ONLINE RETAILING: IMPACT ON ONLINE RETAILER RECOMMENDATION

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Abstract

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The online retailing market has increased the demand for online products by emphasising the benefits of online shopping. Consumers, especially millennials, have access to smartphones and the world wide web. Online shopping is now increasingly being considered as convenient albeit with certain challenges looming in the background. The B2C segment is racing towards 33 billion dollars. Customers in India have been accustomed to visiting nearby retail outlets and physically verifying the goods before purchase. However, the millennial generation is prone to online shopping and this can be attributed to limitations of time, speed, access to information and plastic money. The competition is reaching higher levels by the day and therefore online customer fondness and online retailer recommendation are critical in such a

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dynamic scenario. This paper analyses the impact of Trust, Perceived Usefulness, Perceived Value, and Online Retailer Fondness on Online Retailer Recommendation by utilising linear regression analysis. The analysis is based on the responses of 617 online customers who have had experience in shopping online.

I. Online Retailing Scenario

Online retailing In India has witnessed a boom in the last decade and is growing steadily every year. The figures are thrice more than what existed in 2015. The prominent players in the market are Amazon, Flipkart and Paytm Mall. The B2C segment is about to reach 33 billion dollars (web 1). However, India is yet to catch up with the growth rate witnessed in China and Asia-Pacific markets.

II. Need for the Research

E-commerce boom is still at a growing stage and therefore requires lot more research on the customers as well as markets. Omni-channel delivery is the order of the day and that requires extensive research to comprehend the expectations, needs and dynamic tastes of the customers. This paper examines a few crucial factors like trust, perceived usefulness, perceived value and fondness for online retailer and their impact on recommendation of online retailer.

III. Review of Literature

III.1 Trust

Ayegba et al. (2017) examined the consumer experience on online shopping. This study revealed that online shopping removes the obstacles in embarking long travel and removing the problems of purchasing a product anywhere in the world. It was found that consumer trust, product assortment, privacy and convenience, and time saving aspect fosters consumer buying behaviour towards online shopping. Findings also showed that trust plays significant role in establishing customer support to online shopping. Trust can be associated with the prompt delivery of goods,

perfection in goods ordered, delivery without damage, and reliable tracking system of despatch of goods. Findings revealed that customers are highly satisfied with purchasing products through online shopping. It was concluded that customer experience in online shopping is found to be satisfactory and induces others to purchase through online.

Pincha et al. (2017) analysed the online purchasing behaviour of women consumers. It was found that the increasing habit of online shopping reduces physical movement of customers to purchase goods and services. The customers are highly attracted with the services delivered by the online shopping outlets. Moreover, trust on online shopping has increased among the different customer segments. The most important benefit of online shopping is its convenience along with low price and product availability which are not accessible in the nearby stores. Furthermore, online shopping provides low priced product, convenience in purchase and it saves customer time. Results revealed that time-saving and convenience motivates women customers to purchase goods and services in online mode. It was concluded that trust increases customer dependency on online shopping.

Singhal & Patra (2018) investigated the consumer behaviour towards online shopping. It was found that customers are showing more interest on buying products through online. Trust on online shopping has enhanced owing to increasing popularity of online shopping. Results showed that easy payment options, various discounts, easy return options, and fast and timely delivery increases customer trust on online shopping. It was also found that low searching cost, high discounts, and ease of purchase are the most important aspects in making customers to purchase online. Findings also showed that customers are mainly focussed on trust element while seeking to purchase products in online shopping. Consumers normally look for assurance and speedy delivery from the online markets. It was concluded that consumers are interested to make purchases online.

III.2 Perceived Usefulness

Dachyar & Banjarnohor (2017) aimed to check the factors influencing purchase intention towards online shopping. This study stressed that various factors that affect customer purchase intention in online mode. This study divulged that perceived usefulness, risk and trust are found to be mainly influence buying intention of customers. This study also showed that familiarity

with online vendors, reputation, perceived ease of use, and trust are the antecedents of perceived usefulness in online shopping. Results revealed that online vendors should provide careful concern to website designing to enhance customer trust through content creation and user-friendly access. It facilitates the enhancement of customer service in order that reputation will attract more potential customers. It was concluded that perceived usefulness is the most relevant factor which influences purchase intention of customers in online shopping.

