CUSTOMER ENGAGEMENT, SOCIAL MEDIA INFLUENCE AND LOYALTY IN ONLINE RETAIL SERVICESCAPE

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Abstract
This research work focuses on customer engagement in a virtual retail servicescape, the influence of social media, and the consequences, namely, retailer loyalty. 544 online shoppers were surveyed in India and the causal relationships were studied using AMOS 21.0. Cognitive, Emotional and Physical engagement were found to have significant influence on customer engagement. Social media influence was found to be significant influenced by Value-expressive influences and moderately influenced by Informational and Utilitarian influences. Online customer engagement was found to be moderately influenced by Trust and Customer engagement and significantly influences by Social media influence. Online customer engagement was found to have a moderate effect on Retailer Advocacy and Affinity.

Keywords: Customer Engagement, Social Media Influence, Loyalty, Online Retail Servicescape.

1. INTRODUCTION
1.1 Online Shopping Behaviour
Hsu and Bayarsaikhan [2012] investigated Mongolian consumer perception of online shopping, as well as the factors influencing on their attitude toward online shopping and their effect on their intention toward online shopping. The regression analysis was used to analysis the relationship between dependent and independent variables, and discovered mediation. The results of this study found that consumer innovativeness, perceived benefits and perceived risk are important determining factors influencing online shopping. Also the findings shown that consumer innovativeness, perceived benefits had positive impact on consumer shopping attitude, and perceived risk had a negative impact on consumer online shopping attitude.

Al-marghrabi et al. [2011] identified factors that could explain the level of continuance intention of e-shopping. The findings confirmed that perceived usefulness, enjoyment and social pressure are determinants of e-shopping continuance.

Katawetawaraks and Wange [2011] provided an overview of online shopping decision process by comparing the offline and online decision making and identifying the factors that motivate online customers to decide or not to decide to buy online. It was found that marketing communication process differs between offline and online consumer decision. Offering customers more flexible prices and promotions were some examples that online stores can use to make their business succeed. It is also suggested that online stores may offer customer an e-wallet which transfers balance from customer's online bank account to the store payment system.

Wen et al. [2011] developed an integrated model by examining how utilitarian factors, the hedonic factor and social/psychological factors directly or indirectly influenced consumer's continuance intention in the context of online shopping. The findings revealed that perceived usefulness, trust, satisfaction, and perceived enjoyment are considered direct support for repurchase intention.

Kwek et al. [2010] stressed that the rapid growth of Internet technology development has enabled Malaysian consumers to purchase products or services from web-retailers and to search for product information over the Internet. The findings revealed that impulse purchase intention, quality orientation, brand orientation and convenience orientation are positively related to the customer online purchase intention.

Despite the growing popularity of online retail shopping, there are many challenges being faced by this industry in India. Customers [Deighton, 1997] miss the traditional shopping experiences. Most customers are not familiar with rapidly changing technology while others have limited access to it. Customers also associated risks with electronic shopping. There are plenty of issues with respect to the logistics and supply chain like handling returns, shipping problems, offline presence besides problems with the payment system.

Retailers in India [Neha, 2013] have not kept pace with rapid changes in technology and have failed to exploit concepts like mobile digital coupons. Mobile marketing (commerce) has not been adequately tapped. Online retailers also need to capitalize the networking and branding opportunities associated with social media like Twitter and Facebook.

A study undertaken in Kolkatta, India [Kumar and Uttiya, 2011] found that customers were concerned about security aspects while using online retail websites. There was lack of trust and dependency among the users and they also felt that use of e-tailing required knowledge of technology and its usage.

1.2 Social Media and Customer Engagement

Lewis [2013] attempted to comprehend the success of social media campaigns through the use of consumer engagement by exploring how consumer marketing companies connect with their public on social media on a daily basis. This study identified the strategies and tactics that were beneficial to certain campaigns and which ones did not help or hindered campaigns.

Turri et al. [2013] demonstrated both the antecedents and outcomes of relationships that are based on affective commitment. Self-connection and brand intimacy provided the basis from which strong emotional ties to brands can develop, and both were positively related to affective commitment. Value co-creation also played an important role in consumer brand relationship development.

Wirtz et al. [2013] explored online brand communities (OBCs) from both consumer and company perspectives. The study concluded that companies were proactive in supporting the establishment and development of their OBCs as they provide valuable insights into the way customers perceive their products. Such an insight allows for the development of new products embedded with greater value, and promotes a more customer-centric company culture in which close customer relationships are nurtured in the interest of increasing sales.

