

# A study on the customer satisfaction and customer loyalty of furniture purchaser

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The current issue and full text archive of this journal is available at [www.emeraldinsight.com/1598-2688.htm](http://www.emeraldinsight.com/1598-2688.htm) AJQ 11, 2 146 A study on the customer satisfaction and customer loyalty of furniture purchaser in on-line shop Yongju Jeong and Yongsung Lee Department of Business Administration, The University of Incheon, Incheon, South Korea Abstract Purpose - The paper intends to explore the influencing factors on customer satisfaction and customer loyalty in the internet shopping mall through service quality based on the data obtained from furniture purchaser.

Design/methodology/approach - The research model and the relevant research hypothesis were set up through the data derived from the existing researches, and then the relevant hypothesis was tested through regression analysis. Findings - As result of analysis, the influencing factors on customer satisfaction of furniture purchaser in the internet shopping mall were proved to be product diversity of service quality, tangibles, responsiveness, interaction, stability, and customer satisfaction was found to be a significant influencing factor on customer loyalty in the internet shopping mall. Research limitations/implications - Although this study was carried out against actual furniture purchaser in selecting the samples, it reached the limit in considering the diversity of internet shopping mall, and sorting into on-line and off-line concurrent shopping mall and internet exclusive shopping mall. Originality/value - The study reviews the service quality measure suggested in the existing literature on service quality, newly applying it to on-line services environment, and then finding out the influence of service quality in internet shopping mall on customer satisfaction, customer loyalty, and repurchase intention as well as in which dimension they are built up.

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## Introduction

Owing to rapid development of information communication, e-commerce through internet is picking up briskly throughout the world. According to the survey of Korea National Statistical Office, the volume of transaction in domestic cyber shopping mall in Korea steadily grew starting from 2001 when it reached approximately 3,400,000,000,000 won, which is well over 20,000,000,000,000 won in 2009. Like this, internet market is growing in non-negligible scale, and even it is expected to grow more and more in future.

Development of various information communication technology including computer has changed the consumption life of the consumers, and especially tons of changes take place in the consumers' selection through their decision making. Such changes suggest a new environment characterized by global market, collapse of hierarchy, and economy of information era. Internet shopping mall is a business that can be operated at minimum expense with minimum labor force, which allows to secure price competitiveness by minimizing distribution stages, and further provide better customer service than the existing off-line shopping by providing various information. These days, rapid growth of do-it-yourself furniture stimulates the tendency of purchasing furniture through internet shopping.

On-line furniture sales system was attempted by a small-scale firm at the beginning, but large furniture suppliers soon after jumped on to the on-line market band wagon without hesitation (The Korea Economic Daily, 2007, July 16). This study is intended to find out the factors of customer satisfaction and

customer loyalty by exploring the characteristic of the users regarding customer satisfaction and customer loyalty of the furniture purchasers in the internet shopping mall, and then reviewing the literature on customer satisfaction and customer loyalty, conducting empirical research through statistical data obtained from questionnaire survey by establishing model and hypothesis after reviewing the literature on customer satisfaction and customer loyalty in order to discover the characteristic that appeared through the user's purchase of furniture.

## **Theoretical backgrounds**

Internet shopping mall Internet shopping allows the purchaser to search and survey the information on service or product by accessing internet shopping site through internet in remote place instead of retail shop as a physical space, and then enables to select or order the goods, and ultimately pay themoneyusing credit card to purchase the goods/services (Ruth, 2000). It is de? ed as the collective concept of on-line shops having the products in a variety of lines whereadvertisementand exhibition of the products for internet shopping is carried out through electronic shopping mall, server is equipped with data like prices, structures, characteristics of various products, webpage provides information on the product together with multimedia information (Hoffman and Novak, 1996).

Internet shopping mall is characterized by connecting producer directly with ? al end-user while traditional off-line market comprises four steps from producer through ? nal consumer. In addition, it is rarely restricted by time/space, and easy to acquire information from customer. Traditional

commercial transaction requires a large amount of investment to maintain fixed assets and human resource, while e-commerce requires investment mainly for system installation only. Besides, in terms of advertisement, promotion, etc. owing to conversion to two-way from the existing one-way, it is changed into the style of one-to-one connection with customer.

## **Furniture industry**

The structure of Korea's furniture industry is driven to domestic demand while Taiwan to export market. Therefore, the industry is very weak in its management foundation owing to extremely fierce competition within the same industrial circle, generalized phenomenon of design being imitated and the subsequent deterioration of profitability, etc. In addition, because of insufficient timber source at home, the industry depends on import from Indonesia, etc. for 95 percent of major raw materials such as plywood for furniture production, etc.

