

**REPUBLIC OF TURKEY  
ISTANBUL GELISIM UNIVERSITY  
INSTITUTE OF GRADUATE STUDIES**

Department of Business Administration

**THE RELATIONSHIP BETWEEN E-SERVICE  
QUALITY, PERCEIVED RISK AND CUSTOMER  
SATISFACTION:  
AN EMPERICAL STUDY ON ETSY ONLINE  
SHOPPING STORE**

Master Thesis

**Noor ADNAN MAKTARI**

Supervisor

Asst. Prof. Dr. Pınar BACAKSIZ

**Istanbul – 2022**



## THESIS INTRODUCTION FORM

**Name and Surname** : Noor ADNAN MAKTARI

**Language of the Thesis** : English

**Name of the Thesis** : The relationship between e-service quality, perceived risk and customer satisfaction: An emperical study on etsy online shopping store

**Institute** : Istanbul Gelisim University Institute of Graduate Studies

**Department** : Department of Business Administration

**Thesis Type** : Master

**Date of the Thesis** : 06.07.2022

**Page Number** : 63

**Thesis Supervisors** : Asst. Prof. Dr. Pınar BACAŞIZ

**Index Terms** : Brand communication, Brand loyalty, Brand strategy and strong brand

**Turkish Abstract** : Bu tezin temel amacı, e-hizmet kalitesi, algılanan risk ve müşteri memnuniyeti arasındaki ilişkiyi araştırmaktır.

**Distribution List** : 1. To the Institute of Graduate Studies of Istanbul Gelisim University  
2. To the National Thesis Center of YÖK (Higher Education Council)

*Signature*

*Noor ADNAN MAKTARI*

**REPUBLIC OF TURKEY  
ISTANBUL GELISIM UNIVERSITY  
INSTITUTE OF GRADUATE STUDIES**

Department of Business Administration

**THE RELATIONSHIP BETWEEN E-SERVICE  
QUALITY, PERCEIVED RISK AND CUSTOMER  
SATISFACTION:  
AN EMPERICAL STUDY ON ETSY ONLINE  
SHOPPING STORE**

Master Thesis

**Noor ADNAN MAKTARI**

Supervisor

Asst. Prof. Dr. Pınar BACAŞIZ

**Istanbul – 2022**

## **DECLARATION**

I hereby declare that in the preparation of this thesis, scientific ethical rules have been followed, the works of other persons have been referenced in accordance with the scientific norms if used, there is no falsification in the used data, any part of the thesis has not been submitted to this university or any other university as another thesis.

Noor Adnan MAKTARI

.../.../2022



**TO ISTANBUL GELISIM UNIVERSITY**  
**THE DIRECTORATE OF SOCIAL SCIENCES INSTITUTE**

The thesis study of Noor Adnan MAKTARI titled as the direct The relationship between e-service quality, perceived risk and customer satisfaction: An empirical study on ETSY online shopping store has been accepted as MASTER THESIS in the department of Department of Business Administration by out jury.

Director	<i>Signature</i> <i>Asst. Prof. Dr. Pınar BACAKSIZ</i> (Supervisor)
Member	<i>Signature</i> <i>Asst. Prof. Dr. Sinem EYİCE BAŞEV</i>
Member	<i>Signature</i> <i>Assoc. Prof. Dr. Kemal ERKİŞİ</i>

**APPROVAL**

I approve that the signatures above signatures belong to the aforementioned faculty members.

... / ... / 20..

*Signature*  
*Prof. Dr. İzzet GÜMÜŞ*  
Director of the Institute

## **ABSTRACT**

In today's online markets, the capacity of online shopping stores to consistently enhance customer satisfaction and engagement is more important than conventional metrics like growth, economies of scale, or share price in evaluating its financial performance. As a result, it is critical, to determine and studying the core factors that affects the customer satisfaction like e- service quality and perceived risk. From this point the primary aim of this thesis was to investigate the relationship between e-service quality, perceived risk and customer satisfaction.

To accomplish this aim the convenience sample has been chosen as a way to gather data from the Iraqi respondents about their experiments on the ETSY online shopping store , 340 valid questionnaires have been collected the descriptive, correlation and simple linear regression analyses have been employed to test the hypothesis of the thesis.

The findings of the thesis indicates that there are a statistically significant relationship between e-service quality , percieved value and the customer satisfaction

**Key Words:** Brand communication, Brand loyalty, Brand strategy and strong brand

## ÖZET

Günümüzün çevrimiçi pazarlarında, çevrimiçi alışveriş mağazalarının müşteri memnuniyetini ve katılımını sürekli olarak artırma kapasitesi, finansal performansını değerlendirmede büyüme, ölçek ekonomileri veya hisse fiyatı gibi geleneksel ölçütlerden daha önemlidir. Sonuç olarak, e-hizmet kalitesi ve algılanan risk gibi müşteri memnuniyetini etkileyen temel faktörlerin belirlenmesi ve incelenmesi kritik öneme sahiptir. Bu noktadan hareketle bu tezin temel amacı, e-hizmet kalitesi, algılanan risk ve müşteri memnuniyeti arasındaki ilişkiyi araştırmaktır.

Bu amaca ulaşmak için, Iraklı katılımcılardan ETSY çevrimiçi alışveriş mağazasındaki deneyleri hakkında veri toplamanın bir yolu olarak uygun örnek seçildi, 340 geçerli anket toplandı, tanımlayıcı, korelasyon ve basit doğrusal regresyon analizleri test etmek için kullanıldı. tezin hipotezi.

Çalışmanın sonuçlarına göre, e-hizmet kalitesi, algılanan değer ve müşteri memnuniyeti arasında istatistiksel olarak anlamlı bir ilişki olduğunu göstermektedir.

**Anahtar Kelimeler:** Marka iletişimi, Marka sadakati, Marka stratejisi ve güçlü marka



## TABLE OF CONTENTS

<b>ABSTRACT .....</b>	<b>i</b>
<b>ÖZET.....</b>	<b>ii</b>
<b>TABLE OF CONTENTS.....</b>	<b>iii</b>
<b>LIST OF TABLES .....</b>	<b>iii</b>
<b>LIST OF FIGURES .....</b>	<b>vi</b>
<b>INTRODUCTION.....</b>	<b>1</b>

### CHAPTER ONE ONLINE SHOPPING

1.1. THE CONCEPT OF ONLINE SHOPPING.....	3
1.2. ONLINE SHOPPING PROCESS .....	4
1.2.1. Impact Factors.....	5
1.2.2. Culture Factors .....	6
1.2.3. Social Factors.....	7
1.2.4. Personal Factors .....	9
1.2.5. Environment Factors.....	11
1.2.6. Psychology In The Purchasing Process .....	13
1.3. PREFERENCE OF CUSTOMER FOR ONLINE SHOPPING.....	13
1.4. ONLINE CONSUMER PURCHASING BEHAVIOR .....	15
1.5. CONSUMER PURCHASE THEORIES .....	16
1.6. STRATEGIES FOR PROMOTING THE PRODUCT ONLINE .....	19
1.6.1. Effect Of Inter Along With Cross-Category .....	20
1.7. ONLINE SHOPPING IN THE SCOPE OF RETAIL INDUSTRY .....	21

### CHAPTER TWO CUSTOMER SATISFACTION

2.1. CONCEPT OF CUSTOMER SATISFACTION.....	24
2.2. IMPORTANCE OF CUSTOMER SATISFACTION.....	25
2.3. REQUIREMENTS OF CUSTOMER SATISFACTION.....	27
2.4. FACTORS AFFECTING THE SATISFACTION OF CUSTOMER .....	27
2.5. STRATEGIES TO SATISFY CUSTOMERS .....	28
2.6. CUSTOMER SATISFACTION MODELS .....	34
2.7. E SERVICE QUALITY AND CUSTOMER.....	35
2.8. PERCEIVED RISK AND CUSTOMER.....	37

**CHAPTER THREE  
METHODOLOGY**

3.1.DATA COLLECTION METHOD.....38  
3.2.POPULATION AND SAMPLE..... 38  
3.3.MEASUREMENT..... 39  
3.4. FINDINGS .....39  
**CONCLUSION AND RECOMMENDATION ..... 48**  
**REFERENCES..... 50**



## LIST OF TABLES

<b>Table 1:</b> Gender Analysis .....	39
<b>Table 2:</b> Age Analysis.....	39
<b>Table 3 :</b> Education of the participants analysis.....	40
<b>Table 4 :</b> Marital status analysis .....	40
<b>Table 5:</b> Buying Preferences of customers descriptive analysis.....	41
<b>Table 6 :</b> E –Service Quality (SQ) .....	41
<b>Table 7 :</b> Perceived Risk (PR).....	42
<b>Table 8 :</b> Customer Satisfaction (CS) .....	42
<b>Table 9 :</b> Cronbach's Alpha Test .....	42
<b>Table 10 :</b> Correlations analysis.....	43
<b>Table 11 :</b> Model Summary of SQ and CS.....	45
<b>Table 12 :</b> ANOVA(b) of SQ and CS.....	45
<b>Table 13 :</b> Coefficients(a) of SQ and CS.....	45
<b>Table 14 :</b> Model Summary of PR and CS.....	46
<b>Table 15 :</b> ANOVA(b) of SQ and CS.....	46
<b>Table 16 :</b> Coefficients(a) of SQ and CS.....	46

## LIST OF FIGURES

<b>Figure 1:</b> Davis' Technology Acceptance Model (TAM) .....	18
<b>Figure 2:</b> Customer satisfaction factors .....	29
<b>Figure 3:</b> Customer satisfaction model .....	34
<b>Figure 4:</b> Kano model of customer satisfaction .....	35



## INTRODUCTION

Due to the expansion of online shopping stores, technological changes have created significant competitive obstacles, requiring stores to adjust to these challenges, stay current with technological innovations, and develop provided services in order to improve competitiveness and profitability while lowering customer perceived risk. According to the literature review, relationship marketing, brand image, and service quality are three essential characteristics that may be exploited to reduce perceived risk (Bicen, 2015). Researchers will benefit from the proposed model since it proposes a novel paradigm in customer satisfaction. This study adds to the body of knowledge by conducting an empirical investigation of the link between consumer perceptions of risk, service quality, and customer pleasure. Furthermore, researchers and practitioners will benefit from a model that may be used to lower perceived risk and boost consumer satisfaction (Habel, and Klarmann, 2014).

The expectation before the buying process is the customers' beliefs about the products' performance, whereas the expectation after the purchase process is the customers' opinion on the products' performance. Satisfaction is a term used to describe when a product's performance and advantages exceed the consumers' expectations. Customer happiness boosts existing customer loyalty, the repurchase process, and people's knowledge of the online shopping business, lowers pricing flexibility and the cost of attracting new consumers, and keeps customers from being influenced by competitors, lowering perceived risk (Habel, and Klarmann, 2014).

An online shopping store, satisfying their customers against its competitors through the increasing the online service quality and decreasing the perceived risks from the customers It gives it an advantage, increasing its medium and long-term profitability Furthermore, delighted consumers are readily communicated customers, allowing online buying platforms such as Etsy and Amazon to quickly and thoroughly grasp their expectations. Despite the online shopping store's high prices, pleased customers are willing to pay a greater price for its goods (Bicen, 2015). In today's market, the capacity of a retailer to consistently enhance customer satisfaction and engagement is more important than conventional

metrics like growth, economies of scale, or share price in evaluating its financial performance. As a result, it is critical, particularly for online shopping companies, to boost consumer happiness in order to increase future purchase intentions and increase profits. Scholars and practitioners leaders will primarily focus on aspects that improve customer happiness; however, there is a negative side to this, and managers must also pay more attention to elements that might diminish consumer contentment. Customer perceptions of risk and service quality may pose a danger to online retailers by lowering customer happiness (Al-Hersh, Aburoub, and Saaty, 2014).

