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# Impact of Electronic Commerce Practices on Customer E-Loyalty: A Case Study of Pakistan

Tausif M  
Riaz Ahmad

# INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, IT & MANAGEMENT

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### ABSTRACT

*The purpose of this paper is to explore the impact of electronic commerce practices such as customization, care, and contact interactively on customer's E-loyalty. We collected data through structured questionnaires from customers of Amazon. We examined the relationship between independent variables i.e. care, customization, contact interactively and dependent variable customer's e-loyalty. This research study basically tries to find out the importance of electronic commerce tools and preferences of the customers of Amazon. Sample of 100 customers was taken to measure the extent of relationship among variables. We used t test, regression and correlation to test our hypothesis whether the relationship among variables is positive or either negative. The results of the study show that there is positive and significant relationship among independent variables i.e. Care, customization, contact interactively and dependent variable i.e. customer e-loyalty.*

### KEYWORDS

Contact Interactively, Customization, Care, E-Loyalty

## 1. INTRODUCTION

With the rapid advancement in technology, different companies are starting their business activities with the help of internet. The selling and purchasing of products with the help of electronic systems such as the Internet and other computer networks is known as electronic commerce (Mariga, 2003). Electronic commerce includes online development of entire system of purchasing and selling, promoting and distributing. The buying and selling of products conducted by electronic means has grown extremely with extensive use of Internet. There are different practices of electronic commerce in different industries such as electronic funds transfer, e marketing, online transaction processing, supply chain management, inventory management systems, and automated fund collection systems suggested by (Lendrum, 2011). Electronic commerce is usually conducted with the usage of World Wide Web, e-mail, mobile devices and telephones.

The paper begins with the reviewing the basic definition of electronic commerce and customers loyalty. After reviewing the definition given by different authors we examined the previous studies conducted by different researchers on care, customization a, contact interactively and customer's e loyalty.

## 2. LITERATURE REVIEW

There is wide variety of literature is available on customization, contact interactively care and customer's loyalty. Electronic commerce is defined by the (Applegate et al, 1996), Electronic Commerce is more than simple purchasing and selling of services and goods by using electronic means, it also includes electronic communication and all other actions which add value to the whole supply chain.

### 2.1. Customer's E-Loyalty

According to earlier researchers brand loyalty means repeat purchase behavior of consumers for specific product (Lipstein, 1959) suggested that brand loyalty is the probability of product re purchase of products. (Kuehn, 1962) is also said that it is a probability of product purchase.

### 2.2. Customization

Customization refers to offer customized products to the customers according to the requirement of every individual customer. According to (Schrage, 1999), Customization offers great potential for e-retailers as "the web has clearly entered the stage where its value proposition is as dependent upon its capabilities to allow customization as it is upon the variety of content it offers." Customizations add to the probability that customers will get something that they wish to buy. (Wind, 2001) suggested that the companies which do not provide customized products can lose its customers. The main objective of offer the customized products are to increase the satisfaction of the customers. A survey by NetSmart Research pointed out that 83% of Web surfers are irritated or puzzled when navigated web sites (Lidsky, 1999). A research study conducted by (Fung, 2008) found that customization of the products on website and customer e loyalty is strongly associated with each other. By personalizing its site, an e-retailer can minimize this dissatisfaction. Customization also creates the understanding of better choice by facilitate a quick focus on what the customer actually desires (Shostak, 1987).

### 2.3. Contact interactivity

Numerous researchers have conducted research the significance of interactivity and its relationship with customer loyalty in electronic commerce. Contact interactivity refers to the participation and engagement between e tailor and customer through its website. According to the findings of (Salvati, 1999), e-retailers can not capture major market share until they "collect the full measure of commitment desired to attain and capitalize upon electronic interactivity." (Alba et al, 1997) suggested that contact interactivity enables a search process of products that can swiftly locate a wanted product and service, thus replacing reliance on comprehensive consumer memory. By changing a consumer's need and wants for reliance on remembrance with an interactive explore process; an e-retailer may be capable to enhance the perceived value that the consumer places on a business transaction. (Alba et al, 1997) also told that contact interactivity has positive relationship with customer loyalty.

