FACTORS THAT INFLUENCE CUSTOMER SATISFACTION TOWARDS ONLINE PURCHASING IN KLANG VALLEY AREA, MALAYSIA

Nor Laila Binti Hassan[1], Roslina Bt Ahmad[2] and Umi Kalthom Binti Abdullah[3]

[1] Department of Commerce, Politeknik Sultan Salahuddin Abdul Aziz Shah, 40150 Shah Alam, Malaysia
[2] Department of Commerce, Politeknik Sultan Salahuddin Abdul Aziz Shah, 40150 Shah Alam, Malaysia
[3] Department of Commerce, Politeknik Sultan Salahuddin Abdul Aziz Shah, 40150 Shah Alam, Malaysia

ABSTRACT

Online shopping has to gain popularity significantly worldwide in the last few years. Malaysia is no exception, but although Malaysian consumer has embraced online commerce and e-shopping, it seems to lag behind the rest of the world where this development is concerned. This study aims to look into predominant factors which influence customer online purchasing satisfaction and to assist Malaysian retailers in developing the correct strategies for online sales. With the finding from this study, Malaysian retailers can convert potential customers into real customers and retain them. This study specifically examines the five key factors that influence customer satisfaction in online purchasing in Klang Valley Area, Malaysia. A sample of 250 respondents who were online purchasers was used, and quantitative research was conducted using a structured questionnaire. Simple random sampling technique was chosen in collecting data of this study. Regression analysis showed that physical product aspect, marketing aspect, logistic aspect, and customer service aspect were positively influential on customer satisfaction towards online purchasing. For future researches, a proposition of sampling in other areas is advised for expansion of retailers and gaining a more in-depth view of the significant factors affecting the success of online shopping business in Malaysia.

Keywords:
customer satisfaction, physical product aspect, marketing aspect, logistic aspect, payment & security aspect, customer service aspect, online purchasing

1. INTRODUCTION

Online shopping has revealed a remarkable growing in the previous centuries in spite of the vagueness of the world business today [1]. Malaysia is expected to increase to over RM1.9bil by the year 2016 only for the online shopping market [2]. The scenario encourages an extreme rivalry in the market and to continue competitive; online traders need to identify effective ways in order to satisfy their customers' needs and wants [3]. Nevertheless, online shopping in Malaysia is considered as approximately different; hence, the dealings are not widely used and boundless. Besides, the online transactions are still not safe and secured in terms of protection to its method of payment and the risk of unauthorized disclosure of information [4].

An ultimate considerate towards factors affecting online customer satisfaction is of infinite importance to e-commerce [5]. Customers generally, when they are satisfied with a company or service, they will tend to share their experience with others [6]. Hence, businesses also are essential to consider their customers' gratification because this will earn a positive review of their products, recall customer's trustworthiness, as well as attract possible customer [3]. Previous research has shown that few crucial influences control customers' satisfaction and thus, online trades should be well versed with these factors to ensure customer's satisfaction in the industry. Physical product quality aspect is the main key factors to determine the excellence performance of each good or service [7]. The internet has currently become truly global phenomena due to virtual reality displays that test new products to online virtual stores that sell them, and the technology explosion is affecting every aspect of marketing [8]. Furthermore, logistic factors mean the technique of delivery of the products and services, and it is the link between customers and providers in order for them to fulfill several of logistic needs. Logistic also refer to delivery performance and service which refer to aspects such as speed of delivery, tracking and tracing, accuracy of delivery and communication with customers regarding possible delays in delivery [9] .

Besides, payment and security aspect is also considered as one of the critical issues that are being taken indeed by the online customers [10]. The online transaction needs to have the full measure of security which is defined to include the capability of the website to protect the personal information of the customers from any illegal use of information revelation during the electronic deal [3]. Finally, customer service plays a significant part in online customer satisfaction. Prompt responses need to be provided in order to address customer concerns and inquiries on an immediate basis [11]. The customer representatives should be able to assist the customer in solving problems as soon as they occur. This is important because the ignorance/neglect of customer inquiries may cause customer dissatisfaction. The customers seem to be highly satisfied when the quality of customer service is exceptional [12]. Once all these influences are adeptly agreed, customers' satisfaction will increase and subsequently recover the commercial performance or the demands.

