Service Quality Evaluation of Businesses on Social Media Platforms – Its Impact on Online Satisfaction and Online Loyalty

[1]Dr. Kanchana Sattur and [2]Ms. Shriya Shenoy
[1]Assistant Professor, Mulund College of Commerce, University of Mumbai, Mulund 400080
[2]Research Scholar, JJT University & Assistant Professor, Mulund College of Commerce, University of Mumbai, Mulund 400080

ABSTRACT
The rapid expansion of social media platforms has revolutionized communication and connectivity for both individuals and businesses. This transformation has reshaped digital landscapes and become deeply integrated into our daily routines. Social media, comprising countless number of online and mobile platforms, serves as dynamic forums for sharing information and opinions. Digital content, spanning audio, images, videos, and more, is reshaping marketing and customer relations strategies. Businesses increasingly capitalize on social media presence across diverse platforms to tap into vast opportunities. Social media offers a convenient and cost-effective avenue for businesses of all types to expand their reach and engage with audiences. However, managing service quality on social media presents distinct challenges compared to traditional brick-and-mortar operations. Therefore, it is essential for businesses to comprehend, outline, monitor, and assess service quality in the online realm. This research aims to explore the intricate interaction between service quality evaluations and their impact on customer satisfaction and loyalty within the context of businesses operating on social media platforms.

Purpose of the Study-
The main purpose of the study is to understand the growth of businesses on social media and evaluating service quality to understand the factors having impact on service quality evaluations. This study also attempts to study the influence of various service quality dimensions on online satisfaction and online loyalty for businesses operating on social media platforms. Influence of Online satisfaction on online loyalty has also been considered in this study.

Keywords: Service Quality, Social Media, Online Satisfaction, Online Loyalty

INTRODUCTION

- **Social Media**

Social media serves as a dynamic platform fostering two-way communication and interaction among organizations, the public, and individuals, as highlighted by Bortree and Seltzer (2009). It has become a predominant method of social interaction globally, characterized by user-generated content distributed through the Internet to encourage sharing and facilitate conversations as stated by Wright and Hinson (2010). Most social media services actively promote user engagement through features like voting, comments, and information sharing, removing barriers to content accessibility and discouraging password-protected restrictions. The inherent nature of social media allows for the swift formation of communities and effective communication.

- **The Evolution of Businesses on Social Media**

Social networks are now considered valuable communication tools, and businesses, regardless of size, can leverage them to enhance their online presence without extensive resources. Mark Zuckerberg, co-founder of Facebook, emphasizes the evolving nature of advertising, urging businesses to comprehend the usage of Internet technologies to stay relevant (Maymann, 2008). The adoption of the Internet, as suggested by Fruhling and Digman (2000), can contribute to a business's growth strategy by expanding its customer and market base, facilitating market penetration, development, and product innovation. The advent of social media marketing has necessitated a departure from relying solely on mass media channels for communication. Marketers must adopt new strategies to effectively engage with diverse audiences on various Internet platforms (Kotler and Armstrong, 2011).

Platform-wise use of Social Media Sites

Platform Name	Monthly active users as of 2024 (in millions)
Facebook	3,049
YouTube	2,491
WhatsApp	2,000
Instagram	2,000

Table 1: Platform wise monthly active users as of 2024. Source- Statista.

As the study focuses mainly on social media platforms where businesses operate, this paper focuses majorly on customer perception about service quality parameters with respect to businesses operating on three major social media platforms - Facebook, WhatsApp & Instagram. YouTube is not considered for this study as it is not used as a primary platform for completing business transactions like buying and selling of products or services. The rise of social media platforms has altered the way companies interact with their customers. As businesses increasingly utilize these platforms to engage and connect with their target audience, the quality of services provided becomes a critical determinant of success.

