Appraisal of the potential of the growth of e-retailer based on impact of perceived value on trust for online purchases

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Main Message:

Customer satisfaction for online purchase and its subsequent influence on customer trust is a pivotal in the proliferation of online businesses that in turn can foster global and national economic growth.

Key Points:

The significance of understanding perceived value in the context of online shopping is as important as is in the context of traditional shopping.

Quantitative data were collected from customers, who have online shopping experience.

The analysis, carried out using structural equation modelling, suggests that customers' perceived acquisition value has a significant impact over their satisfaction which affect their trust with regard to an online retailer.

JEL Classification Code: M31, M37, M38.

1.0 | INTRODUCTION

The online retailer's growth as company is significantly dependent on customers' trust on the firm. As evident in extant literature that firm growth significantly depends on customer orientation and customers' perception of value received from the transaction, level of satisfaction, loyalty and overall trust to the company (Hay, 1992; Keiningham et al., 2008; Lu, Liu, & Rahman, 2017; Reicheld, 2003; Sirgy & Lee, 2008). Therefore, the integrated relationship among customers' perceived value, satisfaction and trust on the e-retailer would play an instrumental role for the company's success to ensure its seamless growth. In a similar way, Dhar and Glazer (2003) and Johnson and Selnes (2005) argued that in order to manage company growth, profitability, and shareholder value, the firms should focus around broader managerial perspective that takes into account the firm's entire customer portfolio. Customers' behavioral actions important for the firms, irrespective of the industry. In the context of online retailing, the significance of customers' behavioral actions are more significant as in this case, the interaction between buyer and seller is virtual. Due to the rise of phishing online scams and fraudulent activities, customers are very wary for browsing through any retailer's website, making a transaction and recommending that to other customers. Customers' such actions are highly determined by to what extent they are satisfied with and trust the e-retailer. In extant literature there are several studies which investigated firm growth through macro strategic factors; however, very few studies have used micro lenses such as underpinning variables of customer behavior to explain customer growth. Therefore, in this study we would develop and investigate an integrated pathway to build up trust for the online retailer which is instrumental for the overall growth of the company.

Since the advent of e-commerce, its application has increased at an exponential rate. The customer's tendency to do online shopping has been growing at great speed and in many

cases, at the expense of traditional shopping (Anselmsson, 2016). In understanding the customers' both online and offline shopping behaviour, perceived value plays an important role. The significance of understanding perceived value in the context of online shopping is as important as is in the context of traditional shopping. Although perceived value is difficult to define and measure, the most common definition is a ratio or trade-off between quality and price, i.e. value for money (Yu, Zo, Kee & Ciganek, 2013). Consumers assess the net gain obtained from acquiring, possessing or using a product which influences relational outcomes, such as consumer satisfaction, trust and loyalty. While doing so, consumers compare the purchase price to the reference price held in their memory and obtain a transaction value which may lead to hedonic and ego-related benefits from taking advantage of a good price deal (Grewal, Monroe & Krishnan, 1998). This double aspect of transactions has been largely documented in Thaler's exchange theory (Thaler, 1983; 1985).

Customers' perceived value has a significant impact on their consumption behavior. However, relatively few studies investigate the role of perceived transaction value on consumer satisfaction (Audrain-Pontevia et al., 2013; Darke & Dahl, 2003) and, to the best of our knowledge, no study tests its impact both on consumer satisfaction and trust in an online environment. Because like customer satisfaction, trust plays a significant role in various transactional relationships as it results in building and maintaining relationships. Customers' perception of value enhances their level of satisfaction which eventually positively affects their trust. The journey of a customer from being a satisfied one to becoming a trusting one is significantly influenced by other customers' opinion. Prior studies have established the influential role of word of mouth (WoM) in building customers' decision making process in the context of online shopping. However, knowledge related to the moderating role of WoM in building trust has been under-researched particularly in case of online shopping. In order to

address the gap in the literature, this study has investigated the effect of customers' perceived value (both acquisition and transaction) on their satisfaction and trust over the website. Moreover, it also examines how the e-WoM moderates the relationship between satisfaction and trust.

On the other hand, customers' trust on the e-retailer is significantly influenced by the companies' intention and measures for recovering service failures. In business operations, failure to comply with the service promise is an unexpected but common incident which negatively affects the customers (Zeithaml, Bitner & Gremler, 2006). As a result, companies have to work hard to manage these failures effectively and implement service recovery efforts with a view to obtaining and enhancing customers' satisfaction, loyalty and trust. Service recovery, both in online and offline contexts, refers to the actions companies take as a process of handling mistakes and in response to any service failure and eventually, turning them from a negative into a positive experience (Hu et al., 2013; Oliveira & Roth, 2012; Steyn et al., 2011). Recent research in the area of service recovery has demonstrated its direct relationship with various customer-related outcomes such as trust, repurchase intention, commitment, and word of mouth, which all play a crucial role in success for retailers both in online and offline contexts (Collier & Bienstock, 2006). Although service failure and recovery issues have received considerable attention in the literature (Parasuraman et al., 2005), these topics have received only limited attention in the context of online retailing (Oliveira & Roth, 2012). In addition, most of the research in service recovery discussed about customers' positive and negative emotions after the service failure; however, knowledge is limited in the area of pre-emptive measures of service recovery as well as its impact on customer-related outcomes. The demonstration of e-retailer's intention to recover service failures would also instil positive effect on the customers' mind by assuring openness and

