

# Antecedents of Customer Loyalty in Online Shopping Environment: Mediating Role of Customer Satisfaction

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## Abstract

*This study aims to examine the antecedents of customer loyalty in the online shopping environment and the mediating role of customer satisfaction. It is a popular belief that the E-commerce industry in Pakistan lacks customer retention. Customers prefer to purchase from retail markets rather than from online stores. This research used data collected from 222 respondents. Non-probability convenience sampling techniques were used to select the respondents. There was a significant indirect effect of Website Usefulness on Customer Loyalty while the Website Trustworthiness did not have a significant direct impact on Customer Satisfaction. Website Usefulness had a significant direct impact on Customer Satisfaction. The findings of this study will be helpful for investors and the government of Pakistan to implement effective policies that could result in increased customer satisfaction and retention in the online business environment in Pakistan.*

**Keywords:** Retention, trust, customer loyalty, customer satisfaction, website usefulness, advertising.

## 1. Introduction

### 1.1 Background of the Study

Nowadays, the Internet has become a necessary element of everybody's life. Everyone is becoming dependent on the internet and using it as a global source of information (Aljukhadar & Senecal, 2011). The traffic on the internet

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is rising at its peak, that everyone is becoming so savvy and the information always on the fingertips of everyone. As the present hits greatly with 3G and 4G technologies, so the access to information via the Internet is no more difficult. A lot of customers and business personnel also making transactions via the net. Many large brick-and-mortar businesses are now moving towards click-and-mortar businesses in a bid to reach the maximum number of customers via the Internet. The competition is fierce in this business that every online business is using the new and unique strategic move to attract new customers and retain old customers through different offers. Businesses develop customized marketing and advertising strategies for different segments of customers (Jyh-Fu Jeng & Bailey, 2012).

There are different explanations of online or electronic-based business (also called web-based business) discussed in academic literature. For a few, electronic-based or a web-based business includes the online and electronic installment of frame of reference and demand provision/administration (Conhaim, 1998). Some contrasting forms of online business also exist which include business-to-consumer (B2C), and government-to-consumer (G2C). Business-to-consumer is a kind of business which is characterized by the exchange of commodities or a transaction that occurs among companies and individual customers directly through the internet. Business-to-business (B2B) is a kind of business which allows the exchange of goods or transactions directly from one entity to another entity via the internet. While government-to-constitution (G2C) is a kind of online business which involves government directly and transaction with different customers including people, different businesses, representatives and rest of other government organizations.

This research focuses on Business-to-consumers (B2C) online business. Despite the fact that this kind of online business has risks, it is interesting to note that this form of e-commerce business still forms the major proportion of the overall global e-commerce business. The volume of electronic retail sales in 1999 was the approximately U.S. \$26.7 billion and in 2000 it increased by \$44.5 billion. Despite this advancement in the year 2000,

the internet and electronic-based retailing deals amounted to just 1.7% of cumulative retail sales, up from 1.1% in 1999. According to Wingfield (2001), there is vast and very much bright future for business-to-consumer (B2C) online business to establish. For (B2C) businesses to gain their maximum level/capacity, there are various requirements to be fulfilled. One very important requirement among those requirements is customer faith/trust. According to OECD, faith/trust is the main and fundamental and important topic to be discussed for online businesses to develop.

The online transactions include simple steps of selecting, ordering, tracking, and confirmation of order received. So, the online businesses are categorizing the customers into two categories as expert and novice customers, though online shopping is gaining grounds in Pakistan, this field needs some more potential to turn conventional shopping to virtual shopping in Pakistan. Customer satisfaction plays an important role in the competitive era of e-commerce because it is the basis of retaining customers and attracting new customers (Tandon, Kiran, & Sah, 2017). Expert customers usually make online transactions daily as they sometimes order in bulk and know all the processes of online transactions; some of them also started their online ventures because of better knowledge to become online vendors. Expert customers are loyal customers. Another type of customer is a novice; they usually search a lot of items on online shopping portals but hesitate to make transactions. They usually compare prices of the online products with the product available in markets. Customer satisfaction is the base of the relationship between customer and supplier and is very important to determine the retention and defection rate (Ahmad, 2002).

The key focus of this study is the retention rate of customers in the online shopping environment of Pakistan. Whenever the customer makes online transactions, then he first searches out the desired product from different online portals, and then he orders the same product from different websites. If he gets the same prices through different sites, then he orders the same product from these websites via COD (Cash on delivery) transactions.

