

# The Signaling Effect of E-Tailer’s Reputation And Return Policies

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## ABSTRACT

The factors under research in this study pertain to consumer’s perception of return policy fairness, return difficulty, signaling effect of e-tailer’s reputation on return policy fairness and return difficulty. Signaling effect of the e-tailer’s reputation on product and service quality. Finally, the effect of product and service quality on purchase intention is assessed. Data collection method employed for this study involved an online survey form the collected data was analyzed using PLS SEM. The hypothesis of signaling effect of reputation turned out to be true for both product and service quality. The effect of quality on purchase intention was also found to be positive. The effect of perceived return policy fairness on purchase intention was found to insignificant unless perceived trust was acting as a mediator. The research also studied the tangible and intangible factors and their effect on consumer future buying intention. Literature review revealed ‘return difficulty’ as an inhibiting factor to purchase intention and e-tailer reputation although this study did not find that effect to be true and hence the relationship needs more study and scrutiny for a more established effect. This study would help e-commerce businesses and managers to understand how different factors effect businesses reputation and consumer behavior and devise strategies accordingly. This study was conducted for a single e-tailer “daraz.pk” so it’s likely that the results might variate for other e-sellers and this study would provide a good starting point for further studies specially in the south Asian context.

**Keywords:** E-Tailer’s Reputation, Perceived Trust, Return Difficulty, Service Quality, Product Quality, Purchase Intent

## 1. Introduction

In recent years, electronic commerce is growing in Pakistan. It is predicted that e commerce market will break the barrier of sales volume of \$1 billion in Pakistan (Tanveer, 2021). The arrival of internet is seen as differentiated and two-way mechanism for initiation of mercantile activity (Shah et al., 2022). Past researches indicated that perceived effortlessness, entertainment, apparent utility and trust predicts customers purchase plans in e commerce setting (Ezimmuo & Keikhosrokiani, 2022; Aparicio, 2021). Similarly, studies mentioned that design, trust, dependability and consumer services significantly affects purchase intention of customers (Julinana et al., 2021; Ling et al., 2010). Literature pointed that perceived fairness views are robust signs of customers purchase intention on a website. E commerce provides a benefit of ease and cost efficiency to customers, as

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the business activity is not time bound but this comes with trade off that you cannot physically observe the product before purchase that results in dissatisfaction and returns (Ateke, 2021).

Researches explored that a transparent and lucrative return policy is one of the most significant aids to appeal to customers (Dobroselskyi et al., 2021). Researchers have studied the impact of e-tailers return policy consumer actions (Wood, 2001; Bonifield et al., 2010). E-tailers and consumers acknowledge that lenient product return policies can hint superior quality and as a security for risk tolerant decisions (Boyer & Hult, 2005). Product return policies have their own costs associated with them in spite of increase in sales. Transporting each returned product costs some amount and there is separate loss if the product is in unusable state (Carlson, 1988). Even if customers return products in good condition, retailers cannot display them directly. In case of fashion related items the returned merchandize can be out of fashion and in case of electronics they may be obsolete. These products are then sold on discount or scrapped which accounts for additional costs (Collier & Bienstock, 2006).

Previous investigations provided scope for signaling effect of return policy (Connelly et al., 2011). In past return policy was seen as lenient vs. difficult and used on one element of return policy i.e. return window (Dobroselskyi et al., 2021; Connelly et al., 2011). This research explores the signaling effect of E-tailer reputation on product quality and service quality.

## 2. Literature Review

### 2.1 Theoretical background

*Signaling theory*: Spence (1978) studies the signals in an economic perspective. It compares a person's unchangeable characteristics to that of a firm. A person's unalterable attributes are gender, age, and signals like literacy. Firms also have some fixed characteristics like country of origin and company's history. But some unobservable factors such as reputation signal about company's performance. Reputation is an intangible asset of the firm and it is defined as buyer's comprehension of seller firm's truthfulness, impartiality and empathy towards the buyers (Ganesan, 1994). As a nonphysical asset it reflects signals about the firm's standards and achievements (Ghosh & John, 2009). Signals are subject to handling as well. Firms send signals in the form of service contracts (Moorthy & Srinivasan, 1995, Rao et al., 1999, Wood 2001), return policy (Bonifield et al., 2010), and marketing communications (Kirmani, 1990) to convey their reputation, decrease considered risk and increase purchase intention.