This study aims to shed insight on the link between e-service quality, perceived risk, and customer satisfaction. There is a dearth of effective shopping models, particularly in the Etsy online shopping store, to assist them in avoiding or reducing consumer perceived risk and increasing customer pleasure. This research will bridge a knowledge gap in online marketing management. This thesis will depend on the quantitative approach through using online questionnaire to collect data from the Iraqi respondents.

This thesis will be structured as follows: after the introduction, the literature review part will come , in this chapter the concept of the perceived risk e-service quality and customer satisfaction , factor affecting ,measurement method, and the relationship between these factors will be discussed, in the second chapter the methodology and the analysis results will take place, finally the conclusion and recommendations will be written.

# **CHAPTER ONE**

## **ONLINE SHOPPING**

### **INTRODUCTION**

Through the use of a web browser or a mobile app, customers nowadays can directly purchase products or services from sellers through online shopping. Customers can locate a product of interest by going to the retailer's website directly or by utilizing a shopping search engine to look up alternative vendors. Shopping search engines show the availability and price of the same goods at several e-retailers. By 2020, clients will be able to purchase online utilizing a variety of computers and gadgets, such as desktop, laptop, tablet, and smartphone computers.

This chapter introduced and important about the factors that affects the online shopping and included the meaning of online shopping, the process of online shopping, online shopping behavior and the theories of online shopping

### **1.1. THE CONCEPT OF ONLINE SHOPPING**

The practice of purchasing services and commodities through the internet using an internet browser on a mobile phone, an online television, or a computer is known as online buying, electronic buying, or online shopping. Many people are using the internet to shop since they have a busy work schedule and don't have the resources or time to go to the mall to buy their desired things, according to Kim and Byramjee (2014). Customers today are more confidence in their abilities to make online purchases, according to research. Online shopping, often known as online shopping, has been quickly gaining in popularity at a dizzying speed. It is achievable since it is a handy and simple method of obtaining the needed items and services) Kim, & Byramjee, 2014).

Buyers can utilize the internet and an internet browser to identify the required products and services from a salesman when they visit the retailer's e-commerce website directly. Buyers are also benefited since they may compare the things and services, and also their costs, given by different vendors by using a shopping search tool that assists in showing the availability of similar products and

services. According to Kuester, and Sabine (2012), online shopping is essentially electronic commerce that allows potential buyers to purchase things from a vendor over the internet. Furthermore, consumers learn about their desired goods on the internet, and when they locate it on numerous websites, they evaluate comparable items and buy the one that has a fair price and high quality (Kuester, and Sabine ,2012).

There are two sorts of internet shopping: business-to-business (B2B) and business-to-consumer (B2C). business-to-business stands for business-to-business, whereas business-to-consumer stands for business-to-customer. Business-to-business is essentially selling a product to another company, whereas business-to-customer is essentially selling a service to the customers. Online technologies, according to Porinita Bannerjee, Vasimraja and Sayyed (2017), provide various competitive benefits such as individuality, agility, interaction, and selection. According to Gupta (2015) survey, online shopping has overtaken email, instant messaging, and internet surfing as the third most popular activity. Customers purchase products from any internet shop depending on the evaluations of other customers, the graphic design, and other services. As a result, firms must align these aspects in order to produce financial value in the workplace (Gupta ,2015).

The world is getting increasingly fast-paced as a result of technology improvements, and as people become busier by the day, they are becoming more dependant on online shopping, which lets shoppers to save time while picking from a huge selection of things. According to the Ethan and Chad, (2011), India has the third biggest internet population, with 73.8 million individuals using the internet on a daily basis from their computers and workplaces. There are 100 million internet users in India, and 50 percent of them like online shopping. According to Master Card Worldwide Insights (2008), 47 percent of internet users worldwide purchase online (Ethan and Chad, 2011).

## **1.2. ONLINE SHOPPING PROCESS**

According to consumer behavior theory, the traditional buying process is divided into five steps: need identification, information search, alternative appraisal, purchase, and post-purchase activity. Customers used to get most of their product



or promotion information through multimedia advertising or word of mouth from family and friends in the conventional model, spending a lot of time and money in the process. In addition, only customers can comprehend the purchase process and have a minor influence on others. Other customers will seldom hear about after-purchase comments from other customers, for example, because the goal of this information is to enhance the shop's service quality rather than to be shared with the wider public. Online shopping, as opposed to traditional consumer decision-making, is the practice of delivering items and services over the internet medium. Except for the difference in middleman, there appears to be no difference between the traditional purchase procedure and internet shopping (Lin and Ding, 2010).

The development of purchase motivation, which is impacted by both internal and external stimuli, is the first stage in the online purchasing process. Customers' need for a particular product or service is one prerequisite for purchase confirmation; other variables like as website designing and referrals from friends, on the other hand, are external poignant factors. In order to finish the purchase, smart buyers will choose relevant information from messages of sufficient product listings after creating their purchasing reason. Customers are considered more proactive while buying online than when buying in a traditional store since they have more time and geographical flexibility (Gupta, 2015).

Customers become more cautious about the credit of online firms, the price of goods, and post-purchase comments from others at the stage of evaluation and selection since they are unlikely to have direct contact with the genuine objects. To address information asymmetry, e-commerce platforms like Taobao rely on third-party credit verification and post-purchase assessment. Concerns that affect both parties in a business transaction and serve as a benchmark. Following that, the purchasing decision can be made by evaluating things while carefully examining the virtual shop owner's sense of confidence and the feeling of security in payment (Kuester, and Sabine, 2012).

The procedure of online customers going to compare the obtained product to the store's description of the goods and supplying an evaluation such as "Good, Medium, Bad" to the store after verifying the goods in order to convince the

online shop's public image as well as provide a mention to other potential customers is known as after-sale evaluation (Ethan and Chad, 2011).

### **1.2.1. Impact Factors**

Kotler (2011) divides aspects that may have a substantial influence on consumer purchasing behavior into four classifications: cultural, social, individual, and psychological. In terms of culture, the study compares individualism in European and American culture to collectivism in other culture in order to depict the influence of culture on online shopping behavior. Furthermore, the study utilizes the example of friends and family's influence on risk perception to demonstrate the impact of social characteristics on online purchasing decisions. Furthermore, the evaluation of personal aspects begins with age, online buying knowledge, privacy type, and perceived risks to illustrate the relevance of individual traits for online purchase (Kotler, 2011).

Customers who purchase online have a distinct mental state and conduct than those who shop in a traditional store, due to the disparities between online and traditional shopping. When you don't know the outcome goal of a client's web surfing action, distinguishing their motives from network behavior can be difficult; additionally, consumers' online shopping decisions in the previous systems are more likely to be affected by marketing companies and the shop environment, so although clients are more proactive and character when shopping online; Additionally, the cost of online consuming covers both the cost of products and the cost of logistics; and last, the cost of online consumption covers both the cost of products and the cost of logistical issues (Hariharan, and Selvakumar, 2018).

As a result, traditional psychological theories are difficult to apply to the internet shopping process. However, because mentality has an influence on nearly every stage of online shopping, there is no need to analyze psychology separately. Finally, it is more acceptable for the next research to replace the psychological subchapter with an environment factor subchapter to explore the effect aspects from the standpoint of virtual community in the thesis. Because internet companies are intangible, various elements such as the atmosphere, website

design, price, and post-sale evaluation are direct factors that impact client online purchasing decisions (Lin and Ding, 2010).

### **1.2.2. Culture Factors**

According to Shahzad, Yan, and Sumaira (2015), individualism suggests a loose social structure, whereas collectivist indicates a tight social structure. Individualism, as espoused by European and American culture, and collectivism, as espoused by other culture, are diametrically opposed, and this gap will have an impact on internet shopping goals and behavior (Shahzad, Yan, Sumaira, 2015).

According to a cross-cultural study by Katawetawaraks, and Cheng, (2013) , social factors have a greater impact on developing countries online shopping than on American online shopping, and the explanation for this trend is more likely to be Chinese for example, They are culturally more collectivist and like to pay greater attention to social rules Americans, on the other side, have a more collectivist and individualist orientation, which means that while making shopping selections, buyers are more likely to shop online depending on their own tastes (Katawetawaraks, and Cheng, 2013).

The impact of online store reputation on online consumers is immense, and the number of people who share product information with others in an online shopping social forum is growing in emerging nations over time (Fong et al, 2006). In the e-commerce industry of emerging nations, there is an interesting situation where the rate of online consumer comments in online shopping forums is equivalent to the rate of brand market share, which does not exist in the United States. Furthermore, online buyers from developing nations want to connect and share information about product producers with others in the virtual social community, and some of them have committed to persuading online buyers to avoid foreign commodities, particularly those from Japan.

This form of encouragement will have a significant influence on the purchasing intents of developing countries online customers; nevertheless, this circumstance does not exist in US online user forums (Hsu, 2012).

### **1.2.3. Social Factors**

According to social impact theory, social groupings are constrained by social laws. When members of a group who are under particular circumstances surrender themselves to those standards and wish to take suitable activities that can be acknowledged by other members of the group. According to the rational action theory, subjective rules are a critical role in determining a person's conduct, and subjective norms are produced by individual normative views acquired from society and incentive to follow these specifications. Individuals may shape their conduct to meet society's expectations by learning and watching the world, according to the social study hypothesis (Hair et al, 2010).

Social elements such as family, friends, school, and the media, according to Park and Kim (2003), have a significant impact on conventional consumer behavior. In compared to conventional consuming, there is a concern of how real-world elements might influence consumer online purchasing behavior, despite the fact that an online store is a virtual topic and online buyers live in a real world. Some researchers feel that social aspects have a little influence on online shoppers' purchase intentions and behavior, while others say that impact is minimal. In traditional consumption, the perception of key individuals who are relevant to the clients will influence their attitude in all elements of consumption; nevertheless, such people will only have an impact on online consumers' perceptions of economics and security (Forsythe, and Shi, 2003).

More research has found a relationship between personal judgments of social features and the urge to purchase online. Individuals' intents to shop online will be substantially boosted if they live in a culture that fosters it. Consider how customers' purchase decisions are impacted by their friends or relatives who are out shopping or who have a bad attitude about online shopping. Because a recommendation from a family member or friend reduces a client's risk perception while shopping online, his or her willingness to buy will increase. According to a poll, university students prefer to purchase paper note books online rather than in person, Despite the fact that the price of note books on the internet is not cheaper than the price in a physical store and the time spent looking is equivalent to the time spent getting to the stationer, the time spent browsing is comparable to the time spent traveling to the stationer (Tak-kee and David, 2006).

When confronted with a new consumption channel, clients become much more cautious, and their purchasing decisions are influenced by social factors such as recommendations from family and friends, which is why social factors such as recommendations from family and friends have an effect on the implementation of client online shopping (Rapp, et al ,2009).

