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## Satisfaction trust and loyalty of repeat online consumer within the Japanese online supermarket trade

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## ABSTRACT

Japanese consumers are changing their consumption patterns, following those of the Europeans and Americans (Salsberg, 2010). Generally known to be brand and quality conscious, Japanese are not willing to sacrifice quality and convenience for discounted and online purchases. Japanese consumers pick and choose their products differently. In general, the modified structural equation model shows that all relationships proposed by the theoretical model were significant except for two (i.e. product towards satisfaction and distribution towards e-satisfaction). The results suggest that to determine an online repeat shopper's e-satisfaction, companies need to focus their attention on their promotional activities, pricing and shopper's experience. On the other hand, when companies are seeking to determine an online repeat shopper's e-trust, companies need to focus their attention on product, promotional pricing and shopper's experience. Most importantly, the results show that between e-trust and e-satisfaction, e-satisfaction has a more significant impact on repeat online shoppers' loyalty.

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### 1. Introduction

Japan's consumer market is constantly driven by changes in society, and it has brought significant shifts in shaping cultural identity. Japanese consumers are seeing an increase in Western influence, which is an indication of globalization. This nation is often described as a collective nation with ethnic homogeneity, and it is culturally unique, which contributes to building a successful modern nation (Tsutsui, 2009). The introduction of the Internet has triggered changes ranging from education to businesses. "Electronic commerce is at its core of expansion, and its scale of growth rate varies among countries" (Atchariyachanvanich et al., 2007, p. 47).

The Japanese consumer market has not been widely explored since the long-term recession and two earthquake disasters. Although the Japanese economy began to revitalize, a major challenge for the Japanese economy has been a long-term demographic change. The population has been aging, and senior residents have been seeking convenience in their daily lives (Ikeda, 2014), which has changed the opportunities for and threats to marketers in determining the consumption patterns of Japanese consumers. Despite the importance of this market, the vast majority of online shopping studies have concentrated on US demographics (Close and Kukar-Kinney, 2010; Gefen et al., 2003; Ha and Stoel, 2012; Horppu et al., 2008; Hsu et al., 2006; Jones and Kim, 2010; Shim et al., 2001). Although the US market has

the largest economy, the majority products sold in the US are imports from other countries. In fact, the US is the largest exporting country. According to [United States Trade Representative report \(2013\)](#), Japan's exports to the US amounted to \$138.5 billion which is 6.1% of the overall imports to the US in 2013 ([BBC News, 2015](#); [ustr.gov](#)). This fact suggests that an understanding of foreign markets, such as Japan, will allow for increased opportunity in growing the number of exports to other countries (i.e., trade surplus). Thus, to understand the importance of the international marketplace, we must first understand the consumers in that target market.

To capitalize on a growing market such as Japan, it is important to recognize first the lifestyles of the general Japanese consumers. According to [Takahashi and Fluch \(2009\)](#), Japan is an Internet-driven society. Consumers in Japan "use diverse Internet retail shops and Internet auction sites, creating diversification of the purchasing channels available to them" ([Takahashi and Fluch, 2009, p. 158](#)). With such heavy reliance on the Internet, many retail outlets are inevitably forced to adapt to this emerging lifestyle to remain competitive within the market. These retail outlets not only must adapt to this new modality of shopping, but they must also implement differentiation marketing to emphasize their presence in the consumer market. In this study, we will examine the different factors that motivate Japanese online consumers to shop online and how these factors affect their intentions to review online the products and services that they receive from online stores.

As consumers become more familiar with the online shopping environment, their attitudes toward their online shopping behaviors change over time. Previous studies have indicated that subjective

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norms and perceived behavioral control could change over time due to increased information technology (IT) usage experience (Venkatesh et al., 2003), indicating that users' beliefs about continuance intentions might not be the same as when they first adopt IT usage (Karahanna and Straub, 1999). Using this same rationale, attributes that online shoppers once thought as determining factors might no longer hold the same weight compared to when these people first shopped online. However, despite the importance of loyal behavior in the context of e-commerce, there have been barely any studies examining the factors influencing repeated consumers' loyalty in collectivistic societies, especially with an extended traditional marketing mix (i.e., the 4Ps). In this study, our proposed extended marketing mix model includes consumers' shopping experiences. We believe that, as companies move from a company-centric to a consumer-centric model, it is reasonable to integrate the fundamentals of marketing practices into consumers' first-hand shopping experiences as determining factors in their repeat purchasing experiences.

Companies that venture into online business are constantly challenged to retain their existing customers while, at the same time, attracting new customers. Ultimately, companies are attempting to attain consumer loyalty from all of their marketing activities. In this study, we focus on external marketing activities to determine the factors that contribute to online consumers' loyalty. Thus, we ask the following research question:

RQ: What is the impact of the extended marketing mix model on repeated online shoppers' loyalty to e-vendors?

## 2. Literature review

As consumers begin to rely on the Internet for their daily activities, including information searches, shopping, and business transactions, companies see the need to expand their online portfolios to take full advantage of this revenue-generating platform. With increasing numbers of consumers seeing the need to leave feedback on company and third-party web sites, companies are exerting more effort to find common ground with their existing and new customers (i.e., satisfaction). However, many companies place their focus on increasing positive comments on various web sites, and they have incidentally overlooked the fundamentals of marketing a product, which is the basis of generating customer satisfaction and loyalty. Based on the existing literature, there have been hardly any new studies on how a marketing mix, integrated with shopping experiences, can affect online satisfaction and online trust. In this study, we examined the traditional four Ps, as well as consumers' shopping experiences (hereafter called the extended 4Ps model), to determine the antecedents of online satisfaction (hereafter e-satisfaction) and online trust (hereafter e-trust). This paper examines the factors that affect the customer loyalty of repeated customers through the Internet based on the expectation-confirmation theory (ECT).

