BUILDING MILLENNIAL DIGITAL CUSTOMERS E-LOYALTY TOWARD ONLINE RETAILER

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ABSTRACT

This study investigates the antecedents of millennial digital customers e-loyalty on online retailer in Indonesia context. This study proposes and examine e-trust, retailer quality, information quality, and coupon proneness as antecedent variable that potentially impact e-loyalty. This study proposes the role of coupon proneness in e-trust and e-loyalty as novelty. Data collected from 423 respondents of millennial digital costumers in Indonesia. The data collected through questionnaire. The data demonstrate that information quality and coupon proneness have impact on e-loyalty. The data also reveals that retailer quality and coupon proneness have impact on e-trust. This study contributed to the costumer trust theory and customer loyalty theory in e-commerce. Academic and managerial implications are further discussed.

Keywords: e-Loyalty, e-Trust, Coupon Proneness, Information Quality, Retailer Quality

1. INTRODUCTION

Retail e-commerce enjoys fast growth and large sales in worldwide. Worldwide retail e-commerce reached $ 1.671 trillion in 2015, and keep growing [1]. One of the regions with the highest growth of e-commerce in Asia Pacific region [1]. Indonesia as one of the members of the Asia Pacific region shows great potential in the e-commerce. E-commerce in Indonesia enjoys the fastest growing and the largest in the South East Asia region [2]. E-commerce in Indonesia reached US$ 21 billion in 2019, from US$ 1.7 billion in 2015 [3]. E-commerce in Indonesia is predicted to have steady growth in the following years [1], [2].

The growth of e-commerce in Indonesia’s also contributed by the population of Indonesia digital costumer’s. Indonesia has 171 million internet users, with growth of 10.12% per year [4]. With the growth of e-commerce and the growth of digital costumer’s in Indonesia, Indonesian consumer’s begin to shift from traditional retailing to online retailing or e-tailing in these past several years [5]. Most of the e-commerce transaction in Indonesia takes place among five types of e-commerce, which are B2C (business to consumer’s) marketplace, C2C (consumer’s to consumer’s) marketplace, direct sales sites, brand own sites, flash sale sites [6]. The largest e-commerce platforms in Indonesia are marketplaces platform [6]. Marketplaces become the most popular e-commerce platform in Indonesia. According to katadata, marketplace e-commerce such as tokopedia, bukalapak, and shopee became e-commerce with the largest transaction value from 2014 [7]. Thus, this study focusses on the online retailer that uses marketplace platforms in their transactions.

The potential of e-commerce in Indonesia was affected by the growing population of Indonesia digital costumer’s, especially the millennial generations costumers. According to APJII 2017 report, millenial generations are the segment with the highest internet penetration in Indonesia [8], [9]. Thus, this study chooses the digital millennial costumer’s segment in Indonesia as research populations.

The core of every business is to create and retain loyal customers [10]. Costumer’s loyalty has
been an important issue in online retailing [11], [12]. Loyal customers are profitable for the business. Loyal customers will bring increased profitability for online retailer because e-loyalty customers tend not to seek for low price, they are more willing to pay premium prices, the also tend to refer new customers to the online retailer, and a loyal customers tend to purchase more than newly acquired customers [11]. Loyal customers tend to committed and less sensitive to prices, and loyal customer will generate repeat purchases [13]. Loyalty has been an important issue in online retailing because the customer can easily searching for information and compared similar items across different online retailer therefore the customer can easily switch from one online retailer to another [12]. Therefore it is crucial for online retailers to attract and retain costumer’s loyalty [13]. In order for the online retailers to harvest the benefit of customers loyalty, the online retailer needs to develop a thorough understanding of antecedents of customers e-loyalty [14]. Customers loyalty also is a concept that has been discussed in a great number of academic articles [15]. This study takes focus on the establishment of costumers e-loyalty toward online retailer. Thus, it is meaningful to investigate the drivers of digital costumers millennial e-loyalty toward online retailer.

