Satisfaction and Customer Loyalty in E-Commerce:
A Case Study of Internet Users in Bangkok.

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Abstract

The main purpose of this research was to examine factors influencing customer satisfaction and customer loyalty in e-commerce. Data was collected from a sample of 384 respondents who had had experience in using e-commerce in Bangkok. It was indicated that 6 factors, i.e. perceived service quality, perceived usefulness, enjoyment, firm’s reputation, trust and customer satisfaction were significantly and positively related to customer loyalty. The researcher focused on B2C e-commerce in Bangkok area. This research provides useful information for e-commerce vendor to manage the factors influencing customer satisfaction and customer loyalty. Customer loyalty is a significant factor for e-commerce vendor’s survival and success.

Keywords: E-commerce, Perceived service quality, Perceived usefulness, Enjoyment, Firm’s reputation, Trust, Customer satisfaction, Customer loyalty

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บทความพิจารณาและความถี่ของลูกค้าในการใช้ อิเล็กทรอนิกส์พาณิชย์: กรณีศึกษาผู้ใช้อินเตอร์เน็ตในเขตกรุงเทพมหานคร

นักศึกษาปริญญาโท มหาวิทยาลัย อสมบัญ คณะบริหารธุรกิจ

บทคัดย่อ

วัตถุประสงค์ของการศึกษาในครั้งนี้เพื่อศึกษาปัจจัยที่มีอิทธิพลต่อความพึงพอใจและความภักดีของลูกค้าในการใช้อิเล็กทรอนิกส์พาณิชย์ (E-commerce)

นักวิจัยได้ใช้แบบสอบถามในการเก็บข้อมูลจากกลุ่มตัวอย่างที่มีประสบการณ์ในการใช้อิเล็กทรอนิกส์พาณิชย์ในการซื้อสินค้าและบริการมาก่อนในเขตกรุงเทพมหานครจำนวน 384 คน พบว่า ปัจจัยทั้ง 6 ปัจจัยประกอบไปด้วย 1) การรับรู้คุณภาพของการบริการ (Perceived service quality) 2) การรับรู้ถึงประโยชน์การใช้งาน (Perceived usefulness) 3) ความพึงพอใจ (Satisfaction) 4) ชื่อเสียงของบริษัท (Firm’s reputation) 5) ความเชื่อมั่น (Trust) และ6) ความพึงพอใจ (Satisfaction) มีผลต่อความภักดีของลูกค้าอย่างไรก็ตามการศึกษาครั้งนี้มุ่งเน้นการศึกษาในรูปแบบบริษัทกับผู้บริโภคในเขตกรุงเทพมหานคร

การศึกษาได้ข้อมูลที่เป็นประโยชน์สำหรับเจ้าของอิเล็กทรอนิกส์พาณิชย์ในการจัดการปัจจัยที่มีอิทธิพลต่อความพึงพอใจของลูกค้าและการสร้างความภักดีของลูกค้า เพราะความภักดีของลูกค้าเป็นปัจจัยที่สำคัญอย่างหนึ่งในการดำรงอยู่และความสำเร็จของธุรกิจ

คำสำคัญ: อิเล็กทรอนิกส์พาณิชย์, การรับรู้คุณภาพของการบริการ, การรับรู้ถึงประโยชน์การใช้งาน, ความพึงพอใจ, ชื่อเสียงของบริษัท, ความเชื่อมั่น, ความพึงพอใจของลูกค้า, ความภักดีของลูกค้า


1 นักศึกษาปริญญาโท มหาวิทยาลัย อสมบัญ คณะบริหารธุรกิจ
1. Introduction

The loyal customers are significant to business survival. E-commerce has many advantages for buyers, sellers, and producers. It can reduce cost, and eliminate barrier of time zone, reduce middle man, and sale staff, etc. Moreover, the internet has created opportunities for firm to compete by providing customers with a livable, faster, and budget price procedure in order to purchase through the internet. E-commerce is rapidly growing. Therefore, no company can afford to ignore e-commerce as their marketing strategy.

At the highest level of e-commerce, companies can deliver their products and services through the internet to their customers who have never seen, or met, or spoken together before. It uses only space of digital to interact and build relationship between companies and customers. Therefore, the internet provides many opportunities for companies to make customers satisfied and build customer loyalty.

Many e-commerce vendors concentrate on developing trust than customer’s satisfaction. Trust can reduce perceived risk of customer e-purchase (Ranaweera and Prabhu, 2003). Trust is possibly a major factor affecting satisfaction and customer loyalty in e-commerce. However, there are many studies that found that customer satisfaction was a major drive to profitability of the firm. Customer satisfaction essentially can lead to customer loyalty, repurchase intention, positive word of mouth, and recommendation to others. E-commerce vendors should make customer confidence when they provide their personal information and payment. Anderson and Kerr (2002) claim that more than 75 percent of online shoppers use e-commerce to find and research products and services, and then they will complete their purchasing by visiting the store or through a phone call.

