



# The role of website quality and social capital in building buyers' loyalty



Xiayu Chen<sup>a</sup>, Qian Huang<sup>a,\*</sup>, Robert M. Davison<sup>b</sup>

<sup>a</sup> School of Management, University of Science and Technology of China, Jinzhai Road 96, Hefei, Anhui, China

<sup>b</sup> Department of Information Systems, City University of Hong Kong, 83 Tat Chee Avenue, Kowloon, Hong Kong

## ARTICLE INFO

### Article history:

Received 26 November 2015

Received in revised form 12 June 2016

Accepted 15 July 2016

Available online 29 July 2016

### Keywords:

Information quality

System quality

Service quality

Social capital

Loyalty

## ABSTRACT

Buyers' loyalty is critical for the success and survival of any online seller. Prior research regards social capital as an important determinant of an individual's behavior. However, current knowledge on how social capital is built in the Consumer-to-Consumer (C2C) e-commerce context is incomplete. Drawing on signaling theory and social capital theory, this study proposes a model to investigate how sellers' website quality (i.e., information quality, system quality and service quality) affects the development of social capital between buyers and sellers, which in turn improves buyers' loyalty in the C2C online shopping context. Data collected from 307 buyers on TaoBao, China's largest C2C online shopping platform, was used to empirically test the research model. The results indicate that not all of these three dimensions of website quality are positively related to cognitive and structural capital. Furthermore, although cognitive and relational capital are positively related to buyers' loyalty, structural capital is not associated with buyers' loyalty. Our findings bridge the literature gap about the formation of social capital in the C2C e-commerce context by demonstrating how website quality dimensions exert different effects on cognitive and structural capital. For online sellers, the results suggest that they should strategically offer appropriate website quality dimensions to build social capital with buyers in order to maintain buyers' loyalty.

© 2016 Elsevier Ltd. All rights reserved.

## 1. Introduction

With the increased popularity of Internet and Communication Technologies (ICTs), Consumer-to-Consumer (C2C) online shopping platforms are facing stiff competition (Chen, Zhang, & Xu, 2009; Huang, Chen, Ou, Davison, & Hua, *in press*). While obviously the failure or success of an online shopping platform cannot be explained by a single factor, there is some consensus that the development of social relationships between buyers and sellers constitutes a critical success factor (Gefen, Karahanna, & Straub, 2003), particularly in the Chinese C2C e-commerce context (Chen, Zhang, Yuan, & Huang, 2007; Martinsons, 2008; Ou, Pavlou, & Davison, 2014). However, social capital, which specifically emphasizes the importance of a set of resources that is embedded in the ongoing social relationships among people (Nahapiet & Ghoshal, 1998), has seldom been studied in the context of C2C e-commerce (Huang et al., *in press*).

It has been noted that most prior e-commerce studies focused on business-to-consumer (B2C) platforms, while the C2C platform has been largely ignored (Yoon & Occeña, 2015). Nevertheless, C2C platforms are relatively more risky than B2C platforms because it is difficult to "identify the nature of an anonymous trader" (Xu, Lin, & Shao, 2010). The success of a C2C platform depends on the aggregation of individual buyer-seller relationships, unlike a B2C platform whose vendor has its own brand (Huang et al., *in press*). Such differences mean that existing B2C-related knowledge is inapplicable to the C2C context. Moreover, Martinsons (2008) indicated that most of the previous China-focused e-commerce literature is anecdotal, with the majority of researchers focusing on e-commerce in Western contexts. Chinese C2C online platforms are different from those in developed economies, where the solid e-commerce institutional structures obviate the need for social relationships (Pavlou & Gefen, 2004). Buyers on Chinese C2C platforms are more likely to rely on social relationships with sellers to provide psychological support for transactions (Ou et al., 2014), and thus may build social capital with sellers as a corollary to their online purchasing behavior (Chen et al., 2007; Huang et al., *in press*). For instance, the success of TaoBao, which has been the leading C2C online shopping platform in China since 2004 (Chen et al., 2009; Ou et al., 2014), is in part attributable to TaoBao's encouragement of the development of

\* Corresponding author.

E-mail addresses: [cxy1023@mail.ustc.edu.cn](mailto:cxy1023@mail.ustc.edu.cn) (X. Chen), [huangq@ustc.edu.cn](mailto:huangq@ustc.edu.cn) (Q. Huang), [isrobert@cityu.edu.hk](mailto:isrobert@cityu.edu.hk) (R.M. Davison).

social capital between buyers and sellers by means of an embedded instant communication tool, known as WangWang (Huang et al., *in press*). Consequently, social capital between online buyers and sellers should be considered as a significant theoretical construct in research on e-commerce.

Prior studies have investigated the direct effects of social capital on individuals' behaviors, including community participation (Ganley & Lampe, 2009), the use of social networking sites (Yoon, 2014) and knowledge sharing (Hau & Kang, 2016). However, researchers have not yet examined the relationships among social capital dimensions and their direct influence on a buyer's loyalty to a seller in the C2C online shopping context, despite recent arguments that it is important to highlight the valuable consequences that social capital can generate in the organizational context (Carey, Lawson, & Krause, 2011; Sun, Fang, Lim, & Straub, 2012). In addition, although many advantages are associated with social capital, such as avoiding opportunistic behavior and developing new transactions, most online sellers place greater emphasis on single-shot transactions while overlooking the need for building social capital in the C2C context. This would impede the development of long-term interests of online buyers and sellers. Incorporating sellers' website quality as a mechanism of building social capital between buyers and sellers is important, especially in C2C online shopping contexts. Zhang, Lu, Shi, Tang, and Zhao (2012) indicated that a C2C online shopping platform primarily serves as an intermediary for transactions, in which individual sellers are distinct in terms of their provision of different information, system and service quality, which we cumulatively refer to as website quality. Liang and Chen (2009) demonstrated that the higher the quality of information, system and service, the greater the willingness of buyers to maintain, deepen and broaden their social relationships with a particular seller. Unfortunately, previous researchers have ignored the effect of website quality on social capital in the C2C online shopping context.

