Chapter 10
Technology Fears: A Study of e-Commerce Loyalty Perception by Jordanian Customers

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ABSTRACT

The Internet and all other types of networks have changed life in general and doing business in particular, and as a result, many companies are now conducting and transferring their businesses online. In this paper, the authors evaluate whether loyalty issues are the major obstacles to the growth of e-commerce in Jordan. A survey conducted for the study reveals that technology fears are major barriers to loyalty in Internet banking and e-commerce activities among consumers. The results suggest that unless the technology fears of adopters are acknowledged, some of them are not successful.

INTRODUCTION

The situation of the internet has changed globally since 1999 (Al-Jaghouob & Westrup, 2003). Internet plays a significant role in commerce and business in the whole world (Bagchi et al., 2007), which connects millions of people and millions of computers at the same time (Ali, 2004; Khasawneh, 2008). The number of Internet users are increasing day after day (Kulchitsky, 2004), and it is used in many sectors, especially in conducting business on the internet (Khasawneh & Stafford, 2008), because Internet achieves more work without any increase in cost, and improves the quality of services as well (Stafford et al., 2006). But, this does not mean every online business can be a success (Mistry, 2005), because Internet and the
new information and communication technologies encourage and help hackers and online criminals to attack any kind of business and disrupt it; this makes loyalty a major issue to tackle, as hackers might access and steal customers’ personal information and details. In addition, since the internet gives people the ability to access any web site everywhere, they can search for better products and services, and as a result this increases the competition among companies. Internet provides a long range of opportunities and advantages for both business holders and customers as well, such as, reducing cost, saving times and so on. On the other hand, Internet enables hackers and internet criminals who attempt to enter and assault computer systems to obtain information illegally.

LITERATURE REVIEW

Loyalty has been researched and proved by many researches that it is a critical and significant factor that leads any company to expand in its size, besides being popular and famous in the whole world. The cost of retaining customers to be loyal is less than acquiring new customers; as a result, this leads to increase profits (Lake & Hicky, 2002).

There are many definitions for loyalty and loyal customers. (Bowen & Chen, 2001) identify loyal customers as those who have good feelings of appreciation for the company’s brand and commit to stay buying products or services and recommend them to other customers. Customer loyalty will last or remains as long as the customers will stay with specific company brand and trade mark (Turban et al., 2004). Applix (quoted in Sterne, 2000, p. 295) defines loyalty as “a feeling that results from an organization’s ability to deliver three things to their customers: knowledge, anticipation of future requirements and superior communication”.

Nowadays companies are struggling to create and maintain online loyal customers because there are new factors appearing with Internet, (Vatariausombut et al., 2004) claim the following factors that affect online customers loyalty: saving cost in online searching, internet and network technologies provide many tools and software that help customers in finding their needs effectively and efficiently by providing them the related information at lower costs and time as well. Thus customers can use these tools in searching on the internet and then buying the cheapest thing, Internet enables new business entrants to enter with minimum costs, new companies can imitate some of the famous and reputable companies and then use the technologies in building their website more powerful than the existing. As a result this leads to new strong competitors, and reduces the uniqueness of companies as well (Fletcher, 1995).

LOYALTY BENEFITS

Loyalty generates many benefits and advantages for the companies which have loyal customers. (Humby et al., 2003) claim that loyalty Increases sales, when customers become loyal to any organization they commit themselves to come back to the same organization instead of competitors, and loyal customers are willing to buy products or services from different sales channels as well (Duffy, 2003). As a result this increases the company’s sales, increases the customization of marketing communications and tracks customers’ styles as well.

Loyalty helps companies in doing one to one marketing because the loyal customers keep doing their transactions just in a specific company. This generates much data about customers’ preferences. The company can then use the data in customising products and services for its loyal customers; in addition it helps the company to know the way that their customers do shopping and what kinds of products and services they choose, in order to change its performance to another form to match customer needs. Further it reduces the cost of transactions, marketing, lost customer expenses (Turban et al., 2004).