#### **1.2.4. Personal Factors**

##### **1) Age**

According to a research provided by the Sajjad, and, Irum, (2012), the stripling age group (between 20 and 29 years old) is the largest group of online consumers in developing countries like Iraq, indicating a negative link between age and the ability to purchase online. Although some scholars feel that the link between these two variables should be positive correlation or even unimportant, this thesis' concept will insist on negative correlation owing to the difference in age intervals used for survey (Sajjad, and, Irum, 2012).

Junior citizens' internet shopping habits differs from that of elderly citizens. Young individuals are better at acquiring information from many sources and are more likely to devote time to searching for items; yet, the likelihood of purchasing a thing by an older person is far greater than that of a young person after the browsing stage is over. People of various ages often have varied shopping preferences; for example, older seniors like to purchase gardening-related things, whilst the younger generation wants to purchase popular or specific goods (Hsu, 2012). .

##### **2) Online shopping experiences**

The online shopping experience includes a consumer's substantial effort, the interactivity of the online purchasing procedure, and the pleasure of consuming online. Clients' ability to acquire information might be boosted via online shopping experiences. A luxury online shopping experience may reduce the number of stores that clients must visit, depending on the amount of time spent researching things and the number of places visited.

Because the internet shopping experience may help customers improve their data gathering skills, they can get the information they need with fewer searches

(Kuester, and Sabine ,2012). Online shopping experiences may influence a shopper's decision to make a purchase over the internet. Acceptance is the initial attitude. Customers are more likely to purchase online when the online purchasing experience improves. The second attitude is one of faith. The establishment of online shopping efficacy is aided by the happiness of online buying experiences. It is the client's conjecture to the online shopping environment to see whether it can meet his or her purchasing needs, and the customer with high efficacy will trust online shopping much more. Loyalty is the last one. Clients' prior online shopping experiences will influence their subsequent consumer behavior, and the amount of satisfaction with previous online shopping experiences may determine whether customers would purchase items from a given business again. For example, if an online store owner fails to deliver a product to a consumer on time, the number and value of orders placed will be reduced over time. Furthermore, shoppers' despair and anxiety as a result of this encounter may influence their buying decisions in the future (Kim, & Byramjee, 2014).

### 3) Privacy typology

The evolution of computer and information technology not only encourages the growth of the internet, but it also introduces security and privacy concerns. Many customers may decide to quit using the internet since the results of certain websites compel them to provide personal information. According to Gupta (2015), the majority of customer's value privacy more than anything else, which makes making decisions while online purchasing more challenging. According to an IBM poll, the majority of consumers are concerned about their personal information being taken online (Gupta, 2015).

Ethan and Chad, (2011) Customers are divided into four groups based on how concerned they are about privacy: indifference, careful thinking, attentiveness, and vigilance. Customers who are strongly affected are anxious about losing personal information, which leads to a decision to cancel the transaction. On the website, customers are requested to provide personal information such as credit card details. This sort of customer finds it challenging to finish an online transaction. Clients who are bothered with privacy, on the other hand, may finish the online purchase procedure without difficulty (Ethan and Chad, 2011).

#### 4) Risk perception

Because the internet has the characteristics of virtuality, digitalization, and openness, the hazards that customers may feel from online purchase are greater than with traditional online shopping. Clients, for example, are unable to experience the true characteristics of things without touching and inspecting them, posing significant hazards to the buyer. As a result, customer perception of danger is the key reason preventing them from making an online purchase choice. The extent of an online customer's risk perception is inversely related to their buying intention. When customers detect any threat, they get extremely worried and strive to figure out how to reduce the amount of risk (Lin and Ding, 2010).

#### **1.2.5. Environment Factors**

##### 1) Price

The most important factor influencing online clients' shopping decisions is price. In compared to the position of items in a physical store, the range of merchandises and pricing of goods offered by online shopping are more appealing to consumers in general. Apart from that, there are the advantages of comparing costs with different merchants, saving time, and convenience. May be completed entirely without leaving the house. According to empirical study, the majority of customers will pay attention to the price while buying online, and a competitive pricing is the most important factor in encouraging people to buy on the internet (Perea, et al, 2004).

##### 2) Web design

Commercial websites are particularly significant in the e-commerce business as transaction platforms. A high-quality website not only offers a powerful product search function, but it also helps to cut down on network shopping time. While the site's extensive content, design, and general functioning can have a big impact on customers' online buying decisions, it can also help online shops sell more. Customers like to visit websites that provide relevant information and tailored content; otherwise, the backdrop, ease, and effectiveness of browsing have an impact on client online purchasing behavior. Ali, and, Sudha. (2010) concluded that goods, service, advertising, convenience, payment, and search will effect

total sales of online stores after investigating 37 characteristics from 137 online retailers and doing research on these 37 forms of interface from 28 network shops (Ali, and ,Sudha. 2010).

### 3) Product features

Customers' purchase decisions may be influenced by the things that an online business provides for them to pick from. Sumaira, Shahzad, Yan, and Shahzad (2015). The merchandises were divided into two groups: experiencing and searching. Customers can quickly analyze the qualities of commodities used for searching, such as books and computer software, and the dangers of acquiring these types of goods are generally minimal, so online buyers can simply make a purchasing decision. Furthermore, the qualities of experiencing things such as garments, cosmetics, and jewelry are difficult to characterize prior to obtaining and testing by online customers, making purchase decisions for such products challenging (Shahzad, Yan, Sumaira, 2015).

### 4) Post-purchase service

Post-purchase services such as logistics, after-sale assessment, and adjustment for unintentional damage have an influence on a customer's buying choice due to the peculiarities of online shopping. For example, consumer happiness with an online store might be increased by the speed with which the items are delivered, and this satisfaction will determine if the client makes a repeat purchase. Many customers may reject to purchase online since they would be unable to experience good after-sale service. The service involves commercial post service timeliness as well as a range of post-purchase services after obtaining the items. Because the parties to the transaction are unable to meet in person, as well as the issue of distance on the terrain and differences in the personalities of the sellers, post-sale service is a very tough constraint for online purchasing (Shu, et al 2012).

## **1.2.6. Psychology In The Purchasing Process**

After years of development, the e-commerce industry today offers a diverse choice of products and services to clients, allowing them to acquire items or services that they are happy with. With the variety of product categories and the technological development, customers have become more cautious about



obtaining information about the goods from websites. Receiving recommendations from friends in addition to making a contrast has become a chance and opportunity for customers to make shopping decisions (Perea, et al, 2004).

Along with the fast pace of life, buyers value not only the good quality and fair pricing of daily necessities, but also the speed and convenience of online shopping for the sake of time savings. Because of the virtuality aspect of the internet, a rising number of buyers approach convenience as the major goal in order to buy time for amusement and relaxation. As a result, customers have become more price conscious. Shanthi, and Desti ( 2015) also describe the joy of shopping's searching method as one of the characteristics of online consumption, implying that online consumption satisfies shoppers' legitimate needs while also providing them with a hyperbolic pleasure throughout the purchasing process (Shanthi, Desti ,2015)..

### **1.3. PREFERENCE OF CUSTOMER FOR ONLINE SHOPPING**

Consumers' preferences for internet buying are changing at a breakneck pace. It is conceivable for a variety of reasons, some of which are listed below:

**Convenience:** Customers have reaped tremendous benefits from online shopping. Customers will not need to go to a mall or supermarket to shop for their desired commodities or services. Since internet shopping is accessible 24 hours a day, buyers profit immensely because they may purchase their desired items on their own time. Furthermore, with the help of an active internet connection, shoppers may take advantage of all the advantages of online shopping from any area or position. It is of great aid to those who have a hectic routine in their lives (Lin and Ding, 2010).

**Specifications:** Another benefit of online shopping for consumers is precise information about the items and services offered by the retail business organization. Because retail organizations try to boost their sales and profits by employing electronic purchasing, consumers are provided with correct, sufficient, and more knowledge about a company's products in online stores rather than physical stores (Seock, and Bailey, ,2008). The product description includes information on the manufacturer, size or amount, and particular techniques

utilized in products and services, and this information aids customers in acquiring their goods by enabling them to examine and investigate retail firms' products and services. A broader range of choices: Clients may pick the best things from a multitude of possibilities, which is one of the most essential benefits of online shopping. Because they do not need to display their items in an appealing manner to attract clients, online shops have a broader selection than physical storefronts. As a consequence, they may keep larger quantities of products on hand (Perea, Dellaert, and De Ruyter, 2004).

**Exclusive offers:** Exclusive discounts are one of the primary perks that internet merchants deliver to their clients. Online shopping stores provide a range of unique offers to customers. Customers may select the best offer depending on their needs. Consumers may learn about the various options before narrowing down their choices depending on their requirements (Ali, and ,Sudha. 2010).

**Shipping assistance:** Customers may be assisted in receiving things from online vendors. Customers accept a little cost for this since they don't have to waste time travelling to offline stores and lugging items home, which is hard and demanding work for those with a hectic schedule. It's worth noting that some internet retailers don't charge for shipping (Shanthi, Desti ,2015).

**Competitive price:** Competitive pricing is another advantage that internet retailers provide to their clients. Customers buy less products from online merchants than from brick-and-mortar stores, according to research. Online merchants may now operate without paying rent and conduct effective marketing using social media at a lower cost. It helps to communicate with a bigger number of people at once. This helps online businesses attract clients' attention. This helps internet firms cut product pricing and offer value to consumers' financial situations (Hariharan, and Selvakumar, 2018).

**Rating and review:** Customers have rated and reviewed as one of the key perks, which is quite important for consumers. Consumers may look at other people's ratings and reviews to see what they think about the products. Consumers are assisted in picking the best things from the available options based on service or product ratings and evaluations (Shahzad, Yan, Sumaira, 2015).

#### **1.4. ONLINE CONSUMER PURCHASING BEHAVIOR**

The process by which consumers satisfy their buying demands over the internet is known as online shopping, sometimes referred as online purchasing or online consuming. Online shopping is described as a process of sellers supplying items or services to customers over the internet, as well as the aspects of information flow, cash movement, logistics, and every other connection in the entire process. Online buying is described in this thesis as a legitimate purchasing behavior in which consumers fulfill demand using internet technology (Khan, Liang, and Shahzad, 2015).

Online shopping has grown into a brand-new personal consumption pattern for consumers, gaining a growing amount of public attention, thanks to advancements in internet technology and the rise of the e-commerce sector. A wide number of academics have been examining the factors that impact customer online buying behavior from a variety of angles in recent years. To deconstruct the variables that impact consumers' online buying behavior and establish an influencing factor mode, Wang (2001) performed research on demographics, consumer perceptions, transaction security, and online shop owner. Others have done similar research on the dangers of online shopping as well as the dangers of specific products. Qualities and types, website flexibility and simplicity, and the major benefits of online shops (Shu, et al 2012).

#### **1.5. CONSUMER PURCHASE THEORIES**

In almost every field of study, empirical studies are driven by specific ideas. The foundation of consumer behavior research is a collection of assumptions that anticipate and explain human behavior. The Valence Framework is based on the theory of Planned Behavior, the Technology Acceptance Model and its adjustments, the Post-acceptance Model of IS Continuance, and the Valence Framework, on which the large number of known models on electronic consumer habits are based. These consumer buying theories give us with a theoretical guidance and assist us better comprehend the mechanism of consumer behavior. Our goal is to understand how perceived risk interacts with the consumer

purchase process and influences consumer decision-making in light of these ideas, rather than to explain them (Katawetawaraks, and Cheng, 2013).

#### ❖ **The Theory of Reasoned Action and the Theory of Planned Behavior**

The Reasoned action (TRA) and the Theory of Planned Behavior (TPB) are two well-known intention models for predicting and understanding human behavior in a range of disciplines. The two theories claim that behavioral intention influences conduct, and that the consumer's opinions regarding the activity are a primary predictor of intentions. Behavioural control is a predictor of actual behavior, according to the reasoned action theory. As a result, we split the transaction decision into two parts: desire to buy and purchase completion. The degree to which a customer plans to make a transaction from a certain e-retailer is referred to as willingness to purchase, while the actual transaction decision is referred to as purchase (Khan, et al, 2015).

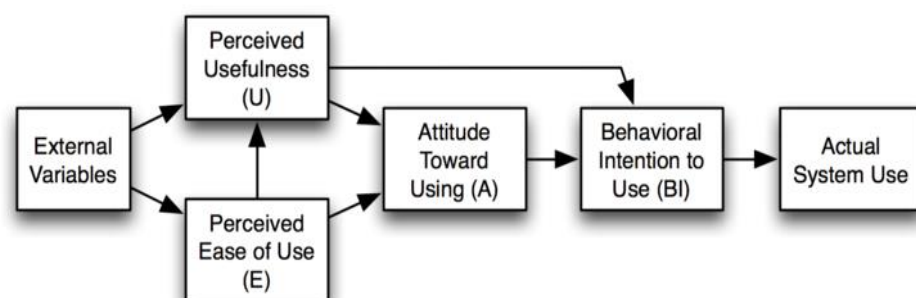
Hsu, (2012) developed and verified a study model that suggested that the perceived reputation and size of an online business increase consumers' trust in that store. As a result, the favorable attitude generated by the good perceived reputation and perceived size leads to buy intent. They built the model with the premise that a consumer's perception of a merchant's reputation, size, and trust are established based on facts about the business (Hsu, 2012).

The reasoned action theory presents the reasoning for how a consumer's beliefs influence his or her purchasing intentions. According to the reasoned action theory, one's desire to execute an action is determined by one's belief or attitude toward that behavior. The theory of planned behavior added perceived behavioral control as a supplemental element determining behavioral intention to the reasoned action theory. The reasoned action theory and theory of planned behavior have been assessed in a variety of scenarios, including information technology usage behavior, the volitional aspect of the event is shared by Internet buying behavior, which reasoned action theory can explain and forecast. Furthermore, Hair, et al, (2010).claimed that the idea of perceived behavioral control in the theory of planned behavior might explain the direct effect of perceived risk on intention (Hair, et al, 2010).

## ❖ The Technology Acceptance Model and its Modifications

Forsythe, and Shi, (2003). Developed the technology acceptance model (TAM) for forecasting information technology utilization based on reasoned action theory. Technology acceptance model appears to be the most commonly accepted model among information system scholars, because the model is validated by a large number of recent empirical investigations. Technology acceptance model's goal is to explain and anticipate information technology adoption before users have had any hands-on experience with the technology. According to the technology acceptance model, perceived utility and perceived ease of use are strongly linked to actual system use. Where perceived ease of use (PEU) is defined as "the degree to which a person believes that using a particular system would be free of effort", and perceived usefulness (PU) is defined as "the degree to which the individual believes that using a technology system would improve his or her performance". Technology acceptance model predicts user acceptance based on two behavioral beliefs: perceived ease of use and perceived utility, which define an individual's behavior intention (BI) to utilize information technology, as shown in Figure 1 below (Forsythe, and Shi, 2003).

**Figure 1:** Davis' Technology Acceptance Model (TAM)



**Source:** Davis (1989)

As an example of technology acceptance model in action, Tak-kee and David , (2006) developed and validated a research model that suggested that perceived utility of an e-commerce site influences purchase intent, and that perceived

usefulness is influenced in part by perceived ease of use and social presence on the site. Furthermore, Tak-kee and David , (2006) also suggested an Extended E-commerce Acceptance Model that takes into account the role of perceived risk in creating a person's behavioral intention to utilize technology, as well as the many aspects of perceived risk (Tak-kee and David ,2006).

#### ❖ **Post-acceptance Model of Information System Continuance**

While early acceptance of an information system is a vital first step toward attaining information system success, the long-term sustainability and eventual success of an IS are dependent on its continuing usage rather than first-time use. Conquesting a new client is 5 times more expensive than retaining an existing customer. Furthermore, because of the tremendous competition in e-commerce marketing, corporations are becoming increasingly concerned about keeping customers' intent to repurchase. Prior research, on the other hand, has ignored the importance of continuing existence behavior and the difference among acceptance and continuance process (e.g., Forsythe, and Shi, 2003; Tak-kee and David ,2006) by viewing continuance as an extension of acceptance behaviors, in other words, they clarify both acceptance and continuance process using the same factors. However, these initial buying characteristics, such as perceived danger, cannot remain constant throughout the purchasing process (Shanthi, Desti ,2015).

The post-purchase procedure differs significantly from the original procedure. Consumers' post-purchase intention, according to Kim et al. (2008), is influenced not only by the elements that affect the initial purchase, but also by the repercussions of that first buy choice. Consumers' post-purchase appraisals of a product or service will be influenced by a number of factors, including the consumer's previous expectations. As a result, these research have been unable to explain why some users leave IS after a brief period of use (Kim et al., 2008).

Current acceptance models, according to Lian, and Yen, (2014), "give a limited explanation of, and may occasionally contradict, observed continuing behaviors." In light of this, we believe that continuation behavior is distinct from acceptance behavior, despite Kim et al., (2008) reporting that technology acceptance model may be used to examine both initial e-commerce adoption and the desire to purchase again. The expectation-confirmation theory (ECT) helps explain this

post-purchase process. Confirmation, according to the expectation-confirmation theory, is the process of evaluating expectation vs. perceived performance over two time periods (Lian, and Yen, 2014).

## **1.6. STRATEGIES FOR PROMOTING THE PRODUCT ONLINE**

According to Shu, Hung, Bat (2012)., companies need to ensure good online strategies to promote their products online because today's customers rely on the internet, and promotional strategy on the internet will allow organizations to share product information with more customers in a shorter period of time. The author's research also reveals that in order to advertise their products, businesses must have a competent marketing plan and promotional strategy in place. According to Shu, et al (2012), 71% of internet users are more inclined to make a purchase from a business that they follow on social media sites like Twitter or Facebook. Furthermore, according to this analysis, an internet marketing approach would assist the company generate three times the number of leads as traditional outbound marketing while simultaneously costing 62 percent less (Shu, et al 2012).

According to Lian, and Yen, (2014), firms in the retail industry must understand and evaluate their consumers' buying behavior since failing to do so might have a detrimental impact on the business. Furthermore, the report states that in order to promote a product on the internet, firms must hire competent graphic designers since beautiful photos or images of the product enhance the rate of sales. Organizations must market their product information on social networking sites since many individuals rely on these sites to acquire product reviews and to express their own motivation for that product or service. In order to capture the local and also worldwide market, product marketing is required. Companies in the retail business have used several techniques to promote their items online as a result of this. The following are some of these strategies (Lian, and Yen, ,2014):

### **1.6.1. Effect Of Inter Along With Cross-Category**

One of the most important methods used by internet retail enterprises. The value of the items that have been offered by the online retailers is screened, and they aim to attract customers by highlighting the positive qualities and advantages of

their products. They show their alternative and complimentary items and try to persuade customers to buy their products because of the long-term benefits. Program of loyalty: A loyalty program is another tactic used by retailers to market their items online. Retail firms give an incentive to customers who consistently exhibit their loyalty by purchasing the company's items in these programs. Furthermore, these programs were created by retail organizations to encourage current customers in the target market of the business to return and avoid competition by making repeated purchases (Katawetawaraks, and Cheng, 2013).

Internet recommendation systems: Another way for shops to market their products is to utilize an online recommendation system. They try to attract clients' attention by providing information about savings opportunities. They work hard to guarantee that their product is good value for money and to convince customers to buy it. Consumer tastes that evolve over time: This is one of the methods retailers employ to market their items online. Consumer preferences change over time in terms of geography, purchasing product categories, and other aspects. Retailers are always ready to provide customers based on their preferences. Retailers utilize the Internet extensively to sell their goods. To sell things online, retailers employ the following strategies (Khan, Liang, and Shahzad, 2015):

Material marketing is a type of marketing that involves creating and posting content such as videos, photographs, and information on a company's official website in order to advertise items and attract customers. The material should be carefully chosen with the intended audience in mind. Email marketing is a method for promoting a product through email. The email address of the individual who signed up for the official site should be collected. After that, the created email list may be utilized to market the product or a future product. Social Media- Because consumers use social media so often, businesses have begun to use it to market their products. Facebook, Instagram, and Pinterest are just a few examples of social media platforms. Companies may use it to advertise products and reward customers with discounts (Hsu, 2012).

Affiliate Marketing- Affiliate marketing is a method in which other people advertise and sell a product by advertising it on their websites or blogs in exchange for a commission. Mobile E-commerce- Many people buy on their phones since it's convenient to place an order while at work or on the way to



work, and so app-based online shopping is a terrific method to sell things. Press Release - Another technique to promote a product is through a press release. Before doing so, the corporation should assess the product, its target audience, and the press version was released content. Sponsoring/Events- Organizing or event marketing is one of the most effective ways to advertise a shop or a product (Hair Anderson, and Tatham, 2010).

## **1.7. ONLINE SHOPPING IN THE SCOPE OF RETAIL INDUSTRY**

Nowadays, the trend of internet buying is rapidly growing. People nowadays prefer online shopping since it is more convenient and easier for them to purchase without having to go to an offline store due to their hectic schedules. Furthermore, internet or electronic buying allows them to save time. As a result, it has an impact on the retail business. The online merchants have understood that an online channel integration is required to enhance the value proposition of consumers while also enhancing the efficiency of the business organization's administration. As a result, the industry has been efficiently studying market trends in order to bring improvisation in line with customer preferences and market trends. According to Forsythe, and Shi, (2003), this improves the company's selling rate, which progressively assists in lowering product costs and increasing the company's productivity level (Forsythe, and Shi, 2003).

The management of retail organizations regularly give training programs to current workers so that they may adopt a proactive approach and improvisation to the company's products and services in order to satisfy existing customers, attract new customers, and earn more profit in the marketplace. Online shopping, as per Tak-kee and David (2006), is the act of purchasing goods through the internet. It entails connecting to the Internet and utilizing the seller's website to choose and purchase a product, as well as having it delivered to your home. Its growing popularity is attributed to the convenience with which customers may order any product from the comfort of their own homes. It enables customers to save time and avoid lines. The entire shopping experience has been described as stress-free. Almost anything can now be purchased online (Tak-kee and David, 2006).

Today, businesses have recognized the value of internet purchasing, and virtually every store now offers their consumers the opportunity to purchase online. Even other firms, such as Amazon, have gone entirely online and have no physical presence. However, many consumers do not find internet buying to be enjoyable. The retail establishment should realize that internet buying is the way of the future. In terms of monetary engagement, it is predicted that internet shopping would soon eclipse traditional purchasing. As a result, the retail sector should endeavor to strengthen its online presence (Rapp, Gaines, Wilson, 2009).

Customers are concerned that they will not receive a comparable product as a result of online buying, and businesses should address this issue by ensuring that customers receive the same product whether they shop online or offline. Returning products is another concerning feature of internet buying for consumers. Retailers should consider whether or not to provide product returns. Another reason why consumers avoid online buying is because of cyber fraud. The retail business has been greatly influenced by online purchasing. Retailers have migrated to the digital world and opened the door to online shopping in order to stay competitive. Almost every retailer now has an internet presence. Their business model now includes a significant amount of online buying (Sajjad, and, Irum, 2012).

Online shopping has aided merchants in gaining new clients and increasing brand awareness. As more individuals prefer to purchase things online, their operation from a physical store now functions as a secondary media. Even some shops have benefited greatly from it, as a result of online shopping, they have become worldwide stores that cater to demand from all over the world (Rapp, Gaines, Wilson, 2009).

## **CHAPTER TWO**

### **CUSTOMER SATISFACTION**

#### **INTRODUCTION**

Customer satisfaction is a metric that measures a company's customers' level of satisfaction with its goods, services, and skills. Information about customer satisfaction, such as surveys and ratings, can assist a business in deciding how best to adjust or enhance its goods and services.

This chapter included the concept of the Customer satisfaction as the dependent variable of the study, the importance, the requirement and the factors that affects customer satisfaction.

#### **2.1. CONCEPT OF CUSTOMER SATISFACTION**

Customers, according to Souca, (2014) are the lifeblood of every firm, and customers are regarded as monarchs. Customer happiness is critical to a company's success. Consumer satisfaction is a metric for determining how satisfied a customer is with a product, its quality, and their whole experience. It represents whether or not a customer is satisfied to engage with a company. It is also an important aspect in determining the success of a business. The satisfaction reaction of the customer. It's a conclusion that a product or service feature, or the good or service itself, provides a satisfying level of consumption-related fulfillment. Companies nowadays are attempting to retain existing customers by providing better services. Attracting customers with a compelling offer is merely the first step. By providing outstanding services and satisfying customers, a company may earn a customer for life. It will improve the firm's productivity while also improving the brand's reputation. On the other hand, if a client is displeased, it may have a negative influence on the business and lead to loss. To increase customer satisfaction, retailers should communicate with costumers (Souca, 2014).

According to Vijay, Prashar, & Sahay, (2019), Customer satisfaction is mostly an emotional response to the disconnect between what customers receive and what they truly desire (2004). They further clarify that satisfaction refers to an

individual's general approach toward a product source. Customer satisfaction, according to Hoyer, relates to a person's level of enjoyment with a service or a product. They also stated that satisfied consumers will tell their friends and relatives about the product or service. Customer satisfaction is an important factor in the company's primary financial performance. Consumer satisfaction has been conceptualized using temporal progression, processing results, standard test, cognitive evaluation, and the basic experience of fulfillment.

Customer satisfaction is based on cognitive evaluation and is characterized as replies that are impacted by the summary. Customer satisfaction is a concept that is difficult to define. It's also been proposed that being aware of economic rewards changes how consumers define happiness. Two important factors must be identified when describing client satisfaction: buyer delight and customer dissatisfaction. An effective reply, a clear viewpoint, and a predetermined point within a time period are stated to be three major components of customer dissatisfaction. Clients' delight, on the other side, arises when the company exceeds their expectations. Customer satisfaction, delight, and dissatisfaction are all closely linked (Vijay, et al, 2004).

It has been established that a company's goods are created in response to the wants of its customers, and as a consequence, the creation of appealing, high-quality things has become vital. Consumer satisfaction has been discovered to improve product development. Before the classification of quality traits can be defined, customer satisfaction must be established. Kano's approach is used to determine what customer's desire. Qualities must be classified and recognized in order for clients to comprehend their demands. In determining product quality, customer satisfaction is critical. According to most publications, if customers are happy, the company's brand image will increase as well. As a result, the corporation must satisfy clients by supplying high-quality things at a fair price with a wide range of possibilities. As per the findings, customers' enjoyment and quality attributes had a non-linear and asymmetric relationship. Client satisfaction diminishes when a company's product quality deteriorates, and the business's brand image suffers the consequences. (Lu, & Lukoma, 2011).

## **2.2. IMPORTANCE OF CUSTOMER SATISFACTION**

Customer satisfaction is one of any company's major goals. Businesses understand that maintaining existing customers is more profitable than acquiring new ones to replace those who have left. Customer happiness is emphasized by management and marketing thinkers as critical to a company's success. As a result, the Malcolm Baldrige National Quality Award considers customer satisfaction as a critical component of the evaluation process. Recent figures show the advantages of high customer satisfaction as well as the costs of low customer satisfaction to firms. Almost every business's profitability is influenced by client happiness. Customers, for example, will often tell nine to ten others about good service. Nearly half of American commerce is based on informal "word-of-mouth" communication, according to estimates. Even a few percentage points gain in client retention can raise profitability by 25% or more. According to the University of Michigan, every 1% improvement in customer satisfaction results in a 2.37 percent gain in return on investment. Most consumers value firms that treat them the way they want to be treated, and they are willing to pay extra for it( Duarte, Silva, & Ferreira, 2018, P.34-56).

Customer displeasure, on the other hand, has a significant financial impact. Customers who receive poor service are likely to notify 15 to 20 other individuals about their dissatisfaction. The average American business loses around 15 and 20% of its consumers each year. Getting a new customer costs ten times as much as keeping an old one happy. Furthermore, 91 percent of retail customers say they will not return to a store if the service is poor. Furthermore, if the service issue is really terrible, the negative ramifications may last for years as a result of repeated recollection and retelling of the bad experience (Hanif, Hafeez, and Riaz, 2010).

The message is clear: pleased consumers boost business, whereas disgruntled ones hurt it. Customer happiness is a valuable asset that should be tracked and maintained in the same way that any other physical asset is. As a result, companies that want to succeed will recognize the significance of this notion and develop a functional and acceptable operational definition. This is true for both service and product-oriented businesses. The most difficult part of constructing an operational definition that includes the precise elements of customer satisfaction is determining the nature of the company's business. This also

includes the efficient gathering, analysis, and use of customer satisfaction data. The two primary business approaches are services and goods. Products, often known as products, are the tangible output of a company. These are real-world items that exist in both time and space. These are made first, then inventoried, and then sold. These are consumed after they have been purchased. Computers, vehicles, and restaurant meals are examples of products (Groenewold, & Phillips, 2012, p. 27-35).

On the other hand, products are less materially grounded. In reality, there is one key difference between a service and a product, according to Bateson. This distinction stems from the ethereal character of a service, which cannot be touched, held, or otherwise experienced. Another distinction is that the problem is mostly composed of social interactions or behaviors. The relationship between the producer and the customer occurs during the consumption of a service. In addition, services are both generated and consumed at the same time. Computer maintenance, automotive sales, or the presence of a waiter at a restaurant are examples of services. It is a commercial need to provide high-quality service (Hooda, & Singh, 2018,p.44).

### **2.3. COMPONENTS AND REQUIREMENTS OF CUSTOMER SATISFACTION**

Customer satisfaction is made up of different elements that come from various places. Consumer happiness starts with both the customer and the company having clear operational definitions. Understanding the motives, expectations, and goals of both sets the stage for the finest customer service. It could even provide advice on how to enhance the nature of business. This is at the heart of customer satisfaction research. The necessity of precisely identifying the essential ideas and parts of satisfaction provides a framework for gathering information about what works and what doesn't. This covers both hard and soft measurements, such as those that are more real and observable (e.g., the number of complaints received, etc). These definitions frequently begin with the most basic and hazy examples and progress to more specific and exact ones. To summarize, in order to understand customer happiness, one must first understand what to look for. This information must be sought from both within and outside the organization (Li, & Xu, 2018, p.12-17).

Customer satisfaction organizational requirements are the internal procedures, elements, norms, and criteria that a company seeks to meet. These are the business's performance goals and standards for the business. These are characteristics of a company's culture. Meet or exceed customer these benchmarks is frequently a sign of success or failures. These indigenous elements of customer satisfaction may coincide with those specified by the consumer at times, but they may differ at other times. Another essential source of knowledge is the procedures, parts, and standards that the customer considers vital. In order for a firm to satisfy the wants and aspirations of its customers, it must first understand those needs and desires. This data is important not just for running a successful business, but also for analyzing and enhancing consumer satisfaction. From the consumer's standpoint, this crucial component aids in the establishment of satisfaction requirements and components (Lim, & Lee, 2015, p.27-37).

The previously determined needs are used to create satisfaction dimensions. The criteria are made up of specified components. For example, if customer service is a customer and organizational need, satisfaction aspects can include interactions, punctuality, and attentiveness. The criteria are defined by these clusters (Swarnakar, Kumar, & Kumar, 2016, p.70-89).

The precise activities that correspond to the satisfaction aspects are referred to as critical occurrences. Employees, groups, and organizations frequently engage in actual and quantifiable behaviors and activities. This might also refer to the policies, processes, and protocols in place inside a company.

The real construction of a customer satisfaction appropriate tool may begin in earnest after this sustained definition and distillation of numerous sources of data. The most critical component in a good information-gathering process is, as always, research planning. It's also useful that a customer satisfaction model that takes into account both organizational and consumer needs exists and can be used in practice.

#### **2.4. FACTORS AFFECTING THE SATISFACTION OF CUSTOMER**

When a company is able to satisfy the needs of its clients, it achieves customer satisfaction. Customer satisfaction is the most important factor in obtaining success and competing. Customer satisfaction explains the process of evaluating

continuous performance. The attitude of buyers is expressed by their happiness. Client pleasure helps to preserve client loyalty. Client satisfaction has an impact on the company's financial performance. The two most essential variables that determine client satisfaction levels are the business's customer service and pricing fairness. Clients' services are related to the activity system, which covers the customer support system, grievance procedure and timeliness, complaints submission convenience, and complainant friendliness. The business's customer care department oversees and provides services to customers. If a company wants to enhance customer satisfaction, it should focus on the performance of its customer service department. The business's customer service personnel must attentively examine customers' issues. However, it has been recognized that the company must set a reasonable price for its products. If the company prices its products correctly, it will be able to work successfully in the retail market. However, pricing a product is incredibly difficult, and as a consequence, consumer satisfaction has declined. Customers demand affordable, acceptable, and comprehensible pricing as well as high-quality merchandise, which is crucial for the business. Customers' pleasure is determined directly by price perception, but it is influenced indirectly by price fairness (Hanifet al. 2010). Perceived price has a big impact on customer satisfaction. Customers' evaluation is referred to as pricing fairness (Taylor, & Baker, 1994).

**Figure 2:** Customer satisfaction factors



**Source:** (Mattsson, 2009)



As shown in the figure two the organization can determine a customer's degree of satisfaction by determining how well it is able to meet the customer's expectations. According to Vivian, (2017), a business can determine customer happiness by determining how many individuals express interest in purchasing the same product from the company. Jiang, Shang, Liu, & May, (2015) claim that a company may increase customer happiness by facilitating good service or product quality. Product or service quality is determined by a variety of factors, including the atmosphere, product presentation, and proper labeling, among others. an educated staff, accurate billing, helpful employee, nice employee, providing value to potential consumers, affordable price, polite employee, and most importantly speedy service are all aspects that influence customer satisfaction. As a result, the firm must consider these variables in order to increase its financial advantage and provide more customer pleasure. Location, value for the money, quality of product, service quality, dependability, procedure, supplementary services, and staff and people services are all important considerations (Jiang, et al, 2015,p.211-234).

