Computers in Human Behavior 72 (2017) 397–411

Contents lists available at ScienceDirect

Computers in Human Behavior

journal homepage: www.elsevier.com/locate/comphumbeh

Full length article

An integral model of e-loyalty from the consumer's perspective

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A R T I C L E I N F O

Article history:
Received 13 June 2016
Received in revised form
21 January 2017
Accepted 1 February 2017
Available online 1 February 2017

Keywords:
e-loyalty
e-satisfaction
e-trust
switching barriers
website quality
Internet banking

A B S T R A C T

The purpose of this study is to develop a model which explains how the loyalty of individual users of online banking is formed. In order to do this, first, the variables that contribute to the e-loyalty have been identified and subsequently have been validated, considering their reflective or formative character. The literature review leads us to consider the customers' e-satisfaction and e-trust, the switching barriers and the perceived quality of the website as main antecedents of the e-loyalty. Then, a model has been estimated using structural equation modeling (SEM). Results show that e-satisfaction, e-trust and switching barriers have a direct effect on e-loyalty. Also, e-trust creates e-loyalty with e-satisfaction as a mediator; and quality of the website creates e-loyalty mediated by e-satisfaction and/or e-trust. The developed model helps improve the understanding of the creation of loyalty from an individual in a virtual context.

1. Introduction

The advantages that Internet offers to both businesses and consumers have caused that in June 2016, the number of worldwide online users exceeds 3,5 billion (Internet World Statistics (IWS), 2016). In the banking context, "the properties of the Internet make it an ideal medium for delivery of banking services" (Sohail & Shaikh, 2008, p.61), and it has led to the development and expansion of Internet banking, not only in developed countries but also in countries in development (Zhu & Chen, 2012). Internet banking is one of the most important e-commerce business in the world (Ariff, Yun, Zakuan, & Ismail, 2013) and it is understood as "the banking services provided via a secure website operated by the bank provider, thus facilitating the use of the Internet as a remote delivery channel" (Yee & Faziharudean, 2010, p.1).

Beginnings of online banking go back to the nineties. Worldwide, according to Statista (2016), the average of Internet audiences accessed banking sites in 2012 was 28.7%, but the expansion per regions was very unequal. According to the same source, in North America this average was 45%, Europe 28.7%, Latin America 25.1%, Asia Pacific 22% and Asia Middle East and Africa 8.8%. By countries, with rates around 80% or higher, there is Canada in North America; Denmark, Estonia, Netherlands, Finland, Sweden and Norway in Europe and; South-Korea, Australia, Singapore, Hong Kong, Taiwan and Japan in Asia Pacific (Emarketer, 2016; Eurostat, 2015; Barquin & Vinayak, 2015).

In Spain, like in other European and Latin America countries, online banking arises, in most cases, as a consequence of the creation of subsidiaries with virtual presence by traditional banking, whose model is based, up to that time, in a wide network of offices (Baena & del Barrio, 2013; Mia, Rahman, & Uddin, 2007). This situation has slowed its development unlike other countries such as USA which does not have an extensive network of bank branches throughout the country (Pikkarainen, Pillarainen, Karjaluoto, & Pahnila, 2004) and whose online banking has proliferated more rapidly than in Europe, with the exception of the Scandinavian countries whose development has been fostered by a rapid expansion of the technology (Baena & del Barrio, 2013). Initially, online banking in Spain was created only for advisory purposes, but now users can make any transaction, except those of greater complexity that will still be performed in the office, as PwC's Global Digital Banking Survey (2013) augurs. In addition, some offers are specific to the online channel, such as in Canada (Mangin, Bourgault, Guerrero, & Egea, 2011).

Although acceptance of online banking in Spain has almost doubled in recent years, where the number of individuals (between 16 and 74 years old) using the Internet for Internet banking has

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http://dx.doi.org/10.1016/j.chb.2017.02.003

gone up from 23% in 2009 to 39%, its use is reduced below the average figures of the EU (32% and 46%, respectively) and Euro area (34% and 47%, respectively) (Eurostat, 2009, 2015). In this context, the research applied in this country is scarce (Navarré, Mafé, & Blas, 2010). Previous research on Internet banking focuses mainly on countries with higher rates of adoption, such as Canada (Mangin et al., 2011), USA (Furst, Lang, & Nolle, 2000), Australia (Sathye, 1999), Taiwan (Shih & Fang, 2004) and Finland (Pikkarainen et al., 2004); and in other emerging countries such as Turkey (Polatoglu & Ekin, 2001), Malaysia (Ariff et al., 2013), India (Singh & Malhotra, 2015) and Poland (Szopiński, 2016).

In many industries and also for e-banking, the current reality shows a saturated market that consists of increasingly sophisticated, educated and demanding customers, who have changing needs, and have become, in recent times, a premium to be retain through loyalty. In the electronic environment, a loyal customer brings benefits to organizations that result in: increased cross-selling, word-of-mouth communication, more propensity to recommend to others, an increase of the share of wallet of the customer (they buy more), an increase of the number of visits to the Website, an increase of the willingness to purchase and repurchase on the website and to pay more, a reduction to search alternative suppliers, greater ability to serve them and greater tolerance to a problem (Floh & Treiblmaier, 2006; Harris & Goode, 2004; Toufaily, Ricard, & Perrien, 2013), among others. Consequently, from the perspective of online banking, creating and maintaining a portfolio of loyal customers is crucial for obtaining success, profitability and sustainability in the long term (Aldás-Manzano, Ruiz-Mafe, Sanz-Blas, & Lassala-Navarré, 2011; Casaló, Flavián, & Guinalíu, 2007; Floh & Treiblmaier, 2006; Yee & Faziharudean, 2010).

