

A CRITICAL ANALYSIS IN ANALYSING THE EFFECTIVENESS OF ONLINE CUSTOMER EXPERIENCE IN ACHIEVING CUSTOMER LOYALTY: A MODERATING ROLE OF CUSTOMER ENGAGEMENT

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Abstract

As the popularity of buying online grows, companies are working together to define new standards for consumer behaviour. One of the most crucial factors in a company's long-term competitive advantage is the quality of the customer experience they provide. Businesses that want to build loyal, returning customers must focus on enhancing the customer service they provide. This research provides a framework for doing business online in a digital environment based on the concept of value co-creation via positive customer experiences.

Although the factors that affect in-store customer loyalty have been the subject of prior research, the relationship between online customer experience and loyalty has not yet been explored. Previous studies ignore the one-of-a-kind dynamics at play when retailers set up shop in the digital realm. To examine how changes to qualities affect customer loyalty in online purchasing, this study relied on empirical research and customer engagement as a moderating variable. Using empirical data, and include customer engagement as a moderating component, this study largely overcome the constraints of earlier studies. Second, the study analysed how online and traditional stores have become one, and how it has affected customers' satisfaction and loyalty. The study contributes to our understanding of the experience mechanism that underlies the development of customer loyalty by systematically assessing the effect of the purchasing procedure on customer loyalty for a range of online retailers. This paves the way for more exhaustive studies of consumer loyalty that adhere to strict scientific methods.

Keywords: Customer experience, Customer Loyalty, Customer engagement, Moderation analysis

Introduction

More people are buying things online today than ever before. The key drivers of this expansion are changes in international dynamics, the complexity of infrastructure, the habits of consumers, and the increased use of information and communication technologies. Consumers' need for cutting-edge styles, amenities, and cultural norms has been stoked by a number of these reasons. One of the greatest advantages of buying online is the ability to easily compare prices and features of various items and services (Sivanesan, 2017). Online shopping platforms have seen a huge increase in traffic from customers of all ages, especially the younger demographic. This has led to a huge rise in Internet shopping and given consumers much more freedom of choice (Ellison et al., 2020).

Online shopping's meteoric rise is correlated with features like convenience, promptness, and loyalty that emerged as a result of learned behaviour. As the online customer experience

changes depending on a variety of circumstances, analysing the steps consumers take to become actively involved in making purchases has become a kind of study topic for academics and management (Gao et al., 2021). Customer happiness, brand awareness, and repeat purchases are all areas that might benefit from further research on the engagement process and how online shoppers behave. A variety of elements have been shown to be connected with the quality of the customer experience; however, previous studies have also shown that customers' utilitarian and hedonistic values provide a foundation for their attitudes and behaviours (Barari et al., 2020). This research hypothesises which characteristics could govern the association between customers' engagement behaviour and their online shopping experience, despite the fact that consumers' online purchasing behaviour is unexpected owing to technological development, disruption, and dispersion. Also, in light of the current economic phenomena, consumers' behavioural intention, decision-making for online purchases, and perception have been marginally improved due to the rise in online economic activity.

Literature Review

The impression people acquire after engaging with a company's goods, services, or brand online is what we call the customer experience (Anshu et al., 2022). It's important to focus on things like client retention and loyalty as well as establishing solid connections with regular customers (Slack and Singh, 2020). The concept of "experience" is rather general, since it may be applied to many different fields of study and life circumstances. A number of people in the academic and professional communities have indicated interest in this issue, yet there seem to be just a few, dispersed studies (Bilgihan et al., 2016).

Consumer brand loyalty is founded on long-term and in-depth contacts between a customer and a company, therefore it makes sense that previous research has shown a link between customer experience and customer loyalty (Mascarenhas et al., 2006; Meyer and Schwager, 2007; Brakus et al., 2009). Many studies have shown that satisfied customers are more loyal to a brand after having a good experience with that brand (Biedenbach and Marell, 2010; Morgan-Thomas and Veloutsou, 2013). A positive brand customer experience may be the key to outstanding customer loyalty, as shown by the research of Lin and Kuo (2013), who found that customers' loyalty intentions are influenced by their recent purchases. The concept of the online customer experience is multifaceted, and all contacts with consumers may have an impact on customer loyalty, as stated by Brakus et al. (2009). How loyal a consumer is has a major bearing on their overall satisfaction (Chahal and Dutta, 2015). Although past studies have established a strong correlation between a positive customer experience and brand loyalty, Srivastava and Kaul (2016) argue that it may also foster the attitude and behaviour of the service provider (Klaus and Maklan, 2013). Moreover, they consider customer experience to be a more reliable indicator of client loyalty than customer satisfaction in predicting a connection between consumer behaviour and service assessments. According to Sirapracha and Tocquer (2012), this results in happier customers who are less likely to switch brands.

Customers are required to commit time and effort in order to share information, have conversations, and make decisions online; yet, the magnitude of these investments might vary greatly (Auh et al., 2007). In this study, a behavioural approach was used to measure the degree to which customers are involved in the service process. Specifically, the researchers wanted to determine the amount of time and money customers invest in the development of online services in the sense that they actively acquire and contribute value (Dabholkar, 1990).

