

Exploring the Influence of Trustworthiness and Cost Savings on Customer Loyalty in Mobile Shopping

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Abstract

This research investigates the critical factors shaping customer loyalty in the realm of mobile shopping, with a specific focus on the roles of perceived trust and price saving orientation. By examining the impact of these factors on customer satisfaction and loyalty, the study aims to illuminate the drivers of post-purchase behavior in mobile commerce. The findings highlight the significant influence of trust and price saving orientation on customer loyalty, with customer satisfaction identified as a partial mediator in these relationships. Emphasizing the importance of fostering trust, offering competitive pricing, and exceeding customer expectations, the study underscores the key strategies for cultivating enduring customer loyalty in the mobile shopping landscape. While acknowledging limitations such as convenience sampling and a specific focus on Indian consumers, the research sets the stage for future exploration into how individual characteristics may moderate these relationships. Ultimately, this study seeks to provide businesses with actionable insights to enhance customer retention and satisfaction in the ever-evolving mobile commerce market.

Keywords Perceived trust, price saving orientation, customer loyalty, customer satisfaction, mobile shopping

Introduction

Mobile technology's inexorable rise has woven itself into the very fabric of our social lives, fundamentally transforming how we navigate our daily routines. This technological odyssey has unlocked a treasure trove of benefits, empowering users with unparalleled convenience and efficiency in managing their time, resources, and finances. The evolution from rudimentary feature phones to sophisticated smartphones has further amplified these advantages, offering advanced computing capabilities and seamless connectivity – a potent combination promising to elevate our overall quality of life. In today's digitally driven world, smartphones have become the undisputed command centre for global consumers, seamlessly integrating information retrieval, bill payments, social networking, entertainment, food delivery, and, of course, shopping. This meteoric surge in smartphone usage has fuelled the exponential growth of mobile commerce (m-commerce), propelled by the ever-expanding functionality of mobile applications and the unparalleled convenience of anytime, anywhere purchasing.

Previously, mobile devices coexisted with personal computers, laptops, and tablets, sharing the spotlight of consumer attention. However, over the past two decades, a seismic shift has occurred. Businesses have adopted a "mobile-first" approach in their design and marketing strategies, prioritizing the optimization of the user experience for smartphone users. This strategic shift underscores the undeniable reality that smartphones have become the dominant digital touchpoint for the modern consumer. Within the dynamic realm of mobile shopping, customer decisions are not solely driven by the siren song of competitive pricing, discounts, and enticing offers. Product quality, shipping costs, delivery timelines, user interface design, intuitive usability, and robust security features also play a critical role in the intricate decision-making calculus. Ultimately, the embrace of mobile shopping hinges on a fundamental equation: customers must perceive the benefits as outweighing the associated risks and challenges. Building trust and offering attractive price savings are the cornerstones of fostering customer loyalty towards mobile shopping applications.

While mobile shopping applications have achieved widespread adoption among Indian consumers, the motivations for continued engagement are multifaceted. Beyond the undeniable convenience of anytime, anywhere shopping, the allure of significant cost savings plays a significant role. However, the bedrock of customer satisfaction and loyalty lies in the twin pillars of trustworthiness and consistent service quality. These factors directly impact customer perception and their

subsequent decision to remain engaged with a particular mobile shopping vendor. Against this backdrop, this study embarks on a journey to unravel the intricate tapestry woven between customer perceptions, particularly trust and price savings, and their unwavering loyalty towards their preferred mobile shopping application. This study aims to illuminate nuanced insights that can empower businesses to craft effective strategies for enhancing customer retention and satisfaction within the ever-evolving landscape of mobile commerce.