In accordance with the above understanding, we focus on addressing the following questions: (1) How does sellers' website quality affect the development of social capital between buyers and sellers? (2) How are the different dimensions of social capital related to each other? (3) How does social capital influence a buyer's loyalty to a seller in the C2C context?

To answer these questions, drawing on signaling theory (Spence & Michael, 1974) and social capital theory (Nahapiet & Ghoshal, 1998), we examine how sellers' website quality acts as a signal to affect the building of social capital, which in turn influences buyers' loyalty. Signaling theory indicates that IT-supported cues (i.e., website quality in this study) affects the perceptions, attitudes, and behaviors of individuals (i.e., buyers) (Benlian & Hess, 2011; Li, Fang, Wang, Lim, & Liang, 2015). Extending signaling theory in the C2C context, we argue that if a buyer perceives a seller's website to be high quality, a favourable attitude towards the seller will be more likely generated (Chen, Huang, Davison, & Hua, 2015; Qureshi et al., 2009; Yoon & Occeña, 2015), and thus the buyer will be more willing to build social capital with the seller. In addition, social capital theory explains why people normally prefer to engage in transactions with those with whom they have built social capital (Jones & Taylor, 2012). Thus, we further argue that social capital between buyers and sellers is useful in improving buyers' loyalty.

This study makes several important contributions to the literature. First, most online shopping platforms, especially Western ones, were characterized by one-time dealings (Ba & Pavlou, 2002), implying the lack of social capital in C2C contexts. Nevertheless, in China, TaoBao has encouraged the development of social capital between online buyers and sellers (Huang et al., *in press*). By exploring the impact of social capital on buyers' loyalty, we advance the existing C2C e-commerce literature (Chen et al., 2009) by including social capital, which has seldom been investigated in the C2C con-

text (Huang et al., *in press*). Second, although previous researchers (Hsiao & Chiou, 2012; Zimmermann & Ravishankar, 2013) suggested that social capital can be treated as a salient antecedent of individuals' behavior, no attention has been paid to how social capital is built in the C2C context. Drawing on signaling theory, we argue that sellers' website quality can improve social capital building. This thus provides a more holistic explanation for the mechanisms associated with the formation and development of social capital, especially in the C2C context. This explanation can also help online sellers develop and improve their strategy to maintain buyers' loyalty. Third, unlike prior research that focuses on either website quality (Wells, Valacich, & Hess, 2011) or social capital (Jones & Taylor, 2012), we find that online sellers should not only ensure effective website quality but also cultivate social capital with buyers in order to maintain buyers' loyalty. Our study suggests that sellers' website quality alone is insufficient to enhance buyers' loyalty; instead, social capital is the means through which website quality is more likely to contribute to loyalty.

## 2. Theoretical background

### 2.1. Website quality

In e-commerce, transactions between buyers and sellers are usually conducted on a website (DeLone & McLean, 2004; Liang, Ho, Li, & Turban, 2011). Some online sellers' websites attract more traffic than those of other sellers just because of their effective website design features (Hsu, Chang, Chu, & Lee, 2014). The sellers' website functions and features can be categorized into three phases: pre-sales, online-sales and post-sales (Lin, 2007; Liu & Arnett, 2000). In order to reduce buyers' searching costs, the sellers' website attempts to attract buyers by providing some information (such as product and price-related information) at the pre-sales stage. The online-sales stage includes buyers' electronic purchasing activities, where orders and charges are made electronically through sellers' website facilities. Buyers' service, delivery and problem solving occur during the post-sales stage. The extent to which these three e-commerce phases can be accomplished effectively depends on the quality of the sellers' website (Lin, 2007).

Previous research has emphasized either a technological- or a customer-oriented perspective to investigate the key features of e-commerce. The technological-oriented perspective focuses on system features such as website usability and accurate information, and their effect on customer acceptance of a website (Palmer, 2002). The customer-oriented view focuses on the website's provision of an appropriate level of service quality correspondent with what customers expect (Cenfetelli, Benbasat, & Al-Natour, 2008). Furthermore, Chen et al. (2015) indicated that website quality comprises both technical and service components: information, system and service quality. These findings are consistent with DeLone and McLean (2004) IS Success Model, which has been adopted by many studies that attempt to measure e-commerce success. Information quality refers to "the customers' perception of the quality of information presented on a website", which is an important determinant of IS success (McKinney and Yoon, 2002). Information quality reflects the content of the sellers' website as perceived by an individual as being relevant, sufficient, accurate and up-to-date (Chen et al., 2015; Liang et al., 2011). System quality refers to an individual's perception of the overall performance of a website system (Chen et al., 2015; Zheng, Zhao, & Stylianou, 2013). System quality reflects the degree of access speed, ease of use, visual appeal and navigation (Zhou, 2012). Service quality refers to an individual's evaluation of the quality of online service delivered via the website including reliability, responsiveness, assurance and personalization (Chen et al., 2015; Zhou, 2012).

Download English Version:

<https://daneshyari.com/en/article/5110824>

Download Persian Version:

<https://daneshyari.com/article/5110824>

[Daneshyari.com](https://daneshyari.com)