The Impact E-Commerce Service Quality to Loyalty Evidence Study in Malaysian Hotel Industry

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Abstract

The tourism industry is viewed as the top service industry in terms of size, particularly its hotel sector branch. The management of customer loyalty through the quality of E-commerce service in the long-run is imperative in attracting considerable number of foreign tourists into Malaysia. Service quality refers to the way the level of service delivery meets the expectations of customers. Hence, in realm of E-commerce, the quality of service is measured by gauging the way the website satisfies the customers' expectations. This paper provided a discussion of E-commerce service quality and tourism loyalty relationship in the Malaysian East coast hotel industry. The paper aimed to provide insight into E-commerce service quality among the foreign tourists patronizing the hotels. This study is using a questionnaire as the survey instrument in a quantitative type of research. The sample comprised of 100 tourists staying in above 3-star hotels in Malaysian East Coast. Based on the findings of this preliminary study, E-commerce service quality was found to be affected by perceived product, perceived user interface quality, perceived security risk and perceived privacy. This indicates that in the hotel industry, successful provision of E-commerce service quality will garner an influx of patrons. The entire identified factors were included in the actual survey with the aim of improving the quality of E-commerce services in the hotel industry of Malaysia. Lastly, the study enhances such quality by generating E-customer loyalty.

Keywords: E-commerce service quality, customer loyalty, Malaysian East Coast hotel industry.

Introduction

The spread of E-commerce has brought about heightened market competition among businesses as the interaction between e-commerce and customers are increased towards

delivering higher value. According to Yang (2001) and Zeithaml (2002), experienced business that use E-commerce has acknowledged that the presence of websites and low price is not just the major drivers of successful commerce, but this also includes service quality of E-commerce. Meanwhile, Santos (2003) referred to E-commerce service quality as assessing and judging the delivery of E-service from the viewpoint of customers in the virtual market realm. Notably, a business will fail in delivering the right service quality level to its customers sans the adoption of quality management approach ensuring system quality.

Added to the above, E-customer loyalty is expensive and difficult to establish as explained by van Riel et al. (2001) and for its achievement, quality service is called for that satisfies customers. Similar to any industry, the factor in obtaining competitive advantage over rivals is through customer loyalty. In this regard, Parasuraman et al. (1991) revealed that via service experiences, customers really care about relationships and in E-business, execution of customer retention methods can lead to developing customer relationship and in turn, business development through increased loyalty of customers (Heskett et al., 1994).

Despite several empirical researches in literature like that by Zeithaml et al. (2005) and Park and Kim (2003) exploring the variable of E-commerce service quality, in the Malaysian hotel industry context, it is still largely unexplored. In fact, the present study, to the researcher's best knowledge, is the first study to address the variable dimensions in the Malaysian East Coast case. It is noteworthy that owing to the lack of studies in this area, a study framework for the industry is still lacking, and thus, the present work develops a framework to match the E-commerce service in Malaysian hotel industry.
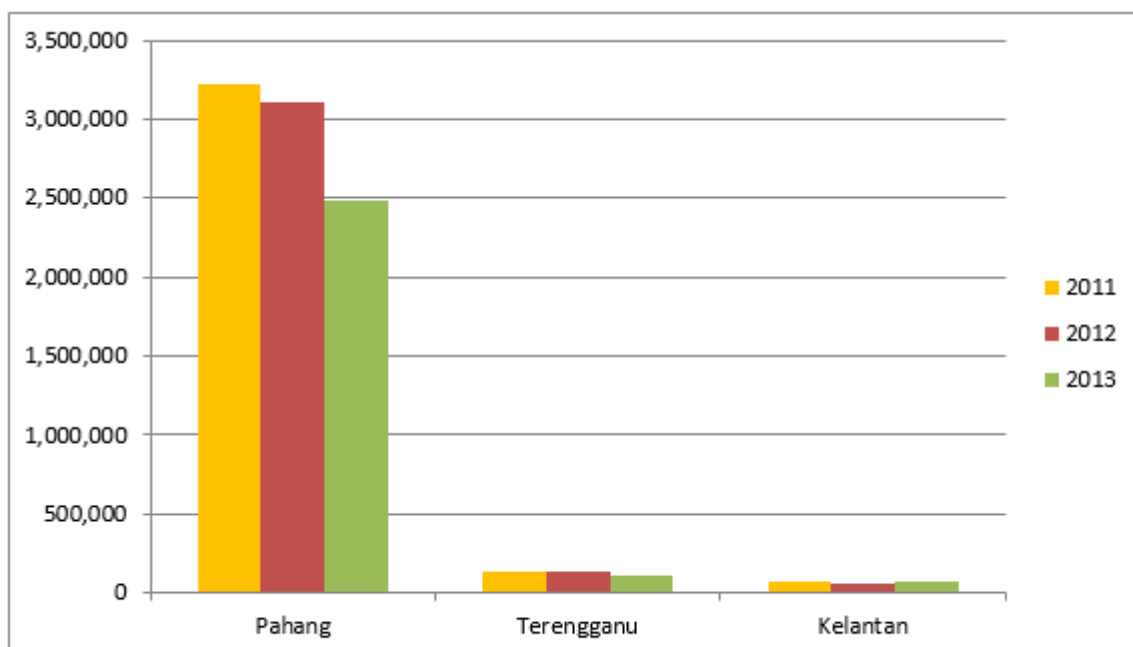
Problem Statement

