

“I hereby declare that I have read this thesis and in my opinion, this thesis is sufficient in terms of scope and quality for the award of the degree of Bachelor of High Technology Management (Marketing)”

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Date:

THE RELATIONSHIP SERVICE QUALITY IN E-  
COMMERCE WITH CUSTOMER  
SATISFACTION

TOH HUI BOON

Partial fulfillment of the requirements for the award of  
Bachelor of Technology Management and Technopreneurship with honour  
(High Technology Management)

Faculty of Technology Management and Technopreneurship  
Universiti Teknikal Malaysia Melaka

JUNE 2014

## CONFESSION

“Hereby, I declare that this thesis entitled “Service Quality in E- Commerce and Relationship with Customer Satisfaction” is the result of my own research except as cited in the references. The thesis has not been accepted for any degree and is not concurrently submitted in the candidature of any other degree.

Signature:

Name:

Date:

## DEDICATION

In this research, I would like to thank my lovely parents who always support and provide the caring encouragement during my studies. In my university life, they really contribute and give the fully to support help me to successes my study within four years in Universiti Teknikal Malaysia Melaka (UTeM).

Beside this, I also want to thank my PSM Supervisor, Dr Yusri Arshad. In my research, Dr Yusri Arshad also gives the full guide and teaching required period, and gives confidence to finish my PSM Report.

## ACKNOWLEDGEMENT

I would like to express my gratitude to those who helped and supported me in my thesis writing to fulfill the needs for the certification of the Bachelor in High Technology Management (Marketing).

First of all, I would like to express my sincere appreciation and gratefulness to my respectable supervisor, Dr. Yusri Arshad. Thanks to his supervising and guiding the process of writing as well as preparation of this research from the beginning till its completion. I am very appreciative for his patience and support.

Besides, I also wish to extend my sincere appreciation to all the respondents of this research. They were so kind to spend their valuable time for answering the questionnaire. I am truly thanked for their willingness to participate in this survey.

Furthermore, I would like to thank to my friends and course mates because they had provided me with a lot of useful opinions, instructions and relevant information in completing this research.

Lastly, I would also like to express my gratitude to my parents for their patience and love that encouraged me so much in finishing this research.

## ABSTRACT

The E-Commerce industry in Malaysia is faced with competitive challenges among a variety of E-Commerce retailer and suppliers around the world. The purpose of this study is to identify the key determinants of customer satisfaction in those E-Commerce outlets and the current perceived service quality level amongst Muar office workers. Besides, this study aims to identify the significant relationships between customer satisfactions. Questionnaires were distributed to 150 office workers. A number of significant findings were reported, among the five dimensions tested, assurance was found to be the strongest determinant of customer satisfaction towards E-Commerce industry, followed by tangibility, reliability, responsibility, assurance, and empathy. The results also supported the contention that customer satisfaction would lead to customer purchase intentions.

## ABSTRAK

Industri E-Perdagangan di Malaysia berdepan dengan cabaran persaingan di kalangan pelbagai E-Perdagangan peruncit dan pembekal di seluruh dunia. Tujuan kajian ini adalah untuk mengenal pasti penentu utama kepuasan pelanggan dalam kedai E-Perdagangan dan dilihat tahap kualiti perkhidmatan semasa di kalangan Muar, pekerja. Selain itu, kajian ini bertujuan untuk mengenal pasti hubungan yang signifikan antara kepuasan pelanggan. Borang soal selidik telah diedarkan kepada 150 pekerja. Beberapa perkara penting telah dilaporkan, antara lima dimensi diuji, jaminan didapati penentu yang terkuat kepuasan pelanggan kearah industri E-Perdagangan, diikuti dengan sifat dapat diraba, kebolehpercayaan, tanggungjawab, jaminan, dan empati. Keputusan juga disokong perdebatan bahawa kepuasan pelanggan akan membawa kepada niat pembelian pelanggan.

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## CHAPTER 1

### INTRODUCTION

#### 1.1 Background of study

As technology improves, the internet has become an important part in the marketing sector, have the many people beginning use the E-Commerce to selling and buying the new product in the internet industry.

