

Chapter 58

Explaining Online Customer Repurchase Intentions from a Relationship-Marketing Perspective: An Integration of the 4Rs Marketing Strategy and Customer Trust

Mei-Ju Lin

National Cheng Kung University, Taiwan

Wei-Tsong Wang

National Cheng Kung University, Taiwan

ABSTRACT

Due to the low cost of searching for alternatives online, it is difficult to increase customer repurchase intention in the business-to-customer context. Relationship marketing (RM) is seen as an important way to foster customer trust, and in turn encourage repurchase intentions, which is consistent with the RM tactics-relational mediator-outcome paradigm in the offline context. Several studies have noted that the 4Rs marketing strategy both reflects and implements the concept of RM. This study thus examines whether RM-related constructs based on the 4Rs marketing strategy (i.e., assurance, customer satisfaction, perceived usefulness, corporate image, and perceived value) positively affect online customer repurchase intention; it also adopts trust as a relational mediator to investigate whether trust mediates the effect of the 4Rs marketing strategy on repurchase intention. The results of an online survey indicated that satisfaction, perceived usefulness, corporate image, perceived value, and trust were antecedents of repurchase intention. Additionally, this study statistically confirms that trust is a critical mediator of the indirect effects of RM-related constructs on repurchase intention. The theoretical and practical implications of this work are also discussed.

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INTRODUCTION

According to the Market Intelligence & Consulting Institute (MIC), e-commerce sales in Taiwan reached US\$25.6 billion in 2013. This number is an increase of 16% from the previous year, which accounted for approximately 60% of business-to-customer (B2C) e-commerce, and is projected to grow to US\$33.3 billion by 2015 (He, 2013). The report implies the existence of fierce competition in the B2C e-commerce market and has attracted a great deal of attention from both scholars and practitioners.

E-commerce researchers find it very difficult to build and maintain customer loyalty to a specific website because consumers can compare similar products/services with a minimal expenditure of time and effort. Additionally, there has been a transition from a transactional view (i.e., the satisfaction paradigm) to a relational view (which emphasizes the importance of social and psychological factors) in studies of interactions between online customers and e-commerce websites (Li et al., 2006). When consumers have convenient access to alternative online vendors that have features similar to or indistinguishable from their original online vendors, satisfaction may not be enough to prevent these consumers from switching. Consequently, the formation of a relational bond between two parties to an exchange is critical to guarantee repatronage or the continued use of an e-commerce website (Cheng & Huang, 2013; Sun, 2010). That is, building customer relationships makes consumers more confident in a specific website and thus enhances customer loyalty, which is regarded as a key driving force of online vendors' long-term profitability (Chung & Shin, 2010). A notable example is Palmatier et al.'s (2006) relationship-marketing tactics (RMTs)-relational mediator-outcome paradigm, a mediating variable theory of relationship marketing (RM) that adopts the relational view to evaluate seller performance outcomes (e.g., customer loyalty) according to the mediating effects of relational constructs (e.g., trust) on the indirect relationships between RMTs and performance outcomes.

Morgan and Hunt (1994, p. 22) define RM as "all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges". RMTs are one of the most effective ways to build strong customer relationships (Palmatier et al., 2006). There are various frameworks for comprehending and developing effective RMTs (see Table 5 in the Appendix). Compared to the alternative frameworks of RMTs, the 4Rs marketing strategy adopted in this study (Ettenberg, 2002) has three significant advantages in terms of effectively evaluating the impact of RM on performance outcomes (e.g., repurchase intentions) in the fiercely competitive B2C e-commerce situation, as follows. First, compare with the other RMT frameworks presented in Table 5, the 4Rs marketing strategy framework simultaneously adopts the perspectives of relationship and competition orientation for guiding subsequent actions, which is a relatively more effective approach considering the fiercely competitive B2C e-commerce environment. Second, compare to Berry's relational bonds, the 4Rs marketing strategy involves the perception of value, which represents another critical element in managing long-term customer relationships (Pride & Ferrell, 2003). Finally, compare to the alternative RMT frameworks, the 4Rs marketing strategy specifically emphasizes the importance of enhancing a company's key abilities to ensure the efficiency and effectiveness of its transactions through the provision of useful technologies (e.g., an effective e-commerce website), which, in turn, can improve customer retention rate of the company. Therefore, the 4Rs marketing strategy framework significantly highlights and implements the core value of RM in the context of B2C e-commerce (Chun, 2011).

Berry (1995, p. 242) sees "trust as perhaps the single most powerful RM tool available to a company". Moreover, Qureshi et al. (2009) demonstrate that trust plays a key mediating role in online customer

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