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## Customer Satisfaction Amongst Gen Z Customers: Investigating the Moderating Role of Service Quality, Price Promotions and Flow

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### ABSTRACT

**Purpose:** The present study endeavours to uncover the moderating role of marketer related activities (service quality and price promotions) and consumer characteristics (flow) on online retail customer satisfaction. It specifically examines the moderating influences on Gen Z consumers.

**Design/Methodology/Approach:** Survey responses were gathered from 700 students who were pursuing MBA from two universities in North India.

**Findings:** The study concludes that Gen Z consumers who have lower service quality perceptions feel less satisfied when a lot of price promotions are directed at them. Customers witnessing low flow feel less satisfied with an increase in service quality perception. For customers feeling high flow, customer satisfaction rises rapidly with increase in service quality and price promotions. Consumers who exhibit low receptivity towards price promotions and low flow experiences, feel more satisfied with an increase in service quality. Consumers in low flow, who are highly receptive towards price promotions, feel similarly satisfied at low and moderate levels of service quality; but customer satisfaction rises as service is perceived to be of high quality for these customers.

**Research Limitations:** The present study is based on cross-sectional data. So, temporal changes in Gen Z customers cannot be predicted through this study.

**Managerial Application:** Marketers should focus on website experiences that enhance flow keeping specifically into mind the needs of Gen Z customers. This will help the e-retailers take initial steps to push customers higher on the customer loyalty ladder.

**Originality/Value:** This is an original piece of work as primary data have been collected from students of different universities in North India.

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## **Introduction**

Online retail is growing in India rapidly. Indian customers are witnessing huge surge in opportunities to buy from online retailers recently. Favourable conditions of demand viz., large proportion of young population, lifestyle changes, affordable access to internet and smartphone penetration create promising conditions for online retailers. Personal characteristics of consumers such as intrinsic shopping motivations which are utilitarian as well as hedonic are associated with positive attitude towards this retail channel, purchase intentions and satisfaction ([Childers et al., 2001](#)). Utilitarian motives include seeking convenience while shopping, getting better brand and price choices, comparing brand features and prices etc. Therefore, usefulness of websites and its design characteristics such as easy to navigate, accessibility and an alternative of personal check build trust ([Ganguly et al., 2010](#)) and importantly project attitude of consumers toward web shopping ([Childers et al., 2001](#); [Khare et al., 2012](#)). This also possibly explains why they are widely used by online retailers ([Maxwell and Maxwell, 2001](#)). Hedonic benefits involve seeking pleasure, fun, enjoyment and recreation from the shopping experience ([Akturan et al., 2011](#)).

Young consumers particularly indulge in online shopping to extract hedonic as well as utilitarian benefits ([Roy Dholakia & Uusitalo, 2002](#)). For them, usefulness of shopping activity precedes the need to enjoy the shopping experience ([Khare et al., 2012](#)).

Targeting price consciousness of consumers is a key marketing tool and is used by retailers to woo value conscious shoppers ([Vyas, 2005](#)). Using price promotions is one of the competitive tactics popular among online retailers to enhance shopping value. [Bridges & Florsheim, \(2008\)](#) suggest that a website should provide sufficient information to customers and help them in locating the desired links. Thus, website characteristics should serve utilitarian and hedonic goals simultaneously. Hedonic benefits can create an enjoyable 'flow' for a user to engage with the website for a long time, and utilitarian benefits can contribute to the functional flow which can influence online shopping of individuals. Flow means a situation which is assumed by viewers when they embroil

in some activity thoroughly ([Hoffman & Novak, 2009](#); [Mirvis & Csikszentmihalyi, 1991](#)). Whenever a person plays games, engages in hobbies, or works, he achieves a state of enjoyment and absorption. When a person experiences flow, he does not consider time and no other activity seems to be important for him. Flow may not be a permanent state of mind, but when it is experienced, it is truly enjoyable. Users experiencing the state of flow express positive attitude, satisfaction and affirmative online purchase intentions ([Roy Dholakia & Uusitalo, 2002](#)). Flow is therefore conceptualized as fulfilling hedonic motives in online shopping situations. Experiential qualities of websites are particularly important for young shoppers who are strongly influenced by hedonic motives ([Kaur & Singh, 2007](#)). The massive young consumer segment consists of old and young Millennials and Gen Z. Gen Z consumers form a distinct consumer cohort owing to unique consumption styles ([Akturan et al., 2011](#)). Born between 1995 and 2015 (who range between 6 and 26 years in age now), they are extremely tech-savvy and these technologies are deeply imbibed into their daily lives ([Bernstein, 2015](#)). They are also popularly known as digital natives and use smart technologies frequently for many activities. [Priporas, \(2020\)](#) use them for not only gathering product information but for evaluation as well as final purchase. Information gathered through social media, product/service reviews or other sources they trust are used to extract purchase value ([Narula, 2021](#)). They are highly receptive to customer relationship and pricing strategies used by companies and interact with companies through the latter's digital marketing initiatives ([Gupta et al., 2019](#)). So, the present study addresses the call for addressing the need to re-look at the existing relationships and theories owing to the unique characteristics of this segment who differ from their preceding generation in choice patterns, decision-making and behaviour ([Töröcsik et al., 2014](#)). The explosive growth in online shopping in India also entails that consumer behaviour toward this emerging trade channel should be examined. So, this study has been planned to uncover the relative contribution of marketer related activities (service quality and price promotions) and consumer characteristics (flow) in enhancing customer satisfaction in online purchases.

