Faculty of Technology Management and Technopreneurship

FACTORS INFLUENCING ONLINE CUSTOMER'S SATISFACTION AND LOYALTY ON SHOPEE SELLER

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Bachelor Degree in Technopreneur with Honours

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The thesis submitted in partial fulfillment of the requirements for the award of Bachelor Degree in Technopreneurship with honour

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SUPERVISOR DECLARATION

"I/We hereby declare that I/We had read through this thesis and in my/our opinion that thesis is adequate in terms of scope and quality which fulfil the requirements for the reward of bachelor Degree of Technology Management (Technopreneurship with honour)

Signature

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Date   :30/1/2021

Signature

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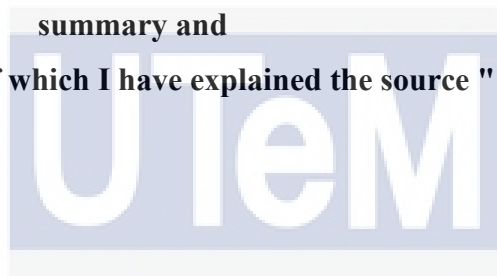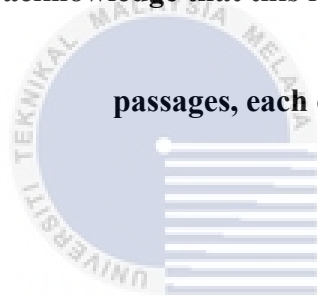Name of Panel   : PROF. MADYA DR. NORFARIDATUL AKMALIAH
OTHMAN

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DECLARATION

"I acknowledge that this report is the result of my own work except for the summary and

passages, each of which I have explained the source "

Signature   :

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Name : AZREEN SYAFIQAH BINTI AZINUDDIN

Date : 23/1/2023

DEDICATION

This thesis dedicated:

I would like to dedicate the success of this project research especially to my parent which is my Roshida binti Azinuddin and Azinuddin bin Mat din. This report will be dedicated to them because I want to thank that for all the sacrifices that they made for me while I have studies at this university. Secondly, this dedication is given to my friend who have helped in emotional support, advice and encouragement to make and complete this report. Not forget to my supervisor, Dr Fam Soo Fen for helped me while completing this Final Year Project thesis report

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ABSTRACT

Problem statement - To understand the factors that affect customer satisfaction so that they can become loyal customers.

Research objective - To identify factors influencing online customer satisfaction loyalty on Shopee seller, to analyses data for factors that influencing online customer satisfaction loyalty on Shopee seller, and to justify factors influencing online customer loyalty on Shopee seller the most

Respondent - The respondents who answered the survey were 215 respondents, but the analysis only took 204 respondents due to the fact that 11 respondents did not have a Shopee account.

Method - Pearson r correlation and multiple regression

Findings - Perceived value and customer expectation has effect toward customer satisfaction but customer trust and customer complaint does not have any effect on customer satisfaction
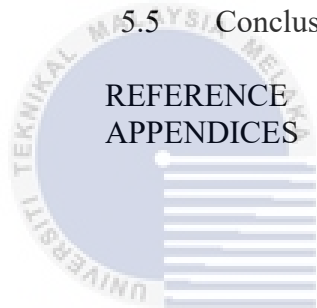
Keyword: *perceived value, customer trust, customer expectation, customer complaint, customer loyalty customer satisfaction, Shopee seller*

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CONTENT

CHAPTER 5   DISCUSSION AND RECOMMENDATION

CHAPTER 1

INTRODUCTION

This chapter describes an overview of the study conducted by the researcher. There are several sections is divided in this chapter to facilitate the researcher's understanding to achieve the objectives of the study. The background of the study, problem statement, research question, research objective, and limitations of the study will be given focus in this chapter.

1.0 Background of The Study

Shopee is one of the e-commerce platforms that can be considered famous because almost all Malaysians know Shopee. An orange-white platform with a background that is able to attract the interest of anyone who sees it. Shopee is a customer-to-customer (C2C) platform (SEOves, 2022). Shopee allows the seller to open an account to sell and the account opened by the e-retailer can also buy like a regular customer. Although, they can use their business account as a regular user, to create an e-retailer selling session need to open a specifics website provided by Shopee and the website is the Shopee Seller Centre.