In the establishment of antecedents of customers e-loyalty, previous studies have found that trust has an important role as antecedents of e-loyalty [11], [12], [14], [16]. Costumer’s trust is one of the major factors in the success of online retailers [17]. Costumer trust in an e-commerce environment is important because of online consumer’s more vulnerable to risk and uncertainty due to the inherent nature of e-commerce [18]. Establishing online loyalty is dependent on generating costumer’s trust in online retailers [18]. This study proposes trust as one of the antecedents of e-loyalty.

Online retailer uses online marketing tools in order to increase transactions from their costumer’s. One of the online marketing and sales tools that online retailer uses is m-coupon. M-coupons offer consumer’s and costumer’s the possibility to purchase products at a reduced price [19]. Lately, m-coupons have become an increasingly effective as sales and marketing tools [19]. M-coupons have become an effective marketing tools in order to increase repeat transactions from costumer’s. Hence, this study tries to integrate e-coupon proneness in the formation of e-loyalty and e-trust. The integration of e-coupon proneness in the e-loyalty and e-trust formation toward online retailer is the novelty in this study.

One of the important antecedents of costumer trust and loyalty is costumer perceived of retailer quality or perceived retailer quality. Perceived retailer quality is a critical issue for retailer and marketer, which perceived retailer quality may provide differentiation for retailer [20]. Costumer’s loyalty can occur when costumer’s perceived that the retailer quality is judged favorably for costumer’s [21]. This study proposes perceived retailer quality as one of the antecedents of e-loyalty and e-trust.

In the online environment, consumer’s usually depend on the information provided by the online retailer about their products and services [22], [23]. Thus, this study proposes information quality as one of the antecedents of e-loyalty and e-trust. Another novelty from this research is the role of information quality as one of the antecedents in e-loyalty formation.

This research focus on costumer’s e-loyalty toward online retailer that uses marketplace. The purpose of this study is to analyze factor – factors that lead to the customers e-loyalty formation. The antecedent’s variable in this study are information quality, e-coupon proneness, e-trust and retailer quality. This study would help online retailers to perform better, help develop their costumer trust, develops their customer loyalty, ensure their profitability in the growing Indonesia e-commerce market.

2. THEORITICAL BACKGROUND

2.1 E-Loyalty

Costumer’s loyalty has been an important research focus in traditional marketing literature [24]. Early view of customer loyalty focused on repeat purchase behavior from customer [14], [25]. One of the early views of costumer’s loyalty comes from Liptstein. Lipstein [25] measured customer loyalty by the probability of product repurchase from customer. Another view of customer loyalty comes from Keller [26], which stated that loyalty is repeated purchase behavior presented over a period of time driven by a favorable attitude toward the subject, including both attitudinal and behavioral aspect [11], [26]. Oliver [27] stated that there were four major stages of loyalty, (1) cognitive loyalty refers to customer loyalty based on costumer’s own
information about brand/company, (2) affective loyalty refers to customers positive attitude toward brand/company that developed based on cumulative satisfying experience, (3) conative loyalty refers to customers deeply held commitment based on repeated episodes of positive affect toward brand/company, (4) action loyalty refers to customers commitment to the action of repurchase in certain brand/company. Another view of customer loyalty comes from Oliver [27] that defines loyalty as a deeply held commitment to rebuy or patronize a preferred product/services consistently in the future, thereby causing repetitive same-brand purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior. According to Selnes [28], customer loyalty conceived two elements: likelihood of future purchase of products (or renewal of service contract) and positive word-of-mouth recommendation [29]. While Boulding [30] identified customer loyalty with also similar two item measure of repurchase intention and willingness to recommend [29]. Another customer loyalty concept comes from Pappu and Quester [31], customer loyalty conceptualized as the tendency to be loyal to a retailer as demonstrated by the intention to buy from the retailer as a primary choice.

From past literature review, this study defines e-loyalty as the customers repeated purchase behaviour toward online retailer over a period of time, driven by a favourable attitude toward a certain online retailer.