## Review of Literature

### Customer satisfaction

Numerous studies have held that customer satisfaction in the context e-commerce is a precursor to customer loyalty, which includes attitudinal and behavioural aspects of loyalty viz. word of mouth, willingness to pay more and purchase intentions/behaviour ([Bao, 2015](#); [Chen, 2012](#); [Fang et al., 2016](#)). Customers usually evaluate pre-purchase expectation with the service experiences delivered to gauge whether they feel satisfied or dissatisfied ([Oliver, 1980](#)). Customer satisfaction is a transient psychological state of positive emotions experienced by individuals which creates a necessary condition for customers to stay loyal and patronize retailers. [Zhao et al., \(2019\)](#) in the context of online reviews of hotels, have confirmed that technical attributes of reviews definitely determine customer satisfaction.

### Service Quality, Price Promotions and Flow

Customer service characteristics are related to intention, adoption and repurchase behavior of online consumers ([Cheung et al., 2005](#)). Service characteristics include website design and aesthetics, product description, complaints handling and returns, delivery, ease of making payments and payment options and assistance on orders ([Collier & Bienstock, 2006](#); [Ganguly et al., 2010](#)).

E-service quality attributes create favourable customer experiences ([Wu et al., 2017](#)) and so lead to positive attitude towards the store and customer satisfaction ([Sivadas and Baker-Prewitt, 2000](#); [Lee and Lin, 2005](#); [Chang and Chen, 2009](#); [Gounaris et al., 2010](#)). They further build attitudinal loyalty ([Zeithaml et al., 1996](#); [Cristobal et al., 2007](#)) and influence behavioural intentions favourably ([McDowell et al., 2016](#)). Service quality attributes, that enhance customer satisfaction, serve as important tools for marketers to build online retail brand differentiation and competitive edge ([Pei et al., 2020](#)). [Vakuleno et al. \(2019\)](#) confirmed that online retail customer experiences supported by delivery services lead to customer satisfaction.

Customer experiences are also shaped by price orientation of online retailers. Price plays a significant role that attracts consumers to a particular site ([Reibstein, 2002](#)). Consumers also consider price as one of the significant factors in their search engines. Price promotions are frequently used by online retailers to enhance value perceptions among online consumers. The discounted price enhances significant value of the products and services offered by the online retailer and so builds favourable store image and behavioural intentions among customers ([Park and Lennon, 2009](#)). Advertisements communicating information about price promotions compare the discounted price with the reference price to create consumer interest and spur demand ([Grewal et al., 2011](#)). So it is hypothesised that:

H1: Service quality, price promotions and flow positively influence customer satisfaction.

### Interrelationships between service quality, price promotions and flow experiences

Service quality or buying convenience does not reduce the impact of prices on consumer purchase decisions. The websites which use lower prices or price promotions are quickly able to draw loads of consumers to their sites. Perceptions about prices charged by e-retailers get modified for customers when they are offered more shopping convenience and reliability in fulfilment. These customers also express to be satisfied with the e-retailers and are willing to return to them for future purchases ([Jiang and Rosenbloom, 2005](#)). When customers' positive perception of adequate service, convenience and quality is coupled with the perception that the reasonable prices are charged by e-retailers, they feel more satisfied ([Kaura et al., 2015](#)). [Grewal et al. \(1998\)](#) explored the effect of price discounts on consumer's store evaluations along with store name and brand name. No impact of price discounts has found on perceived brand quality. However, price discounts had an impact on perceived value. Low knowledge consumers were more strongly persuaded by price discounts than high knowledge consumers. Perceived value and store image

together contributed to loyalty of consumers. However, in a study investigating the impact of consumer price sensitivity on mobile shopping app adoption, a negative relationship was highlighted between price sensitivity and mobile shopping application adoption. This suggests that price promotions can have differential impact on online consumers' satisfaction.

