THE IMPACT OF E-QUALITY TO E-LOYALTY AND E-SATISFACTION AT ZALORA

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Abstract - This study aims to find out and analyze the effect of E-quality which is consists of five dimensions to E-loyalty by E-trust and E-satisfaction of Zalora company. This study used Structural Equation Modeling (SEM) with LISREL software version 8.7. Sampling technique used in this study is a non-probability sampling technique with the type of convenience sampling. This study used survey to collect data by distributing the questionnaires through online by using Google Docs. Sample of this study consisted of one hundre seventy (170) respondents. The respondents must have buy goods at Zalora and have graduated from junior high school, or the minimum age is 15. This study reveals that the E-quality is significantly and positively correlated to E-trust and E-satisfaction of Zalora company in Indonesia. Furthermore, e-trust had no significant effect to e-loyalty of Zalora company. Therefore, E-quality is the only variable that is significantly and positively correlated to E-loyalty by E-satisfaction of Zalora company in Indonesia.

Key words: *e-loyalty*, *e-trust*, *e-satisfaction*, *e-quality*

INTRODUCTION

Along with the advancement and development of technology, the use of the internet in the world is increasing. In Indonesia, Internet users from year to year is increase. According to the data resulted by APJII (Asosiasi Penyelenggara Jasa Internet Indonesia), internet development in Indonesia starting from 1998 is about 500.000 thousand people and continues to increase each year until in 2011, internet users reached 55 million users. (http://www.apjii.or.id/v2/index.php/read/page/halaman-data/9/statistik.html).

APJII along with BPS also revealed that internet users in Indonesia in 2013 reached 71.3 million which means that compared to the previous year increased by 13%. (http://www.merdeka.com/teknologi/jumlah-pengguna-internet-indonesia-capai-7119-juta-pada-2013.html). According to techinasia, Indonesia is a country with the seventh highest number of Internet users in the world and also

the second fastest growing internet population in last five years in the world. (http://id.techinasia.com/dalam-5-tahun-terakhir-jumlah-pengguna-internet-indonesia-naik-430-persen-grafik/).

Since internet users increase, many people use internet as their communication tools or use it as their promotion media. But, some people also consider it as an opportunity to open a new business. Tumiwa (2013), the chairman of the IdEA (E- Commerce Association of Indonesia) predicts that online business prospects outlook in 2014 will continue increasing even up to two times per month despite the economic turmoil from within and outside the country. When contacted by Tempo (2013), Mr Tumiwa said, "The most wanted product is clothes, both men and women". And the next products respectively are shoes, beauty and health products, daily necessities such as soap and cleaning tool. (http://www.tempo.co/read/news/2013/12/13/090537069/Produk-Fashion-Jadi-Barang-E-Commerce-Terlaris).

The research topic about customer loyalty and customer satisfaction in e-commerce context is interesting because customer is a company asset and they who determine company sustainability. Researcher distributes the questionnaire by online using Google Docs to find 30 respondents. The questionnaire questions are *open ended question*, which the answer refers to the comfort of Zalora. Zalora is a leading online fashion in Asia which was established in 2012 which located in various countries such as Singapore, Indonesia, Malaysia, Brunei, Thailand, Vietnam and Hong Kong. Zalora offer fashion collection of more than 500 local and international brands and designers. Zalora not only provide woman products, but also for men such as clothing, shoes, accessories and beauty products. (http://www.zalora.co.id/about/). Zalora services provided to customers when shopping through the site (www.zalora.co.id) do not charge shipping to all over Indonesia and their customers are given a warranty to return the goods if the customer was not satisfied with the product received.

LITERATURE REVIEW

E-Loyalty

According to Allagui and Temessek (2005), "the theoretical foundations of loyalty to a company of internet are similar to those of traditional loyalty". Anderson and Srinivasan (2003) defined e-loyalty as "the customer's favorable attitude toward an electronic business, resulting in repeat purchasing behavior". According to dick and Basu (1994), e-loyalty means the result of interaction between a customer's relative attitude to a brand and their repeat purchase behavior for that brand".

E-trust

According to McKnight and Chervany (2002) defined e-trust as "a belief that allows consumers to willingly become vulnerable to a website after having taken its characteristics into consideration". According to Chouk and Perrien (2003), e-trust means "the expectation of the consumer that the dealer will not carry mail and its vulnerability it will honor its promise made to the site". According to Coulter and Coulter (2002), e-trust can be defined as "a set of beliefs held by an online consumer concerning certain characteristics of the e-suppliers".

