Chapter IX

Loyalty Differences in the Effect of Negative Critical Incidents and Quality Attributes Satisfaction: An Empirical Study of Online Shopping

Kwoting Fang,
National Yunlin University of Science & Technology, Taiwan

Ya-Yueh Shih, National Chiao Tung University, Taiwan and
Ming Hsin University of Science & Technology, Taiwan

Duen-Ren Liu, National Chiao Tung University, Taiwan

Abstract

This chapter introduces the effect of negative critical incidents and quality attributes satisfaction to heed the call for theoretically based empirical work in terms of loyalty difference on Internet shopping. There are some findings and recommendations. First, FNCIs would affect overall satisfaction indirectly by QASAT. Second, either highly loyal customers or less loyal customers, although the important order of

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relationship between four latent factors of QASAT and FNCIs are not equal, have causal relationships that were all significant. Third, the slow response that affected overall satisfaction indirectly by QASAT seems to be more important to customers who have less purchase frequency or purchase amount than higher ones. Finally, online bookstores with incomplete content that have untrustworthy transactions would affect overall satisfaction indirectly to customers with high loyalty by QASAT; this seems to be more important than it is to less loyal customers. It is hoped that the results of this chapter could provide a valuable strategy for marketers to rethink how they can find out and reduce the FNCIs that customers may encounter.

Introduction

Strides in information technology and improvements in networking technology have set the pace for rapid growth in new applications of electronic commerce in a variety of settings. Business-to-business (B2B), business-to-customer (B2C), customer-to-business (C2B), and customer-to-customer (C2C) have become prevalent business channels and have reshaped the ways that business transactions are conducted in the marketplace. According to Internet Data Corporation (IDC), by the year 2005, there will be nearly one billion Internet users, about 15% of the world’s population. IDC further predicts that those users will promote more than $5 trillion of business in the Internet commerce by 2005 (IDC, 2001). Given recent trends and forecasting, it is clear that no business enterprise can afford to ignore the tremendous potential of these emerging technologies in terms of the rate of creating, processing, and distributing the volume of business.

The proliferation of the Web potential for business, together with its profuse customer information, have offered an alternative sales channel for a growing number of firms and have prompted extensive research on the effect of negative critical incidents on customer satisfaction with Internet shopping. The increase in business-to-customer (B2C) channels has made several firms look for new strategies to understand online shopping behavior in order to attract, retain and satisfy customers’ needs (Ranganathan & Ganapathy, 2002). In fact, many researchers have considered that customer satisfaction leading to higher levels
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