

THE IMPACT OF E-RETAILERS' ETHICS ON CUSTOMER LOYALTY: PERCEIVED TRUST AND PERCEIVED SATISFACTION AS MEDIATORS*

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Consumers experience some ethical issues such as privacy and transaction security, attracting societal criticisms of online shopping activities. Therefore, ethical considerations should be involved in many marketing decisions of online retailers, since unethical organizations promptly lose their customers. Although many researchers have focused on conventional retail ethics, there are a few studies regarding ethical issues in online retailing. The aim of this study is to explore relationships between customers' perceptions regarding ethics of online retailers and customers' trust in, satisfaction with, and loyalty to the online retailers. The data collected from a sample of clients of online retailers via a structured questionnaire derived from the literature was analysed. Results reveal that there are significant relationships between online retailers' ethics and consumers' trust, satisfaction, and loyalty. At the end, managerial implications and future research opportunities are presented.

Keywords: ethics, e-tailing, e-satisfaction, e-trust, e-loyalty.

JEL Codes: M30, M31

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E-perakendecilik Etiđi ve Müşteri Sadakati Arasındaki İlişki: Algılanan Güven ve Algılanan Memnuniyetin Aracı Rolü

Tüketiciler; gizlilik ve güvenlik gibi çevrimiçi alışveriş faaliyetlerinin toplumsal eleştirisini artıran bir dizi etik sorunla karşılaşmaktadır. Etik olmayan kurumlar, müşterilerini hızlı bir biçimde kaybetme tehlikesi ile karşı karşıya olduğundan, firmalar pazarlama kararlarında etik unsurları göz önünde bulundurmalıdır. Yazında, geleneksel perakendeciler ve etik ile ilgili yapılmış birçok araştırma bulunmasına rağmen, internet perakendecileri ve etik ile ilgili yapılmış olan araştırma sayısı oldukça azdır. Bu çalışmanın amacı, müşterilerin internet perakendecilerine yönelik etik algıları ile müşteri memnuniyeti, güveni ve sadakati arasındaki ilişkilerin belirlenmesidir. Araştırma verileri, yazındaki çalışmalardan derlenerek oluşturulmuş olan anket formu aracılığı ile internet üzerinden alışveriş yapan tüketicilerin görüşleri alınarak toplanmıştır. Sonuçlar; müşterilerin etik algıları, memnuniyet, güven ve sadakat arasında anlamlı ilişkiler bulunduğunu göstermektedir. Çalışmanın sonunda pazarlama yöneticileri ve gelecek araştırmalar için öneriler sunulmaktadır.

Anahtar Kelimeler: Etik, e-perakendecilik, e-memnuniyet, e-güven, e-sadakat.

1. INTRODUCTION

The internet, one of the greatest inventions of the 20th century, is being used in various fields of our everyday lives, as well as in today's business world. According to the statistics, the number of internet users has reached 2.2 billion worldwide (Internet World Stats 2011), and 34 million in Turkey (Household ICT Usage Survey in Turkey 2011). As a result of the global spread of the internet, a remarkable increase has been observed in the number of web-based retailers that provide certain advantages' such as more information, easier services and increased control for consumers (Liu and Goodhue 2008, Tsai et al. 2006). Despite some problems, there has been an increase in online shopping expenditures of people (Wolfenbarger and Gilly 2003) and consumers have begun to adapt to into online retailing (hereafter e-retailing) practices (Lohse et al. 2000). These trends indicate that electronic retailing has become an important alternative to conventional shopping channels (Pavlou and Gefen 2004).

The increase in the number of e-retailers offers many alternatives for customers shopping online. Therefore, the competition intensifies and retaining customers becomes more important for e-retailers (Reichheld and Scheffer 2000). It is not an

easy task for e-retailers to gain new customers and retain their ones as, just as it is easy for traditional retailers (Tsai et al. 2006).

Perceived risk by consumers is one of the primary factors that makes them refrain from online shopping and prevents the establishment of customer loyalty (Rust et al. 2002). Therefore, creating trust and transferring it to customers are very crucial points for turning visitors of e-retailers into loyal customers (Schlosser et al. 2006).

Relations between service quality, value judgments and customer loyalty have been analysed considerably in the studies regarding e-retailing (Yang and Peterson 2004, Wolfinbarger and Gilly 2003). However the concepts of ethics and trust are important in the consumer decision-making process and loyalty construction (Ribbink et al. 2004, Kelly and Rowland 2000). For most internet users in Turkey, the reason for not shopping online is the lack of security (Lightner et al. 2002); therefore the importance of ethics and trust can be better understood.