Moslehpour et al. (2018) aimed to check the e-purchase intention of consumers. E-purchase intention is influenced by technology perceptions like perceived ease of use and perceived usefulness along with personality characteristics conscientiousness and openness. This study revealed that online purchase intention imitates the wish of customers to purchase through the internet. It was recognised that a customer is more likely to buy from virtual stores when online outlets provide sufficient information about products. It includes searching functions, website trusts, product information, price comparison, buying cart, outlining mechanism, and online payment systems. It was found that perceived usefulness makes the customers to easily search for and purchase the product. It was concluded that purchase intention is the outcome of perceived usefulness and perceived ease of use while buying products online.

Prasad & Amal (2018) aimed to examine the online consumer buying behaviour. It was found that customer involvement, self-actualisation, information, online experience, innovation, value and demographics are the basics of consumer buying behaviour. Moreover, perceived usefulness, assurance, perceived information, trust, satisfaction, enjoyment, and perceived ease of use are the important factors in changing customer perception towards online shopping. Results also revealed that convenience, delivery, reputation, privacy, security, design, and quality factors have significant influence in changing customer buying behaviour in online shopping. It was concluded that behaviour of buyers also changed with loyalty factors, participation, word of mouth, frequency of purchase, and frequency of visit to the website. It can be concluded that these factors influence buying behaviour of customers online.

III.3 Perceived Value

Pawlasova & Vojtech (2017) aimed to assess the factors affecting generation Y customer satisfaction with online buying. This study emphasised that customer satisfaction is highly important for the online vendors to sell its products. It was found that perceived value and website quality are the main indicators that affects customer confirmation in online purchases and it has significant influence on customer satisfaction. Results of the study revealed that customer satisfaction with perceived value of a product tends to be main indicator of customer intention to continue with the online retailer. Customer satisfaction with online purchase ultimately leads to the establishment of customer trust in online shopping. It was concluded that trust eventually leads to repeat purchase intention online.

Sivanesan et al. (2017) aimed to compare the factors influencing online and offline shopping among customers. This study highlighted that customer perceived value on using internet tools has significant impact on online shopping. It was found that perceived price, service quality, and product quality have considerable impact on perceived value and purchase intention in online shopping. It was also found that time-saving, door delivery, no issue of going to the shop, availability of products, low price, high quality, easy searching, and accessibility are the reasons behind the purchase of products online. Findings also stressed that female customers are showing more interest on making purchases through online mode than their counterpart male customers. It was concluded that online shopping is a simple mechanism, reduces time of purchase and offers products with lower price to the customers.

Chian & Tseng (2018) examined the influence of fan pages on consumer purchase intentions with liking as a moderating factor. This study revealed that consumers are frequently using social media sites, which are made aware through electronic propaganda. Social media helps the consumers to get various information about a product, brand, price, offer, availability, design, flavour, and so on which transforms their purchase intention. Findings of the study indicated that brand awareness of product and customer referral through electronic propaganda sizeably influence perceived value. Findings also showed that perceived value has significant influence on affecting purchase intention of customers in online shopping. Moreover, liking behaviour of

customer moderates the association between purchase intention and perceived value in online shopping. It was concluded that fan pages have effect on consumer purchase intentions.

III.4 Online Retailer Fondness

Bojang (2017) investigated the determinants of trust in business to consumer e-commerce solutions and their relationship with consumer online trust. This study revealed that online shopping is the outcome of consumer evaluation on e-commerce portals. It was found that creating and maintaining trust in the virtual atmosphere is certainly a multifaceted process and takes time to completely attain it. Results revealed that retailer fondness towards facilitating sales to the customers has highest influence in establishing trust amongst customers. Moreover, it was found that perceived repute, perceived quality of website, perceived acquaintance, perceived security, perceived confidentiality, and perceived assurance have significant effect on online trust in the business to consumer environment. It was concluded that customer trust in e-commerce business solutions vastly relies on fondness showed by the online retailer.