### 2.1. Japanese online shoppers

Japan is the third largest economy in the world after the US and China ([www.bbc.com](http://www.bbc.com)). Japan has played a major role in the international community and has been a major aid donor and a source of global capital and credit. As Japan has recovered from the 2011 tsunami disaster, it has become evident that Japanese consumers are playing an active role in shopping, both in brick-and-mortar stores and online. According to PR Newswire (2014), there are an increased number of smaller households and more women joining the workforce, which will increase online retailing. Another reason for the patronage of online shopping is the increase in the senior population. Older people are gradually becoming accustomed to the

convenience provided by ordering their groceries online (Ikeda, 2014). In addition, with the introduction of *Abenomics*, the increase in sales tax has created the possibility of encouraging more price-sensitive customers to shop online. Another indication of the increase in online shopping consists of the sales of food and grocery products (Nihon Keizai Shimbun, 2014a, 2014b). Japanese consumers are a unique group of ethnic consumers. Their collective culture and their need for uniqueness provide opportunities for other countries to attract Japanese consumers. Several multinationals, such as the Gap, Costco and Amazon, have successfully entered the Japanese market over the past 15 years (Abraham and Wolf, 2010). In the context of online markets, Rakuten, Amazon.co.jp and Yahoo! Japan are the top three online retailers in Japan ([Fuji Keizai.co.jp](http://Fuji.Keizai.co.jp)). The products and services that these companies provide have helped to change consumer habits, in which there is a strong preference for higher-end goods from large department stores.

### 2.2. Extended marketing mix and loyalty

Yoo, Donthu and Lee (2000) suggested that brand equity is affected by both marketing decisions and market conditions. In addition, high brand equity leads to high brand loyalty. An example provided by Simon and Sullivan (1993) who suggested that factors affecting brand loyalty include advertising expenditures, marketing expenditures, the ages of brands, order of entry and many more. Other studies have recommended the use of public relations, slogans or jingles, symbols, and packages (Aaker, 1991). Boulding and Kirmani (1993) suggested warranties, and Keller (1993) suggested company image, country of origin, and promotional events. Keller, Heckler, and Houston (1998) also proposed brand naming strategies as one of the sources of marketing decisions and market conditions.

Yoo, Donthu and Lee (2000) used key elements of the marketing mix, particularly price, store image, distribution intensity, advertising expenditures, and price promotions, which are commonly regarded as the traditional "4Ps" in marketing activities (price, place or distribution, promotion, and product). These researchers argued that although these 4Ps do not fully cover the entire domain of marketing, they are representative of typical marketing programs. The 4Ps build the foundation of understanding how marketing activities work; for example, knowing how certain marketing activities contribute or hurt a particular brand's equity is essential for marketing practitioners in their marketing plan development.

By integrating the component of shoppers' experiences into marketing mix models, marketing practitioners are able to move company-centric marketing activities toward a consumer-centric model without losing the fundamentals of any marketing activity.

### 2.3. Satisfaction

Consumer satisfaction is essential to the longevity of any business and is in fact one of the most researched topics in marketing (Pappu and Quester, 2006). With a heavy emphasis on consumer satisfaction, research has been performed on post-consumption behaviors, such as loyalty (Coil et al., 2007). Consumer satisfaction is defined as the overall evaluation of a consumer's total purchasing and consumption experience with products or services over a period of time (Anderson et al., 2004). McDougall and Levesque (1994) showed that customer satisfaction has a positive effect on brand loyalty in several different service sections, such as restaurants and hairdressers. There have been several studies supporting the positive relationship between consumer satisfaction and consumer loyalty (Anderson et al., 1994; Faullant et al., 2008; Yoon and Uysal, 2005).

## 2.4. Trust

Trust is a multidimensional construct that is often related to characteristics, such as integrity and competence (Gefen et al., 2003). In addition, it was emphasized by Luhmann (1979) that trust is a foundation for all social life. In fact, trust is a fundamental consideration in the commercial world, in which people are influenced by the attitudes and actions of consumers and sellers (McCole et al., 2010). We argue that one of the main reasons why trust is an important consideration is that people are often faced with uncertainty. Consumers often go through a standard learning hierarchy of thought processes, in which there are two factors present: 1) uncertainty and 2) the complexity of the nature of the situation at hand. Especially with online shopping, e-commerce has created an environment in which there are various risks (e.g., security risk) involved. Thus, consumers rely on their trust in the vendor, the Internet or even eWOM, to mitigate the effects of their uncertainty toward their relationships (as buyer and seller) in the online environment (e.g., Ha and Stoel, 2008).

## 3. Research framework

### 3.1. Product, e-satisfaction, e-trust

The product concept in this study refers to product differentiation. Product differentiation, by means of strong brands and unique product lines, is a possibility for e-vendors to develop a competitive edge and to build barriers against switching. Thus, products could be defined as one of the e-vendors' services power. With few to no alternatives, consumers will be dependent on e-vendors because popular brands are expected to attract customers to outlets compared to less known brands. Thus, strong products with unique product lines could benefit e-vendors by continuing their relationships with customers, even if the e-vendor is considered less competent in certain areas. Furthermore, the expectation of a good quality product should be a norm between the consumer and the e-vendor so that the ability to deliver the expected quality can affect the consumer's satisfaction. This norm is signified by the trust established between the consumer and the e-vendor. The degree to which the products are perceived to fulfill the needs of the consumers should be expected to contribute to satisfaction with the e-vendor. This satisfaction will eventually lead to either discontinuation or repeat purchases. If consumers choose to repeat their purchases, consumer loyalty is established. This argument can be summarized as follows:

**Hypothesis 1a.** The more that the product differentiation of the e-vendor is perceived, the more loyal a consumer is expected to be to the e-vendor.

**Hypothesis 1b.** The more that the product differentiation of the e-vendor is perceived, the more satisfied the consumer is expected to be with the e-vendor.

**Hypothesis 1c.** The fewer alternative products that are available on online markets, the more trustworthiness is expected.

### 3.2. Distribution, e-satisfaction, e-trust

In service marketing, shifts in the management of distribution channels (i.e., place) are gradually occurring, from marketing to anonymous masses of customers to developing and managing relationships (i.e., relationship marketing) with more or less well-known, or at least somehow identified, customers.

