E-marketing Model for Business Websites to Increase Customer Trust and E-loyalty

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Abstract
The need for business websites to market themselves has been growing exponentially due to the rapid increase in competition amongst the vendors. Improving their marketing activities is becoming increasingly important for the business websites to increase their customer loyalty. E-loyalty is regarded as an important factor, which is needed to succeed in online business and be profitable in this area along with e-satisfaction, e-trust and e-service quality. This study seeks to create a model in order to increase customers’ trust as well as loyalty towards business websites. As hypothesized, customer loyalty to a specific online vendor increased with perceived better service quality both directly and through increased trust. Also, if there is any chance of risk, then the loyalty wards that vendor is reduced. The results of this study showed that a high level of brand loyalty of the consumers in the business websites not only has a significant positive impact on consumers’ trust of the same brand’s Website, but also positively impacts consumers’ online brand familiarity and apparent brand repute, which improves the trust of the consumers in the website of that brand.

Keywords: e-marketing, model, e-loyalty, e-trust, website, e-satisfaction, e-commerce, Service quality

1. Introduction
The online industry has been growing exponentially and the use of this service by the customers is booming globally. The popularity of electronic commerce has been on the rise in the recent times and is still gaining momentum. The global turnover of this industry has touched one trillion dollar in 2012 (Anderson and Srinivasan, 2003). The swift expansion of business web has increased the avenues for competition on the Internet (Nasir and Altinbasak, 2009). According to Kuttner, (1998) “The Internet is a nearly perfect market, because information is instantaneous and buyers can compare the offerings of sellers worldwide. The result is fierce price competition and vanishing brand loyalty”. Customer loyalty has been known to increase profit and lead to organizational growth in many ways(Heskett et al., 1994; Chow and Reed, 1997). The magnitude of the impact of customer loyalty can be gauged by the fact that increasing the percentage of loyal customers by 5% can increase profitability by 30% to 85%, according to the different industry (Reichheld and Sasser, 1990). The globalization and exhaustive rivalry led to a reduction in usefulness of traditional business and therefore, are nowadays turning towards e-commerce to augment profitability and introduce new markets for their products or services. Customer loyalty is generated mainly by increasing the marketing activities of a business website.

2. Research aims and objectives
This paper aims to create a model, which shall help in increasing the trust of the customers on making electronic transactions, which ultimately leads to an increase in the loyalty of the customers towards their websites. It is so because one of the main factors behind generating loyalty towards an e-business is the trust of the customers. The primary research objective of this paper is to develop a model for the e-commerce websites, which shall help them in increasing the customer loyalty towards their business. The secondary research objectives include:

- Identifying the ways in which the trust of customers increase towards a business website
- Identifying the secondary factors that have an influence on loyalty towards business websites
- Examine the significance of security and privacy in creating customers ‘loyalty towards business websites
3. Significance of the study

The main reason for conducting this study that business websites looking for loyal customers who tend to stick with the company and ready to pay any price for the product along with more considerate towards the company (Reichheld and Sasser, 1990; Fukuyama, 1995; Zeithaml, Berry and Parasuraman, 1996; Chow and Reed, 1997; Reichheld and Scheffer, 2000), and are easier to assure the vendor is aware regarding the customers’ needs as well as expectations (Heskett et al., 1994).

This study is different from the other research studies done previously as it seeks to create a research model in order to review the trust and loyalty of the customers. In addition, it assesses the magnitude of trust and e-loyalty towards the website of a company by integrating a creation of the reputation of the website; and secondly, assessing the loyalty of the consumers towards traditional marketplace in order to examine the impact of brand familiarity on consumers’ trust and loyalty. This study also seeks to study the different aspects of consumer behavior, which is of utmost importance for the marketing aspect of a business.