Mood states of individuals importantly influence their shopping behaviour. People who feel happy while shopping indulge in greater variety seeking than individuals who are feeling sad while shopping (Lin and Lin, 2009). In the same study, Lin and Lin found that mood state did not alter the impact of price promotion on their shopping behaviour. Aydinli et al. (2014) held that individuals who are offered price promotions choose products which are rich in 'affect' and their variety seeking behaviour gets reduced. This implies that the impact of price promotions and mood states on consumer response is intertwined. Previous research also compares the effect of hedonic orientation of online consumers across gender (Wu et al., 2017) and purchase frequency (Dai, 2007; Soni, 2020). Soni (2020) reported that females experience deeper state of enjoyment as compared to male shoppers with narrow brand assortment and low purchase frequency. Males experience more enjoyment in online purchases when they buy frequently from online retailers. Yet these studies have not looked at the differential impact of price promotions on consumers experiencing varied levels of enjoyment while shopping (flow). So, the following hypotheses have been proposed.

H2: High perceptions of service quality and price promotions together will increase customer satisfaction.

H3: High perceptions of service quality and flow together will increase customer satisfaction.

H4: High perceptions of flow and price promotions together will increase customer satisfaction.

H5: High perceptions of service quality, price promotions and flow will together increase customer satisfaction.

## Research Methodology

Data have been collected from students who were pursuing Masters in Business Administration course. These students belong to two universities namely, Shri Mata Vaishno Devi University, Jammu and Guru Nanak Dev University, Amritsar. A total of 700 questionnaires were distributed among students. However, only 553 questionnaires have been found to be valid for analysis. Most of the respondents (63.7%) belong to age category 22-27 years. The percentage of males and female students is almost similar. The monthly family income of nearly fifty-seven per cent respondents is INR 70000. In order to analyse data, statistical softwares SPSS 19.0 and AMOS 19.0 have been used. Statistical techniques such as Exploratory factor analysis, Confirmatory factor analysis and Hierarchical regression analysis were used.

### Measures used

Various scales measuring online service quality (as developed for a particular service) were considered. Taking into account the content of the scale and its suitability to Indian conditions, a twenty-three item PIRQUAL scale developed by Francis and White (2002) has been used to measure service quality of online retailers. The responses were measured on a five point Likert scale from strongly agree = 5 to strongly disagree = 1. The scale comprised of six dimensions of retail service quality viz. web store functionality, product attribute description, ownership conditions, delivered products, security and customer service. The reliability of the scale is 0.865.

Similarly, the level of satisfaction has been measured using a three statement scale developed by Chang and Chen (2009). These statements have been measured on a five point Likert scale from strongly agree = 5 to strongly disagree = 1. Flow has been measured using a scale which has three statements. This scale has been developed by Fan et al. (2013). The responses were measured on a seven point Likert scale from strongly agree = 7 to strongly disagree = 1. The scale comprise items such as 'While I was using this website, time seems to go by very quickly'. The reliability for the scale is 0.813.

The Price promotion scale comprise three statements. This scale was developed by

[Close and Kukar-Kinney \(2010\)](#) and responses on this scale have been measured on seven point Likert scale from strongly agree = 7 to strongly disagree = 1. The reliability for this scale is 0.736.

### **Control Variables**

Frequency of buying from online retailers, experience of buying, perception about price fairness and price reasonability of the retailer can influence satisfaction of customers while buying online. Therefore, these variables have been used as control variables in the hierarchical regression model. Frequency of buying from a particular web retailer in the last 12 months has been measured as < 3 times, 3-6 times and > 6 times. Experience of purchasing from that online retailer is measured as less than 3 months, 3 to 6 months, 6 to 12 months and more than 12 months. Price fairness was measured as very fair = 5 and very unfair = 1. Price reasonability was measured as very reasonable=5 and very unreasonable = 1.

### **Results**

At the outset, the respondents were asked to specify the frequency of buying from a particular web retailer in the last 12 months. The respondents expressed to have bought from the online retailer less than 3 times usually (43.4%) or 3-6 times (32.4%). The respondents had an experience of more than 12 months (49.5%) or 6-12 months (29.0%). With regard to price charged by online retailers, the respondents opined that prices are fair and reasonable as the mean values are close to 4. Price fairness was measured as very fair = 5 and very unfair = 1 and price reasonability was measured as very reasonable = 5 and very unreasonable = 1)

As literature offers varied dimensions of online retail service quality, such dimensions have been re-examined using exploratory and confirmatory factor analysis. The statements measuring online retail service quality along with means, S.D., AVEs and CR are described in Table 1. On executing factor analysis, factor structures were retained for the factors – web store functionality, product attribute description, customer service and security. However, two statements from the original

factor ‘ownership conditions’ – ‘XYZ.com products are delivered by the expected time’ and ‘The XYZ.com delivery times are convenient’ merged with the factor delivered products. Indian respondents perceived ownership conditions as conditions for successful ‘delivery conditions’.