E-tailer reputation and perceived return policy fairness Justice theory was first coined by Adams (1965). It has three parts 1) Distributive justice focuses on norms and mores used to reach an outcome. 2) Procedural justice focuses on procedures used to reach outcomes and 3) Interactional justice focuses on interpersonal treatment while providing information and support. Many researchers have recommended that justice principle can help study consumer behavior when there is a give and take transaction (Masterson, 2001). Others suggest that relationship between interactional and procedural justice forecast reactions to decisions (Greenberg, 1993).

*H1: There is a positive effect of E-tailer reputation on perceived return policy fairness.*

### 2.2 Mediation effect of perceived trust

Wagner et al. (2011) observed that supplier's reputation is signaled by his actions during collaboration such as trustworthiness rather than pre conceived impression of seller reputation

before the transaction. Thus an event of distrust during the transaction can spoil the reputation build before the transaction happened. As it is said “reputation is hard to build and easy to lose”. Secondary research says that trust plays a major role in joining consumer with E-tailers and scarcity of trust creates hindrance for Electronic commerce (McKnight et al., 2002; Shiao & Lao, 2012). Trust and justice perceptions are interrelated such that justice perceptions leads to trust which then encourages future impressions of justice.

Trust is also important as there is no physical presence of the store and no physical interaction in e commerce (Smith & Grabosky, 2001). Similarly, conception of honesty (Seckler et al., 2015) enterprises faith in online retailer. Thus we hypothesize:

*H2: Perceived trust mediates in the relationship between perceived return policy fairness and purchase intention.*

*H3: There is a positive effect of Perceived return policy fairness on purchase intention.*

### **2.3 E-tailer reputation and perceived return difficulty**

Information on seller's website does tell about the product and service quality, but many e commerce firms use augmented reality to enhance consumer's involvement. Consumer's also follow online suggestions and brand evangelists to decrease perceived risk. Firms must employ hints that communicate unnoticeable performance to negate the effect of noise that reaches the consumer during e purchases (Ali, 2016; Jeon & Jeong, 2016).

In e commerce environment, return policies provide an expensive observable cue (Zhang et al., 2017). It is observed that poor quality retailers make their return policies cumbersome whereas Amazon's policy is extrinsically visible during purchase stage. Lenient product return policies create a unique selling point which is tough to duplicate (Balaram et al., 2022; Zhang et al., 2022). Primary data shows company's reputation affects holistic judgments about company's offering and purchase intention (Yoon et al., 1993). Since reputation gives a hint about the quality, conscientiousness and dependability (Shapiro, 1982) it may decrease perceived risk in e commerce setting (Boulding & Kirmani, 1993). Based on these researches we can say that the e-tailers who offer cash back guarantee and have healthy reputation will be perceived more reliable than online stores with objectionable reputation (Grewal et al., 2003).

Additionally, when customers think it is hard to return products, they perceive a pricey, cumbersome return process. There are chances that they keep those products unwillingly due to difficult return procedure, this has found to be impacting customer buying behavior (Pee et al., 2008). Hence we propose that:

*H4: There is a negative effect of E tailer reputation on Perceived return difficulty.*

*H5: There is a negative effect of Perceived return difficulty on purchase intention.*

### **2.4 E-tailer reputation and Service quality**

The role of corporate reputation or in this case E-tailer reputation becomes more crucial where there are high levels of service involved. Company reputation has been defined as collective judgments of all contributors about firm's mission and vision, how firm keeps its promises and about the performance of the firm keeping in view its macro environment (Logsdon & Wood, 2002). Though the company's reputation is extracted from interpretations from all stakeholders, Wartick (2002) says it is more practical to consider views of primary customers as they have the

chief influence. Company reputation affects customers differentiating realizations about product and service quality (Hassan & Salim, 2021).