Price is one factor that determines a consumers' intention. If a cheaper version of the same product is offered elsewhere, the company will suffer. The lowest possible price persuades the customer to choose the company. Customers will not be satisfied with low-cost goods simply because they are low-cost. Product quality is another crucial factor that affects the business. The consumer anticipates receiving the best deal at the best price. A customer's assessment of a shopping store's service and their decision to purchase there again are inextricably linked. The offerings that are offered to customers are another factor that determines their opinion toward a company. Customers that are loyal to a store should be provided special discounts to encourage them to return. Employee treatment of customers has an impact on customer satisfaction. As a result, qualified individuals must assist clients. Home delivery, internet shopping, and other services may have an impact on customers. Consumers like to shop near companies since it is more convenient. Customers who buy online may do it from the comfort of their own homes and expect their purchases to arrive within a certain time frame (Krassadaki, & Grigoroudis, 2018).

## **2.5. STRATEGIES FOLLOWED BY COMPANIES TO SATISFY CUSTOMERS**

According to Chamhuri and Batt, in order to reach a high degree of customer satisfaction, businesses must implement effective targeting and segmentation methods. Furthermore, the authors state that segmentation strategies will assist the organization in separating its potential customers into distinct groups, and targeting will assist the organization in focusing on their preferred customer base in order to achieve financial advantage in the organizational context. Businesses must ensure that their customers' needs are met and that they are well prepared. Furthermore, the research shows that promotion strategies have a major impact on customer loyalty, and also supporting businesses in detecting recurring purchase behavior. According to Hennig and Klee (1997), price in the goods retail business has a considerable impact on customers. As a result, businesses must develop a pricing fairness strategy in which the price of a product is reasonable, acceptable, or defensible. According to the author, customers will buy goods that enable them to value their money, and businesses must design a clever plan that emphasizes the customer's money's worth. According to Duarte, Silva, & Ferreira, (2018), fair pricing will provide a business a competitive edge. It will also generate consumer satisfaction and loyalty among potential customers. Many authors agreed that price was an important corporate attribute that should not be overlooked when talking about consumer happiness. As the world becomes faster, organizations must ensure extra free services that will help them establish their position in the market. Additionally, as the world becomes faster, organizations must augment the technical aspects in the organizational context, that will help customers save time, resulting in customer satisfaction (Duarte, 2018).

Customers are regarded as one of the most important fundamental aspects for any type of business to succeed in both the worldwide and local marketplaces. As a result, it should be emphasized that ensuring the happiness of a company's customers is seen as a critical step in ensuring the company's survival. Retail businesses use a variety of techniques to keep their customers happy. The following are some of the strategies (Crawford, Jackson, & Pritchard, 2017, p.97):

**Pricing strategies:** Pricing strategy is one of the most important techniques used by corporate organizations in the retail industry. Customers always examine and justify if the price of the items that have been assigned by the firm is reasonable for the product or not. As a result, it must be emphasized that accurately priced is recognized as a significant and critical step for a retail company organization to achieve and maximize profit by assuring consumer loyalty and repurchase. According to Crawford, et, al. (2010), it has been determined that firms in the retail industry use a variety of pricing techniques based on certain conditions and criteria. The following are some of the most prominent pricing strategies:

**The strategy of variable price:** The variable pricing method involves a regular selling appeal, in which the technique is promoted with the help of sales, allowing the price to be changed in a predictable time. Customers are increasingly favoring this pricing system since it allows them to earn more savings on their purchases. As a result, it could be claimed that this technique is more beneficial to retail businesses since it assists in increasing consumer flow in the company's in-store as well as promoting customer loyalty because clients are price sensitive.

**The strategy of fixed price:** This plan is for a long time period, with the assumption of long-term stable price implementation. The fixed-price strategy is based on efficiencies that are produced via product management simplicity and tight customer interaction development.

**Product quality strategies:** The product quality plan is another strategy employed by retailers to keep customers happy. The quality of the products and services provided by businesses determines customer happiness. Customers' evaluations of the quality of a firm organization's products and services in the retail industry are consistently tied to numerous aspects such as longevity, stability, and so on, according to Dudzeviit, & Peleckien, (2010) research. As a result, retailers are focusing on the highest and most effective quality in order to produce high-quality products and services. Consumer opinions of service and product quality are always changing. As a consequence, buyers continuously provide positive ratings to retail business companies' products and services, suggesting that the quality of the services or products is improving. Consumers also have a concept of consistent quality, and as a result, they expect consistent

product quality. As a result, retail companies have aggressively adopted this strategy in order to provide immense joy to customers while retaining a competitive market position (Dudzevičiūtė, & Peleckienė, 2010).

**Marketing strategies:** Another approach used by retail organizations to give abundant customer happiness is marketing strategy, which is regarded one of the most long-term strategies to supply customer contentment. Companies in the retail business are subjected to a strategy that includes a variety of actions that help them maintain a positive relationship with their customers. According to Dudzeviit and Peleckien (2010), marketing tactics enable businesses to determine customer preferences. As a consequence, businesses are better equipped to use their talents and strengths to satisfy customers' desires while simultaneously meeting market demands. Furthermore, it should be noted that the display, as well as packaging, have an impact on customer engagement and loyalty. For this reason, organizations in the retail industry focus their emphasis on the presentation and packaging of their items in order to effectively capture the attention and allegiance of their customers. Furthermore, retail businesses give consumers with accurate and up-to-date information about their products and services, therefore capturing their attention (Dudzevičiūtė, & Peleckienė, 2010, p.112-117).

Customers are satisfied in a variety of ways by retail businesses. They provide discounts and special incentives to their long-term consumers. Introducing offer cards is a popular trend these days. Consumers receive points for every dollar spent in this way, which can then be redeemed for future purchases. Using the Internet to reach out to people, such as creating a Facebook page for the company, an Instagram account for the store, and advertising on social media. Retailers employ the referral method not just to attract new consumers, but also to reward existing customers with reward points. Another approach employed by merchants to please their consumers is to provide a variety of discounts, such as Black Friday. This not only draws new customers, but it also makes returning customers happy (Chin, & Goh, 2017, p.55-68).

## 2.6. CUSTOMER SATISFACTION MODELS

Link to a customer satisfaction model People and performance are evaluated, as well as the influence of the product, its pricing, and advertising.

**Figure 3:** Customer satisfaction model



**Source:** (Crawford et al. 2017)

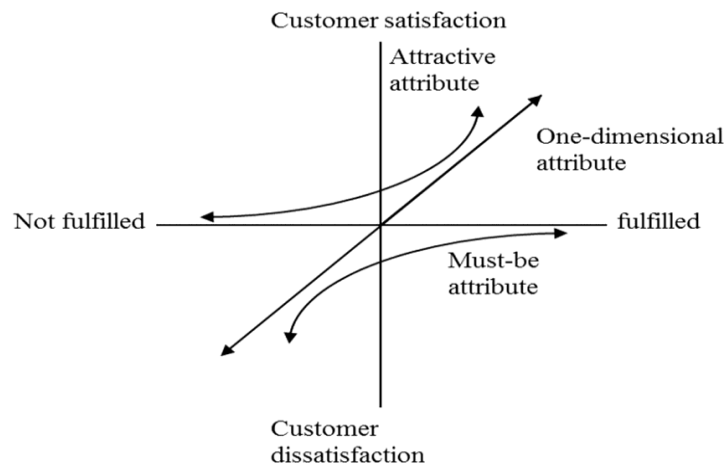
According to figure 3, in order to attain Customer Satisfaction, retailers must surpass consumers' expectations in terms of product, value, and quality. It also argues that happy customers should be grouped together to form a market. Also, to make profits by leveraging the market, apply scale economics and market clout approaches.

- Kano Model of Customer Satisfaction

Businesses are focusing on maintaining loyal clients rather than gaining new ones since customer loyalty is more important to the firm. The consumer's impression of the goods and its quality determines consumer loyalty.

Professor Kano initially presented the Kano model in an essay in 1984. The Kano model gives a mechanism for understanding client wants, which may then be utilized to build or adjust products, hence assisting in customer satisfaction. The Kano model solves concerns like how to offer customer happiness and what services and goods may be made available to customers.

**Figure 4:** Kano model of customer satisfaction



**Source:** Krassadaki and Grigoroudis, (2018)

As shown in the figure 4 customer satisfaction is influenced by the following qualities:

- Basic features- Customers consider basic features to be necessary. Customers are unsatisfied when these important features are not met, yet just satisfying these conditions does not guarantee customer contentment. This functionality is considered standard by customers.

- Performance factors- Pleasure is related to performance factor.

If the performance is excellent, the customer is delighted and happy; if the performance is poor, the customer is disappointed and dissatisfied.

- Excitement factors- The Excitement factor captivates and delights customers. Customers are often satisfied with this part since it thrills them with offerings, but they are not upset if it is unavailable.

Kano's Satisfaction model has three more aspects, but none of them effect customers. Reverse attribute, indifferent attribute, and doubtful attribute are the three characteristics (Hanif, et al, 2010).

## **2.7.RELATION BETWEEN E SERVICE QUALITY AND CUSTOMER SATISFACTION**

The performance and profitability of an online shopping store are dependent on the quality of its e-services. High-quality e-services will give an online shopping store a competitive advantage in the market in two ways: first, by attracting and retaining new customers, and second, by retaining current customers by providing high-quality services and keeping them satisfied enough to repurchase even more, resulting in lower costs and increased efficiency and profitability for the online shopping store (Anderson et al., 1994). According to the researchers, the quality of an e-service can influence a customer's decision to buy. E-service quality can have a direct and positive impact on client happiness, but it has a negative link with perceived risk. Researchers discovered that perceived risk may be managed and lowered in order to avoid negative consequences. According to researchers, one of the most important aspects in reducing perceived risk is great service quality (Li, et al 2018; Hanif,et al, 2010; Chen & Chang, 2005). According to the researchers, improving service quality can successfully reduce customers' risk perceptions. The following are the results of two hypotheses:

H1: There is a relationships between the service quality and customer's satisfaction

## **2.8.RELATION BETWEEN PERCEIVED RISK AND CUSTOMER SATISFACTION**

The notion of Customer Perceived Risk is important for understanding how customers evaluate and make decisions about which brands to buy. Customers are more driven to avoid making errors than to maximize purchasing value, which is why perceived risk has such a strong influence on customer behavior. Choice costs include risk perception and risk taking, and they are a crucial element of making a decision. Bauer defined perceived risk for the first time in 1960, as "felt risk subjectively in a context of making a decision purchasing behavior," and other studies have since refined, developed, and expanded it till now. Risk perception is multifaceted and subjective, according to risk definitions. Customers should cement their perceptions about the consequence, nature, and relevance of risk, , in order to affirm a subjective expectation of risk weight on

options over the mixed dimension of hazards. As a result, perceived risk is a crucial degree of subjective assessment by customers of the underlying dangers in alternatives when making a decision. Jiang, et al. (2015) discovered a two-sided relationship between customer satisfaction and risk perception. They found that customer happiness influences customer perceived risk in future transactions, and that customer satisfaction affects customer perceived risk in future transactions. Nonetheless, this study only looked at one aspect of the problem: the impact of perceived risk on consumer satisfaction (Jiang, et al, 2015, p.64-69).

H2: There is a relationships between the customer's perceived risk and customer's satisfaction.





## **CHAPTER THREE**

### **METHODOLOGY**

In this chapter the data collection method, Population and Sample measurement, analysis techniques and the finding have been presented.