Confirmatory factor analysis suggested that web store functionality, product attribute description, customer service, ownership conditions, delivered products and security form the factors reflecting service quality dimensions of online retailers in India. Confirmatory factor analysis yielded results to support the factor structure obtained as seen through the goodness of fit indices such as CFI, TLI, RFI and NFI which exceeded the guidelines of greater than 0.90 ([Hair et al., 2010](#)), reflecting good model fit. Furthermore, ‘the root mean square error of approximation’ (RMSEA) = 0.052 was also within the limit. Standardized factor loadings and AVEs were found to be greater than 0.50, construct reliability for each dimension was greater than 0.70 and square root of AVEs for all six inter construct correlations to suggest adequate construct validity. Other scales used in the study, viz. customer satisfaction, flow and price promotions are shown in Table 2.

The mean scores were calculated for each of the scales in order to conduct hierarchical regression analysis. Prior to executing regression analysis, correlations were computed between each of the variables and are presented in Table 3.

Series of hierarchical regression analyses were conducted thereafter to measure the effect of service quality, flow and price promotion and their interactions on customer satisfaction with online retail. The control variables have been entered in the first step as independent variables.

The results, as depicted in the table, show that frequency of buying, experience of buying, perception of price fairness and price reasonability have positive impact on customer satisfaction. All the relationships are significant at 1% level of significance. Experience of buying ( $\beta = 0.185$ ) and price fairness ( $\beta = 0.166$ ) have significant positive influence on customer satisfaction with online retailers. Subsequently, the effect of service quality

**Table 1: Service quality of online retailers – Descriptive statistics**

Labels	Dimensions of service quality	Means	S.D.	AVE	CR
<i>Web store functionality</i>					
WSF1	The website XYZ.com is always accessible.	4.17	0.80	0.57	0.83
WSF2	It is easy to locate information on the XYZ.com website.	4.15	0.76		
WSF3	The XYZ.com website pages download quickly.	3.89	0.82		
WSF4	The XYZ.com system for placing an order works right the first time.	3.95	0.84		
WSF5	It is easy to place an online order with XYZ.com	4.24	0.75		
<i>Product attribute description</i>					
PAD1	XYZ.com provides pictures of products.	4.39	0.71	0.51	0.84
PAD2	The XYZ.com products are described clearly.	4.11	0.77		
<i>Ownership conditions</i>					
OC1	XYZ.com makes it easy to calculate the total purchase cost.	4.19	0.76	0.50	0.83
OC2	The XYZ.com terms and conditions of sale are clearly explained.	4.34	0.72		
OC3	XYZ.com provides confirmation of my order.	4.36	0.69		
OC4	XYZ.com products are delivered by the expected time.	4.05	0.78		
OC5	The XYZ.com delivery times are convenient.	3.98	0.84		
<i>Delivered products</i>					
DELIV1	XYZ.com deliver the correct products the first time.	4.28	0.79	0.56	0.84
DELIV2	XYZ.com products arrive in good working order.	4.22	0.77		
<i>Customer service</i>					
CS1	Contacting XYZ.com customer working staff is easy.	4.00	0.84	0.62	0.76
CS2	XYZ.com customer service staff respond quickly to my emails.	3.63	0.90		
CS3	Communications with XYZ.com seem personal.	3.44	0.92		
CS4	XYZ.com are happy to fix problems if they arise.	3.77	0.89		
CS5	XYZ.com make it easy to exchange damaged or faulty products.	3.99	0.85		
<i>Security</i>					
SEC1	XYZ.com explain security information clearly.	3.85	0.92	0.76	0.90
SEC2	XYZ.com guarantee that my credit card details will be safe.	3.86	0.89		
SEC3	XYZ.com treat my personal details as private and confidential.	3.90	0.89		
SEC4	XYZ.com explain how they intend to use my personal details.	3.70	0.94		

**Table 2: Customer satisfaction, flow and price promotions – Mean values and scale reliabilities**

Labels	Statements	Means	S.D.	AVE	CR
<i>Customer satisfaction</i>					
CS1	I am satisfied with my decision to purchase from this web site	4.12	0.78	0.57	0.72
CS2	My choice to purchase from this web site was a wise one	3.91	0.86		
CS3	I think I did the right thing by buying from this web site	3.92	0.87		
<i>Flow</i>					
Flow1	Overall, I enjoyed using this website	5.86	0.95	0.68	0.79
Flow2	While I was using this website, time seems to go by very quickly	5.60	1.03		
Flow3	I felt time distortion when I was using this website	5.75	0.96		
<i>Price Promotions</i>					
	<i>I tend to—</i>				
SP1	place items in the shopping cart because they are on sale.	5.64	1.32	0.55	0.71
SP2	place items in the cart because the Internet retailer offers free shipping.	5.17	1.52		
SP3	place items in the cart because there is a special promotion going on.	5.14	1.52		