The internet is a platform for business translations recently (Liu et al., 2003). Many companies are adopting the internet, such as e-services for conducting business transaction and sharing business information with their customer and business partners (Torre and Moxon, 2001). The ability of e-services to satisfy the demands of customers is assisting businesses in reducing service costs and obtaining more benefit (Lu and Zhang, 2003). Furthermore, the customer's perceived e-service quality is one of the critical determinants of the online businesses' success (Yang, et al 2004).

## 1.2 Problem Statement

Although use the E- Commerce system buying and selling will take the convenience in the life, but the service quality of the E-Commerce had been the bottleneck of human in using of different fields. Over depending on E-Commerce as buying and selling also will bring the direct negative impart to our marketing especially in service quality. For instance, many online customers were adversely impacted by the poor order fulfillment and delivery (Gray (2000): Jedd (2000). Consequently, the customer will may keep searching for information through the internet but may stop online purchasing the product. As Mittal and Katrichis (2000) argued, the service quality is very important to new customer might not be the one that are important to loyalty customer. The E- commerce company will use the good aggressive policies to promote the service quality to satisfy the customer.

From most of the previous research (Eugene and Jamie (2000); Walfried et al. (2000); Rodolfo et al. (2001) and etc.), the service quality is known as the key determinant of customer satisfaction has been a common research topic, especially in the service industry such as banking, hotel, tourism, and retailing. So the service quality is the lack of investigation about the customer satisfaction in E-Commerce. Besides, most of the customer is concerned about finding what general factor such as product quality, price, place, and service quality, this will influence the customer satisfaction, but in a neglect to explore which core dimensions of SERVPERF model have been given a great impact on customer-perceived service quality and that lead to the customer satisfaction.

Moreover, “As many industry sectors mature, competitive advantage through high quality service is an increasingly important weapon in business survival” (Yap and Kew, 2007). The e-commerce industry is very popular in the market such as the e-commerce is increased competition or rising consumer expectations of quality in the market. But, the e-commerce is providing the low credence service to customers. Besides this, the quality of the services is difficult to prove to customers patronize. This will difficult, let the customer repurchase products and continue support the website

bargain and thus influencing the perceived level of service quality and eventually affecting their satisfaction in purchase intentions.

As a conclusion, due to in the lack of research on the relationship between service quality that based on the customer-perceived service quality of e-commerce industry and customer satisfaction and also the relationship between customer satisfaction especially in the officers' category in Malaysia, which has motivated the author to carry out this research. Indirectly, this also implies to that e-commerce industry that they still have spaces of room to improve and enhance their service quality.

### **1.3 Research Question**

E-Commerce user is increasing rapidly day by day; E-Commerce Company should not only depend on sell and revenue in the marketing. Thus service quality attributes important to satisfy the new customer. For most the previous research (Eugene and Jamie (2000) ; Walfriedet al. (2000) ; Rodolfo et al. (2001) and etc.), the service quality is known as the key determinant of customer satisfaction has been a common research topic, especially in the service industry such as banking, hotel, tourism, and retailing. But, there is obviously in lack of investigation about the main determinants of customer satisfaction in E-Commerce range especially in Malaysia. According this research, concerned about finding what general factors such as product quality, price, place and service quality have influenced the customer satisfaction, but the previous research in a neglect the SERVQUAL model have been given a great impact on customer-perceived service quality.

Based on the problem statement, the research questions for this research are:

1. Is has any relationships between service quality and customer satisfaction towards E- Commerce?

2. What are the key determinants of customer satisfaction, according to SERVPERF dimensions in E-Commerce among Muar Office worker?

#### **1.4 Research Objective**

The objective of this study is to examine the service quality and customer satisfaction in E-Commerce. The study also investigates the service quality is the main reason to satisfaction the customer to purchase.

To achieve the purpose of study, the objectives of this study are:

1. To identify the relationship between service quality and customer satisfaction towards E-Commerce.
2. To find out the key determinant factors of customer satisfaction, according to SERVPERF model dimensions in the E-Commerce industry, amongst the office worker in Muar.

#### **1.5 Scope**

The research is conducted in Muar, Johor. In Muar, that is includes those people who an worker in the industry area. The total population in Muar, Johor is more than 700 manufacturing industry company, including all gender, age, nationality, education level and etc.