Consumer research shows that people use Reputation- Quality inferences to evaluate the quality of offerings (Hassan & Salim, 2021; Dawar & Parker, 1994). Other investigations show that customers use signals or extrinsic hints such as marketing communications, branding and corporate image to deduce quality and filter their choices (Spielmann et. Al., 2022; Cheng & Rashid, 2013). Moreover, a firm with positive reputation will be perceived as dependable as opposed to a firm with negative reputation (Chen & Dubinsky, 2003).

Service quality has positive implications on revenue and margins in a conventional retail ecosystem (Qu et al., 2008). Customer's perceived service quality affects consumer's trust in e-tailer and positively relates to customer happiness (Ringle et al., 2014). Online seller's service level including order processing, low cost handling of returns and reimbursement has been supported by evidence to increase consumer intention for online buying (Lim, 2015). Therefore, we propose that:

*H6: There is positive effect of E-tailer reputation on Service quality.*

### 2.5 Mediation effect of Product quality

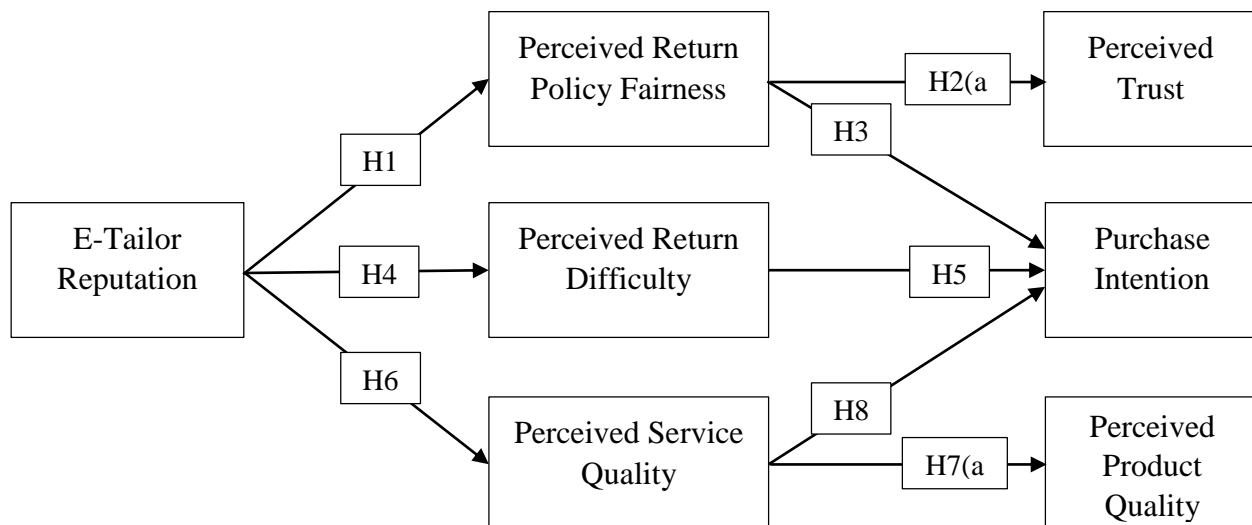
Preacher et al. (2006) researched customers buying electronic gadgets in conventional retail environment and their results deduced that perception of service quality was positively affected by perception of product quality. They maintained that a sales representative's knowledge and supporting behavior led to customer creating perception of product quality.

