

FACTORS AFFECTING CUSTOMER SATISFACTION TOWARDS  
ONLINE SHOPPING AMONG UNIVERSITY STUDENTS AT  
UNIVERSITI TEKNIKAL MALAYSIA MELAKA

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### **SUPERVISORS' CONFIRMATION**

I hereby acknowledge that this project paper has been accepted as part fulfilment for the degree of Bachelor of Technology Management (Hons) in Technopreneurship

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Technology Management in Technopreneurship

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I declare that this project is the result of my own research except as cited in the references. The research project has not been for any degree and it is not concurrently submitted in the candidature of any other degree.

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## DEDICATION

This research is dedicated to my respective parents, Mr. Ahmad Zamri Bin Saad and Mdm. Zaitun Binti Mad Ariff, who have been my constant source of inspiration, support and drive me to be discipline when doing this task. I am honoured to have their as my parents. To my beloved supervisor, Dr. Haslinda Musa, thank you for all your guidance during the completion of this project. Lastly, to the respected with all friends, without their caring, support and understanding this project would not have been possible. Thank you for all friends for understanding and unconditional support to me.

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## ABSTRACT

Nowadays people are intending to do online shopping. To shop on the Internet becomes an alternative for consumers since it is more comfortable than conventional shopping which usually attributed with anxious, crowded, traffic jam, limited time, parking space and etc. The Internet in Malaysia is still considered as a new medium toll between the retailers and the consumers, and also retaining customers on e-retail is the most issue that is faced any e-retail store. Because of that, the research is to study the factors affecting customer satisfaction towards online shopping among university students. There are three factors contributed in this research, which are product quality, brand, and shopping experience. This research was used a survey method of distributing questionnaires to 150 respondents. Questionnaires will be distributed among university student to gauge their factors to shop online. The researcher used online survey and manual method to collect data. The data that has been collected was analyzed by using Statistical Package for Social Science (SPSS) and Microsoft Excel. Based on the research, the product quality, brand and shopping experience have significant relationship on customer a satisfaction towards online shopping among university students at UTeM.

## **ABSTRAK**

*Pada masa kini ramai orang yang bercadang untuk melakukan membeli-belah dalam talian. Membeli-belah di Internet menjadi alternatif kepada pengguna kerana ia adalah lebih selesa daripada membeli-belah konvensional yang biasanya dikaitkan dengan cemas, sesak, kesesakan lalu lintas, masa yang terhad, ruang letak kereta dan lain-lain. Internet di Malaysia masih dianggap sebagai tol baru sederhana antara peruncit dan pengguna, dan juga mengekalkan pelanggan di e-runcit adalah isu yang paling yang dihadapi mana-mana kedai e-runcit. Oleh kerana itu, kajian ini adalah untuk mengkaji faktor-faktor yang mempengaruhi kepuasan pelanggan ke arah membeli-belah dalam talian di kalangan universiti students. There tiga faktor yang menyumbang dalam penyelidikan ini iaitu kualiti produk, jenama, dan pengalaman membeli-belah. Kajian ini menggunakan kaedah tinjauan mengedarkan soal selidik kepada 150 responden. Borang soal selidik akan diedarkan di kalangan pelajar universiti untuk mengukur faktor mereka untuk membeli-belah dalam talian. Penyelidik menggunakan kaji selidik dalam talian dan kaedah manual untuk mengumpul data data. The yang telah dikumpul dianalisis dengan menggunakan Pakej Statistik untuk Sains Sosial (SPSS) dan Microsoft Excel. Berdasarkan penyelidikan,, jenama kualiti produk dan pengalaman membeli-belah mempunyai hubungan yang signifikan terhadap kepuasan pelanggan ke arah membeli-belah dalam talian di kalangan pelajar universiti di UTeM.*



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## CHAPTER 1

### INTRODUCTION

#### 1.1 Background of study

Nowadays, the internet is not only a networking media, but also as transaction medium for consumers at a global market in the world. The internet also has become a dominant retailer in the future. Internet usage has grown rapidly over the past several years and it has become common means for delivering and trading information, services and goods (Norazah & Norbayah, S, 2013). The use of the Internet has increased exponentially over the past years and it has become a mainstream tool in delivering and trading information, services and goods (Albarq, 2006). As such, the university student still has various reservations of purchasing through the Internet except those who use it as informative, entertainment and communication tools.

In Malaysia, Internet shopping is still new and customers are less familiar and often more sceptical towards online shopping. Furthermore, the online shopping in Malaysia has begun to grow since the development of Internet shopping expected to be accelerated because it has a lot of incentives such as effortlessness, broader selections, competitive pricing, greater access to information, product quality, and time to receive product (Haque and Khatibi, 2007).



According to Malaysia B2c E-Commerce Market (2014), nearly 20 million people are connected to the Internet in Malaysia, and another five million are expected to go online next year. A high double digit percentage of Internet users in Malaysia shopping online are motivated by price advantages, product range and availability of reviews. Malaysian shoppers look for free shipping, convenience and exclusive online deals offered by online stores. Moreover, online shopping is encouraged by new E-Commerce regulations adopted in 2013, aimed at protecting consumer rights and preventing online fraud.

Malaysia internet shoppers are relatively young, highly educated, having higher social status and command a more favourable financial position. Considering that Internet shopping, is still at the early stage of development, little is known about consumers' attitudes towards adopting this new shopping channel and factors that influence their attitude toward (Haque, Sadeghzadeh, Khatibi 2006).