Despite the increasing expectations of customers regarding ethics (Kimery and McCord 2006), ethics of e-retailing has not been adequately analysed in marketing literature. Some researchers have tried to conceptualize online shopping ethics, but there are a small number of studies on the evaluation of e-retailing ethics (Roman 2007, Miyazaki and Fernandez 2001). The literature shows that no academic study relating to e-retailing ethics has been made in Turkey. This study intends to fill the current gap in this field. Moreover since cultural differences have effect on the perception of ethics (Pires and Stanton 2002, Vitell et al. 1993) the implementation of an e-retailing ethics scale (Roman 2007) in Turkey is considered to contribute to marketing literature.

The main aim of this study is to find out the relations between "customers' perceptions regarding ethics of e-retailers," "perceived trust," "customer satisfaction," and "customer loyalty." First part of the article deals with relevant literature about the ethics of e-retailing. The conceptual research model and the relations between research variables are explained in the second part, and third part consists of methodology and findings. Finally in the fourth part, results and suggestions are stated.

2. ETHICS OF E-RETAILING

According to Aristotle's philosophy of ethics, ethics is a phenomenon that evaluates whether the behaviours of individuals are right or wrong (Garki 1999). Ethics seeks an answer to the question "what is good" (Pires and Stanton 2002); but apparently there is not a global answer to this question (Fisher et al. 1999).

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According to Ferrel (2001), ethics of marketing stands for a different concept beyond laws and regulations which bind practitioners of marketing (Sreikiene 2005). Ethics of marketing is defined as ethical judgments applicable to decisions, applications and attitudes of marketing (Gaski 1999). As a result of increasing ethical problems in marketing (Vitell and Ho 1997) and increasing consumer awareness of ethics, many studies have been carried out about the ethics of marketing and ethical decision making (Hunt and Vitell 1993, Ferrell, Gresham and Fraedrich 1989, Hunt and Vitell 1986, Ferrell and Gresham 1985).

E-retailing ethics is defined as the responsibility of e-retailers, including their trustworthy, fair and honest behaviours towards customers and safeguarding the interests of their customers (Roman: 2007:134). The internet offers a brand new atmosphere for non-ethical behaviours (Freestone and Mitchell 2004:126) and the easiest way to damage any relation, more specifically the relation between customer and the firm, is to violate the rules of ethics (Fisher et al. 1999:157). It should not be forgotten that ethical behaviour would simultaneously provide an advantage for the firm and customer (Abela and Murphy 2008), play an important role in creating consumer satisfaction and pave the way for firms to realize long-term achievements (Fisher et al. 1999:157).

Corporate Social Responsibility (CSR) is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (European Commission, COM 2011-681:3). Stakeholder Theory which is one of the dominant theories that have been used to analyse and explain CSR suggests that it makes sound business sense for companies to understand the needs and aspirations of all their stakeholders be they investors, governments, employees, communities, customers or suppliers and that these needs and aspirations should be reflected in corporate strategy (Jones et al. 2007: 245). The hypotheses of this research were structured according to Stakeholder Theory.

2.1. Ethics and Trust

Trust is an individual's or a firm's ethical-based behavioural expectation from an individual or a firm with whom they have a relation of an economic partnership or an economic exchange (Hosmer 1995: 399). Accordingly ethical behaviour and trust are inseparable concepts thus building trust requires ethical behaviour (Rao and Singhapakdi 1997). Studies have shown that ethical elements such as trust, privacy, and security are antecedents of perceived trust by the customers of e-retailers (Selnes 1998, Pollach 2005).

Hypothesis 1: There is a positive relation between the perception level of customers on ethics and perceived trust.

2.2. Trust and Satisfaction

Trust is one of the fundamental variables that is essential to establishing long term relations with customers and it transfers the focal point of the firm to the maintenance of these relations (Chiou and Droge 2006: 617). Studies have shown that perceived trust affects customer satisfaction positively (Chiou and Droge 2006, Harris and Goode 2004, Chiou 2004, Morgan and Hunt 1994).