OBJECTIVES OF THE STUDY

1. To understand the growth of businesses on social media platforms and its increasing importance.

2. To evaluate the impact of service quality dimensions on online satisfaction for businesses on social media platforms.

3. To evaluate the impact of service quality dimension on online loyalty for businesses on social media platforms.

4. To evaluate the impact of online satisfaction on online loyalty for businesses on social media platforms.

REVIEW OF LITERATURE

- **Social Media and Business**

Sengar Alok Singh (2022) stated that unlike traditional media, social media offers a platform for widespread social engagement through easily accessible and scalable communication channels. This transformation has had a positive impact on businesses and consumers alike. Social media serves as a powerful tool for marketers, offering cost-effective methods to reach a broader audience. In today's digital landscape, a company's online presence plays a crucial role in how customers perceive its credibility and trustworthiness. As a result, organizations must continually innovate and maintain a robust social media presence by promptly addressing customer needs and concerns.

Mohammad Yousef Abuhashesh (2014) studied how the integration of social media stands out as a critical factor. Companies must adeptly address the demands of the global business environment and swiftly respond to emerging trends. This capability to identify and react to consumer market trends is essential for gaining a competitive edge. Social media integration is pivotal across key business functions like marketing, advertising, customer service, and public relations, as highlighted by Hanna et al. (2011). The rise of internet-based communication channels has significantly transformed the dynamics of the global consumer market.

According to a thesis report by Celine Arca (2012) titled 'Social Media Marketing Benefits for Business' - The internet has emerged as the primary tool consumers utilize to gather information about products and services they intend to purchase. Beyond seeking advice from friends and family, individuals often turn to the internet as their initial source of information when making significant buying decisions. Whether intentionally or not, consumers engage in discussions online, sharing both positive and negative experiences and feedback about the products and services they have used. In fact, nearly two-thirds of online conversations revolve around brands, products, or services (Hubspot, 2012). These online opinions carry significant weight and credibility, often surpassing the influence of marketing materials provided by companies. Word-of-mouth is widely regarded as the most trustworthy source of information. Consequently, social media plays a substantial role in shaping consumers' purchasing decisions, as individuals typically seek out the opinions and recommendations of others. A staggering 78% of global consumers express trust in and reliance on peer recommendations for

products and services over other forms of communication. This trust primarily stems from the perception that consumers offer a more impartial perspective compared to companies' marketing messages.

While explaining the term 'Social Commerce', Maryam Husain Almahdi (2021) has studied that previous research on social commerce (SC) has identified several key themes. Firstly, there is a focus on supporting consumers' social interactions, highlighting the importance of communication and relationships within the online environment. Secondly, there is an emphasis on understanding customers' commercial activities across various stages of their online shopping journey. Lastly, the literature underscores the significance of technological infrastructure in facilitating both social and commercial activities, particularly through the Internet and its interactive features.

Speaking of the importance of service quality on social media platforms, a study conducted on NPOs by Johannes Gartner et. al. (2021) states that delivering services through Service Marketing (SM) significantly expands the potential array of features customers encounter in transactions (Mohr & Bitner, 1995) thereby directly influencing the perceived quality of the transaction outcome. Moreover, SM introduces innovative methods for delivering services to customers (Mohr & Bitner, 1995). Service quality is gaining prominence as a crucial element in the realm of e-commerce. With the ease, feasibility, and simplicity of online product comparison, which incurs minimal costs, service quality emerges as a pivotal factor determining the success of an e-commerce venture. Santos, Jessica (2003).

- **Service Quality Measurement**

Service Quality as a concept can be understood as the difference or gap between what is expected by the customer with respect to service and what is the perception or the experience of the customer on receiving the service. It is a highly subjective conception which has been a matter of study and research over years. Numerous researchers have attempted to study, understand, define and develop a service measurement scales with a view to measure and improve services provided by businesses operating in different settings. One of the initial and most popular Service Quality study and measurement scale is SERVQUAL model developed by Parasuraman et. al. (1988). The SERVQUAL Scale consisted of 22 items under 5 dimensions – Reliability, Assurance, Tangibility, Empathy and Responsiveness, which attempted to measure the Service Quality levels of businesses operating in traditional brick and mortar model. Over the years the study of Service Quality has been extended over various business formats and settings with researchers testing the existing model for applicability and developing newer models or scales for different business formats evolving with time. With the advent of internet and online business operations Service Quality and its determinants underwent tremendous change. The model applicable in traditional business settings is no longer valid for online business operation. Online services differ from traditional services on many parameters like interactions through websites influenced by light and sound (Rowley, 2006), difference in beliefs, use, acceptance of technology (Parasuraman et. al. 2006).