Figure 1: Number of Foreign Tourists Stay Hotel East Coast Malaysia (Tourism Malaysia, 2015)

The rate of foreign tourists patronizing three-star hotels in the Malaysian East coast (see Figure 1) follows a declining trend from year to year, with the exception of 2013. For instance, in Pahang hotel the number of foreign tourists declined from 3,218,135 tourists

(2011) to 3,107,088 and 2,481,302 tourists for 2012 and 2013 respectively. Similarly, in Terengganu, the number of foreign tourists declined from 132,520 (2011) to 132,406 tourists (2012) and further down to 109,942 tourists the following year (2013). In Kelantan hotel, the number of tourists fluctuates from 69,331 tourists (2011) to 60,588 (2012) and finally, 72,942 (2013).

In general, the decreasing trend in hotel occupancy rates may be attributed many factors, with the inclusion of the service weaknesses, ineffective promotional processes, and lack of management of Internet facilitated services, in the form of hotel websites and booking online (Raihan et al., 2011). On the whole, the tourists' numbers appear to fluctuate and the government is attempting to resolve this issue to maintain high numbers of tourists.

The presence of challenges and competitiveness in the tourism and hospitality industry calls for in-depth study of customer satisfaction and loyalty for the country to achieve a reputation as the preferred destination in Asia. As for the global scenario, customer loyalty is significantly related to heightened profits and development of organizations in the long-term (Mustafa, 2011; Reichheld, 1995). The service industry, particularly, both communication and information are acknowledged as critical factors and thus, efficient web technology has contributed value to the delivery of service. Prior empirical studies (e.g., Mustafa, 2011) indicated that 35-40% constituting the sales revenue gathered from the E-commerce websites were brought on by repeat patrons. In addition, achieving customer loyalty through E-commerce online is more challenging compared to traditional business environment as websites can be accessed easily but cannot be trusted the same way. Hence, it is crucial to determine the factors influencing customer loyalty when it comes to E-commerce use among hotels.

On the basis of a report around 120 million adults in the U.S. used the Internet in 2005 alone (Travel Industry Association of America, TIA), (constituting 56% of the total 216.1 million adults). From the Internet users, around 84% (101.3 million) used the Internet to search information concerning their travels (TIA, 2008). This shows that foreign tourists are likely to use E-commerce to explore and decide on their travel plans and this provides an opportunity for tourism representatives in Malaysia to attract foreign tourists.

Literature Review
In literature, studies dedicated to E-commerce service quality can be traced back to the early years of 1984. Cronin and Taylor (1992) explained that service quality is difficult to define and measure owing to its abstract nature and this can also be the reason behind the lack of service quality models.

In the present study, literature was reviewed concerning E-commerce service quality, particularly from the works of 16 researchers. Their contexts are similar to the Malaysian hotel industry and the dimensions of E-commerce service quality used were mainly adopted from Mustafa's (2011) study, a current study using dimensions that are suitable for the study context. The 16 studies reviewed are summarized in Table 1.

Table 1: Summary of studies concerning E-commerce service quality review

Authors (year)	Model	Dimensions
Gronroos (1984)	CPQ	Measures consumer's expectation of service compared with the customer's perception of the service actually received
Parasuraman et al. (1985)	SERVQUAL	1. Reliability 2. Responsiveness 3. Assurance 4. Empathy 5. Tangibles
Davis (1989)	TAM	1. Perceived usefulness 2. Perceived ease of use
Delone and McLean (1992)	IS success	1. System quality 2. Information quality 3. Use 4. User satisfaction 5. Individual impact 6. Organizational impact
Liu and Arnett (2000)		1. Quality of Information 2. Service 3. Security 4. Playfulness perceived by consumers
Yoo and Donthu (2001)	SITEQUAL	1. Esthetic competitive value 2. Ease of use 3. Design 4. Ease of ordering 5. Corporate and brand equity 6. Processing speed 7. Security 8. Product uniqueness 9. Product quality assurance
Barnes and Vidgen (2002)	Web site quality scale	1. Usability of web site 2. Information quality 3. Interaction between customer and web Site
Loiacono (2002)	WebQual (TM)	1. Information fit-to-task 2. Interactivity 3. Trust 4. Visual appeal 5. Innovativeness 6. Flow/emotional appeal 7. Design appeal 8. Intuitiveness 9. Response time 10. Integrated communications 11. Business process 12. Viable substitute