### 2.4. Care

According to the (Punj & Staelin, 1983) Care is defined as "It is the consideration that an e-retailer give to all the pre- and post purchase customer to assist both direct transactions and long term customer relationships. A research study was conducted by (Poleretzky, 1999) and he told that "In the physical world, if customer gets dissatisfied then he will tell some friend may be five and if customer gets dissatisfied on the Internet then he will tell five thousand people." Dissatisfaction of customer leads to negative impression about company, so there is need to pay more attention to customers in electronic commerce than traditional commerce. According to the (Bolton & Drew, 1994), Service failures have an effect on future business because they weaken customer perceptions of service quality company attachment and lower.



**3. RESEARCH OBJECTIVES**

The primary objective of this research study is to examine and determine the perceptions of the customers, engaged in online buying and selling of products, services and information. The basic aims are as follows:

- ✓ To identify the importance of Electronic Commerce Practices in Pakistan.
- ✓ To identify the Impact of Electronic Commerce Practices on Customers Loyalty.

**4. RESEARCH METHODOLOGY**

**4.2 Sampling Procedure**

The main survey was conducted and collected data from online purchasers or buyers. Data collected from those people who are the customers of Amazon. To assurance that specific sample within a population is sufficiently represented the whole population. Stratified sampling was used to collect data. A structured questionnaire was filled from respondents.

**4.2 Sample Size**

To study the relationship between the variables, the total respondents for this research were selected 100 online customers of the website. This sample was constructed from the total Amazon customers in the city of Rawalpindi.

**4.3 Theoretical Framework**

**RESEARCH MODEL; IMPACT OF ELECTRONIC COMMERCE PRACTICES ON CUSTOMER E-LOYALTY: A CASE STUDY OF PAKISTAN**



**4.4 Description of the Model**

**Customization and Customer E Loyalty:** According to (SS Srinivasana et al, 2002) customization of the products increases the chances that customer find that features in a product which he desires to buy the product. (Kahn, 1998) suggested that customization of the products effect the customer e loyalty. Large selection of the products can confuse the customer to take decision of the purchase.

**Contact Interactively and Customer E Loyalty:** (S.S. Srinivasan et al 2002) suggested that contact interactively affects the customer e loyalty. He told that when a customer purchases a book from tradition book store then there is a limited option available for customers to evaluate the book. In the case of online buying of the book he can read the comments and reviews of the other user of the book that make easy to take decision about the product. Due to these reasons there is required to contact interactively with customers. It helps to tailor the products according to the desires and preferences of the customers. (Lii et al, 2004) revealed that contact interactively is directly linked with customer e loyalty and it increases the e loyalty of the customers.

**Care and Customer E Loyalty:** According to the findings of (Rummel, 1989) social relationship with customers and communities effect on customers e loyalty. According to the research conducted by (Bolton & Drew, 1994) care have strong relationship with customer e loyalty. The customer care increased the e loyalty of the customers. (SS Srinivasana et al, 2002) pointed out that relationship with community members, providing the advice and information increases the e loyalty of customers.

**4.5 Research Questions**

This proposed research intends to answers the following research questions:

1. Do the Electronic Commerce Practices increases the satisfaction and loyalty of customers towards organization?
2. What types of Electronic Commerce Practices most valued and desired by the customers?

**4.6 Hypothesis**

**Hypothesis 1:** There is positive relationship between customization and customers' loyalty.

**Hypothesis 2:** There is positive relationship between contact interactively and customer's loyalty.

**Hypothesis 3:** There is positive relationship between Care and customer's loyalty.

**5. DATA ANALYSIS**

**Descriptive Statistics**

**TABLE 1**

	Mean	Std. Deviation
E -Loyalty	3.2890	.56620
Customization	4.0260	.59384
Contact Interactively	3.3060	.62050
Care	3.0170	.84913

The table 1 descriptive analysis shows average mean of all variables in which customization have average mean of 4.02. Similar is there the case with contact interactively, care and E. Loyalty. While standard deviation shows degree of variation in care is .85 which is very high, similar in the case with contact interactively and others variables, while the variation is in customization is .59 which is low variation. The descriptive analysis shows the minimum & maximum value in collected historical data.

**TABLE 2**

**Correlations**

	E-Loyalty	Customization	Contact Interactively	Care
Pearson Correlation E-Loyalty	1.000	.385	.934	-.041
Customization	.385	1.000	.411	.135
Contact Interactively	.934	.411	1.000	.008
Care	-.041	.135	.008	1.000

The table 2 Pearson correlation analyses shows the relationship of E. Loyalty with contact interactively, care and customization. The Pearson correlation analysis shows that the correlation among independent and dependent variables. The value .385 of customization indicates that the rate of change caused by independent variable i.e. customization on dependent variable i.e. E Loyalty. The other independent variables such as Contact interactively and care shows the values .934 and -.041 respectively.

