

Factors Affecting Customer Satisfaction with Ecommerce Websites – An Omani Perspective

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ABSTRACT: Ecommerce, also known as electronic commerce or internet commerce, refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions. Ecommerce is often used to refer to the sale of physical products online, but it can also describe any kind of commercial transaction that is facilitated through the internet. These business transactions occur either as business-to-business (B2B), business-to-consumer (B2C), consumer-to-consumer or consumer-to-business. The terms e-commerce and e-business are often used interchangeably. Ecommerce provides several benefits to sellers over traditional retailing. Some key benefits include : overcoming geographical limitations, lower costs , 24 X 7 availability of products, gaining new customers through better search engine visibility, create targeted information, enable comparisons while shopping and eliminating travel time and costs for customers. Ecommerce is becoming increasingly popular in Arab countries due to its various advantages over traditional brick and mortar retailing. Sultanate of Oman is one of the important economies in this region and is a key emerging market. Oman has witnessed a boom in Ecommerce activities including B2B and B2C activities. Attaining customer satisfaction is one of the keys to success in today's crowded and competitive online market. This study attempts to find and analyse the important factors affecting customer satisfaction with Ecommerce websites and online purchasing in Oman. The study shows that Price and Ease of Use and availability of multiple payment options are the important factors that positively influence customer satisfaction.

Key Words : Ecommerce, Customer Satisfaction, Oman.

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I. INTRODUCTION

Ecommerce, also known as electronic commerce or internet commerce, refers to the buying and selling of goods or services using the internet, and the transfer of money and data to execute these transactions. Ecommerce is often used to refer to the sale of physical products online, but it can also describe any kind of commercial transaction that is facilitated through the internet. These business transactions occur either as business-to-business (B2B), business-to-consumer (B2C), consumer-to-consumer or consumer-to-business. The terms e-commerce and e-business are often used interchangeably. The term e-tail is also sometimes used in reference to the transactional processes for online shopping .Electronic commerce draws on technologies such as mobile commerce, electronic funds transfer, supply chain management, Internet marketing, online transaction processing, electronic data interchange (EDI), inventory management systems, and automated data collection systems.(www.wikipedia.org).

Modern electronic commerce typically uses the World Wide Web for at least one part of the transaction's life cycle although it may also use other technologies such as e-mail. There are three areas of e-commerce: online retailing, electronic markets, and online auctions. Whereas e-business refers to all aspects of operating an online business, ecommerce refers specifically to the transaction of goods and services.

Benefits of E-commerce

Ecommerce provides several benefits to sellers over traditional retailing. Some key benefits include : overcoming geographical limitations, lower costs , 24 X 7 availability of products, gaining new customers through better search engine visibility, create targeted information, enable comparisons while shopping and eliminating travel time and costs for customers. However, some customers prefer purchasing physical products as it enables them to touch , feel and try them out prior to buying.

Customer Satisfaction with Ecommerce Services

At a global level, customer satisfaction leading to loyalty (e.g. customer retention) is generally very strongly related to the profitability and long-term growth of a firm [Reichheld ,1995]. Small increases in customer retention rates can dramatically increase profit [Huffmire, 2001]. Loyal customers visit their

favorite websites twice as often as non-loyal customers, and loyal customers spend more money [Dialscore.com 2000]. According to analysts, 35 to 40% of e-commerce website sales revenue comes from repeat visitors [Rosen, 2001]. As such, it is not surprising that customer loyalty has been found to be a critical asset for retailers. Reichheld and Scheffer [2000] found that the high cost of acquiring new online customers could lead to unprofitable customer relationships for up to three years. Consequently, it is very useful to determine the key antecedents or factors that influence customer satisfaction with e-commerce websites.

Previous research found that e-retailers experience difficulty maintaining customer satisfaction despite the recent rapid growth in B2C e-commerce [Hoffman and Novak, 2000]. Although there are certainly challenges shared by both traditional retailers and e-retailers, e-retailers face greater competition due to the fact that on the Internet a competitor is only a click away [Mithas, Ramasubbu, Krishnan, and Fornell, 2007]. Due to the ease of surfing websites, retailers face an uphill task in attracting, satisfying and retaining customers. This study looks at some of the key factors affecting customer satisfaction with e-commerce websites in the Sultanate of Oman.