2.2.2 E-Trust

Consumers face some level of risk in online shopping, due to the inherent uncertainty nature of online shopping. Trust plays important part for an online retailer, because trust comes into play as a solution when consumer’s faces an uncertain situation when consumers shopping online [22]. In order to define online trust or e-trust, it was needed to encompass previous scholar view about trust. Scholars from previous studies provided a different views on trust. One of the early view of trust comes from Deutsch in 1962 [32], [33]. Deutsch define trust as the willingness of an individual to behave in a manner that assumes another party will behave in accordance with expectations in a risky situation [32], [33]. Another view of trust comes from Rotter [32]. Rotter defines trust as an expectancy held by an individual or group that the word, promise, verbal or written statement of another group, or individual can be relied on [32], [34]. According to Garbarino and Johnson, trust is customers confidence toward product or service that offered [11], [35]. While according to Geffen, the definition of trust is the confidence a person in his or her favorable expectation of what other people will do, based, in many cases on previous actions [36]. Deutsch, Rotter, Garbarinom, and Geffen viewed trust as a kind of confidence. Confidence is both cognitive and affective, and confidence is necessary in the definition of e-trust. Besides confidence, expectation also necessary in the definition of e-trust. Rotter, Gefen also viewed trust as a kind of expectancy. Expectation encompasses cognitive component of predictability. Both expectation and confidence are essential components of e-trust. Thus, in this research, e-trust is the confidence held by the customer in his or her expectation that the online store will keep the transaction running smoothly.

2.2.3 Information Quality

Information quality is important to attract consumer’s and to retain them as loyal customers [37]. Information is a fundamental part of e-commerce. Information also considered marketing tools to guarantee the smooth execution of transactions in e-commerce [37]. Information quality is an important factor for an online retailer to reap advantages in e-commerce. Consumers tend to approach products or services more eagerly when the information satisfies their demand [38]. This research suggests information quality as one of the antecedents for e-loyalty and e-trust. In order to define information quality, researcher needed to encompass different view about information quality from previous studies. One of the view of information quality from Hyejeong and Niehm [37], according to them, information quality is consumer’s overall judgment and evaluation of the quality of information, assessed by the degree of accuracy, informativeness, timeliness, and relevancy of information that provided by the website [37]. Another view of information quality can be adapted from review quality from Park et al [38], [39]. Park et al in their research define review quality as the quality of review content from perspective of information characteristic (relevance, understandability, sufficiency and objectivity) [39]. While Kim et al viewed information quality as consumer’s general perception of the accuracy and completeness of Website information as it relates to products and transactions [22]. Park et al and
Hyejeong and Niehm and Kim et al viewed that quality, consumer’s perspective as an important factor in the definition of information quality [22], [38], [39]. Thus, this study define information quality as costumer’s overall evaluation of the quality of information that offered by online retailer which assessed by information characteristic (understandability, accuracy, reliability).

2.2.4 Retailer Quality
Perceived quality is an important matter for costumer’s, consumer’s, and retailer. Perceived quality is one of the important factor in consumer’s decision making [21]. Consumer’s perceived retailer quality influence consumer’s behaviour. Kotler define quality as the totality and features of a product/service that bear on its ability to fulfill stated/implied needs [21], [40]. Previous literature on quality found that there are two forms of quality: objective and subjective [41]. While the objective quality refers to the actual quality, the subjective quality refers to the consumer’s perception of quality [21], [41]. This study viewed retailer quality as costumer’s perceived retailer quality. From previous studies there are many previous scholars’ views on perceived quality. According to Zeimtahl, perceived quality represent consumer’s judgment regarding brand overall excellence [42]. Another view of perceived retailer quality comes from Pappu and Quester [31]. According to Pappu and Quester, retailer quality is perception of the quality of the retailer as well as the (perception of) quality of products (goods or services) offered by retailers [21], [31]. Thus, this study define retailer quality as costumer’s perception of the quality of the online retailer as well as the quality of products offered by them.