Hypothesis 2a: *There is a positive relation between perceived trust and customer satisfaction.*

2.3. Ethics and Satisfaction

The more that online customers perceive the ethical factors of the websites, the more likely the customer satisfaction increase and this fact provides crucial advantages for firms (Roman 2007: 140). Research about e-retailing shows that ethical factors such as security and fulfilment affect customer satisfaction positively (Roman 2007, Wolfenbarger and Gilly 2003, Yoo and Donthu 2001). Finally, ethical behaviour creates customer satisfaction and ensures long-term achievements for the firms (Fisher et al. 1999: 157).

Hypothesis 2b: *The relation between perception level of customers on the ethics of e-retailers and customer satisfaction emerges through trust.*

2.4. Satisfaction and Loyalty

Customer satisfaction is one of the fundamental factors determining customer loyalty (Chiou and Droge 2006, Chiou 2004, Zeithaml et al. 1996). Studies show that customers satisfied with the product or service tend to purchase again and become loyal (Anderson and Srinivasan 2003, Szymanski and Henard 2001). There are several studies showing that customer satisfaction in e-retailing has positive effects on customer loyalty (Tsai et al. 2006, Devaraj et al. 2002, Szymanski and Hise 2000). Moreover, customer satisfaction has many more effects on online customer loyalty than it has during traditional shopping practices (Shankar et al. 2000).

Hypothesis 3a: *There is a positive relation between customer satisfaction and customer loyalty.*

2.5. Trust and Loyalty

Online retailers should be trustworthy to their customers to establish customer loyalty (Schneiderman 2000). Studies have shown that trust has a positive effect on customer loyalty (Chiou and Droge 2006, Tsai et al. 2006, Chiou 2004, Chaudhuri and Holdbrook 2001). Considering the relation between trust and satisfaction, it has been assumed that the effect of trust on loyalty emerges through satisfaction.

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Hypothesis 3b: *The relation between perceived trust and customer loyalty emerges through satisfaction.*

2.6. Ethics and Loyalty

Studies on ethics and customer loyalty have shown that customers prefer shopping from secure service providers, perceived ethical factors in the websites of online shopping firms encourage customers to continue shopping from those firms (Chiou 2004, Miyazaki and Fernandez 2000). Particularly, perceived benefit emerging from perceived trust is a crucial factor for consumers to shop online and this benefit affects their loyalty intentions positively (Yen and Gwinner 2003:485). Therefore, it is clear that there is a relation between the perception of customers on e-retailing ethics and customers' loyalty intentions. However, regarding the relation between "ethics" and "trust," and the relation between "ethics" and "satisfaction," it is considered that the relation between "ethics" and "loyalty" emerges through intervening variables: "trust" and "satisfaction." Based on the information above, two hypotheses below have been developed:

Hypothesis 4a: *The relation between customer perceptions on ethics and customer loyalty emerges through trust.*

Hypothesis 4b: *The relation between customer perceptions on ethics and customer loyalty emerges through satisfaction.*

Figure 1 shows the conceptual research model and the relations among the concepts "e-retailing ethics," "perceived trust," "customer satisfaction", and "customer loyalty".