Customer expectation is the first thing a customer will have before purchasing goods or services and expectations vary according to the individual (David M. Gligor & Michael J. Maloni, 2021). Customer expectations are sometimes high and sometimes low depending on the perceived value provided by the company to them. The study will

show how customer expectations change to customer loyalty after going through several factors, including perceived value, customer satisfaction, customer trust, and customer complaining. Quantitative methods will be used to achieve the study's objectives.

The goal of this research is to help Shopee sellers on to become worth seller that can gain customer loyalty.

1.1   Problem Statement

As common knowledge, electronic commerce or e-commerce is a marketplace that uses the Internet to conduct buying and selling transactions. Currently, e-commerce is a "common" market where society makes purchases without leaving home. It became popular among urban and rural areas consumer (Dwi Nita Aryani,2021). E-commerce simplifies not only purchasing but also selling. A company is also allowed to choose any e-commerce platform to conduct business. The company that open business in internet are called it as e-retailer or e-reseller. E-commerce can be done using any device such as smartphones, tablets, laptops, and computers.

Shopee have become something that can be considered common among Malaysians. Shopee is an e-commerce that regularly gives discounts, coupons, and coins to customers. Shopee is a well-known C2C company in Malaysia. Customer can make a purchase any type of merchandise except an asset like house or car. Shopee is an e-commerce platform that benefits both consumers and sellers.

However, Shopee is the third platform that allows sellers to open their stores there. It is certain that this will cause fierce competition for sellers to sell and get customers who are loyal to buy in their stores. Loyal customers are customers who are satisfied after buying from the store once and they come to buy again from the store. Additionally, the researcher believes there are definitely features that are taken into account by customers when making purchases on Shopee. This is important for the

Shopee seller to take care to ensure that the customer is satisfied with their shop setup on Shopee. This study was conducted to help Shopee sellers to understand the factors that affect customer satisfaction so that they can become loyal customers.The factors presented have been supported by previous studies.

1.2   Research Question

The researcher purposes three (3) questions to achieve the objectives of the study. The research questions are:

RQ1: What factors influence customer satisfaction and loyalty on Shopee sellers?

RQ2: How to analyses factors that influence customer satisfaction and loyalty on Shopee sellers?

RQ3: Which are factors influence customer satisfaction and loyalty on Shopee sellers the most?

1.3   Research Objectives

This study was conducted to achieve the 3 objectives of the study to be achieved by the researcher. The following are the objectives of the study presented by the researcher:

RO1: To identify factors influencing online customer satisfaction and loyalty on Shopee seller

RO2: To analyses data for factors that influencing online customer satisfaction and loyalty on Shopee seller

RO3: To justify factors influencing online customer satisfaction and loyalty on Shopee seller the most

1.4 Scope of Study

This research was conducted in Malaysia. The research will use the entire state in Malaysia taken under consideration to obtain accurate and valid results. Although the people in Malaysia are not only Malaysian citizens, but there are also non- Malaysian citizens. Therefore, the researchers conducted the study more focused on Malaysian citizens. Also, the study was conducted on e-commerce consumers who have accounts on Shopee. In addition, consumers who have their own income or not are also a measurement value in the research conducted. This study focuses more on factor influencing customers' "expectations" that become customer loyalty.

1.5 Importance of Study

Firstly, the knowledge will help researchers in learning more about the factors that influence the customer satisfaction barometer of e-commerce users. Second, the researcher is able to increase current knowledge and further understanding of the relationship between customer expectations and customer loyalty that involves several independent variables. Third, this research was carried out in order to answer the researcher's questions and objectives for the study. In addition, the study conducted is also able to help companies or organizations in terms of improving the quality of service or sales to customers by understanding the factors that affect customers so that customers become loyal to the company.

1.6   Key Assumption of the study

There are several assumptions that researchers put forward for the success of this research. First, the questionnaire distributed to respondents has a sufficient sample size for the research to be conducted. Second, the respondents' responses were genuine and accurate. Third, the target sample and the data obtained are adequate. Fourth, the questionnaire's respondents were Shopee users.