2.2.5 E-coupon proneness
Coupon plays an important role for retailers as marketing tools, promotional tools, and also as an alternative form of payment for retailers [43]. From costumer’s perspective, coupons provide them with a discount on the purchase. In recent years, with the development of the internet and information technology, coupons can be distributed electronically as e-coupon via the internet [43]. E-coupon is defined as coupon sent to and stored on internet and can be exchanged for monetary discount or rebates. E-coupon has been widely used as an effective marketing approach by e-commerce, online merchant. E-coupon can carry multimedia messages, including text, picture, video, audio. Costumer’s also can obtain and redeem e-coupon relatively easy. In fact, e-coupon or digital coupon redemption reached $47 billion in 2017, and predicted to reach $91 billion in 2022 [44]. E-coupon proneness represents consumer’s responses to a purchase offer, promotion via coupon. E-coupon proneness is related to consumer’s coupon redeeming behaviour [24]. According to Lichtenstein et al, e-coupon proneness related to an increased propensity to respond to purchase offer which positively affects purchase evaluation [45]. Another view of e-coupon proneness comes from Zheng et al, they define e-coupon proneness as individuals tend to respond to a purchase offer predominantly because of the coupon or other similar forms of tacit price-related promotions [24]. E-coupon proneness represents the psychological characteristic of an individual. Consumer’s with a high e-coupon proneness have high evaluation of the coupon value, such as economic value, socializing, condition, etc [46]. To define e-e-coupon proneness, this research adopted e-coupon proneness view from Lichtenstein et al [45], and Zheng et al [24]. Thus, this research defines e-coupon proneness as an increased individual propensity to respond to a purchase offer from e-coupon.

3. HYPOTHESIS DEVELOPMENT
3.1. e-trust as antecedents of e-loyalty
Trust has been presented as a central attribute in relationship formation, maintenance in many contexts. E-trust can reduce consumer’s uncertainty in online shopping, and e-trust can also increase the possibility of costumer’s repurchase behavior [12]. Previous studies suggest that trust has a significant impact on the establishment of loyalty both online and offline. Previous studies by Sirdeshmukh found that trust have a positive and significant effect on loyalty in offline context [47], [48]. In the online context, previous studies by Kim et al found that e-trust has a positive and significant effect on the establishment of online loyalty [11]. Previous studies by Chou et al also found that e-trust have a positive and significant effect on e-loyalty [12]. Thus, this research proposes the following hypothesis.

H1. E-trust have positive and significant effect on e-loyalty.

3.2. Information quality as antecedents of e-loyalty and e-trust
Information is a fundamental marketing part of e-commerce to guarantee the successful execution of transactions in e-commerce [37]. Quality information allows customer’s to assess and understand valuable aspect and product attributes, and also help the retailer to convey their value-added, to their consumer’s [37]. Previous studies by Kim and Niehm proved that information quality have positive significant effect on e-loyalty [37]. Other studies by Kim et al proved that information quality has positive and significant effect on e-trust [22]. Providing valuable and detailed information increases the likelihood of attracting and retaining customers. Thus, this research proposes the following hypothesis.

H2. Information quality have positive and significant effect on e-trust
H3. Information quality have positive and significant effect on e-loyalty

3.3. Retailer quality as antecedents of e-loyalty and e-trust

Customer’s perceived quality influences their behavior and decision-making process. Loyalty can occur when the consumer’s perception toward the quality is good, and consumer’s feels that the experiences have delivered satisfactions for them [21], [28]. Previous studies by Das showed that perceived retailer quality has positive and significant effect in the establishment of customer’s loyalty [21]. Consumer’s perceived quality also has a significant impact on trust. Previous studies by Konuk proved that customer’s perceived quality has a positive and significant impact on trust [49]. Thus, these studies propose the following hypotheses.

H4. Retailer quality have positive and significant effect on e-trust.
H5. Retailer quality have positive and significant effect on e-loyalty

3.4. E-coupon proneness as antecedents of e-loyalty and e-trust

E-coupon proneness is in association with coupon redeeming, and compulsive shopping behavior [24]. E-coupon proneness represents individual psychological characteristics describing their propensity for promotional, which they are more likely to purchase something just because it is a good deal [45]. From a motivation perspective, coupon prone costumer's are influenced by their evaluation of coupon value, economic value [46]. The costumer’s perceived coupon value can moderate the effect of motivations on their loyalty behavior [46]. Previous studies by Zheng et al proved that e-coupon proneness has a positive and significant impact on the establishment of e-loyalty [46]. Thus, this research proposes the following hypotheses.

