CHAPTER II

LITERATURE REVIEW

2.1 THEORETICAL REVIEW AND HYPOTHESIS DEVELOPMENT

2.1.1 Perceived Delivery Time

Delivery time defined as the total time between order placement and delivery, which includes dispatch, shipping, and delivery. Prior studies have found that long delivery time is one major complaint among online customers because they do need to wait to receive the item they order. The longer the wait time between ordering and receiving, the more anxious and discontent the customer feels. Consumer's overall valuation of the usefulness of a service is based on the perception of what is received and what is given (Sastry & Rao, 2017).

Specifically, prior studies have suggested that when an item can be delivered efficiently and when a web site is designed in a way that saves shoppers time, it will make the site easy to be used, and allows the site to provide a variety of information, and customers may feel satisfied (Chou, et al. 2015). Thus, customers would be more satisfied with their online shopping experiences if online firms could guarantee to process their orders and deliver their items quickly (Schaupp & Bélanger, 2005). Therefore, the researcher proposed the following hyphothesis:

H1: Perceived delivery efficiency positively influences e-satisfaction.

2.1.2 Web Site Design

Consumer experience with a website may come from the website design itself (layout, interface, and decoration of the website). A good web site design has been found as a key factor increasing customers' satisfaction (Chou et al, 2015). Websites are essentially a type of information technology. Direct confrontation is an internet transaction platform. Shopping websites allow customers to choose products based on their own needs and provide businesses with transaction platforms through interactive communications to fulfill the transactions. However, for the customer to easily consume online, he or she must first find the website useful and easy to use. This takes into account information search, internet subscription, and payment methods. The means objectives represent aspects of the customer's desired e-service experience (e.g. assure system security, maximize product information, maximize ease of use) and are operationalized by e-service process attributes during the customer's interaction with the e-service (Grace & Chia, 2009).

Other studies in the literature have supported that a good web site design positively influences customer satisfaction (Chou et al., 2015). Therefore, in terms of online shopping activities, if the customer is familiar with the transaction methods of a shopping website, he or she will use this shopping website more often. Forming a certain purchasing habit at this website, the customer may spend more time and effort in learning how to use or shop on the website (Grace & Chia, 2009). Therefore, e-tailers have attempted to design website to attract customers to visit and revisit their sites. Some studies have investigated the factors that could affect customers purchase behavior on the Web (Muhammad et al., 2014). Thus, we posit the proposed hypothesis is as follow:

H2:Web site design positively influences e-satisfaction.

In e-commerce, trust is the confidence in the quality and credibility of the goods and services provided by the online store. Trust is very important in many business relationships, especially in e-commerce relationships, since there will be more obstacles to establish trust with customers, such as customers cannot see real products but only some pictures, and customers will be charged before they receive their products. Unless Consumers believe that online store will not bring those risks and loss, they will not be assured of shopping, and they would not consider this online store (Bhaskar, et al, 2016).

Trust has been defined as an individual's perceptions of the institutional environment that stems from embedded social practices as well as the perceptions, resulting from past and expected future exchanges (Kananukul, et al, 2015).For instance, found that a good web site design can relieve feelings of anxiety and also provide a sense of confidence while shopping online (Chou et al., 2015). Thus, the researcher proposed:

H3:Web site design positively influences e-trust.

2.1.3 Perceived Online Security

Although online security techniques have continued to develop and improve, web security vulnerability still exists and security measures are violated frequently, even among widely reputable companies. As a result, online security is always a main concern for online shopper. After all customers are often required to provide essential data, such as personal profiles information, while shopping online. If customers feel insecure (e.g the website has been invaded before), they may not trust the website (Chou et al, 2015). Thus, the researcher proposed the following:

H4: Perceived online security positively influences e-trust.

2.1.4 Perceived Online Privacy

Online privacy is a technical mechanism or policy to protect customer data from unauthorized use or disclosure (Chou et al., 2015). The dimension of privacy is defined as the degree to which the site is safe and protects customer information (Parasuraman et al., 2005).

Companies that establish fair information practices and disclose these practices before collecting personal information from customers can greatly reduce perceived risks and the subsequent negative consequences associated with privacy concerns. They suggest that fair information practices operationalized procedural fairness and by incorporating them into a privacy statement and living up to their requirements, the firm can create a 'privacy leverage point'. This privacy leverage point provides an intervention opportunity for firms to build trust with their customers as they collect and use personal information. Therefore, making customers willing to disclose personal information can be done by minimizing the risks of disclosure to these individuals (Nemati & Dyke, 2009).

When consumers believe that an online firm tries hard to protect their privacy through technical mechanisms and/or policies, they will be more comfortable providing personal data while shopping online (Chou et al., 2015). Thus, the researcher proposed the following hypothesis:

H5: Perceived online privacy positively influences e-trust.

2.1.5 E-Satisfaction

Satisfaction is defined as the summary psychological state resulting when the emotion surrounding disconfirmed expectations is coupled with a consumer's prior feeling about the customer experience (Valvi & Fragkos, 2012). Satisfaction is an emotional status that happens in response to an evaluation of customer-agent mutual interaction experiences (Hsu et al., 2013). E-satisfaction is defined as the difference between expectations and results in the use of a website for the purchase of products and services (Forgas-Coll et al., 2013).

Numerous previous studies have acknowledged that e-satisfaction is not only the main target of online shopping continuance intention, but also the key to build and retain a loyal base of long-term customers (Hsu et al, 2013).For example, in an e-retailing context, it is reported that e-satisfaction has a significant effect on consumer trust with a service provider. Others suggest that customer satisfaction is closely related with trust and acts as its prime driver (Butt & Aftab, 2013).

