



Customer acceptance of IPTV service quality

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ARTICLE INFO

Article history:

Available online 20 April 2011

Keywords:

IPTV service quality
Design
Security
Customer service
Enjoyment
TAM

ABSTRACT

The purpose of this article is to provide insights into the effects of Internet Protocol Television (IPTV) service quality and reveal mediation effects in the process of forming the repurchase intention. This study incorporates additional theoretical construct, perceived enjoyment, to reflect IPTV characteristics using extended technology acceptance model (TAM). This study empirically investigated a research model and conducted a survey of IPTV service users. The results of this study are as follows. First, IPTV service quality is summarized as design, security, and customer service, which is supported by second-order factor analysis. Service quality had an influence on perceived usefulness, perceived ease of use, and perceived enjoyment. Second, perceived ease of use had a significant effect on perceived enjoyment, and perceived usefulness also had an effect on repurchase intention. Third, attitude, trust, and satisfaction had a positive effect on repurchase intention. To reveal the impact on repurchase intention of the IPTV service quality, this study proposes customer acceptance on IPTV service based on a modified TAM.

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1. Introduction

According to an IPTV Global Forecast published by MRG (2009), global IPTV subscribers will grow from 28 million in 2009 to 83 million in 2013, a compound annual growth rate of 31%. After a slow start, IPTV is starting to gain traction worldwide as the breadth and depth of deployment increases. South Korea is one of the most advanced broadband markets and is a worldwide leader in availability and subscriber's levels for high-speed broadband infrastructure. After the launch of IPTV at the beginning of 2008, the number of KT, SK Broadband and LG Telecom subscribers has topped 1.5 million (Korea IT Times, 2009). However, this estimation should be noted as being worse than the expected performance as the number of IPTV subscribers fell far short of the initial target range of 2.5–3 million. IPTV marketers have been urged to come up with active marketing strategies, with the aim of boosting the number of IPTV subscribers. Despite the growing market traction, the competitive atmosphere is also getting tenser as many companies try to get a slice of the market pie.

All the competing companies are considering the next strategy that should be used to retain their market share. However, it is not easy to build a pin-pointed strategy in the Korean market because IPTV service is currently facing stiff competition from cable TV which has already reached 15.2 million subscribers and

has been offering more content at a cheaper price. The priority of this study is to examine the steps concerned with acquiring and retaining users. In the context that the IPTV service environment has been undergoing a dramatic change along with the IPTV market growth and customer's demanding requirements, it is necessary to improve IPTV service quality and relationship quality (Lim, Kim, & Yoo, 2008). These changes need to maximize the positive customer attitude and the IPTV experience, and to satisfy the general consumers who expect IPTV to match or exceed the quality of traditional television and cable broadcasting.

Many studies have been published on the impact of service quality in the penetration of a new product market like the IPTV. Early studies were based on service marketing (Fisk, Brown, & Bitner, 1993), whereas more recent studies base their validation on service quality, system quality, and information quality (Pitt, Watson, & Kavan, 1995; Shin, 2009b). This paper will discuss three critical service qualities (design, security, and customer service) in the Korean IPTV market. In addition to the importance of quality management in introducing new IT products, an IPTV, a convergent technology between information and media technology is very close to information technology. As such, repurchase intention in IPTV should be explained in part by the TAM (Davis, 1989; Davis, Bagozzi, & Warshaw, 1989). However, the original TAM model suggested by Davis (1989) cannot fully explain the field of IPTV, because IPTV users will expect to get entertainment at the same time. In this context, to further improve TAM predictions on repurchase, several authors have proposed TAM extensions with constructs such as perceived enjoyment (Childers, Carr, Peck, & Carson, 2001; Monsuwe, Dellart, & de Ruyter, 2004).

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However, in the meantime, the extreme growth and potential within IPTV have attracted many companies recently, and the fragmentation of the market has made it very difficult to reach economies of scale. In such a situation, acquiring user satisfaction and trust is inevitable. Unless an attractive IPTV service and content assuring customer satisfaction and trust are created, it is almost impossible for the providers to increase their market share enough to sustain a competitive advantage. Therefore, another objective of this paper is to analyze the reuse intention process by capturing the meaning of the relationship quality including satisfaction and trust that are keys to reinforce the IPTV business and the related market. Generally, a high level of relationship quality consisting of trust (Morgan & Hunt, 1994) and satisfaction (Zeithaml, Berry, & Parasuraman, 1996) results in accordingly high levels of repurchase intention (Reichheld, 1993). This study will also provide insights into the effects of IPTV service quality on TAM and extended TAM, while revealing the formation process of repurchasing intention after the positive attitude of an IPTV service.