Customers reject the items not delivered on time. So, the purpose of the study is to search out the factors which cause to switch customers to different online portals and how the online business uses their tactics to cater to the needs of customers to retain them. Switching cost and customer loyalty play an important role in the e-commerce business (Yen, 2015).

## 1.2 Research Objectives

The foremost objective of this research is to identify and examine the factors, which affect customer satisfaction and loyalty in the online shopping environment of Pakistan. Following are the objectives of this research:

- To examine the impact of customer loyalty on the website's perceived trustworthiness.
- To examine the impact of customer satisfaction on the website's perceived trustworthiness.
- To examine the impact of customer loyalty on the website's perceived usefulness.
- To examine the impact of customer satisfaction on the website's perceived usefulness.
- To examine the impact of customer satisfaction on customer loyalty.

## 1.3 Research Questions

The following are the research questions addressed by this study.

- What is the impact of the website's perceived trustworthiness on customer satisfaction?
- What is the impact of the website's perceived usefulness on customer satisfaction?
- What is the impact of customer satisfaction on customer loyalty?
- What is the mediating impact of the website's perceived trustworthiness on customer loyalty?
- What is the mediating impact of the website's perceived usefulness on customer loyalty?

## **2. Literature Review**

### **2.1 Why Businesses Should Retain Customers?**

Customer retention refers to binding in a contract with the organization, either formal or informal. Retaining a profitable customer is the highest achievement for any business. In the E-commerce industry, companies are adopting new strategies to get a competitive advantage over others. There is a logic behind the adoption of such strategies. Companies believe that to outperform the competition in today's very competitive world, gaining and sustaining competitive advantage is a must. Numerous factors can drive customer retention or defection like satisfaction, switching cost, and brand loyalty. It is the competitive ability of the organization to lock up customers using cutting-edge practices (Jyh-Fu Jeng & Bailey, 2012). Various studies have discussed that customer retention is important for the continuity of any business. The main issue in customer-organization relationship is the quality. We can say that quality has a direct relationship with the customer's retention (Lin & Wu, 2011). In this competitive environment, it is more important to retain your existing customers rather than attracting new ones. Because retaining previous customers is easier and cost less than acquiring new customers. Retaining previous customers also provide multiple benefits to the organization. These customers can do word of mouth advertising for the company. They can help attract more customers to the company. This can not only increase the overall customer base but also increase the probability of high profitability. These customers can also help build brand equity.

For customer retention, E-commerce businesses must serve them superior services (such as after-sales. E-commerce businesses need to understand their customers, who they are, what their needs are, what they want, and what their expectations from you are (Saeed, Grover & Hwang, 2005). Lin and Wu (2011) found that there is a direct relationship between product quality, customer satisfaction with the product, and customer loyalty with the company. Various other studies have found that there is a direct

relationship between customer satisfaction, on-time delivery, and shortest lead time with the customer's retention rate. Petterson (2004) also found that there is a positive relationship between the customer's satisfaction and his retention with the company. Multiple studies have examined all these variables (such as on-time delivery, customer satisfaction, and lead time) and their effect on customer retention. The present study will analyze the combined effect of all these three variables on customer retention.

## 2.2 Trustworthiness

The business model of e-commerce defines two important aspects. First is the core activities of the business and second is the revenue model. A revenue model describes how a business earns revenue. An e-commerce business can adopt one or more than one revenue model. For a sustainable business model, the major portion of the revenue of the business should come from the core activities of the business. One distinguishing factor of the e-commerce business model is that the business model of e-commerce leverages the Internet, mobile, and related technologies. Several potential entrants in the global E-commerce arena have failed because they did not have the right business model that can increase customer trust (Budzynski, 2001). There are certain aspects that cause trust failure and the customers' reactions to them. Furthermore, how the online business recovers these defections and maintains customer loyalty. One of the crucial factors in online business is the lead time and the responsiveness level from the company, which leads to retain the trust and decrease the defection rate (Aljukhadar & Senecal, 2011).

Some insecurities are always there in the mind of customers where there is an online payment system regardless of COD (Cash on Delivery), as COD transactions are more trustworthy as compared to prepaid transfer (Ahmad, 2002). Though online businesses will continue to increase due to expansion in the customer base. (Hunt, 2000). There are usually three factors that drive internet usage. These factors include searching, communication, exploring, and acquiring goods (Rodgers & Sheldon, 2002). Demographics

creates a large impact on online shopping practices as females are more engaged in online shopping searches and tend to increase the page views of online business rather than males. (Mostafa, 2006).