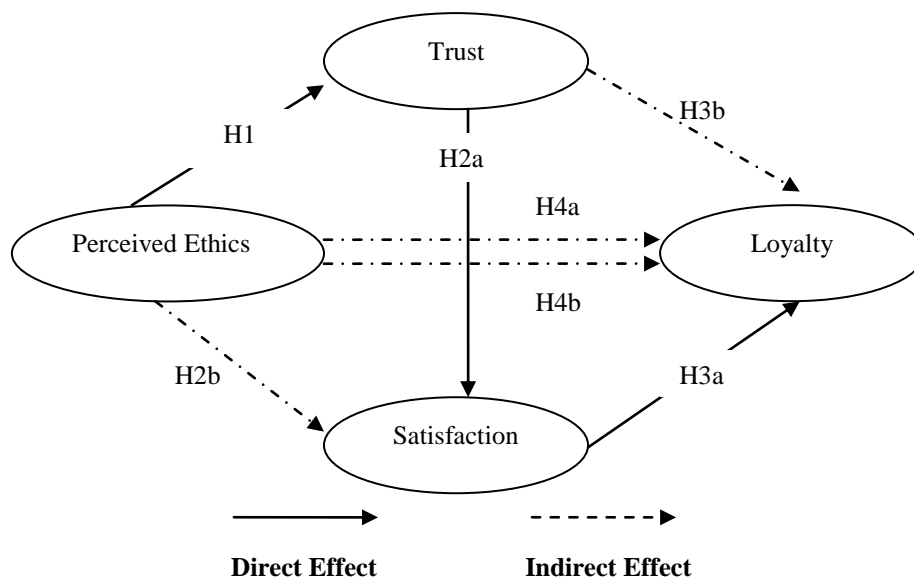


Figure 1. Conceptual Research Model

3. METHOD

3.1. Data Collection and Sampling

A questionnaire form was submitted to participants via the internet, which is considered to be effective in reaching customers shopping online (Roman 2007) and in determining the characteristics of potential participants (Tsai and Huang 2007). Consumers having shopped online during the last 4 months form the sample of this study. Based on the former studies (Roman 2007, Freestone and Mitchell 2004), a questionnaire form was submitted to 30 individuals through the convenience sampling method. Participants were requested to answer the questions regarding a recent website they had shopped from if they shopped online during the last 4 months. They were also requested to transfer the URL of the questionnaire to potential participants that they thought to be appropriate to meet the criterion. The questionnaire reached 206 consumers via snowball sampling method and data gathered through the answers of these consumers was analysed. Descriptive statistics of the participants are shown on Table1.

Table 1. Descriptive statistics of the respondents

Sex	f	%	Monthly Income (TL)	f	%
Female	103	50.24	1000 and under	55	26.70
Male	102	49.76	1001-2000	92	44.66
Age			2001-3000	36	17.48
18 and under	1	0.48	3001-4000	13	6.31
19-25	54	26.09	4001-5000	5	2.43
26-30	86	41.55	5001 and above	5	2.43
31-35	30	14.49	Frequency of Online Shopping		
36-40	23	11.11	More than once a week	4	1.94
41-45	6	2.90	Once a week	7	3.40
46-50	4	1.93	Once in two weeks	10	4.85
51-55	2	0.97	Once in a month	66	32.04
56 and above	1	0.48	Much rarely	119	57.77

3.2. Measures

The questionnaire consists of two parts and 34 questions. Scales about "ethical perceptions of customers towards e-retailers," "perceived trust," "customer satisfaction" and "customer loyalty," are stated in the first part. The Likert scale,

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in which "7" stands for "I strongly agree" and "1" stands for "I strongly disagree," was used. Demographic questions about gender, age, income and participants' online shopping frequency are stated in the second part.

Roman's (2007) 13-question scale is used to evaluate the concept of e-retailing ethics. The concept of perceived trust has been evaluated through Chiou's (2006) 6-question scale, and the concept of customer satisfaction has been evaluated through the 6-question scale retrieved from Anderson and Srinivasan (2003). Finally, the concept of customer loyalty has been evaluated through the 5-question scale of Zeithaml et al. (1996).

Factor analysis was utilized to analyse the structural validity of the scales used in the study. The results of validity and reliability analyses are shown in Table 2.

As stated in Table 2, the KMO sample sufficiency test is 0.931 and this figure shows that the data set is appropriate for factor analysis (Sharma 1996: 116). Also, Bartlett's test of sphericity is significant with a trust level of 99% (.000) and it can be stated that there are high correlations between variables.

As a result of the confirmatory factor analysis, statements on variables have been gathered under the title of factors they belonged to in the scope of the theory. This result indicates that the scales used in the study are valid and evaluate the appropriate statements. Moreover, it has been determined that coefficients of Cronbach's Alpha of the scales are between 0.759 and 0.975 and all of them are above 0.7, which is a commonly accepted figure in practice (Hair et al. 2005: 137) and it may be stated that scales are considerably reliable.

