

## The Role of Customers' Individual and Firms' Business Level Factors in the Influence of E-Retailing Attribute on E-Satisfaction and E-Loyalty of Iranian Customers in Purchase Online

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**Abstract:** The purpose of this paper is to investigate the effects of e-retailing attributes in five aspects of shopping convenience, product selection, informativeness, price and customization on e-satisfaction and e-loyalty of Iranian customers by considering the roles of consumers' individual level factors (inertia, convenience motivation and purchase size) and firms' business level factors (trust, perceived value). The results from analysis based on simple linear regression and multiple hierarchical regression show that informativeness and shopping convenience have respectively the most positive effect on e-satisfaction and product selection, price and customization were not able to exert positive effects on e-satisfaction. Also results suggest positive effects of price, in formativeness and customization on e-loyalty. The interesting fact is that product selection had not any effect on e-satisfaction and e-loyalty. Finally, the obtained result shows that the effect of e-satisfaction on e-loyalty can significantly be moderated by customers' individual and firms' business level factors.

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### 1. Introduction

After less than two decades since appearance of internet, may be no aspects of human life can be found not influenced by ICT. By creation of e-money and possibility of doing financial transactions through online and electronic tools e-commerce increasingly spreads and penetrates into more areas of global economy in such a way that a new type of business, i.e. e-business is founded based on this technology.

In electronic world, commercial competition is accelerating by press of few keys and customers are able to compare various alternatives by spending less time and effort (Srinivasan et.al 2002); also there are online customers who merely browse web and do not purchase. The important task for e-shop management is to convert browsing customers to purchasing and loyal ones. Development of customer loyalty is a strategic goal of most firms and organizations and today a great number of firms try to retain their customers and gain more from every customer (Duffy, 2005). Presence of loyal customers increases sales and profits of business for a long time while reducing costs associated with attraction of new customers; but the main question is that how e-loyalty is created?

With a review on literature, e-retailing characteristics and e-satisfaction were considered as key factors influencing creation of e-loyalty in e-business context in present study; few studies evaluated the effects of several unique variables of e-retailing on customer satisfaction and loyalty. Srinivsan et.al (2002) identified eight factors

potentially influencing e-satisfaction and e-loyalty. These factors include customization, contact interactivity, cultivation, care, community, choice, convenience and character. With respect to the fact that in this study precedents of e-satisfaction and e-loyalty were considered as advantages of e-commerce both for consumer and business, thus variables customization, price, informativeness, product selection and shopping convenience were selected as independent variables influencing e-satisfaction and e-loyalty in present study.

On the other hand without customer loyalty even the best-designed e-business models will collapse soon. Most firms do their best to keep their customers satisfied and establish long-term relationships with them. Though it seems that satisfaction measures are important benchmarks for future behavior of customer, but two matters should be considered in this respect:

A. Satisfaction measures are probably has a positive bias (Peterson & Wilson, 1992).

B. Demonstration of the relationship between satisfaction and repeated purchase behavior was failed for many firms (Mittal and Kamakura, 2001).

Though it seems that the relationship between satisfaction and loyalty is nearly obvious and several researchers tried to confirm this relationship in their works (Cronin & Taylor, 1992; Newman & Werbel, 1973; Woodside, Frey and Daley, 1989), but strength of the relationship between satisfaction and loyalty varied significantly in various settings despite

it's face attraction. For instance, Jones and Sasser (1995) discovered that the strength of the relationship between satisfaction and loyalty was dependent on competition structure. In another study Oliver (1999) also found that satisfaction led to loyalty but actual loyalty is developed when other factors e.g. an established social network are present.

Thus firms which active in e-commerce field should increasingly pay attention to understand, encourage and retain their current profitable customers and seek a way to create loyal customers in online markets in order to address fierce competition and increasing expectations of customers; in accomplishing such mission, firms should continuously identify factors strengthening or weakening the relationships between e-satisfaction and e-loyalty. With respect to this, present study tried to study customers, individual level factors (Inertia, Convenience motivation and purchase size) and firms' business level factors (trust and perceived value) which can strengthen or weaken the effect of e-satisfaction on e-loyalty and propose appropriate strategies to e-businesses.

