E-SERVICE QUALITY: A PARADIGM FOR COMPETITIVE SUCCESS OF E-COMMERCE ENTREPRENEURS

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Abstract

As today’s products and services are radically shifted to digital form and delivered through the Internet, the most visible and explosive information technology tool. Additionally, the emphasis on building and retaining customer relationships are the key to a competitive success in e-commerce, which depends on providing effective e-service quality. The overall aim of the research is to present a framework for investigating the critical factors of e-service quality in gaining the competitive success of e-commerce entrepreneurs. The study focuses on the e-service quality dimensions in successfully establishing e-commerce ventures. Consequently, success is measured in terms of growth rate. The following factors selected from previous studies on e-service quality linked to successful e-commerce entrepreneurs are proposed: content, accessibility, ease of use, reliability, responsiveness, and security. Additionally, the factor linked specifically to e-service domain enhancing automatic tasks such as self-service technology is examined. The study can generate different views on the e-service quality paradigms associating with the competitive success of the e-commerce entrepreneurs.

Key words: e-service, e-service quality, critical success factors, e-commerce entrepreneurs

1. Introduction

The information technology revolution plays an increasingly vital role in business. Moreover, advances in web-based technologies further support the growth of electronic commerce (e-commerce). According to Voss (2003), e-commerce is an emerging concept that describes the process of buying and selling or exchanging of products, services, and information via computer networks including the Internet. It is likely that the largest impact of business-to-business e-commerce will be on entrepreneurs and small and medium-sized enterprises (SMEs) because many large businesses have already established electronic links between businesses (OECD 1999). The accessibility of the Internet makes electronic commerce a realistic possibility for SMEs and is likely to lead to it widespread diffusion (OECD 1999). Unfortunately, small businesses have a high failure rate and as many as 60 to 80 percent fail in their first five years of operation (Jeffcoate et al. 2002). However, the improvement in the conditions for the survival of new ventures and the promotion of entrepreneurship are currently seen as more important than before.

Most previous research on the entrepreneurial success has been done in exploring the links between the entrepreneurial characteristics and their business’s success in general contexts. However, research with respect to the entrepreneurial success factors within the context of
virtual environment or e-commerce has not been given much attention (Feindt et al. 2002). Therefore, the present study focuses on the e-service quality dimensions in successfully establishing e-commerce ventures. The main question for the study is: what are the critical factors of e-service quality dimensions in gaining competitive success for e-commerce new ventures? In this study, e-commerce entrepreneurs are defined as the business founders running Internet-based commercial activities. A firm’s success is measured in terms of growth rate. The following factors selected from previous studies on e-service quality linked to successful e-commerce are proposed: content, accessibility, ease of use, reliability, responsiveness, security, and self-service technology. These factors are expected to have positive correlation with the customer satisfaction and trust and thereby grow markets and revenues. Ultimately, the overall aim of this study is to present the framework in exploring the key factors of e-service quality dimensions for gaining the competitive success of e-commerce entrepreneurs.

2. Theoretical Background

2.1 The Concept of E-Service

As today’s products and services are radically shifted to digital form and delivered through the Internet, the most visible and explosive information technology tool. Additionally, the Internet offers an interactive function with its customers (Santos 2003) and enables electronic service (e-service) move to the forefront of technology priorities (Voss 2003). Rust and Kannan (2003) views an e-service as an interactive, content-centered and Internet-based customer services, driven by the customer and integrated with related organizational customer support processes and technologies with the goal of strengthening customer-service provider relationship. The domain of e-service shows the electronic channels of an organization interacts with its customers and its suppliers as show in Figure 1 (Rust and Kannan 2002). The types of interaction include all or some of the following: information-based interactive exchanges, negotiation interactions, promotion flows, and product/service flows (Rust and Kannan 2002). Thus, e-service has generated significant interest in both practitioner and academics in understanding how the Internet environment can be harnessed in providing effective e-service systems for customers (Rust and Kannan 2003).

Figure 1: The Domain of E-service

2.2 E-Service Quality
In an increasingly competitive business environment, the issue of quality service and service excellence are becoming increasingly more important. Of the many dimensions of service quality (SERVQUAL), those developed by Parasuraman et al. (1988) are probably the most widely used to measure the different elements of service quality across a broad spectrum of services. They empirically derive five attributes: reliability, responsiveness, assurance, tangibles, and empathy. Consequently, Kaynama and Black (2000) build on the traditional SERVQUAL dimensions to develop an e-service quality measure comprised of seven dimensions: content, access, navigation, design, response, background, and personalization. Zeithaml (2002) develops a framework consisting of eleven dimensions to be used in evaluating the delivery of e-service quality which include access, ease of navigation, efficiency, flexibility, reliability, personalization, security/privacy, responsiveness, assurance/trust, site aesthetics, and price knowledge. Janda et al. (2002) also develop four dimensions of measuring e-service quality including access, security, sensation, and information/content and those factors have been studied by researchers to identify the e-customer satisfaction or success of the Internet-based commerce.

