



A Study On Factors Influencing E-Retail Patronage Behaviour Among Generation Z Consumers

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Abstract

In the internet shopping scenario, buyer behaviour is affected by a plethora of factors, including buyer trust, privacy concerns and perceived risk. Online retail (e-retail) is quite evidently growing at a fast pace, and the degree of online purchase is humongous. However due to complex market scenario intense competition and ever-changing consumer dynamics, sustainability is sceptical. Hence e-tailers are extremely focused on the loyalty aspect of buyers. Thus, it is pivotal for marketers to identify those factors that foster e-retail patronage behaviour amongst online buyers, specifically generation Z. Demographically more than 50% of India's population is below the age of 25. Therefore, the study is focused on individuals belonging to that age group. The objective of this research is to explore those factors of an e-retail stores that are pivotal in developing a sense of loyalty among Generation Z consumers. This study explores the patronage behaviour of Generation Z consumers by focusing on three key variables: e-store atmospherics, e-service quality, and e-merchandise, in relation to their patronage intentions. Data was gathered through a structured questionnaire. The findings identified additional significant factors influencing patronage behaviour. The outcome revealed that e-merchandise showed a negative association with e-patronage intentions, whereas both e-service quality and e-store atmospherics were found to have a positive impact on Generation Z's online patronage behaviour.

Key words: Generation Z, E-retailer, SOR, patronage behaviour, patronage intention, store attributes.

Introduction

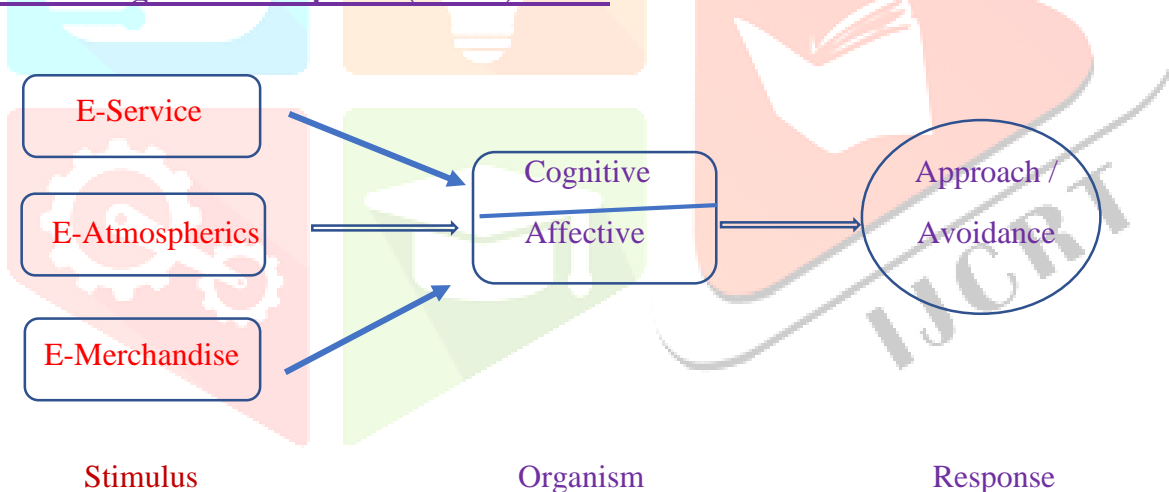
The rapid diffusion of the Internet as commercial medium and its acceptance as a popular medium of shopping across all age groups specifically among youngsters has caught the fancy of marketers. However, there are some apparent barriers that have attributed consumers' reluctance to purchase online (e.g security, privacy issues). Since the rise of B2C online shopping websites as major transaction platforms, attracting consumers to online shopping has become critical issue for both firms and researchers. Scholars have proposed several conceptual models to capture factors that affect consumer preferences for online shopping websites. The deciding factor for preferring one store over the other varies contextually in terms of store formats (online vs. brick and mortar). The problem being consumer's lack of trust in online sellers. This is directly related to their online behaviour. Around 90% of customers abandon their e-shopping carts because they are sceptical about online retailers.

