QUALITY OF E- SERVICE, CUSTOMER HAPPINESS, AND BEHAVIORAL INTENTIONS: A RESEARCH IN THE CONTEXT OF INDIAN RETAIL, BANKING

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Abstract

Globalization and technological innovation have caused the electronic commerce (e-Com) industry to expand significantly and experience intense rivalry. A sample of 539 respondents in Tamil Nadu State, India, were chosen for this research by a simple random sampling procedure in order to evaluate the conceptual framework of customer perception on service quality in online company and its influence on satisfaction and loyalty through e-commerce business. The findings showed that, with the exception of educational background and neighborhood status, there is a significant relationship between customer demographics like marital status, gender, and awareness of how to use email and the internet and the quality of the e-service, customer satisfaction, and loyalty. Apart for customization, the qualities responsiveness and trust were emphasized as important determinants of consumer pleasure and loyalty. According to research on the relationship between customer happiness and loyalty, every factor under satisfaction was strongly and favorably related to loyalty.

Keywords: e-service quality, customer value, customer satisfaction, e-marketplace

1. Introduction

Technology and business are now integrated into one strategy for businesses. Technology, particularly the expansion of the Internet, has a significant impact on social media, e-commerce, and business. Internet transactions, sometimes known as e-commerce, are nothing new in Indonesia [1]. The dotcom era that gave rise to e-bay and amazon.com altered traditional retail. Tokopedia, Bukalapak, Zalora, Lazada, Local Brand (LB), and many more popular online retailers are accessible to the general public in Indonesia. In order to succeed in the current business environment, LB or any firm may depend on both the quality of their products and their services. It may even persuade people to buy the things that the businesses sell again. The demands of the consumer must be the first concern for businesses [2]. Starting with shifting the emphasis from

profit-oriented to other possible aspects like customer loyalty and happinessthis is because the client is a crucial component for the business. Competing for clients may be considered a kind of business competitiveness. While it may not be the strongest or best, the winner may please consumers. Companies must understand that the customer's choice to purchase the items is based on excellent product quality, competitive pricing, and service quality in current environment of more tough commercial rivalry. This service will result in a customer evaluation and customer satisfaction.

Service is something done, made, or performed. Service quality, on the other hand, is a mindset that is developed for the long term and the entire assessment of the company's performance. According to a service was any activity that did not result in ownership of something that a party may do to another party who was basically intangible. Moreover, they concurred that the effectiveness and efficiency of the website's facilitation of shopping, buying, and delivery of goods and services was a key factor in determining the quality of an e-service [3].

Research on service quality and e-service quality has been done, and many scales have been devised to assess e-service quality, claims. The current study on the calibre of e-services, however, has been discussed independently. Often, the study relates the influence of consumer value on service quality.

Customer value is the relationship between the quality and benefit that consumers get and expenditures like money, time, and energy. They motivate clients to assess, acquire, and utilize the product. The functional value, emotional value, and social value of a client [4]. Functional value is defined as the features of a product or service that are seen to be useful. There are four functional values in this study. First, there is the establishment's practical worth (installation). It refers to the website's accessible registration page. There is also the practical worth of staff (professionalism). The employees give the service (staff). The third factor is the usefulness of the service that was acquired (quality). The level of service quality delivered determines the perceived usefulness. Fourth, the perceived usefulness of the degree of cost spent is the functional value of pricing. In contrast, affective states or sensations brought on by the consuming experience make up emotional worth. Social value is then acceptability that is based on how well a person interacts with their social surroundings [5].

A grasp of the critical elements influencing customer happiness and service quality is essential for the success of the i-banking industry. With the increasing worldwide competitiveness in the banking and financial services industry as well as the growing influence of strong foreign firms in domestic banking, this has taken on even more importance. On the other hand, banks have realized the significance of service quality in the growth of positive bank-company relationships as a result

of the rivalry within the corporate banking industry. Enhancing this connection should boost bank profitability and result in additional advantages like commitment and cooperation [6].

Commercial banks in India have been quick to grasp the significance of this element for competitive advantage. In recent years, the banking sector has seen a number of legislative reforms that have strengthened competition between the banks. Following the Narasimhan Committee's recommendations, the entrance of private-sector banks and international banks has raised consumers' expectations in all areas related to customer service [7]. Using technologically advanced goods and services such multi-function automated teller machines (ATMs), electronic share applications, tele-banking, electronic money transfers, electronic cash cards, and e-banking, they have continuously evolved since the 1990s.

I-banking is a brand-new distribution method for Indian banks. According the internet banking channel may be used for both transactions and information. Yet, contrary to expectations, I-banking has not gained much traction in India. I-banking technology is also cited by banks with smaller market shares as a way to grow their market shares by luring more and more consumers to this new delivery channel [8].