Moreover, it is difficult to create and retain customers in the online space due to the increasing competition and well as the fickle mindedness of the customers. It has been seen that the costs of attracting new customers adds an expense of at least 20% to 40% as compared to the traditional market (Reichheld and Scheffer, 2000). In the case of Amazon.com, it was observed that around 66% of its sales could be attributed to returning customers (The Economist, 2000). Therefore, maintaining high degree of customer loyalty can be the deciding factor in the success of renowned websites like Amazon.com. Loyal customers also help the business by recommending the business to other customers by spreading positive word of mouth and helps in increasing the customer base without making any marketing efforts for the same (Zeithalm, Parasuraman and Malhotra, 2001). The success of other websites including eBay can be attributed to its referral system due to which they have been able to drastically reduce the costs of attracting new customers (Mattila, 2004). Customer trust is an ongoing process which is developed by trusting unknown others and others start trusting that business because it is trusted by a person they trust (Doney and Cannon, 1997).

4. Literature Review and Theoretical Foundation

According to the Southern Europe B2C E-commerce Report, the regions in Europe including Turkey, Cyprus, Spain, Italy, and Malta, generated a total turnover of €40.8 billion in 2013 over the internet. Srinivasan, Anderson and Ponnavolu, (2002) has defined e-loyalty as “the customer's favorable attitude towards the e-retailer that results in repeated buying behavior. “Previous studies have showed that customer trust is the decisive factor in successful e-commerce (Corritore, Kracher and Wiedenbeck, 2003; Grabner-Kräuter and Kaluscha, 2003; Wu and Chen, 2005), and a main factor of that trust is consumer familiarity. According to Ribbink et al., (2004), customer satisfaction has been regarded as very important and it is considered as an enormous driver for customer loyalty in the online atmosphere. Anderson and Srinivasan, (2003) have further elaborated that a discontented customer is more expected to investigate for other options like competitors and therefore are more forced to shift to another provider whereas a satisfied customer sticks to the original provider and become trustworthy. Kim, Ferrin and Rao, (2009) also were of the opinion that a content customer shall use the service more, have a better aim to purchase again and also more prepared to suggest that service to others.

Customer loyalty is defined as “continuing relationship established between the consumer and a brand as long as repeat business is important and as customers have the chance to go somewhere else, employees must deliver high level of customer satisfaction for a company to be successful” (Brown et al., 2011). The hypothetical fundamental of customer loyalty to a company’s website is considered similar to that towards traditional businesses. “Customer loyalty impacts behavioral outcomes and, ultimately, the profitability of a company. Research by Reichheld and Sasser, (1990) reveals that loyal customers have lower price elasticity than non-loyal customers and they are willing to pay a premium to continue doing business with their preferred retailers rather than incur additional search costs.

(Reichheld, 1993) investigated the direct implications of loyalty on the revenue and profitability of a company whereas researchers such as (Gremler, 1995) and (Dick and Basu, 1994) have examined the impact of customer loyalty on customer behavior. One of the behavioral outcomes expected to result from e-loyalty is positive word-of-mouth—the extent to which an individual says positive things about the e-retailer to others. As noted by (Dick and Basu, 1994) and (Hagel and Armstrong, 1997), loyal customers are more likely to provide positive word-of-mouth.

Customer satisfaction is a significant characteristic for the accomplishment of any company, regardless of being a traditional or an online business. Anderson and Srinivasan, (2003) has defined customer satisfaction as “the contentment of the customer with respect to his or her prior purchasing experience with a given electronic commerce firm”. In addition, Chang, Wang and Yang, (2009) argued that customer satisfaction is concerned with generating positive emotions within the customer after it has used the product or the service.
If a customer enjoys positive experience with an online business, it increases their willingness to buy more from that particular vendor as it shall make them more loyal towards the business along with having trust on it.

Customer satisfaction can be regarded as a precursor of trust (Jacoby, 1971). Customer satisfaction can be seen to have a positive impact on customer trust in the online environment as well, despite the fact that observed study in this sphere is inadequate. A positive impact of customer satisfaction on belief with respect to the service provider has been established for ecommerce.