Thus, e-satisfaction is the precursor of customers' commitment. Actually, it is the result of customer's evaluations regarding the product and the key elements of their decision to repurchase (Muhammad et al., 2014). Thus, the higher the level of e-satisfaction, the higher the level of e-trust (Chou et al., 2015). Therefore, the proposed hypothesis is as follow:

H6: E-Satisfaction positively influences e-trust.

A high degree of e-loyalty is usually associated with a high degree of e-satisfaction. When customers perceive better website service quality, such as special treatment benefits, they will have more e-satisfaction; when customers feel e-

satisfaction with the website, they will feel more e-loyalty; and when the website is responsive, it will directly influence the customers' e-loyalty (Grace & Chia, 2009).

Customer loyalty to a product is reflected through the customer's habit to purchase a product continuously. Therefore, in order to understand the customers' needs and expectations as well as to achieve the objectives, a company needs to observe customer loyalty (Dimyati, 2015).

Indeed, the positive effect of e-satisfaction on e-loyalty has been suggested by several studies (Chou et al., 2015). Thus, the proposed hypothesis is as follow:

H7:E-Satisfaction positively influences e-loyalty.

2.1.6 E-Trust

Trust can be defined as a consumer's confident beliefs that he or she can rely on the seller to deliver promised services. (Sahin et al, 2011).

E-trust captures specific cues of Internet sites important to consumers in visiting Websites and builds components as a key driver to e-retail, especially in the light of transaction based financial information continuing to be a major inhabiting factor for online consumers' success. Trust in e-commerce is defined here as the belief that allows consumers to willingly become vulnerable to a website after having taken its characteristics into consideration (Chu & Yuan, 2013).

As a result, in order to create loyalty, an e-retailer should strive to meet the needs of customers to a greater degree than competitors. Loyalty is a biased behavioral purchase process that results from a psychological process. Loyal customers are more likely to make repeat visits to a website or consider purchasing from it in the future.

Thus, loyal customers have a dramatic influence on a company's financial ''bottom line'' (Hsu et al., 2013).

Trust building strategies promote affective (or willing) commitment – referred to as the 'desire to maintain a relationship that the customer perceives to be of value' (Carter et al., 2014) – based on assurances that customers will receive promised services. E-Loyalty has been a key issue in the research of e-commerce in recent years because of its benefits for business. It leads to repurchasing and is defined as a customer's commitment and favorable attitude towards online companies (Safa & Von; 2016). A high degree of trust does not only stimulates and meets consumers' high expectations of satisfying transactions, but also eliminates uncertainty, perceived risks, and interdependences in most online transactions (Chen & Barnes, 2007). Consumers trust in organization or its brands, does not only help build loyalty, but it also generate positive word of mouth (Butt & Aftab, 2013). In this respect, e-loyalty is a long term commitment between e-retailers and e-consumers (Wong et al., 2014).

Indeed, the positive relationship between e-trust and e-loyalty has been suggested by several studies conducted in the context of the online environment (Chou et. al., 2015). Therefore, the proposed hypothesis is as follow:

H8:E-Trust positively influences e-loyalty.

2.1.7 E-Loyalty

E-Loyalty has become one of the critical issues for online business partly because customers can easily switch from one online store to another and partly because they can easily compare similar items across different online stores (Lu et al., 2013).

Loyalty, or e-loyalty, has been conceived as a "consumer's intention to buy" from a website, and an indicator that consumers will not change to another website (Chu & Yuan, 2013).

Loyalty uses a base of information that is forcing refers to one product or another product. In this stage, loyalty is only based on belief and it is hardly strong. Loyalty in this stage is much more difficult to change because it was entered through the customer's mind. Loyalty action is the ultimate stage of customer loyalty. It includes behavioral habits and routine responses. Action is seen as a very important thing in combining the next stage (Dimyati, 2015).

2.2 Research Framework

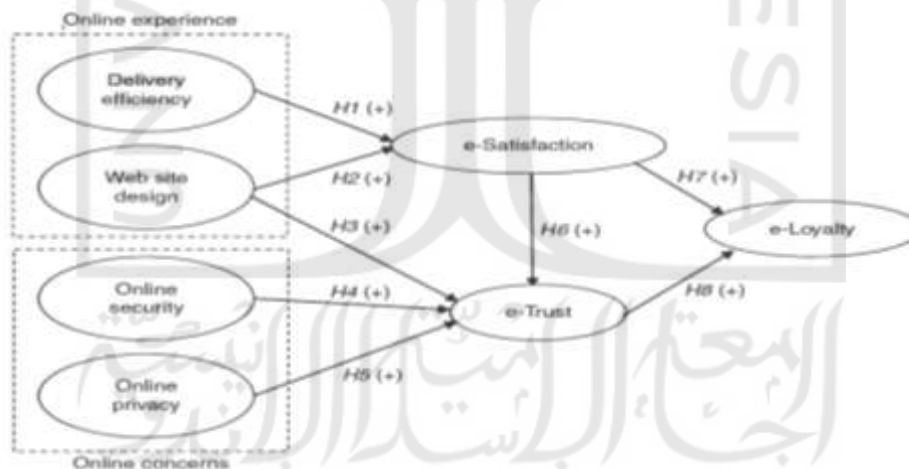This research is conducted based on the research that has been done by Chou, Chen and Lin (2015). It can be described with the following figure:

Figure 2.1. Theoretical Framework