Chapter 93
Customer Satisfaction in Online Shopping in Growing Markets:
An Empirical Study

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ABSTRACT

The aim of this study is to examine the factors affecting customer satisfaction in online shopping. The conceptual model for this study was developed based on the previous research in the online shopping context. In this research, ten hypotheses on factors affecting customer satisfaction in online shopping are outlined with empirical data from 337 respondents. Data was collected through a Google form. The regression results show that customer service, information quality, response time, transaction capability, delivery, merchandise attributes, security/privacy, convenient payment method, and price have significant positive influence on customer satisfaction in online shopping. From a managerial viewpoint, this study results provide support for investment decisions for customer satisfaction from online retailers in Malaysia.

INTRODUCTION

Customer satisfaction is one of the main topics in marketing, psychology, and consumer research. Researchers argue that customer satisfaction is the result of a customer's observation of the value received from the product or service what is expected in buying decision and needs associated with the buying. According to Zeithaml and Bitner (2003) satisfaction evaluate by the customers about particular product or service, to check whether it has met the expectations and needs. Researcher indicated that profitability of a firm is depending on the customer satisfaction (Zeithaml, 2000). As customers are the main source of firm's revenue, thus researchers and academician always giving importance on customer satisfaction research.

Purchasing through electronic medium is considered as online shopping where everybody can purchase any time and any location through Internet. There are many types of online shopping. In this research we considered business to consumer (B2C) online shopping where consumers buying their products and services directly from the online retailers. Now-a-days online business portals offers varieties of products to the consumers. Online researchers are well informed that annually online B2C sales volume increasing at a very high rate. According to Ecommerce Foundation (2016) globally 1.4 billion people purchase product and/or services at least one through online, in which they spent 2,272.7 billion dollars online with the annual growth rate of 19.9%. Another report eMarketer (2016) highlighted that it was expected to retail online sales 1.915 trillion dollar in 2016, accounting for 8.7% of total retail spending worldwide and also expecting by 2020 in Asia-Pacific total online retail sales will be 2.725 trillion dollars with growth rate of 31.5%.

In Malaysia online shopping fast gaining popularity because it is offering wide selection of goods and service and convenience shopping environment. Over the past few years due to increased penetration of mobile devices and affordable Internet services in Malaysia the e-commerce market has been growing steadily. According to HKTDC Research (2017) report, currently one third of total Malaysian buy product and services online. Another report by Euromonitor highlighted by HKTDC (2017) Research that online retail sales in Malaysia increased from MYR1.0 billion in 2011 to MYR2.4 billion in 2016, in which the average growth rate is 18.5%.

Due to the rapid growth of online shopping in Malaysia it is emphasizes the importance of focusing customer satisfaction issue while developing online retail store. According to Kim and Stoel (2004) customer will not return to the online outlet if they are not satisfied with their shopping experience through online. Compare to the developed countries online customers, Malaysian customers are different in terms of trust of buying through online. Customers in Malaysia are very cautious in buying decision and also they are very price sensitive. Thus, it is very important to Malaysian to examine the factors that affect online shopping satisfaction.

To gain competitive advantage, it is important to the companies to understand their customers very well, so that they can serve better and continuously. Researcher like Garver and Gagnon (2002) show that market orientation and customer satisfaction have direct relationship between customer satisfaction and organizational performance. In this competitive online business environment, it is also important for the online retail stores to know how to satisfy their customers. This will ultimately assist them to sustain their growth and market share (McKenney et al., 2002).

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