1.7   Thesis outline (Summary)

Overall, the background of the study has been discussed in Chapter 1, where consumers' shopping habits have shifted from offline to online shopping, and the researcher believes that the e-retailer and researcher must understand factors that influence customer loyalty in order to substance business in the current or new field. Consumers are no longer what they once were. The goal of this research is to help e-retailer on to become worth seller that can gain customer loyalty.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter will explore previous studies that are important to the context of the research that the researcher will conduct. Previous ideas and models will be used as a reference and guide to support the current research's outcomes. In addition to identify factors that influence the customer satisfaction barometer on e-commerce consumers.

2.1 Online Shopping Consumer Behaviour

(Rusnifaezah Musa, et al, 2022) stated that consumer behaviour can change when shopping online. The study conducted by researchers showed that 6 independent factors influence consumer behaviour when they purchase online. The researcher identified 6 factors that can impact online consumers: customer happiness, security, site design, convenience, delivery, and product brand. Furthermore, the research said that the purchasing habits of internet consumers can be changed when they use any social media or e-commerce platform. The data show consumers take time before making any purchase of a product or service without reading information from individuals who have experienced the purchase of a product or service, especially information on social media and e-commerce platforms. According to the findings of the researcher's study, there are both negative and positive experiences that consumers have when purchasing things or

services online. Consumer behaviour differs when using the services offered by e-commerce. This difference can be seen from the perspective of 6 independent factors presented by the researcher, which include security when making payment transactions, informative site design, the convenience offered to the consumer, fast delivery, and product brand that users want.

(Dwi Nita Aryani, et al, 2021) conducted a study on 200 respondents involving Malaysian and Indian consumers when the Covid-19 pandemic hit the world. Researchers have conducted research investigations on consumers' preferred ways of shopping, reasons for choice, transaction problems that consumers confront, and consumer experience in dealing with online purchase transaction issues. This research allows consumers to make choices in their preference answers either through online purchases or traditionally. Digitization has resulted in consumers benefiting in consumer lives as consumers can find high-quality products or services and even digitization can meet the individual demands of consumers and is considered to be convenient for either metro or non-metro consumers. However, traditional purchases have traditionally allowed consumers to touch, view, and feel the object before purchasing, but digital shopping does not. The conclusions of research show that traditional purchasing methods are still prevalent in Malaysian and Indian society, especially in the purchase of daily groceries such as wet or dry goods. If the product is other than everyday items, respondents choose to make an online purchase because they can make comparisons between sellers offering similar deals. This research also allows Malaysian and Indian respondents to give individual opinions or suggestions on how to improve shopping methods from the owner's point of perspective such as enhancing customer services, advertising, promotion, SOP, use of e-wallet payment, arranging merchandise, and a variety of goods.

(Wann-Yih, et al, 2018) used an online survey method to perform a study on online buying behaviour with 505 respondents who had previously done so. According to a study conducted by researchers, three crucial aspects influence consumer behaviour while purchasing online: trust, appreciation, and attitude. The study of the researcher is

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primarily concerned with utilitarian and hedonistic aspects. This study intends to incorporate utilitarian and hedonistic elements by examining their impact on individual and firm attitudes, satisfaction, and repurchase intentions. According to a study conducted by researchers, three crucial factors influence consumer behaviour while purchasing online: trust, appreciation, and attitude. The study of the researcher is primarily concerned with utilitarian and hedonistic factors. This research aims to integrate both utilitarian and hedonistic factors by assessing their influence on attitudes, satisfaction, and repurchase intentions from individuals and firms. The researcher also stated that the purpose of this study was to develop an integrated framework. The integrated framework created by the researchers is related to consumer attitudes toward internet buying. The researchers attempted to construct an integrated framework that includes parts of intellectual and emotional states that customers experience when purchasing online. The previous study in the researcher's article said almost a similar thing. The previous researchers have implemented it to focus more on individuals' rational and emotional decisions in online purchases at that time. Even a more comprehensive framework is rare in previous studies. There are three results that researchers obtained from the results of the study that is the antecedent effect on innovation of online shopping intentions, the functional-related website design that influences aspects of consumer behaviour with there are three results that the researcher obtained from the results of the study, namely the antecedent effect on the innovation of online shopping intentions, the functional-related website design that influences aspects of consumer behaviour effectively and personality differences are also factors that influence consumer behaviour. The results obtained in this research are more focused on the nature of consumers who make online purchases involving electronic commerce.

