The Effects of Online Experience and Online Concern on E-Loyalty of Female Online Shoppers: A Study from Indonesia

Martha Octavia DS\textsuperscript{a}, Sahid Susilo Nugroho\textsuperscript{b}, Siswoyo Haryono\textsuperscript{c, ab} Master of Management, Universitas Gadjah Mada, Yogyakarta 55281, Indonesia, \textsuperscript{c}Universitas Muhammadiyah Yogyakarta, Bantul, Yogyakarta 55183, Indonesia, Email: \textsuperscript{a}profsis12@gmail.com

Online business in Indonesia is growing exponentially and this has stimulated the cosmetic industry to expand its market via an online platform. The cosmetic industry targets female shoppers because they have more significant purchasing power. There is still little research that has been conducted on this issue. This research aimed to examine e-satisfaction and e-trust as the mediators of e-loyalty in online cosmetic shops. The findings are that an online shop should improve service delivery and provide professional and pleasant online web sites to increase e-satisfaction and e-trust. There also needs to be reliable and trustworthy web sites established and consequently associated e-satisfaction and e-trust will increase.

Key words: Online experience, Online Concern, E-satisfaction, E-Trust, E-Loyalty, Female Online Shoppers.

Introduction

The use of technology and information is nowadays everyone’s primary need in any society, including Indonesia (Amor, 2001). In 2016, as many as 104.2 million people accessed the internet in Indonesia. This figure is projected to grow by up to 144.2 million in 2021 (Statista, 2016). With over 104 million internet users, Indonesia is one of the biggest online markets worldwide. The rise of internet users in Indonesia has become a huge potential market for many industries to promote their products via online platforms, including the cosmetic industry (Chao-Min et al., 2009). The cosmetic industry in Indonesia has experienced continuous fast growth in recent years. The cosmetic business players in Indonesia are
currently not only focusing their sales through offline stores but also through online stores to expand their market and increase sales volume. It is imperative to develop customer loyalty to online shops. The commitment of a customer in the online shop is called e-loyalty (Chou et al., 2015).

In online business, the enormous targeted market is usually aiming at female consumers as compared to male consumers. Female consumers are more likely to shop online than male consumers (Goldsmith & Flynn, 2004). However, no previous research studied the female costumers in Indonesia in their preferences of online shops, which can make them loyal. The role and importance of e-satisfaction and e-trust are still missing. It is necessary to understand whether e-satisfaction and e-trust play an essential role in developing customer e-loyalty to an online shopping. This research identifies the possible gap in the real business setting. This research aims to examine the mediating roles of e-satisfaction and e-trust on the relationship between online experience as well as online concerns and e-loyalty of female online shoppers with the cosmetic industry in Indonesia. This research will also explore the most critical factors that influence customer loyalty in on-line shopping. It will be a breakthrough to study this issue in the cosmetic industry in Indonesia. This research is limited to female online shoppers who have experience in cosmetic online shopping in Indonesia.

**Literature Review and Hypothesis Development**

**The Influence of Delivery Efficiency on e-Satisfaction**

An online consumer is not only a user who interacts with a web site by browsing, searching, finding, selecting, comparing, and evaluating items but also eventually places an order online and waits one or a few days to receive the ordered item. This whole process is called the online consumer experience (Constantinides et al., 2010). Previous studies suggest that companies need to improve their delivery time and delivery scope. The shorter the time to receive the products, the more encouraged consumers will be to use online shopping (Szymanski and Hise, 2000).

E-satisfaction is the contentment of a customer concerning his or her prior purchasing experience with a given electronic commerce firm. The costumer online purchasing experience may come from two sources: service from the web site and the features of the web site itself. Customer involvement with the quality service from an online shop or a web site is mainly concerned with product delivery time. One of the reasons for online customers want to use an online store rather than going to a conventional store is so that they can save their time and energy (Constantinides et al., 2010). Research by Yu Jie et al. (2015) found that flexibility is the main criterion that will strengthen the relationship between e-retailers and product delivery service providers to increase the competitiveness of e-retailers and to satisfy
customers. Chou et al. (2015) showed that both e-trust and e-satisfaction positively affect loyalty to women's online clothing buyers. Therefore, the hypothesis is as follows:

H1: Delivery efficiency positively influences e-satisfaction.

The Influence of Web Site Design on e-Satisfaction

Chao-Min et al. (2009) explain that the primary interface for customers to purchase products and services online is the web site, a form of IT. The consumer attitude towards online shopping is greatly affected by the design and appearance of the online retailer web site. The higher the quality of the website, the more positive attitudes of consumers toward online retailers. Female shoppers tend to have more concerns about privacy and security, and are more sensitive to risks than male shoppers. The online experience is essential to female shoppers (Garbarino and Strahilevitz, 2004). Female shoppers are more motivated by emotions than male shoppers. They prefer and enjoy the physical evaluation of products such as seeing and feeling the product before they buy it. Without psychical touching, they rely more on other online shopping experiences (Zhou et al., 2007). According to Cyr et al. (2005), web site design and delivery efficiency become critical because web site design and delivery efficiency can be used to improve online shopping enjoyment, making online shopping more pleasurable and enhancing the online shopping experience.