In an e-tailer setting, customers create perception of service quality based on ease of navigation on website, return policy and sales support (Saxena et al., 2022). Therefore, it is proposed that in e-commerce setting perceived service quality positively correlates with perception of product quality. Furthermore, product quality signifies a product's propensity to deliver what consumers want and expect. Wells et al. (2011) proved the positive relationship between product quality and purchase intention in e-commerce domain. Boyer & Hult (2005) also confirmed the positive affect of product quality on purchase intention in online grocery industry. Hence we hypothesize that:

*H7: Product quality mediates in the relationship between service quality and purchase intention.*

*H8: There is a positive effect of Perceived service quality on purchase intention.*

Figure1: Conceptual Framework



### 3. Methodology

We have followed positivist philosophy in our study. Positivism studies human beings and their behaviors in their habitat and then results are explained in conjunction with the theories given by previous researchers (Primecz, 2020). Saunders (2009) says that researcher acts as external to quantitative study because of objectivity of responses.

Using deductive approach theoretical foundation is studied and then refined into plausible assumptions. We refine it further to specific constructs and items to test the original theory (Sekaran & Bougie, 2016). Our study puts to test the theories of signaling and justice in the e-commerce landscape of Pakistan using the context of daraz.pk. The data was run through SPSS for descriptive analysis and regression was run through PLS SEM to test the hypotheses.

Population for this research as it is related to online purchase, are the number of people actively using internet in Pakistan. Sekaran (2003) advocated that appropriate sample size should depend on the number of constructs and each variable should have 30 responses as a minimum. Whereas, Onwuebuze et al., (2010) said sample size should depend on count of items i.e. for each item there should be 10 responses. Hair et al., (2010) proposed that sample size should be 250.

We used purposive sampling in which we followed inclusive approach. A qualifying question was added to collect relevant data. Only those respondents' data was filtered for research that had purchased from daraz.pk at any time. A total of 307 respondents filled the form out of which 246 respondents were qualified to be included in the research.

Collection of data was done through questionnaire in which items for measuring perceived return policy fairness were adopted from Kukar- Kinney et al., (2007); Perceived trust was adopted from Ohanian, (1990); and items of e-tailer reputation were adopted from Teo and liu, (2007). Perceived return difficulty and perceived service quality was measured using instruments by Kukar-Kiney and Grewal (2006). Perceived product quality was used as it is from Wang et al. (2004). Finally, for purchase intention we have adopted from (Webster & Weng, 2000). All the adopted constructs were having established reliabilities, i.e. Cronbach's Alpha > 0.7 (Hair et al., 2010).

### 4. Results

#### 4.1 Respondents Profile

According to the collected data, there were 246 respondents out of 309 who has shopped or bought from the e-tailer and majority of them were males. Moreover, the percentages were 62% males, 34% females and very few around 4% preferred not to reveal their gender. According to the respondents' profile depicted in this study, good percentage of respondents almost 85% were either below 20 or were in age bracket 21-30 and rest of the respondents were in higher age bracket. Considering the respondent's education, most of them were either graduate or have done post-graduation and in total their percentage was around 81%. There were 18.8% respondents who were married but, majority of the respondents around 64% were single. Considering the respondents' income, 35% of them had income below 20,000, 25% respondents had income above 50,000 and rest of them had income ranging from 20,000 to 50,000. Moreover, data reflects that majority of the respondents were buying either occasionally or less occasionally and their percentages were 35.1% and 32.9% respectively. Frequent buyers were only 12%.

## 4.2 Descriptive Statistics

To ascertain the univariate normality, skewness and kurtosis were used in this study. If the ranges of skewness and kurtosis are between -2 and +2 (Ansari et al., 2017), the collected data in this study fulfills the normality condition (See Table 1).

Considering the Table 1, all the constructs adopted fulfill the univariate normality condition as their values are ranging from  $\pm 2$ . Moreover, the highest skewness level (SK -.733) is reflected for the construct service quality (SQ) (Mean=3.50, SD=.90), and the lowest Skewness value or level (SK -.059) is for the construct product quality (PQ) (Mean=3.30, SD=.84). However, the highest level of kurtosis (KR -.915) is for the construct perceived trust (PT) (Mean=3.23, SD=.1.09) and the lowest kurtosis value or level (KR .026) is for the construct product quality (PQ) (Mean=3.30, SD=.84).