The conclusion that can be obtained from previous studies on online shopping consumer behaviour is that several factors influence consumer behaviour These element factors affect the way or method of purchase made, reasons for choice, transaction problems that consumers face, and consumer experience in dealing with online purchase transaction issues. However, customer satisfaction can change individuals based on personal reasons and current behaviour.

2.2   Customer Satisfaction Original Framework Model

2.2.1   Swedish Customer Satisfaction Barometer

(Eugene W Anderson, 1996) This study focuses on the relationship between consumer satisfaction and price tolerance. The Swedish Customer Satisfaction Barometer (SCSB) model was used by the researcher to achieve the study's goals and hypotheses. Researchers want to know if there is a positive or negative relationship between satisfaction and price tolerance. According to the researchers, the research is an attempt to understand the level of price that customers are willing to pay before switching to a different product. Past studies in research state that SCSC will provide data in the form of estimating for a specification that the researcher. Researchers collected data from 14 businesses using a computer-assisted telephone survey method. The time taken to conduct a telephone interview takes an average of 8 minutes per call. The researcher asked related questions such as customer expectation and perceived quality. The information gathered has a foundation that measures key constructs to represent the level of customer satisfaction, including the index of each firm. The researcher stated that previous studies using the SCSB method did not study the price tolerance variable as a whole. The researcher's most important reason for the data obtained through the SCSB method is that data is in the form of "expected" or estimate. SCSB needs to collect an estimate of 200 respondents for each firm for a year and the researcher noted that the estimate is a small estimate for the business-to-business (B2B) category. According to past studies, the researchers showed that SBSC data were collected by 503 firms with an equivalent of 102,271 total data for individual observations. The results of the study obtained from 14 firms show that the maximum price increase that can satisfy customers is the price that customers are willing to pay before customers change the goods to other goods. According to studies results, lowering the price elasticity of demand by 0.6 percent can increase customer satisfaction by 1%.
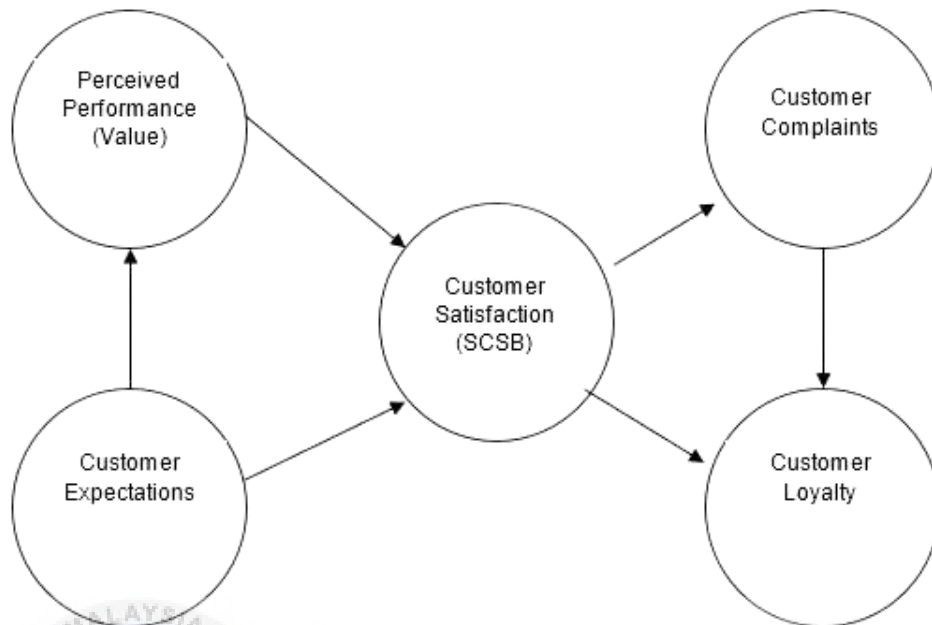
Fig. 1. The original SCSB Framework Model Eugene W Anderson (1996)