The revenue and growth of an organization depends largely on developing, sustaining and enhancing the loyalty of its consumers. Enhancements in customer retention often aid in drastic increase in profit. As compared to non-loyal buyers, loyal customers tend to visit their online shopping sites at a doubled rate and according to study 35% - 40% of online players generate revenues from repeat purchases. Directionally the patronage intentions and behaviours of online shoppers has been found to be profound. To tackle the competition and ensure sustainability, e-tailers have to create, propose and deliver extraordinary value to the customers. This shall lead to a positive brand image and loyalty among buyers. Recognizing the importance of e-tail patronage, this study aims at identifying the factors that lead to the same.

Theoretical Background: The stimulus – organism – response (S-O-R) model developed by Mehrabian and Russel has been utilized in various studies in retail consumer behaviour. In the S-O-R framework, the stimuli are those attributes of retail that impact consumer perception and act as cues affecting the buyer's cognitive ability and arousing action. The second component in the S-O-R model deals with consumer reactions, where they convert the stimuli into information and utilize the same for their judgement. Response, the third component of the model is the final psychological and behavioural reaction of the consumer.

The study is attempting to utilize the S-O-R framework in the context of online retailing and e-patronage. The attributes of the e-store are considered to be the stimulus, which comprises of e-service, e-atmospherics and e-merchandise. The organism includes the emotions or formation of an intention within the shopper after navigating and searching for products on the e-tailer's website. According to a study appropriate content and steadfast technology allowed buyers to navigate effectively thereby forming the intentions of purchasing from a particular e-tailer. Categorized as a post-purchase reaction, the response include patronizing a particular store and developing a strong willingness to purchase in the future.

Stimulus – Organism – Response (S-O-R) Model



Patronage Intention: An e-store's success is largely dependent upon building a strong base of potential customers who are keen on online purchases. Each individual who visits an e-store will have a different shopping experience, which leads to the development of patronage intention. Patronage intention may be defined as consideration or impulses which persuade the buyer to patronage specific shop. A buyer's inclination towards a specific store, willingness to recommend and purchasing in the future can be referred as patronage intention. The patronage intentions are affected by the store attributes and often predict customer-shopping behaviour both in traditional retail venues and in online shopping spaces. The patronage intention encompasses willingness to endorse, willingness to purchase and likelihood of future purchase. As the result of their positive impression and shopping experiences buyers develop loyalty and tend to share their experiences with friends/family and act as the best advocates for an e-tailer. There are variations in e-loyalty intentions across demographic variables.

Patronage Behaviour: In the realm of retailing and consumer psychology, patronage behaviour is concerned with a consumer's choice to purchase or not from a specific retailer. For the success of online retailing, developing customer loyalty and a long-term relation is quite crucial, which is generally an

outcome of post-purchase evaluation by the buyer. The product offerings, convenience, post purchase experience and web-store environment has a significant impact on e-loyalty. There is a structural relationship between variables like shopping enjoyment, shopping involvement and patronage intention.

Generation Z Consumers: According to the National Statistical Survey more than 50% of India's population is below age of 25 years. This study is specifically designed to examine the e-tail patronage behaviour of generation Z who form core of India's population. The Generation Z is made up of individuals who are born between 1997 and 2012. The generation Z consumers comprise an important shopper segment not only due to their significant spending power but also their influence on parent's spending and their own potential future spending. They also tend to be brand loyal and depicted as early adopters of an innovation. They become accustomed faster to new changes due to the absence of any entrenched habit and behaviour. These people set up their own principles of social conduct as opposed to following the conventional tradition set by their parental generation. They have diverse interests and a new approach towards life. Therefore, online retailer's approach to catch attention of this generation should not be same as the approach taken with other customers.