**Table 3: Correlations between variables used in the study**

	Customer satisfaction	Service quality	Flow	Price promotions	Frequency of buying	Experience	Price reasonability
Customer satisfaction	–						
Service quality	0.458**	–					
Flow	0.458**	0.415**	–				
Price promotions	0.252**	0.257**	0.239**	–			
Frequency of buying	0.213**	0.218**	0.162**	0.073	–		
Experience	0.254**	0.244**	0.189**	0.068	0.388**	–	
Price reasonability	0.238**	0.240**	0.146**	0.169**	0.092*	0.088*	–
Price fairness	0.204**	0.220**	0.146**	0.122**	0.097*	0.097*	0.479**

**Note:** \*\* significant at 0.01 level \* significant at 0.05 level.

of online retailers (as independent variable) has been assessed on customer satisfaction. In this model, service quality is seen to increase satisfaction of customers by 12.3 per cent ( $\Delta R^2$ ),  $\beta = 0.377$ ,  $p < 0.01$ . Similarly, in the next model, flow ( $\beta = 0.391$ ,  $p < 0.01$ ) increases satisfaction of customers by 14.3 percent and price promotion ( $\beta = 0.198$ ,  $p < 0.01$ ) enhances satisfaction by 3.8 per

cent. Thus, H is supported. The impact of individual customer factors viz., flow on customer satisfaction is highest ( $\Delta R^2 = 14.3\%$ ) followed by marketer factors viz., service quality and price promotions. The impact of service quality is higher than the impact of price promotions. Thereafter, the impact of interaction between service quality, price promotion and flow has been identified. As

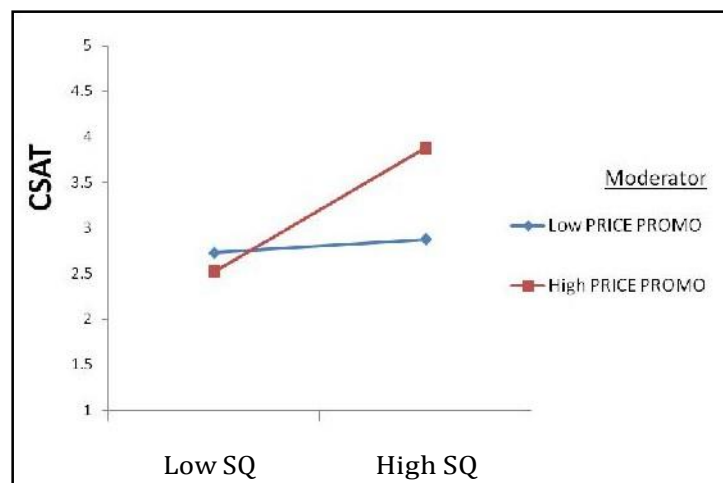
**Table 4: Impact of service quality, flow and price promotions on consumer satisfaction**

Independent variables	$\beta$	$\Delta R^2$	Control variables ( $\beta$ coefficients)				Model sig.	
			Total R <sup>2</sup>	Frequency of buying	Experience Fairness	Price of buying		Price Reasonability
	Initial R <sup>2</sup> = 0.131		(0.116)	(0.185)	(0.166)	(0.095)	0.000	
<b>Service Quality</b>	<b>0.377***</b>	0.123	0.254	0.051	0.100	0.099	0.043 <sup>ns</sup>	0.000
<b>Flow</b>	<b>0.391***</b>	0.143	0.274	0.080	0.131	0.132	0.063 <sup>ns</sup>	0.000
<b>Price Promotion</b>	<b>0.198***</b>	0.038	0.169	0.108	0.178	0.138	0.086	0.000
<b>Service quality* Price Promotion</b>	<b>0.302***</b>	0.084	0.215	0.091	0.153	0.116	0.072	0.000
<b>Service quality* Flow</b>	<b>0.481***</b>	0.201	0.274	0.051 <sup>ns</sup>	0.100	0.099	0.043 <sup>ns</sup>	0.000
<b>Price Promotion* Flow</b>	<b>0.342***</b>	0.109	0.332	0.091	0.149	0.120	0.069	0.000
<b>SQ*PP*Flow</b>	<b>0.670***</b>	0.398	0.529	0.040	0.079	0.062	0.032	0.000