(Dabholkar, 1990). It has been shown that [and] (Nysveen and Pedersen, 2014). As a direct consequence of the increased effort that they put in, customers who take part in the manufacturing process alongside a service provider report higher levels of satisfaction (Chen et al., 2011). Cermak et al (2011). Ranjan and Read (2016) contend that co-production is a delight that is experienced by all parties involved when consumers contribute resources to the process. It is reasonable to expect customers to supply solutions that will make online transactions easier. As a consequence of their involvement, the level of engagement with the brand increases, and this, in turn, has an effect on how they see the brand (Nysveen and Pedersen, 2014). By co-production, it is possible to consistently anticipate not just consumer satisfaction (Flores and Vasquez-Parraga, 2015; Ranjan and Read, 2016), but also brand loyalty (Auh et al., 2007; Nysveen and Pedersen, 2014). By more online connection with employees, there is potential to build customer loyalty (Guenzi and Pelloni, 2004). Lemmink and Mattsson (1998) demonstrate that workers who are loved and respected online may nevertheless inspire loyalty and productivity, even when the expectations of customers are not realised. According to the findings of study conducted by Sivadas and Baker-Prewitt, customers who shop online and have a pleasant experience interacting with staff members are more likely to make more purchases in the future (2000). According to Delcourt et al. (2016), the three most important elements in determining the success of a company are the level of customer happiness, the level of staff competency, and the level of customer loyalty.

There are several synonyms that may be used in lieu of the term "engagement," such as participation, commitment, passion, excitement, absorption, focused effort, ardour, dedication, energy, and fervour (Schaufeli, 2013). "getting into gear" and "emotional involvement or commitment" are both definitions of what "engagement" means according to Merriam-Webster. According to Chebat and Michon, the environment of the store can affect and stimulate one's emotions (2003). When doing window shopping online, consumers who are in a good mood are more likely to make a purchase of the items they view (Puccinelli, 2006). As a result, the factors that affect the experience of the online customer affect consumer participation. Enhancing the customer's experience when making a purchase online, as suggested by Dennis et al., can lead to increased revenue as well as increased consumer spending (2010). In all three dimensions, access to it is not difficult to achieve. a s a (Li and Zhang, 2002). (Li and Zhang, 2002). The second model is one in which consumers are restricted to use only reputable internet services by being required to get accreditation from third-party organisations (Borchers, 2001). Consumers are more likely to have confidence in online shops that satisfy these two conditions, since they demonstrate that the store is legitimate. The third aspect is competition, which may be determined by the number of online retailers that provide products and services that are comparable to one another (Lee et al., 2000). When there are fewer vendors competing for customers in a market, those who remain have a greater incentive to maximise earnings by engaging in exploitative behaviour. When transaction costs rise, there is a natural fall that will occur in the level of customer loyalty to a particular online firm. This study will investigate the ways in which the customers' environments have impacted both their views and their behaviours. The degree to which a website makes it simple and rewarding to browse, make purchases, and get products and services is a good indicator of the quality of the customer care provided by its online workforce (Zeithaml et al., 2002). It is common practise to highlight employee excitement and job

happiness as elements that contribute to the satisfaction of consumers (Furnham and Milner, 2013). Tsai and Huang (2002) discovered that when staff are pleasant, consumers are more likely to have a good perception of the service they got. This finding supports the hypothesis that friendlier employees lead to happier customers. As a consequence of this, the objective of this study is to investigate how different characteristics of a customer's online buying experience influence their likelihood to purchase at a certain online store again in the future.

Research Methodology and Design

Customer satisfaction is certain to increase when a business pays close attention to what its clients have to say and modifies its products and services as a direct result of the comments and suggestions they provide. Many factors of service quality have been connected to higher levels of customer satisfaction as well as customer loyalty.

The influence of offering customer care online on the attitudes and behaviours of customers have barely touched the surface in the academic literature. This study intends to fill this knowledge gap by investigating the link between providing excellent online customer service and a greater level of participation on the part of customers. In order to fulfil such conditions, we have devised this research. Since the level of efficiency of an online business directly correlates to its level of competitiveness, it is in everyone's best interest to ensure that their consumers are completely satisfied at all times (Artusi et al., 2020). The organisation and management of the process of making online purchases have an impact, not only on the level of service provided but also on the productivity of the company as a whole and the commitment of its clientele. Customers that purchase online are more likely to meet inefficient business practises, which might result in unhappy and disappointed consumers (Chen et al., 2020). According to Oliver et al. (1997), who researched the correlation between customer experience and happiness in the e-commerce sector, increasing the likelihood that customers will be satisfied with their shopping experience as a whole can be accomplished by providing customers with incentives and eliciting positive feelings from those customers. According to Zarantonello and Schmitt, customers' levels of brand loyalty, passion for a company's goods, and overall contentment with those items may all increase when the customer experience with those products is enhanced (2010). This, in turn, encourages consumer loyalty on the part of the base of existing customers. This study's objective is to investigate how the engagement of customers, in the form of their attitudes and behaviours, influences the link between the quality of a company's website and the loyalty of its clientele. According to the findings of eriae et al., an emotional connection is not a notion of an emotional relationship but rather the consequence of an emotional connection (2020). Yet, feelings are triggered by internal stimuli.

