Service Quality and Customer Loyalty: The Mediating Role of Customer Satisfaction among Professionals

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ABSTRACT

The study of e-consumer behavior is getting more attention in e-commerce related literature. Acknowledging the importance of e-commerce, this study aims to investigate the influence of e-service quality dimensions (efficiency, requirement fulfilment, accessibility, privacy and responsiveness) on customer satisfaction and customer loyalty as well as to understand the mediating effect of customer satisfaction on e-service quality and customer loyalty. The study employed survey strategy using a self-administered questionnaire with professionals working in different industries and business settings located in Sabah, Malaysia. Study results indicated that out of five e-service quality dimensions, efficiency, accessibility, privacy and responsiveness are positively affecting customer satisfaction but in contrast accessibility had insignificant impact on customer satisfaction. Meanwhile, efficiency, accessibility and responsiveness were found to have a positive and significant relationship with customer loyalty. The findings of hierarchical regression indicated that customer satisfaction partially mediated the effects of efficiency, privacy and responsiveness on customer loyalty. Based on these findings, the study implications and suggestions regarding future research are discussed.

Keywords: Customer Loyalty, Customer Satisfaction, E-Consumer Behavior, E-Service Quality, Mediator

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1. INTRODUCTION

E-commerce represents the next frontier in business transactions in around the world when a tremendous increase in e-commerce transactions has been reported in worldwide economies. Combe (2006) defines electronic commerce (e-commerce) as an activity of buying and selling, marketing and servicing of products and services via computer networks. Undoubtedly, e-commerce through online shopping with 24/7 services assists customer purchase through limitless information. However, retaining the online customers becomes the critical issue for online retailers (Ahmad, Omar & Ramayah, 2010) in order to sustain revenue base, profitability and market share (Bhattacherjee, 2001) due to competitive rivalry in the online business.

Nowadays, with the incredible growth of e-commerce websites on the Internet, it is important for online business to continually evaluate its web site to successfully meet current expectations of consumers because web design capabilities and consumer expectations may change over time. Essentially, the website must provide a mutual satisfying relationship, especially between the company and its online customers. Stringam and Gerdes (2010) emphasized the importance of this when they suggested that a website which having appeal factors to customers can positively influence them to purchase through the web site.

To retain a customer is a major challenge, mainly in e-commerce settings since consumers can easily switch to the other service provider when the switching cost is relatively low. Due to the facts that acquiring new customers is enormously costly and customer turnover in the online services is high, a study on determinants of service quality on customer satisfaction and customer loyalty is important (Siadat, 2008). More importantly, to better understand the conceptual relationship between service quality and customer satisfaction is one of the primary apprehensions to service researchers (Gounaris, Dimitriadis & Stathakopouls, 2010). The need for retaining customer base, identifying of what leads to customer satisfaction and loyalty has led to this current study. Perhaps this study will be beneficial to online business, especially on how to entice a large crowd of consumers towards adopting e-commerce. Thus, this current study aims to determine the influence of e-service quality (efficiency, requirement fulfillment, accessibility, privacy, responsiveness) on customer satisfaction and customer loyalty as well as to understand the mediating effect of customer satisfaction in the relationship between e-service quality and customer loyalty.

2. LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

2.1. Expectancy Disconfirmation Theory (EDT)

The Expectancy Disconfirmation Theory (EDT) which was developed by Oliver in 1980 and SERQUAL model are adopted to guide the principles of this study. Indeed, expectancy disconfirmation theory (EDT) has been widely used in the marketing field, especially in the context of consumer behavior studies to comprehend post-purchase phenomena such as consumer satisfaction, repurchase intentions and complaining behaviors (Yen & Lu, 2008). Chiu, Wang, Shih and Fan (2011) proposed that in general repurchase intention was primarily determined by satisfaction, and interestingly they are jointly determined by pre-purchase expectations and post-purchase disconfirmation of expectations. The expectations could be 1) positively disconfirmed when perceived performance exceeds expectations, 2) confirmed when perceived performance equals expectations) or 3) negatively disconfirmed when perceived performance falls short of expectations (Hsu, Chiu, & Ju, 2004). Therefore, consumers will form a satisfactory feeling, or they will be dissatisfied according to their disconfirmation level. Studies of Yen and Lu (2008) which adopted EDT to understand individuals’ intentions in the e-commerce context found a direct
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