2.2.2 American Customer Satisfaction Index

(Samir Boujaddaine, et al, 2021) have stated that customer satisfaction studies conducted by many researchers are more focused on marketing. For researchers, the definition of satisfaction in marketing activities cannot be measured comprehensively. Various other sectors influence the exact definition of customer satisfaction itself. The study conducted by the researchers focused on the mobile banking sector in the country of Morocco. The American Customer Satisfaction Index (ACSI) was used to test the researchers' 10 hypotheses of the study. Researchers state that when a company focused on customer satisfaction, a company wants to improve its quality of service. The main objective of the researcher's study is to develop a proposed conceptual framework to answer the research question of whether the ACSI model can clarify customer behaviour in Morocco's mobile banking sector. The conceptual framework is used to measure customer satisfaction with mobile banking. 7 original frameworks were studied by the researcher before the proposed conceptual framework was created. According to the

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study, the 7 original frameworks from the Customer Satisfaction Barometer (SBCS), American Customer Satisfaction Index (ACSI), Swiss Satisfaction Index (SWICS), Russian Customer Satisfaction Index (RCSI), Hong Kong Consumer Satisfaction Index (HKCSI), Norwegian Customer Satisfaction Index (NCSI), and European Customer Satisfaction Index (ECSI) were analysed. A total of 530 survey question forms were distributed to Moroccan mobile customers, with 504 responses received. Researchers use a structural equation modelling (SEM) approach to analyse the study. A confirmatory factor analysis (CFA) was used. The study's findings indicate that the proposed framework presented by the researchers can help identify affect other important factors that can be used to improve Moroccan mobile commercial banking. The use of this framework is successful where there is a significant effect on customer satisfaction with other factors such as reasonable transaction fees, or low fees interbank transfers.
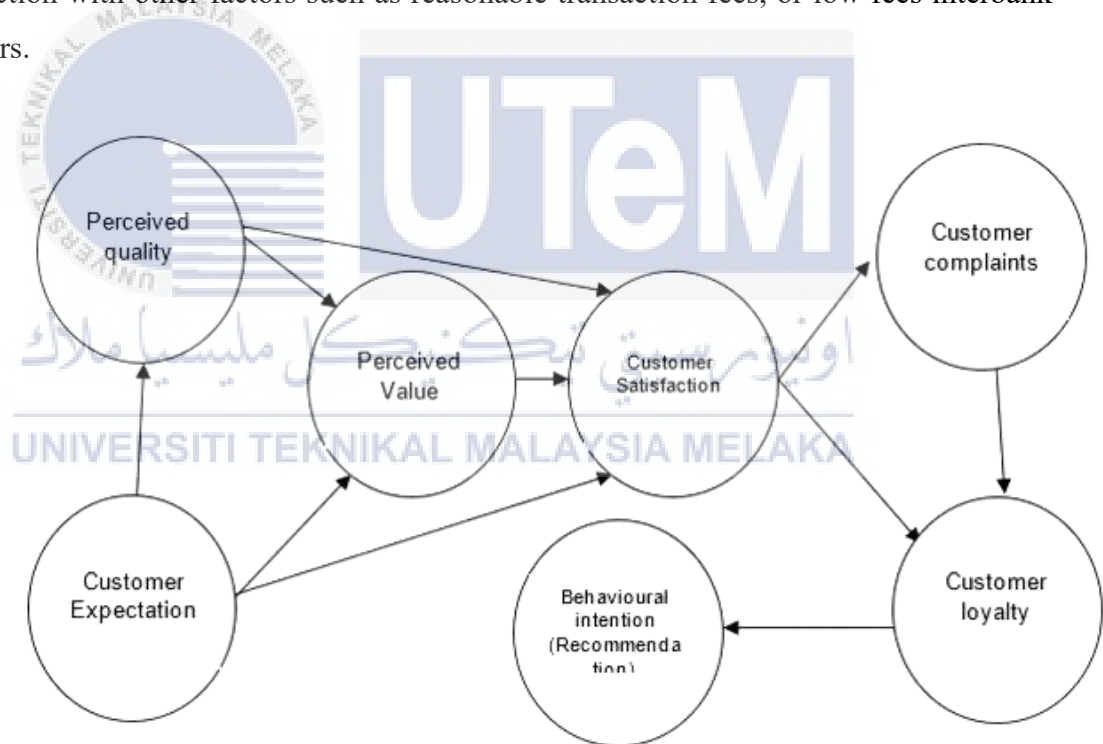

