



ELSEVIER

Contents lists available at ScienceDirect

## Journal of Retailing and Consumer Services

journal homepage: [www.elsevier.com/locate/jretconser](http://www.elsevier.com/locate/jretconser)

# Internet service providers' service quality and its effect on customer loyalty of different usage patterns



Thu Nguyen Quach<sup>a</sup>, Paramaporn Thaichon<sup>b,\*</sup>, Charles Jebarajakirthy<sup>a</sup>

<sup>a</sup> Swinburne University of Technology, Victoria, Australia

<sup>b</sup> S P Jain School of Global Management, 5 Figtree Drive, Sydney Olympic Park, Sydney, New South Wales 2127, Australia

## ARTICLE INFO

### Article history:

Received 22 May 2015

Received in revised form

18 November 2015

Accepted 21 November 2015

Available online 5 December 2015

### Keywords:

Internet usage pattern

Attitudinal loyalty

Behavioural intentions

Services quality

Internet service provider (ISP)

High-tech services

## ABSTRACT

This study attempts to investigate the dimensions of an ISP's service quality, and their effects on customer loyalty in high-tech services. Data was obtained from 1231 internet users. The analyses include segmenting ISPs' customers on the basis of their usage pattern and evaluating their perceptions of Internet service quality dimensions. Through the use of structural equation modelling and bias correct bootstrapping techniques, the study confirms that service quality dimensions can influence both attitudinal and behavioural loyalty. These effects, however, are different across different groups of ISP customers. The contribution of the present paper stems from the modelling of mediation effects and the incorporation of Internet usage that can help better explain the impact of service quality dimensions on customers' loyalty in high-tech service settings.

© 2015 Elsevier Ltd. All rights reserved.

## 1. Introduction

Service quality is an important differentiator in a competitive business environment, and a driver of service-based businesses (Zhao and Benedetto, 2013). By enhancing service quality, businesses can influence customers' retention and loyalty (Thaichon et al., 2012). However, very few studies have assessed how different aspects of Internet service providers' (ISP) service quality would influence their customers' loyalty (Vlachos and Vrechopoulos, 2008). ISPs may benefit from obtaining accurate information regarding their customers' assessments of their brand's delivered service quality; such information may enable service brand managers to formulate appropriate marketing strategies in order to achieve competitive advantage and long term profitability. This paper attempts to fill this important research gap by investigating the effects of ISPs' service quality on their customers' loyalty in the high-tech Internet services. In addition, this paper segmenting ISPs' customers on the basis of their usage pattern and evaluating their perceptions of Internet service quality dimensions.

With the rise of technology-enabled services, the attention of the services literature has shifted to measurement and operationalisation issues in service quality (Carlson and O'Cass, 2011; Ganguli and Roy, 2010). The earliest service quality model was

introduced by Parasuraman et al. (1985), and was referred as SERVQUAL, including (1) tangibles; (2) reliability; (3) responsiveness; (4) assurance; and (5) empathy. In addition to SERVQUAL, E-S-QUAL has been developed by Parasuraman et al. (2005) as an attempt to fully capture service quality in the new information age. However, telecommunications service quality cannot effectively be measured by SERVQUAL or E-S-QUAL (He and Li, 2010) as these scales lack the ability of addressing specific issues relevant to this particular context, especially high-tech ISPs. In particular, while SERVQUAL applies to general service, E-S-QUAL focuses on service providers who operate via the internet platform (Vlachos and Vrechopoulos, 2008) and not those who provide the internet connection and platform for online business-to-business and business-to-customer activities.

On the other hand, segmentation can help better leverage a service provider's resources and capabilities to fully take advantage of existing opportunities (Weinstein, 1987). As the needs of consumers are not homogenous, it is essential to divide the market into various segments (Mazzoni et al., 2007). Although the concept of market segmentation has been discussed extensively in the literature (Mazzoni et al., 2007; Wedel and Kamakura, 2003), there is scarce empirical evidence of how ISPs can effectively segment their target audience. In this study customers are segmented based on their usage pattern, which is one of the most logical basis of segmentation in similar types of services (Mazzoni et al., 2007; Wedel and Kamakura, 2003). More specifically perceptions of service quality dimensions and their relationships with loyalty of light, medium and heavy users will be evaluated. Based

\* Corresponding author.

E-mail addresses: [Squach@swin.edu.au](mailto:Squach@swin.edu.au) (T.N. Quach), [park.thaichon@spjain.edu.au](mailto:park.thaichon@spjain.edu.au) (P. Thaichon), [CJebarajakirthy@swin.edu.au](mailto:CJebarajakirthy@swin.edu.au) (C. Jebarajakirthy).

on the foregoing discussion, the objectives of this research study are: firstly, to establish the relationships between specific service quality dimensions of residential internet services and customers' behavioural and attitudinal loyalty. Secondly, to investigate the differences between light, medium and heavy users of the high-tech residential internet services. Lastly, to provide managerial implications to high-tech residential internet service providers.

