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I/We hereby declare that I/We had read this thesis and in my opinion this thesis is sufficient in terms of scope and qualify for the award Bachelor Technology Management and Technopreneurship

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**CUSTOMER SATISFACTION TOWARDS ONLINE SHOPPING FOR THE
TECHNOLOGY PRODUCT**

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**This report Submitted in Partial Fulfilment of the Requirement for the Award
Bachelor of Technology Management**

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DECLARATION

“ I hereby declare that the work of this exercise is mine except for the quotations and summarize that have been duly acknowledge ”

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DEDICATION

I dedicate this thesis to my parents, Abd Razak Bin Baharom and Bidah Binti Junid, for their constant encouragement to accomplish this thesis work.

ACKNOWLEDGEMENT

First and foremost, I would like to express my sincere gratitude to my advisor Dr. Atirah Binti Sufian for her expert, valuable guidance, and also encouragement. Her guidance helped me in all the time to complete this research. Encouragement and guidance from her during the process of preparing and completing this research do motivate me to complete this research. All her valuable time for helping me with my research will be much appreciated. Also, I would like to express my sincere gratitude to my parents and classmates for supporting me to complete this research work directly and indirectly. There are many more special people in my life, which I also want to extend my thanks to each of them for giving me strength and determination to complete this research despite my busy schedule. Finally, my thanks go to all the wonderful people mentioned above, may god blessed you for the deeds you have shown.

ABSTRACT

Nowadays, shopping online is becoming common among people of different ages with the rapid development of Internet technology. Consumers choose online shopping, which is another more convenient and express shopping channel than the shopping at the physical store, and this also attracts more and more people selling products online. The competition between internet sellers will become more intense due to the increasing number of online sellers. Sellers need to find out what factors can affect customer satisfaction towards online shopping for the technology product. The objectives in this study is to identify the relationship between product quality, price, service quality, emotional factor and facility with customer satisfaction towards online shopping for technology product. Questionnaire was used to collect data from individual consumers in Melaka. Each variable was measured using 5-point Likert-scale. A primary data from the respondents was been analysed by use the Statistical Package for Social Science (SPSS). Demographic data of unit of analysis was tabulated using descriptive analysis while the hypotheses developed was supported empirically using reliability test, Pearson's Correlation Coefficient test and Multiple Linear Regression analysis. This research study fulfilled its purpose by identifying the factors that influence customer satisfaction towards online shopping for the technology product. Finally, implications of the findings as well as limitations and future research are discussed.

Keywords: *Customer Satisfaction, Product Quality, Price, Service Quality, Emotional Factor, Facility*

ABSTRAK

Pada masa kini, perkembangan pesat teknologi Internet untuk membeli-belah di atas talian telah menjadi biasa bagi kalangan masyarakat. Pengguna memilih membeli-belah dalam talian, yang merupakan saluran membeli-belah yang lebih mudah dan ekspres daripada membeli-belah di kedai fizikal, dan ini juga telah menarik lebih banyak orang menjual produk dalam talian. Persaingan antara penjual internet akan menjadi lebih sengit kerana semakin banyak penjual dalam talian. Penjual perlu mengetahui faktor apa yang dapat mempengaruhi kepuasan pelanggan terhadap belanja dalam talian untuk produk teknologi. Objektif dalam kajian ini adalah untuk mengenal pasti hubungan antara kualiti produk, harga, kualiti perkhidmatan, faktor emosi dan kemudahan dengan kepuasan pelanggan ke arah membeli-belah dalam talian untuk produk teknologi. Soal selidik telah digunakan untuk mengumpul data dari pengguna individu di Melaka. Setiap pembolehubah diukur menggunakan skala Likert 5-titik. Data primer daripada responden telah dianalisis menggunakan Pakej Statistik untuk Sains Sosial (SPSS). Data demografi unit analisis diterbitkan menggunakan analisis deskriptif manakala hipotesis yang dibangunkan disokong secara empirik menggunakan ujian kebolehpercayaan, ujian Koefisien korelasi Pearson dan Analisis Regresi Pelbagai Linear. Kajian penyelidikan ini telah memenuhi tujuannya dengan mengenalpasti faktor-faktor yang mempengaruhi kepuasan pelanggan terhadap perbelanjaan dalam talian untuk produk teknologi. Akhirnya, implikasi penemuan serta batasan dan penyelidikan masa depan turut dibincangkan.

Kata kunci: *Kepuasan Pelanggan, Kualiti Produk, Harga, Kualiti Perkhidmatan, Faktor Emosi, Kemudahan*

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CHAPTER 1

INTRODUCTION

1.0 Introduction

In this chapter will give a brief explanation about the background of study. A specific problem has determined and research question were created based on research objectives that has been clearly defined in this chapter. The main focus of study and the contribution of this research will also discussed.