H6. E-coupon proneness have positive and significant effect on e-trust.
H7. E-coupon proneness have positive and significant effect on e-loyalty

4. RESEARCH METHODS

4.1. Measures

Keeping in mind that the online retailer in this research is online retailer that uses e-commerce especially marketplaces in their operation, this research carefully adopting the constructs in our study context. Information quality construct was adopted from previous studies by Erkan and Evans, Kim et al [22], [23], [38]. Retailer quality construct was adopted from previous studies by Gopal Das [50], [51]. E-loyalty construct was adopted from previous studies by Gopal Das, Kim et al, Mindy and Jeong, Wu and Li [11], [13], [29]. E-coupon proneness construct was adopted from Xuefeng and Liu [46]. E-trust construct was adopted from Kim et al, and Fang et al [11], [22], [52]. The items in questionnaires were measured with 5-point Likert type scale. The content validity of the questionnaires was checked with 10 millennial respondents.

4.2. Sample and Data Collection

This study takes on online retailers that sell their products through e-commerce in Indonesia, especially marketplace. The population of this study was composed of digital consumer's generation millennial in Indonesia of age 19 until 39 years old. Respondents were asked to recall their online shopping activity with their favorite online retailer. They were then asked to respond to the survey questions. A questionnaire survey was used to collect data from August 2019 until November 2019. The respondent’s data were collected using stratified convenience sampling. The questionnaire comprised of questions related to the constructs needed for this study and demographic of the respondents. Out of 423 administrated questionnaires, 406 were found usable for data analysis based on outliers, and incomplete questionnaires. The sample size deemed ideal to run using multivariate data analytics techniques like structural equation modeling [53], [54].
The socio-demographic descriptive profile of the respondents shows that the majority of the respondents are female (58%); 45% of the respondents are college students; 51% of the respondents are between the age of 18 and 26 years; all of the respondents answered that they have shopped online through e-commerce; The majority of the respondents choose Tokopedia (37%) as their favorite marketplace, then Bukalapak (25%), followed by Shopee (21%).

5. DATA ANALYSIS AND RESULTS

Hypotheses on this study were examined with multivariate statistical tools, structural equation modelling (SEM). These hypotheses were represented in the conceptual model framework in Figure 1.

![Figure 1: Research model framework](image)

This research uses Lisrel to perform SEM. SEM consists of two sub-models, measurement model and structural model [53], [54]. The measurement model or Confirmatory Factor Analysis (CFA) depicts the reliability and validity of the research data and model, and the structural model depicts the links among the latent variables [53].

5.1. Measurement Model

Measurement model or confirmatory factor analysis (CFA) involves examining and estimating the validity and reliability of the constructs and its indicators in the measurement research model. However, before checking the CFA of the research model, the research model must fit the data through the goodness of fit measurement. The measurement model validity depends on the goodness of fit measures and the construct validity [53]. The goodness of fit score result of this research are presented in Table 1.

| Table 1: The Goodness of Fit scores |
|-------------------------------|----------------|----------------|---------|
| GOFI  | Rule of thumb | Score | Keterangan |
| Chi Square | (p>0.05) | 243.56 | Moderately Good |
| RMSEA | <= 0.08 | 0.08 | Good |
| NFI | >0.90 | 0.94 | Good |
| CFI | >0.90 | 0.96 | Good |
| GFI | >0.90 | 0.98 | Good |
| IFI | >0.90 | 0.96 | Good |

From Table 1 above, overall the model in these studies fit the data moderately. After the model passed goodness of fit, the perform and estimating the validity and reliability of the constructs and its indicators in the measurement research model. The CFA result from this research model is presented in Table 2.

| Table 2: CFA scores. |
|----------------------|---------|---------|
| Variables | Standardized | CR | VE |
| Information quality | 0.73 | 0.58 |
| IQ1 | 0.90 | |
| IQ2 | 0.60 | |
| Retailer Quality | 0.91 | 0.78 |
| RETQ1 | 0.91 | |
| RETQ2 | 0.88 | |
| RETQ3 | 0.86 | |
| e-coupon proneness | 0.79 | 0.58 |
| CPN1 | 0.51 | |
| CPN2 | 0.95 | |
| CPN3 | 0.77 | |
| e-Loyalty | 0.85 | 0.66 |
| LOY1 | 0.83 | |
| LOY2 | 0.9 | |
| LOY3 | 0.69 | |
| e-Trust | 0.94 | 0.85 |
| TRU1 | 0.9 | |
| TRU2 | 0.93 | |
| TRU3 | 0.94 | |

Notes
IQ = Information quality
RETQ = Retailer quality
CPN = E-coupon proneness
TRU = e-Trust
LOY = e-Loyalty

Construct validity was checked with standardized factor loading scores >= 0.70 for the rule of thumb, for the construct validity to be...
passed [53]. From Table 2 above, overall the standardized factor loadings scores from each variable is more than 0.70, suggested strong convergent validity of the constructs that were used in these studies.