Literature Review

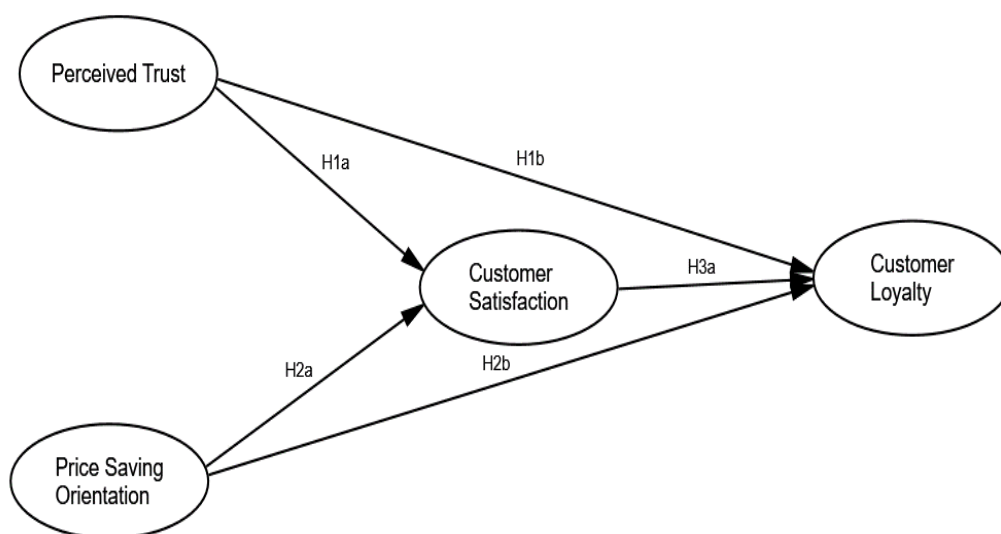
In today's competitive landscape, customer loyalty drives a company's long-term success. Loyalty signifies a customer's "deeply held commitment" to a preferred brand, leading to repeat purchases even amidst external influences (Oliver, 1999). In mobile shopping, loyalty manifests as consistent purchases, increased frequency, and positive word-of-mouth.

Customer satisfaction, a cornerstone of marketing efforts, directly impacts loyalty. Satisfied customers are more likely to repurchase and become loyal advocates, potentially reducing customer acquisition costs (Fornell, 1992). Satisfaction arises from "disconfirmed expectations" – exceeding customer expectations leads to satisfaction, which fosters loyalty (Oliver, 1981). Studies consistently highlight satisfaction as a key determinant of loyalty (Lee & Lin, 2005; Hsu et al., 2006). In mobile shopping, satisfaction stems from positive accumulated experiences across multiple purchases.

Trust, crucial for technology-based services, is defined as "the willingness to be vulnerable based on the expectation of a specific action" (Mayer et al., 1995). It underpins customer beliefs towards mobile apps. Perceived risks and uncertainties in mobile purchases can create skepticism, hindering future use. Conversely, increased trust translates to higher satisfaction and loyalty (Chiou, 2004; Lin & Wang, 2006).

Mobile shopping's appeal partly lies in price comparisons and potential savings (Alba et al., 1997; Reibstein, 2002). "Price saving orientation" motivates customers to seek lower prices through mobile apps (Escobar-Rodríguez & Carvajal-Trujillo, 2014). Studies confirm its positive impact on mobile shopping adoption (Gupta & Arora, 2017) and continuance intention (Indrawati & Anggraini, 2018). When customers find lower prices, they perceive greater value, leading to increased satisfaction and loyalty.

While prior research explores mobile shopping behavior, this study focuses on measuring and comparing the relative importance of two key factors: perceived trust and price saving orientation. It aims to highlight the post-purchase behavior drivers and uniquely compares their influence on customer satisfaction and loyalty in mobile shopping.



Building on this discussion, the research (figure 1) proposes the following hypotheses:

H1a: Perceived trust positively influences customer satisfaction.

H1b: Perceived trust positively influences customer loyalty.

H2a: Price saving orientation positively influences customer satisfaction.

H2b: Price saving orientation positively influences customer loyalty.

H3a: Customer satisfaction positively influences customer loyalty.

H3b: Customer satisfaction mediates the relationship between perceived trust and customer loyalty.

H3c: Customer satisfaction mediates the relationship between price saving orientation and customer loyalty.

Research Methodology

Data Collection:

To assess the research model, the study employed a survey instrument. The questionnaire comprised two sections. The first section measured key concepts like trust, price saving orientation, satisfaction, and loyalty using established scales adapted from previous studies. All responses were measured on a 5-point Likert scale. The second section collected demographic information like gender, age, and income. Respondents were asked about their preferred mobile shopping app.