Data Analysis

Table 1: Percentage rate analysis

Demographics	Features	Frequency	Percent
Gender Category	Male	139	83.20
	Female	28	16.80
Age Category	Less than 30 years	55	32.90
	26 - 35 years	62	37.10
	36 - 45 years	19	11.40
	46 - 55 years	31	18.60
Marital Status	Single	69	41.30
	Married	98	58.70
Nature of Industry	Manufacturing Companies	97	58.10
	Service oriented Companies	70	41.90
Management Cadre	Lower level management	45	26.90
	Middle level management	93	55.70
	Process Head	29	17.40
Total experience	Less than 3 years of experience	48	28.70
	3 - 6 years	51	30.50
	6 - 9 years	27	16.20
	9 - 12 years	9	5.40
	Above 12 years	32	19.20

From table 1 it is noted that 83.20% were male respondents, 37.10% were in the age group between 26 - 35 years, 58.70% were married, 58.10% were working in manufacturing companies, 55.70% were in middle level management, 30.50% possess experience between 3 - 6 years.

Regression analysis

Table 2: Regression model between Customer experience and Customer loyalty

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.676 ^a	.457	.454	.883

a. Predictors: (Constant), Customer experience

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	108.270	1	108.270	138.821	.000 ^b
	Residual	128.688	165	.780		
	Total	236.958	166			

a. Dependent Variable: Customer loyalty

b. Predictors: (Constant), Customer experience

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.138	.217		5.238	.000
	Customer experience	.612	.052	.676	11.782	.000

a. Dependent Variable: Customer loyalty

Based on table 2, it is noted that the F value is at 138.21 with 5% level of significance , also the p value is at 0.00 which is less than the threshold level of 0.05, hence it can be stated that customer experience possess significant relationship towards customer loyalty

Moderation analysis

Table 3: Moderation effect of customer engagement on customer loyalty

OUTCOME VARIABLE:

CLY

Model Summary

R	R-sq	MSE	F	df1	df2	p
.7786	.6062	.5725	83.6228	3.0000	163.0000	.0000

Model

	coeff	se	t	p	LLCI	ULCI
constant	-1.6302	.5054	-3.2259	.0015	-2.6281	-.6323
CEX	.8001	.1968	4.0661	.0001	.4116	1.1887
CEN	1.3900	.1881	7.3891	.0000	1.0185	1.7614
Int_1	-.2100	.0480	-4.3697	.0000	-.3048	-.1151

Product terms key:

Int_1 : CEX x CEN

Covariance matrix of regression parameter estimates:

	constant	CEX	CEN	Int_1
constant	.2554	-.0754	-.0822	.0218
CEX	-.0754	.0387	.0164	-.0082
CEN	-.0822	.0164	.0354	-.0073
Int_1	.0218	-.0082	-.0073	.0023

Based on table 3, the value of R squared is 0.6062 which shows that the model is best fit, also the moderation analysis shows that the p value of customer engagement (CEN) and customer experience (CEX) is 0.00, which is less than the threshold level of 0.05, hence it can be stated that there is a significant relationship between customer engagement and customer loyalty.

Table 4: Result of hypothesis

Hypothesis	P Value	Result
Customer experience possess significant relationship towards customer loyalty	0.00	Supported
Customer experience possess significant relationship towards customer loyalty	0.00	Supported
Customer experience possess significant towards customer loyalty with customer engagement as moderating variable	0.00	Supported

Conclusion

The conclusions of this research have significant ramifications for online firms who seek to get a deeper understanding of the aspects that are most important to their clients and establish a hierarchy for those factors. The phrase "customer experience" may refer to a broad variety of different aspects, and companies that do business online have a responsibility to analyse how each of these aspects influences the attitudes and actions of their customers. In addition to this, they need to have an understanding of the present environment, the relevance of VCC, and the impact that it has on the overall quality of the online customer experience.

The findings demonstrated that customers' prior purchasing experiences had a significant influence on both their expectations and the subsequent actions they took with relation to future online purchases. Concern has been expressed by customers over the location of their products as well as the anticipated delivery date. Consumers like the ease of not having to leave the comfort of their own homes in order to make the purchase, as well as the assurance that comes from knowing they won't have to stand in line for an excessively long amount of time. Consumers have high expectations for user-friendly checkout processes that provide them opportunities to contribute to the creation of value. This is due to the fact that the customer has already made an investment in the product (in the form of time, effort, and sometimes even financial resources), and as a result, they desire to play a more active role in the co-creation process in order to ensure that the product will be successfully delivered. While streamlining their purchasing procedures, businesses would be wise to get feedback from their customer base.

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