

# A Study on Determinants of Customer Satisfaction of Online Purchases in Urban Indian Context

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## Abstract:

In the new era of civilization, the entire world tied with the internet loop. Internet acts as a channel through which millions of people communicate, find entertainment, perform research, and continue hobbies. Online is a brilliant platform to presenting the whole market in customer's doorstep. The World Wide Web has dramatically changed the way customer seeks and uses information. Most of the companies are using their online portal to sell their products or service to survive in this competitive market. Business has no geographical boundaries; the wide acceptance of internet technology in the field of business has changed the traditional way. There are certain characteristics which make internet more convenient place for shopping, such as hassle free shopping, huge product characteristic, and huge assortment with e-catalog facilities, smooth and safe payment system, convenient delivery etc. This study emphasizes the factors related to Customer Satisfaction of Online Purchases in Urban Indian Context. The findings discuss the impact of different determinants on Customer Satisfaction of Online Purchases.

**Key-Words:** Customer Satisfaction, Online Purchases, Urban Indian, Internet loop

## Introduction:

According to the study conducted by Nagra & Gopal, 2010, most of the companies sell their FMCG products by using their online portals to survive in competitive market. Due to time deficiency, traffic jams, tight working schedule, versatility of plastic money, consumers are more prone to shop online. There is been various convenient payment modes are also available for customers like debit card facilities, credit card facilities, payment wallet etc. Total online buying behavior and internet retailing system is associated with some key factors like product information about use and product instruction, reliability of getting authentic product, and smooth payment system etc., affects online buying behavior (Kiran et al., 2008). According to the study

conducted by Padmaja and Krishna Mohan, 2015, as online shopping offers hassle free shopping, it reduces shopping time, provides best ways to selecting products, products descriptions with products reviews, etc., it's become popular among customers. Retailing is making a strong grip in the Indian market with features like cash-on-delivery, free and quick shipment and return of goods if consumers don't like. Another major hurdle in e-retailing success is to provide secure payment gateways and logistics of delivery.

### **Literature Review:**

According to the study conducted by Kanchan et al., today, customers are flexible to adopt the change and keep their eyes on the benefits they can obtain from online retailers like customer can add their preferable product to the cart for future buying, 24X 7 hours purchases facilities, etc. The success of online performance includes quick loading times, accurate product delivery system, clear business policies, online interactivity between the buyer and seller, transaction security and transaction confidentiality (Sawney, 2008). The preferences for online, catalogue and store formats are influenced by situational as well as consumer and retail factors. Situational factors like huge product availability, tight work schedule, hassle free shopping plays a significant role to influence on online and catalogue format selection (Gehrt& Yan, 2004). According to the study conducted by Vrechopolous et al. 2000, quality and the amount of information provided for products and services should be included with highly valued features on website. The main reasons for purchase stimuli's are product range, discount/ promotions, delivery quality and 24X7 hours accessibility. Internet retailers adapt the essential environments as per consumer requirements. The Internet also is spreading its popularity in rural areas, rural areas also registering 40-60% sales of total online sales by e- retailers due to some factors like-smooth payment system like- cash on delivery, fair return policy, flexible delivery system etc. According to the study conducted by Price Water House Cooper's N.V. Sivakumar, customer get right product in right place at right time with right quantity due to spontaneous and improved retail activities like logistics, warehousing, merchandising, inventory storing system etc. Exogenous and endogenous factors affect online buying behavior by various indicators, primarily exogenous factors like customer's attitude toward catalogue shopping, transaction security, transaction confidentiality influence online shopping behavior (Madlberger, 2006). According to the study conducted by Yuliharsi, et al.,2011, made on the student's buying intention to recognize key factors affected online shopping in Malaysia, factors like usefulness, ease of use and security, return policies , delivery systems are major predictors towards online shopping . Consumer service like fair return policy, fair cash back policy, providing convenient delivery time as per customer choices, helps a lot to make positive change for online buying behavior (Prasad & Aryasri, 2009). Attractive website design has always played a key role in success of online retailer, i.e. increase perceives value, trustworthy factor, simplicity of use, user friendly feature, etc. Certain components are also there for a successful e- retailing business such as