Table 1 Descriptive Statistics

Constructs	Mean	Std. Deviation	Skewness	Kurtosis
ER	3.37	.98	-.32	-.44
PT	3.23	1.09	-.17	-.92
PF	3.51	1.05	-.55	-.26
RD	3.33	1.05	-.34	-.52
PQ	3.30	.84	-.06	.03
SQ	3.50	.90	-.73	.48
PI	3.39	1.04	-.60	-.25

## 4.3 Construct Reliability

The constructs used in this study were adopted from the earlier studies, but reliability was re-ascertained because there is a variation in respondent's culture and level of understanding. Reliability test was conducted using Cronbach's alpha to check the internal consistency of the items used in a construct considering the acceptable value of greater than 0.7.

Table 2 reflects the highest reliability ( $\alpha=.919$ ) for the construct Perceived trust (PT) (M=3.23, SD=1.09) and lowest reliability ( $\alpha=.817$ ) for the construct product quality (PQ) (M=3.30, SD=.84). Moreover, the overall alpha value for all the constructs is .934 (M=3.37, SD=.71). It is apparent from the reliability results, alpha value for all the constructs is greater than the .80 that shows there is a good internal consistency.

Table 2 Reliability Analysis

Constructs	Cronbach's Alpha	No. of Items	Mean	SD	Earlier Studies Cronbach's Alpha
ER	0.892	4	3.38	0.98	0.96
PF	0.901	3	3.51	1.05	0.99
PI	0.878	3	3.39	1.04	0.98
PQ	0.817	5	3.3	0.84	0.96
PT	0.919	3	3.23	1.09	0.99
RD	0.893	3	3.33	1.05	0.97
SQ	0.837	3	3.5	0.9	0.94
Overall	0.934	24	3.37	0.71	

#### 4.4 Exploratory Factor Analysis (EFA)

To understand the relationship between the constructs and variables, EFA is used due to explorative in nature (Ansari et al., 2017).

The minimum value of KMO for all the constructs is greater than the lower limit of .60. Moreover, the BToS of all the constructs was significant at 95% confidence level. The cumulative factor loading or CFL for all the constructs is also greater than the lower limit required (.50). So, considering the results of table 3, it is being depicted that the theoretical aspects of all latent variables are confirmed (Bryman & Bell, 2011).

Table 3 Factor Analysis

Constructs	Items	KMO	BToS	CFL
ER	4	0.797	601.04	75.68 %
PT	3	0.759	533.15	86.03 %
PF	3	0.747	463.19	83.51 %
RD	3	0.741	437.18	82.34 %
PQ	5	0.826	456.29	59.12 %
SQ	3	0.716	293.55	75.43 %
PI	3	0.734	391.98	80.47 %

#### 4.5 Correlation Analysis

To check whether there is relationship among the constructs or not, correlation analysis is done especially between the independent and dependent variables. It is recommended that the values for correlation should be between 0.2 to 0.9 (Bryman & Bell, 2007).

**Table 4** reflects the relationship between different variables and it is apparent from the values that RD>PF (r=.145), RD>SQ (r=.166), RD>PI (r=.092) relationships are insignificant as the values are below the minimum cutoff (r=.20). However, there is a positive strong relationship between E-tailer Reputation (ER) (M=3.37, SD=.98) and Perceived Trust (PT) (M=3.23, SD=1.09) having Pearson correlation value (r=.77) and the weakest relation is between E-tailer Reputation (ER) (M=3.37, SD=.98) and Return Difficulty (RD) (M=3.33, SD=.1.05) having Pearson correlation value (r=.213).