positivity about two-way communication. This study would also investigate the impact of e-retailer's intention of service recovery over the customers' trust. Moreover, it would also examine how intention of service recovery moderates relationship between customers' satisfaction and trust on the e-retailer.

The theoretical framework of this study has been provided by exchange theory, technology acceptance model (TAM) and means-end chain theory. According to Thaler's exchange theory (Thaler, 1983; 1985), customers' perceived utility obtained from a transaction refers to two cognitive processes: acquisition utility and transaction utility. Customers' acquisition value is measured as the difference between acquisition utility and the purchase price; therefore, it depends on comparison of the value of the goods received and the expenses. On the other hand, the transaction value refers to the difference between the customers' reference price and the purchase price. In the customers' mind, this internal reference price represents a price that serves as a basis for evaluating the actual prices (Audrain-Pontevia et al., 2013). The TAM suggests that when individuals are presented with a new technology, a number of factors come into their decision about how and when they will use it (Davis, 1989). TAM postulates that perceived value is an important determinant of technology acceptance (Davis, Bagozzi & Warshaw, 1989). In addition, the individuals' behavioral intentions to use an IT are determined by attitude, perceived value and usefulness beliefs. However, rather than being a generic model for individual behavior in social environment, TAM has a clear focus on technology acceptance behavior of computer users. The means-end chain theory involves people's cognitive structures of purchasing behavior (Gutman, 1982). Means end chain theory provides a methodology to identify the linkages between the attributes that are prevalent in the products, the consequences to the consumers provided by the attributes, and the personal values that the consequences reinforce. The model combines attribute–

consequence–value (A–C–V) model and the technology acceptance model (TAM) and posits that factors at the consequence level lead to factors at the value level, which in turn lead to behavioral intention to use the system (Chiu, 2005).

Overall, this research contributes to the extant literature by enhancing the conceptual perspective of Thaler's exchange theory and emphasizing the significance of perceived value and satisfaction as the drivers of building customers' trust. Highlighting the significance of Thaler's exchange theory, the study outcomes would distinguish acquisition value from transaction value, discuss the moderating effect of e-WoM on the customers trust building. In the next section, the key concepts underlying the research are discussed that leads to the development of the conceptual framework and formulation of hypotheses. After the research method, sample, and data analysis approach are described, the results are presented along with their implications for e-commerce theory and practice. The manuscript concludes by acknowledging the limitations and directions for further research.

2.0 | LITERATURE REVIEW

The relationship between customer behavior and firm growth are intertwined. From a macro perspective firm's growth is influenced by various strategic and environmental variables. The micro perspective suggest that customers' behavior, in terms of their actions such as purchase, repeat purchase and word of mouth are a strong determinant of firm's reputation which significantly influence the overall growth (Keiningham et al., 2008). Customers such actions are generally the manifestations of their perception of value, satisfaction and trust for the brand and company. In this section, we are going to understand the conceptual relationship among these behavioral actions of the customers which have tremendous implications for the firm's growth.

Customer perceived value refers to the consumer's overall assessment of the utility of a product based on the customers' perceptions of what they are receiving and what they are sacrificing (Zeithaml, 1988). In the extant literature, customer perceived value has received considerable attention both from the academia and business practitioners as it has several implications for the firm which are predicting purchase behaviour (Chen & Dubinsky, 2003), achieving sustainable competitive advantages (Lindgreen &Wynstra, 2005), and facilitating relationship management (Payne et al., 2001). In addition, perceived value contributes to the customers' loyalty towards an e-commerce platform by reducing the customers' tendency and need to seek alternative options (Anderson & Srinivasan, 2003). Research in online marketing should pay special attention to the motivations or desired values underlying the consumers' use of the online medium (Cowles et al., 2002). The online environment presents a more difficult challenge for an e-commerce firm since there are various alternatives for customers which eventually make things difficult to build long-term relationships (Chang and Wang 2011). Customer perceived value has significant role for enhancing their level of satisfaction as well as the relationship between satisfaction, trust and loyalty (Anderson and Srinivasan 2003; Flavian et al., 2006; Kassim & Abdullah, 2010). In this regard, other customers' views also play a key role. Word-of-mouth (WoM), both in online and offline contexts, influences the customers' trust on any product/service by providing relevant information about the quality which eventually reduces decision risk without physical trials, and facilitates purchase decision. Although in the online shopping environment, customer perceived value is of crucial importance, it failed to receive adequate research attention; therefore, it is important to understand the role of perceived value in the customers' online shopping behaviour (Chang & Wang, 2011). Figure 1 presents the conceptual model of the study.