Akram (2018) aimed to analyse the drivers and barriers in online shopping in the newly digitalised society. This study stressed that online shopping offers multiple benefits in the form of control, convenience, assortment and ease of purchase to the customers. Online shopping attracts more customers due to attributes like saving of time, low price, retailer fondness and support, and fashionable shopping outlets. Results revealed that enjoyment, control, convenience, and assortment are the main benefits of online shopping to the customers. It acts as a driver towards online shopping amongst the various customer segments. Findings showed that customer perception concerning potential benefits of online shopping increases customer likelihood to engage in online shopping. It was concluded that barriers are in the form of fraud, lack of knowledge on technology, and lack of trustworthiness in online purchases.

Vidyashree et al. (2018) examined the factors influencing youth buying behaviour in online shopping. It was found that due to the emergence of technology in all walks of life, now the customers are changing their buying behaviour from direct purchase to online purchase. This study revealed that retailer fondness towards changing their business to online method provides more benefits to the customers. Results revealed that secured e-payment, cash on delivery, door

delivery of product, brand availability, and trust of the products facilitates the customer to prefer online shopping mode. Moreover, quick delivery, high quality, return options, competitive pricing, better offers, and customer knowledge on e-commerce increases customer interest in online shopping. It was concluded that positive presence of these factors assists in boosting customer satisfaction and it also depends on the quality of goods offered.

III.5 Online Retailer Recommendation

Sivanesan (2017) examined the problems faced by customers in online shopping. It was found that internet usage is an inevitable one with the wide presence of mobile phones. The customers are spending more time online to make purchase of desired products. This study revealed that the customers are facing many problems while purchasing goods in online shopping. It includes poor quality, delay in delivery, high delivery cost, inability to inspect, wrong and damaged product despatch, flavour or colour variation, and differences in quality of the product. Results also revealed that online retailer are issuing certain directions to safeguard the interest of online shoppers. They provide replacement guarantee if the goods despatched is in unworthy condition. Findings also concluded that customers possess favourable attitude towards online shopping despite various problems that affect online purchases.

Shafiee & Bazargan (2018) attempted to measure behavioural customer loyalty in online shopping. This study emphasised that online shopping deals are carried out with personal contact; thus various factors can influence buying intention of online shoppers. To increase customer experience and satisfaction online, retailers provide various support in the form of information security and confidentiality. Moreover, online retailers ensure website performance to meet the demands of customers in different locations. Findings revealed that e-service quality increases customer fondness towards making purchase online and ultimately brings more loyalty for further purchase and recommending others to use. It was concluded that e-recovery which is influenced by compensation, responsiveness and contact can lead to enhanced customer satisfaction.

Singh & Srivastava (2018) examined the moderating effect of product type on online shopping behaviour and purchase intention. Product type has significant effect in attracting customers

towards purchasing online. Online retailers are rendering major role in establishing and developing purchase intention among the customers towards online purchase. Results revealed that perceived risk and perceived usefulness are top most predictors of online purchase intention among the individual customers. Results also revealed that perceived self-efficacy, risk, perceived usefulness, subjective norm and attitude are major determinants of purchase behaviour and intention of customers. Findings also stated that perceived risk and usefulness are the main antecedents of online shopping. It was concluded that online shopping companies should make product-specific strategies to meet customer demand and enhance their online shopping experience.

IV. Methods

A structured questionnaire was administered through an online survey to online customers who had made recent purchases by accessing online retailers' website or App. 617 online customers' responses, complete in all aspects, was taken for analysis. The sampling method utilised was deliberate sampling as only those who had made purchases online were permitted to answer the survey.

V. Analysis and Discussion

The Dependent variable was Online Retailer Recommendation (Y) and the Independent variables were Trust (X_1), Perceived Usefulness (X_2), Perceived Value (X_3), and Online Retailer Fondness (X_4). The model summary is depicted in Table 1 and the analysis of variance in Table 2.