E-satisfaction

Anderson and Srinivasan (2003) defined e-satisfaction as "the contentment of the customer with respect to his or her prior purchasing experience with a given website". According to Tjiptono dan Chandra (2005), satisfaction derived from the Latin, "satis" means good enough and "facio" means do or make something. Customer satisfaction, which refers to "the summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with the consumer's prior feelings about the consumption experience" (Oliver, 1981), is often considered as an important determinant of repurchase intention (Liao, Palvia, & Chen, 2009) and customer loyalty (Eggert & Ulaga, 2002).

E-quality

According to Zeithmal *et al.* (2000) defined e-quality as "the extent to which a web site facilities efficient and effective shopping, purchasing and delivery". According to Santos (2003) defined e-quality as "the consumers overall evaluation and judgment of the excellence and quality of e-service offerings in the virtual marketplace". According to Sousa and Foss (2006), e-quality defined as "the perception or experience of the quality of e-service". According to Parasuraman *et al.* (1985), e-quality defined as "t he degree of discrepancy between customers' normative expectation for service and their perceptions of service performance".

Assurance

Semeijn *et al.* (2005) assert assurance is "related to trust, that is important in order to have loyal customers". According to Ribbink *et al.*. (2004), assurance means "the customer's perceived security and privacy when using the online shop's services. Security concerns the risk of third parties obtaining critical information about the customer (e.g. access to credit card or bank account details), whereas privacy relates to the concern about the potential misuse of personal information by marketers".

Ease of Use

According to Davis *et al.* (1989), ease of use is defined as "the degree to which the prospective user expects the target system to be free of effort". Ribbink *et al.* (2004), *Ease of use* means as "an essential element of consumer usage of computer technologies and is of particular importance for new users. In the ecommerce context, this dimension includes aspects such as functionality, accessibility of information, ease of ordering and navigation".

E-scape

According to Semeijn *et al.* (2005), e-scape defined as "the web site aesthetics that is the use of colors, layout, pictures, font size and overall style. Furthermore, internet shoppers require accuracy, in other words to find useful and

reliable information in the web site". According to Ribbink *et al.*. (2004), *E-scape* refers to "web site design aspects, is relevant to the website aesthetics and therefore is directly related to the website's user interface".

Responsiveness

According to Parasuraman *et al.* (1985), responsiveness is "readiness and willingness of employees to help customers by providing prompt timely services, for example, mailing a transaction slip immediately or setting up a ppointments quickly". Seimeijn *et al.* (2005) assert responsiveness as "the degree to which the consumers' expectations of having their requests or problems answered are met".

Customization

According to Semeijn *et al.* (2005), *customization* reflects "the possibility offered to online shoppers, of meeting their personal needs". According to Zeithaml and Parasuraman (2000), customization is defined as "how much and how easily the site can be tailored to individual customers' preferences, histories and ways of shopping".

Table 1
Indicator of Variable Research

indicator or variable Research						
Variable	Indicator					
E-loyalty	 I will recommend Zalora to other people I would recommend Zalora's web site to others I intend to continue using Zalora I prefer Zalora company above others 					
E-satisfaction	 I am generally pleased with Zalora services The web site of Zalora is enjoyabl I am very satisfied with Zalora's online service I am happy with this online company 					
E-trust	 I am prepared to give private information to Zalora company It's not a problem to pay in advance for purchased products over the internet Zalora companies are professionals in their branch Zalora companies intend to fulfill their promises 					

	. It is easy to get access to Zalora's web site			
Ease of Use	Zalora's web site is user friendly			
	3. Navigation on Zalora's web site is easy			
	It is easy to find your way on Zalora's web site			
	1. The information on Zalora's web site is			
	attractively displayed			
E-scape	2. Zalora's web site layout and colors are			
	appealing			
	3. I am satisfied with Zalora's web site design			
Responsiveness	It's easy to get in contact with Zalora company			
	2. Zalora company is interested in feedback			
	3. Zalora company quickly replies to request			
	1. I feel that my personal needs have been met			
	when using Zalora's site or doing transaction			
	with Zalora			
Customization	2. Zalora's sites provides me with information and			
	products according to my preferences			
	3. I feel that Zalora's has the same norms and			
	values as I have			
	1. I feel secure about the electronic payment			
	system of Zalora			
Assurance	2. Zalora company is trustworthy			
	3. I feel secure when providing private information			
	to Zalora.			