(Metzger, 2006) believe that trust is the decisive factor behind loyalty or commitment as trust makes highly valuable exchange relationships. Therefore, it is expected that customers that trust to e-services be willingness to purchase online (Murphy and Smith, 1982), but there are not enough empirical evidences. The discussion above has led to the development of the proposed conceptual framework as indicated in Figure 1 and following hypotheses are suggested.

Hypothesis 1

H₀: Service quality has a significant impact on satisfaction of customers of business websites
H₁: Service quality does not have a significant impact on satisfaction of customers of business websites

Hypothesis 2

H₀: The level of customers’ trust has a significant impact on e-loyalty of business websites
H₁: The level of customers’ trust does not have a significant impact on e-loyalty of business websites

Hypothesis 3

H₀: Perceived risk with an online vendor decreases customer loyalty to that vendor
H₁: Perceived risk with an online vendor does not decrease customer loyalty to that vendor

Hypothesis 4

H₀: Reviews and ratings of a website has a significant impact in developing customers’ trust
H₁: Reviews and ratings of a website does not have a significant impact in developing customers’ trust

Hypothesis 5

H₀: Availability of information increases customers’ loyalty towards business websites
H₁: Availability of information does not increase customers’ loyalty towards business websites

The above-mentioned hypotheses identify the main determinants of customer trust in a business website, namely, security and privacy, reviews and ratings, information availability and delivery time. These factors also have a significant impact on the main 4Ps of marketing which are, product, price, place and promotion. The conceptual model of the study shown as below:

![Conceptual model for generating customer trust and loyalty in business websites](image-url)
5. Research Methodology

This section is responsible to depict an appropriate research methodology for preparing the model to increase the customers trust and loyalty towards business websites. Increasingly, this section has been planned with the main reason of delineation and supporting the research design, which has been used in this study in order to meet the primary as well as secondary research objectives. Novikov and Novikov, (2013) have said that a research study is mainly divided based on its rationale, procedure, reason and outcome. This section is regarded as the backbone of this study mainly because it clearly mentions the methodology and overall approach of the research; it provides information about the philosophy of the research, data collection procedures, research philosophy and the rationale behind the choice of option from the available options (Jonker and Pennink, 2009). This part of the paper details the research design followed by explaining the research process and needs to be the most fitting in order to meet the objectives of the research.

Source: (Saunders and Tosey, 2012)

The research onion is an outline which is comprised of various layers that helps the researcher in linking the different ideas and concepts of the research process ranging from research philosophy to the process of collecting and analyzing data (Saunders and Tosey, 2012). The chief layers included in the research onion are Philosophy, Research Approach, Research Strategy, Research Choices, Time Horizons, Techniques and Procedures.

6. Research purpose

The reason of conducting the research including the goals of the study mentioned under research purpose. The research purpose also includes the problem statement, which demarcates the variables, defines the population as well as the background of a study. The research purpose has to be acknowledged neutrally or using such a way which does not depict the biases or standards of the researcher. Additionally, the research purpose needs to frankly recount to either a research hypothesis or an objective. Therefore, it can be said that the research purpose needs to properly deal with the research questions, objectives and the hypothesis of the study.

For the purpose of this study, the research purpose stated as exploratory and descriptive. Exploratory research helps the researcher in developing more idea regarding the problem. The population of the study includes all the studies conducted previously on the topic of customers' loyalty towards e-commerce websites. Saunders et al. (2009) has recommended that the researcher needs to be willing to alter the direction of the study when a revelation of new data and insights discovered while conducting exploratory research.
Moreover, it tends to tackle those problems which there has been little or no research done in the past. Therefore, exploratory and descriptive research purpose chosen as there has only been a few studies conducted on this topic.

7. Research approach

Research approach refers to the plans that have made ranging from making assumptions to methods of data collection and analysis. For the purpose of this research, deductive approach used in order to set up hypothesis, which developed by applying the different theories. For the purpose of this approach, the researcher had to collect and analyzed the relevant data in order to achieve suitable results for facilitating the acceptance or deny of proposed hypothesis. In research studies, there are two types of approaches used, i.e. deductive and inductive. Deductive approach helps the researcher in formulating alternative hypothesis by using different theories, whereas inductive approach researchers collect data in order to address the hypothesis for defining the complete theory.

