites, online consumer reviews, and social media)’. Mallapragada et al. (2016) conceptualise a typical online purchase experience as involving multiple web page visits, through which the consumer evaluates the gathered information, before making a purchase.

The drawback of these definitions is that they only focus on customer's online interactions and omit possible interactions between e-shoppers and the e-retailers in an offline environment in pre and post purchase stage, such as interactions between a customer and an e-retailer in physical store when she collects or returns product bought online to the e-retailer's physical store. Our study extends their work by the inclusion of customers' experience in entire shopping process. Traditional marketing literature views consumer buying process as a sequence of several stages (Nicosia's, 1966; Engel et al., 1968; Howard and Sheth, 1969; Kotler, 1997a,b; Blackwell et al., 2003; Hawkins et al., 2003): (1) need recognition, (2) information search, (3) alternative evaluation, (4) purchase, and (5) post-purchase behaviour. In an online setting, Chircu and Mahajan (2006) conceptualise the online retail transaction as a sequence of steps, including store access, search, evaluation and selection, ordering, payment, order fulfilment, and post-sales service. The concept offered by Chircu and Mahajan (2006) is helpful for keeping track of specific activities in online shopping process but viewing online process as a sequence of specific activities is so static that does not capture the dynamic and fast changing elements in online environment. For example, a customer after ordering may bump into a pop-up showing better option then decide to cancel the recent order and buy the latter option. So, online shopping process does not always follow the sequence of activities defined by Chircu and Mahajan (2006). Some specific activities can occur simultaneously, for example, online customers’ information searching on online retail store webpage is often conducted in conjunction with their evaluation and selection. Therefore, Chircu and Mahajan's (2006) concept hinders the generic and dynamic view of online shopping process. Klaus' (2013) dynamic model of online customer experience overcomes limitation of the one defined by Chircu and Mahajan (2006). Klaus (2013: 449) identifies online purchasing process with three key stages including prior, during and after purchase. The prior purchase stage includes such activities as information searching and evaluation of the information. The purchase stage consists of such activities as product selection, ordering and payment. The after purchase stage involve activities such as evaluation of outcome.

With the aim to develop a holistic view of total online shopping experience, we try to avoid omissions of any possible elements which customers may experience during their online shopping process. We, therefore, adopt Klaus's (2013: 449) model and define online shopping experience as a holistic set of customer experiences resulting from her/his interactions with object/s on or agent/s from the e-retailing website in their shopping process from pre-purchase, purchase to post purchase stage.

Our concept captures the synergistic nature of online purchases by taking account of the key factors throughout the whole purchasing process. Some activities can simultaneously occur online, some are sequential online activities and others are conducted offline. For example, a customer's desire for a product arose from its display in one retailer's physical store, they then went online to buy the product from another retailer offering better price. Our concept captures this dynamic phenomenon of multichannel shopping activities.

### 2.1. Pre-purchase stage and customer satisfaction

At this stage, an online customer often conducts a set of activities including searching product information, comparing different alternatives, checking customer review in order to make the best buying decision. Prior studies suggest that various features of the retailing website including website performance/ease of use, website appearance, information quality, and customisation compose customer experience in pre-purchase stage and have positive influence on customer satisfaction with e-retailers (see review of antecedent variables of customer satisfaction in Srinivasan et al., 2002; Liu et al., 2008 and Rose et al., 2012).

#### 2.1.1. Product information

Information provided by online stores support customers in making purchase decision. In-depth and comprehensive information enables customer to predict the quality and utility of a product (Wolfinbarger and Gilly, 2003). Up-to-date, relevant, sufficient and easy to understand information helps customers to make a good choice (Wang and Strong, 1996). The depth of product information on a web site was found to influence the customers' perception of shopping convenience. E-retailers with in-depth product information enjoy more positive customer satisfaction, and such an effect is higher than those with shallow product information (Jiang and Rosenbloom, 2005). More extensive and higher quality information available on the retailing website leads to higher level of customer satisfaction (Peterson et al., 1997). Therefore, we propose that:

**H1a.** High quality product information has a positive impact on customer satisfaction

#### 2.1.2. Ease of use

Ease of use refers to system layout, navigation sequence, and convenience to search for a product or information. It is similar to the concept of “convenience” introduced in Srinivasan et al. (2002) and Rose et al. (2012) or “user interface” used by Szymanski and Hise (2000). One of main reasons for consumers to shop online is convenience (UPS, 2012). A poor performing retailing websites does not meet consumers' expectation for convenience, so customers are certainly not satisfied with their time shopping on that website. Lohse and Spiller

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