The beautiful layout makes users feel happy and satisfied. Similarly, good website design can improve the perception of quality, satisfaction, and a positive attitude towards the website (Gommans et al., 2001). Research by Zhang Hong et al. (2015) revealed that perceived web site quality, perceived price advantage, and confirmation are essential determinants of customer satisfaction. Meanwhile, website quality, attractiveness, and satisfaction significantly influence consumer intention to continue. Research by Cyr et al. (2008) explains that website design affects customer satisfaction. Therefore, the hypothesis would be the following:

H2: The web site design positively influences e-satisfaction.

The Influence of Web Site Design on e-Trust

Trust is the level of trust or certainty that customers have in online exchanges (Connolly and Frank, 2007). In an online business environment, customers can only interact with the seller or company through the website, the design, and features of the site will affect the customer perception of them. Previous studies revealed that good website design makes the website look professional and creates an image in the minds of customers that a website is reliable and preferred. The level of customer trust in online stores is expected to increase and generate e-trust (Moriuchi and Takahashi, 2016).
Research by Rahimnia and Jaleh (2013) found that website content has effects on e-marketing and e-trust, and that e-trust plays a mediating role in the relationship between e-trust and the effectiveness of e-marketing. Chang and Cheng’s research (2008) confirmed that the quality of the website and brand of the website affects consumer confidence and perceived risk, and in turn, consumer purchase intentions. Therefore, the hypothesis would be the following:

**H3:** The web site design positively influences e-trust.

*Online the Influence of Online Security on e-Trust*

The two main concerns for consumers when shopping online are online security and privacy. Online security is a catch-all term for a significant issue covering security for transactions made over the internet. Gommans et al. (2001) pointed out that in addition to online privacy, online security is a fundamental prerequisite before any commercial activities involving confidential and sensitive information can get started. Apart from the choice of the product, in purchasing online, the customers would also make payment transactions online. In this matter, online security is always the main concern for online shoppers (Reichheld and Schefter, 2000). Safety is an essential factor that significantly affects consumer trust. Lack of security in an online shopping web site would lead to lower levels of trust in the web site (Szymanski and Hise, 2000). Many cases related to internet security have occurred, such as fraud, identity theft, piracy, phishing, and many others, which have resulted in a lack of trust from customers.

Research by Chou et al. (2015) revealed that when the customers feel positive, both online privacy and security relate to e-trust. Customer perceptions of safety, transparent shopping processes, and reliable payment systems have a positive relationship with e-trust. Research by Safa (2016) found that electronic satisfaction and trust have a positive and robust connection with the formation of electronic loyalty in electronic commerce. Hence, the hypothesis is the following:

**H4:** Online security positively influences e-trust.

*The Influence of Online Privacy on e-Trust*

According to Jeong et al. (2009), there are four dimensions of consumer privacy concerns: a collection of personal data, unauthorized secondary use of personal data, errors in personal information, and improper access to personal information. Online privacy involves the privacy and security level of personal data published via the internet. In online shopping, customers are required to provide their data more frequently as compared to shopping in the
traditional marketplace. Privacy is a significant concern for consumers, and thus, appropriate privacy regimes should be in place (Szymanski and Hise, 2000).

Online privacy is a technical mechanism and policy to protect customer data from unauthorized use or disclosure. Online privacy can be considered an essential source of e-trust (Hsu et al., 2014). When customers believe that online stores strive to protect their privacy through technical mechanisms and policies, they will be more comfortable in providing and exchanging personal data when shopping online. A study by Chou et al. (2015) found that if the consumers felt positive both on privacy and online security related to e-trust. Research findings by Martin (2018) suggest that consumers find violations of privacy expectations, especially the use of secondary information, to reduce trust in the website. Hence, the hypothesis would be the following:

\[ \text{H5: Online privacy positively influences e-trust.} \]

**The Influence of e-Satisfaction on e-Trust**

Electronic satisfaction is customer satisfaction with previous purchasing experience with individual electric trading companies. Electronic satisfaction is one of the factors that increases the sense of electronic trust in online stores. When customers are satisfied with the online store, satisfaction can create trust in the customer that the seller can be trusted. Thus, the higher the level of electronic satisfaction, the higher the level of electronic trust (Fang et al., 2011). Therefore it is expected that electronic satisfaction directly and positively affects electronic trust. Research by Safa (2016) found that: (1) convenience, customer benefits, and enjoyment affect customer satisfaction. When customers do business activities quickly with pleasure and take advantage, they are satisfied, and they will buy again in the future, (2) customer perceptions of security; transparent shopping processes and reliable payment systems have a positive relationship with e-trust. Hence, the hypothesis is the following:

\[ \text{H6: e-Satisfaction positively influences e-trust.} \]