The growth of firm is determined by various tangible and intangible assets which includes human capital, culture, intellectual property, corporate and brand reputation, technology and customers repeat purchase behavior (Reid et al., 2017). Certainly customers' trust, perceived value are some of the important factors that have contributed to their continuous patronization of the firm which eventually supports growth (Rhoades, 2006). Keiningham et al. (2008) argued that management people should understand that the road to firm growth runs through customers, not only by acquiring new customers but also by the retention of existing ones and persuading them to spend more and getting them to recommend products and services to the people they know. Customers' such actions are strongly underpinned by their perception of the company and trust on the brand.

2.1 | Perceived value and Satisfaction

Customers' perception of value and satisfaction with product and company have significant impact for the growth of the organization particularly in the case of retailers. When customers perceive the reception of value from any transaction with the company, they become satisfied and make repeated visit to the store or log into the retailer's e-commerce website. As a result, sales revenue soar and profitability is increased which eventually improves the company's growth (Babakus et al., 2004). Perceived value, as it has been defined here, refers to the ratio of benefits received from providers relative to the costs sacrificed by customers. In a nutshell, it is a variable that reflects the net utility derived from a provider (Yang and Peterson, 2004). Perceived value could be categorized as acquisition value and transaction value. Perceived acquisition value refers to the perceived net gains accrued when customers acquire a product or service. A product's perceived acquisition value is positively influenced by the benefits consumers believe they gain by acquiring and using the product and negatively affected by

the costs associated with the product (Grewal et al., 1998). On the other hand, perceived transaction value is defined as the customers' perception of psychological satisfaction or pleasure gained from getting a "deal" (Grewal et al., 1998). Generally, consumers are likely to be more satisfied when they find that the price they paid for any product is inferior to their reference price. However, in extant literature, knowledge related to the potential impact of perceived transaction value on consumer satisfaction is under-researched. Most studies on this issue have targeted at determining price and sales promotion policies while considering its effects on customer willingness to pay and purchase behavior. Moreover, studies combining both perceived acquisition value and perceived transaction value is very limited in marketing literature particularly in online context (Audrain-Pontevia et al., 2013). Customer satisfaction is defined as the customers' evaluation of any product in terms of whether that has met their needs and expectations (Jaiswal, 2008). There are various factors that have contributed to the customers' satisfaction such as price, reliability, accessibility and flexibility, appearance, social and enhancement of customers (Kanuyrhi, 2017). On the relationship between the two constructs, Woodruff (1997) argued that perceived value indicates customer cognition of the nature of relational exchanges with their suppliers while satisfaction reflects customers' overall feeling derived from the perceived value. In the extant literature, there are also empirical evidence that customer-perceived value exerts a positive effect on customer satisfaction (Anderson & Mittal, 2000; Audrain-Pontevia et al., 2013; Yang & Peterson, 2004). Most of the earlier studies on perceived transaction value have investigated its impact on purchase or on willingness to pay and very few empirical studies have investigated the potential impact of perceived transaction value on consumer satisfaction. Therefore, based on the previous literature, it is hypothesised that,

H1: Customers' perceptions of acquisition value has a positive effect on their perceived satisfaction.

H2. Customers' perceptions of transaction value has a positive effect on their

perceived satisfaction.

PLEASE INSERT FIGURE 1 HERE

2.2 | Satisfaction and trust

Trust plays an important catalytic role in various transactional relationships as it focuses on

the process of building and maintaining relationships. From the company's point of view,

irrespective of industry and type of business, customer trust plays a pivotal role for the firm's

growth since trust provides the psychological foundation to the customers' intention to

patronize the firm's growth through positive purchasing behavior (Babakus et al., 2004).

Trust represents the customers' confidence on the company's integrity (Wen & Chi, 2013).

