

**EFFECT OF SERVICE VALUE AND SWITCHING COST ON CUSTOMERS'
LOYALTY: A CASE STUDY OF TV SHOPPING IN TAIWAN**

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ABSTRACT

The goal of this research was to understand the consumers' decision-making processes on TV shopping by testing a conceptual model that considers service value, switching cost, and loyalty. The logit model has been used to develop a marketing strategy for an established brand in the TV shopping market. In addition, we apply the choice behavior theory and using the NLOGIT 3.0 software to precede this research.

Choice behavior can be characterized by a decision making process, and we explore the relationships between service value, switching barriers and loyalty through by SEM and Logit model using our research data. Finally, we discuss the findings from an academic and managerial perspective, Cross elasticity for momoshop and U-mall were 0.025 and 0.115 respectively; and this was obvious that the price rising for the momoshop had less impact to the market share of U-mall. Therefore, the results of this paper should assist TV shopping providers in judging the effects of the service value and realizing the discontinuous loyalty of customers, and provide directions for future research.

KEY WORDS

TV Shopping; Logit Model; Service Value; Switching Cost; Customer Loyalty.

1. INTRODUCTION

Retailers often change their business models by Internet technology and setting up websites. By using web-storefronts to directly contact with the consumers, certain advantages can be gained. In the modern time, various media are available for shopping because of the great development of information and communication technology (ICT) that it is no longer necessary for people to shop in physical stores. Nowadays, some customers tend to change their consumption behaviors due to the request of time efficiency and convenience. Virtual shopping therefore is getting more popular. Catalog shopping has been a kind of non-store shopping way in Taiwan for a long time. However, it is still not widespread because people are accustomed to examining products before purchasing (Li, 2004). The rapid progress of the Internet and telecommunication technology (ICT) has facilitated new virtual shopping channels, such as online shopping and television shopping, with which people can examine products virtually and thus overcome the "not-seeing" barrier (Li, 1999).