Factors Influencing Customer Satisfaction in Online Shopping

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Abstract – The study aims to determine the factors influencing customer satisfaction in online shopping among Malaysian youth. Online shopping is increasingly popular among Malaysians, including teenagers, due to its time-saving, convenience and availability anywhere and anytime. As online technology is still new in Malaysia, online sellers find it challenging to retain online buyers. The study adopted a survey through a quantitative approach by distributing questionnaires among the youth in Malaysia. The findings indicated that product quality, security, and shipping significantly affect customer satisfaction in online shopping. Furthermore, the study provides recommendations for online seller and policymakers in enhancing the strength of online platform as a best transaction for customers.

Keywords: Customer Satisfaction, Online Shopping, Product Quality, Security, Shipping.

1. Introduction

In the age of advanced technology, internet usage has become crucial and essential for everyone. In the past, internet usage only depended on a computer but now accessible via smartphones. Nowadays, the internet is popular among all ages, including adults and the working class, which helps consumers find unlimited data and information instantly.
Besides, people use the internet to look for product information, educational purposes, choosing services, and transfer payments (Javadi et al., 2012). The Malaysian Communications and Multimedia Commission (MCMC) reported that in 2018, the number of internet users was 87.4%, approximately 28.7 million internet users, an increase from 24.5 million in 2016. The increase in internet users could be due to mobile broadband service growth and intensive market competition. Most service providers offer good internet coverage and service, allowing users to access the internet easily. With the current availability of internet facilities in Malaysia, numerous consumers are changing their shopping habits, which they tend to use online platform to buy things. Many users, particularly the Malaysian youth have chosen online platforms to shop for various products, local and international.

Youths are those in the transition period between childhood and adult age, meant to be an enjoyable time in life and many wish they could return. Furthermore, several stages of the youth period prepare them for adulthood. The United Nations defines ‘youth’ as persons between 15-24 year old. Nevertheless, the age range differs from country to country based on the policies and other factors such as economic and social factors. As for Malaysia, Youth Policy.Org (2014) stated that the youth are between the ages of 15-40. With the advent of online shopping, the buying behaviour among Malaysian youth has significantly changed over the years. Furthermore, the youth often use the internet for study, work, and social media, indirectly exposed to digital marketing and online advertising that influence online shopping behaviour. Additionally, the internet has become an important platform for communication and online shopping in various technologically developed countries. Observably, the e-commerce sector in Malaysia has grown with the existence of local, regional, and global brands of e-commerce retailers. Consumers generally choose to shop online for products such as clothing and home appliances. The most significant reason consumers choose online shopping is to find information related to the product to compare with other products. For instance, users can easily switch sites to compare product prices with various brands compared to retail stores that require consumers to walk to other stores, which could be tiresome. Ultimately, consumers will choose what makes them satisfied, and customer satisfaction is crucial for every business.

According to Khadka and Maharjan (2017), customers are prioritised over profit at the beginning of a business. Moreover, businesses that can satisfy customers entirely will remain in the top marketplace. Business companies nowadays recognised that customer satisfaction is a crucial component of business performance, playing a vital role in growing consumer value. Consequently, many sellers and companies provide customer feedback to determine the customers’ experience in using their products or services. Notably, the success of any business organisation, online or physical stores, depend on customer satisfaction. Therefore, the study examines and focuses on the relationship between product quality, security, and shipping with customer satisfaction towards online shopping among Malaysian youth.
2. Literature Review

2.1. Malaysian Youth
Although Malaysian youth refer to persons between 15 and 30 years old (Landau, 2019), the term also applies to those aged 15 to 40 years before the age range was amended to reduce the generation gap, accelerate youth maturity, and reduce risky activities in youth groups. The National Statistics Department stated that Malaysia has a youth bulge, with 14.6 million Malaysians aged between 15-39 years old or 45.4 per cent of the population. (Panel on Productivity Culture, 2018).

2.2. Online Shopping
Online shopping is a type of electronic commerce (e-commerce) that allows consumers to directly purchase products or services from a retailer using the internet (Singh, 2018). Besides, online shopping includes e-commerce, electronic business (e-business), internet shop, web-store, virtual stores. Presently, online shopping is a trend in Malaysian society with increasing internet usage the last few years. Arisah et.al. (2016) mentioned that products and services sold online typically use various channels such as social media (Facebook, Twitter, Instagram), websites, and advertisements in individual blogs or specific communities. Most Malaysians are online shoppers, but accurate statistics differ from source to source (Katrina and Benedict, 2020). This may be because it is quite fast and convenient to buy online.

