

Service Performance and Customer Satisfaction Among Online Shoppers in Anambra State

Ify Martha Okafor

Department of Marketing, NnamdiAzikiwe University Awka, Anambra State Nigeria.

E-mail: okaforwinston1@gmail.com, phone: +2348164105798

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Prof. Emmanuel U. Ezenyilimba

Department of Marketing, NnamdiAzikiwe University Awka, Anambra State Nigeria. E-mail:

eu.ezenyilimba@unizik.edu.ng, phone: +2348064410089

Abstract

The main objective of this study is to empirically investigate the influence of service performance on customer satisfaction among online retail customers in Anambra State. The development of information and communication technology (ICT) and its wide application to business especially retailing led to the development of alternative methods of distributing goods and service hence, the emergence of many online retail shops that are challenging the traditional methods of retailing. In view of this and in view of the fact that customers are keying into this emergent phenomenon, customer satisfaction with the online retail shops is imperative. Hence this study set out to examine service performance and customer satisfaction among online retail shoppers in Anambra State. The study will be based on a survey of 246 online shoppers in Anambra State. Questionnaire was the instrument for primary data collection while Split-half reliability will be conducted to check for the internal consistency. From the regression coefficients, the first two hypotheses were fully validated while the second two were partially validated. This implies that all the four variables: impulse purchase orientation; online shopping experience; online trust; and brand and quality orientation are determinants of online customer satisfaction. Based on this it is recommended that online shops should endeavour to win the trust and confidence of the customers by ensuring that what is ordered is delivered. Trust relates to perception of risk and online shops should try to reduce this risk by delivering on online promises. This study also found out that online purchase orientation and impulse purchase orientation are among the determinants of online customer satisfaction. In view of this it is recommended that online shops and all those that maintain presence on the web and all online marketers should maintain good web atmospherics as this is an important factor that can induce impulse purchase orientations. The data collected and used in this study relate to a particular time as the data were collected on a cross-sectional basis. Recommendation is made for further study whereby data will be collected on a longitudinal basis.

I Introduction

Statement of the Problem

The development of online shopping activities which is replacing the traditional way of shopping has led to a fundamental change in the status of the consumer and made a fundamental shift, from the previous passive to active consumer status. Therefore, in the Internet time, compared to traditional retailing, service performance to satisfy customers and to cultivate customers' loyalty for online shopping is much more important. In addition, the current consumer online shopping satisfaction and trust is not high. An online consumer survey in North American (2006), reported that 34% of shoppers see online customer service unsatisfactory. Internet users trust the Internet less, only one third (35.1%) of Internet users said that they trusted in the Internet.

Using the above stated facts as the point of departure, it could be the case of Nigerian online retail customers; because it has been observed that the majority of e-commerce customers in Nigeria may not be satisfied with the services provided by most e-commerce service providers, this is evident by incessant complaints and high rate of changing to different e-commerce firms in order to get satisfaction.

Furthermore, while developing a reference model for summarizing the antecedents of customer satisfaction from research studies on online shopping, Chang et al. (2005) categorized the antecedents into three categories namely, perceived characteristics of the web as a sales channel, web site and product characteristics and consumer characteristics, thus identifying more than 80 variables as determinants. Chang et al., failed to further their study by investigating the nexus between the identified predictors of service performance and customer satisfaction in the online retail industry.

Although numerous studies have been conducted on service performance in the online retail industry in the extant literature (Chang et al.; 2005, Chen, Chang, Hsu & Yang, 2011; Wirtz, 2003; Wirtz&Mattila, 2001; Karmakar, 2004; Coye 2004; Rahman & Han, 2011). None of these studies investigates the nexus between service performance and customer satisfaction. Moreover, these studies were conducted in America, Europe and Asia; as such they cannot represent the interest of online retail customers in a typical sub-Saharan Africa like Nigeria. It is therefore necessary and expedient to conduct an empirical study that investigates the nexus between service performance and customer satisfaction and; to conduct a context-specific study that can be generalized in Sub-Saharan Africa.