Source: Dina Ribbink et al. (2004)

A. The Relationship Between *E-satisfaction* and *E-loyalty*

According to Cyr *et al.* (2009) defined e-loyalty as "intention to revisit a website, or to consider purchasing form it in the future." According to Buttle and Bowie (2004 : 304), loyal customer is true, faithful, and constant. A loyal customer is completely satisfied with the marketing offer, emotionally committed, and does not seriously consider competitor alternatives. Anderson and Srinivasan (2003) defined e-satisfaction as "the contentment of the customer with respect to his or her prior purchasing experience with a given website". Anderson (2003) also said that "preference and favorable attitudes presume customer satisfaction, which is generally considered a major driver of loyalty".

Hypotheses 1: Tendency *E-satisfaction* directly and positively affects *E-loyalty*

B. The Relationship Between *E-trust* and *E-loyalty*

Lee and Lin (2005) suggested that trust encourages online purchasing and affects customer attitudes towards purchasing from eretailers. Loyalty contributes to the ongoing process of continuing and maintaining a valued and important relationship that has been created by trust (Chaudhuri and Holbrook, 2001). Cyr (2008) found website trust is "strongly related to loyalty in Germany and China". In addition, Kim *et al.*. (2009) conducted a longitudinal study in the U.S and found that online customer trust is strongly related to loyalty.

Hypotheses 2: Tendency *E-trust* directly and positively affects *E-loyalty*

C. The Relationship Between *E-satisfaction* and *E-trust*

According to Geyskens *et al.* (1996) "Customer satisfaction is closely related to interpersonal trust" and according to Garbarino and Johnson (1999), "Customer satisfaction is considered as antecedent of trust". A positive effect of satisfaction on trust can be expected in the online environment as well, though empirical research in this domain is scarce (Pavlou, 2003).

Hypotheses 3: Tendency *E-satisfaction* directly and positively affects *E-trust*

D. The Relationship Between *E-quality* and *E-satisfaction*

Previous studies by Stacie P.W. DeLone and E. McLean (2006) have demonstrated the positive relationship between information quality and system quality and satisfaction. Information quality has been evaluated in a variety of ways. According Devaraj and R. Kohli (2002) quality of services provided by e-retailers significantly influences satisfaction.

Hypotheses 4: Tendency *E-quality* directly and positively affects *E-satisfaction*

E. The Relationship Between *E-quality* and *E-trust*

The quality elements of the e-service are expected to affect e-trust directly (Gronroos *et al.*, 2000). Grabner-Krauter and Kalusha (2003) even interpret e-quality determinants of trust. According to Nicolaou and McKnight (2006), "information quality enhances the trust between organizations and e-system quality has a positive influence on e-trust".

Hypotheses 5: Tendency *E-quality* directly and positively affects *E-trust*

Research Model

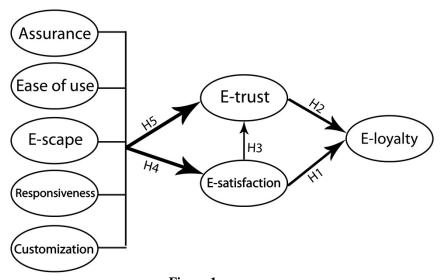


Figure 1
Research Model about Relationship between E-quality to E-loyalty through E-satisfaction and E-trust

RESEARCH METHODOLOGY

This research is a cau sal research which will show whether there is relationship between e-quality to e-loyalty through e-trust and e-satisfaction on Zalora customer. This research use quantitative approach which is this study use number in data processing.

Source of data that used by this research is primary data which will be used by distributed the questionnaire to Zalora customer. After distributed the questionnaire, there will be screening process to selecting the questionnaire that can be used in this research. Since Zalora company is an online company, the questionnaire will be distributed by online because Zalora customer can come from all over the world. The respondent should know how to speak in Indonesia. The scale in this research is Likert interval scale which has same range and homogenous with different value in each number.

The sampling technique used in this research is non-probability sampling because the population is unidentified. Sampling method used in this research is the convenience sampling which means that sample collection techniques which focus to help researcher to find or reach the respondent. This research use Structural Equation Modeling (SEM), number of sample needed is minimum five respondents for each indicator (Hair *et al.*, 1998). There are 28 indicators so the number of sample should use in this research is minimum 28*5 = 140 respondents. But, this research use 170 samples due to have a better result.

DISCUSSION OF THE RESEARCH RESULT

Based on the result of the research and statistical test that has been done it can be concluded that from 5 hypothesis were developed, 4 of them are accepted or proven, and 1 of them is rejected or not supported.