A good number of researchers attempted to understand Service Quality in context of Online business operations and many have developed Service Quality measurement scales for online businesses. SITEQUAL scale developed by Yoo & Donthu (2001) consisting of 4 dimensions (Ease of Use, Aesthetic Site Quality, Processing Speed and Security) and 9 items was developed to measure Online Service Quality. Multiple versions of WEBQUAL scale was developed by Barnes and Vidgen (2000; 2001a; 2001b; 2002). The most recent WEBQUAL scale (2002) consists of 3 dimensions (Usability, Information and Service Intentions) and 22 items. WebQual[TM] scale developed by Loiacono et al. (2002) consists of 12 dimensions (Information Fit to Task, Interaction, Trust, Response Time, Design, Intuitiveness, Visual Appeal, Innovativeness, Flow, Integrated Communication, Business Process and Substitutability) and 36 items. eTailQ scale was developed by Wolfinbarger & Gilly (2003) for online retail businesses with 4 dimensions (Customer Service, Security / Privacy, Website Design, Fulfillment / Reliability) and 14 items. eTransQual scale developed by Bauer et al. (2006)[6] consists of 5 dimensions (Functionality / Design, Enjoyment, Process, Reliability and Responsiveness) and 25 items. e-SELFQUAL scale developed by Ding et al. (2011) to measure online service quality and its relationship with customer satisfaction and loyalty in e-retailing consists of 4 dimensions (Perceived Control, Service Convenience, Customer Service and Service Fulfillment) and 11 items. One of the most popular and widely accepted Service Quality Model is E-S-QUAL which was developed by Parasuraman et.al. (2005) consisting of 4 dimensions (Efficiency, System Availability, Fulfillment and Privacy) which

comprehensively encompasses both before and after factors of e-service quality. Kim et. al. (2006) stated that E-S-QUAL delivers information which represents e-service quality in better context. Parasuraman et.al. (2005) also developed a supportive e-service quality model – E-RecS-QUAL consisting of 3 dimensions (Responsiveness, Contact and Compensation) with 11 factors. E-RecS-QUAL covers impact of problems inherent with online transactions where customers have questions or problems. This study uses E-S-QUAL and E-RecS-QUAL models to study service quality and the influence of Service Quality on Online Satisfcation and Online Loyalty of customers.

- **Customer Satisfaction and Customer Loyalty**

Numerous past studies have asserted that customer satisfaction is one of the major outcomes of service quality and this ultimately leads to repeat purchases for the business. Cronin, Jr. et al., (2000) stated that customer satisfaction has an influence on consumer behavioural intention and customer retention. Devaraj et al.,(2002) customer satisfaction affects the motivation of the participants to remain with the channel in a B2C model. Many researchers have proved that service quality is a major factor for online satisfaction (Carr, 2002; Devaraj et al., 2002). Yang, Hao-erl and Tsai, Feng-Shii (2007) observed that past studies have proved that online customer satisfaction led to customer loyalty there was a positive impact of online satisfaction on online loyalty in case of electronic commerce. Yang & Peterson (2004) asserted that overall satisfaction of a firm's service quality may be a better indicator of customer loyalty.