**The Influence of e-Satisfaction on e-Loyalty**

Customer repurchasing behavior or loyalty is critical to the success and profitability of online stores (Chao-Min et al., 2009). Loyalty is a commitment to consistently revisit a site or repurchase an item or service from the same company, without switching to other companies. However, with the emergence of e-commerce, researchers have extended the concept of loyalty to the online environment, renaming it e-loyalty. This development is essential because e-loyalty is somewhat different from commitment in the offline business (Horppu et al., 2008). Several studies indicate that there is a positive impact of e-satisfaction on e-loyalty
(Anderson & Srinivasan, 2003). Most research focusing on e-loyalty has investigated the issue of how to foster and improve e-loyalty. These studies have found that e-satisfaction and e-trust are the two most essential antecedents of e-loyalty (Doong et al., 2008).

Research by Lin and Sun (2009) found that customer e-satisfaction positively affects customer e-loyalty directly. Chou et al. (2015) who found that both e-trust and e-satisfaction in turn positively influence loyalty for women’s online clothing buyers. Then there is the study by Ltifi, (2012) the results show e-satisfaction undoubtedly and significantly affects the e-loyalty of cyber consumers. Based on the study by Xu Wenwen (2010), satisfaction has a positive relationship with e-loyalty among Chinese online consumers. The findings above are consistent with Luarn and Lin (2003), Anderson & Srinivasan (2002) and Oliver, (1997). Hence, the hypothesis would be the following:

**H7:** e-Satisfaction positively influences e-loyalty.

*The Influence of e-Trust on e-Loyalty*

Researchers in the field of marketing have considered trust as one of the keys that build strong relationships between sellers and buyers. Gaining the trust of customers can reduce consumer uncertainty and doubt when shopping online and then increase the likelihood of repurchase actions (Cyr et al., 2008). When customers have felt the electronic trust of an online store, they may feel comfortable and confident when shopping at the store (Lauer and Deng, 2007). The positive relationship between e-trust and e-loyalty is in line with several studies conducted in the context of the online environment (Harris and Goode, 2004). Research by Chou (2015) shows that e-trust and e-satisfaction, in turn, positively influence loyalty for women's online clothing buyers. Angeliki's study (2014) revealed between electronic trust and electronic satisfaction. Electronic satisfaction has a more significant impact on repeated online buyer loyalty. Thus, the hypothesis is the following:

**H8:** e-Trust positively influences e-loyalty.

**Methodology**

*The Development of the Model*

Figure 1 below illustrates the development of the research model.
Variables Measurement

The variables used in this research have their operational definitions and indicators and transformed into a questionnaire. Each item of the statement in this research questionnaire was measured using a 7 point Likert-scale where 1= strongly disagree, 2=disagree, 3= somewhat disagree, 4=neither agree nor disagree, 5= somewhat agree, 6= agree and 7= strongly agree.

The Population and Sampling Method

The population of this research was all consumers who shopped for cosmetics online in Indonesia. However, the sample unit criteria were female online shoppers aged between 18-45 years old who had at least more than one experience purchasing cosmetics online. The sample size was 200 respondents. According to Hair et al. (2017), the sample size is about 5 to 10 times the number of indicators. The instruments were tested using SPPS for its pre-test and after some feedback and the questionnaire revision. The data analysis used Smart-PLS software.
Discussion

The researchers used Smart-PLS 3.0 to analyze the data. From 271 respondents collected, the data set for analysis comprised 201 respondents. The descriptive statistics obtained that in the variables of Delivery Efficiency (DE), Website Design (WD), Online Security (OS), Online Privacy (OP), E-Satisfaction (ES), and E-Trust (ET) gained an average of 5. These statistics show that, on average, respondents tended to answer somewhat agree, and it did not occur any significant imbalance in the answers of the respondents to the statements in those variables. While E-Loyalty (EL) gained an average of 4.22, all the values indicated that overall, the relationship between variables was significant, and there was no multicollinearity detected. Figure 2 below shows the loading factors of all items on the fit full model.

Figure 2. The Fit Model after Validity, Reliability, and Goodness of Fit Test with PLS 3.0.

The reflexive outer model test shows that all the variables were valid and reliable. The tests indicated that the goodness of fit for the outer model had met the requirements. The second
step was to evaluate the inner model by using coefficient determination. The estimated squared multiple correlations or determinant coefficient of endogenous variables are $R^2 = 0.623$ for e-satisfaction, $R^2 = 0.721$ for e-trust, and $R^2 = 0.519$ for e-loyalty. It reflected that more than half of the variations of the endogenous variable could be well explained through the proposed model in this study. The proposed model in this study was fit for the research.