- 1. There is positive effect of e-satisfaction and e-loyalty at Zalora company
- 2. There is positive effect of e-satisfaction and e-trust at Zalora company
- 3. There is positive effect of e-quality and e-satisfaction at Zalora company
- 4. There is positive effect of e-quality and e-trust at Zalora company
- 5. There is not positive effect of e-trust and e-loyalty at Zalora company

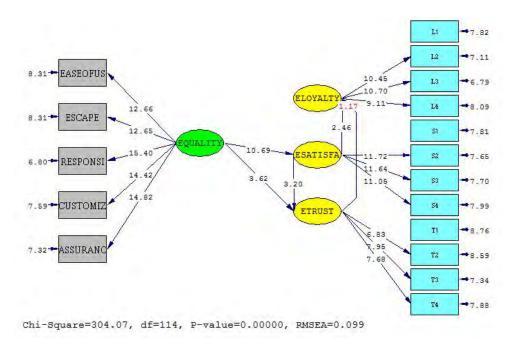


Figure 2 T-Value Structural Model Source: data processed by Lisrel 8.70

Table 2 Measurement Fit Structural Model Result

No.	Fitness Test	Suitability Criteria	Result	Explanation
1. Chi-Square Statistics	Expected to be	Chi-square =		
	small,	304.07	Not fit	
	$p \ge 0.05$	P = 0.00000		
2.	RMSEA	$RMSEA \le 0.08$	0.099	Not fit
3.	GFI	$GFI \ge 0.90$	0.83	Marginal fit
4.	AGFI	$AGFI \ge 0.90$	0.77	Not fit
5.	CMIN/DF	$CMIN/DF \le 2$	2.69	Marginal fit
6.	TLI/NNFI	TLI ≥ 0.90	0.97	Good fit
7.	CFI	CFI ≥ 0.95	0.98	Good fit

Source: data processed by Lisrel 8.7

Table 3
Evaluation of Structural Model Coefficients and Degree of Influence with Their Relation the Research Hypothesis

Hypothesis	Path	T-Values	Estimate	Explanation
Н1	S → L	2,46	0,60	Significant (Hypothesis
				Supported)
Н2	T → L	1.17	0,28	Not Significant (Hypothesis
				Not Supported)
НЗ	S → T	3,20	0,46	Significant (Hypothesis
				Supported)
H4	EQ→ S	10,69	0,88	Significant (Hypothesis
				Supported)
Н5	EQ → T	3,62	0,52	Significant (Hypothesis
				Supported)

Source: Data processed by Lisrel 8.7

Based on the research result, *e-quality* and *e-satisfaction* variable has a positive effect to *e-loyalty*. But only *e-satisfaction* has a direct effect to *e-loyalty*. It means that the more satisfied Zalora customer, the more loyal they will be to Zalora. This result is in line with the previous research by Ribbink (2004).

Dina Ribbink et al. (2003) said that "e-satisfaction – largely explained by the variance in e-service quality – positively and directly influence e-loyalty". In line with the previous research done by Dina Ribbink et al. (2003), this research also finds the positive effect of e-satisfaction on e-loyalty in Zalora customer. It means that the more satisfaction that customer perceived, customer will be more loyal. Several customers want to buy a good in a company but sometimes the shipping price is more expensive than the price of the product. It will make the customer think again whether they will buy the product or not. Therefore, Zalora do not charge shipping to their customer to reduce dissatisfaction of the customer, to make customer feel more enjoy for buying product at Zalora because they do not need to think about the shipping price. It can make Zalora customer feel more satisfied compare to others because customer do not need to think about the shipping price.

While hypotheses that is not in line with the previous research is hypothesis 2. The difference is *e-trust* is not positively and directly affects *e-loyalty*. This proves that hypothesis 2 is in line with existing research conducted by Herington and Weaven (2007) which conclude that "there's no association between trust and loyalty". As said by Finn and Kayande (1997), "*Trust is not the anticipated major contributor to loyalty in an online environment*". Trust is also important to increase the customer loyalty but it is not the main factor to make customer do repeat buying. There are several types of customer, there are customers who consider about the price even the quality is not as good as the expensive one and vice versa. Even though customers trust Zalora but customer usually consider other factor such as the quality of the product, the price of the product, shipping time from Zalora and also other options that Zalora can offer.

In Dina Ribbink *et al.* (2003)'s study, they stated "*E-satisfaction is found to drive e-trust*". In line with the previous research done by Dina Ribbink *et al.* (2003), this research also finds the positive effect of e-satisfaction on e-trust in Zalora customer. It means that the more satisfaction that customer perceived, customer will have more trust. Therefore, Zalora give a warranty to their customer to return the goods if the customer does not satisfied with the product received. It makes customer feel more happy and satisfied because they do not need to worry if the product do not the same or they do not like the product. Zalora try to meet customer expectation which makes customer satisfied and happy. When the customer feel satisfied of Zalora, customer will not have any doubt to buy goods at Zalora because they will believe that Zalora have a ser vice which makes customer satisfied and happy.