Rousseau, Sitkin, Burt, and Camerer (1998) has defined trust as ''a psychological state

composing the intention to accept vulnerability based on expectations of the intentions or

behavior of another'' (p. 395). In e-commerce, trust exerts a striking influence on the

customers' willingness to engage in behavioral action about any product, brand or seller

(Wang et al., 2003). Satisfaction has been linked to the trust in a relationship which could be

greater when the satisfaction that the seller, brand or product gives the consumer is higher (Bauer and Grether, 2002). Satisfaction depends on the difference between what a consumer desires and finally what s/he receives, considering other intangible and tangible aspects. The customers' perception of the fulfilment of the required level of honesty, benevolence and competence in the e-commerce transaction would enhance his/her level of satisfaction (Flavian et al., 2006). Research in this regard suggests that it may be necessary to look beyond satisfaction to other variables, such as trust, that ensure long-term customer commitment and strengthen retention to a single service provider (Hart & Johnson, 1999; Kassim & Abdullah, 2010). Empirical findings on the relationship between perceived online satisfaction (e-satisfaction) and online trust (e-trust) are mixed such that Kassim and Ismail (2009) found no relationship between them; whereas, others found a significant positive relationship (Horppu et al., 2008; Kassim & Abdullah, 2010; Kim et al., 2008). Therefore, since satisfaction can act as an instrument to create trust, it leads to the formulation of the third hypothesis:

H3: Customers' satisfaction has a direct and positive influence on the degree of trust.

2.3 | Online WoM and Trust

The e-WoM has been regarded as an important topic among marketing researchers and practitioners for a long time (Hennig-Thurau et al., 2004; Lee, et al., 2012). Previous research has shown that e-WoM is more influential than traditional marketer-created information because e-WoM is perceived to be convenient and have higher credibility (Bickart & Schindler, 2001). According to Hennig-Thurau et al. (2004), e-WoM refers to any positive or negative statement, made available to a multitude of people and institutions via the Internet,

suggested by potential, actual, existing or former customers about a product or firm. While making a behavioral action both in case of offline and online, people look for supportive information from other reliable sources. Therefore, the social presence has a significant influence on competence, integrity, ability, and benevolence of any specific product or seller. Thus, it is expected that e-WoM systems will have a positive association with trust since they will contribute to a greater sense of social presence (Awad & Ragowsky, 2008). Potential customers find information from other buyers more reliable and trustworthy as that reflect the buyers' actual experience (See-Toh & Ho, 2014). Therefore, since information from other buyers' play a significant role in building trust for any online shopping platform, it is hypothesised that

H4: e-WoM has a significant influence over the customers' trust.

2.4 | Moderating role of e-WoM

e-WoM exerts moderating effect over the customers' trust such that customers' level of high satisfaction is converted into trust provided that there is the presence of positive e-WoM from other customers and vice-versa. Customers' trust on an e-store and its products can be developed in the online forums where other actual buyers submit their opinions and share experiences (Dellarocas, 2003). A satisfied customer can become a trusted and loyal customer if s/he identifies that there is a large quantity of positive e-WoM about the product sold by a firm; whereas, if the satisfied consumer notes that there is a large quantity of negative e-WoM about a product sold by a firm, this will erode the level of satisfaction and eventually develop an overall negative expectation which reduces his/her trust on the product and the firm (See-To & Ho, 2014). Therefore, it is hypothesised that

H5: e-WoM moderates the relationship between customers' satisfaction and trust.

2.5 | Intention of Service Recovery and Trust

In extant literature, both in offline and online contexts, there are several instances which suggested that customer satisfaction with service recovery has positive influence on customers' trust for the company (Collier & Bienstock, 2006; De Matos et al., 2007; Vázquez-Casielles eet al., 2010; Wen & Chi, 2013). Service recovery has been proved to directly influence trust (DeWitt et al., 2008; Aurier and Siadou-Martin, 2007) and indirectly influence trust via satisfaction (Ok et al., 2005; Kim et al., 2009). Failure to comply with the service promise is an undesirable but common incident in business operations which has a negative consequence. The implementation of effective service recovery is a strong tool to overcome the negative consequences as well as to establish trust on customers' mind about the company (Hu et al., 2013; Ruyter & Wetzels, 2000; Urueña & Hidalgo, 2016). It is not completely possible for the companies to eliminate service failures; therefore, effective handling of these failures and implementation of service recovery efforts would enhance customer satisfaction, loyalty and trust in the future (Steyn et al., 2011). Moreover, intention for service recovery and providing customers with options will help to minimize the negative impact of a failure when one does occur (Bitner, Ostrom & Meuter, 2002).

The current day online customers, before making the purchase decision, look for company information and service recovery measures, along with the product details (Jeong et al., 2012; Kwon et al., 2002). Companies can express their intention to recover any service failure by providing contact information as it certifies the companies' openness and positivity about two-way communication (Patel & Weberling, 2014). Research conducted by Miller et al.

(2000) suggested that the company's intention to recover service, delivery speed and proactive marketing strategy are key to generate and maintain customers' trust which would lead to loyalty. Recent research in online marketing confirms a positive relationship between consumers' perceptions of website information quality and website trust (Detlor et al., 2013). Furthermore, the satisfied customers' trust on the website will be reinforced if they find companies' openness and positivity about two-way communication and intention to resolved any service failure. If the satisfied customer finds that the firm has the right resources, capabilities and intention to resolve any problem, it will positively enhance the customer's trust in the firm (Kau & Loh, 2006; Tax et al., 1998). Since service failures contribute to create insecurity in the customers' mind and affect trust in the firm, an effective service recovery can be an opportunity to demonstrate company's intention to recover service failure and make customers feel that the firm is able and willing to correct the problem which would have a positive impact on consumer trust (de Matos et al., 2007). Based on the above discussion, the following hypotheses could be suggested,

H6: Intention of service recovery has a positive influence over customers' trust on the website.

