



What factors determine e-satisfaction and consumer spending in e-commerce retailing?



Tahir M. Nisar^{a,*}, Guru Prabhakar^b

^a Southampton Business School University of Southampton Highfield, Southampton SO17 1BJ, UK

^b Faculty of Business & Law, UWE, Bristol BS16 1QY, UK

ARTICLE INFO

Keywords:

E-satisfaction
Online shopping environment
American based e-commerce retailers
Purchase expenditures
Impact

ABSTRACT

Evidently, the Internet has resulted in a fundamental shift in retailing practice, creating a shift in both consumer and business behavior, which has been compared to that of the Industrial Revolution. The purpose of this paper is to analyze customer satisfaction in e-commerce market. In particular, we determine the factors that affect customer e-satisfaction and the relationship between customer satisfaction and consumer spending in e-commerce retailing. We focus on how American based e-commerce firms are impacted by these developments and how marketing practices have reflected the developing e-commerce situation. The results show that customer satisfaction does have an impact on consumer spending in American based e-commerce retailers. Further, the relationship between customer satisfaction and consumer spending is positive, where higher e-satisfaction results in more spending in e-commerce. The results also show that there is a direct relationship among e-service quality, e-satisfaction and e-loyalty in terms of online spending by consumers. However, the analysis shows that e-commerce still faces challenges compared with traditional offline retailers since customers cannot feel and try the products, and may end up choosing the products that they do not want.

1. Introduction

This research aims to provide an insight into the paradigm shift in retailing strategies utilized by firms within the retail industry. Literature demonstrates that there has been a significant structural shift towards online and digital retailing in recent years, resulting in more personalized and communicative marketing approaches; creating advantageous for both the firm and consumer (Anderson and Srinivasan, 2003; Cao and Li, 2015; Accenture Consulting, 2016). Technological advances made available upon the introduction of Web 2.0 have provided a number of platforms upon which to communicate with consumers. To achieve best results, firms must, therefore, consider the most effective platform to reach the target audience and with what message. The rapidly changing business environment requires a dynamic approach to remain competitive. The Internet is a revolutionary technological development which has impacted almost every industry. The retail industry has seen advantageous cost efficiencies offered by the Internet, which is also beneficial for the consumer for both ease of use and price transparency.

Due to the price transparency offered by the Internet and increased competition amongst companies, pricing power has shifted from producers to the consumer. This has forced retail companies to adapt their

business activities to reflect consumer's needs; for example, increased availability of the Internet on multiple platforms as well as the savings available via price transparency has resulted in an online presence being imperative. As reported by Statista (2015), global e-retail sales amounted to around US\$8 billion since 2013 and almost 40% of global Internet users purchased products online in 2013. Additionally, we also predict a growth of up to US\$1.5 trillion by 2018 with sales increasing year-on-year (See Fig. 1). A survey of nearly 200 senior marketing managers concluded that the customer satisfaction metric is very useful in business management and review (Statista, 2015).

As a result, interesting questions about levels of customer satisfaction in terms of e-commerce retailers have been raised since the rapid growth of online transactions in the service industry. Most studies in this area show that systematic differences do exist between online and offline shopping environments toward customer satisfaction (Cao and Li, 2015; Ansari et al., 2008; Kusum and Farris, forthcoming). On one hand, the e-commerce platform permits customers to sort and group information and even access opinions from online customer reviews and ratings to improve the shopping process and increase the number of options available (Bamfield, 2013; Brynjolfsson et al., 2009). On the other hand, the decreased customer satisfaction may be generated mainly due to lack of security, relevant privacy, timely human contact

* Corresponding author.

E-mail addresses: t.m.nisar@soton.ac.uk (T.M. Nisar), Guru.Prabhakar@uwe.ac.uk (G. Prabhakar).

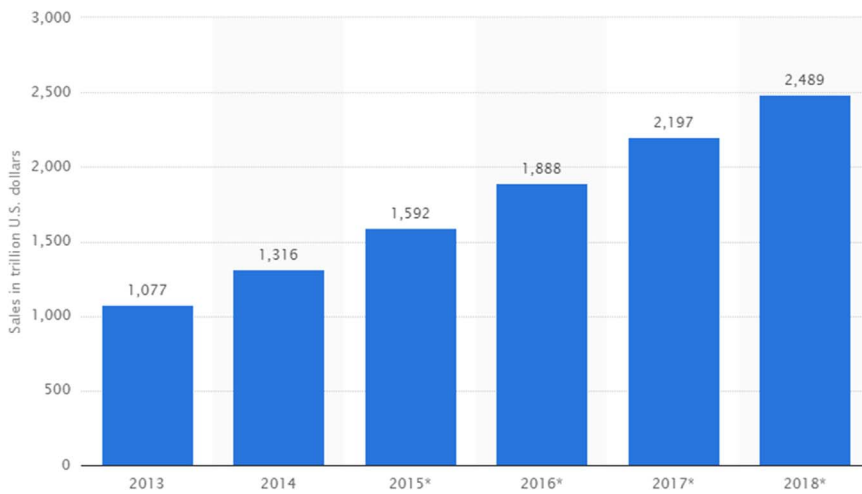


Fig. 1. Retail e-commerce sales worldwide from 2013 to 2018 (in trillion U.S. dollars).