This research finds similar result with previous study done by Dina Ribbink *et al.* (2003). This research finds that there is a significant and positive effect from e-quality to e-satisfaction. It means that the higher the quality of the products, customer will feel more satisfy. Therefore, Zalora make simple navigation system that facilitate and speed up the shopping process to make Zalora customer more satisfied because they do not need to waste their time by waiting or doing a

complicated shopping process. Because of a high quality of Zalora makes Zalora customer feels happy which leads to repeat buying.

In the end, researcher finds the positive effect of e-quality to e-trust a bit different with Dina Ribbink *et al.* (2003)'s study. According to previous study by Dina Ribbink *et al.* (2003), "Assurance also strongly drives e-trust. While other service dimensions (e-scape, ease of use, customization and responsiveness) did not have a significant influence on e-trust". The difference of this research with the previous study is from the dimensions of the e-quality. Zalora always improve their quality to make customer satisfied which leads to the trust of the customer. Zalora always try to deliver the product on time, has simple navigation system and also has a report on the status of the booking which all buyers already receive a tracking number of their products in order to make Zalora customer easier to keep track of their products until the goods reach the hand of the buyer. All of this is aim to make Zalora customers feel more satisfied and trust to Zalora. When Zalora customer already satisfied with the service and goods of Zalora, they would willingly to give their private identity to Zalora to buy the goods.

E-quality is one of the most important things to create customer satisfaction. If the quality that give to customer equal or more than customer expectation, customer will feel satisfied. A company who keep their quality well can also say that they keep their customer satisfaction.

RECOMMENDATION

This recommendation based on the result of this research aimed to Zalora company. This recommendation also aimed to the future research based on the limitations of this study.

1. RECOMMENDATION FOR ZALORA COMPANY

a. Based on the result of this research, it can be seen that L4 has the lowest mean score compare to other item, which means that Zalora customer is loyal enough but they do not choose Zalora as their first choice. Zalora company can increase the e-quality which has the biggest effect to e-loyalty compare to other variable.

- b. Based on the result of this research, it can be seen that S4 has the lowest mean score compare to other item, which means that Zalora customer should give more attention to e-quality in goods or service to make the customer feel happier. When the customer feel happier it will leads to customer e-satisfaction and e-loyalty.
- c. Based on the result of this research, it can be seen that the biggest estimate score is e-quality. Therefore, company should prioritize the quality of all aspects compare to other such as quality of the goods and the service to customer.
- d. Zalora needs to consider about their strengths and use it to survive or to be more sustainable company in the future and try to minimize or find a solution for their weaknesses. The strengths of Zalora are as follow:
 - 1. Zalora already has a good na vigation system which is simple so the customers of Zalora easy to understand how use Zalora website. Since Zalora is an online fashion shop which means that people order something through the website so it's very important for Zalora.
 - 2. Zalora is a well-known fashion online shop proved that Zalora received award from Digital Marketing Award as the best website fashion online shop. Zalora can use this as their strengths and also as their opportunity. Zalora can make a phone application to make Zalora customer easier in find goods that they want and more interesting because it supported by the improvement technology and also the ease of accessing the internet from gadget.

While the weaknesses that Zalora need to overcome is the service especially in shipping. From Zalora twitter there are some customers that complain about their product that has not arrived yet. It's the biggest weakness of Zalora that they need to overcome from now so they the customer will not feel dissatisfied. Zalora customer is one of the assets of Zalora so Zalora need to take care of them very well. When customers feel dissatisfied, it will impact to profitability of Zalora and can impact to sustainability of Zalora in the future. Even that Zalora has several strengths but if Zalora cannot overcome their weakness, it will impact on failure in survive in business world.

2. RECOMMENDATION FOR FUTURE RESEARCH

This research has a limitation which can open up opportunities for further research in the future.

- a. This research is only done on Zalora company. The future research can be done to other online business company, or to other object such as in advertising company, or other sector except fashion online business to know whether there is indication between e-quality to e-satisfaction and eloyalty.
- b. This research is only done in Indonesia. Since there is a bit different result between this research in Indonesia with precious study in Europe, researcher recommend to do research in different countries to deepen the knowledge.
- c. The sample of this research is fairly small and to have more reliable, researcher recommended replicating the study on a larger sample.

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