2

The goal of this research is to examine the relationship between physical product aspect, marketing aspect, logistic aspect, payment, and security aspect and finally, customer service aspect with customer satisfaction.

Five hypotheses have been developed for this study, which is given below: -

H_1:   There is a relationship between physical product aspect and customer satisfaction toward online purchasing.

H_2:   There is a relationship between the marketing aspect and customer satisfaction toward online purchasing

H_3:   There is a relationship between the logistic aspect and customer satisfaction toward online purchasing

H_4:   There is a relationship between payment and security aspect and customer satisfaction toward online purchasing

H_5:   There is a relationship between customer service aspect and customer satisfaction toward online purchasing

2. METHODOLOGY

Data Collection

Researchers considered it as a correlation study [13] which tried to study the arithmetical connection among the online customer satisfaction with few factors like physical product aspect, marketing aspect, logistic aspect, payment and security aspect and customer service aspect. According to [14], a list of all target in the selected population is considered as the sampling frame. Population differs than sampling frame whereby population it includes every single person in the population, whereas the sampling frame is more specific. 250 samples of customers were attained from the Facebook App. This is for the reason that Facebook App is the most well-known and more users in Malaysia. There are around 97.3% (23.83 million) of Malaysian having a Facebook account [15]. Based on [16], the following rules of thumb for appropriate research is that the sample sizes must be larger than 30 and less than 500. As for this study, 250 respondents in Klang valley area were used to participate

3

in this survey online. The questionnaires survey was posted randomly using Google Form to Facebook, and respondents were encouraged to fill the form.

Data Analysis

In order to know whether all the five variables have a connection to the customer satisfaction towards online purchasing in Malaysia, the researchers used Statistical Package for Social Sciences (SPSS).

3. RESULTS AND DISCUSSION

Table 1: Summary of Respondents' Demographics

Response	Frequency	Percentage (%)
Gender		
Male	118	47
Female	132	53
Age Group		
Below 20 years' old	78	31
21-35	119	48
36-50	46	18
51 and above	7	3
Education Level		
Diploma	80	32
Degree	101	40
Master	34	14
PhD	7	3
Others	28	11
Occupation		
Students	156	62
Government sector	25	10
Own business	27	11
Private sector	42	17
Online shopping experience		
Less than a year	66	26
1-3 years	100	40
3-5 years	48	19
5-7 years	22	9
7 years and above	14	6

Type of good you prefer to buy through online		
Grocery	16	6
Books	25	10
Clothes	89	36
Food & Beverages	17	7
Stationery	29	12
Home product	26	10
Electrical appliances	18	7
Fashion accessories	27	11
Others	3	1
Type of service you prefer to do through online		
Tourism	62	25
Banking	93	37
Insurance	24	10
Transportation & logistic	62	25
Const. & maintenance	6	2
Others	3	1
How often/frequently you buy online?		
Once a week	45	18
Twice a week	47	19
Twice a month	69	27
Once in 6 months	89	36

Table 1 displays the demographic profiles of respondents which were divided into gender, age, educational level, occupation, online shopping experience, good prefer to buy online, type of service prefer to do through online and lastly how often customers buy online.

Reliability Analysis

Table 2: Reliability Analysis

NO	CONSTRUCTS	CRONBACH'S ALPHA	NO OF ITEMS
1	Customer's Satisfaction	0.956	6
2	Physical product aspect	0.817	6
3	Marketing aspect	0.800	6
4	Logistic aspect	0.770	6
5	Payment & security aspect	0.768	6
6	Customer service aspect	0.794	6

According to [17], the reliability coefficient of not less than 0.7 is usually acceptable. As shown in Table 2, the result of the reliability test for this study shows more than 0.70.