TABLE 3

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.935	.874	.870	.20380

The regression table 3 represents that multiple regression analysis is used because there are three independent variables and one is dependent variable. Value of R represents the relationship between Contact interactively, customization, care and E Loyalty. R square represents that overall 87.4% relationship exists among all variables (Contact interactively, customization, care and E Loyalty). Adjusted R square represents that there is 87.0% exact relationship exists between Contact interactively, care, care & E. Loyalty.

TABLE 4

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	27.750	3	9.250	222.700	.000 <sup>a</sup>
Residual	3.987	96	.042		
Total	31.738	99			

Table of ANOVA basically tells about variance, and also describe to what extent data is fit (i.e. check fitness of data).The ANOVA table represents in the column of degree of freedom (DF), the total number of independent variables in regression analysis that is 3 & the next is error term which calculated by the formula  $N - k - 1$ , where as N is total number of observations (that is 100) & K means number of independent variables in regression analysis (that is 3), In the next column it shows the sum of squares (SS) in regression & residuals (error).

Mean square (MS) is calculated by dividing the value of sum of squares by the values of degree of freedom, it will also give mean but in square form. Further value of F represents the fitness (goodness) of model by showing value of 222.700, where as P (sig) shows high level of significance representing fitness of data acceptability of null hypothesis which is 0.000.

6. DISCUSSION AND CONCLUSION

The basic purpose of research study was to find out the answers of following questions, such as do the Electronic Commerce Practices increases the satisfaction and loyalty of customers towards organization? And what types of Electronic Commerce Practices most valued and desired by the customers? This research study proves that the use of electronic commerce practices such as care, contact interactively and customization increases the satisfaction and loyalty of the customers. This research study also suggested that contact interactively is most desirable by the Amazon customers. Anyhow some cultural factors may also effect on customization, contact interactively, care and customer e loyalty.

Different researchers have recommended that initiatives such as improving the look of the storefront and the positive appearance of service employees will enhance the loyalty of customers in the traditional retail system. However, there are number of variables distinctive to e-retailing that have not been assessed in the previous customer loyalty literature. This research study has identified three factors that affect e-loyalty of customers. Three factors considered, customization, contact interactivity and care were found to have a significant impact on e-loyalty. E-loyalty demonstrated the highest elasticity with respect to contact interactively and care. If the companies use these variables such as care, customization and contact interactivity then the customers will be more satisfied and loyal to the company.

7. MANAGERIAL IMPLICATIONS

Our findings have both managerial and research implications. From a managerial perspective, e-retailers can launch early warning systems based on continuously measuring customer perceptions. So that management can take appropriate remedial action when any of these dimensions is perceived as falling below an acceptable level.

8. LIMITATIONS

There are some limitations of this research study. We considered three factors i.e. care, contact interactively and customization while measuring the loyalty of customers of Amazon. There could be some other factors such as trust, Community, Convenience and choice used to explore the more accurate results.

## APPENDIX

Scale	Items
<b>E Loyalty</b>	1. I like this website 2. I am considering switching to another website for online buying. 3. I could switch website to purchase products. 4. Whenever I need to make a purchase, I would use this website. 5. Whenever I made online purchase, I preferred this website to purchase the products. 6. This website is the best online buying website. 7. This is my favorite website for online purchasing.
<b>Customization</b>	8. This website offers that products which match my needs. 9. This website offers unique products for me. 10. This website offers customized products. 11. The advertisement of this website makes sense that it offers tailored products according to my needs.
<b>Contact Interactively</b>	12. There is a search tools which helps me to search a desired product from website. 13. This website provides enough information about the products. 14. I believed that this website is user friendly. 15. This website helps me to take purchase decision. 16. This website is not an engaging website.
<b>Care</b>	17. This website delivers the products in time. 18. I feel uncomfortable during the process of busying the product. 19. I feel that this website does not solve customers query in time. 20. Customers can provide their feedback on this website about the products. 21. I face online payment problem last time when I made a purchase from this website.

\*5-point Likert scale (from strongly agree to strongly disagree) is used to measure the association between dependent and independent variables.

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