## 2. Literature review and development of hypotheses

### 2.1. ISPs' service quality dimensions

Previous research indicates that judgment of overall service quality in the telecommunications industry comes from customers' perceptions of a stable and strong network quality (Lai et al., 2009), ready-to-serve customer support team (Aydin and Özer, 2005), informative website support (Thaichon et al., 2012) and a high level of security and privacy that is trusted by customers (Roca et al., 2009). Network quality is one of the core service drivers in the telecommunications industry (Lai et al., 2009). Network quality in the internet services industry involves the quality and strength of the network signals (Wang et al., 2004), number of errors, downloading and uploading speed (Vlachos and Vrechopoulos, 2008). Any break in the internet connectivity may lead to low perceptions of service quality. Moreover, when customers face problems in high-tech internet services, they often seek help and support from technical and customer service staff. For this reason, customer service teams are under constant pressure to perform their work reliably, dependably, and according to set protocols in order to meet their productivity goals and deliver quality customer service (Rod and Ashill, 2013). A study in the Turkish telecommunications industry demonstrates that handling customers' complaint efficiently contributes to overall service quality (Aydin and Özer, 2005).

Information technology tools are utilised to increase efficiency and effectiveness of information delivery (Ganguli and Roy, 2010). Relevant, timely, and reliable information helps customers to obtain information and enable effective decision making (Hsieh, 2013). Moreover, information quality plays an important role in building customers' overall positive attitude towards the company (Jaiswal et al., 2010). In fact, a service provider facilitating high levels of information quality and website support is often perceived to have better service quality. There have been considerable concerns regarding safety and ethical behaviour in e-commerce (Limbu et al., 2011). Customers are prone to attribute low risks in purchasing from service providers who are reputable in relation to their security practices (Roca et al., 2009). Security refers to the extent a customer perceives the entire transaction as being safe, which includes payment methods and transmitting confidential information (Chang and Chen, 2009; Thaichon et al., 2014). Privacy is often a concern of customers of high-tech services, and this dimension relates to the customer perception of the quality of processes used for personal information transmission and storage (Özgülven, 2011). Several studies report that security and privacy are related to service quality (Wolfenbarger and Gilly, 2003).

### 2.2. Behavioural and attitudinal loyalty

The concept of customer loyalty has received considerable attention in the marketing literature. There are many approaches to measuring customer loyalty and several studies have attempted to define the "true nature" of loyalty. Basically, several researchers explain loyalty purely from the behavioural point of view (Jaiswal and Niraj, 2011) whilst some argue that an attitudinal perspective is more reflective of customer loyalty (Flint et al., 2011; Jacoby and

Chestnut, 1978). This research embraces an integrated theory, which suggests that customer loyalty is a combination of both behavioural and attitudinal loyalty (Dick and Basu, 1994; Oliver, 1999). In this respect, Flint et al. (2011) consider customers' loyalty as a concept with multiple aspects including repurchase intention and corresponding preferences and attitudes towards the brand. While behavioural loyalty is defined as repeat purchase (Zeithaml et al., 1996), this study considers attitudinal loyalty as customers' inner thoughts of attachment, word-of-mouth, and recommendations (Zeithaml et al., 1996).

### 2.3. Relationships between service quality dimensions, behavioural and attitudinal loyalty

It is commonly acknowledged that service quality drives customer loyalty and company profitability (Prentice, 2014). This study has endeavoured to study the effects of each service quality dimension on behavioural and attitudinal loyalty. Network quality including connectivity quality, clarity of signals, and speed of internet is deemed to be the fundamental quality characteristics in high-tech services which affect customer retention (Seo et al., 2008). Other scholars also confirm that network quality is one of the most important drivers of customer loyalty when dealing with prepaid cell phone (Miranda-Gumucio et al., 2012). In the context of the US mobile phone services, Cassab (2009) demonstrated that network quality has the largest coefficient values in the regression analysis of experimental data and therefore, has stronger influence on customers' loyalty intention. Similar results are reported in the US wireless services by Seo et al. (2008), who state that the connectivity quality of wireless is positively and significant related to customers' repurchase intention. Based on the foregoing discussion, we propose the following hypotheses:

**H<sub>1a</sub>** : Network quality is positively associated with customers' attitudinal loyalty.

**H<sub>1b</sub>** : Network quality is positively associated with customers' behavioural loyalty.

It has been suggested that customer service has a positive and significant impact on customer loyalty in technology-based banking services (Ganguli and Roy, 2011). Responsiveness of technical and customer service staff has significant positive influence on behavioural loyalty in the Greek mobile telephony service (Santouridis and Trivellas, 2010). Customer care is the major determinant of repeat purchase intention and customer loyalty, while deficiencies in the quality of customer service are the main reasons for customers switching (Miranda-Gumucio et al., 2012). Hence, the following has been hypothesised:

**H<sub>2a</sub>** : Customer service and technical support influence customers' attitudinal loyalty.

**H<sub>2b</sub>** : Customer service and technical support influence customers' behavioural loyalty.

A service provider facilitating high levels of information quality and website support is able to maintain a long term relationship with customers (Canhoto and Clark, 2013). Likewise, researchers report that website design is found to be a determinant of loyalty of online customers in South Africa and Australia (Caruana and Ewing, 2010). Other website characteristics such as ease of use and information are significant influencers of customer loyalty in e-commerce (Toufaily et al., 2013) and content websites (Jaiswal et al., 2010). Based on the above discussion, the following are hypothesised:

Download English Version:

<https://daneshyari.com/en/article/1028839>

Download Persian Version:

<https://daneshyari.com/article/1028839>

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