H7: Intention of service recovery moderates the relationship between customers' satisfaction and trust on the website.

3.0 | METHODS

In this study, quantitative approach was adopted to collect and analyze the data. All the measures comprised of reflective items and were adapted from existing literature. In order to measure perceived value (both acquisition and transaction) scales developed by Audrain-

Pontevia et al. (2013) have been adopted. Customer's perceived satisfaction is measured by the scale developed by Flavián et al. (2006). To measure online word of mouth and trust, scales have been adapted from Al-Debei et al. (2015) and Anderson and Srinivasan (2003) respectively. Intention of service recovery was measured adapting the E-RecS-Qual scale developed by Parasuraman et al. (2005). Table 2 provides a detailed discussion on the measures items and factor loadings. The items were measured using 7-point Likert-scale anchored with 1="strongly disagree" and 7= "strongly agree". Prior to the final field work one pilot test (n=31) and one pretest (n=42) were conducted for the purpose of validating the instrument and ensuring the suitability of the survey administration. The outcomes of the pilot test and pretest resulted in minor changes such as rephrasing the wordings and restructuring the layout of the instrument. For this study data were collected through a self-administered questionnaire with the customers who have shopped product/services online. Table 1 presents the details of the sample which indicates that all the respondents were aged over 18 years, were almost evenly distributed as gender and most of them are employed. Altogether, 359 respondents completed the survey. The database was rigorously scanned through to eliminate the cases with an unusually short completion time (Marescaux, De Winne, & Sels, 2012). Moreover, those respondents were eliminated who gave the same response to a series of questions and had a standard deviation of less than 0.50 (Loughry et al., 2007). After the clean-up of incomplete surveys, the final sample consisted of 340 responses.

PLEASE INSERT TABLE 1 HERE

PLEASE INSERT TABLE 2 HERE

PLEASE INSERT TABLE 3 HERE

4.0 | FININGS AND ANALYSIS

The data were analyzed applying structural equation modelling using AMOS 22. The measurement model demonstrated acceptable fit indices with the data which are, CMIN/DF =1.91 (456.78/238), p=0.00, GFI=0.94, AGFI=0.901, CFI=0.95, RMSEA=0.052 and SRMR=0.045. The confirmatory factor analysis (CFA) results strongly established the convergent validity and reliability of the constructs which were evaluated through factor loadings, Chronbach's alpha, composite reliability and average variance extracted (AVE). All of the items in the measurement model showed significant acceptable loading (between 0.64 and 0.93, p<.001) (Anderson & Gerbing, 1988). Reliability of the study is established through the acceptable Cronbach's alphas and composite reliability scores (CR> 0.70). The average variances extracted (AVE) were higher than the recommended level of 0.50 (Hair, Hult, Ringle, & Sarstedt, 2014). Discriminant validity was ensured by the acceptable patterns of cross-loadings and using Fornell and Larcker's (1981) criterion which showed that square root of each construct's AVE is greater than the largest correlation the construct shares with any other constructs (Hair et al., 2014). Table 3 summarized the descriptive statistics, factor correlations, reliability and validity analysis.

In this study, since self-reported measures were adopted, the impact of potential common method bias was minimized by adopting well-established scales, proximally separated

measures of predictors, and maintaining the respondents' anonymity (Podsakoff et al., 2012).

The potential problem of the common method bias was also handled through Harman's one-factor test (Podsakoff & Organ, 1986) which showed that none of the factors accounted for the majority of covariance among items and the single-factor solution did not fit the data well (CMIN/DF= 18.67, p=0.00, GFI= 0.66, AGFI=0.70, CFI= 0.75, TLI=0.68, RMSEA= 0.17 and SRMR= 0.15). In addition, with a view to minimize the problem of self-generated validity several measures were adopted such as counter-balancing the items, randomizing the order of the items, and placing the criterion variables between demographic variables (Caligiuri et al., 2001; Podsakoff et al., 2003).