Fig. 2. The ASCI Framework Model from Samir Boujaddaine (2021)

2.2.3 The Causal Loop Diagram

(Rahajeng Puput Aryani & Manahan Siallagan, 2021) conducted a study on customer satisfaction in Indonesian public transportation. Studies were conducted to measure consumer satisfaction to improve the quality of services of transport companies. Index measurement was used for data analysis. A linear thinking technique is used in this study. A linear thinking technique is able to show a particular point of view continuously and this is appropriate when data is needed to be analysed frequently. Researchers also stated that their goal is to better understand the structures generated by customer satisfaction in a more systematic approach and solve "common" problems occurring in Indonesian public transport. The proposal structures introduced by the researchers are references from The Causal Loop Diagram (CLD). The structure or diagram in their study can be divided into several parts based on the hypotheses that the researcher is attempting to achieve. The sections are Balancing 1 (B1), Balancing 2 (B2), Balancing 3 (B3), and Reinforcing (R). The findings indicate that there are still many other factors that influence the process of creating a customer satisfaction structure in the use of transportation services.
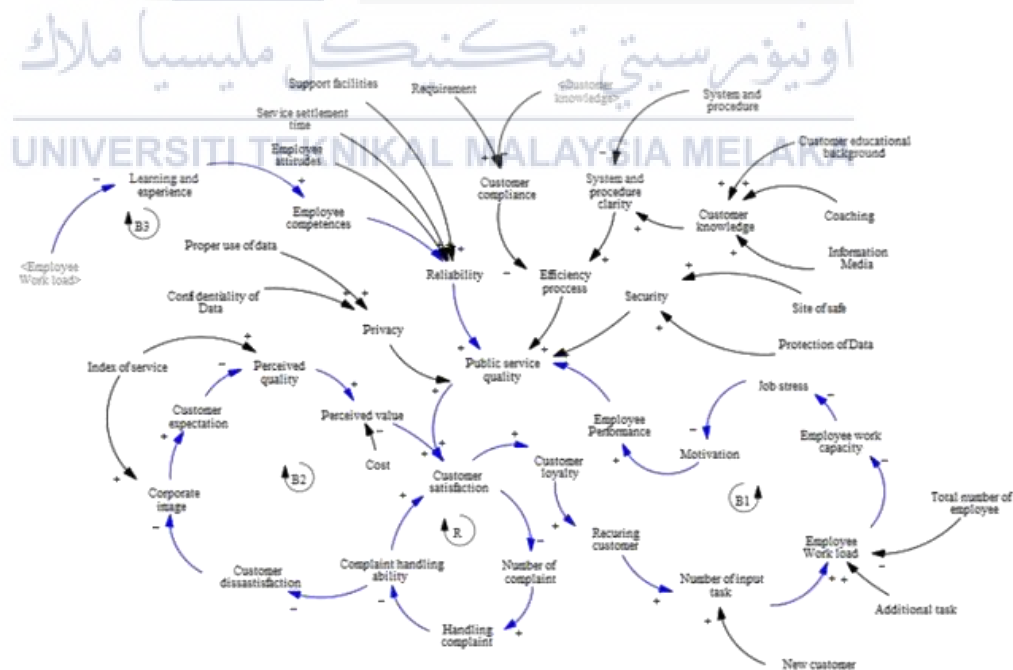

Fig 3. The whole proposed diagram by Rahajeng Puput Aryani (2021)