shopping cart, e-catalog, and distribution of digital goods, tracking order facilities, easy cancelation of order, create consumer community (Siddiqui et al., 2003). The study (Teo, 2001) reveals that the Internet usage activities affected by demographics and motivational variables associated with age, gender, education, etc. Males are more prone to involve in messaging and downloading activities than females. Also, younger generation is more interested to engage in messaging and downloading activities compared to the older generation. The usefulness of the internet is significantly connected with the four broad activities viz. Messaging, browsing, downloading and perceived enjoyment are linked with messaging, browsing, and downloading activities. Online buying behavior is influenced by web reliability, which include with website customer service, web design, customers satisfaction and dissatisfaction (Shergill et. al., 2005). CRISIL Research published a study regarding the exemplary growth of online retail market in India, online grows tremendously in the retail market of India. Online retailing gives solid competition to traditional brick and mortar stores and avoids middleman in the distribution channel. It is observed that many traditional retailers use their own online portal along with the physical stores to stay in the market game. According to the study conducted by Zhenxiang & Lijie, fashion apparels are first growing segment, which creates enormous scope for online fast fashion. Proper product positioning, business model, users experience, logistics and supply chain management are the root cause of success. Web design and maintaining a quality of the website is a major part of e-retailing, The important factors affect online buying behavior include with authentic information, color usage, graphics usage, layout, creating website identity, making the website more attractive, and presentation of information (Tan et al., 2009). According to the study conducted by Bourlakis et al. 2008, consumers trust and consumers buying behavior are directly associated with online retailing. To increase the sales volume, e-retailers should incorporate various trust-building programs in their strategies like increase quality service, proper delivery system, providing authentic products, smooth and safe online payments etc. Consumers' personal principles, their attitudes, preferences, and activities are associated with internet use. Specific segments should be the highest priority for e-marketers to target and communicate efficiently. Advertising and different forms of marketing strategy help to imbibe the customer values that help to be linked to exact internet activities (Schiffman et al., 2003). Companies should understand the different traits of e-business, so that companies can incorporate different strategy in their business (Osterwalder&Pigneur, 2002).

### **Objectives:**

- To study different determinants of Customer Satisfaction of Online Purchases in Indian Context
- To find out the impact of different determinants on Customer Satisfaction of Online Purchases in Indian Context

### Hypotheses development:

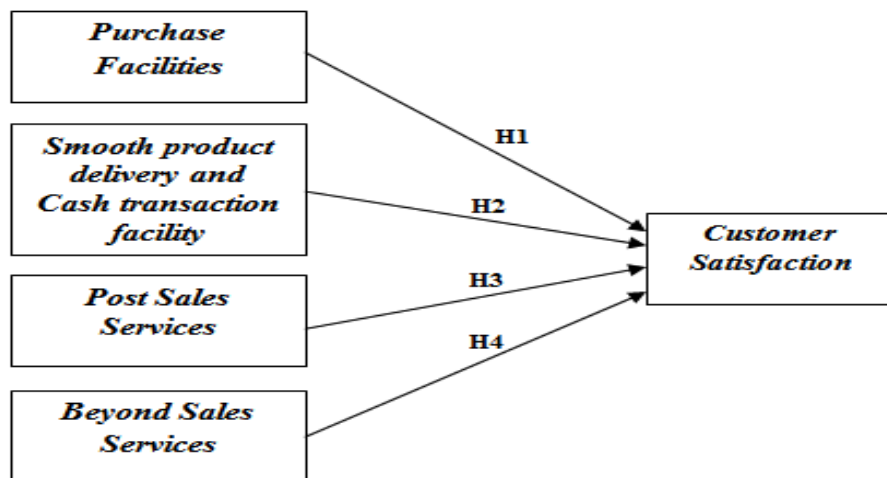
H1: 'Purchase facilities' positively influences the 'Customer Satisfaction' of Online Purchases in Indian Context.

H2: 'Smooth product delivery and Cash transaction facility' positively influences the 'Customer Satisfaction' of Online Purchases in Indian Context.

H3: 'Post Sales Services' positively influences the 'Customer Satisfaction' of Online Purchases in Indian Context.

H4: 'Beyond Sales Services' positively influences the 'Customer Satisfaction' of Online Purchases in Indian Context.

### Hypothesized Research Model:



### Research Methodology:

At first, the questionnaire was framed with the help of available literatures for the purpose of conducting this survey research on this topic regarding different determinants on Customer Satisfaction of Online Purchases in Indian Context. Related constructs and variables were taken directly from earlier study and few new variables were added as per the opinion of experts in related field. All constructs were evaluated using multiple items by a 5 point Likert type scale (Strongly Agree-5, Agree-4, Neutral-3, Disagree-2 and Strongly Disagree-1). Responses are taken from urban population of 4 metropolitan cities (Kolkata, Chennai, Delhi and Mumbai) in India. 1000 questionnaires were distributed to the respondents. 952 respondents answered fully those questionnaires. The survey period of this study was 15th January, 2018 to 25th March, 2018. Here 'Convenience Sampling' was used as the Sampling Technique.