### **2.3 Website Usefulness**

Income also influences the customer searches into transactions. The majority of online users on websites compare the prices of listed products with market prices (Vijayasathya, 2003). E-commerce businesses make it their priority to retain customers by making heavy investments in promotions, acquisitions, and website content. Companies are more focused on directing their resources to attract new customers than to retain the old ones due to changing trends in the globe. For increasing profitability, most companies are more focused on customer retention strategies to keep their loyal and old customers so that they can attract new ones through positive words of mouth. The first strategic move towards customer retention is to identify the buyers' purchase history to get a better understanding of their demographics. A positive customer history includes the proper balance in new and previous purchases yielding more profit to the organization.

The customer feedback research is the most common technique used for knowing the customer perception regarding the company. Most marketing surveys are task-oriented and primarily focuses on only assumed problems. However, the customer portfolio is multi-dimensional, and marketer has to keep a sharp eye on all those factors which can revert customers to different organization's product or services. Marketers are also responsible for making the website content feasible and user-friendly and attractive for maximum page views (Erratum, 1992). In the E-commerce world, website Usefulness is one of the essential components leading to customer retention and decreases the customer defection rate. Website Content is one of the key factors in this fiercely competitive era as it leads to attract more customers and increase customer loyalty. Researchers use different aspects with varying scopes to identify how the website's functionality and online structure add value and

help customers in performing online transfer easily. Online customers are very target-oriented. If customers do not find their desired item on the website, they immediately switch to another website where they can find their desired products with the correct specification. The E-commerce businesses should focus more on listings a large number of products to decrease the possibility of customers switching to another competitor.

One of the most important features of E-commerce businesses is the payment method. If the payment method offered is trustworthy, it is easier to convince the customer for making online transactions. Customers find COD (Cash on Demand) transactions more convenient. The key features, which highlight customer satisfaction in online businesses, are attributes of websites and easy accessibility of website content with fewer efforts and time. The online websites should keep their front pages easily readable universally. This accessibility is especially important if the e-commerce business is running its operations globally. Easily accessible websites enable customers to identify terms of online transactions. Ease of use leads to ease in understanding and purchasing and bring back the customers if they want to transact online, and this repetition tends to increase the customer retention rate. The satisfaction of the customer in online transactions is predicted by behavior and intention to buy irrespective of page views (Tandon, Kiran, & Sah, 2017).

## **2.4 Customer Satisfaction**

Perceived risks in service provider firm can increase the switching cost of customers, which leads to customer retention and affect the satisfaction level in e-commerce businesses. If a customer faces any risk associated with the service provider, then it will increase the chance of defection of the customer. It must be the competitive edge of every online business to decrease the perceived risks associated with the service provider to satisfy the online customer. The perceived risks related to services includes Functional, Temporal, physical, psychological, Social, Sensory. If e-commerce businesses can reduce all these risks, then it will be reducing the competition in the



industry. Usually, people perceive high risk in making online transactions due to the rising number of fraudulent activities. Therefore, trust is very important. People who make online transactions are more affected by perceived risks. Perceived risks do not lead to customer retention as there are other factors other than perceived risks which lead to retention in online businesses. Customer is habitual of these perceived risks in online transactions as they make the transaction at least once in a month.

Many firms also engaged customers in their strategic formulation on how they can reduce the perceived risks and build loyalty. In a nutshell, in the competitive arena, the firm must focus intensively on how it can reduce the perceived risk to create a barrier to switching customers to another e-commerce portal (Yen, 2015). The ability to retain, acquisition and satisfaction of the new customer is considered as a competitive advantage of e-commerce business, as those firms which are engaged in B2C online transaction allocate a huge amount of resources in promotions and advertisings. In certain markets, customers face high switching costs (Chen & Hitt, 2002). Many E-commerce businesses are extensively focusing on social media customer relationship management. The use of social media provides an opportunity to get close to their customer profiles and to know their psychographics. Social media is also the easiest and cheapest form of promotion that also provides the ability to reach the masses easily (Kang & Kim, 2017). The online customer service is the crucial point, which determines the defection or retention rate of customer. Many businesses also face customer defection even though they believe the customer is satisfied with their offerings. This customer defection occurs because competitors are a step ahead and providing some innovative services to their clients. (Trasorras, Weinstein, & Abratt, 2009).