**Note:** Cell values in parentheses depict  $\hat{\alpha}$  coefficients of control variables when independent variables are not introduced, ns- not significant, \*\*\* significant at 1% level of significance

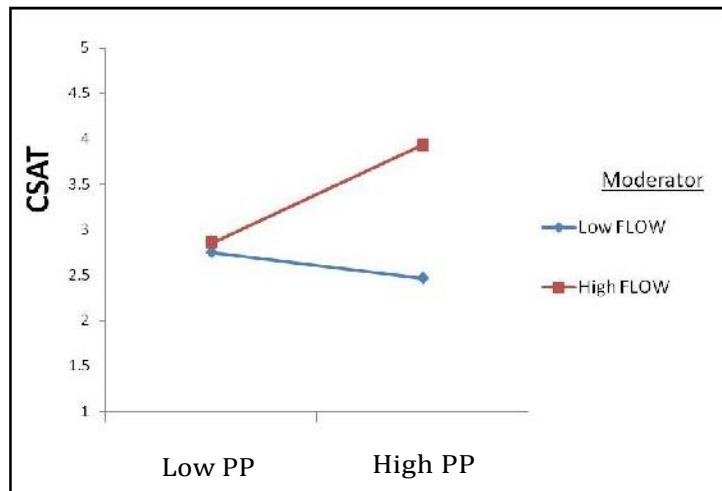
seen from the table, the interacting impact of service quality and flow (service quality\*flow) ( $\beta = 0.481, p < 0.01$ ) brings about 20.1 per cent increase in satisfaction, price promotion\*flow ( $\beta = 0.342, p < 0.01$ ) increases satisfaction by 10.9 percent and service quality\*price promotion ( $\beta = 0.302, p < 0.01$ ) increases satisfaction by 8.4 per cent. Hence, H<sub>1</sub>, H<sub>2</sub> and H<sub>3</sub> are supported. Thus, flow positively moderates the impact of service quality and price promotion on satisfaction of customer. The three-way interaction between service quality, flow and

price promotions ( $\beta = 0.670, p < 0.01$ ) increases satisfaction of customer and brings about 39.8 per cent change in customer satisfaction, suggesting that H<sub>4</sub> is also supported. This shows the magnified impact of service quality, flow and price promotions occurring together on customer satisfaction. For better understanding of two-way moderation effects of price promotion on service quality, flow on service quality and flow on price promotion, they are visualized respectively in Figure 1.

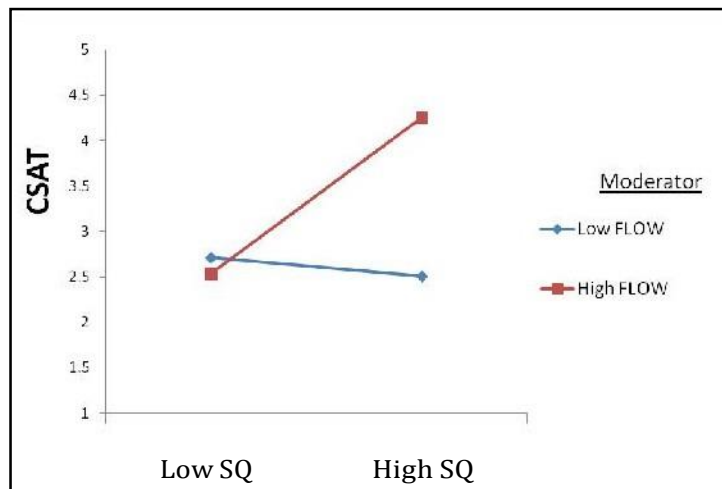


**Figure 1(a)**





**Figure 1(b)**



**Figure 1(c)**

*Note: PP-Price promotions, SQ-Service Quality, CSAT- Customer satisfaction*

Figure 1(a) depicts the moderating role of price promotions on the relationship between service quality and customer satisfaction. The figure shows that price promotions strengthen the relationship between satisfaction of customer and quality of service. For lower service quality perceptions, high price promotions lead to lower customer satisfaction. But when service quality perceptions are high, higher price promotions are successful in increasing customer satisfaction. Customer satisfaction levels increase rapidly when price promotions and service quality both rise.

