Effect of Service Chain Integration on Customer Loyalty: An Examination of Taiwan's Mobile Telecommunication Service

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Abstract

With the constantly changing technologies and consumer demand, the telecommunication companies must cooperate with up and down stream supply chain parties to create values for their consumers and stay competitive. The extant literature has not fully examined the issues of how such supply chain integration contributes to the overall quality and customer loyalty in the mobile telecommunication industry. This study proposes a service chain quality-loyalty model to investigate factors that are critical to customer loyalty in the mobile telecommunication industry. First, a scale of overall telecommunication quality is developed with the consideration of three quality dimensions: phone, service, and value-added. Subsequently, using a structural equation modeling (SEM) analysis, we examine the mediated effect of relationship quality and switching cost on the relationship between overall telecommunication quality and customer loyalty. Once validated, the proposed model should serve as a valuable tool for managers to assess and improve their current supply chain operations to achieve customer loyalty in the mobile telecommunication industry.

Keyword: Service Chain, Relationship Quality, Switching Cost, Customer Loyalty, Mediated Effect, Mobile Telecommunication Industry