Though numerous studies have been conducted to determine the factors affecting customer satisfaction with e-commerce in several countries, the number of such studies in Arab countries is quite limited. At the same time, the number of people buying products online has seen a steady increase in the Sultanate of Oman, with websites like Namshi, Roumaan and Souq becoming increasingly popular among people, especially the youth, who are internet savvy. Thus the motivation of this study is to determine the key factors affecting the satisfaction and loyalty of customers of online services in the Sultanate of Oman. In addition it aims to determine whether access, ease of use of website and online payments, safety and security and pricing of products are direct antecedents of customer satisfaction. The research questions addressed in this study are as follows:

1. What are the key factors affecting customer satisfaction with e-commerce websites in the Sultanate of Oman?
2. Do access and quality of interface, ease of use and payments, safety and security and pricing of products affect the satisfaction of customers with e-commerce websites?

As there are very few studies on the key factors affecting customer satisfaction with e-commerce websites in the Gulf region in general and Oman in particular, this study will play a role in addressing this gap in the extant literature. Also, the managers of e-commerce companies can utilize the findings to identify the gaps and shortcomings in their service offerings in order to improve customer satisfaction levels and customer loyalty. From an academic perspective, this study provides insights that will improve our understanding of the impact of various factors related to e-commerce customer loyalty in the context of the Sultanate of Oman as one major developing country in the Middle East. The study will add value to the literature of e-commerce in terms of improving our understanding of the impact of ease of access, website user interface design, e-payments, e-security and price on e-satisfaction.

II. LITERATURE REVIEW

Firdaus Khan and Noura Al Jahwari (2018) in their study on factors affecting customer satisfaction of online shopping in Oman concluded that the perceptions of the youth confirming the product quality & service guarantee influenced comfort and satisfaction of the online customers. The study also revealed that the service tangibility concerning the guaranteed package and delivery process along with the lowest price motivated them to go for online shopping repeatedly. The study illustrates through the Quality Safety Assurance (QSA) model, the factors viz. Product Quality, Application Safety, Delivery Guarantee, and Offers should be focused to improve the online customer satisfaction, and the best-buy offers are the factors which need more attention to increase the Omani clientele. Zatalini and Pamungkas (2016) pointed out that the factors leading to customer loyalty and the successful implementation of online retailing are the privacy of customer information and security and the speed of service. According to Suh and Han (2003), security is the biggest issue, the online shopping

customers worried about and so higher the system security; higher will be the customer satisfaction security, and the speed of service. According to Suh and Han (2003), security is the biggest issue, the online shopping customers worried about and so higher the system security; higher will be the customer satisfaction. Oxley and Yeung (2001) confirmed that online shopping is widely preferred because it provides easy access to a large amount of information at reduced costs. AlGhamdi, Nguyen, Nguyen, and Drew (2012) claimed that the factors encouraging companies to engage in online retailing are the Government action in the form of reliable and secure online payment option, e-commerce support, strong ICT infrastructure, and educational e-commerce awareness programs in the country.

Christian & France (2005) proves that customers satisfied the most were privacy (Technology factor), Merchandising (Product factor), and convenience (Shopping factor); also followed by trust, delivery, usability,

product customization, product quality and security. Surprisingly, security was chosen as the last choice comparing to others. Thus customers assume that security is a standard attribute present in all websites and other factors take precedence over it. David J. Reibstein (2002) did a study on the role of price in attracting customers to the site and retaining them. However, it was found that price alone is not a decisive factor as customers tend to shop at other sites unless the vendors provide them good customer service and on-time delivery. Interestingly, e-shopping site using low prices or price promotions to attract customers do mostly tend to draw price-sensitive customers who are well known as having low loyalty and are prone to switching.

Jarvenpaa & Todd (1997) in their study found that convenient and dependable shopping and ease of use of website are the most significant factors to satisfy online customers since the shoppers make their purchase decision depending on the process of delivery starting from accurate information of merchandise availability, anticipated delivery date, and confirmation e-mail for specific order. Hence it is necessary to explain all policies including returns and refunds clearly and this will increase the trust of the customers.

III. METHODOLOGY

A. I. Conceptual Framework and Hypotheses

This study aims to investigate the impact of the antecedent factors on customer satisfaction with ecommerce sites with variables shown in Fig. 1.