Figure 1(b) shows the relationship between price promotions and customer satisfaction with flow as moderator. It can be seen from the figure that

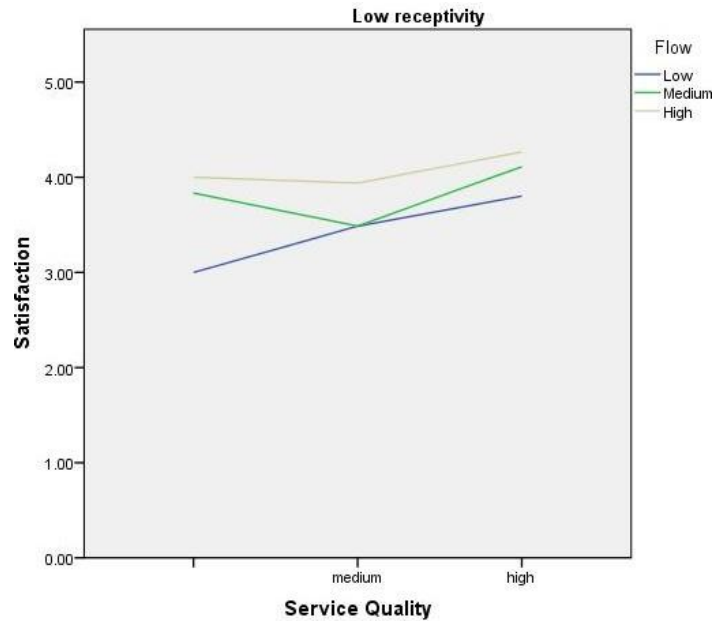
flow reinforces the positive relationship between promotions and customer satisfaction. At low levels of price promotions, customers experiencing high as well as low flow depict similar levels of satisfaction with online retailers. But at high levels of flow, higher levels of price promotions lead to better customer satisfaction. This means that price promotions are more effective for customers experiencing high flow.

Figure 1(c) draws attention towards the moderating effect of flow on the relationship between service quality and customer satisfaction. Interestingly, for customers experiencing low flow, the satisfaction experienced by customers is lower for higher levels of service quality than when service

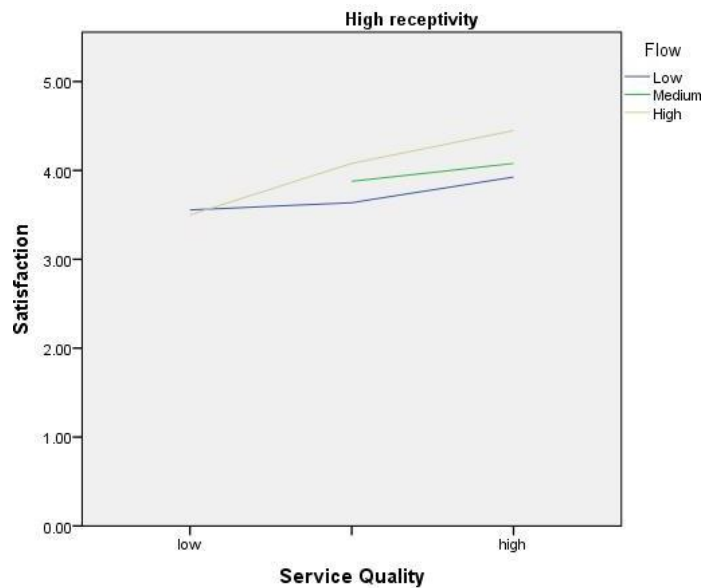
quality perceptions are lower. This means that customer satisfaction decreases even when service quality increases for customers witnessing low flow. For customers feeling high flow, customer satisfaction rises rapidly with increase in service quality.

The moderating effect of service quality and flow on low and high receptivity towards price promotions are displayed in Figures 1 (d) and (e) respectively.

For consumers exhibiting low receptivity towards



1.00  
Figure 1(d)



2.00  
Figure 1(e)

*Moderating effect of service quality and flow on low and high receptivity towards price promotions*

price promotions, an increase in service quality enhances customer satisfaction for low levels of flow experiences. As regards consumers witnessing higher levels of flow, customer satisfaction flow rises only when the customers perceive service quality to be moderately appropriate (refer Figure 1(d)). For consumers exhibiting high receptivity towards price promotions (refer Figure 1 (e)), increase in service quality levels lead to similar level of customer satisfaction for low to moderate perceptions of service quality for low levels of customer flow experiences. But customer satisfaction rises as service is perceived to be of high quality for these customers. When customers experience high flow levels, customer satisfaction is higher than the one perceived by customers experiencing low flow. The level of customer satisfaction rises throughout for all levels of service quality in high flow situation when customers perceive price promotions strongly.