## 2. Literature Review and Hypothesis Development

### 2.1 Characteristics of e-Retailing and e-Satisfaction

E-retailing is considered a convenient and easy way of shopping. E-Shopping can save time and effort because by using it the intended products and services, various suppliers for them and various offerings can be found (Balasubramanian, 1997; Ghalandari, 2012). Convenience represents a customer belief about website simplicity and ease of use. As proposed by Schaffer (2000) this type of websites reacts quickly to clients' requests and help in meeting requirements of purchasing services and products and in this way save in time and effort required from customer. Based on intrinsic characteristics of e-retailing, e-shoppers select it to do their purchase quickly and in an efficient way. Customers demand efficiency and speed in their interaction with e-retailing websites and if these demands are not met they would become dissatisfied with this media and seek other ways to meet their needs (Cameron, 1999). Previous investigations show that convenience and e-satisfaction are positively related (Szymanski and Hise, 2000; Jun and Chung, 2006); Thus:

**H1:** The convenience of online shopping has a positive influence on e-satisfaction of Iranian customers.

Firms involving with market research have estimated that a significant part of e-shoppers do a brief exploration on their intended items (Solomon, 1999). It should be noted that e-customers consider internet as a medium which in total provides them

with choices more than ones available to them in physical market but this assumption is not the case in relation to any single e-retailing website and they are supposed to be more limited than physical choices (Modahl, 2000). When various products being offered through e-retailing have various unique features, various needs of customers can be met particularly when those items are unique, of high quality and rarely or never found at physical market (Szymanski and Hise, 2000). Exploration in e-shopping is less costly than physical one and based on this fact e-customers can buy their intended items in a more efficient way with a high quality (Bakos, 1997). Bizrate provides scores for e-retailers, and also rates them with respect to such characteristics as ordering process, information provided on products, price, product introduction, after-sales service, privacy policies and shipment (Tam, 2002). Some features were proposed by scholars in order to predict repeated visit of customers to websites of e-retailers (Rice, 2002), customer satisfaction (Alpar, 2001) and purchase intention (Loiacono et al., 2002). It can be plausibly said that when e-retailer offer better product choices, customers are more satisfied with it; Thus:

**H2:** The product selection of online shopping has a positive influence on e-satisfaction of Iranian customers.

Websites have this advantage that enable consumers to access information in as easy and efficient way as brick-and-mortar stores. According to Coupey (2001) when more information is provided through websites of e-retailers, consumers' awareness increases and in turn they can make better decisions and will be more satisfied with their purchase. Ballantine (2005) argued that product information provided to consumers by e-retailers influenced consumer satisfaction. A positive relationship between providing information and e-satisfaction was documented by Jun and Chung (2006); Thus:

**H3:** The informativeness of online shopping has a positive influence on e-satisfaction of Iranian customers.

It is widely agreed that price plays a significant role in purchase decision making. As reported by Keaveney (1995), customers chose other providers when their prices were agreeable in customers' opinions. Also Varki and Colgate (2001) in one study on banking firms concluded that what consumer thinks about the price has effect on his/her satisfaction, switching behavior and encouraging others to purchase from the firm. Internet is a two-sided sword as far as pricing is considered. For example Amazon.com, an e-retailer, resorted to low prices in order to attract customers. Consumers generally expect to find lower prices in e-shops than in brick-and-mortar stores (Karlsson et al., 2005). The

logic beyond this expectation is that internet provides a more efficient way for doing purchase and eliminates intermediaries. Thus it should result in reduced costs and in turn lower prices (Verma and Varma, 2003); Thus:

**H4:** The price level (lower/higher) of online shopping has a positive (negative) influence on e-satisfaction of Iranian customers.

Online retailers are in the process of customizing their operations. Customization means to identify special needs of a customer and provide him/her with a product or service especially designed to meet them (Srinivasan et al., 2002). Customization is assumed to influence satisfaction in some respects. Firstly it meets unique requirements of a certain customer and in this way creates the sense of availability of more choices. Secondly it provides a higher quality because of its nature and provides customer with a product very similar to what he/she really wants (Ostrom and Iacobucci, 1995). Thirdly it provides more efficiency again because of its nature. When there are too many choices customers may choose among them carelessly so that the final choices become fewer and in turn more manageable (Kahn, 1998). This process can become more convenient by providing each customer with a few choices based on his/her specific needs so that decision making becomes easier and faster for customer. With respect to above it can be said that customization by e-retailers has a positive effect on e-satisfaction; Thus:

**H5:** The customization of online shopping has a positive influence on e-satisfaction of Iranian customers.

### 2.2 Characteristics of e-Retailing and e-Loyalty

When customers are loyal it is more probable to recommend the firm to others (Gremmler and Brown, 1999; Ghalandari & et.al., 2012). Furthermore they purchase more services and show less price sensitivity (Zeithaml et al., 1996). Based on extant literature e-loyalty can be defined as a state in which a customer has good ideas about online retailer and because of this engages in repeated purchase (Srinivasan et al., 2002). Schaffer (2000) reports that the reason for the fact that some consumers buy no products or services from visited websites is poor navigation provided by those websites. According to Sinioukov (1999), e-retailers who want to be successful should provide their customers with more convenient and accessible processes for searching information. When requirement of convenience is met by a website, customers are able to interact with it in a less problematic way and this in turn increases their satisfaction and this probably leads e-loyalty; Thus:

**H6:** The convenience of online shopping has a positive influence on e-loyalty of Iranian customers.

Consumers prefer to interact with one retailer than several ones. The more the number of retailers, the greater will be the costs of search (Bergen et al., 1996). On the other hand when many choices are provided by one e-retailer, customer can significantly save time and costs. A provider with this characteristic is considered a superior vendor by consumers and makes them more loyal; Thus:

**H7:** The product selection of online shopping has a positive influence on e-loyalty of Iranian customers.

According to Berger (1998), when firms employ their database appropriately, this leads to enhancement of their customer base. When firm provides required information to customers, increases the probability of making them loyal. Online firms can target various customers with special needs easily and approach them with customized advertising and other required means in order to encourage them to purchase. In this way the e-retailer gradually obtains more information about each of its customers and customers in turn feel more comfortable with current vendor and probability of switching behavior reduces (Srinivasan et al., 2002); Thus:

**H8:** The informativeness of online shopping has a positive influence on e-loyalty of Iranian customers.

When e-retailers are explicit in relation to price, this policy brings them about costs as well as benefits. Online buyers more probably focus on price despite the fact that a product with higher price may have a higher quality or more desirable characteristics (Coupey, 2001). Overall price has various aspects and may have opposite effects on purchase. It may encourage or discourage purchase (Lichtenstein et al., 1993). As found by Matzler et al. (2006), customer focuses on price equity and quality ratio of price more significantly than comparative price. With respect to above it is expected that the price provided by e-retailer influences e-loyalty; Thus:

**H9:** The price of online shopping has a positive influence on e-loyalty of Iranian customers.

Customization is assumed to influence e-loyalty because of a number of reasons. When customization is applied customers more likely find their desired product or service. NetSmart Research reported that a major part of internet users face with problems in their web operations (Lidsky, 1999). These problems can be mitigated by resorting to customization. It drives customers directly to their intended items and gives them more choices. Also customization enables them to do their shopping in a more efficient way and in turn increases the probability of repeated visiting and shopping (Srinivasan et al., 2002); Thus:

**H10:** The customization of online shopping has a positive influence on e-loyalty of Iranian customers.

### 2.3 E-Satisfaction and E-Loyalty

E-loyalty is supposed to be related to previous episodes of online purchase (Johnson et al. 2000). As argued by Srinivasan et al. (2002) customer loyalty brings about some advantages. For example a loyal customer is more likely price-insensitive and it is more probable to recommend the e-retailer to others. According to Szymanski and Hise (2000), e-satisfaction is considered to be a precedent for e-loyalty (Oliver, 1999). Harris and Goode (2004) found that quality of services, customer perception about value, customer satisfaction and trust have effect on loyalty in both direct and indirect ways; Thus:

**H11:** The e-satisfaction of online shopping has a positive influence on e-loyalty of Iranian customers.

#### 2.4 Moderating Role of Customers' Individual Level Factors

Some moderating factors related to individual customer including convenience motivation, inertia and purchase volume are addressed in present study. These factors have enhancing or degrading effects on satisfaction and loyalty of customers in virtual environments.

Inertia has been defined as a state in which customer buys products or services offered by an e-retailer based on "situational cues rather than on strong partner commitment (Campbell,1997). According to Beatty and Smith (1987), around 40% to 60% of customers visit the same store for purchasing out of habit. Also some customers bookmark their preferred websites and frequently visit them. Indeed they are used to visit these bookmarked websites and do not compare them with other unfamiliar websites from cost-benefit perspective. In this case customer's inertia is great and customer loyalty is less influenced by his/her satisfaction. In the opposite case, this influence would be high; Thus:

**H12:** Inertia of customers' individual level factors will moderate the relationship between e-satisfaction and e-loyalty of Iranian customers.