**Table 1: Demographic profile of Respondents:**

Variable	Category	No.	%
Gender	Male	534	56.09
	Female	418	43.91
Age	Less than 20 years	114	11.97
	20-40 years	345	36.24
	40-60 years	370	38.87
	Above 60 years	123	12.92
Occupation	Student	211	22.16
	Service Holder (Man)	223	23.42
	Service Holder (Women)	207	21.74
	House Wife	126	13.24
	Self Employed	185	19.43
Edu. Qualification	Under Graduate	328	34.45
	Graduate	372	39.08
	Post Graduate	252	26.47

Source: author's field data, 2018

### Analysis and Result:

For establishing the proposed model and hypothesis, Regression Analysis by SPSS 20.0 has been used in this research. At first, confirmatory factor analysis by SPSS 20 has been used for questionnaire validation by data reduction.

**Table 2: KMO and Bartlett's Test**

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		<b>.662</b>
Bartlett's Test of Sphericity	Approx. Chi-Square	11337.403
	df	120
	Sig.	<b>&lt;0.001</b>

Here KMO and Bartlett's Test indicates the appropriateness of factor analysis and proves the Convergent and Discriminant validity of primary data.

**Table 3: Overall Reliability Statistics**

Cronbach's Alpha	Number of Items
<b>.749</b>	<b>16</b>

Total Cases: **952**



Variables (factor loading of above 0.5) have created 5 different factors which are shown in the following Rotated Component Matrix. These extracted factors explain total 77.21 % of the variations. Factors with their respective Variance explained (%) has been mentioned in the following table.

**Table 4: Result of factor analysis - Rotated Component Matrix (a)**

Rotated Component Matrix <sup>a</sup>					
	Component				
	<i>Purchase facilities</i>	<i>Smooth product delivery and Cash transaction facility</i>	<i>Customer Satisfaction</i>	<i>Beyond Sales Services</i>	<i>Post Sales Services</i>
Q2	<b>.873</b>	-.008	.040	.146	.050
Q4	<b>.872</b>	.026	-.034	.099	.046
Q1	<b>.846</b>	.004	.022	.117	.028
Q3	<b>.824</b>	.030	-.062	.025	.026
Q5	<b>.756</b>	-.018	-.018	-.015	.021
Q8	.019	<b>.973</b>	-.020	.025	.014
Q6	.003	<b>.951</b>	-.038	.009	.004
Q7	.003	<b>.888</b>	.029	.102	-.007
Q13	-.013	-.006	<b>.962</b>	.065	.048
Q12	-.029	-.019	<b>.950</b>	.045	.058
Q11	-.012	-.003	<b>.849</b>	.077	.003
Q16	.028	.023	.022	<b>.869</b>	.095
Q14	.176	.109	-.017	<b>.813</b>	.095
Q15	.087	.005	.185	<b>.795</b>	.043
Q10	.075	-.029	.064	.075	<b>.835</b>
Q9	.038	.036	.023	.121	<b>.833</b>
<b>% of Variance</b>	<b>22.109</b>	<b>16.603</b>	<b>16.235</b>	<b>13.361</b>	<b>8.903</b>

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. A Rotation converged in 5 iterations.

#### Model Summary (Regression)

R	R Square	Adjusted R Square	Std. Error of the Estimate	F-Value	Sig.

<b>0.932<sup>a</sup></b>	<b>0.869</b>	<b>0.848</b>	<b>0.158</b>	<b>27.60</b>	<b>&lt;.000<sup>a</sup></b>
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a. Predictors: (Constant), Beyond Sales Services, Smooth product delivery and Cash transaction facility, Purchase facilities, Post Sales Services

b. Dependent Variable: Customer Satisfaction

As model summary indicates an excellent R-Square values and F-value is significant (<.001), it can be said that the regression model is best fitted to describe the dependent variable by the help of independent variables. Also following table shows that all independent variables are significant for the model.

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t-Value	Sig.
		B	Std. Error	Beta		
1	(Constant)	<b>1.825</b>	.179		10.181	<b>.000* (S)</b>
	Purchase facilities	<b>.162</b>	.028	.181	5.848	<b>.000* (S)</b>
	Smooth product delivery and Cash transaction facility	<b>.072</b>	.023	.096	3.124	<b>.002* (S)</b>
	Post Sales Services	<b>.165</b>	.028	.183	5.871	<b>.000* (S)</b>
	Beyond Sales Services	<b>.106</b>	.025	.131	4.227	<b>.000* (S)</b>

a. Dependent Variable: Customer Satisfaction

**\*\* (S): Significant at 5% level**

**\* (S): Significant at 1% level**

### Model Specification:

The Multiple Linear Regression Model is specified below:

$$Y (\text{Customer Satisfaction}) = 1.825 + .162*(\text{Purchase facilities}) + .072*(\text{Smooth product delivery and Cash transaction facility}) + .165*(\text{Post Sales Services}) + .106*(\text{Beyond Sales Services})$$

### Hypotheses Testing & Findings:

**H1: 'Purchase facilities' positively influences the 'Customer Satisfaction' of Online Purchases in Indian Context.**

From the t (5.848) and P (<0.01) values, it is observed that 'Purchase facilities' is significant explanatory variable for 'Customer Satisfaction' of Online Purchases in Indian Context. Also it has positive coefficient (+0.162) in the regression. Thus, 'Purchase facilities' is positively related with 'Customer Satisfaction'.

