Customer Satisfaction and Loyalty in Online and Offline Environment

Arushi Garg Sethi, Puneet Kumar Sethi

Chandigarh Group of Colleges, Landran,
Greater Mohali, Punjab, India

ABSTRACT

This study is to show how the customer satisfaction and loyalty in online and offline environment differs or remains the same. In this context we will be answering the following questions that are increasingly important to managers in service department. Are the levels of customer satisfaction and loyalty differs in online v/s offline when the services are provided the same? If, yes what factors might explain this differences? How the relationship between customer satisfaction and loyalty in online environment is different from offline environment. We develop a hypothesis which will explain the relationship between satisfaction and loyalty. We test the hypothesis through a simultaneous equation model using two data seta of online and offline customers of a particular industry. We discovered that results are the same where the customers gets equal satisfaction when he buys online or offline , loyalty to the service provider is higher in offline than in online. We also find that there is a direct relationship between satisfaction and loyalty, higher will be the satisfaction higher will be the loyalty and vice- versa. It will improve the overall satisfaction to the customer and further strengthened the industry.

Keywords: Online markets, satisfaction, loyalty, services, internet, e-commerce

INTRODUCTION

The rapid growth of online transactions has raised the questions about the level of satisfaction and loyalty in the online environment v/s offline environment. Online shopping is the process whereby customer directly buy goods and services etc from a seller through internet. Nowadays managers are concerned about how the online medium influences satisfaction and loyalty and the relationship between satisfaction

and loyalty. Although there are abundant researches relating to factors that influence customer satisfaction and purchase intention in the context of e-commerce. Customer satisfaction factors that are found to influence purchase intention are varied by time and location. Satisfaction and loyalty are not surrogates for each other. It is possible for a customer to be loyal without being highly satisfied or vice-versa. Several studies have been explored that customer's repeat purchases from an organization in offline environment. Collectively, these studies have found qualified report for the positive impact on the relationship between customer satisfaction and retention on behavioural loyalty.

PROBLEM ANALYSIS

Online purchasing is considered uncertain since customers lack direct contact with the customers and the customers those who use online service have lower satisfaction as compared to offline purchasing. In online purchasing trust plays a central role in customer satisfaction.

PROBLEM STATEMENTS

There are so many studies which explore the customer satisfaction in online and offline services. Hence this research aims at examining deeply the determinants of customer satisfaction in online and offline environment. The main research question is-:

"What are the significant determinants of customer satisfaction in online and offline environment?"

THEORETICAL FRAMEWORK

Factors that Influencing Customer Satisfaction in Online and Offline Environments.
The consumer buying process does not end when a customer purchase a product. After purchasing the

product the customer consumes the product and then evaluates the experience to decide whether the product was satisfactory or unsatisfactory. Satisfaction is a post-consumption evaluation of how-well a product meets customer expectations. There are several factors that influence satisfaction in both environment which are ease of obtaining information, frequency of use, prior experience etc.

Conceptual Framework of the Relationship between Online/ Offline Services and Customer Satisfaction

There are some common factors determining customer satisfaction in online and offline environment which are diversity of products, technological system, brand image etc. Except that there are some specific factors which affect only online and offline environment. In online medium such as interactivity of websites and trust. The personal interaction is the only specific factor in offline medium. The common factors indicates the relationship between online and offline environment.

RESEARCH DESIGN
This study will try to explore the determinants of customer satisfaction in online and offline medium. We focus on measuring the customer satisfaction in online and offline services.

RESULTS
Online shopping is becoming more popular day by day with the increase in the usage of World Wide Web known as www. Online shopping has truly revolutionized and influenced our society as a whole. In online service it is easy to obtain information which increases the customer satisfaction. The interactivity of website and trust is considered a tool for increasing the customer satisfaction. On the other hand, in offline service the customer satisfaction increases through payment of equity which means the price the consumer pay is as fair as the product quality that they get. Here the personal interaction can increase customer confidence and post purchasing satisfaction.
Conclusion, Recommendations, Limitations

GENERAL CONCLUSIONS
Online
1. Ease of obtaining information is the only common factor significantly affects the general customer satisfaction in online service .Variety, quick service and reduced prices were three significant

ways in which online shopping influenced people from all over the world.
2. The specific factors such as interactivity of website and trust are also statistically significant increasing the customer satisfaction in online service. Specially understanding the consumer's attitudes towards online shopping, making improvement in the factors that influence consumers to shop online.

Offline
1. In offline service, there are 3 common factors that significantly increase the customer satisfaction. Those factors are the ease of obtaining information, frequency of use, and payment equity.
2. Personal interaction as a specific factor is also proved to have a significant effect on customer satisfaction.

RECOMMENDATIONS
Online service providers
1. Make information as easy as possible and provide customized experience and greater value to frequent online users.
2. Make the website more attractive and assure that quality should remain consistent.
3. Make the website more trustable and enhance the information content of the website.

Offline service providers
1. Provide greater value to the more frequent customers
2. Increase the quality of service and sometimes give additional discount to the customers.
3. Increase the capability of the personnel.

LIMITATIONS
1. This research is only focuses on the determinants of customer satisfaction in online and offline services.
2. The comparison of general satisfaction between online and offline is not addressed intensively.
3. Our findings suggest the relationship between satisfaction and loyalty is perhaps more complex than current theorizing would suggest.

REFERENCES
1. Alba, J., Lynch, J., Weitz, B, Janiszewski, C., Lutz, R., Sawyer, A., & Wood, S. (1997).

2. Interactive Home Shopping: Consumer, Retailer and Manufacturer Incentives to Participate in

Electronic Marketplaces. *Journal of Marketing*, 61, 38-53.

3. Balasubramanian, S., Konana, P., Menon N.M. (2003). Customer Satisfaction in Virtual environments: A study of Online Investing. *Management Science*, Vol. 49, No. 7. pp. 871–889.

4. Barber, B. M., & T. Odean. 2000. Trading is hazardous to your wealth: The common stock investment performance of individual investors. *J. Finance*, 55(2), 773–806.

5. Bolton, R. N., & Lemon, K. N. (1999, May). A dynamic model of customers' usage of services: usage as an antecedent and consequence of satisfaction. *Journal of Marketing Research*, 36, 171– 186.

6. Cassab, H., & Maclachlan D.L. (2006). Interaction fluency: a customer performance measure of multichannel service. *International Journal of Productivity and Performance Management*, 55(7), 555-68.