

A Study on Patronage Behaviour among Generation Z Consumers in Bengaluru towards Select E-Retailers

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Abstract

The retail sector has been profoundly impacted by the Internet's growing commercial power, culminating in the rise of online shopping commonly referred to as e-retail one of the fastest-growing Internet applications. The increase in Internet users has acted as a catalyst for the early adoption of the online shopping channel, creating opportunities for further expansion. The retail landscape is undergoing a profound transformation, driven by the rapid growth of e-commerce and shifting consumer behaviours. Among the most significant demographic groups influencing this change is Generation Z (Gen Z), which includes individuals born between 1997 to 2012. This generation is especially noteworthy for its digital nativity having grown up in an era of technological advancements, social media, and ubiquitous Internet access. As Gen Z continues to emerge as a dominant consumer force, understanding the factors that influence their purchasing decisions toward e-retailers is crucial for businesses striving to remain competitive in this dynamic environment. This study investigates the consumer perceptions on E-store attributes, E-trust, E-satisfaction as Predictor of Patronage Behavioural Response of Consumer towards select e-retailers in Bengaluru City. This research can guide e-retailers in implementing dynamic content strategies that adapt in real time to user preferences. By utilizing insights into Gen Z's patronage behaviour, e-retailers can craft messages that align with their interests and values, thereby fostering deeper connections and encouraging repeat purchases.

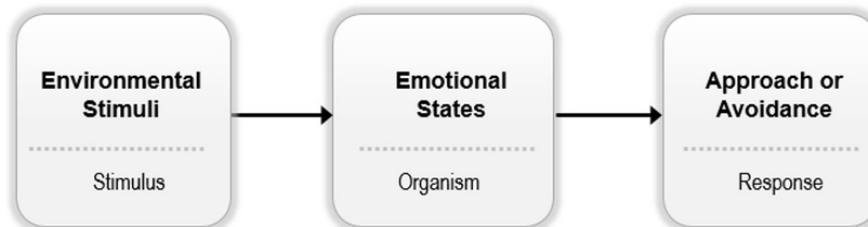
Key words: Generation Z, E-retailer, S-O-R, E- store attributes, E-trust, E-satisfaction, Patronage Behaviour.

Introduction

In the age of digital commerce, consumers are more informed and empowered than ever before. The proliferation of online reviews, social media platforms, and comparison-shopping tools has fundamentally transformed the traditional buyer-seller relationship. As a result, businesses must prioritize customer experience and satisfaction to stay competitive. Research has shown that a positive online shopping experience can significantly enhance consumer trust and satisfaction, which are key predictors of repeat purchases and brand loyalty (*Homburg et al., 2015*). For e-retailers, this means developing user-friendly websites, offering responsive customer service, and employing engaging marketing strategies to attract and retain customers. In the context of e-commerce, however, consumers may exhibit unique patronage behaviours due to the perceived risks associated with online transactions, including concerns about data security, product quality, and the reliability of online retailers (*Harris & Goode, 2010*).

Understanding how these psychological and social factors interact can provide valuable insights for e-retailers aiming to enhance their offerings and meet consumer expectations.

Environmental psychologists like *Mehrabian and Russell (1974)* proposed the S-O-R framework. The framework maintains that clues (stimulus) perceived from the environment can trigger a person's internal assessment state (organism), which in turn produces positive or negative behaviours (response) for stimuli.



The S-O-R model, which focuses on how external stimuli affect internal processes and lead to specific responses, offers a robust lens through which to analyze the complex interactions between e-store attributes, e-trust, and e-satisfaction in shaping the patronage behaviour of Generation Z consumers.

Within S-O-R framework, stimuli encompass critical E-store attributes such as *website attractiveness, merchandise variety, web security/certification, role enactment, and personalized services*.

Gen Z consumers' *E-trust* towards e-retailers serves as a crucial organism component in the S-O-R (Stimulus-Organism-Response) framework, this internal psychological state is significantly shaped by external stimuli, including *brand reputation, customer reviews and ratings, and transparency in policies*.

Gen Z consumers' *E-satisfaction* towards e-retailers represents a vital organism component within the S-O-R (Stimulus-Organism-Response) framework, encompassing their internal evaluations and emotional responses influenced by several critical stimuli: *product quality, order fulfilment, customer service, and post-purchase experience*.

Gen Z consumers' *patronage behavioural response*, as articulated in the S-O-R (Stimulus-Organism-Response) framework, reflects their intentions and actions towards e-retailers following their internal evaluations of satisfaction and trust. This response component includes critical patronage behaviours such as *repurchase intention, revisiting the e-store, e-loyalty, and a desire to stay at an online store*.