1.1 Background of Study

Nowadays, an internet plays an important role in our lives where everything need to use an Internet. By using the internet, users able to get an information easily, able to communicate with each other easily able to make money easily for online entrepreneurs. According to Internet World Stats, (2019) the percentage of internet user increase in March, 2019 which is about 56.8% which is 4,383 million number of internet user compared to 54.4% which the number of internet user is 4,156 million in 2017. The number of internet users keep increasing every year, it is because of people starts to adapt with this technology development that helps their live become better. The demands of broadband from the customer keep increasing that helps in growth of internet user in Malaysia (Malaysian Communication and Multimedia Commission,

2018). With all the advantages by using the internet, users can easily find all the information that they need and also encouraged them to use internet to online shopping.

Electronic marketplace as a platform for buyer to online shopping instead shopping at physical store. Electronic marketplace became more popular because it gives a lot of benefit to both buyer and seller. Customer able to purchase a product directly from the seller and they able to get all the information that they want towards a product that they want from the seller, while seller able to sell their product through online without having a physical store. Furthermore, electronic marketplace that provide various of product such as clothes, technology product, accessories and others, had influence customers to online shopping. Electronic commerce such as social media and social commerce which influence customer to online shopping. According to Singh & Gobindbir, (2018) the introduction of social media, companies that doing a marketing and advertising through mass market channels such as television, and radios already changed their strategies to the social platform. Nowadays, a big brands and organizations have a large base of fan and followers on all major social media platforms like Facebook, Twitter, YouTube, Instagram and others. Social media able to increase producer-consumer proximity and not only as social media platforms that are cost-effective. However, technology product started have a demand from consumer that shop using electronic marketplace.

Technology product such as gadgets like smartphone, smartwatches, fitness tracker and others began attract customers to buy this product through online shop. The information that they get from internet about the product and easier for customer to buy the product via online, influence them to online shopping for technology product. According to Khan (2016), by using electronic commerce, customer able to access a variety of product and they able to buy a product that is not available in a local market. According to the researcher, customer that love to explore other country technology gadget product, they able to get the product through electronic commerce which influence them to use electronic commerce for online shopping.

According to Aravinth (2012), customers especially house wife is more influence to buy electronic goods online. Though, most of the customer still have a lack confidence to buy technology product from electronic marketplace, online seller

of technology product able to overcome this threat by providing an excellent guarantee to their customers towards their product and therefore, seller able to gain customer's confidence to buy the technology product through online shopping. Product quality & service assurance affects online customers' comfort and satisfaction (Al-Jahwari, Rahman Khan, Al Kalbani, & Al Khansouri, 2018). In addition, the products that have a high demand from customer always run out of stock in stores which influence customers to buy the technology product through online. Finally, when companies able to fulfilling customer satisfaction, companies able to gain customer trust which will make them repeat buying the product from the seller. Moreover, companies also able to boost their sales and profit when they able to satisfy their customer expectation.

1.2 Problem Statement

Electronic marketplace is a type of e-commerce site where they provide variety of product to attract customer attention. According to Malaysia Digital Economy Communication (2018), in 2020, Malaysia want to achieve 21% e-commerce growth where in 2016, the growth of e-commerce platform has increased to 6.1% compared to 5.9% in 2015. With the growth of e-commerce platform in Malaysia, the competition between companies that sell technology products are high. Companies will faces a lot of challenges to stay in market. The challenges that they will faces are price competition with their competitors and their product quality. According to Schlosser, Boissier, Schober, & Uflacker (2016), online seller faces high challenges on pricing on e-commerce platforms it is because they need to compete with many of competitors, determine the prices for a large number of products, and face changing market situations. Therefore, companies need to find the strategy to attract customer attention to buy their product. To overcome this problem, this research will help companies to find out what will influence customer satisfaction towards online shopping for technology product. Moreover, when companies able to identify the factors that will influence for customer satisfaction, it will be one of their competitive advantage for them to stay compete in the market.

Furthermore, electronic marketplace was widely popular and has influence most of people in the world to online shopping, however it can be seen, with the various types of technology products that offered by the seller, low quality of product is the problem that customer faced in online shopping (Sivanesan, 2017). Hence, companies that selling technology need to grab this opportunity by selling a high quality product and others factor to influence the customer satisfaction which can help for them to stay compete in market.

1.3 Research Objective

The research on customer satisfaction towards online shopping of technology product is developed with several objectives. Therefore, these research comes out with several objectives:

1. To identify the relationship between product quality and customer satisfaction towards online shopping for technology product.
2. To identify the relationship between price and customer satisfaction towards online shopping for the technology product.
3. To identify the relationship between service quality and customer satisfaction towards online shopping for the technology product.
4. To identify the relationship between emotional factors and customer satisfaction towards online shopping for the technology product.
5. To identify the relationship between facility and customer satisfaction towards online shopping for the technology product.
6. To identify the most significant factor that influence customer satisfaction towards online shopping for technology product.