2.3 Critical Success Factors
Critical success factors (CSFs) are those few things that must go well for an individual or an organization to ensure success in a business undertaking (Digman 2004). In addition, they represent the managerial or individual activities that an organization must pay particular and continuous attention to in order to achieve the level of performance essential to achieve desired goals (Feindt et al. 2002). However, the study on the survival of the firms by Littunen et al. (1998) showed that the success of a new firm is strongly affected by the start-up phases. Thus, analyzing and identifying the CSFs for new ventures is a basic key to reducing the number of start-up failures while increasing the likelihood of subsequent survival or success (Digman 2004). Since CSFs are highly dependent on a company’s situation, it is often helpful for e-commerce new ventures to start considering the business environment and benefits of e-commerce, analyzing key success factors in e-commerce activities in order to gain competitive success (Jeffcoate et al. 2002).

2.4 The Competitive Success of E-Commerce Entrepreneurs
Critical success factors by their very nature are so important that all firms in the industry must pay close attention to them – they are the rules that shape whether a company will be fanatically and competitively successful (Thompson and Strickland 1999). However, using the firm’s CSFs as basis for the company’s strategy and trying to gain a sustainable competitive advantage by excelling at one particular CSF is a fruitful competitive strategy approach (Thompson and Strickland 1999). Additionally, the emphasis on building and retaining customer relationships are the key to gain the competitive success in e-commerce, which depends on providing effective e-service quality (Feindt et al. 2002). A firm’s success can also be measured in terms of sales growth, income, employment trends, and satisfaction. In the present framework, the success of
e-commerce entrepreneurs is measured by growth rate. The study focuses on exploring the e-service quality dimensions in successfully establishing e-commerce ventures.

3. Conceptual Framework
Understanding how the e-service quality variable factors have the influence on the success of e-commerce entrepreneurs requires a look at the variables defining them. These variables drawn from recent body of works including content, accessibility, reliability, responsiveness, ease of use, security, and self-service technology. The conceptual model of the e-service quality factors affecting the perception of customer satisfaction and trust and thereby growing the e-commerce’s success is illustrated in Figure 2.

Figure 2: Proposed Conceptual Model

3.1 Customer Satisfaction and Trust
A lot of attention today is given to customer satisfaction and trust as indicator of profitability in the Internet-based service or e-service (Janda et al. 2002; Kaynama and Black 2000). According to Gianni and Franceschini (2001), the satisfaction-trust connection is crucial for the understanding of market relationship development. It involves having the customers’ best interest at heart (Parasuraman et al. 1988). Trust and loyalty are both grounded on satisfaction over time (Gianni and Franceschini 2001). However, satisfaction and trust variables are experienced-related. That is a customer must first participate in an exchange and then make judgments regarding the level of satisfaction and trust given to the retailers (Gianni and Franceschini, 2001). In this study, both satisfaction and trust are intervening variables affecting the competitive success of e-commerce new ventures.

3.2 Content
In an e-service context, content refers to concise, useful, and current information (Abels et al. 1999). Moreover, content refers to the presentation and layout of factual information and functions on the Website (Santos 2003). Information content reveals that information quantity and credibility are considered to be critical elements of online retail service quality (Janda et al. 2002). Research suggests that Web sites should provide richness of detailed information and should use simple words and phrases that are easy to understand (Santos 2003). According to Abels el al. (1999), the following characteristics are considered of unqualified content:
superficial and repetitious information, uninformative content, advertisements, boring text, and lack of currency. Hence:

**P1:** Content of the Web site is positively related to the satisfaction and trust and thereby affecting the competitive success of e-commerce entrepreneurs.

### 3.3 Accessibility

Accessibility involves approachability and ease of contact. It means: a) the service is easily accessible by telephone; b) waiting time to receive service is not extensive; c) convenient hours of operation; and d) convenient location of service facility (Parasuraman et al. 1988). Furthermore, accessibility refers to a consumer’s ability to purchase a wide variety of products from anywhere in the world through a specific online retailer (Janda et al. 2002). It also refers to the number and quality of links that a Web site offers (Santos 2003). There is a common agreement among respondents and researchers (Abels el al. 1999) that important factor is not only to set up the proper links and avoid broken links, but also to maintain these links frequently. Poor quality of lined site and accessibility damage the total e-service quality (Santos 2003). Furthermore, long waiting time for downloading a Web site or poor download speeds due to access lags, transmission lags, or server lags can be a source of irritation to users (Janda et al. 2002). Therefore:

**P2:** Accessibility to the Web site is positively related to the satisfaction and trust and thereby affecting the competitive success of e-commerce entrepreneurs.