Sampling Strategy:

The study employed convenience sampling, a common approach in online and mobile shopping research (Aldás-Manzano et al., 2009; Al-Debei et al., 2014). A structured online survey was conducted for 12 weeks through a popular survey website.

Target Population and Sample Size:

The research targeted active smartphone users in India, estimated at 500 million by the end of 2019. Respondents were smartphone users with prior experience of mobile shopping. The survey link was shared via email, social media, and instant messaging applications.

Sample Size and Representativeness:

Hair et al. (2019) recommends a 15:20 observations-to-variables ratio for sample representativeness. This study received 535 usable responses after removing unfit ones, exceeding the suggested ratio of 20:1.

Descriptive Statistics:

The study surveyed 535 individuals, with men constituting the majority (63.7%) compared to women (36.3%). Age-wise, the 25–34-year-olds dominated the sample (43.7%), followed by the 35–44 age group (26.7%). In terms of income, most respondents (33.8%) fell within the INR 40,001–80,000 monthly range, followed by the INR 80,001–120,000 category (26.5%). Education-wise, graduates (40.2%) were the largest group, with post-graduates coming in second (35.3%). Finally, most respondents (69.3%) were married. To analyze the relationships between the research variables, Partial Least Squares (PLS) - Structural Equation Modeling (SEM) was employed. SmartPLS software v. 3.3.3 facilitated the evaluation of the proposed model.

Findings

Assessing and Validating the Model

The study rigorously evaluated the reliability and validity of the constructs using established metrics (table 1). All item loadings exceeded 0.708, confirming acceptable item reliability. Internal consistency was assessed through Cronbach's Alpha, Composite Reliability, and Rho_A values, all exceeding recommended thresholds. Convergent validity was established through Average Variance Extracted (AVE) values exceeding 0.50 for all constructs.

Table 1 Loadings, reliability estimates, and convergent validity

Construct	Item	Loading	CA	Rho_A	CR	AVE
Perceived Trust	PT1	0.947	0.951	0.958	0.968	0.911
	PT2	0.944				
	PT3	0.972				
Price Saving Orientation	PSO1	0.952	0.959	0.959	0.974	0.925
	PSO2	0.962				
	PSO3	0.972				
Customer Satisfaction	CS1	0.912	0.930	0.935	0.950	0.826
	CS2	0.941				
	CS3	0.876				
	CS4	0.905				
Customer Loyalty	CL1	0.845	0.903	0.905	0.933	0.776
	CL2	0.901				
	CL3	0.929				
	CL4	0.847				

Discriminant validity was examined using two methods. The Fornell-Larcker criterion confirmed that the square root of each construct's AVE was greater than its correlations with other constructs (table 2). Additionally, the Heterotrait-monotrait ratio (HTMT) procedure (table 3) yielded values below 0.80, further supporting discriminant validity.

Table 2 Fornell-Larcker Criterion

	Price Saving Orientation	Perceived Trust	Customer Satisfaction	Customer Loyalty
Price Saving Orientation	0.962			
Perceived Trust	0.445	0.954		
Customer Satisfaction	0.595	0.56	0.909	
Customer Loyalty	0.559	0.48	0.612	0.881

Table 3 Heterotrait-monotrait ratio (HTMT)

	Price Saving Orientation	Perceived Trust	Customer Satisfaction	Customer Loyalty
Price Saving Orientation				
Perceived Trust	0.465			
Customer Satisfaction	0.628	0.593		
Customer Loyalty	0.600	0.516	0.664	

Structural Model Analysis and Findings

The proposed structural model (figure 2) was tested using PLS-SEM with 1000 bootstrap samples. Both perceived trust and price saving orientation had significant positive effects on customer satisfaction and customer loyalty, supporting hypotheses H1a, H1b, H2a and H2b. Notably, price saving orientation exerted a stronger influence than perceived trust. Customer satisfaction also had a stronger positive influence on customer loyalty, hence, the H3a was supported. The model explained 45% of the variance in customer loyalty and 46.3% of the variance in customer satisfaction.