Place is one of the Ps that is commonly referred to as distribution intensity. Yoo, Donthu and Lee (2000) argued that "distribution intensity is also highly correlated with brand equity" (p. 206). They added

that insensitive distribution does not mean selling through bad image stores. Distribution intensity, however, does indicate that a product should be made available in more stores – suggesting convenience, time saving, and greater access to better services, thus leading to an increase in customer satisfaction. Yoo, Donthu and Lee (2000) counter-argued that intensive distribution might not necessarily mean that only convenient goods are a good fit with distribution intensity and product type. They found that product luxuriousness had a significant moderating effect. The results also showed that, for highly luxurious products, selective distribution is preferred. Despite the significant moderating effect of product type found in their study, distribution intensity maintained its main effect on brand equity. This finding suggests that, when there is high distribution intensity, high brand equity is perceived, thus achieving a high level of trust.

Satisfaction, according to Oliver (1997), is the overall psychological state that results when a consumer's prior feelings about his or her experience are coupled with the surrounding emotionally disconfirmed expectations. In this study, *e-satisfaction* is defined as the gratification of the customer with regard to his or her prior purchasing experience on an electronic shopping site. Wolfenbarger and Gilly (2003) suggested that online shoppers not only evaluate what products or services are being offered online, but these consumers also evaluate their needs through service supports. Wolfenbarger and Gilly (2003) defined customer service with regard to responsiveness, the helpfulness of the service representative and the willingness to respond to customers' inquiries quickly. Santos (2003), in contrast, offered a broader definition of customer service, defining this construct as an overall customer evaluation and judgment regarding the quality of the service delivered on the e-marketplace.

**Hypothesis 2a.** The better the distribution of the products of the e-vendor is perceived, the more satisfied the consumer is expected to be with the e-vendor.

**Hypothesis 2b.** The better the distribution of the products of the e-vendor is perceived, the more trustworthiness is to be expected.

### 3.3. Promotion, e-satisfaction, e-trust

Sales promotion and advertising are vital marketing tools to stimulate faster and larger purchases for limited periods of time (Kotler, 1988; Valette-Florence, Guizani, Merunka, 2011). Several researchers have examined the immediate effects of consumers' purchases based on their responses to sales promotions (Inman et al., 1990; Nijs et al., 2001). However, other studies have found that the long-term effects of promotional activities led to adverse effects on brand equity, such as switching brand behavior (Papatla and Krishnamurthi, 1996). In other words, brand loyalty will be diminished. Repeated promotional activities had detrimental effects on brand equity over time (Aaker, 1996), and Mela, Ataman, and Van Heerde, (2006) found that promotional activities, such as repeated monetary promotions, had negative effects on brand equity. In contrast, DelVecchio et al. (2006) argued that sales promotions can also increase brand preferences.

**Hypothesis 3a.** The higher the frequency of the promotions of the e-vendor is perceived to be, the less satisfied the consumer is expected to be with the e-vendor.

**Hypothesis 3b.** The higher the frequency of the promotions of the e-vendor is perceived to be, the less trustworthiness is to be expected.

### 3.4. Price and e-satisfaction

Pricing has been used as a positioning tool to differentiate products. Furthermore, Piercy, Craven, and Lane (2010) argued that

although pricing challenges have frequently been tactical, greater emphasis has been placed on pricing when there are harsh economic conditions, according to the concept of value pricing, which suggests that when prices are being lowered, the value of the product will increase, thus increasing the perception of savings (Dodds et al., 1991; Zeithaml, 1988). However, in contrast, if a consumer associates price with product quality and uses price as a proxy for quality, then the equity of a brand can decrease. Yoo, Donthu and Lee (2000) argued that consumers might perceive lower price as the result of cost-cutting and quality-cutting to maintain a profit margin. Thus, it has been suggested that frequent sales events or consistent low-price strategies (e.g., Wal-Mart) will lower the perceived quality and product image. Instead of cutting costs, marketing managers might choose to change the ways in which their businesses operate (e.g., efficiency). For example, rather than having employees perform manual labor (putting parts together), they could capitalize on technology, which will help to save time and decrease costs over the years. In addition, they could also improve their customer service quality to enhance the value of the product or brand. Based on Ferrell and Hartline (2012), an ideal pricing strategy is to invest in equal or higher price levels with a more advanced product feature – which will also boost brand equity.

There have been contradictory viewpoints about the impact of price on satisfaction level. Anderson and Srinivasan (2003) argued that price seeking information has an impact on satisfaction. Bansal et al. (2004) posited that price has been mentioned or measured indirectly in previous studies Kenning et al. (2007) found out that price information was an important aspect of e-satisfaction. Park and Kim (2003) claimed that price is an important factor in purchasing behaviors online. In addition, Burke et al. (1992) noted that the key difference between offline and online shopping is the ability of online consumers to obtain information about price attributes. Wang (2003) and others (Evanschitzky et al., 2004) have agreed that the level of consumer satisfaction is dependent not only on the quality of service but also on the price level.

**Hypothesis 4.** The better the pricing of the products of the e-vendor is perceived to be, the more satisfied the consumer is expected to be with the e-vendor.

### 3.5. The perceived linkage between experience, e-satisfaction, e-trust and loyalty

Every consumer has some level of expectation toward a product or service. However, if that expectation is not met in a positive manner, then the consumer will be dissatisfied. The satisfaction construct has been used as a dependent, mediator or a moderator in research models. It is a very important construct because the result can influence the level of satisfaction, leading to the predicating of future behavior. Essentially, satisfied customers will continue purchasing through this e-vendor and will continue to share their positive experiences online. Alternatively, dissatisfied customers will discontinue their subsequent purchases and no longer repeat their purchases with the e-vendor. This outcome also suggests that when there are no repeat purchases, the loyalty of the consumer is also lost. Furthermore, similar to other studies in the field (Gefen et al., 2003; Jarvenpaa et al., 2000; McKnight et al., 2002), trust is a central aspect in many economic transitions online, especially due to the complexity of the social surroundings. In other words, we are constantly pressured to “identify what, when, why and how others behave” (Gefen et al., 2003).

Luhmann (1979) further explained that, when the social environment is beyond the control of rules and regulations, people tend to use trust as a central social complexity reduction strategy. This argument holds true in the environment of the Internet. With much flexibility, the importance of trust is greater between consumers and

e-vendors. Consumers trust that e-vendors are ethical and are maintaining socially acceptable behavior. For example, if e-vendors do not evince socially responsible behavior, consumers will be faced with an issue of social complexity, which will eventually cause these consumers to avoid engaging in online purchasing activities (Gefen, 2000). Moreover, Reichheld and Schefter (2000) argued that “Price does not rule the Web; trust does” (p. 107).