Table 2. Exploratory factor analysis (EFA) results

Item Description	Factor Loadings	α
Perceived Ethics of E-Retailers		
Security		
The security policy is easy to understand.	.632	.896
The site displays the terms and conditions of the online transaction before the purchase has taken place.	.619	
The site appears to offer secure payment methods.	.773	
This site has adequate security features.	.804	
Privacy		
The site clearly explains how user information is used.	.814	.759
Only the personal information necessary for the transaction to be completed needs to be provided.	.562	
Information regarding the privacy policy is clearly presented.	.755	
Non-deception		
The site exaggerates the benefits and characteristics of its offerings.	.824	.872
This site takes advantage of less experienced consumers to make them purchase.	.934	
This site attempts to persuade you to buy things that you do not need.	.882	
Fulfilment/reliability		
The price shown on the site is the actual amount billed.	.834	.814
I get what I ordered from this site.	.776	
The firm promises to do something by a certain time, and accomplishes it.	.666	
Trust		
This e-retailer is honest.	.517	.946
This e-retailer is reliable.	.541	
This e-retailer is responsible.	.720	
This e-retailer understands its consumers.	.761	
This e-retailer is always professional.	.683	
This e-retailer acts with good intentions.	.733	
Satisfaction		
I am satisfied with my decision to purchase from this Web site.	.674	.975
I think I did the right thing by buying from this Web site.	.692	
If I had to purchase again, I would feel differently about buying from this Web site.	.627	
My choice to purchase from this Web site was a wise one.	.710	
I feel bad regarding my decision to buy from this Web site.	.681	
I am unhappy that I purchased from this Web site.	.672	
Loyalty		
I say positive things about the site to other people.	.567	.963
I recommend this site to someone who seeks my advice.	.544	
I encourage my friends and relatives to do business with this site.	.789	
I do more business with this site in the next few years.	.776	
I consider this site my first choice to buy services.	.727	
Rotation Method: Equamax		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy: 0.931		
Bartlett's test of sphericity: 000 (% 99)		

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4. RESULTS

Means and standard deviations of the variables used in the study and correlation coefficients indicating relations among variables are shown in Table 3.

As seen in Table 3, there are significant relations among all variables analysed in the study with a trust level of 99%.

The model suggested by Baron and Kenny (1986) has been used in hypothesis tests to reveal effects of intervening variables (mediating effects) in the hypotheses. In order to mention the effect of an intervening variable, (c) relation stated in Table 2 should totally disappear (full mediation) or decrease (partial mediation) (Baron and Kenny 1986). The relation (a) between independent variable and intervening variable is determined in compliance with the results of the correlation table. The relation (b and c relations) of independent variable and intervening variable with dependant variable is determined in compliance with the results of hierarchical regression analysis.

Table 3. Descriptive statistics and correlation coefficients

Variables	Mean	S.D.	1	2	3	4
1. Ethics	5,33	1,10	1			
2. Trust	5,61	1,35	,748	1		
3. Satisfaction	5,77	1,62	,674	,767	1	
4. Loyalty	5,55	1,57	,690	,751	,893	1

** p<0,01 * p<0,05

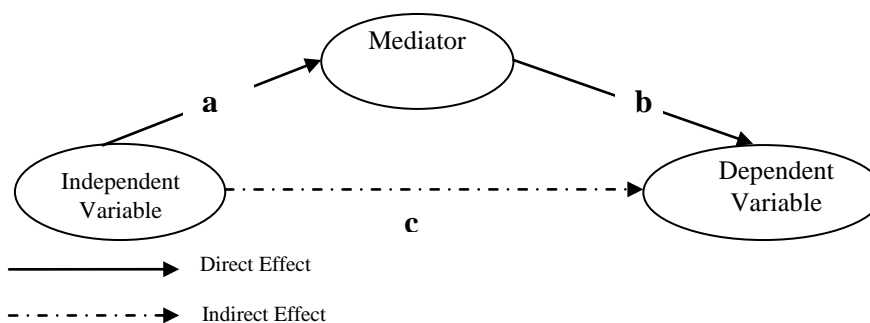


Figure 2. Mediation Model

The results of regression analysis about the relationship between ethics and trust are shown in Table 4.

Table 4. Regression analysis results for e-retailer ethics and trust

Independent Variable	Standard Beta	t	P
E-Retailer Ethics	0.748	16.073	0.000
	R ² = 0.56	F= 258.344	p= 0.000

The Impact of E-Retailers' Ethics on Customer Loyalty

As shown in Table 4, the model is considerably significant ($F=258.344$ and $p=0.000$). It is observed that there is a significant relation between e-retailing ethics and perceived trust ($\beta = 0.748$) and e-retailing ethics shows 56% of the variance of perceived trust ($R^2=0.56$). As a result of the analysis, hypothesis H1 has been adopted.

Hierarchical regression analyses have been conducted in order to reveal the relation between perceived trust and customer satisfaction and whether the presence of this relation shadows the relation between ethics and satisfaction. The results are shown in Table 5.