Source: Statista (2015)

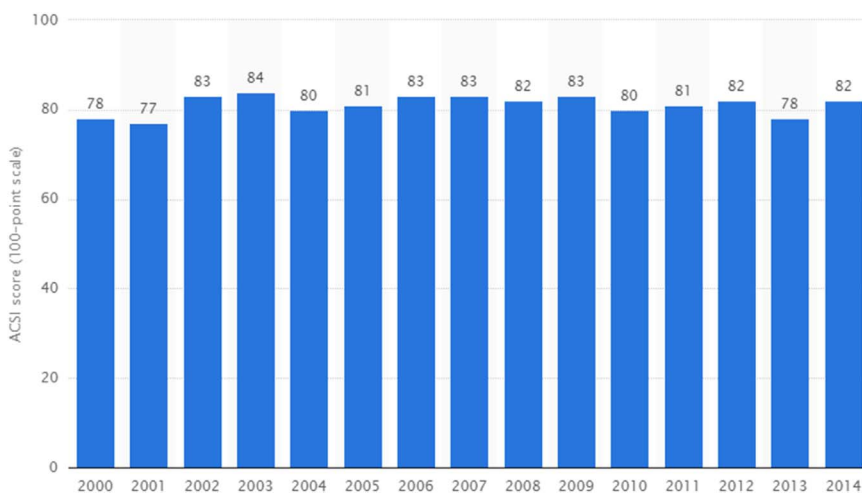


Fig. 2. U.S. customer satisfaction with online retail from 2000 to 2014 (index score).

Source: Statista (2015)

and service, up-to-date technology, and poor design of website pages (Pauwels et al., 2011; Bamfield, 2013). A high rate of customer retention and large sums of revenue and profits will be maintained because of the high level of customer satisfaction. That is to say; no business can survive or maintain competitiveness without appropriate levels of overall customer satisfaction. Overall, the most well-known form of online shopping is business to consumer (B2C) shopping, which is when online shoppers can order various products and, on most occasions, pay for their purchase directly via the Internet. Over the past decades, the e-commerce market in America has been developing constantly with B2C sales in the region amounting to almost 35% of global total B2C e-commerce sales in 2013. Moreover, within 14 years 2000–2014), the customer satisfaction index (ACSI) score of American-based electronic retailers increased from 78 in 2000 to 82 points in 2014, which is relatively high within the 0–100 scale (Statista, 2015) and can be demonstrated by Fig. 2 below:

Additionally, according to the US Commerce Department, for the entire year 2010, retail e-commerce sales reached US\$167.3 billion, while retail e-commerce sales for the whole of 2013 were US\$263.3 billion, showing a 16.9% increase compared to 2012 (US\$225.3 billion). It also estimates that the total retail e-commerce sales will reach US\$491.5 billion by 2018. Up to 2014, e-retailers in the US made e-commerce sales gains of over US\$305 billion and they intend to increase this amount to US\$548 billion by 2019. Retail e-commerce sales amounted to more than US\$53 billion during the holiday season during November and December 2014 in the United States (Statista, 2015). Amazon.com is the most successful web-only B2C e-retailer in the United States. In its 2014 annual report the

company revealed that the sales amounted to over US\$80 million in the United States alone (Accenture Consulting, 2016), followed by Apple and Walmart with both online and offline shopping environments. In the United States, there are still several other successful web-only B2C e-retailers such as Netflix, Etsy and Amway. Therefore, through analysis of this paper, we attempt to find out what is the impact of customer e-satisfaction on consumer spending in terms of American-based e-commerce retailers? This analysis of the relationship between customer satisfaction and consumer spending in American based e-commerce retailers is based on a review of the following specific research questions: What is customer satisfaction in terms of online shopping environment? What factors affect the customer satisfaction in the concept of the online shopping environment? What is the relationship between customer satisfaction and consumer purchasing behavior (consumer spending) in the online shopping environment? In the literature survey section, we first review these questions in terms of the literature on e-commerce and e-satisfaction.

We further organize our paper as follows. In Section 3, we list our data summary, scope, and data reliability and validity. We then explain the models used to analyze the research topic based on collected data. In the empirical results and analysis in the subsequent Section, we analyze the results from the model analysis based on specific software in order to further study and prove the relationship between customer e-satisfaction and consumer spending in American-based e-commerce retailers. In Section 5, the implications and limitations of this paper are stated. The next section talks about directions for future research with respect to the research topic. Finally, conclusions are drawn.

Download English Version:

<https://daneshyari.com/en/article/5111329>

Download Persian Version:

<https://daneshyari.com/article/5111329>

[Daneshyari.com](https://daneshyari.com)