Zakir [2013] started with the motive to identify how male's involvement in video games could be used to create brand engagement among consumers. The study employed observation, in-depth interviews and survey to collect data from a group of male gaming enthusiasts. Dominance, social interaction and masculinity were the factors that male gamers associate with gaming. The research explored that to attract the male market segment, brand managers need to incorporate attributes in their brand positioning that that creates anxiety, curiosity and attraction among them, attributes that motivates the consumers and shows them the challenges and goals of life.

1.3 Trust

Ahmed Moftah et al. [2012] provided that e-commerce encompasses buying and selling of products and services through electronic systems such as internet and other computer related networks. Trust as an important factor affecting consumer behaviour determines the success of online shopping in Libya. The effect of security, protection and trust towards consumers as well as attitudes plays a key role in e-commerce implementation.

Prompongsatom et al. [2012] examined the factors influencing consumer trust in internet shopping in Thailand. The result indicated that trust and perceived usefulness are similar in role as they are the consequence of perceived ease of use. However, the perceived ease of use still is the antecedent factor of trust. Nevertheless, trust is affected from perceived ease of use and perceived usefulness. The study concluded that consumer perception of reputation, security, privacy, ease of use, usefulness, and integrity impact trust in Internet shopping in Thailand.

Aghdaie et al. [2011] examined factors that affect the formation of trust and their impact on purchase behaviour in decision making process. Findings of the study revealed that information quality was the best predicting factor for trust attitude, same as graphic design and reputation that are the best predictor factor for purchase and purchase repeat.

Alam and Yasin [2010] examined online brand trust and its influencing factors in the specific context of online air ticket buyers in Malaysia. Results stated that many of the respondents perceived the internet to be insecure and thus they were reluctant to entrust their personal or financial information to the online retailers. In conclusion, the results showed a positive relationship between brand reputation and level of online brand trust, which means a better brand reputation, will lead to a higher level of brand trust.

2. METHODOLOGY

2.1 Research Gaps

It has become more and more imperative to focus on virtual shopping (online) shopping servicescape to deliver satisfaction and delight. The benefits of Internet (Virtual) Marketing include Convenience, Reach, Cost, Personalization, Relationships and Social implications. Literature has been repeatedly highlighting the above aspects of online marketing and shopping. However, the following gaps have been found:

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Antecedents of customer engagement have mainly been restricted to determinants like social identity, trust, and perceived risk. This research alleviates such gaps by including other variables like cognitive engagement, emotional engagement and physical engagement.

Since the subject deals with a virtual shopping servicescape, it is very important to study the social media influences (social networking sites and other media) on online marketing strategies and customer engagement. This research alleviates such gaps by including other variables like informational influences, utilitarian influences and value-expressive influences.

Customer engagement has been researched in terms of Valence, Form/modality, Scope, Nature of impact and Customer goals. Research is lacking in India in terms of other determinants. This research alleviates such gaps by including other determinants like identification, attention, enthusiasm, absorption and interaction.

Studies on customer engagement have mainly focused on consequences on firms and their productivity (profitability). This research alleviates such gaps by studying critical determinants like retailer advocacy (online propagation) and retailer affinity (purchase loyalty).

Research on customer engagement has mainly concentrated on few factors like trust, privacy, access, payments, popularity (reach) and logistics. This research alleviates such gaps by studying a holistic model that facilitates simultaneous study of online customer engagement antecedents and consequences as well as social media influences.

2.2 Research Framework
The research framework was compiled based on exhaustive review of literature and research gaps. The Endogenous Variables were Physical engagement, Emotional engagement, Cognitive engagement, Value-expressive influences, Utilitarian influences, Informational influences, Online Customer engagement, Retailer advocacy (online propagation) and Retailer affinity (loyalty). The Exogenous Variables were Trust, Customer Engagement and Social Media Influence.

2.3 Antecedents of Customer Engagement Activities
Cognitive Engagement: being fully concentrated and deeply engrossed in an online social platform.
Emotional Engagement: a sense of significance, enthusiasm, inspiration, pride, and challenge towards an online social platform.
Physical Engagement: the level of energy and mental resilience while using an online social platform, willingness to invest time and effort in one's role as a customer.

