Chapter 46

The Role of Website Features in Creating Loyalty: The Mediating Effect of Commitment

Anil Bilgihan
College of Business, Florida Atlantic University, USA

Anupama Sukhu
The Ohio State University, USA

Jay Kandampully
The Ohio State University, USA

ABSTRACT

This study integrates shopping value dimensions and consumers’ commitment to a theoretical model to understand consumer loyalty to e-shopping. E-commerce is established as an efficient sales platform for travel and hospitality vendors. However, extant literature found that it is difficult to attract new customers and retain existing customers in e-commerce. This paper investigates the antecedents of customer loyalty in e-commerce. An online survey with (n=520) was conducted with randomly selected US consumers. A structural equation model reveals that hedonic and utilitarian shopping values determine affective and calculative commitment of e-shoppers which in turn influence consumers’ loyalty towards e-shopping. This study contributes to the present literature and provides important implication towards e-tailers and website developers. It is important to fulfill e-shoppers’ hedonic and utilitarian needs to gain e-loyalty. Web-based hospitality service offerings should provide a convenient and pleasing online environment to gain consumer e-loyalty.

1. INTRODUCTION

Worldwide e-commerce sales will reach approximately $1 trillion by 2013 (Goldman Sachs, 2011). Forrester Research (2012) predicts that e-commerce shoppers in the US will spend $327 billion in 2016, accounting for 9% of total retail sales. These numbers reflect the compelling advantages that e-commerce offers customers: such as; greater convenience, faster transactions,
lower cost structures, and enhanced customization (Srinivasan, Anderson, & Ponnavolu, 2002). The Internet is also considered as a perfect platform to engage with customers and to reap the benefit of relationship marketing (Wang & Head, 2007). E-commerce offers various advantages for building customer relationships as this provides a venue to establish direct interaction between the firm and the customer through the increasing popularity and acceptance of e-commerce (Aladwani, 2001). However, it is also difficult and challenging to build-long term relationships through online context alone compared to traditional offline retail context (Nusair, Parsa, & Cobanoglu, 2011). This particularly apparent in industries where there is a fierce price competition and vanishing brand loyalty (Kuttner, 1998). Thus, there is considerable interest in understanding the foundations of customer loyalty in online environments (Srinivasan et al., 2002). This becomes further important in the case of online hotel reservations since research shows that loyalty towards hotel websites is declining (Cole, 2011). In addition, hotel industry contributes largely to hospitality industry since hotel reservations are found be the second most purchased online travel product (Card, Chen & Cole, 2003). Numerous studies have investigated behaviors that contribute to long lasting buyer-seller relationships (Fullerton, 2003; Gilliland & Bello, 2002). Creating online customer loyalty is a necessity for online vendors due to the high cost of attracting new customers and the difficulty associated with retaining the existing ones (Gefen, 2002). This study therefore, examines whether value propositions (hedonic/experiential, utilitarian/task oriented) of e-commerce websites could help building long-lasting relationships. Moreover, the goal of this study is to develop a theory-based model that will illustrate relationship commitment in e-commerce context.

In the first section of this study, a literature review of the e-commerce in travel and tourism industry is provided. Later, three most important constructs for this analysis is provided. This includes: shopping values; commitment; and loyalty. The second section contains the development of the proposed model and the hypotheses regarding previously mentioned relationships. The third section details methodology and the results, while the last section provides a discussion of the results as well as managerial implications and limitations.

2. LITERATURE REVIEW

2.1. E-Commerce and Travel and Tourism Industry

Hospitality and tourism industry is one of the first to capitalize on adoption of new technologies because of the interrelationship that exist within the multiple service networks that support the end consumer. Hospitality services largely depends upon finding and developing new means to distribute travel and hospitality services providing convenience and comfort to travelers (Zhou, 2004). Numerous previous studies have examined various aspects of this interrelationship between technology and service within hospitality industry such as market orientation and adoption of technologies in hospitality industries (Lim, Saldaña, & Saldaña, 2011), e-procurement in hospitality industry (George, Williams, & Henthorne, 2011), technology induced competitive advantage (Bilgihan, Okumus, Nusair, & Kwun, 2011), risk and customer loyalty in e-commerce (Ramanathan, 2011), and hedonic and utilitarian value on purchase intention of online-shoppers (Chiu, Wang, Fang, & Huang, 2012).

Hotel reservations constitute the second most frequently purchased online travel product (Card, Chen & Cole, 2003). Nevertheless, loyalty levels to hotel websites have been declining since 2002 (Cole, 2011). Thus, there is a need for hotels to develop websites that attract customers and encourage online booking, leading to consumer loyalty (Jeong, Oh & Gregoire, 2005). Commitment is an important precursor of loyalty since
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