

**FACTORS INFLUENCING CUSTOMER SATISFACTION OF SOCIAL  
COMMERCE IN FASHION INDUSTRY**

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**FACTORS INFLUENCING CUSTOMER SATISFACTION OF SOCIAL  
COMMERCE IN FASHION INDUSTRY**

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## APPROVAL

I hereby declare that I have read this dissertation/report and in my opinion, this dissertation/report is sufficient in terms of scope and quality as a partial fulfilment the requirements for the award of Bachelor of Technopreneurship with Honours

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## **DECLARATION OF ORIGINAL WORK**

I hereby declared that this report entitled “EFFECTS OF SOCIAL MEDIA ON TRAVEL INFORMATION IN TOURISM INDUSTRY” is the result of my own research except as cited in the references. The report has not been accepted for any degree and is not concurrently submitted in the candidature of any other degree.

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## **ABSTRACT**

This research is approaching on the study of the factor influencing customer satisfaction of social commerce in fashion industry. The scope of research is at Peninsular Malaysia which target generation Y in Malaysia. In addition, the researcher defines on how customer satisfaction influences the business that run online especially through social commerce. Then, the researcher will investigate the relationship of customer satisfaction on social commerce and which dimension is the most influential in determining the effectiveness of customer satisfaction on social commerce towards fashion industry. Next, the method use by the researcher in this research is survey by distributing the questionnaire to the customers of social commerce which is generation Y is quantitative method. The respondents for this distribution is involving a number of respondents that being calculated using sampling data table. Total number of respondent was determined by the research location that researcher approach. Researcher will analyze the data using SPSS software in order to see the relationship between information quality, system quality and service quality in customer satisfaction on social commerce towards fashion industry. After that, researcher discussed and conclude the final data in order to see is it this research proved the research objective.

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## **CHAPTER ONE: INTRODUCTION**

### **1.0 Introduction**

This chapter was aimed at identifying the subject of research and formulating research questions. Thus the section starts with an overview background that involves the significance of business customer satisfaction and the reasons for studies in this region, the study's research questions and purpose will follow. Delimitation and structure of the report will end the chapter.

### **1.1 Background Of Study**

For organizations and researchers, customer satisfaction has been a subject of great interest. The success of each business organization depends on customer satisfaction. Satisfied customers would come again once in the future as compared to unsatisfied customers (Danillo Garcia, Trevor Archer, Saleh Moradi and Bibinaz Ghiabi , 2012). Those companies that succeed in satisfying customers completely will continue in a market's top position. Organizations ' main objective was to maximize profits and minimize costs. Customer satisfaction will be a measuring tool for future user behaviour (Hill, Roche & Allen 2007) that also revealed by (Kabu Khadka & Soniya Maharjan 2017). Now, all businesses were aware that consumer satisfaction was crucial to being on the market and one of the keys to the success of a business. Not only that, it's also important to expand a business. Satisfaction was one of the most important consumer reactions in Internet shopping, and its importance was reflected in the ability to help build customer loyalty (Anderson, 2003) which also states in (William, 2012).

Generally, customers were people who buy goods and services to meet their daily needs and wants. Their needs and wants were purchased according to the amount of money that will be used. Customers were very important to businesses since the 1950s. Hence, the business can produce products according to the demand demanded from the customers and open to the extent of selling with what they have during the production era (Tsai and Huang, 2007). That found a beneficial relationship between satisfaction and the intention to buy online among Taiwan's consumers (Tandon et al, 2016). In the online shopping environment, empirically analysed customer satisfaction and verified perceived ease of use and perceived usefulness as significant determinants. Satisfaction implies feeling content after what was desired or desired by the person. It's hard to understand if customers were happy with the product or service

availability. It was therefore not a simple job to satisfy the customers, because this distinct factor needs to be taken into context.

Online shopping was more important to stay in the market for organizations nowadays. Generation Y individuals see shopping as deliberately devouring items that characterize and express their identity (Ordun, 2015). This image-driven buyer purchaser likes to be on the highest point of the pattern and be acknowledged by their companions (Tang and Chan, 2017). Businesses should therefore determine their pricing with the product quality that attracts the customer and maintains long-term affiliation.