### 3.4 Ease of Use

Several researchers have found ease of use or effort to be an important factor in the evaluation of an electronic service option (Betson 1985). According to Betson (1985), ease of use involves physical, cognitive and perceptual efforts demanded of the customer. It concerns: a) how difficult the system is to learn; b) how much must be remembered between visits; c) how easy is it to determine what to do; and d) level of physical effort and dexterity required. In addition, the ease of use is related to an easy-to-remember URL address, well organized, well structures, and easy to follow catalog, site navigability, and concise and understandable contents, terms and conditions (Santos 2003). Perceived ease of use is relative to messaging, browsing, and downloading activities. Ease of use also reflects the usability of the Web site during customer navigation and aims to reduce customer frustration (Janda et al. 2002). Therefore:

**P3:** Perceived ease of use is positively related to the satisfaction and trust and thereby affecting the competitive success of e-commerce entrepreneurs.

### 3.5 Reliability

Twenty-year research on service quality shows that reliability is the most important dimension in all service (Zeithaml 2002). According to Zeithaml (2002), reliability is associated with the technical functioning of the site, particularly the extent to which it is available and functioning properly. Santos (2003) refers to reliability as the ability to perform the promised service accurately and consistently, including frequency of updating the web site, prompt reply to customer enquiries, and accuracy of online purchasing and billing. Reliability involves consistency of performance and dependability (Parasuraman et al. 1988). Specifically, it involves: a) accuracy in billing; b) keeping records correctly; and c) performing the service at the designated time. Furthermore, Santos (2003) states that reliability includes the correctness of
order fulfillment prompt delivery, and billing accuracy. It also can be used to measure customer perceptions of e-service quality (Voss 2003). Hence:

**P4:** Reliability of the Website is positively related to the satisfaction and trust and thereby affecting the competitive success of e-commerce entrepreneurs.

### 3.6 Responsiveness

Responsiveness refers to an ability to deal effectively with complaints and promptness of the service (Santos 2003). According to Janda et al. (2002), customers expect Internet retailers to respond to their inquiries promptly. Prompt responses help customer resolve their problems and make decision in a timely fashion. Responsiveness also concerns the willingness or readiness of employees to provide service. It involves timeliness of service: a) mailing a transaction slip immediately; b) calling the customer back quickly; c) giving prompt service (Parasuraman et al. 1988). Additionally, the Web-based customers want to find desire information quickly and accurately. Studies on responsiveness of the Web-based service reveal that there is a significant positive correlation between the speed in delivery of service and user satisfaction (Janda et al. 2002). Hence:

**P5:** Responsiveness is positively related to the satisfaction and trust and thereby affecting the competitive success of e-commerce entrepreneurs.

### 3.7 Security

According to Parasuraman et al. (1988), security is the freedom from danger, risk and doubt. It involves: a) physical safety; b) financial security; and c) confidentiality (Parasuraman et al. 1988). In a survey of 1,000 Information Technology professionals by Dell Computer in 1998, privacy and security ranked as the second most pressing concern (Janda et al. 2002). Security concerns are associated with purchasing behavior and satisfaction with the Web site (Zeithaml 2002). Security issues are also centered on transmission and storage of transitional information by a Web site (Janda et al. 2002). Therefore, the reduction of these concerns will improve the Web site’s service quality. Thus, it is proposed that:

**P6:** Security is positively related to the satisfaction and trust and thereby affecting the competitive success of e-commerce entrepreneurs.

### 3.8 Self-Service Technology

The Internet can simultaneously cut the costs of customer service while increasing its quality. Laudon and Laudon (2002) emphasize that the development of technology-based self-service formats enables consumers to perform services for themselves quickly and conveniently. Additionally, the automated self-service or other Web-based responses to customer questions cost one-tenth the price of a live customer service representative on the telephone (Laudon and Laudon 2002). Firms and governments have been focused on the advantage of lower costs, and self-service systems have also been attractive and satisfying to customers or citizen. Self-service allows the customer to do for themselves, potentially yielding a result of greater satisfaction and reduced cost (Voss 2003), therefore:

**P7:** Self-service functions are positively related to the satisfaction and trust and thereby affecting the competitive success of e-commerce entrepreneurs.
4. Conclusions
Today, the advent of various innovations in the area of electronics has driven excessive global development. The relative ease of obtaining and using information has led to radical shifts in product and service delivery (Laudon and Laudon, 2002). However, the key to competitive success still remains a continued focus on the customers and winning them through the delivery of the superior service (Rust and Kannan 2003). Also, identifying the critical success factors of e-service quality can contribute to the survival or growth of start-up e-commerce ventures. E-service can play a critical role in improving the services quality delivered to its customers as it can increase satisfaction and trust and then generate the competitive success for e-commerce entrepreneurs (Feindt et al. 2002).

The study outlines some key issues of critical success factors for e-commerce entrepreneurs. They imply that those key success variables have influences on a firm’s competitive success. Additionally, the results from future empirical studies towards these sets of interrelated factors are expected to have a positive correlation with the success of e-commerce entrepreneurs. If all propositions are supported, e-service quality can be another interesting paradigm or strategy for e-commerce entrepreneurs in gaining the competitive success. Finally, the implications that may rise from the study are that practitioners can consider the critical factors of e-service quality including content, accessibility, ease of use, reliability, responsiveness, security, and self-service as a vehicle for improving and increasing the performance and success of e-commerce entrepreneurs.

5. References


