



Impact of customers' assessment of website attributes on e-relationship in the securities brokerage industry: A multichannel perspective



Elissar Toufaily^{a,*}, Frank Pons^b

^a Université Laval/American University in Dubai, 2325 Rue de l'Université, Quebec City, Quebec, Canada G1V 0A6

^b Université Laval/Kedge Business School (Marseille), 2325 Rue de l'Université, Quebec City, Quebec, Canada G1V 0A6

ARTICLE INFO

Keywords:

Multichannel retailing
Web 2.0
Internet-Brokerage industry
E-relationship
E-service quality
Online customer loyalty
Multi-group Analysis

ABSTRACT

The paper focuses on the comparison between pure e-retailers and multichannel retailers' customers and how they differ in their evaluations of functional and relational attributes of the website, as well as how these attributes impact online relationships. An online survey among online securities investors was conducted. Subjects were self-selected from blogs and forums dedicated to personal finance. A total of 326 questionnaires formed the final sample of this study. By using a series of univariate analyses of variance, structural equation modeling, and multi-group analysis, this research empirically demonstrates that the e-service quality evaluation and determinants of online relationship are different in multichannel contexts versus pure online ones. Results show that customers of multichannel retailers are not more loyal than those of pure online retailers. However, multichannel retailers exceed pure online retailers at achieving a higher level of online trust and a higher assessment of website features. The paper concludes with managerial implications that may be useful in multichannel retailing.

1. Introduction

In retailing, and in financial services in particular, the increasing number of channel options triggers various challenges and opportunities in building long-term customer relationships (Verhoef et al., 2015). For financial institutions, the development of different channels is considered a strategic issue, since it may lead to differentiation, better customer service, cost reduction and enhanced customer loyalty (Dimitriadis and Kyrezis, 2011; Mols, 2001; Shamdasani et al., 2008). Multichannel purchasers generate more revenue for a firm (Thomas and Sullivan, 2005), as they interact through low-cost channels as well as having higher levels of purchasing. A multichannel retailer employs a variety of channels to interact with customers. These channels could be the store, catalog, kiosk, phone and website (Wallace et al., 2004). Pure players or pure online retailers are companies that do not have a physical store presence and that sell products/services solely via the Internet (Jin and Kim, 2010).

Several strategic advantages of multichannel (i.e. click-and-brick or with physical presence) retailers over pure e-retailers have been supported in the literature (e.g. Chatterjee and Kumar, 2016; Steinfeld et al., 2002; Jin and Kim, 2010). Among these advantages, authors often cite the possibility of offering varied services, more points of contact, and more options to customers (Wallace et al., 2004);

stronger brand image (Park and Stoel, 2005); higher profitability (Ko and Roztocki, 2009); and higher market shares and marketing efficiencies (Min and Wolfenbarger, 2005). In addition, studies on multichannel retailing have focused on the decision-making process (e.g. Keen et al., 2004), the attitude toward different channels, the use or the adoption of these channels (e.g. Salle et al., 2015; Balasubramanian et al., 2005; Kwon and Lennon, 2009), and the interaction between different channels (e.g. Beck and Rygl, 2015; Montoya-Weiss et al., 2003; Ansari et al., 2008).

Although multichannel retailing has been acknowledged as a beneficial retail strategy (Jin and Kim, 2010), empirical studies on the determinants of success of pure online versus multichannel retailers are lacking. In particular, very little research investigates the role played by website features on customer relationships while considering two e-retailers' structures. The successful management of customer relationships, and particularly of online customer loyalty, is highly dependent on characteristics of e-service (Banerjee, 2014; Liao et al., 2011; Wolfenbarger and Gilly, 2003). Reinartz et al. (2004) indicate that empirical research has neglected market response and, more specifically, customer loyalty within the context of multichannel strategies of retailers. Hence, exploring the determinants and applicability of online customer loyalty and e-service features across retail channels should provide retail academics and practitioners with in-

* Corresponding author.

E-mail addresses: Elissar.toufaily@fsa.ulaval.ca (E. Toufaily), Frank.pons@fsa.ulaval.ca (F. Pons).

sights into this important area. Therefore, the aim of this paper is to find out if functional and relational attributes of a platform are capable of retaining customers in sustainable relationships with their retailers in the securities brokerage industry, while considering two e-retailers' structures. Understanding how customers evaluate website features by considering the type of the retailer will result in developing suitable strategies of customer loyalty toward the retailer.

The securities brokerage industry allows companies and governments to raise capital in the form of debt or equity, and allows investors to operate with confidence in open capital markets. Brokerage firms provide financial advice to investors; mobilize different forms of capital for new and growing businesses; and create markets by trading in their own accounts (Bhattacharjee, 2001). It has been chosen as a context for the study because it plays a key role in the financial services sector and it presents key characteristics in line with the focus of this research. With a total revenue estimated to 142 B\$ and an annual growth close to 2% in 2016 in the United States, this is a very healthy, strong and competitive industry (Ibis World reports, 2016). Within this industry, our research is limited to one specific category of brokerage firms, specifically the discount brokerage firms or online brokers. According to Bhattacharjee (2001, p. 205), an online broker is defined as "a B2C e-commerce service that allows individual investors buy or sell securities (common stocks and options) over the Internet at commissions substantially lower than that of full service brokerages". Typical services of an online broker include the sale and purchase of shares and options trading, comparison of prices in real time, notifications of execution of negotiations by email, and more monitoring portfolios.

