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# Enhancing competitive advantages: The contribution of mediator and moderator on stickiness in the LINE



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## ABSTRACT

While the importance of users' stickiness has been recognized in marketing literature for the least 10 years, the development and empirical validation of users' stickiness model in the LINE context from mediator of satisfaction and moderator of online habit had not been addressed. Using the commitment–trust theory, the purpose of this study was to develop and validate such users' stickiness on LINE model. Based on technology and marketing literatures, a series of hypotheses was compiled with a methodology for testing. A questionnaire was constructed and data were collected from 289 users of LINE in Taiwan. Structural modeling techniques were then applied to analyze the data. The results indicated that users' stickiness was affected by their satisfaction. Users' satisfaction played a crucial mediating role in the relationship of innovation differentiations, online habit, and stickiness. Based on these findings, its implications and limitations are discussed.

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## 1. Introduction

Social media and digital technology in the internet has changed work and the personal lives of people around the world (Lim and Teo, 2005). LINE is known as one of the most popular market smartphone applications in the Taiwan through the unique graphics' design of the chat conversations, and becomes more joyful instant messaging software. The Android version of LINE has exceeded 100 million download from Google play on July 18, 2013 (<http://lineblog.tw/archives/30744666.html>). In the mobile instant messaging market of Taiwan, the LINE' registration number far more than other instant messaging software, including the other two major global software: WhatsApp and WeChat, the global number of users reached 300 million people in 21 May 2013. In Taiwan enrollment has 17 million, over the half of 23 million Taiwan's population. Reaching 90% download rate from smart phone which is the largest free instant messaging software.

From the users' views, including innovation and market differentiations of LINE, to win their satisfaction and actually to get the stickiness are energetic. Competitive advantage is the comparative positional superiority in the non-marketplace that leads to the content of company outperforms its rivals (Barney, 2001). In the past, there are many evidences about competitive advantage, such as in demand issue (Adner and Zemsky, 2006), in marketing

orientation and organizational performance (Zhou et al., 2009), in enterprises responsibility (McWilliams and Siegel, 2011), in action of managers (Sirmon et al., 2011), and in execution failures (Kaplan and Norton, 2013). In the field of strategic management, the competitive advantage has become an important issue of research (Porter, 1985; Rumelt, 1984), especially for free instant messaging software, LINE is a kind of instant messaging software. Other related papers about instant messaging software, for example Koutamanis et al. (2013) found the friendship initiation of adolescents' instant messaging and Shih and Fan (2013) pointed out the adoption of instant messaging by travel agency workers in Taiwan. However, so far as now, little research works on this issue from users with both the mediated and moderated effects.

Commitment–trust theory was suggested by Morgan and Hunt (1994) which was developed based on the B2B relationship setting, however, there are a lot of evidences to show that non B2B relationship setting, for example, buyers (professionals and students) and the sellers in the online environment (Mukherjee and Nath, 2007), not-for-profit organization (NPO) sector for 41 funders (MacMillan et al., 2005), and donors of four representative social non-profit organizations in Germany (Naskrent and Siebelt, 2011). Despite a lot of Internet-based virtual applications (LINE or FB) are fairly informal, and their business values still focus on members' willingness to continuously employ for information exchanges. Members felt the innovativeness and market differences of LINE are both imperative for the LINE to be existed. Satisfaction with the interaction begins at the outset of the relationship to maintain the continuous relationships (Ramaseshan et al., 2006). Members' satisfaction in LINE is not a

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one-time experience but an accumulated outcome of past interaction experiences (Anderson et al., 1994). Therefore, satisfaction in virtual community members kept the relationships and enhanced members' stickiness (Wu et al., 2010). In turn, based on the commitment–trust theory, Wu et al. added the satisfaction and stickiness to be part of this theory and investigated active virtual community members' satisfaction impacted their stickiness. In line with above mentioned, the paper integrated the commitment–trust theory to propose satisfaction and stickiness as the variables for LINE. Authors Fullerton (2011) examined satisfaction is a factor of marketing relationships in service organizations with commitment–trust theory. Li et al. (2006) evaluated sticking with a Web site reflected a persistent user satisfaction. The innovation and market differentiations of competitive advantage occur when a firm creates a unique image in the marketplace and achieves customers loyalty through meeting their particular needs, and arises to create the most up-to-date and attractive products by leading competitors in quality, efficiency, design innovations, and style (Miller, 1988; Zhou et al., 2009). Customers' satisfaction played a mediating role in the effect on service loyalty (Caruana, 2002). Habit is users learned sequences of acts in LINE that become automatic responses to specific situations which may be functional in obtaining certain goals or end states according to Limayem and Cheung (2003). In other words, the users intend to stay or utilize in the Internet. The online habit is a moderator between users' satisfactions and behavior (Khalifa et al., 2002). Also, age and income were considered as control variables (Turel et al., 2010). In this paper, based on the commitment–trust theory as theoretical part, proposed the questions as following: (1) Do the innovation and market differentiations of users' feeling impact on their satisfaction of LINE? (2) Do users' perceptions of online habit have moderating effects on the relationship between competitive advantage and their satisfaction respectively? (3) Do users' innovation and market differentiations of LINE impact on stickiness through satisfaction mediated effect? The proposed model showed in Fig. 1.