2. Customer Satisfaction and Service quality

Customer expectations of what a company should deliver and perceived service performance are the two components that make up service quality; if customer expectations are higher than perceived service performance, then perceived quality is subpar and customer unhappiness results [9]. In other words, the gap between a customer's expectation and their assessment of the quality of the service may be used to determine service quality. The primary criteria for assessing the quality actually provided to clients via the product or service and the related servicing is customer happiness. Customer satisfaction and service quality are two separate concepts that are also significantly associated.

Hence, in order to provide excellent service, it is necessary to understand what the consumer expects. For the majority of service businesses today, achieving customer satisfaction is essential since it increases revenues, fosters positive word-of-mouth, and requires less marketing spending [10]. Customer satisfaction and service quality are viewed as a major differentiator in a competitive marketplace where business companies fight for clients. These factors have grown to be a vital success factor for organizations to establish their competitive edge and boost their competitiveness. Competitive advantage refers to a company's capacity to set itself apart from its rivals and establish a strong position against them [11].

According to Handfield et al., competitive capabilities include price/cost, quality, delivery, flexibility, and time-based competitiveness. Another barrier to entry is the distinction of services

based on quality. It improves the organization's reputation and is an intangible asset that accounts for the majority of business development and shareholder value. Whereas investigated the link between service quality, customer satisfaction, complaint-behavior, and commitment in the Indian banking sector, assessed the service quality in public, private, and international banks in India. They discovered a correlation between financial success and consumer behaviour intentions, as well as a favourable association between service quality and customer happiness. In 2005, Siu et al. conducted research on how to gauge service quality in i-banking in Hong Kong [12]. They made an effort to look at how consumers perceived the quality of the services they received through i-banking, as well as the effects that perception had on customer satisfaction and desire to purchase in the future.

As a result, contentment and perceived service quality are tightly associated. While a customer may be pleased with a particular service, he may not believe that the variety of services was of great quality, which highlights the contrast between the two. They investigated this issue using a comparable case [13]. In light of this, "a client may, therefore, indicate on a questionnaire that a certain bank is of high quality, even if this did not imply this customer was happy with the bank's services. It may not suit the customer's tastes for any other reason, or it could have excessively high loan interest rates. From the viewpoint of the consumer, it evaluated the level of service quality. They spoke on how banks can remain competitive by offering high-quality services in light of the rapid rise of i-banking. The findings are based on a factor analysis that identified three variables that affect how customers rate the quality of i-banking services. The words "efficiency and security," "fulfilment," and "responsiveness" were used to describe these elements [14].
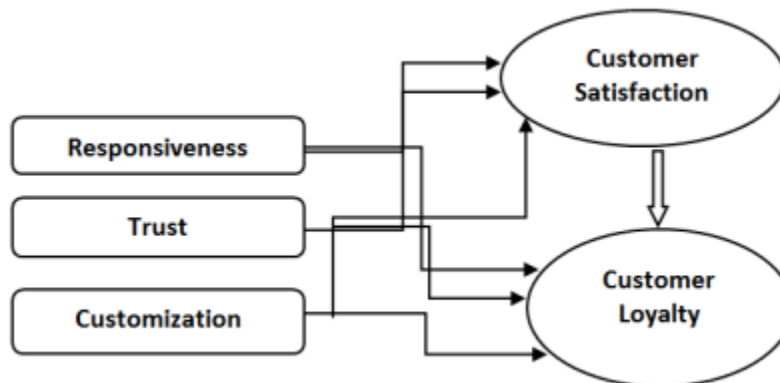

Figure 1: Conceptual Model
(https://www.researchgate.net/publication/320169457_Impact_of_E-Service_Quality_on_Customer_Satisfaction_and_Loyalty_Empirical_Study_in_India_Online_Business)

The author chose three categories of topics for the research because it focused on the performance of e-service quality, such as variables affecting e-service quality, the impact of e-service performance on customer satisfaction, and loyalty. In order to better understand how customers perceive service quality while purchasing online, a conceptual model was developed using the following criteria: responsiveness, trust, customization, customer satisfaction, and loyalty [15, 16].

3. Methodology

The research includes five variables for customer happiness and loyalty as well as three dimensions of service quality aspects, such as responsiveness, trust, and customization. The survey's questionnaire was designed with two parts in accordance with the requirements for the study's title. The first portion dealt with demographic information such age, gender, marital status, educational background, local government status, and awareness of how the internet worked. The second section is made up of 26 statements that cover a range of service quality topics, including responsiveness, trust, customization, customer satisfaction, and customer loyalty.

