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UTeM

A STUDY ON IMPLEMENTATION OF E-
COMMERCE TO IMPROVE CUSTOMER
SATISFACTION: AT JBSB ASMADEE COMPANY

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CUSTOMER SATISFACTION: AT JBSB ASMADEE COMPANY

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**A STUDY ON IMPLEMENTATION OF E-COMMERCE TO IMPROVE
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**Report submitted in fulfilment of the requirement for Bachelor Degree of
Technology Management in Innovation Technology**

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JUNE 2015

DECLARATION

"I admit that this report is the result of my own but summarizes and quotes that decorates each of them I have explained the source"

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In the name of Allah the Most Gracious, Most Merciful.

I'm grateful to have been able to complete this project within the time frame set by the faculty.

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ABSTRACT

As information technology and the popularity of Internet technology and in-depth applications, E-Commerce is at extraordinary pace. E-Commerce is developed to meet a problem or opportunity in business and it is used in business to extend the company abilities and to serve the customers. This research is conducted to implement E-commerce at JBSB ASMADEE by determine the factors of E-commerce that influence the customer satisfaction. The factors of E-commerce are website, product information, customer service and delivery. The research was conducted using questionnaires distributed to customers of JBSB ASMADEE. Analysis such as correlation coefficient, simple linear regression and multiple linear regression were used in this study. The results of this study was to determine whether the implementation of online sales companies can improve customer satisfaction. The results show that all factors have significant relationship to customer satisfaction and all the factors can be grouped together to predict the customer satisfaction. Hence, the recommendation that researcher suggested is plan properly before make a website, create an attractive website by make the customers easy to navigate on the website, properly organize the information in the E-commerce, create a support center for customer service in the E-commerce and improve the logistic by create a logistic tracking order system upon the delivery that has been made.

ABSTRAK

Teknologi maklumat dan populariti teknologi dan aplikasi yang mendalam, E-dagang adalah pada kadar yang luar biasa. E-dagang dibangunkan untuk memenuhi masalah atau peluang dalam perniagaan dan ia digunakan dalam perniagaan untuk melanjutkan kebolehan syarikat dan untuk berkhidmat kepada pelanggan. Kajian ini dijalankan untuk melaksanakan E-dagang di JBSB ASMADEE dengan menentukan faktor E-dagang yang mempengaruhi kepuasan pelanggan. Faktor-faktor E-dagang adalah laman web, maklumat produk, perkhidmatan pelanggan dan penghantaran. Kajian ini dijalankan menggunakan soal selidik yang diedarkan kepada pelanggan JBSB ASMADEE. Analisis seperti 'correlation coefficient', 'simple linear regression' dan 'multiple linear regression' telah digunakan dalam kajian ini. Hasil kajian ini adalah untuk menentukan sama ada pelaksanaan syarikat jualan dalam talian boleh meningkatkan kepuasan pelanggan. Hasil kajian menunjukkan bahawa kesemua faktor mempunyai hubungan yang signifikan terhadap kepuasan pelanggan dan semua faktor boleh dikumpulkan bersama-sama untuk meramalkan kepuasan pelanggan. Oleh itu, terdapat beberapa cadangan yang dapat menyelidik cadangan iaitu, merancang dengan sebelum membuat laman web, membuat laman web yang menarik dengan membuat pelanggan mudah untuk melayari di laman web, menyusun maklumat dalam E-dagang dengan betul dan meningkatkan logistic dengan mewujudkan satu sistem untuk menjejaki penghantaran yang telah lakukan.

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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

In business, the main goal is to deliver a good services to the customers. The use of E-Commerce in business can improve business service in many ways. E-Commerce is a web based application. It is to digitalize current processes and overcome the current issues which are being faced daily due to lack of computerized solution. This need of digitalization of current processes related to order handling will help the company in forecasting their business growth.

1.2 BACKGROUND OF STUDY

The activity of commerce consists of an exchange of products and service, usually for money. Commerce involves those elements of the value chain for goods and services that conclude with a customer or the end consumer, directly through a retailer or indirectly through another type of business. Historically, two broad sets of intermediary organisations have been responsible for such activities which is wholesalers and retailers.

Retailing is one of any economy's most visible activities. Retailing refers to the sale of goods or service from companies to individual end-consumers. A retailer's competitive capabilities derive from their ability to procure the range of goods that consumers will want to buy, and offer them in the right way, in the right location and the right price. Retailers usually buy their products in larger quantities from manufacturers or wholesalers and sell them in smaller quantities to their customers.