2.4 Antecedents of Social Media Influence
Informational influences: desire to make informed decisions and optimize the choice.
Utilitarian influences (social identity): individual is willing to satisfy a certain group's expectation in order to obtain the praise or to avoid the punishment from the group (Identification with a social group).
Value-expressive influences: people are willing to better express themselves to the society by making themselves similar to the group that they want to belong to.

2.5 Antecedents of Online Customer Engagement
Customer Engagement: is a psychological state that occurs by virtue of interactive, co-creative customer experiences with a focal agent/object in focal service relationships.
Trust (perceived risk): Ability of brand / service to perform its stated functions.
Social Media Influence: Customer being influenced by promotion mix and messages posted on social media.
Identification: The degree of a consumer's perceived oneness with or belongingness.
Attention: The degree of attentiveness, focus, and connection that a consumer has.
Absorption: A pleasant state which describes the customer as being fully concentrated, happy, and deeply engrossed.
Enthusiasm: The degree of excitement and interest that a consumer has.
Interaction: Various participation (both online and offline) that a customer has with the service provider or other customers outside of purchase.

2.6 Consequents of Online Customer Engagement
Retailer Advocacy (online propagation): Consumer intention to engage in electronic word-of-mouth recommendation of online retailer through social media.

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Retailer Affinity (loyalty): Consumer intention to continue to engage in online transactions to purchase from a particular online retailer.

All the mentioned antecedents and consequents were measured with help of 4-point scales as summarised in Table 1.

Table 1,Measurement Scales

Variables	Abbreviation	No. of items	Measurement
Cognitive Engagement	CEA1	2	
Emotional Engagement	CEA2	2	
Physical Engagement	CEA3	2	
Informational influences	SM1	2	
Utilitarian influences	SM2	2	1=Strongly Disagree
Value-expressive influences	SM3	2	2=Moderately Disagree
Trust	TRU	3	3=Moderately Agree
Identification	OCE1	4	4=Strongly Agree
Enthusiasm	OCE2	3	
Attention	OCE3	2	
Absorption	OCE4	3	
Interaction	OCE5	2	
Retailer Advocacy	RAV	3	
Retailer affinity	RAF	2	

CEA: Customer Engagement Activities; SMI: Social Media Influence; OCE: Online Customer Engagement

2.7 Objective of the Research
The prime objective of the research was to study the causal relationships between customer engagement activities, social media influence, online customer engagement, retailer advocacy and affinity in a virtual retail shopping servicescape. The secondary objectives of this research were to ascertain the antecedents and consequents impacting online customer engagement and to ascertain the effect of demographic influences on the variables under study.

2.8 Sampling and Data Collection
The population comprised online retail shoppers in India while frame comprised such customers who are members of Social Networking Sites (SNS). Purposive (deliberate or judgement) sampling was employed. Survey method was employed with the help of structured undisguised questionnaire. The questionnaire was uploaded and the web link was publicized through social networking sites and e-mail. A note was attached that the survey was open only to persons who satisfied two conditions: (a) they must be users of online shopping websites and should have bought products or used services online in the last 6 months, and (b) they must be a member of any SNS/virtual communities.

In the current study, the population was not known. The standard deviation value of "retailer affinity" was ascertained from pilot study comprising 60 customers and the value was computed using SPSS. The estimated sample size was computed using the formula $n = (\sigma^2 . z^2)/ D^2$ [Malhotra, 2010]. The standard deviation (σ), standard variate (z), level of acceptable error (D) and estimated sample size (n) values were 0.595, 1.96, 0.05 and 544 respectively. The survey link was kept open until 544 responses (complete in all aspects) was achieved.

3. ANALYSIS AND RESULTS
3.1 Reliability Statistics
The Reliability coefficient Cronbach Alpha was found to be 0.94 for 34 items. This value is greater than 0.7 and hence establishes high internal consistency among the measurement items [Nunnaly, 1978].

3.2 Results and Discussion
The results of the Structural Equation Modelling [Fornell and Larcker, 1981], used to estimate the parameters of the structural model, are summarized in Table 2.