Construct reliability was checked with the construct reliability (CR) score >= 0.70, and variance extracted (VE) score >= 0.50 for the rule of thumb [53]. From Table 2 above overall the CR value from information quality, retailer quality, e-coupon proneness, e-loyalty, and e-trust above 0.70, and the VE value from information quality, retailer quality, e-coupon proneness, e-loyalty, and e-trust above 0.50, suggested that there is good reliability from all of the variables in these studies.

5.2. Structural Model

The structural model representing path analysis, which depicts the links among the latent variables [55]. The results of structural model are presented in Table 3.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>t-values</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: TRU → LOY</td>
<td>0.74</td>
<td>Not significant</td>
</tr>
<tr>
<td>H2: IQ → TRU</td>
<td>0.79</td>
<td>Not significant</td>
</tr>
<tr>
<td>H3: IQ → LOY</td>
<td>2.51</td>
<td>Significant</td>
</tr>
<tr>
<td>H4: RETQ → TRU</td>
<td>5.73</td>
<td>Significant</td>
</tr>
<tr>
<td>H5: RETQ → LOY</td>
<td>1.25</td>
<td>Not significant</td>
</tr>
<tr>
<td>H6: CPN → TRU</td>
<td>4.56</td>
<td>Significant</td>
</tr>
<tr>
<td>H7: CPN → LOY</td>
<td>3.83</td>
<td>Significant</td>
</tr>
</tbody>
</table>

Notes
IQ = Information quality
RETQ = Retailer quality
CPN = E-coupon proneness
TRU = e-Trust
LOY = e-Loyalty

The parameter t-values needed to be above 1.96, in order for the link relationship between latent variables significant [53], [55]. As seen in Table 3, in this research, e-trust (TRU) doesn’t have a significant effect on e-loyalty (LOY), thus H1 rejected. In this research, Information Quality (IQ) is not an antecedent for e-trust, therefore H2 also rejected. However, Information Quality has a significant effect on e-loyalty (LOY), therefore H3 confirmed. In this research, customers perception about retailer quality (RETQ) is a significant antecedent toward e-trust, therefore H4 is accepted. However, retailer quality doesn’t have significant effect on e-loyalty, therefore H5 is rejected. In this study, e-coupon proneness proved to be a significant antecedent for e-trust and e-loyalty. Therefore, H6 and H7 both are confirmed.

6. DISCUSSIONS

The objective of this study was to analyze factor – factors that lead to e-loyalty formation. The impacts of antecedent factors e-loyalty are discussed below.

First, this study found several variables that contributed to the e-trust formation. This study showed that consumers perceived retailer quality is a strong predictor of the formation of e-trust. This result is consistent with the previous study by Gopal Das[21] who found that perceived retailer quality has a significant effect on e-trust in Indian food retail brand [21]. Another variable that have significant role on e-trust formation is e-coupon proneness. This result is line with previous study by Zheng et al [24] who found that e-coupon proneness has a positive effect on e-trust. This study also found that consumer perceived on retailer quality has a positive and significant effect on e-trust formation. This result is in-line with the previous study by Konuk [49].

Second, this study also found that information quality doesn’t have a significant effect on the e-trust formation. This result is contradictive with the previous study by Kim et al [22]. Kim et al [22] study found that information quality has a significant effect on trust in the e-commerce context. We believed that this result was due to several reasons. Millenial digital costumer’s in Indonesia tend to build e-trust toward online retailer from product price, and online review, online testimony from other customers. The product information that presented by several online retailers in their page are relatively same for certain product categories, also there are a few online retailer that copy their product information from other online retailer.