E-Retailers: We have many e-retailers in India who provide a variety of merchandise to customers. In general retail business is referred as Business to Consumers (B2C). Online retail players are classified into two types Category Focused Players and Multi Category Focused. Category Focused players provide Particular merchandise with deep assortment. Ex;- Myntra, Jabong (Apparels and Lifestyle products). Multi Category players provide variety of merchandise with limited assortment. Ex;- Amazon, Flipkart, Snapdeal, etc. But in the present study only five e-retailers are considered Amazon, Flipkart, Meesho, Myntra and Ajio,

E-atmospherics: In the context of e-tailing the concept of atmospherics is restricted to the visual appeal on an electronic device. E-atmospherics can be explained as the meticulous designing of web environments aiming at creating a positive impact on buyers, leading to desired responses. E-atmospherics encompass site design, interface attractiveness, ease of use and web navigation. The atmospheric cues of online store influence shopper's emotional and cognitive states which then affect their shopping outcomes.

E-Service: Creating a favourable and satisfactory shopping experience, identifying buyer's expectations of service and improving service quality are the key to build and retain customers. E-service quality is defined as the extent to which a website facilitates the purchase and delivery of goods efficiently and effectively. E-service comprised of payment options, ease of service, return policy, cash on delivery, promotional offer, order tracking and order fulfilment. E-service is a multifaceted, all-inclusive and independent process culminating from the exchange between consumers and online platform.

E-Merchandise: The scenario of shopping from e-tail sites is much different from that of a traditional store in terms of product assortment, product display and product comparison. Online retailers therefore have to focus more on those virtual web aspects that facilitates product selection and purchases. While evaluating merchandise related aspects, cues such as product quality, selection or assortment, styling or fashion, guarantees and pricing appeared to be more salient to customers. E-merchandise attributes include product assortment, product comparison, product presentation, product exclusiveness etc.

Review of Literature

In the words of **Harris and Goode (2001)** for the success of online retailing, developing customer loyalty and a long-term relation are quite crucial, which is generally an outcome of post purchase evaluation by the buyer.

In the research by **Eroglu, Machleit and Davis (2004)** it was revealed that the atmospherics cues of an online store influenced shoppers' emotional and cognitive states, which then affected their shopping outcomes.

According to **Kim & Stoel (2005)** due to complex market scenario and ever-changing consumer dynamics sustainability is sceptical.

Dash & Akhtar (2012): In their study have said that in order to tackle competition and ensure sustainability e-retailers have to create, propose and deliver extraordinary value to their customers. This shall lead to positive brand image and loyalty among buyers.

According to **Klaus and Macklan (2013)** online customer service experience can be explained as shopper's perception of the communication between the e-retailer and other customers, expressed through the facets of functionality and psychological factors.

According to **Leggatt (2016)** around 90% customers abandon their e-shopping carts because they are sceptical about online retailers.

Singh, Panackal, et al., (2016): In their study have expressed that consumerism, empowerment of the youth and digital media have emerged as the most important factors in modern-day marketing.

Catherine Giunta (2020): In the study, the researcher summarised results of a longitudinal study of generation Z and their use of digital marketing platforms. The author considered the generation Z as niche market. The study also showed perceptions of marketer's use of social and consumer digital marketing ramifications. **Costinel, Anca-Maria Milovan., et al., (2021)** in their paper titled "Social Media Marketing and Luxury Brands: The Millennials and generations Z perspective". Since the users of social media is more, the brands can use this platform to communicate and satisfy in better way for their followers. The study showed that due to the social media applications as marketing channels the luxury brands are having more competition among the millennials and generation Z.

Shehnaz. Shital (2022) the authors have made an attempt to know about how the consumers are attracted through various strategies by the marketers.

Research Gap

Most of the past studies have primarily been carried out on traditional retailers and have identified attributes of the same that foster patronage behaviour. However, the same cannot be translated into realm of e-tailing. Taking these contradictions into account, further studies were conducted to identify e-attributes that enhance customer retention. Although there have been several studies on e-tail patronage behaviour and related to risk perception and involvement none of them are specifically examined the same in the context of Generation Z consumers. Therefore, this study aims to address the gap by providing insights into the patronage behaviour of the foresaid generation.

Research Objectives

1. To identify the patronage intentions of Generation Z consumers.
2. To explore those factors which play a crucial role in developing patronage intentions, thereby leading to e-retail patronage behaviour.
3. To facilitate marketers in devising effective strategies and identify areas of improvement in their online platforms.