E-store attributes refer to the various characteristics and features of online retail environments that influence consumer perceptions, behaviours, and overall shopping experiences. The specific features and characteristics of an online retail platform, including design, functionality, navigation, product information, personalization options and payment options, that influence consumer evaluation.

E-trust is a crucial factor influencing Gen Z consumers' online shopping behaviours. This generation, bases its trust in e-retailers on several key attributes, including brand

reputation, customer reviews and ratings, and transparency in policies. It is the level of confidence that consumers have in an e-retailer's ability to fulfil promises, protect personal information, and deliver quality products or services in an online environment.

E-satisfaction refers to the level of contentment that consumers feel after engaging in online shopping experiences. It encompasses various aspects of the e-commerce process, including product quality, order fulfilment, customer service, and the overall shopping experience. E-satisfaction is critical as it influences consumers' loyalty, repeat purchases, and positive word-of-mouth about an online retailer.

Patronage behavioural response refers to the actions and intentions of consumers regarding their engagement with a particular retailer or brand. This concept encompasses various behaviours, including the likelihood of making repeat purchases, the intention to recommend the brand to others, and the overall loyalty exhibited towards the retailer. Patronage behavioural responses are influenced by factors such as customer satisfaction, perceived value, trust, and the quality of the shopping experience.

E-retailers: The E-retailers considered for this study Amazon, Flipkart, Myntra, Meesho and Ajio.

REVIEW OF LITERATURE

A study by *Ganesh, J et al. (2010)* emphasizes the importance of website aesthetics and functionality, finding that a visually appealing and easy-to-navigate site significantly enhances user satisfaction and trust. Additionally, the quality of product information is increasingly recognized as vital; *Martínez-Ruiz et al. (2012)* found that detailed descriptions and high-quality images not only improve customer confidence but also reduce return rates. Customer service attributes, including responsive support and effective communication channels, are essential for fostering loyalty, as highlighted by *Balabanis, G et al. (2006)*, who argue that positive service experiences can lead to increased customer retention and advocacy. Finally, the rise of mobile commerce necessitates a focus on mobile usability, with *Njite et al. (2015)* showing that optimized mobile interfaces enhance the shopping experience, driving higher engagement and sales. *Pee, L. G. et al. (2019)*, found that loyalty during the initial transaction is more strongly impacted by perceived website usability. *Subramanian et al. (2014)* found that personalized shopping experiences and effective communication strategies enhance consumers' trust in e-retailers, leading to increased purchase intentions. Additionally, the importance of social proof has been underscored; *Pavlou and Gefen (2004)* demonstrated that positive online reviews and ratings serve as essential indicators of trust, encouraging potential buyers to engage with a brand. Furthermore, recent research by *Al-dweeri et al. (2017)* explored the role of artificial intelligence in fostering e-trust, revealing that AI-driven personalized recommendations positively impact customer perceptions of reliability and security. Furthermore, the quality of products received relative to customer expectations is a pivotal determinant of e-satisfaction; research by *Nisar et al. (2017)* indicates that meeting or exceeding these expectations fosters positive feelings towards the retailer.

RESEARCH GAP

Generation Z is particularly discerning, valuing authenticity, transparency, and personalized experiences in their online shopping interactions. Yet, the existing literature primarily focuses on broad categorizations of e-store without delving into the specific perceptions held by this demographic. Understanding how Generation Z in Bengaluru perceives e-store attributes such as website attractiveness, merchandise variety, web security/certification, role enactment, and personalized services is crucial for determining how these perceptions foster e-trust, e-satisfaction and, subsequently, patronage behavioural response of Gen Z consumers with the select e-retailers (Amazon, Flipkart, Myntra, Meesho and Ajio). While previous research has explored various aspects of Generation Z's consumer behaviour, the lack of a comprehensive study employing this model is a significant oversight, as it limits our understanding of how these specific factors influence their online shopping experiences and decisions.

RESEARCH OBJECTIVES

1. To identify the key factors such as E-store attributes, E-trust, and E-satisfaction that influence the patronage behaviour of Generation Z consumers towards select e-retailers
2. To examine the impact of E-store attributes, E-trust, and E-satisfaction on the patronage behaviour of Generation Z consumers towards select e-retailers.
3. To provide actionable recommendations for e-retailers to enhance consumer loyalty and patronage among Generation Z consumers.