RESEARCH MODEL
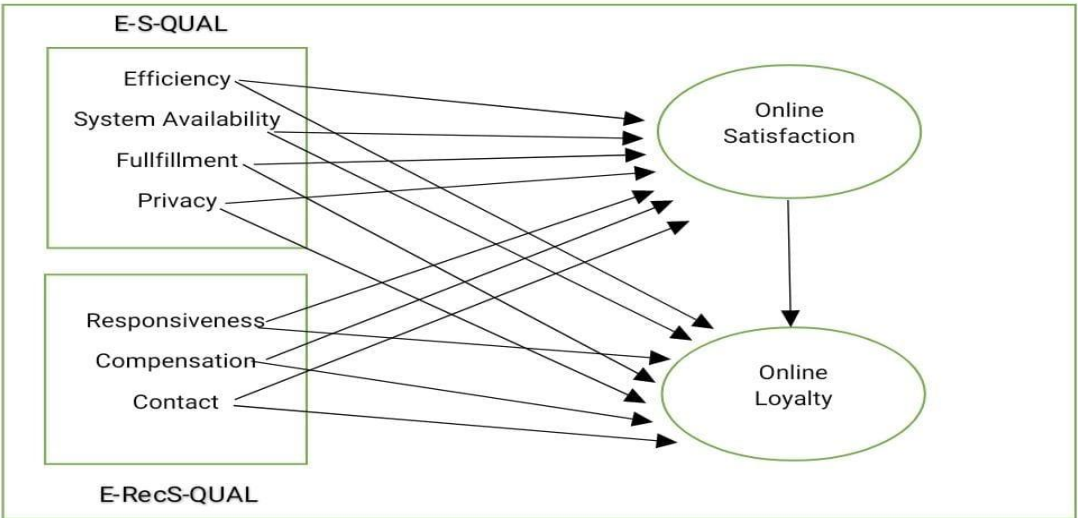
Figure 1: E-Service Quality & E-Service Recovery Model (E-S-QUAL & E-RecS-Qual)

Source: Parasuraman et.al. (2005)

RESEARCH METHODOLOGY

Sr	Particulars	Description
1.	Data Collection	Primary Data – A self-administered online questionnaire
		Secondary Data – Journals, website, articles, books etc
2	Sample Unit	Young adults (age group - 18 to 25) using social media platforms for online purchases
3	Sample Size	183 respondents
4	Sampling Area	Mumbai, Mumbai Suburbs, Thane City

Table 2: Details of the research methodology

RESEARCH HYPOTHESES

A. Online Service Quality and Online Satisfaction

H1a: Online service quality's 'efficiency' will have a positive influence on online satisfaction.

H1b: Online service quality's 'system availability' will have a positive influence on online satisfaction.

H1c: Online service quality's 'fulfillment' will have a positive influence on online satisfaction.

H1d: Online service quality's 'privacy' will have a positive influence on online satisfaction.

H2a: Online service recovery's 'responsiveness' will have a positive influence on online satisfaction.

H2b: Online service recovery's 'compensation' will have a positive influence on online satisfaction.

H2c: Online service recovery's 'contact' will have a positive influence on online satisfaction.

B. Online Service Quality and Online Loyalty

H3a: Online service quality's 'efficiency' will have a positive influence on online loyalty.

H3b: Online service quality's 'system availability' will have a positive influence on online loyalty.

H3c: Online service quality's 'fulfillment' will have a positive influence on online loyalty.

H3d: Online service quality's 'privacy' will have a positive influence on online loyalty.

H4a: Online service recovery's 'responsiveness' will have a positive influence on online loyalty.

H4b: Online service recovery's 'compensation' will have a positive influence on online loyalty.

H4c: Online service recovery's 'contact' will have a positive influence on online loyalty.

C. Online Satisfaction and Online Loyalty

H5: Online satisfaction will have a positive influence on online loyalty.

DATA ANALYSIS & INTERPRETATION

A. Demographic Details

Sr	Particulars	Description
1	Gender	Male - 70 Female - 113
2	Age Group	18 – 25 Years
3	Education Level	SSC - 16 HSC - 47 Under Graduate - 83 Post Graduate - 37
4	Annual Family Income	Less than 5 Lakhs - 77 5 – 10 Lakhs -72 More than 5 Lakhs -34

Table 3: Demographic details of collected data

B. Descriptive Analysis

Sr	Particulars	Frequency
1	Product Reviews affect the perception about the service quality offered by businesses on social media	Yes - 161 No – 08 Not Sure - 14
2	Product Ratings affect the perception about the service quality offered by businesses on social media	Yes - 143 No – 17 Not Sure - 23
3	'Likes' affect the perception about the service quality offered by businesses on social media	Yes - 117 No – 36 Not Sure - 30
4	Positive / Negative comments affect the perception about the service quality offered by businesses on social media	Yes - 129 No – 22 Not Sure - 32
5	Social media platforms preferred by respondents for	**Instagram** - 128