Objectives of the Study

The broad objective of this study is to empirically investigate the influence of service performance on customer satisfaction among online retail customers in Anambra State. Specifically, this study will seek to:

- (a) Determine the influence of shopping orientations on customer satisfaction in the Nigerian online retail industry.
- (b) Ascertain the influence of impulse purchase orientations on customer satisfaction in the Nigerian online retail industry.
- (c) Examine the influence of brand orientation on customer satisfaction in the Nigerian online retail industry.
- (d) Explore the influence of prior online purchase experience on customer satisfaction in the Nigerian online retail industry.
- (e) Know the influence of online trust on customer satisfaction in the Nigerian online retail industry.

Research Questions

The following research questions are formulated to guide the study:

- (a) What is the influence of shopping orientations on customer satisfaction in the Nigerian online retail industry?
- (b) What is the influence of impulse purchase orientations on customer satisfaction in the Nigerian online retail industry?
- (c) What is the influence of brand orientation on customer satisfaction in the Nigerian online retail industry?
- (d) What is the influence of prior online purchase experience on customer satisfaction in the Nigerian online retail industry?

- (e) What is the influence of online trust on customer satisfaction in the Nigerian online retail industry?

Formulation of Hypotheses

The following hypotheses are formulated to guide the study and they are stated in alternate forms:

H₁: Shopping orientation has no positive and significant influence on consumer satisfaction among online shoppers.

H₂: Impulse purchase orientation has no positive and significant influence on consumer satisfaction among online shoppers

H₃: Brand orientation has no positive and significant influence on consumer satisfaction among online shoppers.

H₄: Prior online purchase experience has no positive and significant influence on consumer satisfaction among online shoppers.

H₅: Online trust has no positive and significant influence on consumer satisfaction among online shoppers.

II. Review of Related Literature

Customer Satisfaction

Customer satisfaction is a collective outcome of perception, evaluation, and psychological reactions to the consumption experience with a product or service. According to Kotler & Keller (2016) —satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product perceived performance or outcome in relation to his or her expectations. Early concept of satisfaction research has typically defined satisfaction as a post choice evaluation judgment concerning a specific purchase decision (Oliver, 1980). Yang Fang, (2004) believes that online

customers still demand many services available through traditional channels even if they choose pure Internet-based suppliers with basic customer services. Although expectations seem to be of lesser importance as a comparison standard in e-commerce (Zeithaml et al., 2000), customers appear to use experience-based norms (Cadotte et al., 1987) and traditional services as comparison standards for e-services (Van Riel et al., 2001). Establishing and achieving customer satisfaction is the main goal of businesses nowadays because there is a strong relationship between the quality of product, customer satisfaction and profitability.

These surveys provide —actionable data that reveal obvious steps for improvement. Customer satisfaction is a highly personal assessment that is greatly influenced by individual expectations. Some definitions are based on the observation that customer satisfaction or dissatisfaction results from either the confirmation or disconfirmation of individual (Adjei, &Denanyoh, 2014; Achumba, 2006).

To avoid difficulties stemming from the kaleidoscope of customer expectations and differences, some experts urge companies to —concentrate on a goal that’s more closely linked to customer equity. Instead of asking whether customers are satisfied, they encourage companies to determine how customers hold them accountable. In the public sector, the definition of customer satisfaction is often linked to both the personal interaction with the service provider and the outcomes experienced by service users. For example, the Urban Institute and Mathematica conducted customer satisfaction surveys for the federal child support enforcement system. Kotler posits that satisfaction is a person through a product or service on the perceived effect compared with the expected value of his feeling after the formation of the state. Khurshid (2013), believes that the actual results achieved when the goods when consumers are expected to lead to a satisfactory, or else it will lead to customer dissatisfaction.

Service Performance

Satisfaction is as an attitude-like judgment following a consumption experience. Most research confirms that the confirmation or disconfirmation of pre-consumption expectations is the essential determinant of satisfaction (Wirtz&Mattila, 2001). This means that customers have a certain predicted service level in mind prior to consumption. This predicted level typically is the outcome of the search and choice process, when customers decided to buy a particular service. During the service encounter, customers experience the service performance and compare it to their predicted service levels. Satisfaction judgments are then formed based on this comparison. The resulting judgment is labeled *positive disconfirmation* if the service is better than expected, *negative disconfirmation* if it is worse than expected, and simple *confirmation* if it is as expected (Oliver, 1997). In short, customers evaluate service performance by comparing what they expected with what they perceive they received from a particular supplier.