2.3. Customer Satisfaction
Oliver (1980) defined customer satisfaction as a customer’s appraisal, taking into consideration the customer’s needs and expectations. In business terms, customer satisfaction evaluates how a company delivers products and services to satisfy customer expectations. Although customer satisfaction is a key success measure within organisations, satisfaction is also a significant differentiator in customer competitiveness in the marketplace. Customer satisfaction plays a vital role in ensuring a company retains its market position, particularly for organisations competing for customers (Nawi, 2012). Therefore, organisations should not ignore the importance of customer satisfaction as it is an interesting aspect of competition. Besides, Mascarenhas (2018) stated that customer satisfaction is created when the business meets the customer’s needs. Hence, customer satisfaction is an essential factor contributing to profitability and productivity, which determines how to measure continuous performance. According to Carlson and O’Cass (2010), customer satisfaction enables companies to gain a sustainable competitive advantage. In other words, the customer’s feelings after buying a product or service and whether or not the product or service satisfies the customer’s expectations will define satisfaction. Thus, if the customer’s expectations are not reached, the customer will be dissatisfied and will likely tell everyone about the bad experience (Lang, 2011).

2.4. Product Quality
Product quality is the enhancement of products or goods to meet or satisfy customer satisfaction (Akrani, 2013; Tzeng et al., 2021). Linton (2018) highlighted that product quality could help maintain customer satisfaction and customer loyalty. Some approaches
can reach the product standard mentioned by Linton (2018), such as meeting customer expectations, managing the reputation, meeting industry standards, and managing costs. Moreover, Razak et al. (2016) revealed a positive and significant relationship between customer satisfaction and product quality. Therefore, online retailers should emphasise these criteria. Hence, the study suggests the following hypothesis:

**H1:** Product Quality has a significant positive relationship with Customer Satisfaction in Online Shopping.

### 2.5. Security

Security is described as the website ability to protect the customer’s details from improper use of information disclosure during an electronic transaction (Guo et al., 2012). According to Eid (2011) and Islam (2021), security is a crucial aspect that online customers take seriously. Additionally, protection and privacy concerns play a key role in creating trust in online purchases and websites (Chellappa, 2003). Security is categorised into two: the first part relates to data and transaction security and the second part relates to user authentication (Guo et al., 2012). Tabaei et al. (2011) stated that satisfaction is vital in online shopping and satisfaction must be achievable during the entire online shopping process. Furthermore, customer expectations and security must be classified as part of the website quality to satisfy customer satisfaction product feature and website. Therefore, the following hypothesis is proposed:

**H2:** Security has a significant positive relationship with Customer Satisfaction in Online Shopping.

### 2.6. Shipping

Shipping is a supply chain link that significantly impacts the customer and triggers satisfaction (Hedin et al., 2006; Tzeng et al., 2021). According to Mentzer and Williams (2001), shipping is a crucial activity in any process, particularly online shopping. Additionally, the estimated delivery time is a significant factor in an online shopping experience (Hakobyan, 2017). According to Hakobyan (2017), most shoppers leave their shopping carts upon viewing the delivery time and more than a third of customers would pay extra to upgrade the shipping time. Besides, almost half of customers expect a complete delivery service within two to three days, and about a third expect to see that delivering overnight is an option. Lessard (2019) also mentioned that customers did not hesitate to abandon their shopping carts if the rates or the predicted delivery time were not satisfied. As discussed above, the study proposed:

**H3:** Shipping has a significant positive relationship with Customer Satisfaction in Online Shopping.
2.4. Conceptual Framework
The conceptual framework for product quality, security, shipping and customer satisfaction is presented in the figure below.

Figure 1: Conceptual Framework

3. Methodology of Study

3.1. Research Approach and Study Design
The quantitative analysis methodology was chosen as the qualitative research method is used for a larger sample size. The method helps researchers determine the relationship between the chosen independent variables (product quality, security, and shipping) and the dependent variable (customer satisfaction). The approach was selected based on the study objectives to analyse the results numerically.