	Product / service Information	WhatsApp – 30 Facebook – 25
6	Social Media Platforms that give Quick Response to queries according to respondents	**Whatsapp** - 110 Instagram – 62 Facebook - 11
7	Social Media Platforms that are better for Grievance Handling according to respondents	**WhatsApp** - 103 Instagram – 61 Facebook - 19
8	Social Media Platforms that are better for Feedback according to respondents	**Instagram** – 113 WhatsApp - 53 Facebook - 17
9	Social Media Platforms that are better for offers / Discounts according to respondents	**Instagram** – 139 WhatsApp - 29 Facebook – 15

Table 4: Descriptive analysis of collected data

C. Inferential Analysis

Reliability of the service quality measurement scale and the parameter used in questionnaire has been tested through Cronbach Alpha co-efficient which indicate internal reliability of factors which have to be above 0.70. The results are shown in Table 5 given below -

Factors		Cronbach's Alpha
Online Service Quality (E-S-QUAL)	Efficiency	0.848
	System Availability	0.792
	Fulfillment	0.922
	Privacy	0.844
Online Service Recovery (E-Rec S-QUAL)	Responsiveness	0.903
	Compensation	0.843
	Contact	0.853
Perceived Value		0.747
Loyalty		0.799

Table 5: Cronbach Alpha co-efficient.

Hypothesis Testing

Hypothesis testing has been conducted through use of Multiple Regression Analysis. Table 6 shows the results.

Dependent Variable	Independent Variable		R^2	Adjusted R^2	F	β	t-value	p-value	Hypothesis
Satisfaction	Online Service Quality (E-SQUAL)	Efficiency	0.773	0.768	0.000	0.253	5.481	0.000	Accepted
		System Availability				0.098	1.920	0.056	Rejected
		Fulfillment				0.526	9.724	0.000	Accepted
		Privacy				0.164	3.503	0.001	Accepted
	Online Service Quality (E-SQUAL)	Responsive-ness	0.627	0.621	0.000	0.629	8.340	0.000	Accepted
		Compensation				0.129	1.665	0.098	Rejected
		Contact				0.080	1.211	0.227	Rejected
Loyalty	Online Service Quality (E-SQUAL)	Efficiency	0.750	.744	0.000	0.258	5.312	0.000	Accepted
		System Availability				0.001	0.026	0.979	Rejected
		Fulfilment				0.307	5.403	0.000	Accepted
		Privacy				0.469	9.529	0.000	Accepted
	Online Service	Responsive-	0.832	0.829	0.000	0.444	8.757	0.000	Accepted

	Quality (E-SQUAL)	ness							
		Compensation				0.264	5.080	0.000	Accepted
		Contact				0.303	6.812	0.000	Accepted
Loyalty	Satisfaction		0.579	0.577	0.000	0.761	15.789	0.000	Accepted

Table 6: Hypothesis Testing conducted through Multiple Regression Analysis.

Interpretation

a. Service Quality and Online Satisfaction

The above table shows that e-Service Quality dimensions of **Efficiency, Fulfillment, Privacy and Responsiveness** have a positive influence on online satisfaction as the $p<0.05$. Where as the dimensions of System Availability, Compensation and Contact do not impact online satisfaction positively. Thus **H1a, H1c, H1dand H2a are accepted**.

b. Service Quality and Online Loyalty

The above table shows that e-Service Quality dimensions of **Efficiency, Fulfillment, Privacy, Responsiveness Compensation and Contact** have a positive influence on online loyalty as the $p<0.05$. Whereas the dimensions of System Availability does not impact online loyalty positively. Thus **H3a, H3c, H3d, H4a, H4b and H4c are accepted.**

c. Online Satisfaction and Online Loyalty

The above table shows that Online Satisfaction has a positive impact on Online Loyalty as the $p<0.05$. **Thus, H5 is accepted**.