Customers will be reasonably satisfied as long as perceived performance falls within the zone of tolerance, that is, above the adequate service level. As performance perceptions approach or exceed desired levels, customers will be very pleased; these customers are more likely to make repeat purchases, remain loyal to that supplier, and spread positive word of mouth. However, if the service experience does not meet their expectations, customers may complain about poor service quality, suffer in silence, or switch providers in the future (Ganesh, Arnold & Reynolds, 2000). In highly competitive service markets, customers may expect service providers to even anticipate their unexpressed needs and deliver on them (Karmarkar, 2004).

Service Expectations

Where do service expectations in our satisfaction model come from? During the decision-making process, customers assess attributes and risks related to a service

offering. In the process, they develop expectations about how the service they choose will perform (i.e., our predicted, desired and adequate service levels as discussed in the consumer decision-making section). The zone of tolerance can be narrow and firm if they are related to attributes that were important in the choice process. A customer will also have high expectations if he paid a premium for high-quality service and will be deeply disappointed when the service fails to deliver (Lovelock & Wirtz, 2011). Smart firms manage customers' expectations at each step in the service encounter so that customers expect what the firm can deliver (Coye, 2004).

III. Methodology

Research Design

Quantitative research design was adopted and used in this study. This type of research design is commonly associated with surveys and is considered the mainstay of studies conducted in marketing. Quantitative research design places heavy emphasis on using formalized questions and pre-determined response options in questionnaire administered to large numbers of respondents (Hair, Bush & Ortinau 2006). This type of design is more directly related to descriptive and causal research and success in collecting primary data is more a function of correctly designing and administering the survey instrument which in this research is the questionnaire. Quantitative research is used when some degree of statistical reliability is required. It is applied in this research because of the need to quantify information in order to be able to reject or accept our hypotheses with some level of confidence. This design was also chosen to enable us determine the study sample statistically and to use questionnaire to elicit information on the variables that influence online shopping behaviour using appropriate measurement scale.

Population of the Study

The population of this study comprises the active online shoppers in Anambra state. Identifying who is an online shopper or who shops online is the major limitation. Accurate trends and record of online shoppers in Nigeria are still lacking; as there are no catalogue of what can be referred to online shoppers' list. Thus, this study has an infinite population and the sample size determination will follow the statistical method for determining samples from such population.

Sample Size Determination

Because the population of this study is an unknown population, a pilot survey was conducted among 30 active online shoppers in Awka, Onitsha and Nnewi (with 10 respondents from each city) and the questions asked related to whether they have shopped online, and their knowledge of online shopping. Of this only 30 or 80% agreed that they shop online and are aware of online shops, while 6 or 20% answered to the negative or were indifferent. With this information the sample size for this study was obtained using the Cochran formula:

$$n = \frac{Z^2 \times P \times Q}{e^2}$$

where: Z = standard normal deviation which at .01 level is 1.96.

P = the proportion of success and from the pilot study is 0.80

Q = the proportion of failure which is 0.20; and

e = the error margin which is assumed to be 5% or 0.05

Therefore: $n = \frac{1.96^2 \times .8 \times .2}{0.05^2} = 245.86$

Hence the sample size for the study is approximated to 246 respondents.

IV. Results and Discussion

Correlations

		impulse purchase orientation	brand/quality orientation	online purchase orientation	online trust	customer satisfaction
impulse purchase orientation	Pearson Correlation	1	-.175*	.415**	.381**	.237**
	Sig. (2-tailed)		.031	.000	.000	.003
	N	153	153	153	153	153
brand/quality orientation	Pearson Correlation	-.175*	1	.169*	.110	.389**
	Sig. (2-tailed)	.031		.037	.178	.000
	N	153	153	153	153	153
online purchase orientation	Pearson Correlation	.415**	.169*	1	.372**	.344**
	Sig. (2-tailed)	.000	.037		.000	.000
	N	153	153	153	153	153
online trust	Pearson Correlation	.381**	.110	.372**	1	.527**
	Sig. (2-tailed)	.000	.178	.000		.000
	N	153	153	153	153	153
customer satisfaction	Pearson Correlation	.237**	.389**	.344**	.527**	1
	Sig. (2-tailed)	.003	.000	.000	.000	
	N	153	153	153	153	153

*. Correlation is significant at the 0.05 level (2-tailed).