Besides that, wholesalers' activities centre on the procurement and distribution of raw materials finished products and goods of all kinds. Unlike retail, wholesale is less visible to the end consumer. Wholesalers position themselves as intermediaries between producers and retailers. The term wholesaler originally meant one who sold goods such as barrels of tea, barrels of oil, etc. However, over the years the term wholesaler has come to mean anyone selling at a price that is less than retail or only to those in a specific trade. For example, a food and beverages wholesaler sells only to licensed food and beverages retailers who are purchasing items for resale. There are also so-called wholesalers such as warehouse clubs who sell to both resellers at reduced prices and to ultimate consumers at retail prices.

In business, the main goal is to deliver a good services to the customers. The use of E-Commerce in business can improve business service in many ways. E-Commerce is a web based application. It is to digitalize current processes and overcome the current issues which are being faced daily due to lack of computerized solution. This need of digitalization of current processes related to order handling will help the company in forecasting their business growth.

E-Commerce is developed to meet a problem or opportunity in business and it is used in business to extend the company abilities and to serve the customers. Besides that, the uses of E-Commerce in business can gain a competitive advantages and increase on its efficiency. In today's world, time and efficiency are very essential factors in business growth. With good implementation and management of E-Commerce, a business can improve its service which satisfies its customers and

increase on its profit margin. Also, use of E-Commerce in business is to cut down on costs of operation and improve on the quality of service.

1.2.1 JBSB ASMADEE Company

It was established on 21 MAY 2012. JBSB ASMADEE is a trading company and distributor of food and beverages. They have distributes their products in three states of Malacca in southern Malaysia, Johor and Negeri Sembilan and plan to go nationwide.

The market segmentation of JBSB ASMADEE are such as hypermarket, mini supermarket, wholesalers, sales agency, a subsidiary of state government, government agencies, retail stores and others.

The JBSB ASMADEE customer charter is produced and distributed a quality product and high demand, sufficient stock of goods is always necessary, delivery at least 3 days from the day of sales order made, guaranteed return of unsold goods or damaged, act immediately on any customer complaints and meet customer demand for new products that desired gain.

To meet customer satisfaction, companies must comply with the charter, which has been set by the company. If the company does not comply with the charter has been set, this indicates that the company is weak in terms of service quality and this will lead to decreasing of customer satisfaction.

1.3 PROBLEM STATEMENT

In today's fast paced society, it's very hard to be competitive without using cutting-edge technology available in market. After years of business, the data has grown much for JBSB ASMADEE. It is becoming a challenge for JBSB ASMADEE to manage that data in an effective way. To be more productive in order processing, JBSB ASMADEE needs a solution which can facilitate their current processes with use of technology and software. With increased amount of orders, it is becoming difficult for JBSB ASMADEE to manage orders in effective and efficient manner. It is very hard to go through all paper work and backtracking orders. If there is any complain or review of any order, it takes large amount of effort and time to backtrack and fix the problem. This result in loss of resource, increased time, and low output.

All orders are managed using different papers and all information regarding one order is stored in one physical file. This file contains all the documents related to that particular order. Once JBSB ASMADEE receive an order, they assign number to that order or file. Some of financial details regarding orders are managed in an Excel sheet. Currently in JBSB ASMADEE the work flow followed is not very efficient due to lack of software and digital usage. Workflow from sales order, order to invoice and payment are made manually without the help of a computerized management system. This means a lot of manual work, which leads to the loss of control over operations. Due to higher workloads and more errors, delay in the whole process is experienced on daily basis. No database exists and thus poor ability to pick out statistics on for example the existing order stock.

Besides that, in this research, the researchers focus the problem on order traceability. Order traceability is the most time consuming process throughout the order life cycle. It increase the overall effort due to lack of any computerized management system for information traceability.

1.4 RESEARCH QUESTIONS

In order to create a research, an iron triangle must be made to know the subject of what research is all about. Iron triangle is made up with three elements, which are the research topic, research questions and research objectives. In this section, I would like to clarify more on the research questions and research objectives. The research questions are:

1. What is the relationship of factors of E-commerce towards customer satisfaction?
2. What is the most influence factor that contribute to customer satisfaction?

1.5 RESEARCH OBJECTIVES

After the identification of the research questions, research objective need to build to help in answering the research questions and also as a guide for this research. The research objectives are:

1. To identify the relationship of factors of E-commerce towards customer satisfaction
2. To identify the most influence factor that contribute to customer satisfaction

1.6 SCOPE OF THE RESEARCH

This study was only emphasize on the relationship between the factors of E-Commerce with the customer satisfactions. Besides that, this study was only for JBSB ASMADEE trading company and not for other trading company. The respondent for this research was the customer of JBSB ASMADEE because only the customer of JBSB ASMADEE know about the company based on the experience that the customer have.