Studies have indicated a link between web site satisfaction and web site trust (Horppu et al., 2008). Furthermore, Flavián et al. (2006) proposed that satisfaction is based on consumers’ experiences. Yoon (2002) and Ribbink et al. (2004) also supported this argument, stating that there is a positive correlation between e-satisfaction and e-trust. Thus, we hypothesize the following:

**Hypothesis 5a.** The better the experience the consumer has, the more satisfied the consumer is expected to be with the e-vendor.

**Hypothesis 5b.** The better the experience the consumer has, the more trustworthiness is to be expected.

**Hypothesis 5c.** The better the experience the consumer has, the more loyal the consumer is expected to be to the e-vendor.

### 3.6. e-Satisfaction and e-trust as antecedents of loyalty

The marketplace is shifting its traditional marketing model from product-centricity to a greater focus on building long-lasting relationships with their consumers, also known as relationship marketing. Loyalty is a term often used by retailers, including e-retailers and e-vendors. Retaining existing customers and converting them into loyal customers are challenging issues for retailers. With a wide array of information searching platforms, companies are struggling to understand the factors that keep their customers loyal to their companies’ offerings. Loyalty occurs when “the customer feels so strongly that you can best meet his or her relevant needs that your competition is virtually excluded from the consideration set and the customer buys almost exclusively from you” (Shoemaker and Lewis, 1999, p. 349).

Griffin (1995) argued that there are two factors that are critical for consumer loyalty to flourish. The first refers to the high emotional attachment consumers have to the product or service, compared to potential alternatives. The second factor refers to repeat purchases. Griffin further elaborated that there are four types of loyalty based on the degree of repurchasing and the degree of attachment. These four types of loyalty are premium loyalty, inertia loyalty, latent loyalty and no loyalty. Furthermore, Fornell (1992) agreed that loyalty can be measured by repurchase intention and price tolerance. In this study, loyalty is defined as the degree to which consumers want to purchase products or service from e-vendors in the future. This definition of loyalty is parallel to the measurement of continuity, which encompasses a favorable attitude.

In the world of e-commerce, trust and satisfaction are words that describe the relationship between the business and consumers. McCole et al. (2010) argued that “trust in the transacting vendor is important for the consumer to accept risk which is associated with or inherent in a given transaction” (p. 1020). This form of trust has been argued in numerous studies on the basis of its strong influence on consumers’ intentions to purchase from online vendors (Gefen and Heart, 2006). Solomon (2014) suggested that there are three different types of decision making: cognitive, affective and habitual. These three types of decision-making processes apply to the trustworthiness of an online vendor. Lewis and Weigert (1985) regarded accumulated transactions in the past as cognitive trust, and if this trust is developed emotionally, then it is known as affective trust. Because trust is an important motivator for online purchases, it has been suggested that online vendors must exhibit

behavior and cues that instill “consumer trust in their ability, integrity, predictability, and benevolence” (p. 1019) when interacting with online shoppers. The determinant cues for this form of trust also include the vendor’s reputation and brand (Fang et al., 2008).

Satisfaction is the result of one party’s (e.g., the consumer) experience with other’s (e.g., the vendor) ability to fulfill norms and expectations. When satisfaction is the result of a historical event, then loyalty is a measurement that refers to the desired outcome. When customers are satisfied, it will have an impact on retention. The causes and consequences of satisfaction are important to study within a consumer–vendor relationship framework. To achieve high levels of satisfaction, vendors must understand the formation of relationships and the interactions between consumers and vendors. In addition, Anderson and Narus (1990) found that trust is a stimulant of satisfaction.

**Hypothesis 6.** e-Satisfaction has a positive relationship with loyalty.

**Hypothesis 7.** e-Trust has a positive relationship with loyalty.

## 4. Methods

### 4.1. Measurement development

An online survey was developed to test the research hypotheses. The intent of this survey was to investigate the effects of repeat online consumers’ loyalty to e-vendors. Loyalty was measured with marketing mixes: product; price promotion and distribution; and the consumers’ overall online shopping experiences. The measurement of trust in the vendor was inspired by Balabanis et al. (2001). Measurements of e-satisfaction were operationalized via three items inspired by Lau and Lee (2000) and two items adopted from Flavián et al. (2006). The antecedents of e-satisfaction (i.e., price, promotion and distribution, product) were measured on a four-item scale, a three-item scale and a four-item scale items, respectively. All of the measurements were assessed using a 5-point Likert scale (1 = Strongly Disagree; 5 = Strongly Agree).

*Price* was measured by a three-item scale, which included items of fair pricing, a good deal, and value for money deals. *Promotion* was measured by a three-item scale, which included exposure to ads on communication channels, including the Internet, permission marketing (e.g., e-mails), and the persuasiveness of the ad. *Distribution* was measured by a five-item scale, which included convenience, time saving, on-time delivery, the reliability of the delivery service, and the trustworthiness of the delivery staff. *Product* was measured by a three-item scale: quality of product, product differentiation, and product availability.

*Experience* was measured by a three-item scale, including reputation of the online supermarket, overall impression of the products carried by the online supermarket, and overall shopping experience of the online supermarket.

*E-satisfaction* was measured by a three-item scale, which included items on product choices, overall satisfaction with purchases and overall satisfying online shopping experiences. *E-trust* was measured by a three-item scale, including trust in the e-vendor, transaction processes, and assurance of monetary transactions. *Loyalty* was measured by a three-item scale, including items of overall confidence in purchasing through this online supermarket, confidence in the product quality offered through this online supermarket, and overall confidence in purchasing the products of choice.

### 4.2. Data collection

The data were collected via an online survey administered by NTTCom Online Marketing Solutions Corporation, a panel service

company, in November 2012 in Japan. The online survey was targeted at repeat shoppers who had the experience of purchasing a product in an online supermarket. The online survey was used as a tool to gather data because of its advantages over e-mail surveys and its higher data quality. After screening for reliability and validity, 264 responses were found to be complete and usable. This survey, which was planned by the second author, was supported by JSPS KAKENHI Grant Number 22530455.