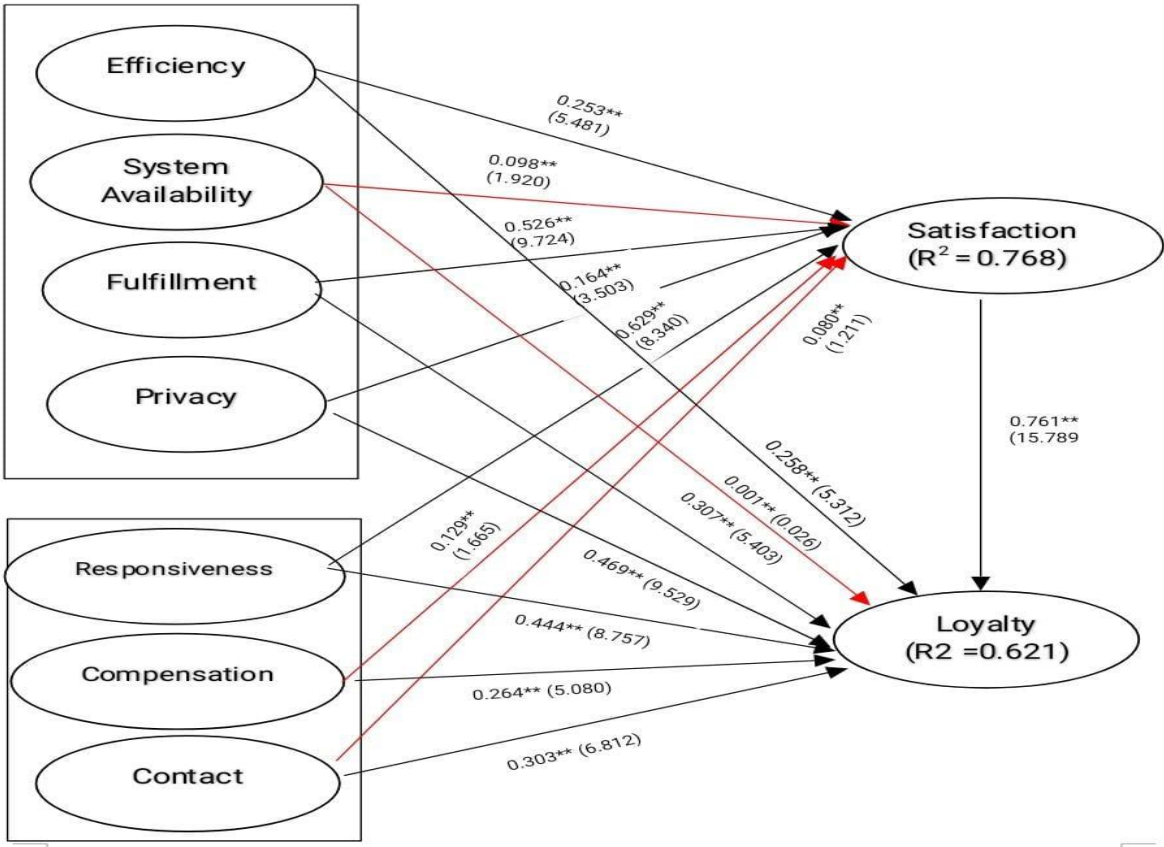**Figure 2:** Multiple Regression Model - Result

CONCLUSION

In conclusion, this study highlights the critical importance of service quality for businesses operating within the realm of social media. With social media platforms offering extensive business prospects and the younger demographic being prolific users of these platforms, understanding and evaluating service quality in the online

context is of prime importance. Our findings demonstrate that the majority of e-Service Quality dimensions exert a positive influence on online satisfaction, which, in turn, significantly impacts online customer loyalty.

Businesses operating on social media platforms must prioritize service quality factors related to Efficiency, Fulfillment, Privacy, and Responsiveness to enhance customer satisfaction. Similarly, to bolster customer loyalty, businesses need to focus on additional service quality dimensions such as Compensation and Contact. Moreover, our research highlights the considerable impact of product reviews, ratings, likes, and both positive and negative comments on customers' perceptions of service quality.

To optimize their presence on social media platforms, businesses can leverage specific platforms for different purposes. For instance, Instagram proves to be a valuable tool for providing product/service information, soliciting feedback, and offering promotions or discounts. Additionally, respondents identify WhatsApp as particularly effective for prompt response to queries and efficient grievance handling.

In essence, businesses can enhance their competitiveness and cultivate stronger customer relationships by prioritizing service quality on social media platforms. By understanding and addressing customers' needs and expectations in today's digital world, businesses can seize the vast opportunities presented by social media while nurturing customer loyalty.

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