Table 4 Correlation Analysis

Constructs	ER	PF	PI	PQ	PT	RD	SQ
ER	1.000						
PF	0.672	1.000					
PI	0.683	0.649	1.000				
PQ	0.355	0.446	0.456	1.000			
PT	0.765	0.693	0.721	0.409	1.000		
RD	0.213	0.145	0.092	0.417	0.242	1.000	
SQ	0.613	0.669	0.745	0.504	0.619	0.166	1.000

Note: Values are significant at p-level < 0.05

#### 4.6 Convergent Validity

Convergent validity is verified or determined by checking the average variance explained values and they must be greater than the minimum limit .40.

All the values are greater than the minimum required value .40 as mentioned in **table 5**, so there is a uniformity within the respondent's data. It means that the data fulfills the requirements of the convergent validity (Hair et al., 2010).

Table 5 Cronbach's Alpha and AVE Values

<b>Constructs</b>	<b>Cronbach's Alpha</b>	<b>Average Variance Extracted (AVE)</b>
ER	0.892	0.757
PF	0.901	0.835
PI	0.878	0.805
PQ	0.817	0.504
PT	0.919	0.860
RD	0.893	0.821
SQ	0.837	0.754

#### 4.7 Discriminant Validity

The discriminant validity test is used to check the uniqueness of the correlated variables. It ensures that the variables that are being used are distinct in nature (Hair et al., 2010). The process includes the calculation of square root of total variance explained that must be greater than each pair of correlation (Ansari, Khalid, Jalees & Ramish, 2017; Fornell & Larcker, 1981). The results are summarized in table 6 and it is apparent from the results that the respondent's data fulfill the requirement of discriminant validity.

Table 6 Discriminant Validity Test

<b>Constructs</b>	<b>ER</b>	<b>PF</b>	<b>PI</b>	<b>PQ</b>	<b>PT</b>	<b>RD</b>	<b>SQ</b>
ER	0.870						
PF	0.672	0.914					
PI	0.683	0.649	0.897				
PQ	0.355	0.446	0.456	0.710			
PT	0.765	0.693	0.721	0.409	0.928		
RD	0.213	0.145	0.092	0.417	0.242	0.906	
SQ	0.613	0.669	0.745	0.504	0.619	0.166	0.868

#### 4.8 Structural Equation Modeling (SEM) Analysis

Smart PLS 3.0 software was used to test the overall model through the PLS-SEM analysis. In order to test the model, the confirmatory factor analysis test was carried. The minimum required criteria is 0.5 but all the factors were above the minimum required limit and found to be significant. Reliability and validity values were also reflected the positive results i.e. AVE>.5, and Cronbach's Alpha>.70. The Standardized Root Mean Square Residual (SRMR) is included in approximate fit indices and the recommended value is 0.08 and the cutoff value is 0.1 (Henseler et al., 2014). However, the model that is being used in this study shows .095 and implies that the model represents the acceptable goodness of fit. Considering the **Table 7**, there is a significant effect of E-tailer reputation on perceived return policy fairness, service quality and return difficulty. However, in literature e-tailer reputation has negative affect on the return difficulty but the results in this study show the positive relation. Moreover, perceived return policy fairness has no effect on the purchase intention but reflects the strong significant effect on perceived trust. Furthermore, product quality shows a weak significant effect on purchase intention. Considering the return difficulty, it does not reflect the correlation with the purchase intention; however, regression analysis results show the significant effect of return difficulty on the purchase intention. Additionally, the service quality reflects a significant effect on purchase intention and product quality (**See Table 7**). The bootstrapping method with subsample 1373 is used to test the mediation or specific indirect effects. Results are summarized in below **Table 8**.

