

# Analyzing Online Customer Satisfaction: The Impacts of Perceived Benefits, Perceived Risks, and Trust

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## ABSTRACT

Online shopping is becoming more and more popular in China. This study investigates factors that might influence customer satisfaction towards online shopping. A theoretical framework was established to explain causal relationships between perceived benefits, perceived risks, trust in online shopping and customer satisfaction. Data was collected from 402 respondents who had experience in online shopping in mainland China. Correlations and regression analyses were done to reveal that three factors of perceived benefits (i.e., shopping convenience, product selection, and hedonic enjoyment), product risk, and trust in online shopping were significant predictors of customer satisfaction. Implications for e-marketers were discussed, and limitations and future research were presented.

## KEYWORDS

Customer Satisfaction, Online Shopping, Perceived Benefits, Product Risk, Trust

## INTRODUCTION

Alibaba's 2017 11.11

*Starting from 2009, Alibaba Group held the world's largest online shopping event on 11 November each year, known as the "11.11 Global Shopping Festival" This year, the event has been extended from a one-day shopping event on 11 November to a shopping festival that rolled out through 19 October to 11 November. Further validating the New Retail model to offer seamless online and offline shopping experience, and going global are the main themes this year. Alibaba reported 168.3 billion yuan (US\$ 25.3 billion) in GMV compared to the 120.7 billion yuan (US\$ 17.8 billion) last year. At 13 hours and 9 minutes into the sale, total GMV surpassed the total for the 24-hour sale last year. Sales growth was 39%. ... (Report from Asia Distribution and Retail, November 2017)*

*A return/rejection rate of 35% was recorded after this year's 11.11 Shopping Festival. Main reasons were poor effects, quality discrepancy with description and imitation brand. Clothing reached the highest rejection rate of 45%, due to color differences and sizes, etc. (Express Delivery Magazine, November 2017)*

Customer satisfaction is a judgment that the product or service provides a pleasurable level of consumption-related fulfillment, including levels of under or over fulfillment. It is important because it falls down an optimistic outcome from the specific resources and the fulfillment of unmet needs and wants. According to Khristianto, Kertahadi, and Suyadi (2012), customer satisfaction is commonly viewed as a result of comparison between the consumption expectation and experiences, and customer satisfaction is achieved when the final deliverable (i.e., experience) meets or exceeds a

DOI: 10.4018/IJRCM.2019010101

customer's expectation. Satisfied customers are most likely to have the intention to repurchase if the service provider reached or exceeded their expectation. Satisfaction and loyalty are the key elements that determine the success of market concept implementation. Identifying the variables of customer satisfaction is significant as it acts as a benchmark of the business performance, and it also serves as guidelines for future improvement (Alan & Yasin, 2010). Customer satisfaction may reduce the outflow of customers. The cost of attracting new customers is significantly higher than maintaining current customers and the intention of repurchase is higher and the loyalty of the customer to purchase in the same shop is stabilized when customers are satisfied with the products and services. Moreover, negative word of mouth would be reduced as satisfied customers are more likely to recommend their choice or to share their shopping experience to the people around. Simply, customer satisfaction is a reflection of business strategy and management. It helps an organization to monitor their business in a better way.

Internet is not only a global network for communication and information sharing, it has become a platform for transaction of products and services between suppliers and buyers. Many marketers, nowadays, are beginning to develop online product marketing. Online shopping is so popular today that some people predict that retail stores will decrease and gradually disappear in the end. The rapid development of online shopping provides business opportunities as well as flexibility and convenience for customers. Both suppliers and consumers seem to enjoy this type of transaction, however, influencing factors of customer satisfaction towards online shopping need to be explored to help online retailers to have a better management system, and to maintain a sustained and sound growth.

## **Perceived Benefits**

Wu (2003) described perceived benefits as meeting consumers' needs and wants by the sum of online shopping advantages and satisfaction. The potential benefits of online shopping for consumers involve in speed and convenience, various selection, low price, personal attention, and easy access to information (Zhou, Dai & Zhang, 2007). Forsythe, Liu, Shannon and Gardner (2006) proposed three dimensions of perceived benefits of online shopping: shopping convenience, product selection and hedonic enjoyment. Shopping convenience is perceived to be the ability to shop almost anytime from a variety of locations without visiting a store. Product selection is the availability of a wide range of products and product experience, custom designing products, etc. There is considerable empirical support for hedonic motives in online shopping (Parsons, 2002).

### ***Shopping Convenience***

Wolfenbarger and Gilly (2001) referred convenience as saving time and effort which consist of physical and mental effort. Consumers make online purchase for both convenience and enjoyment (Childers, Carr, Peck & Carson, 2001). The main reason that motivates consumers to shop online is conveniences (Swaminathan, Lepkowska & Rao, 1999), and it shortens the geographical distance. Jayawardhena and Wright (2009) proved that online shopping reduces travel costs and related barriers and increases efficiency in searching. Wolfenbarger and Gilly (2001) revealed that consumers can shop anytime and everywhere as long as they are able to get online. Convenient access to product information could facilitate and help shoppers' making an online purchase decision (Loshe & Spiller, 1999). Monsuwe, Delleart and Ruyter (2004) identified that convenience help consumers to make purchase decision efficiently. Consumers often love to compare prices from shop to shop as they want to buy their desired product with the cheapest price. They need to spend much time to walk around which requires more time and effort. But when they shop online, they can easily obtain necessary information and online shopping saves time and effort. Thus, online marketers need to ensure online shopping process easy and simple (Jarvenpaa & Todd, 1996). So, the following hypothesis is formulated:

**H(1):** Conveniences significantly and positively influence customer online shopping satisfaction.

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