Domestic furniture industry has structural problems in both design and distribution sectors. Especially, in distribution sector, attacked by aggressive merchants who seek unlawful deals with low-price sale, general tax payers A study on customer satisfaction 147 AJQ 11, 2 148 with sincerity tend to lose their competition foundation, and furthermore event companies or representatives hold their own discount sales ruthlessly, disturbing domestic distribution order, resulting in sharp drop of quality and subsequent damage to the consumers.

Accordingly, it is necessary to develop our furniture business circle again in such a manner of reinforcing production foundation centered on own specialized product of each while expediting cooperative relationship with professional companies for the other non-specialized products, and thus it is needed to establish production and operation strategy under new system, and then reinforce the competitiveness in price and distribution.

## **Service quality**

Service means an intangible activity or benefit provided by the services provider to customer, which can be tangible product and something that is added to intangible service, or in an independent form (Kotler, 1991). With regard to the nature of service, there exist some different opinions among the researchers, but service is known to have four properties; being intangible, inseparability of production and consumption, heterogeneity, and perishability (Parasuraman et al. , 1985).

The concept of service quality can be represented in different way depending on aspect and approaching method. Especially, service quality has a aspect emphasized by subjective assessment recognized by each individual customer rather than that examined objectively being difficult to measure owing to its specialty. Generally, the definition of quality varies depending on the methods of approach driven to transcendental experience, product, manufacture, value, and user (Garvin, 1984). Parasuraman et al. 1985, hereinafter "PZB") defined cognitive service quality, aside from objective quality, is a type of attitude " that is the comparison between consumer's recognition of the result of service provided by the corporation and the

expectation of consumer that should be provided by the corporation in their opinion". Accordingly, cognitive service quality was observed through the degree and direction of the difference existing between consumer's recognition and expectation (Woo-seong, 2006).

According to PZB, although there exists the difference of relative importance that assess the service quality depending on service types, there exists basically similar assessment criteria, and therefore the service quality observations system developed by them is the decisive factor of service quality that may be generally applied to service industry. Since then, Parasuraman et al. (1988) discovered that there exist correlation among ten decisive factors of service quality that were examined from Parasuraman et al. (1985) conducted against the corporations such as machinery repair and maintenance, bank, long-distance telephone company, credit card company, and security broker. Finally, they named SERVQUAL for it by combining 7 factors (tangibles, reliability, responsiveness, assurance, and empathy). SERVQUAL can be also measured by gap score between the score of consumer's performance recognition and score of expectation. Five dimensions comprising SERVQUAL and the description of each dimension is as shown in Table I.

As a result of reviewing the precedent research on the service quality of on-line shopping mall, it was found that the study on the satisfaction with loyalty and consumer satisfaction as result of the service quality of on-line shopping mall was conducted in such a manner that the property of on-line

shopping mall was reflected in the existing service quality dimensions to develop the dimension of on-line shopping mall service quality.

## **Customer satisfaction and customer loyalty**

### **Customer satisfaction.**

In the study on customer's satisfaction/dissatisfaction, there exists inconsistency concerning its concept among the researchers, and a variety of attempts are carried out in its measurement. The definition of customer satisfaction can be divided into two; definitions driven to outcome and driven to process (Lee, 1995). From the aspect driven to outcome, customer satisfaction is conceptualized as the result of consumption experience such as the recognition felt by customer that the price paid is rewarded in proper or improper manner, emotional reaction against the retail shop or purchasing behavior related with purchased specific product or service, or emotional reaction against the behavior in wider meaning such as consumer's behavior or the market on the whole, comprehensive mental state that occurs when the emotion due to inconsistent expectation is combined with the emotion prior to the customer's experience of purchase. The aspect driven to process is useful in that it generalizes the whole consumption experience, and it enables to examine an important process that reaches customer satisfaction through the measure of observing unique elements at each stage (Oliver, 1981). Internet shopping mall is a web site in virtual space in the name of internet.

Chen and Wells (1999), in measuring the attitude to the web site, suggested three aspects; informativeness that shows the degree of usefulness of



information provided by web site to the visitor, entertainment of web site that shows the degree on how it meets emotional necessity and desire of the visitor, and organization of web site that shows the degree on how it provides the visitor's desired information and product/service in convenient and prompt way.