Correlation Analysis

Table 3: Correlation

		CS	PPA	MA	LA	P&SA	CSA
CS	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	250					
PPA	Pearson Correlation	.793**	1				
	Sig. (2-tailed)	.000					
	N	250	250				
MA	Pearson Correlation	.608**	.551**	1			
	Sig. (2-tailed)	.000	.000				
	N	250	250	250			
LA	Pearson Correlation	.666**	.684**	.576**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	250	250	250	250		
P&SA	Pearson Correlation	.271**	.261**	.234**	.202**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	250	250	250	250	250	
CSA	Pearson Correlation	.723**	.760**	.616**	.621**	.261**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	250	250	250	250	250	250

**. Correlation is significant at the 0.01 level (2-tailed).

To examine the bivariate relationships among the variables, the researchers used Pearson Analysis. Table 3 shows the connection between independent variables which comprise physical product aspect, marketing aspect, logistic aspect, payment, and security aspect and customer services with a dependent variable which was customer satisfaction toward online purchasing. All values in this likely is a smaller amount than 0.9, which

specifies that there is no multicollinearity problem. The relationship results between is among 0.271 and 0.793.

Regression Analysis

Table 4: Regression Analysis

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error Of the Estimate
1	.834[a]	.695	.689	.20752

ANOVA[b]

	Model	Sum of Squares	df	Mean Square	F	Sig.
	Regression	23.930	5	4.786	111.128	.000[a]
1	Residual	10.508	245	.043		
	Total	34.438	250			

Coefficients[a]

Model	Unstandardized Coefficient		Standardized Coefficient	T	Sig.
	B	Std. Error	Beta		
(Constant)	.845	.100		8.411	.000
PPA	.351	.045	.470	7.813	.000*
MA	.100	.031	.150	3.175	.002*
LA	.111	.041	.140	2.715	.007*
P&SA	.025	.024	.039	1.043	.298
CSA	.119	.040	.176	2.986	.003*

a. Dependent Variable: CS

Results from Table 4, point out that the R value=0.834, R Square=0.695, and adjusted R Square=0.689. The R Square displays that 69.5 percent of the customer's satisfaction can be explained by physical product, marketing, logistic, payment & security, and customer service aspects. Four variables namely physical product (β=0.470), marketing (β=0.151), logistic (β=0.140) and customer service aspects (β=0.176) showed significant influence to the customer satisfaction towards online purchasing whereby it indicated that the significant p-value of each connection was less than 0.05. However, only the payment & security aspect (β=0.039) was found did not have any significant influence on customer satisfaction towards online purchasing. Therefore, hypothesis H_4 is rejected, while hypothesis H_1, H_2, H_3, and H_5 are accepted.

Table 5: Review of the Hypotheses Finding

No	Hypotheses	Finding
1.	H_1: There is a relationship between physical product aspect and customer satisfaction toward online purchasing.	Accepted
2.	H_2: There is a relationship between the marketing aspect and customer satisfaction toward online purchasing	Accepted
3.	H_3: There is a relationship between the logistic aspect and customer satisfaction toward online purchasing	Accepted
4.	H_4: There is a relationship between payment and security aspect and customer satisfaction toward online purchasing	Rejected
5.	H_5: There is a relationship between customer service aspect and customer satisfaction toward online purchasing	Accepted

Based on Table 5, it was found that four out of the five predictor variables influenced customer satisfaction towards online purchasing. The influence of predictor variables on customer satisfaction can be explained by the adjusted R^2 value of 0.689, which means the predictor variables can inform 68.9% of customer satisfaction.

Among all five hypotheses, only H_4 has been rejected, and this has been agreed by [10] whereby in his research, it is stated that service and privacy features would only donate to the customers' trust towards that respective online retailer. Trust could not be used as an indication towards satisfaction, thus, resulting to the insignificance of the result. This result also similar to [18] who have found security to be irrelevance with satisfaction.

Furthermore, [19] believed that product factor and logistic factor could influence customer satisfaction towards online shopping. While [20], stated that customer service was definite as the overall assessment and decision of the performance for the quality of e-service that been offered in the virtual marketplace. Moreover, many marketing activities are currently technology-enabled owing to the growing extension of online marketing via the Internet [21].