3.2. Population and Sample Size
The study aims to investigate the relationship between customer satisfaction with independent variables such as product quality, security, and shipping among Malaysian youths. In the analysis, the probability sampling technique was chosen as the sampling design. The study also applied the random sampling technique because the target respondent sample was too large, hence it was hard to find any particular target respondent population. A total of 384 questionnaires were distributed to the youth in Kedah, and 384 samples were obtained.

3.3. Research Instrument
The study used a five-page questionnaire comprising 27 close-ended questions with three parts: Section A includes demographic profile information, Section B includes independent variables that influence online customer satisfaction consisting of three variables, and Section C includes the dependent variables. The resulting questionnaire consisted of 27 close-ended questions, including demographics questions, whereby 20 of the questions consisted of a range of responses: strongly agree, neutral, agree, disagree, and strongly disagree based on a five-point Likert scale. Lastly, all of the significant factors for customer satisfaction in online shopping were included in the questions.
3.4. Procedure for Data Collection and Analysis

Descriptive analysis was used to examine the study demographic data. Descriptive analysis helps researchers translate raw data easier to understand and interpret; rearranging, organising and manipulating data to generate descriptive data (Zikmund, 2003). Meanwhile, the frequency distribution is transformed and represented in a bar map, pie, and histogram (Saunders et al., 2009). Hence, the study demographic data overview was illustrated using a pie chart to demonstrate the percentage and frequency of the respondents. Saunders et al. (2009) suggested that Spearman Correlation Analysis is valid to measure the strength of the linear relationship between the independent variables and dependent variables. Additionally, the study employed the Spearman coefficient of correlation to analyse the relationship between the respective variables. The nearest the alpha coefficient value is +1 or -1, the more significant the independent variables are to the dependent variable and positively related if the value is positive, whereas negatively related if the value is negative.

4. Findings and Discussion

4.1. Demographic Profile

Table 1 presents the demographic profile of the study respondents. From the 384 respondents, 59.9% were female and 40.1% were male. Most respondents were 21-25 years old (71.1%) while 19% were 15 to 20 years old, and the remaining were 26 – 30 years old (9.9%). Furthermore, most respondents’ income were between RM1,000 to RM2,000 (26.8%), RM2,001 to RM3,000 (12.2%), RM3,001 to 4,000 (3.1%), and only 1.8% earned more than RM4,001. Moreover, the frequency of visiting an online shop was weekly (33.6%), monthly (24.5%), daily (22.4%), and once every 2-3 months (19.5%). Meanwhile, most respondents (41.1%) spent money online every month, 40.4% spent money once every 2 to 3 months, 16.4% every week, and 2.1% of them purchased online every day. The majority of the respondents (85.4%) prefer to use Shopee as an online shopping website, Lazada (8.6%), and surprisingly 3.7% of the respondents prefer to use other platforms such as Mudah (1.3%), Presto Mall (0.5%) and Lelong (0.5%). The findings showed that the respondents prefer buying fashion and apparel (44.3%), mobile and gadgets (19.3%), health and beauty (15.5%), home appliances (14.8%), and other products (6%).

Table 1: Demographic profile

<table>
<thead>
<tr>
<th>Demographic Variables</th>
<th>Categories</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>Male</td>
<td>154</td>
<td>40.1%</td>
</tr>
<tr>
<td></td>
<td>Female</td>
<td>230</td>
<td>59.9%</td>
</tr>
<tr>
<td>Age</td>
<td>15-20 years old</td>
<td>73</td>
<td>19%</td>
</tr>
<tr>
<td></td>
<td>21-25 years old</td>
<td>273</td>
<td>71.1%</td>
</tr>
<tr>
<td></td>
<td>26-30 years old</td>
<td>38</td>
<td>9.9%</td>
</tr>
</tbody>
</table>
4.2. Reliability Analysis
Table 2 indicates the reliability of all constructs indicated by the Cronbach’s alpha value. It shows that the consumer loyalty = 0.880, product quality = 0.797, security = 0.773 and shipping = 0.690.