Table 5. Regression analysis results for e-retailer ethics, trust and satisfaction

	Independent Variables	S. Beta	t	R ²	F
Model 1	Ethics	0.674	12.932	0.454	167.246**
Model 2	Trust	0.767	16.483	0.588	283.695**
Model 3	Ethics	0.258	3.909	0.617	159.662**
	Trust	0.575	8.712		

** $p < 0,01$ * $p < 0,05$

Table 5 shows that both ethics (Model 1, $\beta = 0.674$) and trust (Model 2, $\beta = 0.767$) have considerably crucial effects on satisfaction. When ethics and trust are together incorporated into the regression model in Model 3, the effect of ethics ($\beta = 0.258$) does not totally disappear, but decreases. Also, when the correlation table is analysed, it is observed that there is a significant relation between ethics and trust ($r=0.748$). Therefore, it is observed the strong effect of trust on satisfaction ($\beta = 0.575$) partially shadows the effect of ethics and forms an effect of a partial intervening variable via mediating for the effect of ethics on satisfaction. Based on the analyses above, hypothesis H2a and H2b have been adopted.

Hierarchical regression analyses have been conducted in order to reveal the relation between satisfaction and loyalty and whether the presence of this relation shadows the relation between trust and loyalty. Findings are shown in Table 6.

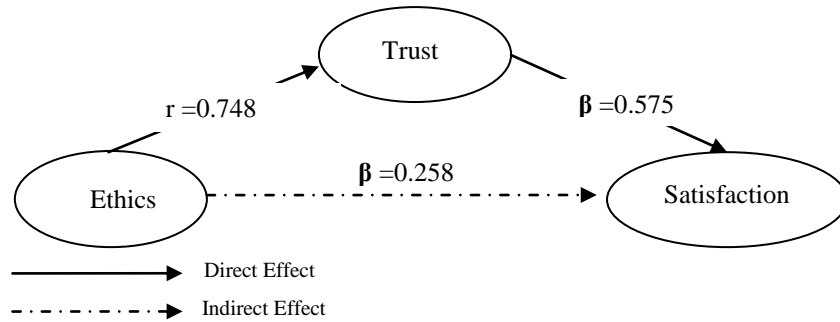


Figure 3. Mediating effect of trust on the relationship between ethics and satisfaction

When the results stated in Table 6 are analysed, it is observed that both trust (Model 1, $\beta = 0.751$) and satisfaction (Model 2, $\beta = 0.893$) have considerably crucial effects on loyalty. When trust and satisfaction are together incorporated into the regression model in Model 3, the effect of trust on satisfaction does not totally disappear, but decreases ($\beta = 0.166$).

Table 6. Regression analysis for trust, satisfaction and loyalty

	Independent Variables	S. Beta	T	R ²	F
Model 1	Trust	0.751	15.903	0.563	252.907**
Model 2	Satisfaction	0.893	27.769	0.797	771.109**
Model 3	Trust	0.166	3.343	0.807	403.292
	Satisfaction	0.765	15.442		

** p< 0,01 * p<0,05

Table 3 shows that there is a significant relation between trust and satisfaction ($r=0.767$). Therefore, it is observed the strong effect of satisfaction on loyalty ($\beta = 0.765$) significantly shadows the effect of trust and forms an effect of an intervening variable via mediating effect of trust on loyalty. Based on the analyses above, Hypotheses H3a and H3b have been adopted.

Table 3 shows that there is a significant relation between ethics and loyalty ($r=0.690$).

However, significant relations between ethics and trust ($r=0.748$), trust and loyalty ($r=0.751$), ethics and satisfaction ($r= 0.674$), satisfaction and loyalty ($r= 0.893$), and trust and satisfaction may shadow the relation between ethics and loyalty.

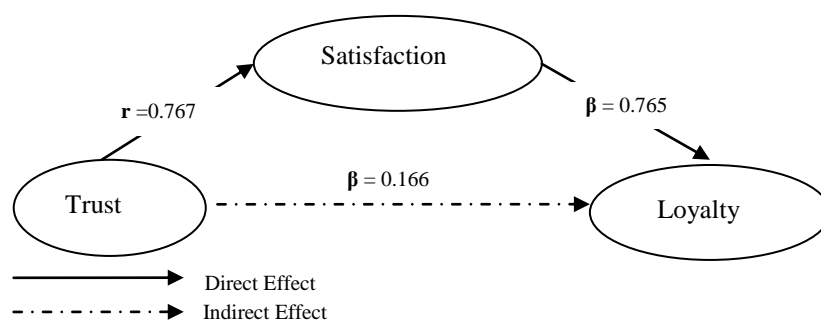


Figure 4. Mediating effects of satisfaction on the relationship between trust and loyalty

Models formed to show the intervening effect of trust and satisfaction variables on the relation between ethics and loyalty are shown in Table 7.