Because, customers are getting 24X7 service facility, huge assortment with e-cataloguing facilities, easy accessibility and assurance of authentic products.

## **H2: 'Smooth product delivery and Cash transaction facility' positively influences the 'Customer Satisfaction' of Online Purchases in Indian Context.**

From the t (3.124) and P (0.002) values, it is observed that 'Smooth product delivery and Cash transaction facility' is significant explanatory variable for 'Customer Satisfaction' of Online Purchases in Indian Context. Also it has positive coefficient (+0.072) in the regression. Thus, 'Smooth product delivery and Cash transaction facility' is positively related with 'Customer Satisfaction'. Here, customers are already convinced about smooth and safety transaction. They also get the facility of convenient delivery time.

## **H3: 'Post Sales Services' positively influences the 'Customer Satisfaction' of Online Purchases in Indian Context.**

From the t (5.871) and P (<0.01) values, it is observed that 'Post Sales Services' is significant explanatory variable for 'Customer Satisfaction' of Online Purchases in Indian Context. Also it has positive coefficient (+0.165) in the regression. Thus, 'Post Sales Services' is positively related with 'Customer Satisfaction'. Because, customers are happy with post purchases facilities in online shopping and easy Order cancellation process.

## **H4: 'Beyond Sales Services' positively influences the 'Customer Satisfaction' of Online Purchases in Indian Context.**

From the t (4.227) and P (<0.01) values, it is observed that 'Beyond Sales Services' is significant explanatory variable for 'Customer Satisfaction' of Online Purchases in Indian Context. Also it has positive coefficient (+0.106) in the regression. Thus, 'Beyond Sales Services' is positively related with 'Customer Satisfaction'. Here, customers are getting extra services of shopping cart facility, new information through SMS promotion, authentic feedback from other customers.

### **Implications of Study:**

This study revealed that all the factors relating to Online Purchases have positive influences on Customer Satisfaction. This finding has implication for the management of all e-commerce organizations; it recommends



finding out most influencing factor under Online Purchases and most important issue under that factor. Respondents' preferability of online shopping affected by different factors can recommend the management of different organizations to implement strategies tactfully for current potential customers.

### Conclusion:

Internet is acting as stepping-stones to the concept of global village. Customer is the king today; the concept of on-line shopping will not materialize if the customers are not benefited. Online shopping provides many benefits to the customers like, smooth payment facilities, provide huge alternatives to make purchases decision. Customers can shop from anywhere, any time and need not physically visit the shops/outlets for shopping purposes. Airline/train tickets reservations, Banking & other financial services transaction, Books/Magazines/membership of library become hassle free due to online service. The entire world had tied up with the internet loop. Now, e-retailing not only confined in metros but its popularity is increasing in 2 tires and 3 tire cities. This study reveals that trust is the key factor for determining the likelihood of purchasing online. A mass consumer market is unlikely to reach its full potential without building and upholding trust between consumers and e-retailers. E-retailers should construct trust factors among consumers, by giving facilities like transaction confidentiality, smooth delivery time, offers authentic product, etc.

### Annexure: (Questionnaire)

<i>Factors</i>	<i>Questions on different Items / Variables</i>	<i>SA(5)</i>	<i>A(4)</i>	<i>N(3)</i>	<i>D(2)</i>	<i>SD(1)</i>
<i>Purchase facilities</i>	<i>You can purchase your product any time (24 X 7) through online shopping.</i>					
	<i>You can access huge assortment with e-cataloguing facilities.</i>					
	<i>On line purchases reduce purchasing time.</i>					
	<i>You get help from recent trend of using smart phones and staying web based environment.</i>					
	<i>You get assurance of authentic products availability.</i>					
<i>Smooth product delivery and Cash transaction facility</i>	<i>You get assurance of safety and smooth transaction.</i>					
	<i>You can track you Order.</i>					
	<i>You get convenient time facilities for product delivery.</i>					
<i>Post Sales Services</i>	<i>You get facility of easy Order cancelation.</i>					

	<i>You can get proper post purchases facilities in online shopping</i>					
<b>Beyond Sales Services</b>	<i>You get shopping cart facility and can create wish list for future.</i>					
	<i>You get new information through SMS promotion.</i>					
	<i>You can assess authentic feedback from other customer at a glance.</i>					
<b>Customer Satisfaction</b>	<i>You are satisfied with online purchase.</i>					
	<i>You will purchase online products in future.</i>					
	<i>You want to refer online purchase facilities to your friends.</i>					

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