However, competition can be seen everywhere in between business and market organizations and was one of the challenging tasks of a competitor. While in emerging markets it seems difficult, competitors effectively build their marketing channels. In the social trading platform most generations of Y were more likely to be interested in buying clothes, shoes, bags and accessories. Gen Y contributes 40% of Malaysians and was the largest segment. Later, it was also one of the largest segments of the Internet population in Malaysia based on age (Com Score, 2009). Firm and fashion brands immediately dominate social media, driven by the potential profitability of new marketing channels, such as the introduction of fast trends and direct customer engagement. As of 2016, at least once by 58% of online buyers worldwide (Statwasta, 2016). Retail overviews in 29 countries show that compared to other categories, clothing was the most likely category to buy, with 28% global buyers buying online in the past year (PWC, 2016).

## 1.2 Problem Statement

Social commerce is a new business model in town and this is expected to eventually catch on with merchants and consumers (The Star Online, 2019). The rate of repeated customer in SME who running online business still at the initial stage and low (The Star Online, 2018). Due to impulsive buying, Gen-Y online shopping debt trap (New Straits Times, 2017).

It was clear that researchers set up a study of key determinants customer satisfaction towards social commerce in Malaysia to gain customer satisfaction response to the quality of information, system quality and service quality and analyse the most solutions to this problem. In the results (Chrwasty M. Cheung, 2010), the understanding of consumer satisfaction with Internet shopping was important because of the high degree of satisfaction associated with some of the key outcomes. It was because nowadays, the explosion of internet usage has drawn the attention of researchers towards social commerce, e-commerce, website and many more. In 2018, Malaysia recorded online retail transactions worth of 52.45 million, compared to 28.7 million in 2017, nearly doubling in transactions (focusmalaysia.com 2019). Malaysian Communications and Multimedia Commission (MCMC, 2015) expects that Malaysia's online retail sales figures to exceed the 6.1% projection (RM22.6 billion) by Frost and Sullivan by 2020. So, there were entrepreneurs in in Malaysia had begun to running business online especially through social commerce, but the rate of repeated customer still at the initial stage and low (The Star Online, 2018)

Small Medium Enterprise (SMEs) was the backbone of the economy. 98.5% business establishments in Malaysia were SMEs. From SME Statistics, medium size SMEs 2.3%, small size SMEs 21.2% and the huge percentage of establishment was microenterprise which was 76.5%. Unfortunately, most of the businesses don't know the exact way to satisfy the customers based on their perception and ages. The consistency of the business also can't be measured as the sales were not consistent. This also stated in (Stars, March 2019), FMM vice-chairman Datuk Lee Teong Li told StarBiz that most of them were small and medium enterprises (SMEs) involved in the food, fashion electronic and metal component manufacturing businesses. FMM Penang has 360 members, of which 75% were SMEs. Some of the business receiving many negative feedbacks in terms of service, quality and price. Most of the SME were not exposing in penetration of customer satisfaction due to lack of information and skills. Therefore, in this research it was very important to identify the customer's satisfaction through the social commerce in Malaysia.

### **1.3 Research Objectives**

In seeking to achieve research objectives, the main questions were illustrated as the framework for the research work;

1. To identify the customer's satisfaction on social commerce in fashion industry.
2. To study the characteristic profile of generation Y towards social commerce.
3. To examine the relationship between customer's satisfaction on social commerce towards fashion industry.
4. To analyze the dimension that influential in determining the effectiveness of customer satisfaction on social commerce towards fashion industry.

### **1.4 Research Question**

The objective of this research was to identify the customer satisfaction of generation Y in social commerce.

1. What was the prevalence of customer satisfaction on social commerce in fashion industry?
2. What were the characteristics profiles of generation Y towards social commerce in fashion industry?
3. What was the relationship of customer satisfaction on social commerce towards fashion industry?
4. Which dimension was the most influential in determining the effectiveness of customer satisfaction on social commerce towards fashion industry?

## **1.5 Scope Of Study**

As independent variables and customer satisfaction as dependent variables, this research focused on information quality, system quality and service quality. This research carried out over one semester. Furthermore, in Malaysia, the geographic research area was generation Y. Thus, the researcher was chosen a potential of social commerce which most of the generation Y like to spend their money in online shopping. The method used in this research was to distribute direct surveys. The questionnaire was based on phase one of this study's literature research. The targeted respondents were among the customers of Cinquefoil.