On the one hand, the above shows the great potential of the Internet as a channel for conducting business (Chang & Chen, 2008), in particular for banks; and, on the other hand, it shows the need to focus the relationships that take place on the Internet between consumers and online banking to the long term, in order to seek customer loyalty and to try to pay more attention to customer retention rather than to his/her attraction (Floh & Treiblmaier, 2006).

The previous literature recognizes the existence of a low level of loyalty in the online context (Liang & Chen, 2009) and the greater difficulties in its generation (Liang, Chen, & Wang, 2008) due to the high risk perception, and the lack of confidence in this channel that is considered as one of the major obstacles to the development of electronic commerce (Wu, Huang, Yen, & Popova, 2012). In addition, the online consumer has a greater number of alternatives and information; his/her behavior is more unstable and switching costs are lower than in an offline environment (Toufaily et al., 2013). So, providers who use this channel for the provision of their services are worried about the achievement of loyalty in this context (Liang & Chen, 2009). The Internet banking "is a much more complicated, uncertain and risky virtual world comparing to the other virtual world" (Jiao, Yang, & Zhu, 2012, p.40).

The study of e-loyalty has great importance for years, however, "little is known about the mechanisms involved in generating customer loyalty on the Internet" (Ribbink, Van Riel, Liljander & Streukens, 2004, p.446). In the context of e-banking, previous research is scarce (Yee & Faziharudean, 2010) and has focused on analyzing the adoption of the online channel more than knowing the subsequent behaviors to its use, such as e-loyalty (Floh & Treiblmaier, 2006; Yee & Faziharudean, 2010), and the factors that prompt customer remains loyal to his/her online banking (Yee & Faziharudean, 2010).

There is a great diversity of research which studies the conceptualization, the measurement scales (Toufaily et al., 2013, p. 436) and the antecedents of the e-loyalty. Many authors define and measure e-loyalty considering its behavioral and/or attitudinal aspect, but few of them integrate various phases of concept (Caruana & Ewing, 2010). Regarding the antecedents of e-loyalty, meaning the factors that prompt the creation of loyal customers in the electronic environment, research is scarce (Balabanis, Reynolds, & Simintiras, 2006) and also provides diverse conclusions (Toufaily et al., 2013). While there is some uniformity to consider the e-satisfaction and e-trust as variables of great importance in the creation of e-loyalty (Floh & Treiblmaier, 2006; Ribbink, Riel, Liljander, & Streukens, 2004), few studies have analyzed the influence of the quality of the website on e-loyalty (Chang & Chen, 2008; Floh & Treiblmaier, 2006), and how switching barriers affect e-loyalty (Balabanis et al., 2006), so further investigation is required (Toufaily et al., 2013).

With regard to the development of measurement scales for these antecedents, we could not find any work that incorporates electronic context-specific factors such as a specific dimension in the context of online banking for the e-trust. For its part, in many studies the variable quality of the website has been understood in a multidimensional approach (Aladwani & Palvia, 2002; Chang & Chen, 2008; Janita & Miranda, 2013; Mithas, Ramasubbu, Krishnan, & Fornell, 2007; Yoo & Donthu, 2001). However, our review of the literature found only the work of Fernández, Román, and Martín, (2006) has empirically tested this question. Often, a list of factors that make up this variable is identified, but no higher order scale has been developed. In addition, relationships with other variables are set from the first order (Chang & Chen, 2008; Mithas et al., 2007).

As a consequence of the above, the literature provides models to explain the e-loyalty. These models obtain moderate percentages of explanation of this variable. In our review, they do not go beyond 66% (model of Chang & Chen, 2008). This has aroused the main objective of our research that it is to empirically test a comprehensive model that allows us to advance the understanding of the process of creating e-loyalty. Prior to this, all measuring instruments used in that model will be validated in a confirmatory level.

In particular, this study presents three empirical contributions. First, a structural model of the e-loyalty is build. This model considers cognitive, affective, attitudinal and behavioral elements and it is able to explain 86.6% of the variable e-loyalty, well above the rates achieved in previous research. Second, four variables (e-satisfaction, e-trust, website quality and switching barriers) are incorporated in the model, as antecedents of e-loyalty. The effects of e-satisfaction and e-trust on e-loyalty have been extensively tested, so, they should not be omitted in a comprehensive model. Meanwhile, website quality and switching barriers have been included because they have received little attention in the literature as generators of e-loyalty (Balabanis et al., 2006; Chang & Chen, 2008). Third, with regard to the measuring instruments, (1) a specific dimension of electronic channel in the scale of e-trust have been incorporated which, as far as we know, it had not been raised yet, and (2) the website quality has been validated as a multidimensional and second order construct, that had not been demonstrated empirically for the e-banking context, as our review.

For this purpose, the work is divided into seven parts. After this introduction (1), the conceptual framework includes a theoretical review of the variables used, the development of the model and the relationships that support this model, establishing the hypotheses to be tested (2). In the next section, the methodology used in the analysis is described (3). Next, the results (4) and conclusions of the study (5) are presented. Finally, the main managerial implications (6), limitations and further research (7) are described.