Research Hypothesis

- H1:** E-Service quality is not positively associated with patronage intentions.
- H2:** E-Merchandise elements are not positively associated with patronage intentions.
- H3:** E-atmospheric components are not positively associated with patronage intentions.
- H4:** E-patronage intentions will not lead to e-patronage behaviour.

Research Methodology

Sampling and data collection: College students are considered to be important target customers for e-retailers, and they form core of “Generation Z”. The survey was conducted among undergraduate and postgraduate college students from different universities in Bengaluru. Convenience sampling was adopted for the same. A structured questionnaire (google forms) was deployed for the survey. The response format utilized a 5-point Likert scale (1 – Strongly disagree; 5 – Strongly agree). The survey used previously developed scale derived scales from the literature on in-store and non-store retailer research and it was modified when necessary. Merchandise, service and atmospherics items representing e-retailer features and characteristics were selected (Ganesh, Reynolds et.al., 2010; Yun and Good 2007). E-merchandise attributes included product assortment, product comparison, product presentation, product exclusivity etc. E-atmospherics encompassed interface attractiveness, web navigation, look and feel etc, E-service comprised of payment options, order tracking, etc. A total of 192 responses were received out of which 21 responses were discarded on account of incompleteness.

Analysis and Results

Descriptive Statistics: The mean values of the items used in the scale are illustrated in the Table 1. The Table 1 contains the mean values of three variables namely, e-atmospherics, e-service and e-merchandise. As evident from the values the “e-atmospherics” has the mean of 3.81 (SD = 0.929) which signifies that for online buyers the look and feel of the website plays crucial role in choosing the e-retailer. Similarly in case of e-merchandise the mean is 3.76 (SD = 0.794) which proves the importance of display characteristics. Also the mean value of e-service is 4.43 (SD = 0.827) proving the significance of e-service. The mean values of patronage intention and behaviour have also been computed.

Table 1 Descriptive Statistics

Variable	Mean	Std.Deviation
E-atmospherics	3.81	0.929
E-merchandise	3.76	0.794
E-Service	4.43	0.827
Patronage Intention	2.73	0.959
Patronage Behaviour	3.56	1.014

Regression Analysis: In order to test the significance and the relationship between the dependent and independent variables regression analysis was adopted. The model summary given in the Table 2 provides R and R-square values. The R value is 0.993 indicating a high degree of correlation. The R-square value is 0.985 which shows that the dependent variable “E-Retail Patronage Behaviour” can be explained by the independent variable that is nine factors identified by 99.3% which shows a high degree of significance. In other words Website Appeal, Preferential treatment, Order Processing, Product Attributes, Involvement level, Consumer Trust, Product Choice, Web Environment and Loyalty formation contribute significantly and predict 98.5% of the variation in E-retail patronage behaviour.

Table 2 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.993	.985	.984	.03983	.985	188.434	9	16	.000

ANOVA (Analysis of Variance)**Table 3 ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16.964	9	1.885	118.434	0.0006
	Residual	.254	16	.002		
	Total	17.218	25			

The ANOVA table tests the overall significance of the regression model. The F-statistic indicates that the regression model predicts outcome variable significantly well. The significance of F-statistic is 0.0006 ($p < 0.05$), which indicates that overall this model can significantly predict E-retail patronage behaviour.

Hypothesis Testing: In order to test the hypothesis, Chi-Square test was conducted. The Phi and Cramer's V values have also been found out. The results are displayed in the Table 4. The coefficients are highly significant ($p < 0.05$) in case of H1, H2, H4. This leads to the rejection of the null hypothesis.

Table 4 Chi-Square Test

Hypothesis	df	Phi	Cramer's V	Approx. Sig	outcome
H1	33	1.617	.418	.000	Null H1 rejected
H2	33	1.364	.364	.362	Null H2 accepted
H3	39	1.731	.408	.000	Null H3 rejected
H4	39	1.669	.393	.002	Null H4 rejected

Therefore, alternative hypothesis are accepted, that is, e-service quality is positively associated with patronage intentions; e-atmospherics positively predict consumer e-patronage intentions and e-patronage intention will lead to e-patronage behaviour. However null hypothesis H2 is accepted. Hence, we can conclude that e-merchandise elements are not positively associated with e-patronage intentions.