## **Customer loyalty**

Typically, customer loyalty means the property of customer to repeatedly purchasing specific subject (brand, product, service, shop, etc. with affection regardless of the change in the circumstance (Jacoby and Chesnut, 1978; Oliver and Swan, 1989). There are the variables for measuring customer loyalty such as devotion into specific subject, repurchase intention, and intention to recommend to others, etc. (Reichheld, 1993). Especially, customer loyalty is known to arise from the result of customer satisfaction in general. Customer loyalty in on-line can be defined the tendency of customer to keep on using specific web site with affection (Anderson and Srinivasan, 2003). Customer with high loyalty is supposed to keep a specific web site with him/her using bookmark function, frequently visit it, and show high site adhesion with high detention time. In addition, Dimension Tangibles Reliability Responsiveness Assurance Empathy Definition Physical facility, equipment, outlook of employee Ability to perform the committed service in reliable and correct manner Will of assisting the customer and providing quick service to the customer Knowledge, courtesy, ability of the employees that give rise to reliability and assurance Careful concern and individual interest in the customer

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Table I. Five types of SERVQUAL AJQ 11, 2 they are very friendly with the site, and positively promote or recommend it to the others. The customers of high customer loyalty like this is very possible to purchase the goods from that site, and tends to consistently purchase again from that site in spite of positive marketing activity by other sites (Anderson and Srinivasan, 2003).

### **Design of research**

#### **Research model and establishment of research hypothesis**

This study aims for reviewing service quality measure suggested in the existing literature on service quality, newly applying it to on-line services environment, and then finding out the influence of service quality in internet shopping mall on customer satisfaction, customer loyalty, and repurchase intention as well as in which dimension they are built up. Therefore, research model for empirical analysis was established as Figure 1 based on the result of precedent research. As research model, based on the results of previous studies; Lee and Lin (2005), Lee (2006), Jeon (2006), etc. the dimension of on-line service quality were suggested to find out its influences on customer satisfaction, customer loyalty, and repurchase intention: H1. Product diversity of service quality in on-line shopping mall will have positive influence. H2. Tangibles of service quality in on-line shopping mall will have positive influence. H3. Responsiveness of service quality in on-line shopping mall will have positive influence. H4. Interaction of service quality in on-line shopping mall will have positive influence. H5. Stable service quality in on-line shopping mall will have positive influence. H6.

Customer satisfaction with service quality in on-line shopping mall will have positive ( ? ) influence on customer loyalty. Service quality Product diversity H1 Tangibles H2 H3 H4 Interaction H5 Customer satisfaction H6 Customer loyalty 50 Responsiveness Figure 1.

## **Research model Stability**

Method of research In this study, the questionnaire survey was targeted against the customers aged from 20s to 50s who had experience of purchasing furniture from on-line shopping mall. To accomplish the purpose of research, questionnaire survey was carried out for approximately ten days from August 6, 2009 to August 15, 2009. Total 140 questionnaire sheets were collected out of 150 distributed to the subject. Among 140 sheets collected, 131 were adopted except nine returned deemed to be answered with insincerity.

In this study, survey was targeted to the persons who purchased the products in furniture category 1 made of steel or wood available in on-line shopping mall.

## **Empirical analysis**

### **Reliability analysis**

In this study, in order to measure reliability, Cronbach's coefficient - internal consistency analysis - was used. The reason of adopting Cronbach's coefficient was to enhance variable reliability by sorting out the items affecting reliability and then ruling out those variables when several items were used to measure the same concept.

Normally, it proves to be sufficient when Cronbach's coefficient appears at least 0.6, and therefore reliability coefficient on each variable was suggested in Table II to show reliability for each item.

## **Validity analysis**

In this study, the result of exploratory factor analysis on service quality, customer satisfaction, and customer loyalty in deriving the factors that influences on customer satisfaction and customer loyalty of furniture purchaser in the case of on-line shopping mall as shown in Table III.

As result of factor analysis, product diversity of service quality, tangibles of service quality, responsiveness of service quality, interaction of service quality, stable service quality, customer satisfaction, and customer loyalty were classified to be the factors, and the variable to be excluded being less than 0.5 in factor loading did not appear.

## **Testing of hypothesis**

To test the hypothesis, analysis of correlation among variables and multiple regression analysis between antecedent and dependent variables were carried out.

Result of factor analysis Notes: Extraction method: principal component analysis; rotation method: varimax with Kaiser normalization; rotation converged in six iterations strategy of enhancing customer satisfaction and customer loyalty by grasping which factors influence on customer satisfaction and customer loyalty of furniture purchaser in on-line shopping mall, and to which degree it has influence if so.