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

High Pearson correlation between a dependent variable and an independent variable is good but high correlation between an independent variable and another independent variable is a problem. Pallant (2013) recommends that two independent variables with a correlation of .7 is an indication that one of the variables needs to be eliminated. From the information in the correlation matrix above all the independent variables have low correlations of .4 and below which indicates absence of collinearity hence no variable need be removed. This also ensures discriminant validity as there is internal consistency among the variables. We now test the hypotheses of the study.

Multiple Linear Regression (MLR) was used to test the hypotheses and the results of the MLR analysis are shown below.

Regression Analysis and Hypotheses Testing

Dependent Variable: CUSTOMER_SATISFACTION
 Method: Least Squares
 Date: 09/25/19 Time: 12:19
 Sample: 1 153
 Included observations: 153

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.820232	1.913274	0.951371	0.3430
BRAND_ORIENTATION	0.639432	0.234253	2.729663	0.0071
IMPULSE_PURCHASE_ORIENTATION	0.038099	0.080836	0.471318	0.6381
ONLINE_PURCHASE_ORIENTATION	0.123710	0.086075	1.437225	0.1528
ONLINE_TRUST	0.409599	0.067494	6.068640	0.0000
QUALITY_ORIENTATION	0.237920	0.210942	1.127895	0.2612
R-squared	0.419530	Mean dependent var		20.00000
Adjusted R-squared	0.399787	S.D. dependent var		3.318608
S.E. of regression	2.571040	Akaike info criterion		4.764924
Sum squared resid	971.7060	Schwarz criterion		4.883765
Log likelihood	-358.5167	Hannan-Quinn criter.		4.813199
F-statistic	21.24865	Durbin-Watson stat		2.230643
Prob(F-statistic)	0.000000			

The first information from the MLR analysis is the model summary and from this we see that the coefficient of multiple correlation is .648 which high. The coefficient of determination R-square is .42 while the adjusted R-square which adjusts downwards for error is .393. This means that between 39.9% and 42% of variations in the dependent variable online shoppers satisfaction are accounted for by the independent variables. The Durbin-Watson statistic is 2.264 and this confirms absence of multicollinearity. The ANOVA value is 21.246 with a p value of .000 well below .01 margin of error. This means that the correlation value is significantly different from zero. This is an indication that the model is a good fit and we can proceed to test the coefficients and validate the hypotheses.

The research model is given thus:

Regression Equation

$$\text{Service Performance} = 1.82 + 0.0381 \text{ Impulse_purchase_orientation} \\ + 0.1237 \text{ Online_purchase_orientation} + 0.4096 \text{ Online_trust} \\ + 0.639 \text{ Brand_orientation} + 0.238 \text{ Quality_orientation}$$

From the coefficients it is clear that the high and most significant determinant of service performance in online shopping is brand orientation with a coefficient of .639 and a T value of 5.152 with ρ value of .000. Based on this, hypotheses 4, which have been joined as one, hypothesis is validated and accepted. Online trust is next major determinant of customer satisfaction with a coefficient of .4096 and T value of 5.863 and a ρ value of .000 which is highly statistically significant. In view of this hypothesis one is validated and accepted. The determinant is impulse purchase orientation with a coefficient of .091 which is not significant. Based on this hypothesis 3 is accepted. Finally online purchase orientation is has a coefficient .085 which is also not significant hence hypothesis number is partially accepted.

Discussion of Findings

The objective of this study is to ascertain how the service performance variables (impulse purchase orientation; online purchase orientation; brand orientation; quality orientation and online trust) affect customer satisfaction in online shopping. To address this objective, data were collected from a statistically determined sample of 246 online shoppers out of which 153 responded accurately giving a response rate of approximately 62%. Based on the five variables five hypotheses were formulated to guide the study. Preliminary analysis was carried out using Factor Analysis and the results extracted only four components which explain 73.691% of total variance. This is very high and quite acceptable. One important result from the Factor Analysis is the pattern matrix which show how the various items used to measure five variables align. From this pattern matrix we see that two of the five hypotheses formulated earlier, that on brand orientation and quality orientation pattern into one thus reducing the number of hypotheses from five to four. Based on this hypotheses four and five were patterned into one; as all the items in the two variables were summed into one. Other items relating to the remaining three variables patterned normal to the respective variables. The method of scale summation was employed in the further analysis with Multiple Linear Regression (MLR) analysis; the results of which show the coefficient of multiple correlation is .640 while the ANOVA value is 25.633 with a par value of .000 well below .01 margin of error. This means that the correlation value is significantly different from zero. The coefficient of determination R-square is .409 while the adjusted R-square which adjusts downwards for error is .393. This means that between 39.3% and 40.9% of variations in the dependent variable (customer satisfaction) are accounted for by the independent variables. From the regression coefficients, the first two hypotheses were fully validated while the second two were partially validated.