In order to test the hypotheses, two models were developed in this study, results of which are presented in table 4. Model 1 examined hypotheses H1 to H4 and H6 and it showed that all the relationships are significantly supported except H2 (β=0.06 and t-value=0.79) and H5. Model 2 was developed to investigate the moderating effect of e-WoM and intention of service recovery on the relationship between Perceived satisfaction and Trust. It shows that intention of service recovery (β=0.22 and t-value=8.12) successfully moderates the relationship between Perceived satisfaction and Trust; moreover, e-WoM also exhibited positive significant role in moderating the relationship ((β=0.43 and t-value=11.67). Therefore, H5 and H7 were not rejected. The moderation effect was assessed using the product-indicator approach where all the predictor and moderator variables were standardized before creating the moderator terms. Moreover, the R^2 of both the models were compared and assessed by the Cohen effect size (f^2) formula (Cohen, 1988). The inclusion of the interaction term has increased the R^2 value by 0.03 to a value of 0.59 (adjusted R^2: 0.57). Following the Cohen's effect size formula the size of the interaction effect (f^2) is thus 0.054, which can be regarded as small but substantial (Chin et al., 2003). Limayem et al. (2001) argued that 'If

there is a likelihood of occurrence for the extreme moderating conditions and the resulting beta changes are meaningful, then it is important to take these situations into account' (p. 281). A small effect size does not necessarily suggest an unimportant effect (Wilson, 2010).

PLEASE INSERT TABLE 4

5.0 | IMPLICATIONS AND CONCLUSION

To facilitate the growth of the firm, undoubtedly, one of the most significant resources is the customers' perception of the company and their corresponding behaviour. This is also more important when the customers have to make a purchase on an online platform. Therefore, the growth of the online retailer is significantly dependent upon how the valuably and satisfactorily the customers perceive the retailer's product and eventually trust the company. Therefore, the significance of this study is that it indirectly established the integrated pathway of the customers' behavior in the context of online retailer which would have an important implication for its growth. With that point in backdrop, the objective of this study was to isolate the effects of perceived transaction value and acquisition value on customers' e-satisfaction and trust which eventually contribute to the significant proliferation of an e-commerce based company. Moreover, it also endeavored to examine the moderating effect of e-WoM and e-retailer's intention of servicer recovery on the relationship between customers' perceived online satisfaction and trust because, as evident in earlier studies, the customers' feedback in the form of e-WoM and the company's intention to service recovery play a key role in the growth of the online retailer.

This study findings have addressed the call for research of Ha and Janda (2008) in establishing whether perceived value plays a significant role in affecting satisfaction. In addition, it has discussed the research findings of Grewal et al. (1998) and Audrain-Pontevia et al. (1998) from different dimensions. Moreover, the findings would also establish the significance of customer action and behavior, particularly their trust on online retailer in enhancing the growth of the company. Overall, the results of this study confirm Thaler's exchange theory's usefulness for analyzing the impact of perceived value on e-satisfaction and trust.

The study findings indicate positive correlations between perceived transaction value and perceived acquisition value which suggest that getting a good deal and obtaining good value for money have the same meaning for consumers. This finding has a mixed resemblance with previous findings in this regard such as it contradicts with the findings of Audrain-Pontevia et al. (1998) who suggested a negative correlation between them. However, the findings indicate that higher acquisition value is associated with a higher transaction value to the consumer, similar findings suggested by Grewal et al. (1998). One of the possible explanations could be that, to the customers, prior to purchase, price serves as an extrinsic cue of product quality (Zeithaml, 1988) which prevails even after the online transaction when consumers obtained a good bargain.

The findings also suggest that customers' perceived acquisition value has a strong influence on customer' satisfaction with online purchase which is consistent with previous studies (Fornell et al., 1996). It can be argued that while perceived acquisition value is essentially rooted in the cognitive evaluation of product/service, satisfaction describes the consumer's

cognitive and affective state. As we know, perceived acquisition value is the customers' perception of any prevailing positive difference between what they are paying and what they are receiving in terms of benefits from the product/service. Customers, who perceive a positive acquisition value, would feel satisfied with the e-retailer. The findings of this study would also establish that customers' perceived transaction value has no direct significant relationship with customers' satisfaction with the e-retailer. A plausible explanation could be that customers' perceived transaction value is their psychological satisfaction or pleasure obtained from taking advantage of the financial terms of the price which is more applicable with the price sensitive customers (Grewal et al., 1998). As a result, customers' perception of transaction value might not enhance their satisfaction with the e-retailer. This finding contradicts with earlier findings in this regard who find a relationship between them (Darke & Dahl, 2003). Moreover, the study establishes that the customers will develop trust on the product, brand or online store provided they are satisfied with the store or brand. This finding is consistent with the findings of other studies (Horppu et al., 2008; Kassim & Abdullah, 2010; Kim et al., 2008) who found a significant positive relationship.

Another major implication of this study would be the positive effect of e-WoM on building customers' trust. Compared to traditional marketer-created information, e-WoM is more influential as it is perceived to bear higher credibility as that reflect the buyers' actual experience (Bickart & Schindler, 2001; See-Toh & Ho, 2014). Therefore, in both offline and online contexts, customers look for supportive information from other reliable sources while making a purchase as the social presence has a significant influence on competence, integrity, ability, and benevolence. The findings could establish the moderating role of e-WoM in the relationship between e-satisfaction and trust. Satisfied customers are converted into trusted and loyal ones provided that they found a large quantity of positive e-WoM about the brand

or store (See-Toh & Ho, 2014). Thus, this argument indirectly established the significant role of customer feedback to facilitate the growth of the online retailer.