1.4 Research Question

Based on the above research objectives, these research question are comes out as follow:

1. What are the relationship between product quality and customer satisfaction towards online shopping for technology product?
2. What are the relationship between price and customer satisfaction towards online shopping for the technology product?
3. What are the relationship between service quality and customer satisfaction towards online shopping for the technology product?
4. What are the relationship between emotional factors and customer satisfaction towards online shopping for the technology product?
5. What are the relationship between facility and customer satisfaction towards online shopping for the technology product?
6. What is the most significant factor that influence customer satisfaction towards online shopping for technology product?

1.5 Scope of Study

This research examines the customer satisfaction towards online shopping for technology product. The scope of this research is to identify the factors that influence customer satisfaction towards online shopping. Furthermore, this research found the most significant factors that may influence customer satisfaction towards online shopping especially for technology product. Other than that, the researcher state the information about online shopping, technology product and customer satisfaction in the literature review. Besides, the factors that may satisfy the online customer were discussed. Furthermore, the proposed integration of those factors, conceptual framework is presented followed by hypothesis of this research. The targeted respondent will focus on citizens of Melaka states who, using internet for shopping especially for technology product. The result of this research will show the most significant factor.

1.6 Limitation of Study

In this study, the researcher found some limitation when conducting this research study. Time constraint is the one of the factor that researcher faces while conducting this research where researcher need to carry out the questionnaire in the approximate time given. Due to the time limit, the researcher is unable to obtain as much data from the respondent and analyse the customer satisfaction towards online shopping for the technology product is quite hard. Other than that, researcher also need to identify customers that buy technology product through online to become as a respondent for this research study which is one of the limitation of this research study.

1.7 Significance of Study

The major objective for this research is to identify the customer satisfaction towards online shopping for technology product. The result of this research can be utilized by companies or businesses, who runs the online business especially for companies that selling technology product where it can help companies to improve their business quality that can drive for customer satisfaction. Through this research, companies able to find out about the factor that can exceed their customer satisfaction level. It is important for companies to know the factor that influence for customer satisfaction when they online shopping because when customer enjoy while online shopping, it will help companies to boost their sales and profit. Therefore, customer satisfaction play an important role because it will affect seller's business and companies need to always improve their businesses which to exceed their customer satisfaction level and to help the company to plan their marketing strategies.

1.8 Summary

In this chapter begins with a brief introduction and the background of the study followed by the problem statement, research objective, research question which are the main content in this chapter. Besides, in this chapter also discussing about the scope of study and limitation that researcher were faced while doing this research. Lastly, will ended with significant of study which discussing about the contribution of this research. In coming chapter 2, will be discussing about the literature review.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

Literature review is a critical and in-depth evaluation of past research, which researcher analyse the past research that include contribution of current knowledge to a specific topic. For this research online shopping, technology product, customer satisfaction as well as the factor that influence customer satisfaction is discussed. The sources for obtaining information on past research are from the journals, articles, and internet.

2.1 Online Shopping

According to Gupta, Bansal, & Bansal (2013), online shopping or online retailing is a form of electronic commerce that enables customers to use a web browser to buy goods or services directly from a vendor over the Internet and the major types of business model in online shopping which are business-to-customer (B2C) and business-to-business. Business-to-customer defined seller directly selling their goods or services to the end user while business-to-business refers to the model a company sells to another. Online shopping allows customer or other businesses to use internet for purchasing goods or services directly from the seller without involve any party.

The technology development allows customer for using internet extensively where they can use the electronic marketplace of online shopping anywhere at anytime for buying and browsing goods and services directly to the seller.

Industry revolution 4.0 have given a big impact in our lives where Internet play an important role in daily live. The number of internet user for online shopping are increase every year shows that online shopping had brings a lot of benefit to customer. According to Malaysian Communication and Multimedia Commission (2018), the number of internet user for online shopping in 2018 is 53.3% compare to 48.8% in 2016 which shows that the number of internet user for online shopping are increasing about 4.5%. There are many factors that influence customer to online shopping than shopping at physical store. The major factors that influence customer to online shopping are usefulness, ease of use and enjoyment (Ramlan & Omar, 2011). There are some benefits for customer that influence them to online shopping which are perceived convenience, perceived control, perceived variety and perceived enjoyment (Akram, 2018). All the factors are able to give benefits to customer when they choose to online shopping which can give satisfaction to them. The information that customer will get from the internet about the product such as review about the product will influence customer to shop online. Other than that, by using online shopping, customer able to choice variety of product and also can compare the price between the electronic marketplace and pick the lowest price or good value for money.

Online shopping have given many advantages to the customer such as it convenient without time restrictions and easy to use where customer able to online shopping for 24 hours in a day and 7 days in a week. However, online shopping also give a several problems or disadvantage to the customer compared to the shopping in the physical store. According to (Gupta et al., 2013), there are a few problems that customer faced when they online shopping which are customer do not have opportunity to have a physically examination towards the product, customer does not have an opportunity to negotiate with the seller especially about the price, they will face with high risk for damaged goods and security problem. The problems of online shopping that customers will be faced makes them feel hesitates to online shopping especially for a new online shopper.