In carrying out regression analysis, it may produce wrong interpretation if independent variables are not mutually independent or regression coefficients are estimated incorrectly. In other words, there could exist the problem of multi-collinearity. In order to conduct the test for equal variance and normality that are the premise of multiple regression analysis, testing of multi-collinearity was carried out. Pearson's correlation was used in the analysis of correlation, which shows there exist no problem of multi-collinearity (Table IV).

Testing of hypothesis between customer satisfaction and antecedent variable.

As the antecedent factor of customer satisfaction, diversity of service quality, tangibles of service quality, responsiveness of service quality, interaction of service quality, and stable service quality were set up, and then multiple regression analysis was conducted to test the influence on customer satisfaction (Table V). Table VI is the result of analysis on the significance for individual variables. Each coefficient appeared 0.361 for diversity of service quality, 0.526 for tangibles of service quality, 0.364 for responsiveness of service quality, 0.486 for interaction of service quality, and 0.32 for stable service quality.

Table VI. Multiple regression analysis between customer satisfaction and antecedent variable importance of regression coefficient appeared 0.360 for diversity of service quality, 0.518 for tangibles of service quality, 0.375 for responsiveness of service quality, 0.497 for interaction of service quality,

and 0.356 for stable service quality. In the result of analysis, absolute value of beta coefficient for tangibles of service quality appeared large and therefore, it is deemed to be the variable of best explanation of all. F-value of regression model was 50.647 ( $p < 0.000$ ) proved to be of significance, and Durbin-Watson value was 2.16 (close to 2) deemed to satisfy the assumption of independence. As result of testing, the coefficient of determination ( $R^2$ ) - one of the measures that show the adequacy of regression estimated from sample data to the observed value appeared 0.476. Therefore, 47.6 percent of variation on customer satisfaction that was the dependent variable as result of regression analysis was well explained by antecedent variables. Thus, positive factors such as diversity of service quality, tangibles of service quality, responsiveness of service quality, interaction of service quality, and stable service quality were found to directly influence on customer satisfaction at a significant level.

Testing of hypothesis between customer loyalty and customer satisfaction. F-value of regression model was 38.763 ( $p < 0.000$ ) proved to be significant, and Durbin-Watson value was 1.912 (close to 2). Therefore, it is deemed to satisfy the assumption of independence (Table VII). The coefficient of determination ( $R^2$ ) was 0.212, and therefore 21.2 percent of variation on customer satisfaction that was a dependent variable as a result of regression analysis. That is, customer loyalty is explained by customer satisfaction, and it was found to directly influence on customer loyalty at a significant level (Table VIII).

## Conclusion

This study aimed for analyzing the influence on customer loyalty exerted by product diversity, tangibles, responsiveness, interaction, stability, and customer satisfaction that are suggested as service quality factor felt by furniture purchaser in internet shopping mall. The result is as follows. First, as result of exploring the factors in internet shopping mall service quality which influence customer satisfaction, it was proved product diversity, tangibles, responsiveness, interaction, and stability have positive influence on internet shopping mall customer satisfaction. As on-line shopping mall market reaches maturity, it is thought time-saving is the main reason for the customer to prefer internet shopping, and the shopping malls focus on their service on such needs. Second, as for the relationship between customer satisfaction and customer loyalty concerning internet shopping mall service quality, more satisfaction with internet shopping mall appeared to have more positive influence on customer loyalty. In result, it seems that the consumer satisfied with internet shopping mall can keep consistent relation with internet shopping mall in future.

As aforementioned, the result of this study shows that excellent service quality of internet shopping mall operator becomes the factors that can improve the competitiveness of shopping mall, and furthermore the internet shopping mall could

R Table VII. ANOVA 0. 216 Adjusted 0. 212 F-value 38. 763 F-significance 0. 000 Durbin-Watson 1. 912 Independent variable Table VIII. Multiple regression analysis on customer loyalty (Constant) Customer loyalty Unstandardized coefficients b SE 2 0. 002 0. 236 0. 052 0. 051

Standardized coefficients b 0.238 T 20.036 5.603 Significance probability 0.962 0.000 Note: Dependent variable: customer loyalty raise customer loyalty if they would improve service quality consistently to get satisfaction from the customers. Although this study was carried out against actual furniture purchaser in selecting the samples, it reached the limit in considering the diversity of internet shopping mall, and sorting into on-line and off-line concurrent shopping mall and internet exclusive shopping mall. Thus, a further study needs to be done to find the aforementioned area.

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