Another noteworthy contribution of the study is identifying the significance of e-retailer's proactive service recovery measures in building the customers' trust. As established in this study, customers feel confident with the e-retailer's service policy and trust the e-store as a result of the company's intention of service recovery. Moreover, the e-retailer's intention of service recovery moderates the relationship between customers' satisfaction and trust on the e-retailer. Earlier studies demonstrated that the company's service recovery activities have a definite consequence in mitigating the customers' negative perception as a result of service failure. However, knowledge related to the impact of e-retailer's intention of service recovery over building the customers' trust has been very limited. The findings of this study established that proactive service recovery provides guarantee to the customer about the e-retailer's service promise and delivery. The findings resound the earlier findings such that companies should be proactive and demonstrate strong intention overcome any service failure rather than an adopting reactive service management approach (Fu et al., 2015). E-retailer's intention of service recovery indicates that the company has the ability and adopts openness and positivity about two-way communication and demonstrates intention to resolve any service failure. These offers assurance to the potential and existing customers that the e-retailer has kept the window open to rectify any mistake. In addition, service failures are common and many customers are reluctant about filing any complaint about any service failure (Zeithaml et al., 2009), proactive service recovery measures can play an important role in mitigating the potential negative effects of service failure. Therefore, customers are likely to be satisfied and build more trust for the e-retailer if the company demonstrates its intention and pre-emptively follows effective recovery for any probable service failure. Such acts of

the company would also have significant impact over the growth of the company in the long run as it would establish trust on customers' mind.

The findings of this study also have some implications for practitioners. Customers are a key resource for the growth of the firm irrespective of the industry and nature of business. Therefore, in order to ensure the firm's growth, the management must earn customers' trust. In this regard, the managers could use the outcome of this study as a roadmap in implementing the customer-centred strategy and achieving superior service performance. Therefore, it may work as the primary guide in the implementation of the marketing concept by assisting in its initiation and further development. The foremost implication of this study is that it would help the firm in understanding customers' perception of value and satisfaction which subsequently would result in trust. In addition, the online marketers would also need to emphasize on receiving positive reviews from customers and circulate and promote those to enhance potential customers' trust on the retailer. The findings of this study emphasized the e-retailer's adoption of proactive marketing strategy particularly providing adequate information on their website about measures against service failure. The e-retailers' intention of service recovery instils trust among the potential customers by providing assurance, openness and window of two-way communication. The company should ensure the allocation of key resources and people for initiating and maintain such proactive service recovery measures as it plays a significant role in enhancing the customers' trust.

While this study contributes to the literature of e-commerce, it has limitations that warrant its findings which remain to be addressed by future research. The outcome of this study should be read in its context and sample size. Since it was conducted on a convenience sample, it warrants the external validity of the results. This is a cross-sectional study; therefore, further

studies could be conducted following a longitudinal process to validate the dimensions of the functional relationships between variables. In addition, the study was conducted combining both product and services which enable the researcher to expand the findings. Certainly the heterogeneity context facilitates generalizability of the findings to other industries; however, it lacks the specialized view in a homogeneous context. Therefore, further research attempts could be tailored to replicate this investigation with regard to geographical contexts, demographical characteristics and cultural difference. This model could also be investigated from the organization's point of view including its direct and indirect effect for the firm growth. Future research could be conducted with larger samples to enhance validity and to further investigate the potential moderating role of other variables such as source of information, type of product/services. Additional research can also endeavour to investigate various psychological processes to explain the possible boomerang effect of transaction value in case of online shopping. Further research activities could be initiated to simultaneously investigate the proactive and reactive service recovery measures of the e-retailers.

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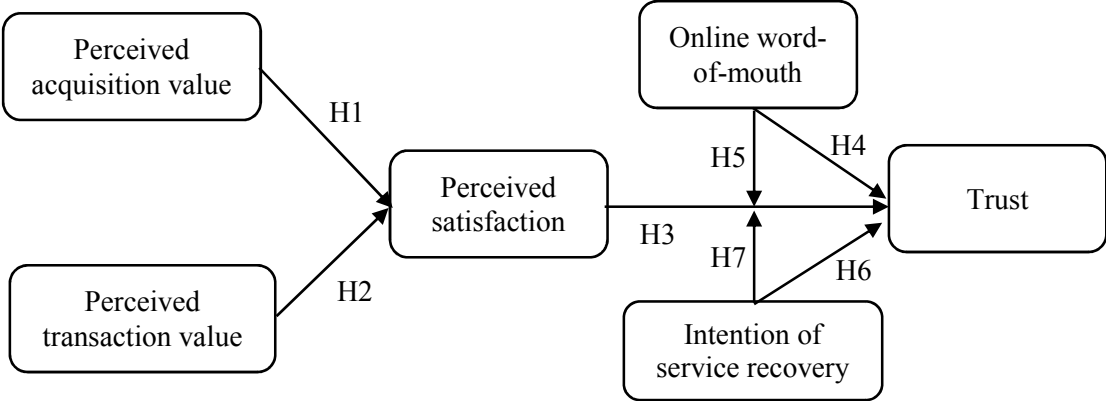
FIGURE 1: The conceptual model