Table 7. Regression analysis for ethics, trust, satisfaction, and loyalty

	Independent Variables	S. Beta	t	R ²	F
Model 1	Ethics	0.690	13.405	0.476	179.707**
Model 2	Ethics	0.315	4.662	0.779	150.695**
	Trust	0.516	7.643		
Model 3	Ethics	0.167	3.970	0.901	422.480**
	Satisfaction	0.781	18.599		
Model 4	Ethics	0.132	2.715	0.902	280.190**
	Trust	0.095	1.719		
	Satisfaction	0.729	14.429		

** $p < 0,01$ * $p < 0,05$

When the results stated in Table 7 are analysed, it is observed that there is a significant relation between ethics and loyalty in the first model ($\beta = 0.69$); however the effect of ethics continues in spite of the slight decrease on the condition that the trust variable is incorporated into the regression model (Model 2, $\beta = 0.315$). When satisfaction is incorporated into the regression model, it is observed that the effect of ethics on loyalty considerably decreases (Model 3, $\beta = 0.167$). Finally, when all three variables are together incorporated into regression model, it is observed that the strong effect of satisfaction continues (Model 4, $\beta = 0.729$) and effects of other variables considerably decrease ($r = 0.132$, $r = 0.095$). This fact indicates the trust variable, later included into regression model, does not play a role as mediator for the effect of ethics on loyalty. The shadow effect stems from the satisfaction variable. Based on the analyses above, hypothesis H4a has been rejected and hypothesis H4b has been adopted.

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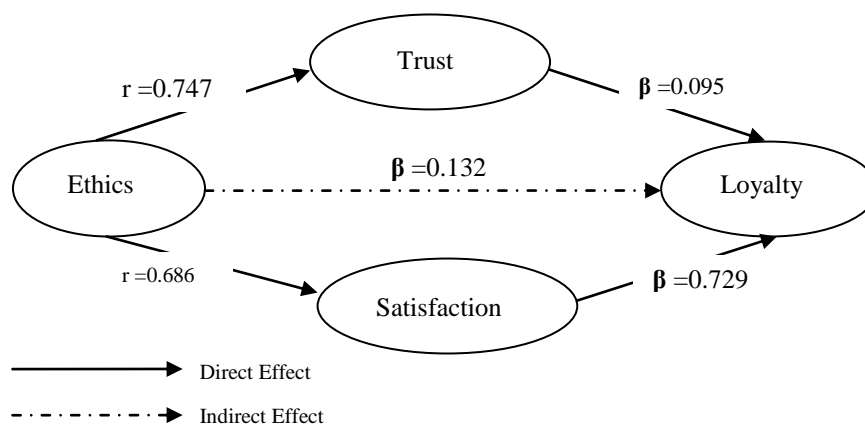


Figure 5. Mediating effects of trust, and satisfaction on the relationship between ethics and loyalty

Based on the regression analyses, results of the hypothesis testing are shown in Table 8.

Table 8. Results of the Hypothesis Testing

#	Hypothesis	Not rejected / Rejected
H1	There is a positive relation between the perception level of customers on ethics of e-retailers and perceived trust.	Not rejected
H2a	There is a positive relation between the trust perceived by customers and customer satisfaction.	Not rejected
H2b	The relation between perception level of customers on the ethics of e-retailers and customer satisfaction emerges through trust.	Not rejected
H3a	There is a positive relation between customer satisfaction and customer loyalty.	Not rejected
H3b	The relation between trust perceived by customers and customer loyalty emerges through satisfaction.	Not rejected
H4a	The relation between perception of customers on ethics of e-retailers and customer loyalty emerges through trust	Rejected
H4b	The relation between perception of customers on ethics of e-retailers and customer loyalty emerges through satisfaction.	Not rejected

Considering the results of hypothesis tests, the effects of ethics, trust and satisfaction on customer loyalty is shown in Table 6. In sum, ethics directly

affects trust, trust is a mediator for the effect of ethics on satisfaction, and satisfaction transfers this effect to loyalty.