## 5. Results

### 5.1. Preliminary data analysis

The subjects were asked to respond to various statements in general that assessed the importance of obtaining product information as a repeated consumer and their experience with the selected online vendor. Male respondents represented 41.6% of the total respondents. The three largest age groups of the respondents were 30–39 (18.6 percent), 40–49 (39.9 percent) and 50–59 years old (36.4 percent). All of the respondents were repeated online consumers: 13.6% shop online at least several times per week; 53.8% shop online at least several times per month; 22.7% shop online at least several times per month; and 9.8% of the respondents shop online several times per year. The majority of the respondents ranked groceries as the most frequently purchased products online, followed by home appliances, furniture and clothes, and third were service products, such as airline tickets, hotel reservations, and concert tickets.

Prior to the final data analysis, principle component analysis (PCA) factor analysis was conducted on the marketing mix (i.e., 4Ps) and experience with Internet shopping to determine the structure of antecedents of e-satisfaction and e-trust. Attitude toward Internet shopping was computed for each attribute, using an expectancy-value model. In this model, importance is assigned to each attribute, and the belief about Internet shopping is provided for each attribute. The results of the factor analysis procedure revealed three factors with eigenvalues of one or greater that explained 61.72% of the cumulative variation in attitude. The Kaiser–Meyer–Olkin (KMO) measurement of sampling adequacy verified the sampling adequacy of the sample; the KMO result was far greater than Kaiser’s (1974) minimum threshold of 0.5. The communalities after extraction were all greater than the 0.60 threshold of average community required by Kaiser’s criterion. Bartlett’s test of sphericity –  $\chi^2(300) = 5713.19$ ,  $p < .001$  – indicated that correlations between items were sufficiently strong for EFA’s principle component analysis (PCA) (see Table 1).

IBM SPSS AMOS software, version 21, (Chicago, USA), was employed to perform structural equation modeling using a two-stage analysis (Anderson and Gerbing, 1988). Delineating the patterns of the relationships among the constructs was the primary focus of the study; therefore, a correlation matrix was used for estimating the structural model (Hair et al., 1995).

First, we developed the measurement model, consisting of five exogenous and three endogenous constructs, by conducting confirmatory factor analysis using a multi-scale (i.e., 4Ps and experience with Internet shopping, trust in online e-vendors, satisfaction with online shopping, and loyalty to the e-vendor). Cronbach’s alpha was used to evaluate the scales for internal consistency. All measurements demonstrated reliability, with alpha values of .80 and greater. Confirmatory factor analysis (CFA) was conducted to test the overall validity of the measurement model. The CFA results showed a good model fit for a 27-item model, with:  $\chi^2 = 535.4$ ;  $df = 296$ ;  $p = .000$ ; CFI = .95; RMSEA = .06; NFI = .90; and TLI = .94. Additionally, the results supported the construct validity of the measurement model. The structural model was then estimated to test the hypotheses (see Fig. 1).

**Table 1**  
Measurement items and internal consistency.

		Coefficient alpha	CR	AVE
PROMO2	I often see advertisements of this online supermarket through e-mails.	.89	.89	.73
PROMO3	I feel that the URL of this online supermarket is often shared.			
PROMO4	I find the promotional activities of this online supermarket to be very persuasive and positive.			
PRODUCT 1	This e-vendor is comparable with other Internet supermarket.	.96	.95	.86
PRODUCT2	The products that I buy from this Internet supermarket are comparable to those of other e-vendors.			
PRODUCT3	Using the Internet, I was able to compare the quality of products with other Internet supermarkets.			
EXP2	I think this online supermarket is good.	.92	.92	.81
EXP3	I think the products carried by this online supermarket are preferred products.			
EXP4	I think the products carried by this online supermarket are good products.			
PRICE1	The prices of the products in this online supermarket are cheaper than any other shopping outlets.	.89	.89	.74
PRICE2	I feel that I am getting a good deal when purchasing through this online supermarket.			
PRICE4	The prices of the products in this online supermarket are considerably the cheapest in the online environment.			
SATIS3	I am satisfied with my choice of products on this occasion.	.96	.94	.84
SATIS4	I am satisfied with my shopping on this occasion.			
SATIS5	I am satisfied with my shopping through this online supermarket.			
PLACE1	I feel that this is a convenient place to shop because there are no nearby in-store supermarkets.	.749	.80	.50
PLACE2	I feel that the time from placing an order to delivery is short and convenient.			
PLACE3	I feel that the estimated time of delivery is accurate.			
PLACE4	I feel that I can trust the delivery staff.			
PLACE6	Items that I feel are somewhat troublesome when purchasing in-store can be purchased with ease through this online supermarket.			
TRUST1	I feel that I can trust this online supermarket.	.93	.94	.83
TRUST2	I feel safe when I conduct a transaction with this online supermarket.			
TRUST4	I feel safe with monetary transactions through this online supermarket.			
LOYAL2	I am confident that shopping through this online supermarket is a good choice.	.91	.91	.77
LOYAL3	I am confident in my decision on the quality of the products offered through this online supermarket.			
LOYAL4	I am confident with my purchasing choices through this online supermarket.			

PROMO: Promotional activities, PRODUCT: Product differentiation, EXP: Shopping experience, PRICE: Perception of price, price fairness, SATIS: Level of satisfaction with purchase, PLACE: Distribution and delivery service, TRUST: Level of trust in e-vendor, LOYAL: Level of customer loyalty is measured based on the customer's consistent positive emotional experience, physical attribute-based satisfaction and perceived value of an experience.

5.2. Overall model fit

The result of structural equation modeling obtained for the theoretical model revealed a  $\chi^2$  of 544.987 ( $df = 305$ ;  $p < 0.00$ ), GFI of .863, adjusted GFI .830, CFI of .952, RMSEA of .055, NFI of .898, TLI .945, and  $\chi^2/df$  of 1.79. All of the relationships proposed by the theoretical model were significant except for two paths ( $p > .10$ ): product to satisfaction and distribution to e-trust. Modification indices sug-

gested the inclusion of the following path: product and loyalty (see Fig. 2). The modified structural model indicated an improved fit, producing 426.660 ( $df = 258$ ;  $p < 0.00$ ), GFI of .883, adjusted GFI .853, CFI of .963, RMSEA of .050, NFI of .913, TLI .957, and  $\chi^2/df$  of 1.65. All of the relationships proposed by the theoretical model were significant except for two (i.e., product toward satisfaction and distribution toward e-satisfaction). The ratio of  $\chi^2/df$  of 1.65 indicated a good model fit. Fig. 2 presents the model for each relationship.

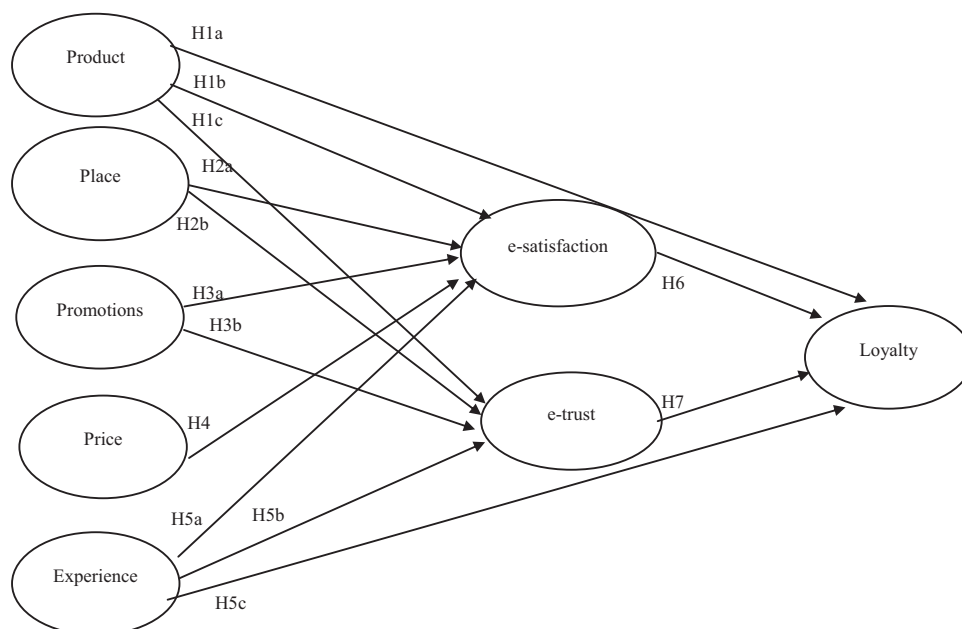


Fig. 1. Research framework.

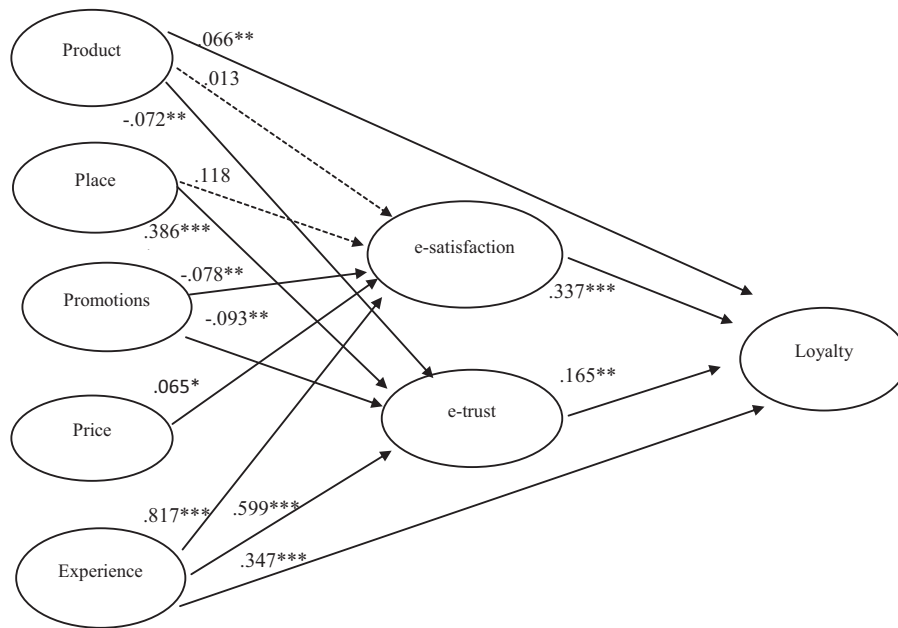


Fig. 2. Modified research framework.

These results indicate support of all of the proposed hypotheses with two hypotheses not supported.

5.3. Measurement model fit

The factor loadings of the indicators for each construct were statistically significant and sufficiently high to demonstrate that the indicators and their underlying constructs were acceptable. The reliabilities and variance extracted for each latent variable revealed that the measurement model was reliable and valid. Computed using indicator standardized factor loadings and mea-

surement errors (Hair et al, 1995), the average variance extracted (AVE) ranged from 0.50 to 0.86 (see Table 2).

5.4. Structural model fit

Hypotheses 1a, 1b, and 1c, predicting a positive relationship between the marketing mix attributes and e-satisfaction, supported two hypotheses (H1a, H1c). The results revealed that the path between product and loyalty was indeed positively significant ( $\beta = .066, p < .05$ ), and the path between product and e-trust was

Table 2 Standard factor loading estimates.

	PROMO	PRODUCT	EXP	PRICE	PLACE	STATIS	TRUST	LOYAL
PROMO2	.84							
PROMO3	.89							
PROMO4	.84							
PRODUCT1		.92						
PRODUCT2		.94						
PRODUCT3		.92						
EXP2			.85					
EXP3			.94					
EXP4			.91					
PRICE1				.87				
PRICE2				.84				
PRICE3				.77				
PRICE4				.86				
PLACE 1					.62			
PLACE 2					.97			
PLACE 3					.73			
STATIS3						.90		
STATIS4						.96		
STATIS5						.87		
TRUST1							.93	
TRUST2							.93	
TRUST4							.87	
LOYAL2								.83
LOYAL3								.88
LOYAL4								.92
Variance extracted	73.40%	90.52%	86.98%	77.46%	72.66%	88.74%	88.47%	84.60%
Constructed reliability	.89	.95	.92	.89	.77	.96	.93	.91

**Table 3**  
Path analysis.

Hypothesis		Path coefficient	t-value	Supported?
Hypothesis 1a	Marketing mix (Product) → loyalty	.066**	2.103	Yes
Hypothesis 1b	Marketing mix (Product) → e-satisfaction	.013	.406	No
Hypothesis 1c	Marketing mix (product) → e-trust	-.085**	-2.007	Yes
Hypothesis 2a	Marketing mix (Place)→ e-satisfaction	.118	1.298	No
Hypothesis 2b	Marketing mix (place) → e-trust	.386***	3.611	Yes
Hypothesis 3a	Marketing mix (Promotion)→ e-satisfaction	-.078**	-2.110	Yes
Hypothesis 3b	Marketing mix (promotion) → e-trust	-.093**	-2.161	Yes
Hypothesis 4	Marketing mix (Price)→ e-satisfaction	.072*	1.833	Yes
Hypothesis 5a	Experience→e-satisfaction	.817***	10.476	Yes
Hypothesis 5b	Experience→e-trust	.599***	7.092	Yes
Hypothesis 5c	Experience → loyalty	.347***	2.769	Yes
Hypothesis 6	e-satisfaction → loyalty	.337***	3.307	Yes
Hypothesis 7	e-trust → loyalty	.165**	2.231	Yes

\* <.10, \*\*<.05, \*\*\*<.01.

negatively significant ( $\beta = -.072$ ,  $p < 0.05$ ). Only the path between product and e-satisfaction was not significant ( $\beta = .013$ ,  $p > 0.05$ ).

The second hypothesis (**Hypothesis 2a**) predicting the relationship between marketing mix attributes (place) and e-satisfaction was not supported ( $\beta = .118$ ;  $p > 0.05$ ). However, the link (**Hypothesis 2b**) between marketing attributes (place) and e-trust was supported ( $\beta = .386$ ;  $p < .01$ ).

The third hypotheses predicted the relationship of the marketing mix attributes (promotion) with e-satisfaction (**Hypothesis 3a**) ( $\beta = -.078$ ,  $p < 0.05$ ) and e-trust (**Hypothesis 3b**) ( $\beta = -.093$ ,  $p < 0.05$ ) to be significant and were supported. **Hypothesis 3a** predicted a negative relationship between promotions and e-satisfaction, as well as a negative relationship with e-trust.

The fourth hypotheses predicted the relationship between the marketing mix attributes (price) and e-satisfaction (**Hypothesis 4a**) to be positively marginally significant ( $\beta = .065$ ;  $p < 0.10$ ). Although this result shows that the relationship is of marginal significance, it suggests that price does play a role in consumers' overall satisfaction with their online shopping. The result also suggests that, when the pricing is perceived to be good, it might also indicate that it is fair pricing, compared to the other competing stores. Thus, the fairer the pricing is, the higher the satisfaction level of the consumers is.

**Hypothesis 5a and 5b**, which predicted a positive relationship between consumers' shopping experiences with e-satisfaction ( $\beta = .86$ ;  $p < 0.01$ ) and e-trust ( $\beta = .70$ ;  $p < 0.01$ ), was supported. In addition, **Hypothesis 5c**, which predicted a positive relationship with consumer loyalty, was also supported ( $\beta = .332$ ;  $p > 0.01$ ).

**Hypothesis 6**, which predicted that e-satisfaction would have a positive relationship with consumer loyalty, was supported ( $\beta = .338$ ;  $p < 0.01$ ). Finally, **hypothesis 7**, which predicted a positive relationship between e-trust and consumer loyalty, was supported ( $\beta = .164$ ;  $p < 0.05$ ) (**Table 3**).

## 6. Discussion

The purposes of this study were as follows: first, to examine the linkage between the antecedents of e-vendor satisfaction and e-trust; second, to investigate the extended marketing mix model of repeat online consumers' loyalty. The findings support this linkage and provide partial support for e-satisfaction and e-trust underlying the intent to stay loyal as an online consumer.

The positive relationship between the marketing mixes (product, price, distribution, promotion) and e-satisfaction was substantiated except for two paths. The positive relationship between the marketing mix (distribution and promotions) and e-trust was fully supported. The negative relationship between product and e-trust was also supported. The relationship between e-satisfaction and

e-trust was also supported. This causal relationship suggested in the literature about offline parent branding was supported in our sample within the online supermarket context.

From the results, shopping experiences are vital in gaining consumers' trust, satisfaction and loyalty. Shopping experiences are measured with consumers' overall online supermarket shopping experiences, overall preferences of the products available in online supermarkets, and overall liking of the products available in online supermarkets.

In this study, e-trust and e-satisfaction had positive relationships with consumer loyalty. Although there have been many studies that investigated either the effect of satisfaction on loyalty or that of trust on satisfaction, there has not been any integration of both constructs into the same model. Based on the results, e-satisfaction had a greater impact on loyalty than trust does on loyalty, perhaps due to the nature of the respondents. All of the respondents were repeat online shoppers; therefore, trust might not have been a concern because they were familiar with either the e-vendor or the transaction process.

Distribution intensity (i.e., place), also widely known as distribution, includes variables such as assortment, transport, channels and inventory, and it did not have a significant relationship with e-satisfaction but had a significant relationship with e-trust. Having rapid and convenient delivery service has been a selling point for many online supermarkets (*Nihon Keizai Shimbun, 2014a, 2014b*). Furthermore, it is a common practice for companies to provide free delivery, which includes variables such as assortment, transport, channels and inventory, and it did not have a significant relationship with e-satisfaction but had a significant relationship with e-trust. Thus, we can assume that having items delivered at the expected time is a norm. Therefore, there is already a standard expectation perceived. In contrast, distribution intensity had a strong relationship with e-trust, which suggests that trust holds an important place in consumers' decision-making processes regarding delivery or expected delivery time. Because there is still a lack of face-to-face contact, trust seems to be worthy of consideration whenever an online purchase is being made.