## **2.5 Customer Loyalty**

In the e-commerce industry, long-term relationships are preferable because these relationships can increase brand equity, increase switching costs, and increase customer loyalty (Venetis & Ghauri, 2004). In the year 2000,

the top 10 online firms spent more than US\$ 3 billion to improve the marketing of their products/services, reduce lead-time, and acquire new customers. To make loyal customers, a firm must analyze the marketplace and examine the environment to identify factors that usually increase the switching cost for the customer and build customer loyalty. Trust is a crucial factor in E-commerce business (Wirtz & Lihotzky, 2003). Identifying customers is the main aspect of customer retention. Therefore, it is necessary to track the buying behavior of the customer to develop customer loyalty (Dawes Farquhar, 2004). Providing convenience in shopping is one of the best motivators for E-commerce businesses. This convenience enables customers to search prices easily, specification and compare prices with other competitors (Jiang, Yang, & Jun, 2013; Lee, 2002).

In E-commerce businesses, customer loyalty is perceived as an important element for business growth because the core purpose of the business is to create loyal customers that could indirectly increase the profitability (Al-Hawari, Ward, & Newby, 2009). In an online environment, the customer is generally more educated and innovative as compared to the customer of conventional business personnel (Anwar & Daniel, 2016). The aftersales services and complaint management system is very important to measure the credibility and to decrease the customer defection rates in E-commerce businesses. These two systems can increase the switching cost and customer loyalty (McCrory, Pilcher, & McMillan, 2017). It costs much less to retain old customers than attract new ones (Coyles & Gokey, 2005). Switching costs may affect customer retention but is dependent on customer service (Edward & Sahadev, 2011). Continuous improvement in services leads to customer loyalty (Patokorpi & Kimppa, 2006; Breitsohl, Khammash, & Griffiths, 2010).

Customer loyalty is considered a key factor that determines consumer behavior but customer loyalty is dependent on customer satisfaction with the E-commerce business (Ranaweera & Prabhu, 2003). Customer loyalty and brand loyalty is the most prominent intangible asset of any organization which

requires in-depth planning and analysis of customer (Rios & Riquelme, 2010). In online shopping environments, trust plays a vital role (Salo & Karjaluto, 2007). An increase in cybercrimes and fraudulent online activities has made many customers reluctant to transact online, yet the E-commerce industry is working hard to mitigate these issues and making heavy investments in their security systems (Smith, 2004; (White & Yanamandram, 2007)). In the E-Commerce world, customer data can be easily extracted and used for desired purposes. E-commerce transactions face more threats as compared to transactions in the conventional business world. Online shopping provides ease of purchase and minimizes the effort. However, the customer needs assurance that his/her financial or personal data is safe while shopping and paying online. Perceived risk is also a major factor, which hinders and affects the motivation of a customer to shop online. Perceived risk is also a major barrier to the development of the E-commerce industry (Gefen, 2000; Lee & Turban, 2002). Threats for the leakage of individual's data are increasing day by day due to rising cases of hacking. Customers are avoiding providing their data due to fear of leakage and inappropriate use of their data (Lim, 2003; Jarvenpaa et al., 1999; Jarvenpaa & Toad, 1996). Globalization has fueled the use of the internet (Furnell & Karweni, 1999; (Tandon et al., 2017)). The fast-growing industries and more competitive environment have provided customers multiple choices and ways to fulfill his/her requirements. The customer now wants companies to fulfill his/her requirement in the shortest possible lead-time. According to Nair (2009), the absence of security of personal data and the unavailability of appropriate rules/regulations for the safety of an individual's data, customer satisfaction level is decreasing day by day. Wang et al. (1998) and Chung and Shin (2010) found that customer satisfaction has a direct link with the competitiveness of the E-commerce industry. Based on all that information about previous buying behavior, you can easily satisfy them. Satisfaction is the main element, which pushes them to make a decision either quit or continue their shopping from the same vendor (Tandon et al., 2017).

As compared to the conventional businesses, E-commerce stores provide better range and assortments of items to customers, and their continuous promotions and occasional and seasonal discounts attract customers (Jhamb & Kiran, 2012). Devraj et al. (2002) and Hernandez et al. (2009) found that another reason for decreasing customer satisfaction in the E-commerce world is that the E-Commerce industry in many parts of the world is not much flourished and accepted yet. Therefore, customers want guarantees and protection of their money. Less trust in online transactions is one big reason why customers prefer the COD option. The COD option is the most commonly used payment option in Asian countries, especially Pakistan. E-tailors now days are facing two major issues. The first issue is getting information about individuals, and the second issue is selling their items online given decreasing customer trust in the online shopping environment. Customers are also not providing accurate data to e-tailers because they think their data can be misused.