This research studied significant factors contributing to successful e-commerce. Customer satisfaction for e-commerce in principle was hypothesized to be resulted from service quality, perceived usefulness, enjoyment, firm’s reputation, and trust. Customer satisfaction, customer loyalty, repurchases intention, positive word of mouth, and recommending others to use e-commerce are significantly related factors. E-commerce environment is less manifest than physical store, because customers cannot see the products. Brick-and-mortar stores can compensate for some emotional losses, and provide a good bargain or opportunity to consult with friends while shopping.

The research objectives were as follow:
1. To test whether perceived service quality, perceived usefulness, enjoyment, firm’s reputation, and trust affect satisfaction for e-commerce.

2. To test the relationship between satisfaction of e-commerce and customer loyalty.

2. Theoretical framework.

2.1 Perceived service quality

Service quality was defined as the overall impression of the superiority of services. It refers to how well a delivered service level matches customer expectations of service quality. The SERVQUAL tool has been widely tested as a means of measuring customer perceptions of service quality (Parasuraman et al., 2008). Although currently, there is short of congruence in the literature, the SERVQUAL model has been the most comprehensive and complete measurement of service quality in the twenty first century (Tsoukatos and Rand, 2006). The dimensions of service quality in e-commerce consisted of ease of use, website design, and assurance. Recently, service quality in e-commerce has significantly become the major drive to enhance customer satisfaction and has strong impact on building up loyal customers (Parasuraman et al., 2005).

The ease of use dimension was defined as the essential element of customer usage of computer technologies (Ribbink et al., 2004). Moreover, ease of use can be defined as the consumer belief that e-commerce will be easy to use (Chiu et al., 2009). If the websites is difficult to use, customers will ignore that site and leave the page (Pearson et al., 2007). The skill of internet users vary, thus, the e-commerce’s vendor should provide a simple form for every user to be able to use in order to let them stay on page.

The web design dimension is suggested to create satisfaction which is directly related to the user interface (Van Riel et al., 2004). It is significant to e-commerce and has essentially effected users’ perception of ease of use. Web design describes the appeal that user interface design presented to customers (Lee and Lin, 2005).

Finally, the assurance dimension was defined as customer’s perceived security and privacy. It is the most significant and the strongest factor that impact the relationship between trust and assurance in e-commerce (Parasuraman et al., 2005). When customers have confidence in e-commerce, it can recreate customer loyalty in both new comers and existing customers. Based on the above
discussions, the researcher set up the following hypotheses:

H1: Perceived service quality in terms of ease of use was related to satisfaction.

H2: Perceived service quality in terms of web design was related to satisfaction.

H3: Perceived service quality in terms of assurance was related to satisfaction.

2.2 Perceived usefulness

Perceived usefulness was defined as the boundary at which customers’ transaction execution could be applied by e-commerce. There is a significant relationship between perceived usefulness and customer repurchase intention which is a fundamental determination of customer’s repurchase (Chiu et al., 2009).

H4: Perceived usefulness was related to satisfaction.

2.3 Enjoyment

Enjoyment was defined as the fun the users gained through the website. It has many supported studies suggesting that enjoyment has direct influence on behavioral intention and the role of enjoyment in repurchase intention (Koufaris, 2002; Bart et al., 2005; Cyr et al., 2006).

H5: Enjoyment was related to satisfaction.

2.4 Firm’s reputation

Firm’s reputation referred to the grasping of customers’ impression toward the firm and how the firm plays its role whether directly or indirectly to customers and how the firm was concerned about firm’s well-being (Hess, 2008).

H6: Firm’s reputation was related to satisfaction.

2.5 Trust

Trust was defined as the customer’s belief that the online vendors were likely to behave benevolently, capably, and ethically. Customers are likely to be uncertain of e-commerce if they do not feel certain toward a website that they are visiting (Collier and Bienstock, 2006). Customers are unlikely to transact through the website which lacks trust, because of fear of vendor opportunism. However, the dimension of trust in this research consisted of responsiveness, system availability, and contact.

The dimension of responsiveness was defined as the effective dealing with the problem through the Internet (Parasuraman et al., 2005).

The dimension of system availability referred to the correct technical functioning
of the e-commerce website. A steady and reliable website generates an impression about the competence of the vendor, and consequently consumers tend to trust the vendors (Kim, 2005). However, the roles of system availability lie in establishing trust towards on e-commerce.

The dimension of contact was defined as the availability of assistance information, in such a way that the customer can easily contact the online vendors (Parasuraman et al., 2005). However, providing contact information is one method to build customer trust in e-commerce ambient (Drost, 2005).