Table 1

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.713[a]	0.509	0.506	1.430

Table 2

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	p
1	Regression	1297.800	4	324.450	158.561	0.000[b***]
	Residual	1252.281	612	2.046		
	Total	2550.081	616			

a. Dependent Variable: Online Retailer Recommendation.
b. Predictors: (Constant), Trust, Perceived Usefulness, Perceived Value, Online Retailer Fondness.
*** significant at p<0.001

The Multiple R value was 0.713 while the R Square value was 0.509. The F value was observed to be 158.561 and p values was significant at 0.1%.

The multiple correlation coefficient being 0.713 measures the degree of relationship between the actual values and the predicted values of Online Retailer Recommendation. Because the predicted values are obtained as a linear combination of Trust (X_1), Perceived Usefulness (X_2), Perceived Value (X_3), and Online Retailer fondness (X_4) the coefficient value of 0.713 indicates that the relationship between Online Retailer Recommendation and the four independent variables is quite strong and positive.

The Coefficient of DeterminationR-square measures the goodness-of-fit of the estimated Sample Regression Plane (SRP) in terms of the proportion of the variation in the dependent variables explained by the fitted sample regression equation. Thus, the value of **R square is 0.509** simply means that about 51**%** of the variation in Online Retailer Recommendation is explained by the estimated SRP that uses Trust (X_1), Perceived Usefulness (X_2), Perceived Value (X_3), and Online Retailer Fondness (X_4) as the independent variables and R square value is significant at 0.1% level.

The multiple regression values for the variables are summarised in Table 3.

Table 3

Variables in the Multiple Regression Analysis

Variables	Unstandardised co-efficient B	Std. Error of B	Standardised co-efficient Beta	t value	p value
Constant	1.840	0.384		4.793	0.000***
X_1	0.008	0.022	0.013	0.391	0.0491*
X_2	0.023	0.019	0.040	1.185	0.0237*
X_3	0.229	0.021	0.375	11.023	0.000***
X_4	0.447	0.034	0.440	12.984	0.000***

* Denotes significant at 5% level; *** Denotes significant at 0.1% level

The multiple regression equation is

$Y = 1.840 + 0.008X_1 + 0.023X_2 + 0.229X_3 + 0.447X_4$

The coefficient of **X_1** is 0.008 represents the partial effect of Trust on Online Retailer Recommendation, holding the other variables as constant. The estimated positive sign implies that such effect is positive that Online Retailer Recommendation would increase by 0.008 for every unit increase in Trust and this coefficient value is significant at 5% level.

The coefficient of **X_2** is 0.023 represents the partial effect of Perceived Usefulness on Online Retailer Recommendation, holding the other variables as constant. The estimated positive sign implies that such effect is positive that Online Retailer Recommendation would increase by 0.023 for every unit increase in Perceived Usefulness and this coefficient value is significant at 5% level.

The coefficient of **X_3** is 0.229 represents the partial effect of Perceived Value on Online Retailer Recommendation, holding the other variables as constant. The estimated positive sign implies that such effect is positive that Online Retailer Recommendation would increase by 0.229 for every unit increase in Perceived Value and this coefficient value is significant at 0.1% level.

The coefficient of **X_4** is 0.447 represents the partial effect of Online Retailer Fondness on Online Retailer Recommendation, holding the other variables as constant. The estimated positive sign implies that such effect is positive that Online Retailer Recommendation would increase by 0.447 for every unit increase in Online Retailer Fondness and this coefficient value is significant at 0.1% level.

VI. Conclusion

Based on standardised coefficient of multiple regression analysis, Online Retailer Fondness (0.447) is the most important factors to extract Online Retailer Recommendation, followed by Perceived Value (0.229), Perceived Usefulness (0.023), and Trust (0.008). Fondness for the online retailer can be accentuated through impressive website and App design, user-friendliness,

adequate information, visual impact and secured transactions. The customer profile data should also be utilised for further promotions and customised marketing.

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