Third, this study found several variables that contributed to the e-loyalty formations. This study found that information quality has a significant effect on e-loyalty formation. This result is in-line with the previous study by Kim and Niehm [37]. In their study Kim and Niehm found that information quality has a significant role in the e-loyalty formation in apparel retailing. One of the major findings in this study is that e-coupon proneness has significant and positive effect on e-loyalty formation. This result consistent with the previous study by Zheng et al [24] who found that e-coupon proneness has significant effect on e-loyalty.
Fourth, this study also found several variables that don’t have effect on e-loyalty. One of the major findings in this study is that e-trust doesn’t have a significant impact on e-loyalty. This result contradict with the previous result by Bilgihan [56], and Hong [57]. We believed that this finding may be due to the millennial digital costumer behavior and the nature of e-commerce. Through e-commerce, costumer’s can easily compare many different online retailers, costumer’s can easily move from one online retailer to another online retailer, also many online retailers that offer similar products for a certain product category. Thus, customers switching cost for moving from one online retailer to another online retailer is relatively low. Millenial digital costumer’s in Indonesia considers many other factors beside trust in the e-loyalty formation toward online retailers, such as coupon promotion. This study also found that consumer’s perceived retailer quality doesn’t have effect on e-loyalty. This result contradicts with the previous study by Das [21]. Gopal Das study found that perceived retailer quality has significant effect on loyalty in Indian food retailer consumer’s [21]. We believed that this finding may be also due to the millennial digital costumer’s online shopping behavior. Millenial digital costumer’s in Indonesia considers personal interaction with the online retailer, the online retailer response time, the condition of the product that they purchase in building loyalty toward online retailer not just their perceived retailer quality.

7. SUMMARY AND IMPLICATIONS

The results of this study provide evidence for the formation of digital millenial costumer’s e-loyalty toward online retailers in Indonesia.

First, this study found that e-coupon proneness and information quality are important in the formation of e-loyalty toward online retailers. Millenial digital costumers feel that the quality of product information presented by the online retailer and coupon promotion an important variable that effects on the e-loyalty. Online retailer in Indonesia must take notice that their product information needed to be understandable, believable, accurate, and also online retailers need to focus on the coupon promotion strategy in order to build e-loyalty from millenial digital consumers.

Second, this study reveals that digital millenial costumers perceived retailer quality and e-coupon proneness are important in the formation of e-loyalty toward online retailers. Millenial digital costumers consider online retailers quality that reflected in their product quality as one of the variables that effects on e-loyalty. Beside perceived retailer quality millennial digital consumers also considers coupon promotion as one of the variable that effect on their e-loyalty toward online retailer. Online retailer in Indonesia must take notice in the quality of their products, and their coupon promotion strategy in order to build e-loyalty from millenial digital consumers.

Third, the novelty from this study lies with the integration of the role of e-coupon proneness in the formation of costumers e-trust and e-loyalty, and this study findings reveals that e-coupon proneness has important role in the formation of e-trust and e-loyalty for digital millenial costumers in Indonesia. Online retailer must integrate e-coupon in their marketing promotion in order to build digital costumer’s millenial trust and loyalty.

This study has both theoretical and managerial implications. This study contributes to the e-commerce, customer behavior literature by providing an extension to the trust theory and loyalty theory in the context of the online retailer, and millenial digital consumers. This study contributes to the trust theory, by shedding light on the importance of perceived retailer quality and coupon proneness in predicting the e-trust. This study also contributes to the loyalty theory, by shedding light on the importance of information quality and coupon proneness in predicting e-loyalty. This study also confirmed that trust and loyalty are a valid theory in the context of online retailing. This study also contributes to e-commerce literature on -coupon proneness by extending the role of e-coupon proneness in online trust and online loyalty formation.

8. LIMITATIONS AND FUTURE RESEARCH

This study has certain limitations that invite further examination and additional research. First, this study has only focused on the online retailer that active in marketplace. Further study can be focus on the online retailer in a certain retail category, i.e. fashion, food, smartphone, gadgets, coffee, drinks, etc. Second, this study has only focused on the millenial generations (Y) as respondents. Future studies can take generation Z as respondents, or take generation Y, and Z as respondents to compare their responses on e-loyalty and e-trust toward online retailers.
REFERENCES:


