Service factors influence on customer satisfaction in innovative e-commerce

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Abstract: The research paper titled customer satisfaction in E-commerce industry. The objective of the study is to identify the factors that influencing customer satisfaction in E-commerce industry. Descriptive research is used in the study as the research design and the sampling method used is convenience sampling. The sample size of the study is 150 respondents and it is analyzed using SPSS tool. The collected data were classified, tabulated and analyzed with statistical tools such as frequency analysis and Regression analysis. It is found that factor affecting customer satisfaction are delivery problem, privacy and security, service recovery. Among the factors, Service recovery factor positively influences the customer satisfaction.

Keywords: E-commerce, customer satisfaction, service recovery, service innovation, delivery problem.

INTRODUCTION

Online shopping is the process in which consumers buy goods or services directly from a seller in real time without any intermediary service over the Internet. It is a form of electronic commerce. The sale or purchase transaction which is done in online shopping is completed electronically and interactively in real time. Amazon.com time for new books. An online shop, e-shop, e-shop, internet shop, web shop, webstore, online shop or virtual shop is reminiscent of the physical analogy of buying products or services in a brick. Retailer or in a mall. The process is known as B2C (business-to-consumer) online shopping. This is the type of e-commerce operated by companies like Amazon.com. When one company buys from another company, it is called business-to-business (B2B) online shopping.

There are some situational factors that influence consumers to shop online than traditional store purchases. There is a situation where the consumer needs certain specific products, and these products are not available in the country or region where the consumer lives. Geographic problems occur quite often, the reason Not all countries have the same products, or brands have different products in different countries depending on the consumer's needs and wishes, Online shopping helps people in saving their time and effort. Since the Internet is accessible at anywhere it becomes one of the main drivers of online shopping. For most customers, the main attributes of online shopping are convenience and ease of access. Some consumers like to shop online because it allows them to search for information about the product or service available on different websites or different brands. Therefore, consumers can compare and contrast price or feature differences or make the best choice for them.

Now a days, customers are the king in any sector. Given this prospective, all e- commerce companies need to rework their priorities and understand that if there has been a mistake committed by these companies how much it would affect its customer base. This study is purely conducted to understand the steps to overcome service failures. The main objective of the study is to identify the factors that influence customer satisfaction in e-commerce industry and also aims to find out how E-commerce service failure influences customers during service encounters & what kind of impact it has on them.

LITERATURE REVIEW

(Forbes et al., 2005) have made a study on E-commerce service failure and its recovery strategies. The researcher has done the study on critical incident technique using 377 responses to present the 10 e-tail failures and 11 e-tail recovery strategies. They found out that customer have experiencing various kinds of service failure when compared to traditional retail.

(Holloway and Beatty, 2003) has studied about the service failure and its recovery opportunity in online retailing. The researcher employed both qualitative and quantitative method. The data was collected among 295 online customers. Delivery problem was reported as most common failure type (46.6%) and followed by website design

(16.6%), customer service (13.8%), payment problem (12.2%), quality of product (5.3%) and security concern (3.8%)

(Wang et al., 2011) examined about consumer responses to online retailer service recovery remedies following a service failure and explores whether service recovery paradox exists. To test the hypothesis, laboratory experimental design is used. The author found out two studies. Study I explain about negative word of mouth (WOM), customer satisfaction etc. & study II explain about the repurchase intention.

(Y.-W. Fan et al., 2010) has investigated about impact of service failure recovery in e-commerce service. Data was collected by questionnaire. The data was collected from 205 participants. The researcher found that perceived distributive justice and procedural justice would positively affect recovery satisfaction.

(Lee and Park, 2010) has identified about types of service failures in a double deviation scenario in E-commerce service. Critical incident techniques was used in this study. The researcher found out that two separate set of service failure stages. In initial service failures reflect cognitive issues generated from an specific E-commerce store and recovery failure stage consist of interpersonal and emotional issues generated from customer-company interactions etc.

(Y. Fan et al., 2010) has investigated about impacts of different recovery strategies on consumer loyalty and recovery satisfaction. The study is based on scenario-based experiment. Data was collected by online questionnaire from 205 participants. The researcher has found that Customer who receive higher level of remedies from E-commerce would show higher satisfaction which leads to spread positive comments and willing to patronage the same online retailer.

(Piercy and Archer-Brown, 2014) has examined about online service failure and propensity to suspend offline consumption. The data was collected from 522 respondent and it were analyzed using SPSS 14. The researcher found that almost 81.8% of the sample have agreed that poor online service of that company will affect the offline division also. Service failure occurring in online channel will reduce purchase in offline channel of a company.

(Matos et al., 2009) has studied about the context of service failure and recovery, customer satisfaction and customer attitude toward complaining (ATC). The researcher has proposed a integrated model for this study. Data were collected from 204 complaining customers. They have found that failure of service recovery will affect the customer satisfaction with high ATC. The low satisfaction of the customer will affect the repurchase intention, negative word-of-mouth etc.

(How et al., 2019) has studied about Service Failure in E-commerce among Online Shoppers in Klang Valley. In this research, quantitative research method is conducted to examine the relationship between the dependent variable and independent variables. The data was collected from 150 respondents at Klang Valley and it was analyzed using SPSS. The researcher have found that five services failures been identified that will affect repurchase intention in E-commerce are delivery problem, website design problem, security problem, product quality problem and customer services problem.

(McCollough et al., 2000) has addressed the nature of customer satisfaction following service failure and recovery. The study is based on scenario-based experiments which reveal impact of recovery performance, post recovery customer satisfaction etc. A total of 615 sample were collected. The study shows that online shopping companies fare better in the eyes of consumers by avoiding service failure than by responding to failure with superior recovery.

(Kussusanti et al., 2019) has studied about post recovery satisfaction in E-commerce. The research is based on quantitative method. Data were collected from 317 online customers and analyzed using the Structural Equation Modeling. The researcher have found that informational justice and post-recovery satisfaction has positive effect. E-commerce firm needs to increase the repurchase intention, positive word-of-mouth and service recovery during service failure.

(Sousa and Voss, 2009)has explained about the effects of service failures and recovery on customer loyalty in E-commerce. The data were collected by online questionnaire resulting 5,942 valid responses. The researcher has observed a recovery effect but it only take place for a small proportion of "delighted" customers. Although, the impact (size effect) of outstanding recovery on loyalty is substantial.

RESEARCH METHODOLOGY

In this study, the descriptive research design is used and primary data was collected through questionnaire. Our research idea is based on the rich knowledge acquired by our peer teams across the university.(A.C.Gomathi, S.R.Xavier Rajarathinam, A.Mohammed Sadiqc, Rajeshkumar, 2020; Danda et al., 2009; Danda and Ravi, 2011; Dua et al., 2019; Ezhilarasan et al., 2019; Krishnan and Chary, 2015; Kumar et al., 2020; Manivannan, I., Ranganathan, S., Gopalakannan, S. et al., 2018; Narayanan et al., 2012, 2009; Neelakantan et al., 2013, 2011; Neelakantan and Sharma, 2015; Panchal et al., 2019; Prasanna et al., 2011; Priya S et al., 2009; Rajeshkumar et al., 2019; Ramadurai et al., 2019; Ramakrishnan et al., 2019; Ramesh et al., 2016; Sankar et al., 2020; Venugopalan et al., 2014) The sample selected based on probability basis from 150 customers. The collected data is analyzed using SPSS. The collected data were classified, tabulated and analyzed with some statistical tools such as frequency analysis and Regression analysis.

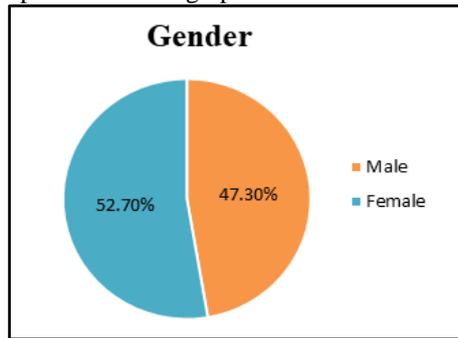The sample profile of the study is represented through pie charts.

Fig.1: The pie chart indicates the percentage of Gender of the respondents. It is clear that majority of the respondents are Male (52.7%) and female respondents are (47.3%)
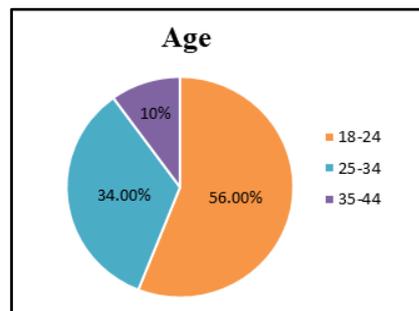

Fig.2: The pie chart describes the percentage of age group of the respondents. It is clear that majority of the respondents are those whose age group lies between 18-24 years old (56%) followed by the age group which lies between 25-34 years old (34%) and followed by the age group between 35-44 years old (10%)
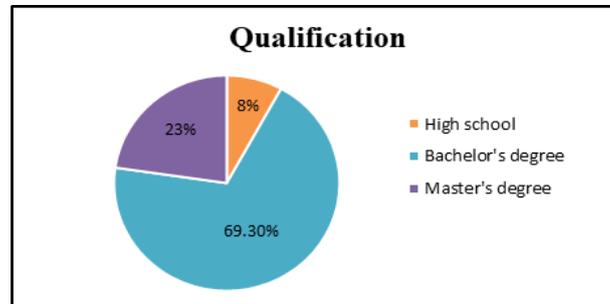

Fig.3: The pie chart indicates the percentage of education qualification of the respondents. It is clear that majority of the respondents hold a Bachelor's degree (69.3%) followed by Master's degree (22.7%) portion of respondents who have completed their High school (8%).
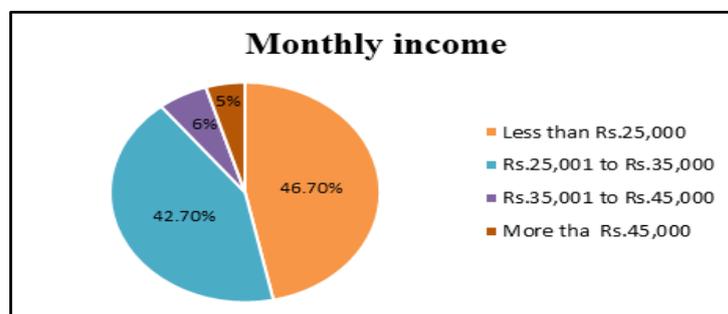

Fig.4: The pie chart indicates the percentage of monthly income of the respondents. It is clear that for the majority of the respondent's monthly income is Less than Rs.25,000 (46.7%) followed by the range between Rs.25,001 to Rs.35,000 (42.7%) then followed by the range between Rs.35,001 to Rs.45,000 (6%) and small portion of respondents whose income is more than Rs.45,000 (4.7%).
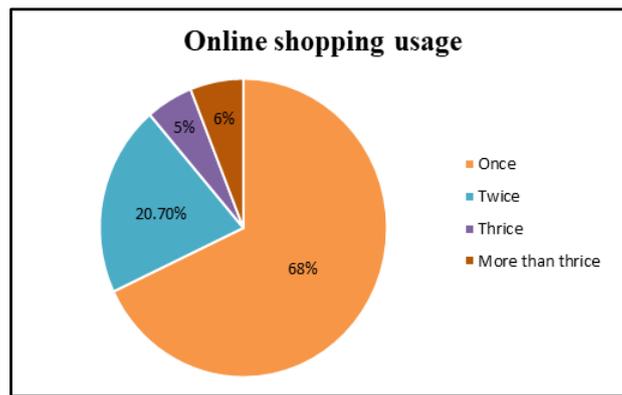
Fig.5: The pie chart describes the percentage of usage of online shopping of the respondents. We understand that majority of the respondents prefer online shopping once in a month (68%) followed by those who prefer Twice a month (20.7%) then followed by those who prefer more than three times a month (6%) and thrice a month (5.3%).

Table 1: Regression

MODEL	R	R SQUARE	ADJUSTED R SQUARE	SIGNIFICANCE
1	0.712[a]	0.507	0.497	0.00

Table 2: Regression analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.269	.311		4.084	.000
	Privacy & Security problem	-.177	.076	-.160	-2.339	.021
	Delivery problem	-.270	.080	-.232	-3.397	.001
	Service recovery	1.037	.098	.614	10.552	.000

INTERPRETATION

From the table 2.1 provides the R and R^2 values. The R value represents the simple correlation and is 0.712 ("**R**" column), which indicates the degree of correlation. The R^2 value (the **"R square"** column) indicates how much of the total variation in the dependent variable can be explained by the independent variable. The adjusted R square value 0.497 which indicates 49% of the variance in dependent variable has been explained by independent variables. From table 2.2 it is found that both privacy & security problem factor (-0.160) and delivery problem factor (-0.232) having negative linear relationship with the customer satisfaction. The service recovery factor (0.614) is having strong positive linear relationship with customer satisfaction.

CONCLUSION

The study was conducted to understand the perception of the customers satisfaction towards e-commerce service failure. The reason why there were failures in the services was narrowed down to various factors including customer satisfaction, privacy and security factors, Delivery problems and service recovery factors. To know the customer's perception, a questionnaire was built and circulated among the general public and a sample of 150 was obtained. It was found that, the main concerns of the customers was the service recovery, product delivery and quality of the product. And these factors contribute to the majority of the reason why there has been service failures in the e-commerce industry. The analysis revealed that service recovery factor does play a very important role in the e-commerce industry. The customer feels helped and respected when their expectations are met with the help of service recovery factors like discounts, cash back, offers, exchange, etc. The enhanced service recovery perceptions, in turn, led to higher perceptions of trust and loyalty, and higher intentions to engage in positive word of mouth and to purchase the product.

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