## **1.6 Importance Of Study**

This research will be a great importance for Malaysian business companies especially for SME. This research will help the business to be well prepared and well understanding the customer need and wants. The business can identify the effectiveness of their online business using the social commerce which can give a positive impact for them to leverage the business. The reason was, after the researcher found the customer satisfaction that effect the generation Y in online shopping (social commerce) many of the SME can focus on the specific way to gain more customers. Next, this study will also benefit the future researchers who were interest to carries out the same topic of customer satisfaction. Moreover, by encourages the understanding of customer satisfaction to the SME, it will be beneficial for them to do a preparation in running the business. It also can benefit the government when the rate of local business was increasing every year. In terms to help the research, government can enlarge the internet usage in more location as an initiatives for the social commerce was easy to use and install.

## **1.7 Summary**

This chapter presents the reader with background, research question, research goals, scope, limitation, study significance, and key assumption. It also outlines the main issue mentioned and how it was intended to be explored by the researcher. The next chapter describes the literature study findings.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

This chapter introduces this research's first parent discipline by identifying the word and examining the relevant ideas and models for the theoretical structure being established. The purpose of this chapter is to present appropriate literatures for this study and to provide a theoretical framework. The section starts with a summary of definitions and some measurements of customer satisfaction and quality of service, followed by the connection between customer satisfaction and system quality that contributes to the study's conceptual framework job. Variables identification and hypothesis formulation end the chapter.

### **2.2 Generation Y**

#### **2.2.1 Concept and Definition**

Age Y, known as the millennium generation, has attracted experts and academics worldwide (Bolton et al., 2013). Born between 1980 and 2000 (Weingarten, 2009), Generation Y, grown somewhere between 1977 and 1994 (Esmaeilpour, 2015) Generation Y is the world's second-largest user (Ordun, 2015), with the most number high salary available to them (Leask et al., 2013). In addition, this generation also uses strong pressure to obtain family and friends' choices, in this way directing both direct and indirect purchases (Tang and Chan, 2017). (Bakewell and Mitchell, 2003) are also supported by (Harsandaldeep Kaur, Sahiba Anand, 2018), Generation Y is a significant generational friend for style related purchases (William and Page, 2011; Colucci and Scarpi, 2013). Individuals from Generation Y see spending as deliberately eating items that characterize themselves and express their identity (Ordun, 2015). This driven by the buyer company likes to be at the highest point of the pattern and acknowledged by their friends (Tang and Chan, 2017). People of this age appreciate shopping and appreciate the peculiarities and fame associated with the things they buy (William and Page, 2011). They have also been noted as a very well-known brand and fashion buyer class (Noble et al., 2009 Harsandaldeep Kaur, Sahiba Anand, 2018). Many examinations have focused on Generation Y style styles (Bakewell and Mitchell, 2003; O'Cass and Choy, 2008; Valaei and Nikhashemi, 2017; Soh et al., 2017). Most have seen Generation Y as a homogeneous group, which ignores the recognition of the inside of this pair.

### 2.2.2 Generation Y in Online Shopping

Online shopping in Malaysia has grown by jumping and binding. Malaysia posted 52.45 million online retail transactions in 2018, up from 28.7 million in 2017, almost double in deals (focusmalaysia.com 2019). The Malaysian Communications and Multimedia Commission (MCMC, 2015) expects Malaysia's online retail sales to exceed 6.1% (RM22.6 billion) by Frost and Sullivan by 2020. This is because Gen Y represents 40% of Malaysians and is the largest segment. It is also one of the largest Internet age-age segments segment in Malaysia (Com Score, 2009). However, as shown in AC Nielsen 2011 report, only 21.2% of online buyers come from Gen Y. This statistic is minimal compared to Gen Y in developed countries such as UK (Lim, Omar and Thurasamy, 2015).

Individuals from Generation Y see shopping as deliberately devouring items which characterize themselves and express their identity (Ordun, 2015). This image-driven buyer purchaser likes to be on the highest point of the pattern and be acknowledged by their companions (Tang and Chan, 2017). The individuals from this age appreciate shopping and esteem oddity and glory properties related with items they buy (William and Page, 2011) by finding (Harsandaldeep Kaur, Sahiba Anand, 2018). Accordingly, this examination centers around three key mental factors affecting the design utilization decisions of Generation Y: fashion consciousness, status consumption and materialism. Numerous investigations have concentrated on the design shopping practices of Generation Y (Bakewell and Mitchell, 2003; O'Cass and Choy, 2008; Valaei and Nikhashemi, 2017; Soh et al., 2017). Most have seen Generation Y as a homogenous group, failing to identify segments within this cohort. Although statistic factors of age, size, salary and instruction are valuable premise of division (Duh and Struwig, 2015), these components don't adequately clarify purchaser purchasing practices (Lamb et al., 2011).