**Table 2: Reliability analysis**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Number of items</th>
<th>( \alpha )</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer satisfaction</td>
<td>5</td>
<td>0.880</td>
</tr>
<tr>
<td>Product quality</td>
<td>5</td>
<td>0.797</td>
</tr>
<tr>
<td>Security</td>
<td>5</td>
<td>0.773</td>
</tr>
<tr>
<td>Shipping</td>
<td>5</td>
<td>0.690</td>
</tr>
</tbody>
</table>

4.3. Correlation Analysis
The bivariate relationships among the variables were analysed by conducting a Spearman correlation analysis to calculate the linear association between the two variables in the report. The correlation analysis review indicated that the product quality and customer satisfaction was 0.573, suggesting a moderate positive correlation, while security and
customer satisfaction had a moderate positive correlation (0.549), followed by shipping and customer satisfaction that showed a moderate positive correlation (0.617). The correlation analysis is shown in Table 3.

**Table 3: Correlation Analysis**

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Product Quality</th>
<th>Customer Satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Product Quality</strong></td>
<td>Spearman Correlation</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.573**</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>N</td>
<td>384</td>
<td>N</td>
</tr>
<tr>
<td><strong>Security</strong></td>
<td>Spearman Correlation</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.549**</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>N</td>
<td>384</td>
<td>N</td>
</tr>
<tr>
<td><strong>Shipping</strong></td>
<td>Spearman Correlation</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.617**</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>N</td>
<td>384</td>
<td>N</td>
</tr>
<tr>
<td><strong>Customer satisfaction</strong></td>
<td>Spearman Correlation</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.617**</td>
<td>Sig. (2-tailed)</td>
</tr>
<tr>
<td>N</td>
<td>384</td>
<td>N</td>
</tr>
</tbody>
</table>

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

5. Discussions

The study objective aims to examine the influence of product quality, security and shipping on the customer satisfaction of Malaysian youth in online shopping using Statistical Package for Social Sciences (SPSS). The findings concern the youth in Malaysia but can be generalised to other online shopping situation due to the statistical significance. The study demonstrates that product quality, security, and shipping are significant predictors of customer satisfaction with online shopping. Significantly, the product quality is from the customer’s perspective, not the seller’s perspective, based on Razak et al. (2016) and Tzeng et al. (2021). Specifically, if the product’s perceived quality is in line with expectations, the customer will consider the product quality reasonable; therefore, be satisfied. Besides, better product quality will maintain a high customer satisfaction level,
attracting customers to make potential purchases (Djumarno, Anjani, & Djamaluddin, 2018).

Product quality is also an element that buyers consider when deciding to purchase (Jahanshahi et al., 2011). Hence, satisfaction is achieved if the customer has a positive perception of the product quality. Additionally, Szymanski and Hise (2000) and Islam (2021) discovered a positive perception of security that positively impacts online customer satisfaction level. Security is a vital aspect of online shopping since electronic shops (e-shops) process increasing amounts of customer information and data, and the security issue is currently more critical than before (Pilik & Juřičková, 2016). Moreover, according to Suh and Han (2003), security is the biggest problem in online shopping customers; hence, the stronger the system security, the greater the customer satisfaction. Vehovar (2003) added that security issues act as barriers for online shopping, which significantly influence consumer satisfaction. Furthermore, a vital aspect in e-commerce is the shipment of goods (Cosar, Panyi, & Varga, 2017), whereby delayed delivery impacts consumer satisfaction. According to Cosar et al. (2017), the consumer could also be lowered without providing a high-quality delivery performance. Notably, a major determinant of buyer satisfaction is the product’s delivery timing (Ogden and Turner, 1996; Tzeng et al., 2021). Ultimately, buyers become satisfied upon receiving value or utility.

6. Conclusions and Recommendations

The internet has become a relevant resource for Malaysian in their daily life. The crucial aspect of every business and an essential marketing concept is online customer satisfaction. Specifically, the first study objective is to identify the variables influencing customer satisfaction among the Malaysian youth with online shopping. Based on the findings, all components have a significant effect on the factors that influence customer satisfaction with online shopping. Hence, the study offers insight into online shopping for researchers and consumers to know more about customer satisfaction. Besides, the study helps expand understanding of the crucial online shopping elements that affects customer satisfaction.

7. Suggestions for Future Research

The study is limited to Malaysian youth on their satisfaction with online shopping, only focusing on three aspects that affect consumer satisfaction: product quality, security, and shipping. Additionally, various methods were used to find answers to the study objectives, including distributing questionnaires and data analysis methods. Hence, future studies should discuss other related constructs of online shopping, such as website design, brand, shopping experience, and convenience that could impact customer satisfaction.

Disclosure Statement

No potential conflict of interest was reported by the authors.
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