The client experience at each firm, including the usability of the website, has taken over the cost as the first criteria in the selection of an online broker (Carrick, 2015). Within the context of digital technology, customers are therefore more empowered and are expecting low costs fees, similar experience across their preferred channels, flexible delivery and usable platforms. These customers' expectations and perceptions while using the online services may be affected by several factors, including the nature of the brokerage firms (pure online versus multichannel) and the trust that consumers place in these brokerage firms. Thus, the purpose of this paper is twofold. First, the aim is to compare the role played by website features on customer relationships and online loyalty while considering two e-brokers' structures (pure online versus multichannel). Second, the goal is to consider the impact of customer online trust as a mediator of the previous relationships. In the following sections, we first review the literature and propose the hypotheses of the proposed model. Then we present the research methodology and the analysis. Finally, we examine the empirical results and provide key managerial and research implications.

2. Theoretical background and hypotheses

2.1. E-loyalty: differences between multichannel and pure e-retailers

Online loyalty is widely defined as a customer's favorable attitude and commitment toward the online retailer that results in repeat purchase behavior (Harris and Mark, 2004). According to Frazier and Shervani (1992), a multichannel presence increases the variety of services available to the customer. As customers have more channels to interact, communicate, and engage with the company, their level of satisfaction and loyalty towards this company may increase (Wallace et al., 2004; Wind and Mahajan, 2002), as potential concerns can be addressed more efficiently. Shankar et al. (2003) showed that the customer's use of different channels during an electronic transaction (e.g. search online and buy offline, or search offline and buy online) improves customer satisfaction and increases customer loyalty. Wallace et al. (2004) also support this position by showing that customers who use multichannel are more satisfied and more loyal than customers who use only one channel of interaction with a company.

Consequently, in this research we expect customers who do

business with a multichannel broker to be more loyal than customers who use a purely virtual broker. This leads to the following hypothesis:

H1. Customer of a multichannel broker exhibits a higher e-loyalty level to his broker than does a customer of a pure e-broker.

2.2. The role of online trust

Trust is an important element of success in multichannel and online retail channels (e.g. Fullerton, 2011; Sirdeshmukh et al., 2002; Harris and Mark, 2004; Chen et al., 2004). Morgan and Hunt (1994) posit that trust occurs when one party believes in the reliability and integrity of its exchange partner. Moorman et al. (1992) define trust as the willingness to rely on the exchange partner and to have a confident behavior. This definition has been adopted by several authors, in both online and offline contexts (e.g. Bock et al., 2012; Cheung and Lee, 2001; Gefen, 2000; Mayer et al., 1995; Ribbink et al., 2004).

Chen et al. (2004) found that in the context of both online retailer and brick and mortar, trust impacts behavioral loyalty to the channel and intention to buy from the channel. In their banking study comparing Technology Acceptance Model (TAM) variables in two different channels (i.e. The Internet and phone banking), Dimitriadis and Kyrezis (2011) showed that the influence of trust on behavioral intention could be different from one channel to another.

In this research, we propose that multichannel may influence customers' perceptions of the brokerage service in two ways. First, it may reduce any state of online frustration that consumers encounter as it offers several options for the consumers to interact with the brokerage firms. Second, it sends a signal of openness and accessibility from the brokerage firm. Therefore, the variety of services available for customers and multiple points of interaction enhance customer trust toward the retailer and thus his online loyalty. For instance, customers of multichannel brokers can use the offline channel to make changes to their fund investments because they want the advice of the employee, and then later use the online channel, since the speed of the movement is very important when it comes to taking advantage of market changes (Fernandez-Sabiote and Roman, 2012). Thus, we expect the following:

H2. Online trust is higher for multichannel broker customers than for pure e-broker customers.

2.3. Evaluation of website attributes

Various authors have shown that website features play a vital role in building customer loyalty to an online merchant (e.g. Chang et al., 2009). However, the majority of studies linger over the functional characteristics of commercial sites (e.g. Nantel et al., 2005; Palmer, 2002; Aladwani and Palvia, 2002). By functional, we mean the technical dimensions that govern the architecture of commercial websites, such as security/privacy, aesthetics and ease of use (Nantel et al., 2005). All of these functional characteristics are important in understanding the customer relationship, but they do not include 2.0 features of the website. Relational features or Web 2.0 dimensions correspond to the human and social aspects that govern the website interface, and play a primary role when it comes to transposing human and social interaction from relationships in the real world to the virtual world (Yoo and Alavi, 2001). The functional features chosen for this research are website design, ease of use, security/privacy, and interactivity. Web 2.0 or relational features include website personalization, social presence, virtual communities and quality of support.

In this study, we expect that website attributes (functional and relational) of multichannel brokers will be evaluated more favorably than those of pure e-brokers. In fact, customers who trust and are loyal to a particular brand are more likely to adopt brand extensions (Thorbjørnsen and Supphellen, 2004). Balabanis and Reynolds (2001) indicate that customer attitudes toward a brand positively influence attitudes toward the website associated with this brand.

Download English Version:

<https://daneshyari.com/en/article/5111225>

Download Persian Version:

<https://daneshyari.com/article/5111225>

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