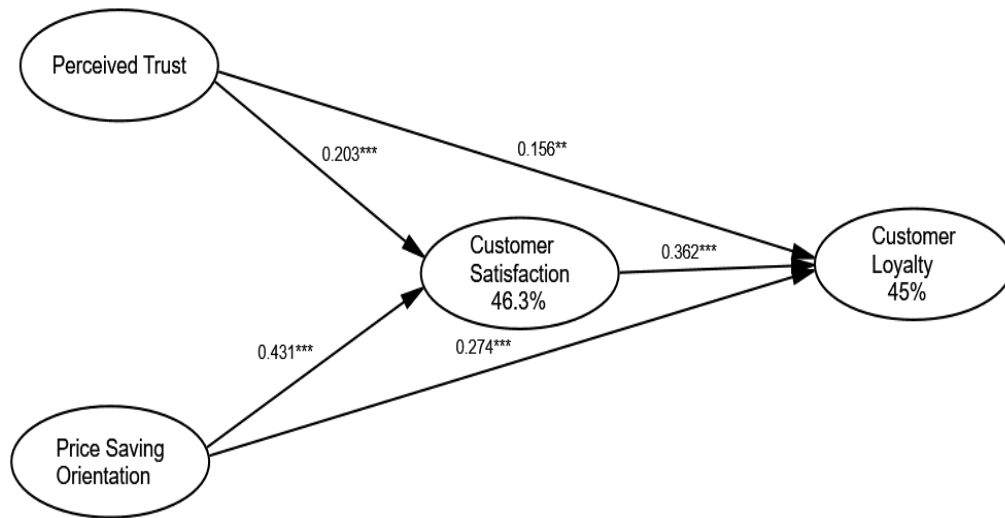


Figure 2 – The results of structural model

The mediating effect (Table 4) of customer satisfaction was confirmed, supporting hypotheses H3b and H3c. These findings offer valuable insights into the factors driving customer loyalty in mobile shopping. Both perceived trust and price saving orientation play crucial roles, with price savings exhibiting a stronger influence. Additionally, customer satisfaction acts as a partial mediator, highlighting its importance in shaping loyalty behavior.

Table 4 Summary of the mediating effect test

Path	Total Effect	<i>p</i> - Value	Direct Effect	<i>p</i> - Value	Indirect Effect	<i>p</i> Value	Significant ?
Perceived Trust → Customer Loyalty	0.289	0.000	0.156	0.001	0.133	0.000	Yes
Price Saving Orientation → Customer Loyalty	0.430	0.000	0.274	0.000	0.156	0.000	Yes

Conclusion

This research investigated the complex factors influencing customer loyalty in mobile shopping, focusing on the relative importance of perceived trust and price saving orientation. The study aimed to shed light on these factors and their contributions to shaping customer loyalty behavior. The findings revealed that both perceived trust and price saving orientation play significant roles in influencing customer loyalty. Customers who perceive a mobile shopping application as reliable and trustworthy are more likely to exhibit consistent loyalty, highlighting the importance of fostering a secure and transparent environment. Additionally, the study found that price saving orientation has a significant impact on loyalty, emphasizing the appeal of competitive pricing and attractive deals in attracting and retaining customers.

Furthermore, the research revealed that customer satisfaction partially mediates the relationships between trust, price savings, and loyalty. This suggests that exceeding customer expectations and delivering positive shopping experiences are crucial for cultivating enduring loyalty. While fostering trust and offering competitive pricing are important, ultimately, it is customer satisfaction that translates into loyalty behavior. It is important to acknowledge that the study has limitations. The data collection method, convenience sampling, may limit the generalizability of the findings to the broader population. Additionally, the focus on Indian consumers necessitates further research to explore potential cultural nuances in other contexts.

Despite these limitations, the study opens doors for exciting future research avenues. One potential direction is to explore how individual characteristics, such as age, gender, and income, moderate the relationships examined in this study. Additionally, investigating the specific trust-building mechanisms employed by mobile shopping applications and the effectiveness of different pricing strategies could yield valuable insights for practitioners.

In conclusion, this research sheds light on the crucial roles of perceived trust, price saving orientation, and customer satisfaction in driving customer loyalty in the mobile shopping domain. By understanding and addressing these key factors, mobile shopping applications can cultivate a loyal user base and achieve sustainable growth in this ever-evolving marketplace.

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