RESEARCH HYPOTHESIS

H1: E-store attributes, E-trust, E-satisfaction significantly influences Patronage Behavioural Response of Generation Z consumers towards select e-Retailers

H1a: *E-store attributes significantly influence the Patronage Behavioural Response of Gen Z consumers towards select e-Retailers*

H1b: *E-store attributes significantly influence E-trust of Gen Z consumers towards select e-Retailers*

H1c: *E-store attributes significantly influence E-satisfaction of Gen Z consumers towards select e-Retailers*

H1d: *E-trust significantly influences the Patronage Behavioural Response of Gen Z consumers towards select e-Retailers*

H1e: *E-satisfaction significantly influences the Patronage Behavioural Response of Gen Z consumers towards select e-Retailers*

RESEARCH METHODOLOGY

Purposive sampling was used for the study. The data was collected through a structured questionnaire (google forms) from Generation Z consumers from Bengaluru city. The respondents rated on a 5-point Likert scale. The sample size was 200 out of which 182 responded. The study employs Partial Least Squares Structural Equation Modelling (PLS-SEM) due to its suitability for analyzing complex relationship among latent constructs aligning well with the research objectives. The study investigates multiple interrelated constructs (E-Store Attributes, E-Trust, E-Satisfaction and Patronage Behavioural Response). The prediction

accuracy of the structured model was determined with R-Square values. The Standardized Root Mean Square Residual (SRMR) was used to measure the goodness of fit.

ANALYSIS AND INTERPRETATION

TABLE 1
T-Statistics Values using PLS-SEM

Dimensions	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values	Status of Hypotheses
E-Store Attributes -> Patronage Behavioural Response	0.484	0.486	0.090	5.399	0.000	Supported
E-Store Attributes -> E-Trust	0.879	0.876	0.038	22.869	0.000	Supported
E-Store Attributes -> E-Satisfaction	0.836	0.831	0.049	17.235	0.000	Supported
E-Trust -> Patronage Behavioural Response	0.118	0.113	0.103	1.147	0.251	Not Supported
E-Satisfaction -> Patronage Behavioural Response	0.361	0.363	0.101	3.587	0.000	Supported

E-Store Attributes -> Patronage Behavioural Response: The results reveal that e-store attributes have a significant positive influence on the patronage behavioural response of Gen Z consumers. The hypothesis (**H_{1a}**) is, therefore, supported, emphasizing the critical role of well-structured and attractive e-store features in fostering consumer loyalty.

E-Store Attributes -> E-Trust: E-store attributes also significantly influence e-trust, As a result, hypothesis **H_{1b}** is supported, showcasing the importance of building trust as a key component of e-commerce success.

E-Store Attributes -> E-Satisfaction: The findings further suggest that e-store attributes significantly impact e-satisfaction, which represents the consumers' overall positive experience with an e-retailer. This strong relationship supports hypothesis **H_{1c}**, indicating that superior e-store attributes are crucial for ensuring consumer satisfaction.

E-Trust -> Patronage Behavioural Response: Interestingly, e-trust does not have a significant direct impact on patronage behavioural response among Gen Z consumers, as the hypothesis **H_{1d}** is not supported.

E-Satisfaction -> Patronage Behavioural Response: Lastly, e-satisfaction significantly influences patronage behavioural response. Hypothesis **H_{1e}** is, therefore, supported, Overall, the model demonstrates that while e-trust is important, e-satisfaction plays a more direct and significant role in shaping behavioural outcomes, highlighting the need for e-retailers to focus on delivering a superior and satisfying consumer experience. These findings collectively highlight the importance of designing consumer-centric e-store attributes, building

trust, and prioritizing customer satisfaction to enhance loyalty and patronage among Gen Z consumers in the competitive e-retail environment.

Coefficient of Determination - R^2

TABLE 2
R-Square Values

Dimensions	R-square	Adjusted R-square
E-Satisfaction	0.699	0.696
E-Trust	0.772	0.770
Patronage Behavioural Response	0.847	0.842

Source: Primary Data

The table presents the R-square (R^2) and Adjusted R-square (Adjusted R^2) values for three dimensions: E-Satisfaction, E-Trust, and Patronage Behavioural Response. These values assess the explanatory power of the model, indicating how much of the variance in the dependent variables is explained by the independent variables.

The coefficient of determination (R^2) demonstrates the prediction accuracy of the structural model. It is measured as the squared correlation between the actual and expected values of a given endogenous component. The R^2 also calculates the sum of the impacts of independent factors on the dependent variable.

For E-Satisfaction, the R-square value of 0.699 indicates that the model accounts for approximately 69.9% of the variance in E-Satisfaction, with the Adjusted R-square of 0.696 showing only a slight reduction after accounting for the number of predictors

In the case of E-Trust, the model explains 77.2% of the variance, as indicated by the R-square of 0.772. The minimal change in the Adjusted R-square (0.770) further supports the robustness of the model.

Lastly, for Patronage Behavioural Response, the R-square value of 0.847 reveals that 84.7% of the variance is explained by the model. The Adjusted R-square of 0.842 confirms that even after adjusting for the predictors, the model still demonstrates strong explanatory power

TABLE 3
Standardized Root Mean Square Residual (SRMR) Fit Indices

SRMR Value	
Saturated model	0.077
Estimated model	0.079

Source: Primary Data

The SRMR (Standardized Root Mean Square Residual) is an index used to assess the fit of the model in Structural Equation Modelling (SEM) as defined by *Henseler et al. (2014)*.