4. CONCLUSIONS

This study was lead with the reason to evaluate customer satisfaction. The objective was to study the connection between online customer satisfaction and physical product, marketing, logistic, payment & security, and customer service aspects. Prior researches have shown that four variables are closely related to customer satisfaction, thereby excluding payment & security aspect. This study formerly tried to find out whether all these factors do show significant part in satisfying online purchasers in Malaysia. Thus, it is suggested that researchers to do more research on other pertinent factors which might touch customer satisfaction on online purchasing.

ACKNOWLEDGEMENT

REFERENCES

[1]   S. D. Lucking RD, "Business-To-Business Electronic Commerce," *Journal of Economic Perspectives,* pp. 15:55-68, 2004.

[2]   M. Ueno, "http://www.thestar.com.my/story.aspx?sec=bandfile=%2F2012%2F26%2Fbusin ess%F11695234," 2012. [Online]. Available: http://www.thestar.com.my/story.aspx?sec=bandfile=%2F2012%2F26%2Fbusine ss%F11695234.

[3]   X. L. K. a. L. M. Guo, "Evaluating factors influencing customer satisfaction towards online shopping in China," *Asian Social Science,* pp. 8 (13), 40-50, 2012.

[4]   A. H. &. A. Khatibi, "The Impact of internet marketing on customer satisfaction: A study Malaysian perspective," *Journal of Mobile communication,* pp. 1(1) 29-35, 2007.

[5]   K. L. K. Philip T. Kotler, Marketing Management, 12th Edition, Dartmouth College, 2006.

[6]   R. Nelson, "The importance of customer satisfaction," 2012. [Online]. Available: http://www.wparesearch.com/uncategorized/the-importance-of-customer-satisfaction/..

[7]   &. M. S. M. John C. Mowen, Consumer behaviour: A Framework: 1997, 1997.

[8]   P. &. B. S. J. Srisuwan, "Predicting online channel use for an online and print magazine: a case study," *Journal of Retail & Distribution Management,* pp. pp 122-132., 2008.

[9]   S. Rudansky-Kloppers, "Investigating Factors Influencing Customer," *International Business & Economics Research Journal*, pp. 1187-1198, 2014.

[10]   I. Mustafa, "Determinants of e-commerce customer satisfaction, trust, and loyalty in Saudi Arabia," *Journal of Electronic Commerce Research*, pp. 12(1), 78-93, 2011.

[11]   X. H. M. G. F. &. X. P. Liu, "An empirical study of online shopping customer satisfaction in China:A holistic perspective," *International Journal of Retail and Distribution Management,*, pp. 36(11), 919-940., 2008.

[12]   M. D. D. &. N. S. S. Dharmesti, "The Antecedents of online customer satisfaction and customer," *The Business &Management Review,*, pp. 7(2), 57-68, 2012.

[13]   R. J. B. Uma S. Sekaran, Research Methods For Business : A Skill Building Approach, New York, United States: John Wiley Sons Inc, 2016.

[14]   Stephanie, "statisticshowto.com: http://www.statisticshowto.com/sampling-frame/," 15 October 2017, . [Online]. Available: http://www.statisticshowto.com/sampling-frame/.

[15]   S. K. d. M. Malaysia, "Internet Users Survey 2017,1–52.," 2017.

[16]   R. a. W. John T. Roscoe. Holt, Fundamental research statistics for the behavioral sciences, 1975.

[17]   J. Nunnally, Psychometric theory (2nd Ed.)., New York: McGraw Hill, 1978.

[18]   L. a. B. F. Schaupp, "A conjoint analysis of online customer satisfaction," *Journal of Electronic Commerce Research,*, pp. 6(2), 95-111, 2005.

[19]   S. Rudansky-Kloppers, "Investigating Factors Influencing Customer Online," *International Business & Economics Research Journal (IBER),*, pp. 13(5), 1187., 2014.

[20]   V. S. A. K. &. Shankar, "Customer satisfaction and loyalty in online and offline," *International Journal of Research in Marketing,* pp. 20(2), 153-175., 2003.

[21]   E. G. John O'Connor, Marketing in the Digital Age, Financial Times Prentice Hall, 2001- Business & Economics, 2001.