Table 7 Path Coefficient and Direct Effects

Constructs	Coefficient	T Statistics	P Values	Hypothesis
ER -> PF	0.67	16.79	0.00	Supported
ER -> RD	0.21	2.99	0.00	Supported
ER -> SQ	0.61	13.46	0.00	Supported
PF -> PI	0.05	0.82	0.41	Rejected
PF -> PT	0.69	18.76	0.00	Supported
PQ -> PI	0.10	2.11	0.04	Supported
PT -> PI	0.41	6.12	0.00	Supported
RD -> PI	-0.13	3.02	0.00	Supported
SQ -> PI	0.42	6.74	0.00	Supported
SQ -> PQ	0.50	9.55	0.00	Supported

Table 8 Mediation Analysis and Specific Indirect Effects

Constructs	Coefficient	T Statistics	P Values	Hypothesis
SQ -> PQ -> PI	0.05	1.96	0.05	Supported
PF -> PT -> PI	0.28	5.91	0.00	Supported

#### 5. Discussion and Conclusions

This study revolves around the significance or effect of different independent variables such as e-tailer reputation, perceived return policy fairness, return difficulty, perceived service quality, product quality and perceived trust on dependent variable called purchase intention. This research has not only studied the direct effects but has also catered the mediating role of product quality between service quality and purchase intention and mediation of perceived trust between perceived return policy fairness and purchase intention. Moreover, the results of all hypothesis were found

consistent with the earlier studies. However, the relationship between return difficulty and e-tailer reputation were found inconsistent.

### 5.1 Discussion related to Hypotheses

To further explain the hypothesis and their consistency with earlier studies, the results are discussed below:

#### *Hypothesis 1:*

The effect of e-tailer reputation on the perceived return policy fairness was stated in hypothesis 1. The results reflected the substantiation of the hypothesis (**Refer to, Table 7**). The results depict that the e-tailer reputation significantly affect the perceived return policy fairness. If the e-tailer standing is good, consumer will have positive perception about the e-tailer return policies. The results of this study are consistent with the earlier studies which states that reputation built before the transaction could be harmed or affected by the distrust during the transaction (Wagner et al., 2011).

#### *Hypothesis 2:*

Hypothesis 2 states the mediation role of perceived trust between perceived return policy fairness and purchase intention. The results in **Table 7** and **Table 8** depict the substantiation of the hypothesis. It was found that perceived trust fully mediates between perceived return policy fairness and purchase intention as the effect of perceived return policy fairness on purchase intention is insignificant and only mediating variable effect is significant that implies that there is full mediation. Moreover, in earlier researches, trust plays an important role in joining consumers with the e-tailers and scarcity of trust hindered consumer motivation for buying online (McKnight et al, 2002; Shiau & Lao, 2012). It is apparent from the studies that trust and justice are strongly associated and interrelated in a way that perceptions create a trust and which then motivate future impressions of justice. Similarly, perception of honesty or fairness enterprises faith in online retailer (Seckler et al., 2015).

#### *Hypothesis 3*

The hypothesis 3 was used to substantiate the effect of perceived return policy fairness on the purchase intention. In earlier studies, perceived return policy fairness along with the perceived trust was used to study the purchase intention and depicts that the perception of honesty or fairness enterprises faith in online retailer (Seckler et al., 2015). Results of this study were also found consistent to the earlier research and reflected that the perceived return policy fairness effect is insignificant on the purchase intention (**Refer to Table7**).

#### *Hypothesis 4*

This hypothesis was ascertaining the effect of e-tailer reputation on the return difficulty. It was found that e-tailer reputation has positive effect on the return difficulty and these findings are not consistent with the earlier researches (**Refer to Table 7**). In earlier researches findings, e-tailer's reputation and return difficulty were negatively associated or have negative relation and states that e-tailers who offer cash back guarantee and have healthy reputation will be perceived more reliable than online stores with objectionable reputation (Grewal et al., 2003). However, findings of this study, were found positive. And future studies could be used to substantiate the relation between return difficulty and e-tailer reputation.

