

DETERMINANTS OF CUSTOMER SATISFACTION
TOWARDS ONLINE SHOPPING

NUR AIN BINTI ROHA FAUZI

UNIVERSITI TEKNIKAL MALAYSIA MELAKA

'I/ We acknowledge that have read this thesis and in my/ our opinion this thesis is sufficient in term of scope and quality for the conferment of Bachelor Degree of Technology Management (High Technology Marketing) with Honours'

Signature :

Supervisor's Name : DR. ISMI RAJIANI

Date :

Signature :

Examiner's Name : PROF. DR. SALLEH BIN YAHYA

Date :

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NUR AIN BINTI ROHA FAUZI

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“I hereby declared that this report is a result of my own work except the excerpts that have been cited clearly in the references.”

Signature :
Name : NUR AIN BINTI ROHA FAUZI
Date :

DEDICATION

I dedicate my project paper work to my family and many friends. A special feelings of gratitude to my loving parents, Mr. Roha Fauzi Bin Ibrahim and Madam Goyah Binti Awang Teh whose words of encouragement and push for tenacity ring in my ears. I know that they would be the happiest parents in the world when they know that their daughter had successfully completed her Final Year Project (FYP). May Allah bless their life for their continuous blessings and prayers and their love and guidance throughout my life can never be repaid. In addition, I dedicate this project paper to my siblings, Mr Ahmad Fauzul Mizan, Madam Suziha Akma, Miss Suziyani, Miss Suzita Armi, Mr. Mohd Izwan, Miss Siti Norhafizah, Mr. Muhamad Zulhairi, Mr. Muhammad Zulhadi, Mr. Ahmad Fauzul Hafiz, Mr. Haris Haikal, Miss Hanim Natasya and Miss Siti Hajar Aisyah. Special thanks for your continued encouragement, endless support, love, understanding and sacrifice throughout the process. I will always appreciate all that you all have done. Thank you to my friends that had helped me when completed this project paper and I really appreciate that.

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ABSTRACT

In the new modernization era, the rapid of development of internet has become an important element of modern life as it has been the sharing medium of information and news. Hence, customer satisfaction toward online shopping requires several elements such as e-service quality, cost charge, delivery (time) performance, and customer services. The research will use the survey strategy to collect the quantitative data to analyze the result. 150 people will be chosen as respondents and multiple regressions is used to analyze. The result obtained by this research indicates that there are three significant independent variables; e-service quality, delivery (time) performance, and customer service, on the other hand, cost charges is not significant. As conclusion, the result from the research indicates some factors stated above will influence the customer satisfaction toward online shopping. Thus, others factors such as safety, confidentiality and after sales service will be included for the future research.

ABSTRAK

Dalam era pemodenan baru, pembangunan internet yang pesat telah menjadi elemen penting dalam kehidupan moden seperti internet menjadi medium perkongsian maklumat dan berita. Oleh itu, kepuasan pelanggan ke arah membeli-belah dalam talian, memerlukan beberapa elemen seperti kualiti e-perkhidmatan, caj kos, prestasi penghantaran (masa) dan perkhidmatan pelanggan. Kajian ini akan menggunakan strategi kajian data kuantitatif untuk mengumpul hasil kajian dan menganalisisnya. Sebanyak 150 orang telah dipilih sebagai responden dan regresi digunakan untuk menganalisa. Keputusan yang diperolehi melalui kajian ini menunjukkan bahawa tiga pembolehubah bebas yang ketara; kualiti e-perkhidmatan, prestasi (masa) penghantaran dan perkhidmatan pelanggan adalah penting, manakala, caj kos ialah satu pembolehubah bebas yang tidak penting. Kesimpulannya, hasil daripada kajian menunjukkan beberapa faktor yang telah dinyatakan di atas akan mempengaruhi kepuasan pelanggan apabila membeli-belah dalam talian. Oleh itu, factor lain seperti keselamatan, kerahsiaan dan perkhidmatan selepas jualan akan dimasukkan untuk kajian akan datang.

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LIST OF ABBREVIATIONS

FYP	=	Final Year Project
SPSS	=	Statistical Package for the Social Sciences
IV	=	Independent Variable
DV	=	Dependent Variable

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CHAPTER 1

INTRODUCTION

1.1 Background Of The Study

This research is to determinants of customer satisfaction toward online shopping when purchasing the product or service. Shopping is part of everyday's routine, some may get the necessities from shopping, and others may get something more. Customer satisfaction is measurement of how the products or services was perceived by the seller and does the perceived performance meet or surpass the expected performance.

Espejel et al. (2008) define customer satisfaction as the global evaluation or a state of feeling towards a product or service. It is because the products consider satisfactory one day might be seen as unsatisfactory the next day (Didier, 2003). The reason to measure the customer satisfaction was complicate by fact that the satisfaction depends on the expectation as well as perception or evaluation of outcomes (Didier, 2003).

Nowadays, internet and shopping has emerged as a latest trend among the people. Didier (2003) states that internet offers benefits which can help consumer to become more efficient and effective as they search out, evaluate, purchase and use product. Thus, with online shopping, consumer benefits from comparing product price

and features instantaneously (Strzelec, 2000), although Lee et al (2004) states most online shopping is difficult and fail to deliver promised benefit.