For the purpose of this study, deductive approach chosen for developing a theoretical and academic configuration, which needs to be experienced by empirical observations. This study needs a model to be develop based on a proven theory and the main aim is to analyze it and develop the required model.

8. Research philosophy

Research philosophy deals with the way of thinking that the researcher has during the course of this research. The chosen philosophy helps the researcher in creating his own ideas about the research issue in a designated way. It is important to identify the research philosophy before starting the actual research as it is concerned with the procedure of framing research methodology and the course of research. The main research philosophies that employed for the purpose of research are epistemology, ontology, and axiology. In this study, epistemology philosophy used by the research for exploring the factors behind developing customers’ trust and loyalty. Epistemology philosophy is study of nature and scope of knowledge along with justified beliefs. It helps in analyzing the nature of particular knowledge and how it relates with fact, attitude and justifications that seen in collecting data regarding the consumer behavior regarding purchase from business websites in this study. It also deals with construction of information and cynicism about dissimilar knowledge facts (Horrigan, 2007).

For using epistemology philosophy, realism paradigm chosen by the researcher in order to recognize the fundamental reason dependable on increasing the customers’ trust and loyalty towards business websites.

9. Research method

The research methods essentially are quantitative or qualitative or mixed method. Due to exploratory, descriptive and explanatory nature of the research, a qualitative method of data collection and analysis employed in this research study. For the purpose of this research, secondary data collected by using sources like journal articles, reports, newspaper articles, magazine reports among others. Qualitative data collected for this research as the topic of study is such that it involves a lot of subjectivity.

This research has used epistemology research philosophy and deductive research approach methodically responds to the research questions concerning the customer satisfaction and loyalty towards business websites. Secondary data collected from different sources. The data thus collected shall be analyzed using suitable statistical tools to obtain meaningful information from it. Validity and reliability of the data collected and the results of the study need to take care of with certainty.

10. Discussion and conclusions

A qualitative analysis done on the information collected from secondary sources and thematic analysis done to approve or reject the proposed hypotheses. The analysis showed that the null hypothesis of the three proposed cannot be rejected as service quality plays a significant role in customers’ trust and loyalty. Customer loyalty generated by instilling trust in the mind of the consumers. Moreover, if the vendor perceived as non-reliable or risky, it leads to an automatic decrease in the loyalty of the customers.

11. Practical

The majority of the results of the data analyzed, which obtained from secondary sources, coincided with the results of the previous studies. Regarding e-satisfaction, the data analysis showed that this variable has a positive and direct relationship with e-loyalty, which is consistent with the previous research (Keller, 2011). In fact, the result suggests that e-satisfaction is a strong predictor of e-loyalty in a business industry. Findings of this research have several key implications for developing theoretical knowledge and creating strategies to attract and retain customers.
On examining the influence of e-service quality on e-satisfaction, results reveal that the former has a noteworthy effect on customer satisfaction. These results are also consistent with empirical studies showing that greater degree of service quality will lead to customer’s satisfaction.

12. Implication

This research generated valuable implications for the business vendors who are operating in the e-commerce domain. This section will present implications from both a theoretical perspective and a practical perspective. The first section, will present the theoretical implications followed by the managerial implications in the second section.

E-commerce has its existence since the last decade. The regular advertisements in TV and newspapers have allowed it to have a global reach. The tertiary sectors including transportation and logistics, employment opportunities have also increased with rapid growth of E-commerce sites. These businesses are recruiting huge number of employees on a contract basis, thereby increasing employability. In every three months, 5-6 start-up companies are entering this market and already established company are setting up their offices in many places; recently Gati recruited 400 employees in 40 days of time. The advent of e-commerce is leading to an increase in jobs related to distribution, packaging and delivery by as much as 25% as compared to employment in other sectors which is around 8 to 10% (Turban et al., 2015).