This research will be focused on identifying the main determinants of customer satisfaction towards any E-Commerce industry, which located in Malaysia such as the Amazon, Taobao, eBay, Alibaba and more. I research the e-commerce Milo website

(2013) to understand the top and popular E-Commerce Sites in Malaysia classify to B2C and specialty Store sites, Ticketing and Travel sites, Deal Sites, Luxury Shopping Sites, Lifestyle Shopping Sites, Online Grocery Sites, and Online Food Delivery Sites.

This also implies that the researcher will exclude those respondents and outlets located in other countries such as United State, China, Indonesia, Singapore and so on. Additionally, the SERVPERF dimension scale is generic and suitable used to measure the overall service quality and customer satisfaction based on the distinctive demographic profile. A questionnaire will be distributed to the respondents during Muar worker in order to collect quantitative data.

## **1.6 Limitation**

The sample for this study is gathered among the worker in Muar. Therefore, these findings are not representing the similar dimension as well as the overall present customer perceived service quality when viewed by others who are not in the Muar worker. The respondents answer with logical and honest, and the research will be applied the quantitative in research strategy in this case.

In addition, another limitation would be the lack of cost or budgets and duration of time to conduct this research. “This research would worth if replace in a larger sample size using random sampling to eliminate the possible errors caused by small sample size and convenience nonpropability sampling hence can improve the reliability and accuracy of the results.” (Teck Lim, 2007)

## 1.7 Important of the Project

The mainly focused on identifying the key determinants of customer satisfaction towards E-Commerce's according to the five SERVQUAL dimensions and examines the relationship between service quality and customer satisfaction as well as the strength of correlation between customer satisfaction towards the E-Commerce industry amongst the Muar worker. Besides, investigate any significant mean differences between different groups of officer, according to their profile. In addition, the researcher also wants to find out the key determinant of customer satisfaction towards E-commerce industry service. Therefore, it can serve as a guideline to the authorities of E-commerce industry situated in Malaysia for the purpose of finding out the most appropriate way to continuously enhance and improve their management functions.

Apart from that, knowing the strength of the relationship between customer satisfactions can also enable e-commerce industry to fulfill each distinct customer's needs and better capture their customers more effectively because they can provide the right service to the right customer at the right time.

## 1.8 Structure of Thesis

**Table 1.8: Structure of Thesis**

<b>Chapter</b>	<b>Content</b>
Chapter 1	The chapter 1 is used to explain the e-commerce background and explain the problem statement in the environment, and find out the research question and objectively. When we find out the research question and the objective must find out the scope limitation in the research. After that, we find out the important of the project.

Chapter 2	In the chapter 2, is find the literature review in philosopher journal and through the journal introduction what is the e-commerce, customer satisfaction, service quality, e service quality or perceived service quality, SERVQUAL Model and more. In the SERVQUAL model have divide to website design, reliability, responsiveness, trust, and personalization. Besides this, also will explain the interrelationship among Service Quality, Customer Satisfaction Justification of Relationship between Service Quality and Customer Satisfaction,
Chapter 3	In the Chapter 3 is a theoretical framework, firstly, I will draw the conceptual framework and through to do the hypotheses. After that, I will analysis the data collection method such as explain what is the primary and secondary data. When I finish analysis, I do the data analysis and scientific canon. In the scientific canon has the 4 points such as reliability, internal validity, external validity, and construct validity
Chapter 4	In the chapter 4 is a methodology. The methodology is data collection and data analysis. Learn more about how surveys are developed and conducted by exploring the survey methodology topics below, reading reports about methodological issues, and browsing frequently asked questions. Behind every survey, several decisions are made about how to: select people to interview, conduct the survey, and ask the questions. All of these decisions impact the survey results. In the research, I will put the research design and justify what is the quantitative and qualitative. Besides this, also will analysis the research location and how to receive the information.
Chapter 5	In chapter 5, I will do the data analysis and discussion. Firstly, I will introduce how to use the SPSS analysis the data, such as different the gender, age, working area and more. When the result of descriptive statistic for IV, I will analysis the relationship between IV and do the objective and hypothesis.