To test the hypothesis, the goodness of fit structural model was used. The alternative hypothesis is accepted if $t$-statistics $\geq 1.96$ ($\alpha = 0.05$). Table 1 below shows the Hypothesis Testing Result Summary.

<table>
<thead>
<tr>
<th>No</th>
<th>Hypothesis</th>
<th>Original Sample</th>
<th>Standard Deviation</th>
<th>t value</th>
<th>Critical t Value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₁</td>
<td>Delivery efficiency $\rightarrow$ e-satisfaction.</td>
<td>0.283</td>
<td>0.092</td>
<td>3.059</td>
<td>$\geq 1.96$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H₂</td>
<td>Web site design $\rightarrow$ e-satisfaction.</td>
<td>0.567</td>
<td>0.083</td>
<td>6.795</td>
<td>$\geq 1.96$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H₃</td>
<td>Web site design $\rightarrow$ e-trust.</td>
<td>0.225</td>
<td>0.100</td>
<td>2.232</td>
<td>$\geq 1.96$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H₄</td>
<td>Online security $\rightarrow$ e-trust.</td>
<td>0.133</td>
<td>0.102</td>
<td>1.303</td>
<td>$\geq 1.96$</td>
<td>Rejected</td>
</tr>
<tr>
<td>H₅</td>
<td>Online privacy $\rightarrow$ e-trust.</td>
<td>0.025</td>
<td>0.107</td>
<td>0.230</td>
<td>$\geq 1.96$</td>
<td>Rejected</td>
</tr>
<tr>
<td>H₆</td>
<td>e-Satisfaction $\rightarrow$ e-trust.</td>
<td>0.554</td>
<td>0.090</td>
<td>6.158</td>
<td>$\geq 1.96$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H₇</td>
<td>e-Satisfaction $\rightarrow$ e-loyalty.</td>
<td>0.261</td>
<td>0.120</td>
<td>2.184</td>
<td>$\geq 1.96$</td>
<td>Accepted</td>
</tr>
<tr>
<td>H₈</td>
<td>e-Trust $\rightarrow$ e-loyalty.</td>
<td>0.490</td>
<td>0.115</td>
<td>4.267</td>
<td>$\geq 1.96$</td>
<td>Accepted</td>
</tr>
</tbody>
</table>

Source: Primary Data Analyzed with Smart-PLS Version 3.0.

Based on Table 1, there are two rejected hypotheses: Online security and online privacy did not affect e-trust. Thus, the six accepted hypotheses were: that delivery efficiency had a significant effect on e-satisfaction; the website design significantly affected e-satisfaction and e-trust and e-satisfaction had a significant effect on e-trust and e-loyalty. In the final hypothesis, e-trust had a significant effect on e-loyalty. Furthermore, e-satisfaction and e-trust are mediating constructs in this model.

**Conclusion**

The online experience, which consists of delivery efficiency, has a positive and significant influence on customer e-satisfaction. The online experience, which includes website design, has a positive and considerable influence on customer e-satisfaction and this has the most significant impact. Simultaneously, the web site design has a positive influence on customer
e-trust. The online concern, which consists of online security, does not have a significant impact on customer e-trust. The online concern, which includes online privacy, also does not have a considerable influence on customer e-trust. Costumer e-satisfaction has a positive and significant influence on e-trust. Both costumer e-satisfaction and e-trust play an essential role in developing e-loyalty as the findings indicate that they significantly and positively influence e-loyalty.

E-Satisfaction is a mediating variable on the effect of delivery efficiency and web site design on e-satisfaction. E-trust is a mediating variable on the impact of online security and online privacy on e-trust. The findings suggest that increasing e-satisfaction through delivery efficiency and website design would increase customer e-loyalty. The managerial implication for business practitioners is that online shops could focus on improving website design. The online shops should upgrade their services and the whole customer online experience so that they have more trust in online shopping. It is recommended that to maintain consumer e-satisfaction, website performances and services be constructively improved. A further recommendation is for online shops to enhance their website credibility.

This research has several limitations, the primary limitation being that all of the respondents are females. Some cosmetic shoppers are males, and their views could be different, and this should be explored in future research. Samples and objects of analysis used in this research were online shops available in Indonesia, which might have different standards of services and credibility in other contexts. The ability of the independent variables in explaining and predicting the dependent variable is relatively small, amounting to 51.9 percent. The data analysis method chosen for this research was the SEM method using Smart-PLS software, which also had some drawbacks. In summary then, several suggestions for future research include adding male costumers to the targeted respondents; providing an advanced and more specific set of questionnaires addressed to each particular online shop in Indonesia so as to have a more in-depth understanding of each online shop and avoid any biased answers. In the future, research should target more respondents.
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