According to Chellappa and Pavlou (2002), if websites clearly define their security, privacy, and usage of data policies to their customers, the level of customer trust increases and motivates them for online transactions. In Pakistan, Daraz.pk is a leading E-Commerce website, which had recently achieved a record sale of 3 billion PKR. However, online transactions are approximately 20% of total transactions. Because in Pakistan, customers have more fear of fraud as compared with other neighboring countries like India (Carlos Roca, José García, & José de la Vega, 2009).

### **3. Research Methodology**

#### **3.1 Target Population and Sample**

This study is a quantitative study. The target population of this study includes working people, both men, and women, who used online shopping to purchase products and services. This study utilized a sample drawn from the target population using a convenience sampling technique. The sample size considered for this research was 384 respondents according to (Sekaran &

Bougie, 2016). However, the responses received were 245 amongst which 222 were reliable and used in the research.

### 3.2 Research Instrument and Data Collection

The data from respondents was collected using a self-administered questionnaire. The research instrument was adopted from Eid (2011) and Qu (2011). The questionnaire included two sections. The first section included questions that collected demographic information. The second section includes questions related to the variables examined in this study. All these questions were based on a Likert scale of 1-5 where 1= Strongly Disagree and 5 = Strongly Agree. The research instrument was distributed using Google Docs.

### 3.3 Data Analysis Method

The analysis was done using SPSS V23 software. The mediation analysis was performed using Hayes macro.

### 3.4 Conceptual Framework

Figure 1 shows the conceptual framework used in this study.

Figure 1: Conceptual Framework



### 3.5 Hypotheses

Based on the literature review, the following hypotheses were developed.

H1: Customer satisfaction mediates the relationship between website trustworthiness and customer loyalty.

H2: Customer satisfaction mediates the relationship between website usefulness and customer loyalty.

H3: Website Usefulness has a significant direct impact on Customer Satisfaction.

H4: Website trustworthiness has a significant direct impact on Customer Satisfaction

## 4. Data Analysis and Discussion

### 4.1 Mediation Analysis

```
*****
Model   : 4
  Y     : LOYALTY
  X     : TRUST
  M     : SATISFAC

Covariates:
  USEFUL

Sample
Size: 222

*****
OUTCOME VARIABLE:
  SATISFAC
```

## Model Summary

R	R-sq	MSE	F	df1	df2	p
.6661	.4437	.3089	87.3428	2.0000	219.0000	.0000

## Model

	coeff	se	t	p	LLCI	ULCI
constant	1.6479	.1932	8.5275	.0000	1.2670	2.0287
TRUST	.1050	.0634	1.6551	.0993	-.0200	.2300
USEFUL	.5134	.0718	7.1534	.0000	.3720	.6549

\*\*\*\*\*

## OUTCOME VARIABLE:

LOYALTY

## Model Summary

R	R-sq	MSE	F	df1	df2	p
.7897	.6236	.2051	120.3844	3.0000	218.0000	.0000

## Model

	coeff	se	t	p	LLCI	ULCI
constant	1.0035	.1817	5.5215	.0000	.6453	1.3617
TRUST	-.1496	.0520	-2.8765	.0044	-.2521	-.0471
SATISFAC	.6631	.0551	12.0427	.0000	.5546	.7716
USEFUL	.2781	.0650	4.2808	.0000	.1501	.4061

\*\*\*\*\* TOTAL EFFECT MODEL \*\*\*\*\*

## OUTCOME VARIABLE:

LOYALTY

## Model Summary

R	R-sq	MSE	F	df1	df2	p
.6109	.3732	.3399	65.1903	2.0000	219.0000	.0000

## Model

	coeff	se	t	p	LLCI	ULCI
constant	2.0962	.2027	10.3395	.0000	1.6966	2.4958
TRUST	-.0800	.0665	-1.2020	.2307	-.2111	.0512
USEFUL	.6186	.0753	8.2143	.0000	.4701	.7670

\*\*\*\*\* TOTAL, DIRECT, AND INDIRECT EFFECTS OF X ON Y \*\*\*\*\*

Total effect of X on Y

Effect	se	t	p	LLCI	ULCI	c_ps	c_cs
-.0800	.0665	-1.2020	.2307	-.2111	.0512	-.1091	-.1001

Direct effect of X on Y

Effect	se	t	p	LLCI	ULCI	c'_ps	c'_cs
-.1496	.0520	-2.8765	.0044	-.2521	-.0471	-.2041	-.1873