#### **3.1. DATA COLLECTION METHOD**

The quantitative method has been chosen as appropriate way to deal with the variables of this thesis and to configure out the relationship between e-service quality, perceived risk and customer satisfaction 365 questionnaires have been distributed , about twenty five of the questionnaires eliminated because of the problem of lack of information so the valid questionnaires were about 340, the distributed questionnaires includes the first part which consists of the general questions like age and gender, the second part includes questions about the e-service quality , perceived risk and customer satisfaction, the questionnaire have distributed online, because the online method is a fast , lost cost and could reach to any person how want to participated in this study.

This research presents three limitations. The first is that our research examines the factors like e-service quality and perceived risk and ignore some other important factors that might influence the customer satisfaction like perceived value relationship with customer, customer equity ....etc.

The other limitation of our thesis that the thesis ignores the effects of demographic factors on the customer satisfaction and this thesis is limited to the Iraqi online customer.

The third and final limitation of thesis that the implantation was only on the ETSY online shopping store , so the generalization of the results needs more studied about other online shopping stores.

#### **3.2. POPULATION AND SAMPLE**

The population of this study consists of all Iraqi online customers who has an experiment with Etsy online shopping store , there is no accurate estimation of the population. The convenience method has been chosen to select the sample of

the thesis though, it is appropriate tool to gather data quick and in less expensive the participant according to this method send the questionnaire to his friends and relatives.

### 3.3. MEASUREMENT

The five likert scale has been chosen as a suitable scale to measure the question item related with the variables of the study

The six question items of the variables E- service quality and the five question items of the variable perceived risk have adopted from the study of Vinita Singh and his colleagues in the year 2018.

The five question items of the variable customer satisfaction have been adopted from the study of Nebojša Vasić and his colleagues in the year 2018.

### 3.4. FINDINGS

- **Descriptive Analysis**

**Table 1: Gender Analysis**

	Frequency	Percent	Valid Percent	Cumulative Percent
male	161	47.4	47.4	47.4
female	179	52.6	52.6	100.0
Total	340	100.0	100.0	

The descriptive analysis of the gender showed that there are about 47.5% from the participants are male and about 52.5 % from them are female .

**Table 2: Age Analysis**

	Frequency	Percent	Valid Percent	Cumulative Percent
from 18 to 25	80	23.5	23.5	23.5
from 26 to 35	100	29.4	29.4	52.9
from 36 to 45	80	23.5	23.5	76.5
from 46 to 55	66	19.4	19.4	95.9
56 and more	14	4.1	4.1	100.0
Total	340	100.0	100.0	

The descriptive analysis of the age showed that the age of about 23.5% from the respondents are between 18 and 25 years old, 29.4% between 26 and 35 years old, 23.5% of the participants their age between 36 and 45 years old and more than 23% from the respondents their age more than 46 years old.

**Table 3 :** Education of the participants analysis

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Under High school	45	13.2	13.2	13.2
High school graduate	139	40.9	40.9	54.1
Bachelor's degree	101	29.7	29.7	83.8
Post graduate degree	55	16.2	16.2	100.0
Total	340	100.0	100.0	

The descriptive analysis of the education of the participant's analysis showed that about 41% from the participants have high school graduate, approximately 30 % from the respondents have bachelor's degree and about 16.2% from the participants have post graduate degree.

**Table 4: Marital** status analysis

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Single, never married	151	44.4	44.4	44.4
Married or domestic partnership	146	42.9	42.9	87.4
Widowed	21	6.2	6.2	93.5
Divorced	22	6.5	6.5	100.0
Total	340	100.0	100.0	

The descriptive analysis of the marital analysis of the participants analysis showed that about 44.5 from the participants are single, never married, about 42.9 married or domestic partnership, and about 13% widowed or divorced.

**Table 5:** Buying Preferences of customers descriptive analysis

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	online	250	73.5	73.5	73.5
	instore	90	26.5	26.5	100.0
	Total	340	100.0	100.0	

The descriptive analysis of the buying Preferences of customers analysis of the participants analysis showed that 73.5% from the participants prefer online shopping and about 26.5% from the participants prefer the instore or traditional buying.

- **Mean , Std. Deviation, Skewness and Kurtosis analysis**

**Table 6:** Skewness and Kurtosis analysis for E –Service Quality (SQ)

	SQ1	SQ2	SQ3	SQ4	SQ5	SQ6
Mean	2.8912	2.9382	2.7206	2.8235	2.9618	2.6912
Std. Deviation	1.50218	1.51463	1.58203	1.60145	1.60980	1.50572
Skewness	.045	-.043	.283	.113	-.134	.234
Kurtosis	-1.382	-1.443	-1.417	-1.559	-1.620	-1.432

**Table 7:** Skewness and Kurtosis analysis for Perceived Risk (PR)

	PR1	PR2	PR3	PR4	PR5
Mean	2.7088	2.8176	2.9059	2.9059	2.9382
Std. Deviation	1.70040	1.63903	1.46643	1.55431	1.64712
Skewness	.234	.069	-.017	-.032	-.084
Kurtosis	-1.712	-1.689	-1.350	-1.597	-1.674

**Table 8:** Skewness and Kurtosis analysis for customer Satisfaction (CS)

	CS1	CS2	CS3	CS4	CS5
Mean	2.9324	2.6559	3.0559	2.9529	2.8441
Std. Deviation	1.40106	1.60635	1.41831	1.36674	1.49999
Skewness	.037	.311	-.006	-.012	.236
Kurtosis	-1.196	-1.485	-1.220	-1.168	-1.383

In statistics, skewness is a measure of the asymmetry of the probability distribution of a random variable about its mean. In other words, skewness tells

you the amount and direction of skew (departure from horizontal symmetry). The skewness value can be positive or negative, or even undefined and must be between the -1 and the +1 to say that the distribution is normal according to Rachon, Gordan, & Kieser, (2012)

Kurtosis is a measure of whether the data are heavy-tailed or light-tailed relative to a normal distribution. That is, data sets with high kurtosis tend to have heavy tails, or outliers. Data sets with low kurtosis tend to have light tails, or lack of outliers. A uniform distribution would be the extreme case. The Kurtosis value should be between -3 and +3 to say that the distribution is normal (Rachon, et al, 2012).

According to the Skewness and Kurtosis test results the distribution of the data of this thesis is normal.

- **RELIABILITY TEST (Cronbach's Alpha)**

**Table 9:** Cronbach's Alpha Test

Variable	Cronbach's Alpha	Number of items
E-SERVISE QUALITY	.707	6
PERCIEVED RISK	.766	5
CUSTOMER SATISFACTION	.800	5
Total	7.83	16

Conbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. It is considered to be a measure of scale reliability. A “high” value for alpha does not imply that the measure is unidimensional, the value of the Conbach's alpha should be equal of more than 70% to say that there are an internal consistency between the items of the study according to the Bonett, (2002). From the table we can see that the value of the reliability test are more than 70% so we could say that there are an internal consistency between the variables of the study.

- **CORRELATION ANALYSIS**

**Table 10:** Correlations analysis

		SQ	PR	CS
SQ	Pearson Correlation	1	.726(**)	.770(**)
	Sig. (2-tailed)		.000	.000
	N	340	340	340
PR	Pearson Correlation	.726(**)	1	.698(**)
	Sig. (2-tailed)	.000		.000
	N	340	340	340
CS	Pearson Correlation	.770(**)	.698(**)	1
	Sig. (2-tailed)	.000	.000	
	N	340	340	340

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

The Pearson correlation coefficient,  $r$ , can be anything between +1 and -1. A value of 0 implies that the two variables have no relationship. A positive connection is defined as when the value of one variable grows, the value of the other variable increases as well. A negative relationship is indicated by a value less than 0; that is, when the value of one variable rises, the value of the other variable falls. When the value of  $r$  closes to the 1 or -1 that mean the correlation become stronger according to the Cohen, (1988) , the results of the table indicates that that there are a positive and statistically significant correlation between e-service quality, perceived risk and customer satisfaction and the correlation between e-service quality and customer satisfaction is stronger than the correlation between perceived risk and customer satisfaction.

- **REGRESSIONS ANALYSES**

✓ BETWEEN E- SERVICE QUALITY AND CUSTOMER SATISFACTION

**Table 11:** Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.770(a)	.593	.592	.69605

a Predictors: (Constant), SQ

**Table 12 : ANOVA(b)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	238.635	1	238.635	492.547	.000(a)
	Residual	163.758	338	.484		
	Total	402.393	339			

a Predictors: (Constant), SQ b Dependent Variable: CS

**Table 13: Coefficients (a)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	.482	.115		4.199	.000
	SQ	.848	.038	.770	22.193	.000

a Dependent Variable: CS

The regression analysis results between e-service quality and customer satisfaction indicates that the independent variable (e-service quality) interprets about 59.3% from the dependent variables customer satisfaction and there is a significant influence of the e-service quality on the customer satisfaction where Sig. equals .000.

### ✓ BETWEEN PERCEIVED RISK AND CUSTOMER SATISFACTION

**Table 14: Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.698(a)	.487	.485	.78151

a Predictors: (Constant), PR

**Table 15: ANOVA(b)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	195.959	1	195.959	320.849	.000(a)
	Residual	206.434	338	.611		
	Total	402.393	339			

a Predictors: (Constant), PR b Dependent Variable: CS

**Table 16: Coefficients(a)**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta	B	Std. Error	
1	(Constant)	1.004	.113		8.849	.000
	PR	.660	.037	.698	17.912	.000

a Dependent Variable: CS

The regression analysis results between perceived risk and customer satisfaction indicates that the independent variable (perceived risk) interprets about 48.7% from the dependent variables customer satisfaction and there is a significant influence of the perceived risk on the customer satisfaction where Sig. equals .000.



# CONCLUSION

## DISCUSSION

This study aims to shed insight on the link between e-service quality, perceived risk, and customer satisfaction. There is a dearth of effective shopping models, particularly in the online buying retail business, to assist them in avoiding or reducing consumer perceived risk and increasing customer pleasure. This research will bridge a knowledge gap in online marketing management.

The results of this thesis showed that there are a statistically positive impact of the e-service quality and perceived risk on the customer satisfaction where the hypothesis H1, and H2 are supported.

The findings show that consumer pleasure is a key factor of success in an online shopping business, as does the quality of the e-service and perceived risk. However, in order to supply items and services that match client expectations, retailers must employ a variety of media. Since a result, exceeding customer satisfaction expectations is critical for online buying sites like Etsy, as buyers will be happier with their expectations.

The participants answered that they feel secure, safe and they not concerned about possible hidden cost in ETSY online shopping store. Furthermore the participants also expressed that ETSY online shopping store enables met order the product in a way that meets my needs ETSY online shopping store understands my specific needs.

The results assist managers gain a better understanding of how e-service quality develops and the significance of each characteristic and dimension of e-service quality in fostering customer happiness and trust, which ultimately can aid in retaining online consumers. Based on the findings of this study and in conjunction with current market trends, managers may enhance the level of customer care provided by online retailers.

The results of this thesis supported the findings of other studies in this field like the study of Khan, Liang, & Shahzad, (2015); Hsu, S.-H. (2012) and Bicen, (2015) which found a positive impact of e-service quality and customer satisfaction and the study of Lian, & Yen, (2014); Kim, & Byramjee, (2014) and Lin Li and Ding Hongfu, (2010) which found a relation between perceived risk and customer satisfaction

This study is a thorough investigation on the e-service quality and perceived risk in online commerce. This study employed one of the most complete e-service quality and perceived risk scales available, which are able to predict consumer behavior more accurately than other commonly used scales. The results demonstrate that while online customer service is not a significant aspect of e-service quality, website design, security/privacy, and fulfillment are necessary to establish superior service quality of an online business.