H7 : Trust in terms of responsiveness was related to satisfaction.

H8 : Trust in terms of system availability was related to satisfaction.

H9 : Trust is terms of contact was related to satisfaction.

2.6 Customer satisfaction

Customer satisfaction was defined as the customers’ pleasantness according to perceived expectation of performance productivity. If the providers realize the requirement of customers’ need and make an attempt to meet customer’s needs, then the providers can fulfill customer satisfaction (Michale et al., 2000). The higher level of customers satisfaction have been shown to reduce customers’ perception of the potential benefits from the supplier choice and thus enhance repeated purchasing from the present supplier.

H10 : Satisfaction was related to customer loyalty.

2.7 Customer Loyalty

Customer loyalty was defined as a deep commitment to re-buy or re-patronize preferred products or services consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing, despite situation influences and marketing efforts having the potential to cause switching behavior (Oliver, 1999). In addition, pricing does not affect loyal customers to purchase products or services and they also recommend the business to others (Reichheld and Schefter, 2000). The dimension of customer loyalty included the following : repurchase intention, positive word of mount, and recommending others. Typically, many consumers believe and credit word of mouth more than other commercial communications (Herr et al., 1991).

However, satisfied customers are likely to provide positive word of mouth to those of no relation, or with a relation to a specific transaction which eventually will influence customer loyalty which has
repurchase intention to be primary determinant of customer loyalty. In order to create repurchase intention, businesses should concentrate on customer satisfaction and influence them to trust the vendor’s product.

The conceptual framework for this research is presented below:

**Figure 1: Conceptual Framework for the Research**

3. Methodology

3.1 Questionaire design and data analysis technique

In this research, the researcher collected both primary and secondary data. The primary data was collected from questionnaires. They were distributed to 384 respondents who had had experience in e-commerce in Bangkok area in six districts. Secondary data were the information published mostly in books, journals and newspaper. The questionnaire was divided into five parts: screening questions,
demographic information of respondents, including the frequency of using e-commerce, factors affecting overall satisfaction for e-commerce which were perceived service quality, enjoyment, firm’s reputation, and trust, satisfaction of using e-commerce, and customer loyalty which included repurchase intention, positive word of mouth and recommending others.

3.2 Data Collection

Probability sampling was done in three steps: simple random sampling to select the districts in Bangkok area for gathering the data by questionnaire, quota sampling to determine the numbers of respondents in six districts namely, Yanawa, Bangkapi, Sathorn, Silom Rama iv, and Pinklao, and accidental sampling was applied to save time and budget in gathering the information from the target respondents.

3.3 Data Analysis

The collected data were processed and analyzed by SPSS computer software. Descriptive statistical techniques presented the demographic profile of the sample whereas Person’s correlation was used for testing the bivariate relationship.

4. Results and discussion

4.1 Demographics profile

The majority of respondents were females (66.7%). The highest percentage of respondent’s age is 21-30 years old (59.9%). The highest percentage of educational level is Bachelor’s degree (64.6%). And the most frequent purchase from e-commerce is less than two times per months (62.5%).

4.2 Hypothesis testing

The hypotheses were tested by calculation of Pearson correlation coefficients. Table I shows the result of hypotheses testing and Pearson correlation coefficients as well as their respective significant levels. The significant value which is less than 0.05, meaning that the hypothesis is accepted. The criteria of significant at .01 or .05 for hypothesis testing are as follows: 0.81 - 0.99 very strong relationship, 0.61 - 0.80 strong relationship, 0.41 - 0.60 moderate relationship, 0.21 - 0.40 weak relationship, and 0.01 - 0.20 very weak relationship.
Table I Result of Hypotheses Testing

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Correlation coefficient</th>
<th>Result</th>
<th>Significant level</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1 : Perceived service quality in terms of ease of use was related to satisfaction</td>
<td>0.650</td>
<td>Accepted</td>
<td>Strong and positive relationship</td>
</tr>
<tr>
<td>H2 : Perceived service quality in terms of web design was related to satisfaction</td>
<td>0.430</td>
<td>Accepted</td>
<td>Moderate and positive relationship</td>
</tr>
<tr>
<td>H3 : Perceived service quality in terms of assurance was related to satisfaction</td>
<td>0.567</td>
<td>Accepted</td>
<td>Moderate and positive relationship</td>
</tr>
<tr>
<td>H4 : Perceived usefulness was related to satisfaction</td>
<td>0.504</td>
<td>Accepted</td>
<td>Moderate and positive relationship</td>
</tr>
<tr>
<td>H5 : Enjoyment was related to satisfaction</td>
<td>0.367</td>
<td>Accepted</td>
<td>Weak and positive relationship</td>
</tr>
<tr>
<td>H6 : Firm’s reputation was related to satisfaction</td>
<td>0.532</td>
<td>Accepted</td>
<td>Moderate and positive relationship</td>
</tr>
<tr>
<td>H7 : Trust in terms of responsiveness was related to satisfaction</td>
<td>0.527</td>
<td>Accepted</td>
<td>Moderate and positive relationship</td>
</tr>
<tr>
<td>H8 : Trust in terms of system availability was related to satisfaction</td>
<td>0.563</td>
<td>Accepted</td>
<td>Moderate and positive relationship</td>
</tr>
<tr>
<td>H9 : Trust in terms of contact was related to satisfaction</td>
<td>0.560</td>
<td>Accepted</td>
<td>Moderate and positive relationship</td>
</tr>
<tr>
<td>H10 : Satisfaction was related to Customer loyalty</td>
<td>0.794</td>
<td>Accepted</td>
<td>Strong and positive relationship</td>
</tr>
</tbody>
</table>
Regarding the hypotheses testing, perceived service quality was positively correlated with satisfaction. Norizan et al., (2010) suggests that the quality of service is provided by the online vendors in order to keep customer satisfied and feeling secured when visited the websites.