In order to gauge the consumers' opinions, a five point Likert scale with a range of 1 to 5 was utilised, with 5 representing strong agreement. Pre-testing was done by sending the instrument to 50 clients of online businesses in order to determine the validity and reliability of the scale chosen. The questionnaire was once again examined and improved with professionals and academics in light of the feedback obtained. Subsequently, the questionnaire was revised and given to the clients chosen using simple random sampling (a method to select a smaller sample size from large population which has an equal chance among the population). The designated population was first obtained from different organizations/institutions upon request, and from the list compiled, respondents were chosen using the aforementioned sampling technique.

A total of 550 questionnaires were provided to participants through email with instructions on how to complete them and return them. Local vernacular language was also incorporated in the instrument to aid with comprehension. Of of 600 surveys, 61 were returned incomplete or improperly filled out, representing 10.16% of the total. This can be as a result of the customer's hesitation to complete the questionnaire or their lack of time. SPSS was the statistical software utilised to analyse the ratings obtained from the questionnaire. The research was conducted from July 2016 to November 2016 and included 32 districts in the Indian state of Tamil Nadu as the sample region.

4. Result and Discussion

4.1. Demographic profile of the respondents in Online Industry

Given that demographic characteristics are important in any service industry, this study focused on the demographic characteristics of the respondents, including age, gender, marital status, educational attainment, status of the respondents' residential area, and awareness of using the internet. The results were revealed through percentage analysis using SPSS 18.0.

Regarding educational background, it was discovered that 37.7% of respondents had postgraduate degrees, which made up the majority of respondents overall. All respondents had at least a bachelor's degree. Another significant finding in this context is that the majority of respondents (39.7%) reside in rural areas. This demonstrates unequivocally that where you live has absolutely no effect on your ability to learn technological skills, particularly those related to Internet use. Everyone now has a mobile phone with Android functionality; therefore there is no longer a need to look for an alternative operating system, which is the cause of this technical knowledge. Their cell phone might be used for anything. Also, programmers for internet buying might be downloaded anywhere to do business. One of the e-commerce industry's turning points is this.

4.2. Factor Analysis

When categorizing the important factors and variables using principal axis factoring and varimax rotation, a technique known as factor analysis was used to describe variability among observed and correlated variables as well as to reduce data by identifying representative sets of variables to similar in number, by partially or completely replacing the original set of variables, and in order to improve data reliability.

For further analysis and interpretation, three components with Eigen values greater than one (1) were taken into consideration. Table 3 includes the extracted service quality components, the variables included in each factor, their Eigen values, the percentage of variance explained, and the individual Cronbach's alpha for reliability for each factor. According to the analysis, responsiveness, which has an Eigen Value of 5.616, is the most significant element taken into account in this research. Trust comes next, with an Eigen Value of 1.606, and is followed by Personalization, with an Eigen Value of 1.048. 3 Customer satisfaction levels in relation to the factors taken into account for service quality in online buying

5. Conclusion

Customer satisfaction is crucial for every sort of organization since it is the main driver of loyalty. Everyone is aware that today's retail businesses have begun the trend of internet marketing using a variety of tactics after determining the characteristics of the market where they provide their services to the public. The research provided in this study centered on an analysis of service quality in online commerce and its effects on client loyalty and satisfaction with reference to Tamil Nadu, India. There have been cases when customers have been reluctant to purchase a new product online, especially from an unknown website, which is why this research was conducted. This produced a situation where questions such, "Why such aversion to the product in online business?" and "Does customer experience via online business give satisfaction?" could be raised. According to an analysis of the research data, responsiveness and trust, two factors that directly affect service quality, had a positive impact on customer satisfaction and loyalty. These findings were in line with those of prior studies.

This prepared the online merchants to carefully examine the variables of responsiveness and trust via customer orientation in order to boost the consumers' propensity for repeat purchases. In contrast to the findings reported, who noted that customization was positively related to e-loyalty, it is noticeable that the factor "Customization" under service quality is not highlighted as a significant predictor for customer satisfaction and loyalty as the "p" value is not statistically found.

5.1. Limitation And Future Research

The research's conclusions are subject to a number of restrictions. This study utilized a simple random sample approach; however, future research may use a different sampling technique, notably stratified random sampling, which groups the population according to significant criteria to enable a more thorough evaluation of the results. Also, after reviewing the dependability data, it is discovered that "Customization" has a reliability score of 0.674 for one factor. The fact should be taken into consideration while doing further research in order to increase dependability values. Future study may also take into account a greater number of antecedent elements for customer happiness and loyalty, and studies may be conducted in a variety of geographic locations with a variety of demographic variables.

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