There is a significant difference between this study and existing studies considering IPTV adoption. First, previous researches relevant to the IPTV were conducted in surveys targeting potential customers who intended on using mobile TV, television commerce, and cable TV (Jung, Perez-Mira, & Wiley-Patton, 2009; Shin, 2007, 2009b; Yu, Zheng, Zhao, & Zheng, 2006), but this study will conduct a survey that targeted experienced IPTV users which allowed for obtaining of sample representativeness and make generalizations. Second, IPTV service quality was specifically analyzed by the secondary factor analysis for extracting the crucial quality factors including design, security, and customer service. Third, unlike many papers that examined the user adoption factors in IPTV service, this study focus on the formation processes of repurchase intention using an extended TAM that illuminated the integrative perception between information technology and marketing. Fourth, to overcome the narrow approach in IPTV adoption, this study incorporates a comprehensive adoption process considering quality, TAM variables, and extended TAM variables. In sum, this study is distinct from the others because of its interdisciplinary approach between management information system and marketing.

2. Literature review

2.1. IPTV service

An IPTV is defined as a digital television service delivered to subscribers using a broadband Internet connection. The conditions required for the IPTV are the spread of broadband and the construction of the infrastructure for convergence environment (Kim & Sugaya, 2006). The term IPTV usually includes not only a broad range of programs or TV channels provided by one or multiple service providers, but also some specialized programming like concerts, special events and movies, provided only when requested by the users. The combination of ubiquitous broadband access, consumer familiarity with the Internet, and the competitive dynamics of the provider all point to a rapidly developing market. Gaining an early foothold in such a market that is set for exponential growth will help ensure continued success as this multi-billion dollar market develops. The IPTV global market is creating significant opportunities for service providers, equipment OEMs and silicon suppliers. Within three years related equipment and software sales will exceed \$15 billion, while service revenues will exceed \$59 billion (Lee, 2009).

In South Korea, fixed operators such as SK Broad Band, LG Telecom, and KTF take the lead in IPTV service market, but due to their unprepared institutional frameworks and controversy over fair regulations between cable TV operators and IPTV service providers, the

market extension in this service has been delayed. The success of the IPTV service in Korea is heavily dependent upon how fast service providers can roll out reliable IPTV services that give consumers the most convenience and flexibility before competing providers do the same thing. IPTV service providers around the world are endeavoring to expand their service offerings, along with integrated data, voice, and mobility services, to counter declining traditional voice revenues and compete with other types of providers (Cisco White Paper, 2007).

Several factors during initial service introduction will heavily influence customer perception and thereby enable longer term success based on the above context. Some examples of these services are IPTV service quality, IPTV adoption process resulting in the positive attitude and repurchase intention, and relationship quality strengthening repurchase intention. This paper will explore these factors and the progress of repurchase intention in IPTV service adoption, to finally reveal the possible effects that focused factors bring to IPTV industries.

2.2. Quality components in IPTV service

Introducing new services based on new technology is a complex and challenging task for most companies. In the process of launching a new product or service, one of crucial tasks is to ensure and improve the quality of services not only meeting user expectations but also fulfilling the demands of competitive pressure. There is no commonly accepted set of service quality in IPTV at a level of detail that supports customer needs and wants, although the IPTV quality experienced by subscribers must be equal to or better than conventional cable and satellite TV services. Service providers will run the risk of significant subscriber defection in cases of continuously overlooking this negligence. User quality expectations in IPTV are elevated because of experiences with existing reliable television services from cable and satellite providers. IPTV service providers must not only roll out IPTV services that meet user expectations but their offerings need to be compelling enough to lure customers away from other providers.

Some studies have been published on modeling the impact service quality in IPTV has on customer attitudes (Shin, 2009a, 2009b) and others focused on the antecedents and outcomes of the users (Ha & Stoel, 2009; Lin & Lu, 2000; Pitt et al., 1995). Design quality, security level, and customer oriented service mean everything to IPTV subscribers, who have very high expectations and very low tolerance for anything less than the same quality of experience they have received from their traditional television services (Brix White paper, 2006).

Based on the literature review, there are three critical components to gain access into markets in IT product and service: design, security, and customer service. First, design is a key element of an IPTV service assurance (Best, 2006; Rebert, 2006). An effective IPTV service design allows customers to identify the highest service quality and assures it is provided. Second, due to the technical requirements of IPTV, security robustness is needed to ensure the quality, reliability, and availability of IPTV services (Bilgehan & Matthews, 2008). Third, customer service concerned with experience quality is vital to the success of IPTV service (Kerpez, Waring, Lapiotis, Lyles, & Vaidyanathan, 2006). Without service assurance providing customer service visibility, providers do not have the necessary insight to proactively ensure that customers' expectations are being met. While there are numerous factors that determine how the user experiences product and service, this research mainly focus on the above qualities because they can find the solutions from the behavior pattern of IPTV service. For example, because IPTV subscribers are provided with a broad array of digital services, including hundreds of video, high-definition music channels, VOD, interactivity, high-speed Internet,

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