Indirect effect(s) of X on Y:

	Effect	BootSE	BootLLCI	BootULCI
SATISFAC	.0696	.0734	-.0825	.2083

Partially standardized indirect effect(s) of X on Y:

	Effect	BootSE	BootLLCI	BootULCI
SATISFAC	.0950	.0999	-.1133	.2812

Completely standardized indirect effect(s) of X on Y:

	Effect	BootSE	BootLLCI	BootULCI
SATISFAC	.0871	.0911	-.1048	.2563

\*\*\*\*\* ANALYSIS NOTES AND ERRORS \*\*\*\*\*

Level of confidence for all confidence intervals in output:

95.0000

Number of bootstrap samples for percentile bootstrap confidence intervals:  
5000

NOTE: Variables names longer than eight characters can produce incorrect output.  
Shorter variable names are recommended.

----- END MATRIX -----

There was a significant indirect effect of Website Usefulness on Customer Loyalty ( $0.51 * 0.66 = 0.34$ )  $p = 0.000$ . The mediator variable Customer Satisfaction accounted for a 7% variation in Customer Loyalty. Website Trustworthiness did not have a significant direct impact on Customer



Satisfaction. Website Usefulness had significant direct impact on Customer Satisfaction (coefficient = 0.51,  $p=0.000$ ).

## 4.2 Discussion

This study is significant because it examines the variables, which may lead to an increase in the customer retention rate in online businesses. This study found that there was a significant indirect effect of Website Usefulness on Customer Loyalty. The mediator variable Customer Satisfaction accounted for 7% variation in Customer Loyalty. Website Trustworthiness did not have a significant direct impact on Customer Satisfaction. Website Usefulness had a significant direct impact on Customer Satisfaction. The study found that perceived security and privacy plays an important role in the online shopping environment. The male respondent of this study showed more positive responses than females. One possible reason behind this difference could be that males have more knowledge of online shopping environments than females. The majority of the respondents used Cash on Delivery as the preferred method of payment. In this study, Website trustworthiness did not have a direct impact on customer satisfaction but Website usefulness had a direct impact on customer satisfaction. Furthermore, this study found that. In this study, the majority of the respondents were above 40 years of age, experienced, and working professionals. This study also implies that the creation of value and its delivery attracts more customers because satisfied customers play an important role in attracting more customers through word of mouth. Hence, this becomes a multiplier effect for online businesses. This multiplier effect provides great help in increasing the customer base and profitability of the business. According to Tersine and Hummingbird (1995), customers do not prefer waiting long hours and long lead times. Customers prefer quick delivery of the products and services with high quality and great customer services. It can be said that customers may compromise if the delivered product or service had low quality but would not tolerate longer delays in the delivery of products or services.

## 5. Conclusion and Recommendations

The findings of this study will help online businesses operating in Pakistan to identify key issues that are in the way of the growth of their businesses. Solving these issues may provide online businesses the opportunity to enlarge the market and improve their market share. It can also help grow, develop, and flourish in the e-commerce industry in Pakistan. While Pakistani customers appear to prefer shopping online to avoid the rush and traffic, they still would like to have the product and services from retailers they trust. The following are some recommendations for improving the online shopping environment in Pakistan. These initiatives, in turn, will help increase customer loyalty and customer trust in online businesses.

This study found that Website Usefulness had a significant direct impact on Customer Satisfaction. There was a significant indirect effect of Website Usefulness on Customer Loyalty. Therefore, online businesses in Pakistan must devote a good amount of effort to increase the perceived usefulness of their website. Doing so online businesses may increase customer satisfaction that could ultimately result in increased customer loyalty.

Website Trustworthiness did not have a significant direct impact on Customer Satisfaction. Therefore, it appears that customers attach more value to website usefulness than website trustworthiness. Therefore, the branding efforts of online businesses must focus on highlighting those website attributes that are useful for customers.

## 6. Limitations of the Study

The first limitation of this study is that the respondents were confined in a single city of a country i.e. Pakistan. The sample size was also relatively small. As such, the findings of this study may not be generalizable for a larger population of customers. The survey was administered online. There is a possibility that respondents may not have provided the correct responses. The researchers used all possible means to eliminate this respondent bias.

However, some element of bias may still be present that might affect the results.

## 7. Future Research Areas

This study sought to examine the relationship between a few independent variables and customer loyalty in an online shopping environment. Future studies may consider incorporating other variables and examine their impact. The future researchers may also replicate this study with a larger sample size that could provide findings that are more generalizable.

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