1.7 LIMITATION OF RESEARCH

There are always some limitations that faced by researcher. Personally, the researcher think it would have limitation in collecting the data later. Not all consumers are willing to answer the questionnaires and the researcher would have barriers in conducting questionnaires, especially among older citizen. Thus, the researcher would have to create the questions in two languages, English and Malay so that all consumer regardless age group and ethnicity can understand the questions.

1.8 KEY ASSUMPTION OF THE RESEARCH

The assumption that the researcher expect from this research is the respondent can cooperate in collecting information for this research. In order to collect data for this research, a survey or questionnaire was distributed to respondents.

1.9 SIGNIFICANCE OF RESEARCH

The significance research for this research is to contribute to the JBSB ASMADEE Company for the company to improve their customer satisfaction. Besides that, this study helps the company to have some idea about the customers need on implementation of E-commerce in the company. It can help the company to run their business more systematic and smoothly and increase customer satisfaction.

1.10 SUMMARY

Thus, this research was conducted at JBSB ASMADEE and helps the company to identify the implementation of E-Commerce in JBSB ASMADEE that can improve Customer Satisfaction.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter is to present the literature review about the customer satisfaction and E-commerce to give a clue on this research. It state a related theories with this research. This chapter also, show a theoretical framework which used in this study.

2.2 CUSTOMER SATISFACTION

Satisfaction may be termed as an individual's reaction in the form of sequence of an information processing, valuation of the degree to fulfil the functions which a good service should possess. There are many definitions of term customer satisfaction in existing literature. According to Hansemark and Albisson, (2004) satisfaction is the overall customer stance towards a service provider or emotional reaction to the difference between what the customer expects and what has been presented to him or her, regarding the fulfilment of need or desire. According to Magesh, (2010), satisfaction means a feeling of pleasure because one has something or has achieved something. It is an action of fulfilling a need, desire, demand or expectation. Customers compare their expectations about a specific product or services and its actual benefits. As stated by Kotler & Armstrong, (2010), satisfaction as a person's

feelings of pleasure or disappointment resulting from the comparison of product's perceived performance in reference to expectations.

It is believed that satisfaction is the result of evaluation of a service through comparison against the expectations of the consumer with the perceptions of services delivered. This means perceptions becomes important component in service delivery and when in customers opinion. Johnston and Clarke, (2005) stated that when the perception meet the expectations what so ever nature then customers is satisfied with the service. This satisfaction would lead to repeat business and improve referrals to other customers.

2.3 E-COMMERCE

E-commerce can be described as the Parties take electronic trading to conduct business transactions rather than any other forms such as face-to-face exchange or direct interviews. Besides that, E-commerce also can be described as a collection of multi-technology, including the exchange of data, obtaining data and automatically capturing data Zhou, (2008). Electronic commerce deals with the facilitation of transaction and selling of products and service online for example via the internet or any other telecommunication network Tawfik Jelassi & Albrecht Enders, (2005).

For this research, the researcher choose Business-to-Consumer (B2C) model in E-Commerce model. B2C e-commerce is basically a concept of online marketing and distribution of products and services between organizations and consumers via internet. In a B2C business model, at first the business company displays and sells products on the website, where the detailed information of products are contained in the catalogues. Then the consumer can log on to this website where he can get the detailed information about the price, availability, discounts of the products and then compare with one another and make his final decision. Finally, the consumer can place

an order for his ideal product on the website. In addition, the consumer has to specify his personal credit card information before he places an order. At last, the order information is then validated by the website and stored in their database, and the products will be dispatched to the consumer.

In order to investigate customers' satisfaction in electronic commerce, researchers have taken different approaches and studied many related aspects. Some researchers pay attention to the website related factors, such as security, website design and logistical support Cheung & Lee, (2005).

There are four factor that influence customers' satisfaction which the factor are product, website, customer service and delivery. For the product factor, it is about the customers expected due to the access of the internet and the potential to track down the status of goods and services Schaupp & Bélanger, (2005).

The website factor are refer to the qualities of a website that ensure the functionality of the site, comprising of security, privacy and usability Schaupp et al., (2005). Sometimes a consumer can be overwhelmed by the amount of information available on the Internet, thus the possibility of quickly finding exactly what the customers wants on the website is very important.

The customer service factor, it refer to customer service provided for help customers to resolve any problem that they meet. Last but not least, for the delivery factor there are two factors that may have influence during the customers' shopping process on their feelings and perceptions, which includes shopping convenience and delivery support. According to Schaupp et al., (2005) it indicates that the amount of time it takes for the product to be received is vitally important for customers.