Other than that, this research is carry out to investigate the factors that influences customer satisfaction toward online shopping including e-service quality, cost charge, delivery (time) performance, and customer services. Moreover, this research is to identify and empirically validate the factors that receive by the customer such as e-service quality, cost charge, delivery (time) performance, and customer services that will influence the customer satisfaction when does the purchasing activity through online shopping.

1.2 Problem Statement

Arasu Raman & Viswanathan Annamalai (2011) state that in Malaysia, internet has became a part of life with 87% going online for various activities such as online shopping, online buying, doing research and others.

Customer satisfaction is measurement of how the products or services was perceived by the customer and does the perceived performance meet or surpass the expected performance (Berman and Evans, 2006). Hence, the factors of purchasing activity such as e-service quality, cost charge, time delivery and customer service that influencing the customer satisfaction toward online shopping will be identify.

Thus, this research is carrying out to statically examine the factors that may influence the customer satisfaction in customer purchasing behaviors among the people toward online shopping.

1.3 Research Questions

There are several research questions that will be analyzed such are;

1. Can e-service quality and customer services receive influence the customer satisfaction toward online shopping?
2. How much cost charges and delivery (time) performance manipulate the customer satisfaction toward online shopping?

1.4 Research Objectives

The purposes of this study are;

- i. To identify the e-service quality affect the customer satisfaction towards online shopping.
- ii. To discover whether the costs charges influence the customer satisfaction towards online shopping.
- iii. To investigate the delivery (time) performances concern to the customer satisfaction towards online shopping.
- iv. To develop the customer services change the customer satisfaction towards online shopping.

1.5 Scope & Limitation Of Study

First of all, the scope of this research is to determinants of customer satisfaction towards online shopping. The elements that will investigate in this research including e-service quality, cost charge, delivery (time) performance, and customer service receive by the customer towards online shopping. Then, I can focus to the consumers that have done online shopping and then analyze the result from the data that receive from them. The respondents for this research are the people or consumer that using internet to purchase the products or services. The total of respondents for this research is one hundred and fifty (150) respondents.

Other than that, the limitation of the research are the respondents that involved in the survey is from the range of age 15 years old to 35 years old and only using either cash deposit machine or online banking to do their payments. So, the result may not reliable for the person that younger than 15 years old and older than 35 years old and using credit card to do the payments. Other than that, the limitation when conducting the research is difficult to find the respondents that only using the online shopping.

1.6 Importance Of Study

The importance of this research is to analyze the results of customer satisfaction towards the online shopping activities when purchasing products or services. Other than that, this research also to find out the result of e-service quality that influences customer satisfaction toward online shopping. Moreover, the importance of this study is to analyze the result of product cost influence the customer satisfaction toward online shopping. In addition, it is to analyze the delivery or time performance affect the customer satisfaction toward online shopping. Lastly, to study the customer services that provided by the company influence the customer satisfaction toward online.

The outcome of this research might provide useful information to the company or the business that using e-marketplace to promote and sell their product to satisfy the customer. Allen (2004) stated the perceived performance to customer expectation was keys to maintaining satisfied customers.

1.7 Summary

As conclusion, this chapter consist of the background of the research, the research problem statement, the formulate research question, the research objectives to achieve, the scope and limitation involve in this research and the important of this research in the future.

Other than that, the dependent variable and independent variables that state in this chapter will be explain more in the next chapter which is chapter 2, literature review.

CHAPTER 2

2.1 Introduction

This research takes regards of the work of various researchers from journals and books to identify the definition of customer satisfaction and online shopping. Other than that, it's to identifying the meaning of the elements that influencing the customer satisfaction toward online shopping including e-service quality, cost charge, delivery (time) performance, and customer service receive.

In addition, this chapter also review the literature that will be focus to explain the influencing factors that effects of customer satisfaction when purchasing the product toward online shopping including e-service quality, cost charge, delivery (time) performance, and customer service receive. The value of this research could be use in future to increase the customer satisfaction through this purchasing activity element.

2.2 Customer Satisfaction

Nowadays, internet and shopping has emerged as a latest trend among the people, hence, customer often uses online shopping to satisfy their needs and wants when purchasing the product. Customer is the end user of the products or services that offer by the companies and customer satisfaction is the extent of the customer happy or satisfied with the products or service offered by the companies. Hence, the customer

satisfaction is important for the company because it will lead increasing profit margins as well as customer retention and to repeat purchasing.

For information, Bennett and Rundle-Thiele (2004) define that satisfied customers are loyal customers and thus high levels of satisfaction will to increased sales. Other than that, Bennett and Rundle-Thiele (2004) also stated that customer satisfaction is the key to success and makes the definite statement that a satisfied customer is a repeat customer.

Other than that, Bennett and Rundle-Thiele (2004) manifested that satisfaction is uses as a common marketing benchmark of an organization's performance, almost to the exclusion of other issues. Hence, customer satisfaction is regarded as primary determining factor of repeat shopping and purchasing behavior (Burns and Neisner, 2006).

Moreover, customer satisfaction is the degree to which a consumer experiences satisfaction with a retailer through the comparison of the expectations and perceived performance experienced which lead to repeat purchasing behavior and customer satisfaction (Burns and Neisner, 2006).

2.3 Online Shopping

Online shopping is a form of electronic commerce which allows customers to buy the goods or services directly from the seller, over the internet using a websites. During the past decade, there was an evolvement from the physical store to the online shopping stores.

For information, online shopping means the act of purchasing products or services over internet and online shopping also has grown in popularity over the years,