## Conclusion

The present study supports previous literature ([Chang and Chen, 2009](#); [Gounaris et al., 2010](#); [Vakuleno et al., 2019](#)) and confirms the strong positive impact of service quality on customer satisfaction. Similarly, the positive impact of price promotions and flow is reiterated in this study to lend support to previous work of [Kaura et al. \(2015\)](#) and [Lin and Lin \(2009\)](#). The present study uncovers the relative impact of these variables and reports that service quality of online retailers has the greatest impact on customer satisfaction. It is further identified that service quality characteristics such as the ease of navigating websites enhances flow and boosts customer satisfaction which is higher than the combined effects received through the role of 'service quality\*flow' and 'service quality\*price promotion'. However, when customers perceive high service quality, price promotions and flow, they experience the highest levels of satisfaction.

## Discussion and Implications

The present study examines the antecedents to customer satisfaction in the dynamic marketing conditions which the previous researchers have recommended ([Wang et al., 2018](#)). The dimensions of online retail service quality in India have been confirmed in Indian settings. Web store functionality, product attribute description, customer

service, ownership conditions, delivered products and security form service quality dimensions of online retailers in India. The impact of individual customer variable viz. flow on customer satisfaction is the highest.

Service quality and flow 'together' bring about the highest per cent increase in customer satisfaction; but the three variables together are able to contribute to maximum per cent increase in customer satisfaction. Flow emerges as a necessary requisite for online retailers who seek to use price promotions and service quality to satisfy customers. In absence of flow, service quality and price promotions reduce customer satisfaction. The results support previous findings which hold that young shoppers display high dispositions towards hedonic motivations in shopping ([Kaur and Singh, 2007](#); [Aydinli et al., 2014](#)). Flow is able to magnify the effect of price promotions used by online retailers on customer satisfaction. This entails that online retailers should create website experiences that maximize flow amongst customers.

The results regarding differential receptivity of consumers towards price promotions suggest that consumers feel satisfied only for low levels of flow experiences when they are less receptive towards price promotions. For these customers, satisfaction does not rise with increase in service quality. This suggests that consumers who are less mentally absorbed in the purchase can be satisfied by offering fewer promotions and bare minimum service quality. It is possible for shopping situations which command low involvement purchase or high brand trust so that the shopping task does not involve high risk. This presents an opportunity for online retailers to target these consumers by media communication that enhances trust and brand reinforcement.

Customer satisfaction is positively affected by service quality and price promotions, but the impact of service quality is higher than the impact of price promotions. This suggests that although Indian Gen Z shoppers are identified as value oriented shoppers, yet, the value should be delivered by focusing on product description, complaint handling, online customer support and timely delivery. It is also revealed in the study that respondents experiencing low flow condition are generally less satisfied. Gen Z consumers are more

satisfied in high flow condition due to perceptions of better service quality of online retailers as compared to presence of price promotions offered by them. Thus, it can be inferred that customers experiencing high flow need to be satisfied with good service. It seems that service quality perceptions of Gen Z are somewhat uniform across online retailers, and they do not perceive dissimilarities regarding product description, customer service, ease of navigation, complaints redressal or delivery promises. This suggests that these customers are happy with the service offered by online retailers. But none of the e-retailers has created a competitive advantage for itself with respect to service quality. They need to understand their customers better and create better knowledge of their emerging needs in order to use service quality as a competitive tool.

### Managerial Implications

Retailers can tap the vast opportunity offered by nascent and emerging online platform by targeting Gen Z consumers through appropriate combinations of flow and service quality experiences. As Gen Z consumers are most strongly influenced by flow experiences, it entails that marketers promise high ease on interactivity and pleasure in website navigation. Whilst, online marketers may focus on service quality parameters to stay ahead of competitors and differentiate (Vakulenko et al., 2019) or use price promotions to position themselves as 'value offering', the present study recommends that consumer responsiveness to price promotions are influenced by flow and should not always be assumed to be high. So, price promotions can be personalized in a novel way that enhances the 'fulfilment' aspect of purchase. Website aesthetics and design may be created based on consumer's purchase history to create better personalization. Since response of Gen Z consumers to price promotions may vary according to the product category purchased (Sinha and Verma, 2020) or mood state (flow) (Lin and Lin, 2009), segments of Gen Z consumers should be targeted. It is also worthwhile to note that while website design and flow can be intrinsically controlled by e-retailers in order to satisfy Gen Z customers, they must also channelize logistics service providers to ensure that the delivery aspect of service quality is also appropriately addressed.

### Study Limitations and Directions for Future Research

The present study is based on cross-sectional data and future research can investigate the role of specific dimensions of service quality on flow and satisfaction through real-time transaction data (big data). As the present study investigates these relationships with Gen Z as respondents, future research may use a broader spectrum of respondents as e-retail has now penetrated widely into Indian settings. Future research may also incorporate relational marketing practices of retailers, product characteristics and use of image interactivity levels such as 2-D/3-D images on flow and customer satisfaction.

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