Schubert and Dettling (2002)		1. Ease of use 2. Usefulness and trust 3. Use of the extend web assessment method as a tool
WolfinbargereTailQ and Gilly (2003)	eTailQ	1. Web site design 2. Reliability 3. Privacy/security 4. Customer service
Park and Kim (2003)		1. Information quality 2. User interface quality 3. Security perception
Yang et al. (2004)		1. Usability 2. Usefulness 3. Adequacy of information 4. Accessibility 5. Interaction
Lee and Lin (2005)	Revised SERVQUAL	1. Web site deign 2. Reliability 3. Responsiveness 4. Trust 5. Personalization
Zeithamlet al. (2005)	E-S-QUAL	1. Routine service encounters 2. An auxiliary scale for service errors
Ho & Lee (2007)	Evaluation of travel service website quality	1. Information quality 2. Security 3. Ease of use 4. Availability 5. Customization 6. Community 7. Responsiveness 8. Delivery fulfillment.
Mustafa I. Eid (2011)	E-commerce service quality	1. Perceived user interface quality 2. Perceived information quality 3. Perceived privacy 4. Perceived security risk

Methodology

This study adopted a quantitative approach, using questionnaire survey as the study instrument. The sample comprised of 100 tourists staying in above 3-star hotels in Malaysian East Coast. The hotel industry was selected as it is an increasingly growing industry in Malaysia. In this regard, studies concerning Malaysian hotel industry are still lacking, particularly those examine E-commerce service quality and its facilitation of the loyalty of E-customers. Eighteen items (18) were used to measure E-commerce service quality gauged through a scale that ranged from 1 (strongly disagree) to 5 (strongly agree). The dimensions include perceived product, perceived user interface quality, perceived security risk and perceived privacy.

After gathering the required data, data analysis was carried out with the use of SPSS, v 20, with the first test carried out being normality. The skewness of measure was used – with skewness of 0.0, data is considered to be perfectly distributed. Data is considered to be normally distributed with measures ranging from -0.1 to 1.0 (Zainuddin, 2010). Following the

normality test, the reliability test was run using the Cronbach's alpha. According to Nunnally (1978), 0.6 is the least value of Cronbach's alpha that reflects factor measurement.

Findings and Discussions

The preliminary study obtained 100% rate of response. The results for each factor in the preliminary study are presented in Table 2. The skewness of perceived user interface was found to be -0.19, and that of perceived product was -0.40, perceived security risk was 0.01, and lastly, perceived privacy was -0.22. With regards to the skewness value, perceived product obtained a value of -0.40, perceived risk of 0.01 and perceived privacy of -0.22. As mentioned, skewness value between -0.1 to 0.1 is considered to be normal and thus, the normality test conducted revealed normal distribution, providing a go ahead for further analysis.

Table 2: Summary of the normality test results

Element	No. of Sample	Minimum Score	Maximum Score	Mean	Std. Error	Std. Deviation	Skewness
Perceived user interface quality	100	4.75 10.0	7.3950	0.11850	1.18502	-0.191	
Perceived product	100	5.00	9.80	7.5420	0.11896	1.18962	-0.400
Perceived security risk	100	5.00	10.0	7.4275	0.12233	1.22335	0.010
Perceived privacy	100	4.80	10.0	7.4880	0.11534	1.15341	-0.222

Table 3 tabulates the Cronbach alpha values of the variable perceived user interface comprising of four items is 0.89, that of perceived product comprising of five items is 0.86, and that of perceived security risk comprising of four items is 0.89. Lastly, the Cronbach's alpha value found for perceived privacy comprising of five items is 0.88 (see Table 3). Nominally (1978) mentioned that the least Cronbach's alpha value is 0.60 and as such, the entire factors in the preliminary study provided reliability of internal consistency measure exceeding 0.60 (the cut-off value).

Table 3: Summary of the reliability statistics results

Element	Number of items in an element	Cronbach's Alpha
Perceived user interface quality	4	0.89
Perceived product	5	0.86
Perceived security risk	4	0.89
Perceived privacy	5	0.88

The findings show that foreign tourists staying in above 3-star hotels in Malaysian East Coast confirmed significant dimensions (perceived user interface quality, perceived security risk perceived product, and perceived privacy) of E-commerce service quality. This finding can be utilized in further studies to obtain more accurate findings.

Conclusion

In this paper, the researcher confirmed that the dimensions of E-commerce service quality leads to E-customer loyalty. These dimensions were examined in Malaysian hotel industry and were obtained from 16 studies in literature. The study sample comprised of 100 foreign tourists randomly chosen from above 3-star hotels and resorts in the Malaysian East Coast.

Analysis in the form of normality and reliability tests obtained from the survey indicated acceptable E-commerce service quality dimensions to the Malaysian hotel industry, namely perceived user interface quality, perceived product, perceived security risk and perceived privacy. They are invaluable in developing E-customer loyalty. Studies of this caliber are still few and far between in the context of Malaysia. This study is thus expected to contribute to the development of hotel industry in the country and on the whole, its tourism sector. Hotel management can use the findings to enhance E-commerce service quality to establish and maintain E-customer loyalty in Asian hotels, particularly in Malaysia.

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