This implies that all the four variables: impulse purchase orientation; online shopping experience; online trust; and brand and quality orientation are determinants of customer satisfaction. This findings agree with Ganguly, et. al. (2009) study that online shopping orientation; brand/quality orientation and impulse orientation among others impinge on customer satisfaction. The findings also agree partly with Gehrt et al. (2007) that quality and brand orientation as well as price and others determine online customer satisfaction.

The second objective of the study is to ascertain the relationship between these variables and customer satisfaction. The MLR analysis show that all the four variables effect online customer satisfaction, but the variable that has the highest effect or that is the most determinant is the brand and quality orientation. This is followed by online trust, impulse purchase orientation and online purchase orientation. This agrees with Bellenger and Korgaonkar (1980); and Gehrt et al. (2007) that one of the things that recreational shoppers tend to take into consideration is quality when choosing stores for shopping.

V. Summary, Conclusion and Recommendations

Summary of Findings.

This study concerns service performance and customer satisfaction among online shoppers in Anambra State. The study was based on a captive sample of 153 online shoppers in the State while questionnaire was used to collect primary data and MLR used to test the hypotheses. The following are the findings from the study:

- Brand orientation has a significant and positive effect on customer satisfaction among online shoppers in Anambra State.
- Online trust has a significant and positive effect on customer satisfaction among online shoppers in Anambra State.
- Impulse purchase orientation has an insignificant and positive effect on customer satisfaction among online shoppers in Anambra State
- Quality orientation has an insignificant but positive effect on customer satisfaction among online shoppers in Anambra State.
- Online purchase orientation has an insignificant but positive effect on customer satisfaction among online shoppers in Anambra State.

Conclusions.

This study has established that the variables of impulse purchase orientation; online purchase orientation; online trust; and brand and quality orientations are factors that determine online customer satisfaction. The five hypotheses earlier formulated to guide

the study were later conducted to four as brand/quality orientations pattern together based on the preliminary analysis with the multivariate statistical tool of Factor Analysis. The study has particularly established that brand/quality orientation is the most important determinant of online customer satisfaction as it shows a positive coefficient of .365 which is positive. Online trust is the important determinant of customer satisfaction. It has a positive coefficient of .335. Impulse purchase orientation and online shopping orientation have coefficients of .091 and .085 respectively. While brand/quality orientation online trust are highly statistically significant the last two, that is impulse orientation and online orientation are not significant based on our data and sample.

Recommendations.

Based on the findings of this study, some recommendations are advanced. Online shopping, occasioned by advances in information and communication technology (ICT) has come to stay as evidenced by the emergence of many online shops. Understanding those factors that determine customer satisfaction of these emerging online shops remain paramount. This study found out that brand/quality orientation is the main determinant of online customer satisfaction hence it is recommended that online shops communicate adequately about the brands they have in stock and ensure that detailed information are always given about the brands.

This study also found out that online trust is another major determining factor in customer satisfaction. Based on this it is recommended that online shops should endeavour to win the trust and confidence of the customers by ensuring that what is ordered is delivered. Trust relates to perception of risk and online shops should try to reduce this risk by delivering on online promises.

This study also found out that online purchase orientation and impulse purchase orientation are among the factors that affect customer satisfaction. In view of this it is recommended that online shops and all those that maintain presence on the web and all online marketers should maintain good web atmospherics as this is an important factor that can induce impulse purchase orientations.

The data collected and used in this study relate to a particular time as the data were collected on a cross-sectional basis. Recommendation is made for further study whereby data will be collected on a longitudinal basis. The study adopted a quantitative methodology. Further studies can be conducted based on the qualitative methodology. This study was based on a sample of 246 respondents/online shoppers.

Further studies could be conducted with an expanded sample for enhanced generalizability.

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