It measures the difference between the observed and model-implied covariance matrices, and it is a widely used goodness-of-fit measure in the above **TABLE 3**.

- Saturated model: SRMR = 0.077
- Estimated model: SRMR = 0.079
- SRMR value ranges between 0 and 1, with values below 0.08 generally indicating a good fit of the model to the data.
- In this case, the SRMR values for both the saturated and estimated models are below 0.08 (0.077 and 0.079, respectively), which suggests that both models provide a good fit to the data.

FINDINGS

As for the findings of the study improvements in e-store attributes, such as website functionality, design, and product offerings, positively influence consumer engagement and purchasing decisions. However, the relationship is not overwhelmingly strong, indicating that other factors may also play a role in shaping consumer behaviour. This highlights that better e-store attributes, such as ease of navigation and personalized experiences, greatly enhance customer satisfaction. This finding underscores the importance of continuously improving the user experience to ensure higher levels of consumer contentment. This suggests that e-trust alone does not significantly influence patronage behaviours, implying that other factors, such as satisfaction, may mediate this relationship. Trust is important but needs to be complemented by other positive experiences to translate into loyal behaviours. The higher customer satisfaction strongly correlates with increased patronage behaviours, including repeat purchases and brand loyalty. This reinforces the idea that satisfied customers are more likely to engage with the e-retailer on a long-term basis.

SUGGESTIONS

E-retailers must ensure their pricing strategies are competitive.. E-retailers must ensure that their websites and apps are optimized for mobile-first experiences. Gen Z is known to associate with specific subcultures, hobbies, and communities, so niche product offerings can be a great strategy. E-retailers should integrate real-time inventory management systems to display accurate stock availability Concentrate on fulfilling unique interests in sustainable fashion, anime-inspired merchandise, gaming accessories, or eco-friendly tech gadgets. Gen Z aligns with brands that share their values, so it is important for e-retailers to integrate meaningful social causes into their business practices. Offering flexible and secure payment methods, unique and customized experiences, shopping speed must be prioritized. E-retailers should prominently feature customer reviews, ratings, and testimonials on product pages. Convenience is key for Gen Z, who value flexibility in how they receive their products. E-retailers should offer options like home delivery, curb side pickup, local drop-off points, and locker services to cater to varying needs. Same-day or next-day delivery for urgent purchases and the ability to choose delivery times further enhance convenience.

Conclusions

In conclusion, the study provides insights into the e-retail shopping behaviours among Gen Z consumers. It specifically sets out to point out that price, product variety, shopping speed, brand reputation, and availability of mobile payment options are all crucial factors in influencing the online shopping experience. The findings indicate that e-retailers need to focus on competitive pricing, diverse product offerings, and fast delivery while including modern payment methods to attract the preferences of this digitally native and highly engaged demographic. The results underscore the importance of a holistic approach to e-commerce strategy. E-retailers must not only build trust with their consumers but also focus on delivering an exceptional customer experience that results in high satisfaction levels. A satisfied customer is more likely to become a loyal customer, making e-satisfaction the key determinant of long-term engagement. In addition, the findings suggest that though trust-building elements are crucial, they must be part of a comprehensive strategy focused on user experience and satisfaction for sustainable consumer loyalty and long-term profitability. Through the continuous improvement of e-store attributes, focusing on both trust and satisfaction, e-retailers can foster long-term relationships with their customers and secure a competitive edge in the evolving e-commerce landscape

LIMITATIONS OF THE STUDY

The research examines only four constructs e-Store Attributes, e-Trust, e-Satisfaction, and Patronage Behavioural Response regarding their impact on the online shopping experience with specific e-retailers. The study might reflect specific trends or behaviours during the time of data collection, which may change rapidly in the dynamic e-retail environment. Generation Z's comfort with technology may vary, influencing their online shopping behaviour differently than the study suggests. Economic conditions, cultural influences, and current events (like a pandemic) may impact consumer behaviour in ways not accounted for in the study. Without longitudinal analysis, the study may not capture changes in behaviour over time, which is critical for understanding trends.

FUTURE SCOPE

Future research could delve into how Gen Z's e-retail preferences are influenced by regional and cultural nuances. With social media influencers holding considerable sway over Gen Z, future studies could explore the extent of their influence on e-retail behaviour. A longitudinal study tracking Gen Z's e-retail preferences over time would provide valuable insights into how their behaviours evolve as they grow older and enter different life stages. By comparing Generation Z's e-retail behaviours with Millennials, Gen X, and Baby Boomers, future studies could identify key differences and similarities in shopping preferences, values, and digital habits.

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