Table 2, Results of Hypotheses Testing

Hypothesis	Hypothesized Paths	Standardized Path Coefficients	p Value	Results
H_{1a}: Cognitive engagement/Customer Engagement activities	CE1=>CEA	0.858	***	Accept
H_{1b}: Emotional engagement/Customer Engagement activities	CE2=>CEA	0.901	***	Accept
H_{1c}: Physical engagement/Customer Engagement activities	CE3=>CEA	0.938	***	Accept
H_{2a}: Informational influences/Social Media Influence	SMI1=>SMI	0.479	***	Accept
H_{2b}: Utilitarian influences/Social Media Influence	SMI2=>SMI	0.568	***	Accept
H_{2c}: Value-expressive influences/Social Media Influence	SMI3=>SMI	0.880	***	Accept
H_3: Trust/ Online Customer Engagement	TRU=>OCE	0.210	***	Accept
H_4: Customer Engagement activities/ Online Customer Engagement	CEA=>OCE	0.326	***	Accept
H_5: Social Media Influence/ Online Customer Engagement	SMI=>OCE	0.605	***	Accept
H_6: Online Customer Engagement/ Retailer Advocacy	OCE=>RAV	0.473	***	Accept
H_7: Online Customer Engagement/ Retailer Affinity	OCE=>RAF	0.376	***	Accept

Note: *** Implies significant at $p<0.001$

3.2.1 Customer Engagement Activities Analysis
Cognitive engagement has significant influence on Customer Engagement activities indicated by the standardized path coefficient value of 0.858.
Emotional engagement has significant influence on Customer Engagement activities indicated by the standardized path coefficient value of 0.901.
Physical engagement has significant influence on Customer Engagement activities indicated by the standardized path coefficient value of 0.938.
Online retailers need to pay good and equal attention to all three aspects, namely, cognitive, emotional and physical.

3.2.2 Social Media Influence Analysis
Informational influences have moderate influence on Social Media Influence indicated by the standardized path coefficient value of 0.479.
Utilitarian influences have moderate influence on Social Media Influence indicated by the standardized path coefficient value of 0.568.
Value-expressive influences have significant influence on Social Media Influence indicated by the standardized path coefficient value of 0.88.
Value-expressive influences need greater attention than informational and utilitarian influences. This calls for online retailers to strongly encourage awareness / publicity about the value of its offerings and services on social media.

3.2.3 Online Customer Engagement Analysis
Trust has moderate influence on Online Customer Engagement indicated by the standardized path coefficient value of 0.21.
Customer Engagement activities have moderate influence on Online Customer Engagement indicated by the standardized path coefficient value of 0.326.
Social Media Influence has significant influence on Online Customer Engagement indicated by the standardized path coefficient value of 0.605.

The medium of Social Networking Sites and virtual communities is very critical for online retailers for propagating / influencing customers to use their services in the face of stiff competition given the fact that there are a growing number of e-tailers with discount pricing and creative marketing strategies.

3.2.4 Customer Behavioural Intentions Analysis

Online Customer Engagement has moderate influence on Retailer advocacy indicated by the standardized path coefficient value of 0.473.

Online Customer Engagement has moderate influence on Retailer affinity indicated by the standardized path coefficient value of 0.376.

Online customer engagement activities alone would not suffice in garnering electronic footfalls and affinity. The e-tailing system needs to be backed with efficient logistics and supply chain management and an assuring offline presence as well (wherever possible).

3.2.5 Structural Model Fit Summary

Goodness of fit statistics of the structural model was acceptable [Gilaninia et al., 2013]:
χ^2 = 45.317; df = 33; p = 0.075 (>0.05); χ^2 / df= 1.373 (<2); Goodness of Fit Index (GFI) = 0.967 (>0.09); Adjusted Goodness of Fit Index (AGFI) = 0.931 (>0.09); Comparative Fit Index (CFI) = 0.926 (>0.09); Root Mean Score Error of Approximation (RMSEA) = 0.056 (<0.08).

4. CONCLUSION

It was found that the calculated p value was greater than 0.05; Goodness of Fit index (GFI) value, Adjusted Goodness of Fit Index (AGFI) value and Comparative Fit index (CFI) value were greater than 0.9 indicating a very good fit. It was found that Root Mean Score Error of Approximation (RMSEA) value was minimal

Cognitive, Emotional and Physical engagement were found to have significant influence on customer engagement. Social media influence was found to be significantly influenced by Value-expressive influences and moderately influenced by Informational and Utilitarian influences. Online customer engagement was found to be moderately influenced by Trust and Customer engagement activities and significantly influenced by Social media influence. Online customer engagement was found to have a moderate effect on Retailer Advocacy and Affinity.

This research work served to study customer engagement in a virtual retail servicescape, the influence of social media, and the consequences, namely, retailer advocacy and affinity. This research would facilitate online retailers to reformulate their service marketing and management strategies. It also fosters the inclination to pursue continued research on experience and loyalty management.

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