#### *Hypothesis 5*

This hypothesis was used to figure out the negative effect of return difficulty on the purchase intention. In earlier studies it was stated that customers perceive pricey and cumbersome return

process, whenever there is hardship in returning the product. And there are good chances that they will keep those products unwillingly. Moreover, it will then impact their future buying behavior (Pee et al., 2008). The findings of this study were also found consistent and there was significant negative effect of return difficulty on purchase intention (**Refer to Table7**).

### *Hypothesis 6*

In this hypothesis, e-tailer reputation effect on service quality was measured. The results summarized in **Table 7** reflected significant effect of e-tailer reputation on service quality. And results were found consistent with prior research findings that substantiated the e-tailer reputation effect on service quality. Moreover, customers differentiate the quality of product and services depending on the e-tailer reputation.

### *Hypothesis 7*

Hypothesis 7 states the mediating role of product quality between service quality and purchase intention. In **table 7** results depicted that service quality effects the purchase intention and product quality. Moreover, product quality effects purchase intention. However, the effect was reduced from .42 to .05 (**Refer to Table 7and 8**). This implies the partial mediation of product quality between service quality and purchase intention. The results of this study were found consistent with that of earlier studies, where, Boyer and Hult, 2008 also confirmed the positive affect of product quality on purchase intention in online grocery industry. Moreover, Preacher et al., 2006 deduced that perceived service quality and product quality were having significant relation. In other study it was found that service quality has positive impact on the revenue and margins in a conventional retail ecosystem (Qu et al., 2008).

### *Hypothesis 8*

In prior studies, service quality has strong implication on the purchase intention. And results of this study also substantiated the effect of service quality on purchase intention (**Refer to Table 7**) and found consistent with earlier research findings that recognized the service quality effect on buying intention (Qu et al., 2008).

## **5.2 Implication for the E-commerce Managers**

Despite of the increasing trend towards the e-buying, still most of the businesses managers are going through chaos and stress due to decline in the annual revenues. Therefore, this study provides useful insights that might help the managers working within the e-commerce ecosystem. Moreover, considering the broader perspective, there are multiple tangible and intangible factors that affect the consumer future buying intention. So, it is important for the managers to understand those factors especially create a balance in a way that they should lower the negative factors such as return difficulty that might directly or indirectly effect the intangible factor like e-tailer reputation, perceived fairness, perceived trust and ultimately buying intention and try to focus more on the positive factors that results in increase in buying intention. Moreover, the tangible factor such as service and product quality has great implication on the purchase intention, therefore managers could use it to attract more consumers and force them to buy.

## **5.3 Directions for Future Research and Study Limitations**

Buyer and e-tailer relationships are forced to cater not only the tangible aspects consisting of economic rewards like service and performance but should also incur the intangible aspects such as reputation, fairness, and trust. Moreover, the present study, helped in finding the new horizons

especially the practical and theoretical insights related to the e-commerce ecosystem that earlier were not studied in marketing and supply chain paradigm (Poole & Van de Ven, 1989; Ketchen & Hult, 2011). It is important for the supply chain and e-commerce experts, to integrate multiple perspectives and theories to investigate further about the e-tailer and buyer relationships especially in terms of return difficulty and e-tailer reputation relationship whose results deviated from the earlier findings.

Additionally, the intangible factors such as reputation, fairness, and trust could be used to further find the direct or indirect effects especially the mediation and moderation of these variables that might lead to the useful insights. Moreover, according to the prior research the intangible aspects such as reputation, fairness, and trust has strong association with the culture and in most studies culture plays moderating role. However, this study has not considered the cultural aspects and respondent profile is limited to urban population, therefore it might change the results. So, it is suggested to conduct further research incurring cultural factor to investigate about the new insights.

The focus of this study was revolving around only one e-tailer called Daraz and unable to consider other e-sellers. Therefore, there is good chance that the results may deviate when other e-sellers are incurred in future studies. It is recommended to conduct further studies to investigate the factors that might affect the consumer's future buying intention considering the different e-commerce business paradigms such as B2C, C2C, and B2B.

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