Customers constantly assess the effectiveness of the services they have used and contrast them with the alternatives. Therefore, perceived risk will play a big part in future transactions. The findings demonstrated that better service quality, and perceived risk might increase customer happiness, which would then encourage further purchases from those consumers.

## **RECOMMENDATION**

When creating their online businesses, managers and owner should carefully analyze the characteristics of high-quality e-services. Online shopping stores should have a great website design with enough information, appealing visuals, simple payment options, easy-to-read language, offers of discounts and/or promotions, and rapid loading speed in order to deliver higher service quality and decreasing the risk. Beyond that, businesses must guarantee timely delivery and protect the privacy and security of client data.

Businesses must properly raise the quality of their services and relationship marketing initiatives so they could be reduce the risk that the customers may feel about in order to improve their brand image, which is crucial for boosting client satisfaction.

Online shopping stores must ensure that the product is delivered in good shape and on schedule since fulfillment has the greatest influence on total service quality. It would be a good idea to form alliances with several delivery courier firms and let clients select the one they want. In order to avoid damaging consumer satisfaction and confidence, online shopping stores should make agreements with delivery providers regarding who is accountable for damage if items are damaged during delivery.

Online shopping stores like ETSY should include it in their marketing plan since customer happiness and trust have a big impact on consumer behavior. On their websites, online retailers typically offer feedback sections.

## REFERENCES

- Al-Hersh, A. M., Aburoub, A. t. S., & Saaty, A. S. (2014). The Impact of Customer Relationship Marketing on Customer Satisfaction of the Arab Bank Services. *International Journal of Academic Research in Business and Social Sciences*, 4(5), 67-100.
- Ali, Pervaiz Sankaran, Sudha. (2010) 'Online Shopping' Customer Satisfaction and Loyalty in Norway.
- Bicen, P. (2015). Consumer Perceptions of Quality, Risk, and Value: A Conceptual Framework. In H. E. Spotts (Ed.), *Revolution in Marketing: Market Driving Changes* (pp. 1-1). London: Springer International Publishing.
- Bonett, D. G. (2002). Sample size requirements for testing and estimating coefficient alpha. *Journal of Educational and Behavioral Statistics*, 27, 235–240
- Cao, K., Wang, J., Dou, G. and Zhang, Q. (2018). Optimal trade-in strategy of retailers with online and offline sales channels. *Computers & Industrial Engineering*, 123, pp.148-156.
- Chin, S.L. and Goh, Y.N., (2017). Consumer Purchase Intention Toward Online Grocery Shopping: View from Malaysia. *Global Business and Management Research*, 9(4s), pp.221-238.
- Cohen, J. (1988) *Statistical Power Analysis for the Behavioral Sciences*, 2nd ed. Hillsdale, NJ: Erlbaum.
- Crawford, E.C., Jackson, J. and Pritchard, A. (2017). A More Personalized Satisfaction Model: Including the Bfi-44 In the American Customer Satisfaction Model. *Journal of Consumer Satisfaction, Dissatisfaction and Complaining Behavior*, 30, pp.1-33.
- Duarte, P., e Silva, S.C. and Ferreira, M.B. (2018). How convenient is it? Delivering online shopping convenience to enhance customer satisfaction and encourage e-WOM. *Journal of Retailing and Consumer Services*, 44, pp.161-169.
- Dudzevičiūtė, G. and Peleckienė, V. (2010). Marketing strategy process: quantitative analysis of the customers' satisfaction. *Business: Theory and Practice/Verslas: TeorijairPraktika*, 11(4), pp.345-352.
- Ethan Lieber and Chad Syverson, (2011). "Online vs. Offline Competition"-Prepared for the Oxford Handbook of the Digital Economy. p 2-8
- Fagerstrøm, A., Arntzen, E. and Foxall, G.R., (2011). A study of preferences in a simulated online shopping experiment. *The Service Industries Journal*, 31(15), pp.2603-2615.
- Familmaleki, M., Aghighi, A. and Hamidi, K. (2015). Analyzing the influence of sales promotion on customer purchasing behavior. *International Journal of Economics & Management Science*, 4(4).

- Flick, U. (2015). *Introducing research methodology: A beginner's guide to doing a research project*. Sage.
- Forsythe, S. M., & Shi, B. (2003). Consumer Patronage and Risk Perceptions In Internet Shopping. *Journal of Business Research*, 56(11).
- Habel, J., & Klarmann, M. (2014). Customer reactions to downsizing: when and how is satisfaction affected? *Journal of the Academy of Marketing Science*, 1-22.
- Hair Jr, J. F., Black, W. C., Babin, B. J., Anderson, R. E., & Tatham, R. L. (2010). SEM: An introduction. *Multivariate data analysis: A global perspective*, 629-686
- Hanif, M., Hafeez, S. and Riaz, A., (2010). Factors affecting customer satisfaction. *International research journal of finance and economics*, 60(1), pp.44-52.
- Hariharan, N. Selvakumar (2018). “Consumer Perception towards online shopping with reference to Tirupattur”, *International Journal of Pure and Applied Mathematics*. Vol. 119, No. 18, PP. 3353 – 3362.
- Hennig- Thurau, T. and Klee, A. (1997). The impact of customer satisfaction and relationship quality on customer retention: A critical reassessment and model development. *Psychology & marketing*, 14(8), pp.737-764.
- Hooda, S. and Singh, N., (2018). Online apparel shopping. *Man-Made Textiles in India*, 46(3).
- Hsu, S.-H. (2012). Factors Influencing on Online Shopping Attitude and Intention of Mongolian Consumers. *The Journal of International Management Studies*, 7(2).
- Jiang, Y., Shang, J., Liu, Y. and May, J. (2015). Redesigning promotion strategy for e-commerce competitiveness through pricing and recommendation. *International Journal of Production Economics*, 167, pp.257-270.
- Katawetawaraks, C., & Cheng, L. W. (2013). Online shopper behavior: Influences of online shopping decision.
- Khan, S. A., Liang, Y., & Shahzad, S. (2015). An Empirical Study of Perceived Factors Affecting Customer Satisfaction to Re-Purchase Intention in Online Stores in China. *Journal of Service Science and Management*, 8(3), 291.
- Kim, S. H., & Byramjee, F. (2014). Effects Of Risks On Online Consumers' Purchasing Behavior: Are They Risk-Averse Or Risk-Taking?. *Journal of Applied Business Research*, 30(1), 161.
- Krassadaki, E. and Grigoroudis, E. (2018). June. Defining customer satisfaction criteria categories using MCDA and Kano’s model. In 7th International Symposium and 29th National Conference on Operational Research The contribution of Operational Research, new technologies and innovation in agriculture and tourism.
- Kuester, Sabine (2012). *MKT 301: Strategic Marketing & Marketing in Specific Industry Contexts*, University of Mannheim, p-110.

- Li, Y., Xu, Z. and Xu, F. (2018). Perceived control and purchase intention in online shopping: The mediating role of self-efficacy. *Social Behavior and Personality: an international journal*, 46(1), pp.99-105.
- Lian, J.-W., & Yen, D. C. (2014). Online Shopping Drivers and Barriers For Older Adults: Age and Gender Differences. *Computers in Human Behavior*, 37, 133-143.
- Lim, S. and Lee, B. (2015). Loyalty programs and dynamic consumer preference in online markets. *Decision Support Systems*, 78, pp.104-112.
- Lin Li and Ding Hongfu, (2010). Analysis of affecting factors on consumer Purchase Intention in the network environment. *Journal of China bussines & trade*, Vol. 2, p 14-15
- Lu, P.H. and Lukoma, I. (2011). Customer Satisfaction towards Retailers: ICA, ICA NÄRA and COOP FORUM.
- Mackey, A. and Gass, S.M., (2015). *Second language research: Methodology and design*. Routledge.
- Marinescu, P., Mihai, N.S. and Toma, S., 2010. Pricing strategy used as a tool for building customer satisfaction in the retail sector. *Science*, 16(1), pp.60-80.
- Perea y Monsuwé, T., Dellaert, B. G., & De Ruyter, K. (2004). What drives consumers to shop online? A literature review. *International journal of service industry management*, 15(1), pp 102-121.
- Porinita Bannerjee, Vasimraja Sayyed (2017). A study on impact of Demonetization on E – Commerce Industry. *International Journal of Engineering Aplied Sciences and Technology*, 2(3), 66-72
- Puja Gupta (2015). “Comparative Study of Online and Offline Shopping: A Case Study of Rourkela in Odisha”, National Institute of Technology, Rourkela, Odisha, India. A Thesis.
- R. Shanthi, Desti Kannaiah (2015), “Consumers’ Perception on Online Shopping”, *Journal of Marketing and Consumer Research*, Vol. 13, PP. 14-20.
- Rachon, J., Gordan, M. & Kieser, M. (2012). To test or not to test: Preliminary assessment of normality when comparing two independent samples, *BMC Medical Research Methodology*, (12), 81.
- Rapp, J., Hill, RP., Gaines, J., Wilson, MR. (2009). Advertising and consumer privacy: old practices and new challenges. *J. Advert.*, 38(4): 51 – 61
- Sajjad Nazir, Arsalan Tayyab, Aziz Sajid, Haroon Ur Rashid, Irum Javed (2012). “How Online Shopping is affecting consumers buying behavior in Pakistan?” *International Journal of Computer Science Issues*, 9(3), 486 – 495.
- Seock, Y. K., & Bailey, L. R. (2008). The influence of college students' shopping orientations and gender differences on online information searches and purchase behaviours. *International Journal of Consumer Studies*, 32(2), pp 113-121

- Shahzad Ahmad Khan, Yan Liang, Sumaira Shahzad (2015). An empirical study of perceived factors affecting customer satisfaction to repurchase intention in online stores in China. *Journal of Service Science and Management*, 8, 291 – 305.
- Shu – Hung Hsu, Bat Erdene (2012). Factors influencing on Online shopping attitude and intention of Mongolian consumers. *The Journal of International Management Studies*. 7(2), 167 – 176.
- Souca, M.L. (2014). Customer dissatisfaction and delight: completely different concepts, or part of a satisfaction continuum? *Management & Marketing*, 9(1).
- Swarnakar, P., Kumar, A. and Kumar, S. (2016). Why generation Y prefers online shopping: a study of young customers of India. *International Journal of Business Forecasting and Marketing Intelligence*, 2(3), pp.215-232.
- Tak-kee Hui and David Wan (2006). Factors Affecting Internet shopping Behavior in Singapore: Gender and Educational Issues; *International Journal of Consumer studies*; 2006; PP.1-6.
- Taylor, S.A. and Baker, T.L. (1994). An assessment of the relationship between service quality and customer satisfaction. *Journal of retailing*, 70(2), pp.163-178.
- Vijay, T.S., Prashar, S. and Sahay, V. (2019). The Influence of Online Shopping Values and Web Atmospheric Cues on E-Loyalty: Mediating Role of E-Satisfaction.
- Vivian, C. (2017). Pricing Differentiation Strategy on Customer Satisfaction in Large Retail Supermarkets in Kenya. *Mara Research Journal of Business & Management-ISSN: 2519-1381*, 2(1), pp.15-27.