Conclusions

Loyalty of customers is significantly related to the sustainability, profitability, and growth of online retailers. Hence managing the same is of foremost significance for negating competition. This study provides valuable insights for both marketers and policymakers by identifying the crucial factors responsible for developing patronage intentions and fostering patronage behaviour. Loyal customers should be rewarded with exclusive benefits or offers, as they often serve as brand advocates through positive word-of-mouth. To retain customers and encourage repeat purchases, e-retailers should invest in a robust customer relationship management (CRM) system. Special attention should be given to first-time shoppers, as loyalty typically begins to form after an initial positive experience. Additionally, it is crucial for e-retailers to customize their online features and services to meet the specific needs of their customers. These findings are relevant for all e-service providers aiming to enhance customer engagement and long-term loyalty.

As per the findings of the study, the prominent factors responsible for developing e-patronage intentions among online shoppers include Website Appeal, preferential Treatment, Order Processing, Product attributes, Involvement Level, Consumer Trust, Product choice, Web Environment, Loyalty formation, which are quite relevant to the context of e-commerce. Factors such as Website Appeal and Web Environment lay emphasis on the overall aesthetic and create the utilitarian appeal of the online shopping websites. Companies understand the importance of the same and try to create a web environment that facilitate product choice and most importantly ensures maximum customer engagement. On the other hand, factors like Order Processing and Preferential Treatment highlight the need for creating a unique shopping experience for the shoppers through a customized process of shopping. The demographic information revealed that most of the respondents were students and the device used was Smartphone. The most preferred e-retailer is Amazon with 43% closely followed by Flipkart with 33%. But most of the respondents would prefer to shop from Flipkart. The sources of influence on online shopping is mainly through Social media followed by Family and friends.

Suggestions

The e-retailers must identify those key areas which they need to concentrate upon. Continuous endeavours should be made by organizations to identify gap in terms of customer expectations and actual service delivery. The managers must ensure that the objective of overall customer experience is achieved. Additionally regular feedback should be obtained from online buyers to ensure improvements in the areas of concern in service industry. The result proves that Generation Z buyers stress more upon their shopping atmospherics rather than merchandize. This is primarily the result of a plethora of e-commerce players offering similar merchandize, web atmospherics being a pivotal differentiator. With the brick n mortar format under serious threat the competition is cut-throat in the e-retailer domain; hence sustainability depends entirely on the shoppers who are quite low on patronage. This calls for continuous and quick enhancement of e-retailing websites in order to retain the mercurial Indian buyers. To facilitate long term growth relations between e-retailers and buyers must be secured. This can be achieved by attracting first time online customers as a major aspect of their client procurement endeavours. Subsequently focus on buyer engagement can be fostered by varied strategic endeavours to build benefit after purchase.

Limitations and Scope for Future Research

This study is not devoid of limitations. Firstly, the study only focuses on the behavioural intent of online shoppers the emotional intent is not taken into account. Secondly only three attributes of an e-store are taken into account. Other important aspects like consumer involvement and shopping enjoyment could be explored in future studies. Lastly since the study is focused on Generation Z, only student sample was used for the same, so the findings cannot be generalized.

Future research can investigate the patronage behavior of Generation Z consumers toward select e-retailers by examining the key factors that influence their loyalty and repeat purchase intentions. This includes exploring the role of personalized shopping experiences, user interface design, payment flexibility, delivery efficiency, and customer service responsiveness. Additionally, the study can analyze how digital marketing strategies—such as influencer endorsements, targeted ads, and social media engagement—affect brand affinity and consumer retention among Gen Z. Given their tech-savvy and socially conscious nature, it would also be pertinent to assess the impact of ethical business practices, data privacy concerns, and sustainability initiatives on their e-retailer preferences. Cross-sectional studies across different demographic groups and geographic regions could provide comparative insights into how cultural, economic, and social factors shape patronage patterns. Ultimately, such research would offer valuable implications for e-retailers aiming to attract and retain Generation Z customers in a competitive digital marketplace.

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