Empirical Study on Multi-Channel Service Quality and Customer Loyalty of Retailers

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ABSTRACT

This paper studies the influence of offline RSSQ (retailing store service quality), online store ESQ (E-service quality) and O2O MCISQ (multi-channel integration service quality) on traditional retailers’ customer loyalty as well as the relation of them three in multi-channel retailing. 380 customers with both offline and online shopping experience at the same retailer’s store are investigated. Through the structural equation model, we find out that in multi-channel retailing, RSSQ and MCISQ have a positive influence on customer loyalty; RSSQ and ESQ have a positive influence on MCISQ; the influence of ESQ on customer loyalty is not significant; ESQ has a strong correlation with RSSQ. These conclusions indicate that on one hand, retailers should focus more on RSSQ and ESQ, because they contribute to improve MCISQ. On the other hand, retailers should strengthen the coordination between RSSQ and ESQ in order to further enhance MCISQ and as a result, the customer loyalty.

Keywords: Customer Loyalty, E-Service Quality (ESQ), Multi-Channel Integration Service Quality (MCISQ), Retailing Store Service Quality (RSSQ)

1. INTRODUCTION

In recent years, the turnover of the retail industry has plunged year after year and 2013 witnessed the lowest growth rate over the five years in China. Traditional retail industry no longer maintains its leading position and some retailers have retreated from offline stores and made efforts on online stores. They have set up e-channels, such as traditional online stores and mobile stores, providing customers with multi-channel to do shopping. According to statistics from China Internet Network Information Center (CNNIC), by the end of June 2014, there are 632 million netizens and 527 million mobile users. The large scale of users contributes to the expansion of online channels. Previous studies focused more on customer loyalty in a single-channel, such as studying the relationship between online channel and customer loyalty (Zeithaml, 1996) and e-commerce and customer loyalty (Huang, 2008; Campbell & Frei, 2010). Few pay attention to the relationship between MCISQ and customer loyalty in multi-channel retailing. The multi-channel integration service of most retailers is not advanced enough; the same customer is usually treated as different customers in multi-channel retailing. Some re-
Retailers expanded online channel but undermined the loyalty to the offline channel. Competition among different channels is not the focus of this paper. Rather, customer loyalty in multi-channels studied as a whole. The Ministry of Commerce said in China Retail Market Development Objectives that the strategy of the retail industry is to realize high coordination and integration of multiple channels instead of competing for the best channel. After the wave of falling down of retail stores, how to integrate multiple channels to enhance customer loyalty is an urgent issue. Therefore, this paper tries to study the influence of RSSQ, ESQ and MCISQ on customer loyalty and the interaction of the three, hoping to provide instructions to traditional retailers on using multi-channel for better service.

2. RELEVANT THEORIES AND RESEARCH ABOUT MULTI-CHANNEL SERVICE QUALITY AND CUSTOMER LOYALTY

2.1. Research on Multi-Channel Service Quality

According to Sousa (2006), this paper concludes that multi-channel service quality includes offline RSSQ, online ESQ and MCISQ between offline and online.

2.1.1. Retailing Store Service Quality (RSSQ)

Scholars from Northern Europe proposed the concept of service quality. They defined service quality as the gap between the expectation of service and real experience. Parasuraman (1985) later proposed the service quality model and it became a hot issue in marketing-related research. The most representative model is the service quality gap model, proposed by PBZ. Later, SERVQUAL scale was widely applied, including five dimensions, namely, tangibles, reliability, responsiveness, assurance and empathy.

2.1.2. E-Service Quality (ESQ)

In the age of the Internet, e-channel has become an important distribution channel of enterprises. It can attract potential customers and enhance the competitiveness of enterprises and bring long-term profit. The service ability of e-channel is defined as the ability to promote customers to buy and obtain products in an efficient way. In the e-channel, service quality extends to all interactions between the retailer and customers, including information search before the deal, interaction during the negotiation and after-sale service.

2.1.3. Multi-Channel Integration Service Quality (MCISQ)

Sousa (2006) constructed a multi-channel integration service framework of multi-channel integration service, including channel-service configuration and integrated interactions; channel-service configuration has two dimensions, namely breadth of channel choice and transparency of channel service configuration. Integrated interactions have two dimensions, namely content consistency and process consistency. Breadth of channel choice refers to that customers have the freedom to choose different channels and complete the purchase. Transparency of channel service configuration refers to those customers’ understanding and knowledge about channels available and all these channels. Content consistency refers to the consistency of information acquired from different channels. Process consistency refers to the consistency of service in different channels, such as service attitude, waiting time, service price, etc. MCISQ is defined as that customers can enjoy high quality same and coordinated service from all channels, is it offline store or e-channel.

2.2. Research About Customer Loyalty

Since 1950s, scholars have developed an interest on customer loyalty. Some studied from the perspective of behavior (Tuker, 1964), some
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