List of tables

TABLE 1 Distribution of sample

Age	Freq.	%	Employment	Freq.	%	Gender	Freq.	%
18 to 30 years	117	35.4	Student	82	24.8	Male	187	57.0
31 to 45 years	105	31.8	Employed	152	46.1	Female	143	43.0
Above 45 years	108	32.8	Unemployed/Retired	96	29.1			
Total	330	100.0	*Total*	330	100.0	*Total*	330	100.0

TABLE 2 Operationalization of the measures and factor loading

Measures and items	Estimate
Perceived acquisition value	
PAVal1. This product/service deserved the sacrifices I made.	0.846
PAVal2. This product/service deserved the time and money I invested in buying it.	0.805
PAVal3. The price paid is fair if we consider the product/service performance.	0.795
Perceived transaction value	
PTVal1. What I bought on this website was of good value.	0.692
PTVal2. I think this purchase was a good deal in comparison to other offers.	0.759
Perceived satisfaction	
PSat1. I think that I made the correct decision to use this website.	0.773
PSat2. The experience that I have had with this website has been satisfactory.	0.814
PSat3. In general, I am satisfied with the way that this website has carried out transactions.	0.756
PSat4. In general, I am satisfied with the product/service I have received from the website.	0.786
Online Word of mouth	
EWoM1. Before I buy, I often read online recommendations to buy products from this e-retailer.	0.770
EWoM2. Before I buy, I often read positive online reviews about the products of this e-retailer.	0.791
EWoM3. My e-community frequently post online recommendations to buy from this e-retailer.	0.848
EWoM4. Consumer's online recommendations and reviews make me more confident in purchasing the product.	0.757
Intention of service recovery	
Int1. This website promises to take care of problems promptly.	0.745
Int2. This website provides a contact number to reach the company.	0.769
Int3. This website has customer service representatives available online.	0.708
Int4. This website tells me what to do if my transaction is not processed.	0.751
Int5. This site offers a meaningful guarantee.	0.712
Int6. This website offers compensation for problems it creates.	0.691
Int7. This website assures to compensate if my order doesn't arrive on time.	0.679
Int8. This website provides me with convenient options for returning items.	0.685
Trust	
Trust1. The performance of this e-retailer meets my expectations.	0.683
Trust2. This e-retailer can be counted on to successfully complete the transaction.	0.751
Trust3. I can trust the performance of this e-retailer.to be good.	0.665
Trust4. This e-retailer is reliable for online shopping.	0.801

TABLE 3 Descriptive statistics

	Mean	Std. Dev.	α	CR	AVE	1	2	3	4	5	6
1. Perceived acquisition value	4.80	1.17	0.85	0.84	0.71	*0.84*					
2. Perceived transaction value	4.97	1.18	0.70	0.81	0.76	0.38	*0.71*				
3. Perceived satisfaction	4.74	1.06	0.88	0.81	0.74	0.61	0.23	*0.86*			
4. E-WoM	4.67	1.35	0.86	0.89	0.62	0.36	0.21	0.44	*0.73*		
5. Intention of service recovery	5.10	0.71	0.87	0.86	0.68	0.46	0.26	0.52	0.37	*0.78*	
6. Trust	5.07	1.18	0.80	0.85	0.68	0.55	0.26	0.60	0.38	0.62	*0.82*

TABLE 4 Structural model and result of hypothesis testing

Hypothesized relationships	Model 1		Model 2	
	β	t-value	β	t-value
H1: Perceived acquisition value → Perceived satisfaction	0.66	8.14	0.65	15.73
H2: Perceived transaction value → Perceived satisfaction	0.06	0.79^{ns}	*0.04*	0.90^{ns}
H3: Perceived satisfaction → Trust	0.45	11.43	0.47	16.58
H4: Online WoM → Trust	0.21	13.80	0.45	12.41
H5: Interaction of Perceived satisfaction and e-WoM → Trust	--	--	0.43	11.67
H6: Intention of service recovery→Trust	0.39	8.22	0.21	4.83
H7: Interaction of Perceived satisfaction and Intention of service recovery →Trust	--	--	0.24	6.59
R square		0.56		0.55
Adjusted R square		0.58		0.57

ns= not significant