Consumers have various motivations. Some of them seek convenience and some other want to raise their awareness. According to Jarvenpaa and Todd (1997) customers think that convenience is the most significant advantage of online purchase. Donthu and Garcia (1999) argue that online customers consider convenience a more important factor than non-online ones. As Burke (1997) pointed out, online customers give importance to the fact that they can do their e-transactions in any desired time and during their routine activities e.g. fixing a device, cleaning the house, etc. According to Visa survey 60% of online shoppers performed their e-transactions in their home clothes (Romani, 1999). Convenience has been considered as a major factor in progression of e-shopping (Harrington and Reed, 1996; Romani, 1999; Rowley, 1996). Because online customers seek

convenience, they are probably not inclined to embark in time-consuming search for their desired items and this in turn enhances their e-loyalty.

Convenience has both direct and indirect effects on loyalty and the indirect effect is via satisfaction. When a customer pays more attention to price and awareness raising than to convenience, so he/she is frequently visit various websites which offer his/her intended products or services and this in turn results to the fact that the role played by satisfaction in loyalty creation becomes trivial. So it is assumed that e-satisfaction has higher effect on e-loyalty in customers who pay more attention to convenience; Thus:

**H13:** Convenience motivation of customers' individual level factors will moderate the relationship between e-satisfaction and e-loyalty of Iranian customers.

Based on previous research, purchase volume relates to loyalty in a positive way. As Kuehn (1962) and Day (1969) argue, when customers buy a certain product more frequently, they show more brand loyalty than others who rarely purchase it. The latter ones are less loyal and frequently switch to various e-retailers because the outcomes of a bad purchase are low for them so it can be assumed that e-satisfaction has less effect on their e-loyalty than former group. When customers' purchase volume is higher, it is reasonable to expect that their buying decision has emotional dimensions because they take more risks. Kim et al. (1997) suggest a positive relationship between involvement and loyalty. Consumers with high purchase volume are more likely to make decisions with higher emotional involvement, so their e-satisfaction has probably higher effect on their loyalty and the opposite case is expected for consumers with low purchase volume; Thus:

**H14:** Purchase size of customers' individual level factors will moderate the relationship between e-satisfaction and e-loyalty of Iranian customers.

#### 2.5 Moderating Role of Firms' Business Level Factors

Another group of factors moderating the relationship between e-satisfaction and e-loyalty are business ones e.g. trust and customer perceived value.

Trust is defined as being certain about reliability and trustworthiness of one's party (Morgan and Hunt, 1994). Another definition by Doney and Cannon (1997) says that trust means to believe in dependability and goodwill of other party. This concept is focused more intensely in online purchasing because of its specific risks. As reported by Medintz (1998), because of that risk and special attention of customers to security and privacy in internet a great number of agencies have emerged which their business is rating e-retailers. Some of customers are afraid of transacting with virtual entities

not having any specific physical nature and have concerns about providing their personal and financial information to them (Shannon, 1998). Customers frequently concern about observing privacy and confidentiality principles by e-retailers (Wang et al., 1998). Trust can be described as a significant factor which plays a critical role throughout a transaction and keep it integrated (Singh and Sirdeshmukh, 2000). Despite satisfaction, when there is not a trustful relationship between customer and e-retailer, loyalty will not exist. So it can be concluded that when customer trust an online firm it is more probable that satisfaction leads to loyalty; Thus:

**H15:** Trust of firms' business level factors will moderate the relationship between e-satisfaction and e-loyalty of Iranian customers.

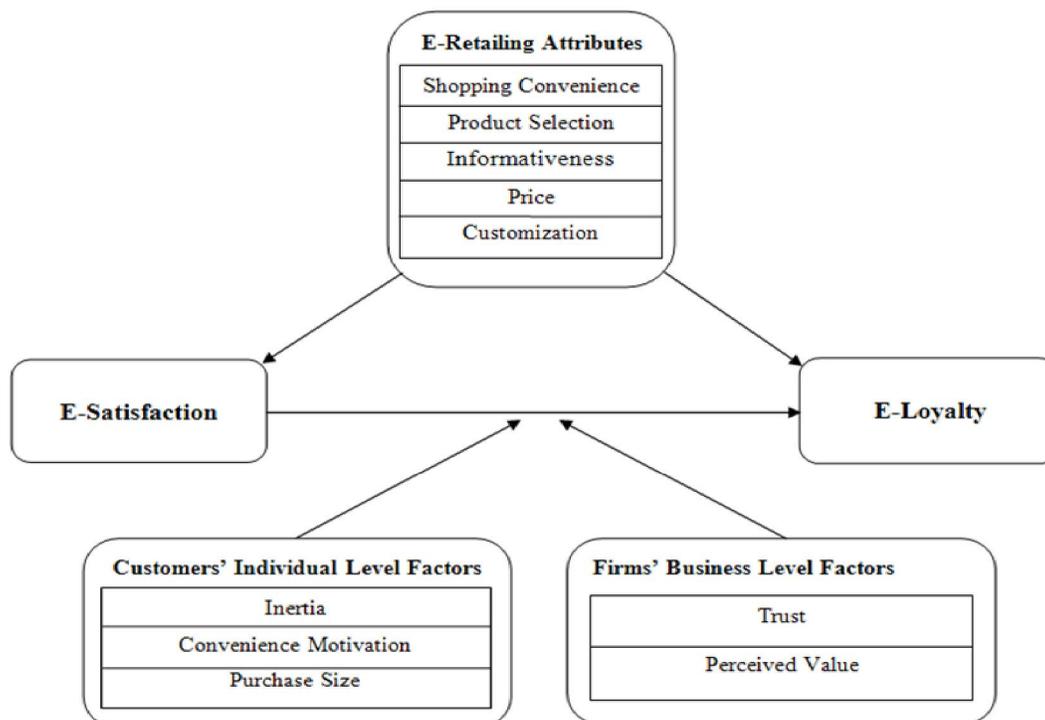
Perceived value can be defined as perception of a customer about benefits of a purchased item based on the transaction performed to get it (Zeithaml, 1988). Since in online shopping products can be contrasted and compared to each other from various viewpoints, so the concept of perceived value is of special importance in that context. As argued by Bakos (1991), consumer can have a more efficient search in online environment and this in turn leads to more cost-effective transactions. This special context provides customers with the ability to compare items with respect to a variety of features including price. Perceived value is the result of a process similar to a

benefit-cost analysis in which advantages and utilities obtained by consumer of the intended product or service are contrasted against the various costs incurred by him/her (Parasuraman and Grewal, 2000). According to some previous studies, price is a crucial factor in making decisions in e-shopping context (Goldberg, 1998; McCune, 1999).

It is supposed that perceived value is positively related to purchase intention (Dodds et al., 1991; Parasuraman and Grewal, 2000). When customers perceive a high value the probability of switching behavior decreases and they become more loyal to their e-retailer. In contrast when customers perceive a low value, the probability of searching alternatives increases and this leads to decrease in loyalty. When the cost-benefit analysis shows that the other provider is superior, customer is likely switch to the new provider despite his/her satisfaction with current one. When in customer opinion the current e-retailer is the best one in the relative market, then e-satisfaction would have the most effect on e-loyalty; Thus:

**H16:** Perceived value of firms' business level factors will moderate the relationship between e-satisfaction and e-loyalty of Iranian customers.

Therefore, based on the hypothesis, figure 1 is a conceptual model to this study.



**Figure 1.** Research conceptual model

**Table 1.** Results of original regression analysis table

Hypothesis	Independent Variable	Dependent Variable	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
			B	Std. Error	Beta		
1	Shopping Convenience	E-satisfaction	-.969	.423	.598	-2.293	.023
			1.290	.151		8.535	.000
2	Product Selection	E-satisfaction	3.324	.178	-.120	18.647	.000
			-.071	.044		-1.603	.111
3	Informativeness	E-satisfaction	.194	.211	.723	.919	.360
			1.014	.085		11.975	.000
4	Price	E-satisfaction	3.254	.478	.106	6.811	.000
			.180	.147		1.224	.223
5	Customization	E-satisfaction	3.369	.145	.038	23.233	.000
			.025	.058		.439	.662
6	Shopping Convenience	E-loyalty	2.919	.209	.115	13.972	.000
			.076	.058		1.322	.188
7	Product Selection	E-loyalty	3.237	.285	-.055	11.353	.000
			-.052	.071		-7.733	.465
8	Informativeness	E-loyalty	1.633	.310	.405	5.264	.000
			.408	.081		5.072	.000
9	Price	E-loyalty	2.034	.286	.510	7.102	.000
			.493	.073		6.778	.000
10	Customization	E-loyalty	2.754	.253	.388	10.908	.000
			.339	.070		4.816	.000
11	E-satisfaction	E-loyalty	.596	.257	.589	2.321	.021
			.737	.076		9.638	.000

**Table 2.** Results of hierarchical multiple regression analysis

Hypothesis	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics		
						R Square Change	F Change	Sig. F Change
12	1	.589 <sup>a</sup>	.347	.343	.462	.347	92.898	.000
	2	.697 <sup>b</sup>	.486	.480	.411	.139	47.216	.000
13	1	.589 <sup>a</sup>	.347	.343	.462	.347	92.898	.000
	2	.927 <sup>b</sup>	.859	.857	.216	.512	629.800	.000
14	1	.589 <sup>a</sup>	.347	.343	.462	.347	92.898	.000
	2	.770 <sup>b</sup>	.593	.581	.369	.246	25.867	.000
15	1	.589 <sup>a</sup>	.347	.343	.462	.347	92.898	.000
	2	.788 <sup>b</sup>	.621	.610	.356	.274	30.896	.000
16	1	.589 <sup>a</sup>	.347	.343	.462	.347	92.898	.000
	2	.919 <sup>b</sup>	.844	.840	.228	.497	136.419	.000

### 3. Methodology

#### 3.1 Questionnaire Design

Respecting to the fact that the questionnaire used in present research was developed based on both research background and opinions of relevant experts, thus it has content validity. In order to verify reliability of questionnaire, Cronbach  $\alpha$  coefficient was used. Cronbach  $\alpha$  was estimated at 95% which demonstrated questionnaire reliability. Also, all

measures used in this study were estimated on five point Likert scale.

#### 3.1.1 E-Retailing Attributes

Measures for e-retailing attributes were borrowed or adapted primarily from previous studies. Totally 22 items were employed for measuring "e-retailing attributes". The items for capturing shopping convenience (Four-item), product selection (Five-item), informativeness (Five-item), price (Five-item), and customization (Three-item) were measured from

Srinivasan et al. (2002), Szymanski and Hise (2000), Wolfinger and Gilly (2003), Karlsson et al. (2005), Ballantine (2005), and Matzler et al. (2006).

### 3.1.2 E-satisfaction

To measure the e-satisfaction, we used a 6-item scale adapted from Oliver (1980).

### 3.1.3 E-loyalty

To measure the e-loyalty, we used a 7-item scale adapted from Gremler (1995) and Zeithaml et al. (1996).

### 3.1.4 Customers' Individual Level Factors

Purchase size was calculated as the amount of money the customer spent on the particular e-business in the previous 6 months. The concept of inertia was evaluated on a three-item scale adapted from Gremler (1995). Convenience motivation was gauged by a five-item scale adapted from Moorman (1998).

### 3.1.5 Firms' Business Level Factors

Trust was measured with the use of a four-item scale, and perceived value was measured with the use of a four-item scale adapted from Dodds et al. (1991) and Sirohi et al. (1998).

### 3.2 Product selection

In relation to stimulus, mobile phones were chosen because of their wide use among Iranian students and their technology-orientation.

### 3.3 Sampling Target

In this study, information was collected in December 2012, from 380 college students in 5 management faculties of Islamic Azad University in Tehran area. According to Shouli (2007), in every society college students and consumers belong to the middle and high class, and their education, revenue, social status and social interactions make them more involved. Therefore, college students who are in different age ranges with varying income levels were selected as the sample of this research.

### 3.4 Sampling Method and Sample Size

Selective University is comprised of five colleges and eighty majors are taught in that. Totally, 26420 students study there. According to Krejcie and Morgan's table (1970), sample size was defined 379. Proportional Stratified sampling and systematic random sampling were applied. In the first place, based on Proportional Stratified sampling, sharing and distribution of questionnaires was done relative to the numbers of colleges. Afterwards, systematic random sampling was done in front of the college entrance gate to choose the respondents. With regard to the size of sample, 400 questionnaires were distributed, that 380 questionnaires were used for the final analysis.

### 3.5 Data Analysis

In order to test 11 research hypotheses, regarding to significance values and t-value in original regression analysis table (table 1), it is judged that if

sig. value is less than research error coefficient value, i.e. 0.05, and also t-value is more than 1.96 or less than -1.96, then the related hypothesis will be supported with a CI confidence intervals of 95%.

Also in order to identify moderating role of firm reputation in hypotheses 12 to 16, research hypotheses will be judged employing hierarchical multiple regression in 2 blocks (table 2). For each phase,  $R^2$  is calculated and variance extension ( $\Delta R^2$ ) is estimated using  $R^2$  from previous phase. In each  $R^2$  phase,  $\Delta R^2$  represent the influence of the variable being introduced to the analysis in the same phase. In each phase,  $R^2$  will be significant if introducing of variables in each phase leads to increase in  $R^2$  and decrease in standard error which in that case moderating role of the newly introduced variable i.e. firm reputation is demonstrated.

## 4. Hypothesis Testing and Result

**Hypothesis 1:** Findings of original regression analysis table (t-value = 8.535; sig = 0.000) in relation to hypothesis 1 show that shopping convenience from e-retailing attributes influences positively on e-satisfaction; Thus hypothesis 1 is supported.

**Hypothesis 2:** Findings of original regression analysis table (t-value = -1.603; sig = 0.111) in relation to hypothesis 2 show that product selection from e-retailing attributes does not positively influence on e-satisfaction; Thus hypothesis 2 is rejected.

**Hypothesis 3:** Findings of original regression analysis table (t-value = 11.975; sig = 0.000) in relation to hypothesis 3 show that informativeness from e-retailing attributes influences positively on e-satisfaction; Thus hypothesis 3 is supported.

**Hypothesis 4:** Findings of original regression analysis table (t-value = 1.224; sig = 0.223) in relation to hypothesis 4 show that price from e-retailing attributes does not positively influence on e-satisfaction; Thus hypothesis 4 is rejected.

**Hypothesis 5:** Findings of original regression analysis table (t-value = .439; sig = 0.662) in relation to hypothesis 5 show that customization from e-retailing attributes does not positively influence on e-satisfaction; Thus hypothesis 5 is rejected.

**Hypothesis 6:** Findings of original regression analysis table (t-value = 1.322; sig = 0.188) in relation to hypothesis 6 show that shopping convenience from e-retailing attributes does not positively influence on e-loyalty; Thus hypothesis 6 is rejected.

**Hypothesis 7:** Findings of original regression analysis table (t-value = -.733; sig = 0.465) in relation to hypothesis 7 show that product selection from e-retailing attributes does not positively influence on e-loyalty; Thus hypothesis 7 is rejected.

**Hypothesis 8:** Findings of original regression analysis table (t-value = 5.072; sig = 0.000) in relation to hypothesis 8 show that informativeness from e-

retailing attributes influences positively on e-loyalty; Thus hypothesis 8 is supported.

**Hypothesis 9:** Findings of original regression analysis table (t-value = 6.778; sig = 0.000) in relation to hypothesis 9 show that price from e-retailing attributes influences positively on e-loyalty; Thus hypothesis 9 is supported.

**Hypothesis 10:** Findings of original regression analysis table (t-value = 4.816; sig = 0.000) in relation to hypothesis 10 show that customization from e-retailing attributes influences positively on e-loyalty; Thus hypothesis 10 is supported.

**Hypothesis 11:** Findings of original regression analysis table (t-value = 9.638; sig = 0.000) in relation to hypothesis 11 show that e-satisfaction influences positively on e-loyalty; Thus hypothesis 11 is supported.

**Hypothesis 12:** According to results from hierarchical regression,  $R^2$  for first phase in which e-satisfaction was introduced in equation equaled 0.347 and then by introducing inertia from customers' individual level factors in second phase  $R^2$  value for these two variables equaled 0.486 and  $\Delta R^2$  for inertia variable was 0.139. According to increase in from 0.347 to 0.486 and also decrease in standard error of estimation from 0.462 to 0.411 it can be concluded that inertia variable can play a moderating role between 2 variables of e-satisfaction and e-loyalty, thus this hypothesis is supported.

**Hypothesis 13:** According to results from hierarchical regression,  $R^2$  for first phase in which e-satisfaction was introduced in equation equaled 0.347 and then by introducing convenience motivation from customers' individual level factors in second phase  $R^2$  value for these two variables equaled 0.859 and  $\Delta R^2$  for convenience motivation variable was 0.512. According to increase in from 0.347 to 0.859 and also decrease in standard error of estimation from 0.462 to 0.216 it can be concluded that convenience motivation variable can play a moderating role between 2 variables of e-satisfaction and e-loyalty, thus this hypothesis is supported.

**Hypothesis 14:** According to results from hierarchical regression,  $R^2$  for first phase in which e-satisfaction was introduced in equation equaled 0.347 and then by introducing purchase size from customers' individual level factors in second phase  $R^2$  value for these two variables equaled 0.593 and  $\Delta R^2$  for purchase size variable was 0.246. According to increase in from 0.347 to 0.593 and also decrease in standard error of estimation from 0.462 to 0.369 it can be concluded that purchase size variable can play a moderating role between 2 variables of e-satisfaction and e-loyalty, thus this hypothesis is supported.

**Hypothesis 15:** According to results from hierarchical regression,  $R^2$  for first phase in which e-satisfaction

was introduced in equation equaled 0.347 and then by introducing trust from firms' business level factors in second phase  $R^2$  value for these two variables equaled 0.621 and  $\Delta R^2$  for trust variable was 0.274. According to increase in from 0.347 to 0.621 and also decrease in standard error of estimation from 0.462 to 0.356 it can be concluded that trust variable can play a moderating role between 2 variables of e-satisfaction and e-loyalty, thus this hypothesis is supported.

**Hypothesis 16:** According to results from hierarchical regression,  $R^2$  for first phase in which e-satisfaction was introduced in equation equaled 0.347 and then by introducing perceived value from firms' business level factors in second phase  $R^2$  value for these two variables equaled 0.844 and  $\Delta R^2$  for perceived value variable was 0.497. According to increase in from 0.347 to 0.844 and also decrease in standard error of estimation from 0.462 to 0.228 it can be concluded that perceived value variable can play a moderating role between 2 variables of e-satisfaction and e-loyalty, thus this hypothesis is supported.

## 5. Discussion and Conclusion

Purpose of applied studies is to achieve strategies to be used in improvement of executive matters. Present study aimed to examine the effects of e-retailing characteristics on e-satisfaction and e-loyalty for Iranian online shops. Also it was tried to identify moderating factors which are able to exert effects on the relationship between e-satisfaction and loyalty at individual and business levels.

Results from present study show that among e-retailing characteristics variable of informativeness has the most positive effect on e-satisfaction and it is followed by shopping convenience. In other words the second predictor of e-satisfaction among e-retailing characteristics was shopping convenience. Thus e-retailers should provide useful and appropriate information on product features to their customers. Also as shown in hypothesis test section, variables of product selection, price and customization were not able to influence e-satisfaction in a positive way. Reason for lack of positive influence of product selection on e-satisfaction may be the fact that offering various alternatives to a customer who want to buy a certain product does not work. For price, it can be said that it only influences e-satisfaction when it is too low. In customization case it can be guessed that it is hard for e-retailers to customize their offerings and also it is not possible for some items.

Results for influence of e-retailing characteristics on e-loyalty suggest that price, informativeness and customization have respectively the most positive effects on e-loyalty. The interpretation may be provided for above results is as follows. Given the fact that satisfaction is customers perception and loyalty is his/her intention, price and customization are not able

to influence e-satisfaction but have effects on e-loyalty. If customers perceive that price is too low and attractive, this can enhance e-loyalty. Also customized services, recommending suitable product and appropriate customization methods for e-retailing can be among the most important elements for improving e-loyalty, while shopping convenience and product selection were not able to have positive effects on e-loyalty. Nature of media drives e-customers to expect fast and efficient processing of their transaction; if customers deal with problems in searching information or conducting transaction, it is unlikely to return (Srinivasan, et al. 2002).

On the other hand, e-firms should increasingly pay attention to understand, encourage and retain their profitable customers to address fierce competition and continuously evaluate expectations. It is usually assumed that e-satisfaction is a precedent for e-loyalty. As results of present study showed, e-satisfaction can influence e-loyalty in Iranian e-shop context. Also the obtained results showed that the effect of e-satisfaction on e-loyalty can significantly be moderated by individual level factors (Inertia, convenience motivation and purchase size) and firms' business level factors (trust and perceived value).

By enhancing loyalty through various ways, firms can encourage customers to buy more frequently and in more quantities. However firms cannot influence some variables related to characteristics of an individual customer but with respect to perceived value and trust they may able to exert some influence. When a customer want to do a certain purchase, he/she estimates a perceived value for that social purchase. It seems that customer performs some kind of cost-benefit analysis in this process. Also he/she may consider the value of staying with current e-retailer compared with referring to alternatives and this perceived value should be strengthened by firm so that it can prevent its customer from being attracted towards alternative firms. With respect to the competitive market environment and increasing expectations of customers firms should think of strategies beyond ordinary ones to make themselves outstanding and distinct from their alternatives.

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