According to Jariah, Husniyah, Laily and Britt (2004), with the expansion of educational services in Malaysia, university students become one of the most important market segments for two reasons; First, this group has money and shopping interests. Second, this is the segment of the population that has the potential of earning a greater income than other segments of the population.

## 1.2 Problem Statement

Nowadays, online shopping becomes popular in Malaysia especially to young generation (Gen Y) such as student. Since online shopping has become a trend in Malaysia, the researcher would like to identify and analyze the key issues that contribute to the satisfaction of customer towards online shopping, especially among students.

Besides that, the online shopping is still in few problems with satisfaction from customer which is customer not satisfied with the product and service provided, the delivery of product not on time, the expected quality of product customer receives and the brand of product is not originally. Thus, in this study, researchers tested to distinguish the factor that affecting customer satisfaction towards online shopping in Malaysia which is in terms of product quality, brands and shopping experience.

### 1.3 Research question

Researcher found that there are many problems that need to be answered related to the title. Nowadays, mostly people more prefer to use online shopping. Consumers enjoy using online shopping because of some criteria or factors. So, a few questions have been made to identify the factors that affecting customer satisfaction toward online shopping.

- i. What is the relationship between product quality and customer satisfaction among university students at UTeM?
- ii. What is the relationship between brand and customer satisfaction among university students at UTeM?
- iii. What is the relationship between shopping experience and customer satisfaction among university students at UTeM?

#### **1.4 Research Objectives**

The aim of this research is to study the factors affecting customer satisfaction toward online shopping. The specific objectives of this research are as follow:

- i. To examine the relationship between product quality and customer satisfaction among university students at UTeM.
- ii. To determine the relationship between brand and customer satisfaction among university students at UTeM.
- iii. To determine the relationship between shopping experience and customer satisfaction among university students at UTeM.

### **1.5. Scope**

This study covers for both male and female respondents at UTeM that indirectly involve in online shopping. The scope of this research is to identify factors affecting customer satisfaction towards online shopping. The issues of customer satisfaction include is product quality, brand, and shopping experience.

### **1.6 Limitation**

The limitations of this research are based on the corresponding aspects:-

1. The limitation in this research is to find respondent those have experienced on online shopping and the respondent only involves university student at UTeM. Most of the people are scared to use online shopping to buy a product because of some aspect like cheating in delivering product and get the wrong product. Furthermore, customer more prefers to go to their physical shop to buy their thing compare to buy online because it is more convenience and ease of use.
2. The location of this study is limited on university students at UTeM. As such, other university students are not being concerned and not involved in the interpretation data. The researcher only focuses on Melaka state because the researcher studies around here. It is easy for the researcher to do research likes distribute the questionnaire. Besides that, the researcher only has about seven months to complete the research. For sure, the researcher did not have enough time to complete the research if the researcher goes too many states.

### **1.7 Key Assumptions of the study**

This research describes the factors affecting customer satisfaction towards online shopping in Malaysia. By using online shopping, it is easier for the consumer to buy good and service from a merchant. It is because, they just have to order the product from home or anywhere that have Internet access. Other than that, by using online shopping it also saves times and budget.

According to Malaysia B2C E-Commerce Market (2014), websites such as group buying merchant Groupon, online classifieds Mudah.my, online marketplaces Q0010, Yubeli and Lelong are among the popular choices for Internet shopping. The leading B2C E-Commerce players were online mass merchant and marketplace Lazada, online fashion retailer Zalora, and B2B2C marketplace Rakuten. Global groceries retailer Tesco also has established a strong online presence in the country, offering delivery of food and household products to the consumer's doorstep.

Customers just have to order using online system at their website which takes only a few minutes. Order by using an online system, it is more convenience and ease to use for the customers. This is because, customers can order from their house which is more comfortable and they need not to be in crowded place to buy their needs. It also can save the time for customers because using online shopping is quick and efficient without need to go to the brick and mortar shop.

### **1.8 Importance of the Study**

The importance of this research is to analysis factors affecting customer satisfaction towards online shopping at UTeM. According to a study conducted by Haque et al. (2006), attitude towards online shopping is considerably quite negative among Malaysians. Therefore, it is important to recognize that numerous factors precede attitude formation and change. Online shopping has grown in popularity over the years, mainly because people find it convenient and easy to bargain shop from the comfort of their home or office. One of the most enticing factor about online shopping, particularly during a holiday season, is it alleviates the need to wait in long lines or search from store to store for a particular item.

In fact, people can purchase just about anything from companies that provide their products online. Books, clothing, household appliances, toys, hardware, software, and health insurance are just some of the hundreds of products consumers can buy from an online store. Furthermore, the process of consumers' decision-making on online shopping relates to the experiences and satisfaction they perceive while shopping. The Malaysian Internet users conducting online shopping seek benefits such as cost saving, convenience, cheaper price, a way to easily search for information, and a 24-hours services (Haque, Mahmud, Tarofder, & Ismail, 2007).

## **1.9 Summary**

This chapter includes basic information about the research such as the introduction of online shopping and satisfaction of consumer in buying a good and services from a merchant. The purpose of doing the research and the expected outcome is also discussed in Chapter 1. The chapter also tells about the scope that the researcher will cover the limitations of the research and key assumptions of the result of the research. Finally, the chapter covers the importance of the research.