The enjoyment was positively correlated with satisfaction as hypothesized. Enjoyment is a kind of consumer affection toward e-commerce and it is related with satisfaction (Westbrook, 1987).

Firm’s reputation was positively correlated with satisfaction as hypothesized and supported by the previous study of Byougho et al., (2007). Chai et al., (2010) suggests that online retailer should aim to build reputation which will continuously enable the buyers to buy from online vendor.

Trust was positively correlated with satisfaction. This is consistent with a previous study that trust plays a significant role to gain success in e-commerce (Lee and Turban, 2001).

Finally, satisfaction was positively correlated with customer loyalty. Norizan et al., (2010) indicates that satisfaction has positive relationship with customer loyalty in terms of repurchase intention and positive word of mouth.

5. Conclusions and recommendations

Perceived service quality, perceived usefulness, enjoyment, trust, and satisfaction as well as firm’s reputation were positively and significantly correlated with customer loyalty for e-commerce in Bangkok areas.

E-commerce at present is an increasingly significant tool to increase sale volumes or to start the new marketing channel in many companies. Therefore, online vendors should understand factors which affect customer satisfaction and understand how customers come to buy products or services continuously. For these reasons the vendors, both new and exciting, should provide lay out and steps of using sites which can make customers use sites easily although they lack computer skills. Moreover, the vendor should manage the system as steady and reliable sites which can keep customer satisfied and confident. The vendor should also provide contact information on the first page of the sites. Customers will feel more confident when they can contact the vendor. Satisfaction of customers is the primary factor of customer loyalty. Customer loyalty is a significant key factor of existence in any kind of business.
Annotated Bibliography


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**Appendix**

*Service quality dimension*

1. Ease of use

   E-commerce is easy to use.

   E-commerce makes it easier for me to make products comparisons among few retailers.

   E-commerce website should have alternative payment channels.

   E-commerce should provide a website that is flexible to interact with.

2. Web design

   The website layout and colors should be attractive.

   The information on the website should be easy to understand and follow.

   The information on the website should be have goods.
3. Assurance
The electronic payment system on the website should be secured.
The website should be secured when the user provides private information.
The online systems should be secured in conducting online transactions.

4. Perceived usefulness
E-commerce enhances my behavior of searching for and buying products.
E-commerce develops my productivity.
E-commerce increases my capability in buying products.
E-commerce has benefit for buying products.

Enjoyment
The website should be fun.
The website should provide a lot of enjoyment.
Purchasing goods on the websites is interesting.

Firm’s reputation
I will like to purchase online, if the firm has a good image.
I compare firm’s image before my purchase decision.
I will purchase products/services from website that is popular.

Trust dimension
1. Responsiveness
E-commerce should offer a meaningful guarantee.
E-commerce should tell me what to do if my transaction is not processed.
E-commerce should solve my problems promptly.

2. System availability
E-commerce should always be available for business.
E-commerce should launch and run straightaway.
E-commerce should not crash while I am surfing.

3. Contact
E-commerce should provide information in order to contact the vendor.
E-commerce should have customer service representatives available online.
E-commerce should offer the ability to speak to a live person if there is a problem.
Satisfaction
I like to purchase products or services from E-commerce.
I am satisfied with the experience of purchasing products from E-commerce.
I am happy with using e-commerce

Customer loyalty
If I have the chance, I will use e-commerce to buy products and services.
It is likely that I will continue to purchase products/services from e-commerce.
I expect to purchase products and services through e-commerce.
I will say positive things about e-commerce to others.
I will encourage others to purchase products/services through e-commerce.
I will support the idea of using e-commerce to do business.
Recommending relatives to use e-commerce.
Recommending friends to use e-commerce.