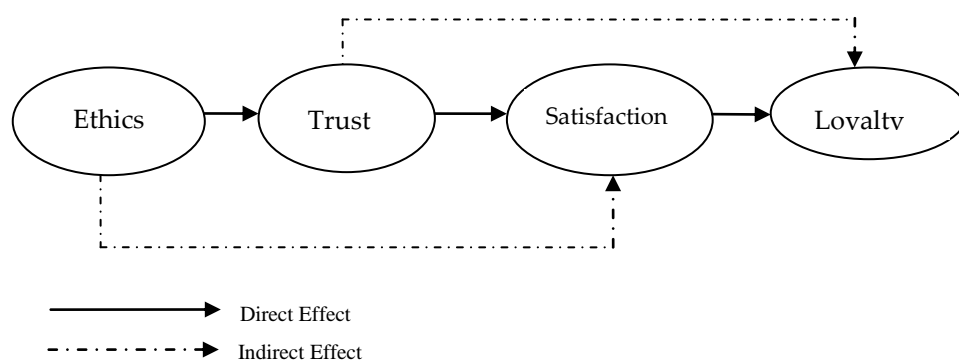


Figure 6. Relationships between the variables

5. DISCUSSION AND CONCLUSION

Academic studies on e-retailing have mostly focused on the concept of service quality just as the academic studies on traditional retailing. Although some conceptual and normative studies on the concept of ethics have been conducted by researchers, due attention has not been paid to ethics of e-retailing. The main reasons for the above mentioned statement are ignoring the effects of ethics on financial and nonfinancial performance and dealing with ethics discretely from these factors. However, recent studies show that the concept of ethics cannot be separated from the performance of the firm.

It is indicated that the concept of ethics, the importance of which is gradually increasing in conceptual studies in the literature, should be incorporated into the marketing performance measurement and this study aiming to discover the relations between ethics and factors that affect the performance of the firm such as trust, satisfaction and loyalty has reached important findings. These findings will contribute to both theory and practice because of the fact that there is inadequate number of studies, particularly on e-retailing ethics.

When it is considered that in the future most of the marketing activities will be carried out online, it will be indispensable for firms wishing to survive to adapt marketing applications based on the internet. It is clear that ethics in e-retailing activities is the antecedent of the chain of trust, satisfaction and loyalty.

On the condition that service provided for customers is in compliance with the concept of ethics, customers feel comfortable, safe and satisfied so that they can be loyal towards the firm.

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6. MANAGERIAL IMPLICATIONS

There are some advantages of online marketing activities -such as the big number of products offered by retailers, variety of these products, opportunity for readily comparing prices , easy access to products and services- and these advantages come into prominence in promotion efforts of e-retailers. However, it should not be forgotten that transferring all these advantages into customer value is related to the customers' perceived trust. The lack of physical evidence in e-retailing results in the fact that perceived ethics is one of the most important clues for customers to develop trust.

It is possible for marketing managers to reach many customers by attaching utmost importance to the concept of trust and ethics in promotion activities thus decreasing perceived risk, which is one of the biggest obstacles for potential customers shopping online. How you offer the services is more important than what you offer.

The development of technological infrastructure of websites with the help of some applications such as virtual cards and insurance will be beneficial for marketing managers to transfer potential customers into real and loyal ones, especially in countries such as Turkey where the level of online shopping is low.

7. LIMITATIONS AND FURTHER RESEARCH DIRECTIONS

The sample of the study includes only consumers who shopped online in the recent past. Consumers who are not internet users and consumers who use the internet for other reasons, such as surfing or getting information, are not included in the study. Therefore it is possible that participants would be tending to submit positive opinions about the level of trust they have perceived. Accordingly it is considered that asking participants about the familiar websites they shop from rather than any other website may increase the tendency of submitting positive opinions. However on the condition that including consumers that have never shopped online or asking questions to consumers about a specific website would have resulted in unreliable data; therefore the above mentioned method was preferred.

Participants of the study are mostly young and educated people despite the fact that there has not been an intention towards this situation while sampling. This fact has become a factor complicating the process of comparison between groups while indicating that young individuals do online shopping more than other individuals.

Finally, the relation between four sub-dimensions and other variables such as trust, satisfaction and loyalty have not been dealt with respectively; ethics has been analysed as a whole construct. It is suggested that these sub-dimensions

should be analysed respectively so that this analysis can provide information about their roles in determining perceived ethics and which dimension is more effective on other variables.

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