Price has a positive marginal relationship with e-satisfaction. Online consumers often find products online to be less expensive, compared to brick-and-mortar stores. There are cost saving initiatives, such as the reduction of staffing and shelving costs, thereby enabling companies to lower costs. Furthermore, there are several stores that enhance the convenience aspect for their consumers by providing fast and free delivery to customers' doorsteps (*Nihon Keizai Shimbun, 2014a, 2014b*). In addition to the aging population in Japan, consumers are taking advantage of heavy weight items being delivered to their doorsteps.

Product did not have a significant relationship with e-satisfaction. In this study, product was measured based on the comparability and



availability of the product. A possible explanation for this result is that e-vendors often have a greater variety of products available for consumers because they do not need any storage space to display all of their products. Consumers might have considered the lack of space to be an advantage and a norm; therefore, not much consideration is given to the type of product or product availability. Furthermore, online supermarkets are often tag teamed with large, well-known chain stores; therefore, the need for trust is not as prevalent. Interestingly, product type had a significant relationship with loyalty. A possible explanation for such a significant relationship is the availability of the product type, which can be translated into convenience, leading to repeat purchases and then loyalty.

Among our results, promotions had a significantly negative relationship with both e-satisfaction and e-trust. A possible explanation of this relationship is that, because the majority of the consumers are repeat online shoppers, they have already become accustomed to the promotional activities, either through permission marketing (e.g., e-mail notification) or online banners on the Internet. Thus, based on the two-factor theory, consumers might find the promotional activities exciting in the beginning, but they will slowly become bored as they are frequently exposed to more promotional activities. This two-factor theory suggests that repetition has a positive effect for a period of time, and then when the effect wears out, consumers become tired of hearing about the same brand or ad and eventually become bored (i.e., a negative effect). Nonetheless, this is not to say that repetition will always have a negative effect. Repetition is good when the product or brand is new. However, once the consumers are familiar with the product, advertisers might want to reduce the frequency of their ads to achieve the same effect.

As predicted and supported by existing studies (Soderlund and Öhman, 2003), Hypothesis 5a has a positively significant relationship with shopping experience and e-satisfaction. Consumers' satisfaction is a representation of their evaluative judgments of their personal experiences with transactions. In other words, the more favorable the personal experience of the product evaluation is, the higher the consumer's satisfaction level will be.

Hypothesis 5b (shopping experience → e-trust) has a significantly positive relationship. This result was supported by Jarvenpaa et al. (2000) and others (McKnight et al., 2002; Verhagen et al., 2004, 2006), who argued that trust plays a role in consumers' Internet merchandising decision processes. Furthermore, several studies have supported a role for trust in online transactions, claiming that trust plays a key role in creating consumer satisfaction (Flavián and Guinalíu, 2006; Gefen and Straub, 2004; Pavlou, 2003; Yousafzai et al., 2009). According to McCole and Palmer (2001), online purchasing obliges online customer trust.

Hypothesis 5c (shopping experience → loyalty) was as predicted. Because shopping experiences provide consumers with a certain level of value, it was expected that the more the shopping experience evokes multiple experience dimensions, the more satisfied a consumer will be with the overall shopping experience. Furthermore, because experiences result from stimulation and lead to pleasurable outcomes, it is expected that consumers want to repeat these experiences. Thus, shopping experience should affect not only the past – satisfaction judgments – but also the future – consumer loyalty.

Hypotheses 6 and 7 support the notion that e-satisfaction and e-trust, respectively, are the antecedents of consumer loyalty. Many studies have hypothesized a relationship between e-satisfaction and loyalty, but they have rarely included e-trust when investigating both e-satisfaction and loyalty in research models. Based on the results, the direct effect of e-satisfaction is more significant than the direct effect of e-trust on loyalty. Thus, consumer loyalty seems to be a stronger predictor of actual repeat purchases than e-trust. This result might be related to the very nature of the experience. If consum-

ers have experienced online transactions on several occasions, the shopping experience might make them feel good and comfortable with their purchases; thus, the issue of trust might not be as prevalent with their online purchases. In contrast, the level of satisfaction might vary based on the type of product they purchase and based on the situation in which they are purchasing the product. For example, if a consumer had an urgent need for a product, the level of desire would be higher than in an ordinary situation. However, is the product received was not as expected, the level of satisfaction might decrease further because of the situation in which the consumer found him or herself. Nonetheless, as long as the e-vendor is able to keep its quality of product consistent, consumers will maintain high levels of satisfaction regardless of their situations.

## 7. Managerial implications and limitations

There are a couple of practical suggestions for marketing managers and practitioners based on the results of this study. First, in the online context, it is important for managers to be aware of the usefulness of consumers' satisfaction and trust because they will create attitudes and brand loyalty regarding e-vendors and prevent brand-switching behaviors. The former focuses on the marketing mix attributes and shopping experiences of online consumers, and the latter concentrates on actual repeat purchases. Furthermore, if loyalty is gained through causal relationships of the attributes of the marketing mixes and shopping experiences, e-satisfaction, and e-trust, it will create a strong reputation for the e-vendor. Second, by having a strong reputation, the company will be less vulnerable to competitive market actions, and it will gradually increase its market share with more repeat purchases (Chaudhuri and Holbrook, 2001; Santouridis and Trivellas, 2010).

A limitation concerning the present study should be acknowledged. First, the results are based on Japanese online consumers. Before generalizations can be made without caution, the research would need to be extended to other consumer markets. Our study shows that the traditional marketing mix and shopping experience are strong indicators of consumers' e-satisfaction and e-trust. Furthermore, the results suggest that e-satisfaction is a stronger indicator than e-trust. It would be interesting to determine whether loyalty has any effect on online consumers' intention to review online.

Our research model of Japanese repeat online consumers has been validated, and it documents the loyalty of Japanese online consumers. However, it should be validated with other ethnic groups, such as Chinese, Koreans, and Anglo-Americans. For example, in a study conducted by Kenning et al. (2007), price information indicated that it had a greater impact on purchase intention than product information for German consumers. On this basis, it can be hypothesized that financial risk overshadows social risk. Moreover, because our respondents are Japanese, with consumption behavior vastly different from other societies (Synodinos, 2001), a comparative study of repeat online consumers' intention to review in other countries is a potential means of extending the study. The difference between online consumers' ethnicities regarding their perceptions of the intention to review online will yield insights that could help e-vendors to acquire and retain their consumers on a global scale.

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