## 2. Literature review and hypotheses

### 2.1. Competitive advantage and satisfaction

According to Porter (1985) redefines competitive advantage as the comparative positional superiority in the non-marketplace that leads the content of LINE to outperform its rivals. For example,

the content of LINE can achieve the users' notices when it operates at a higher interest than its competitors. Also, the content can achieve a differentiation advantage when users consistently perceive its offerings as superior to those of its competitors (Porter, 1985). Miller (1987, 1988) and Zhou et al. (2009) further classified two dimensions of competitive advantages: innovation and market differentiations. The market differentiation advantage occurs when a firm creates a unique image in the marketplace and achieves customer loyalty through meeting customers' particular needs, and an innovation differentiation advantage arises when a firm creates the most up-to-date and attractive products by leading competitors in quality, efficiency, design innovations, and style (Miller, 1988; Zhou et al., 2009). In particular, the former means when the LINE creates a unique image or function in the non-marketplace and achieves users loyalty through meeting their particular needs (Miller, 1987) and interests, the latter means when the LINE creates the most up-to-date and attractive contents in quality, efficiency, design innovations, and style (Miller, 1988; Yang and Lai, 2010). Milfelner and Korda (2011) also found the guests' satisfaction had relationship with sustainable competitive advantage in hotel. Vorhies and Morgan (2005) found benchmarking marketing capabilities for competitive advantage impacted the customers' satisfaction. Competitive Advantage is also a source of particular satisfaction (Porter, 2008). In advance, satisfaction is essential factors of member–community relationships (Morgan and Hunt, 1994; McKnight and Chervany, 2002; Li et al., 2006). Other empirical result of Kang et al. (2007), they also suggested that persistent interaction between virtual community members tends to toughen and bear the member–virtual community relationship. Member satisfaction is one important driving force for stickiness (Wu et al., 2010). Therefore, it is the reason why the author added innovation and market differences into the satisfaction and stickiness. Therefore the paper proposed the relationship between competitive advantage and satisfaction existed.

The content can enable the LINE to get the competitive advantage based on innovation and market differentiations from the users. Further, a user-orientation in achieving long-term their satisfaction is highly motivated by meeting their particular needs (Slater and Narver, 1994) and interests. Based on Oliver (1980) redefined satisfaction as users' affective states representing an emotional reaction to the entire content view experience. Existing literature has well-known the positive effect of competitive

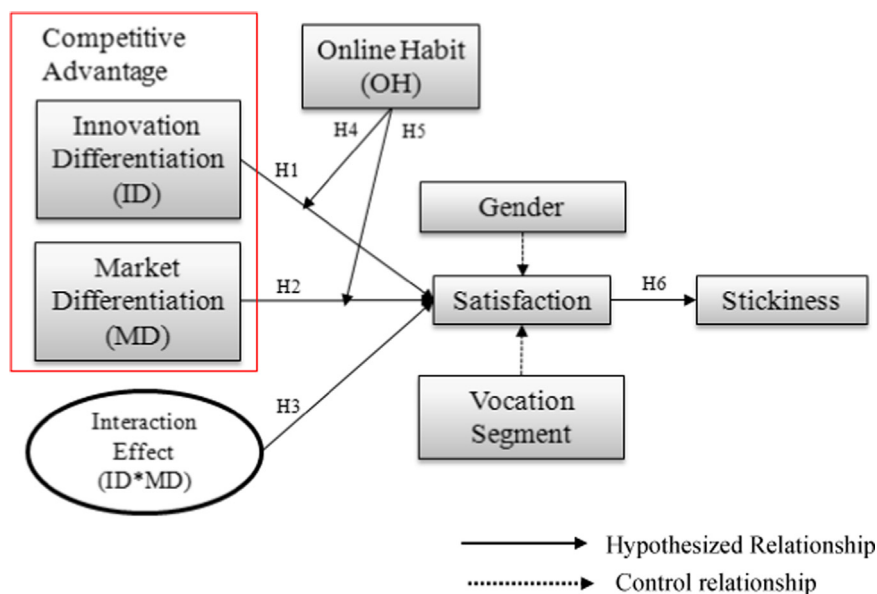


Fig. 1. Research model.

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