Nowadays, business websites become more inclined in detecting, understanding and retaining their profitable customers since they are facing strong competition. For this, the behavioral dimensions needed to understand well in order to determine the impact they have on e-loyalty and consequently, increase customer retention. This study showed that factors like e-satisfaction, e-trust, and price and web design are important determinants of e-loyalty. However, the strongest predictor of e-loyalty is e-satisfaction. Thus, managers should prioritize it and focus on its main drivers in order to comprehend what affects e-satisfaction and consequently increases e-loyalty in the business industry. In order to succeed, managers should concentrate on estimating and monitoring customer satisfaction alongside its key retention drivers, which allow the company to assess and correct operating deficiencies, address-working inadequacies, improving customer satisfaction and ultimately loyalty.

13. Conclusion, limitations and future studies

This study has some limitations that should considered when interpreting its findings. Theoretically, larger businesses are likely to experience higher levels of loyalty (Ehrenberg, Goodhart and Barwise, 1990) therefore it is important to assess whether customers of larger and more generalist e-commerce can be used in this model for further research.

Building high standard customer loyalty is fundamental to the profitability and survival of the online environment. Therefore, managers should have the required knowledge and skills to take advantage of this factor. This study generated a better understanding about which predictors affect e-loyalty, directly and indirectly, as the variables not only affect e-loyalty, but also correlated to each other. Overall, the conclusions of this study agree with previous research in which a set of hypothesis created and according to the survey result, eight of them were accepted. The study also points out that some spotlight should put on improving price and web design in order to boost e-loyalty. Managers should be aware that it is crucial to provide customers a fair but not necessarily the lowest price. The effect of e-trust and e-satisfaction on affective and continuous commitment taken into consideration. It suggests that e-retailers should pay much attention to the influence of brand awareness, perceived quality and e-loyalty on purchase intention. The consumers can identify a brand name when they want to buy a new article. Since brand loyalty increases with brand awareness, E-commerce sites and management ought to build a brand and promote it through sales promotion, advertising and other marketing activities. To replicate the conclusion of our research, customer satisfaction against a commercial site positively influenced by the emotional state in internet shopping. When the perceived risk associated with purchasing on the website, customers do take risks critically at the time of making choice of purchasing online. This contentment driven by the emotional state and professed risk, which generates consumer faithfulness to the merchant site.

First, the influence of e-satisfaction, e-trust, and ease of use, web design, responsiveness and assurance tested on the dependent variable e-loyalty. As expected, e-satisfaction positively and directly influences e-loyalty. The result concluded that e-satisfaction is the strongest and most crucial antecedent to e-loyalty in the business industry. Thereby, if a company succeeds to evoke positive emotions in the customer and match or exceed customer’s expectations, they will manage to increase the e-loyalty. The main drivers for customer satisfaction include ease of use due to proper web design, responsiveness of the vendor towards the customer and their trust towards the business vendor. The customers’ trust is mainly dependent on assurance and responsiveness.
Future studies

Future study will based on how the brand loyalty changed to e-loyalty after the introduction of e-commerce. Future studies are necessary to investigate other websites selling consumable products such as cosmetics, insurance, or clothing and examine the actual online purchase behavior. Further, as the r-squares of online brand familiarity and website reputation found to be relatively low in the current study, further studies could also test other variables such as socio-demographic characteristics, price sensitivity and satisfaction to provide different insights. Last, future studies could widen the population set by inviting actual online consumers to validate the survey measurements and not just limit the research to university professors.

This section will present some suggestions for further research. A primary suggestion would be to do a qualitative study instead of a quantitative study to improve the accuracy of the conclusion. More detailed picture of any additional factors affecting e-loyalty would be interesting to analyze and find out why some antecedents are more important than others for e-loyalty are. Further, this study concluded that e-satisfaction is the principal determinant for e-loyalty and it would be intriguing to dig deeper into this area. Additionally, investigating if there are additional factors influencing e-trust and the e-service quality dimensions could be of some interest.

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