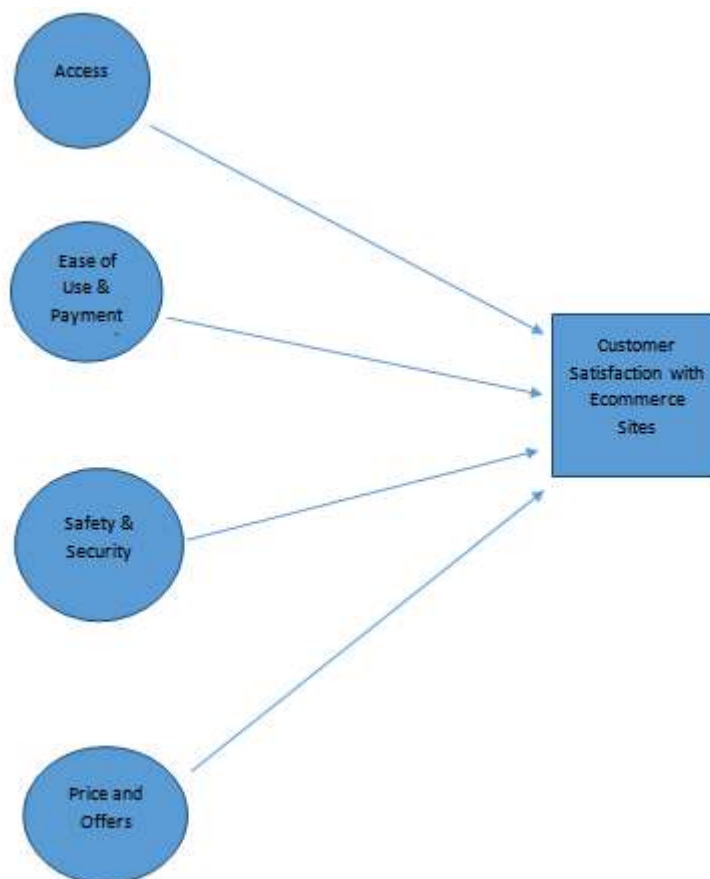


Fig 1. Conceptual Framework

II. Hypotheses

1. Easy access to the website has positive effect on Customers' satisfaction with Ecommerce websites.
2. Ease of use of site and availability of multiple payment options has a positive effect on Customers' satisfaction with Ecommerce websites.
3. Safety and security of online transactions has a positive effect on Customers' satisfaction with Ecommerce websites.
4. Prices of products and offers have a positive effect on Customers' satisfaction with Ecommerce websites.

B. Population and Sampling

The population of the study are citizens and residents in the Sultanate of Oman who have at least a one time experience in shopping online. The sample size of this research is 150 and descriptive research design has been utilized in this study as it is found to be most appropriate for the research problem. Convenience sampling has been used to collect the data for analysis.

C. Research Instrument

The data collection instrument used in this study is structured questionnaire. This questionnaire consists of 20 questions to measure the customers perceptions about the variables used in the study. A 5 point Likert scale has been used to measure the responses .

D. Reliability and Validity

The most popular test of reliability used by numerous researches is Cronbach’s coefficient alpha (Cronbach’s alpha) which will test the consistency of respondent’s answers to all the items in the measurement. The Cronbach alpha of all the variables exceed 0.7 which makes them acceptable for the study.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.832
Bartlett's Test of Sphericity	Approx. Chi-Square	840.055
	df	190
	Sig.	.000

KMO Measure of sampling adequacy is a statistic that indicates the proportion of variance in the variables that may be caused by underlying factors. Any value above 0.6 is considered adequate. The KMO of the variables in this study is 0.832 which shows that the variables are highly appropriate for the analysis.

IV. RESULTS

Multiple Regression Analysis

Multiple regression analysis is employed in this study. All variables hypothesized are entered in the single step. The enter method enables to include all variables in the proposed model.

- 1) H₀: Access, Ease of Use and availability of multiple payment options , safety and security of online transactions and prices and offers will have no significant positive effect on customers’ satisfaction with Ecommerce websites.
- 2) H₁: Access, Ease of Use and availability of multiple payment options, safety and security of online transactions and prices and offers will have a significant positive effect on customers’ satisfaction with Ecommerce websites.

Table 1 : Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.672 ^a	.451	.422	.93799

a. Predictors: (Constant), Price, Safety and Security, Ease of Use and Payment Options, Access

The coefficient of determination (R²) is .422 which means that 42.2% of variation in customer satisfaction with Ecommerce websites in Oman can be explained by the predictor variables Access, Price, Safety and Security, Ease of Use and Payment Options. The remaining part is explained by various other factors.

Table 2: ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	68.047	5	13.609	15.468	.000 ^b
	Residual	82.703	94	.880		
	Total	150.750	99			

a. Dependent Variable: Customer Satisfaction With Ecommerce Sites

b. Predictors: (Constant), Price, Safety and Security, Ease of Use and Payment Options, Access

Shown in Table 2, F- value of 15.468 is significant at 0.05 levels indicating that there exists at least one independent variable affect to dependent variable. Hence, this research rejects the Ho and accepts H1 that Access, Ease of Use and availability of multiple payment options, safety and security of online transactions and prices and offers will have a significant positive effect on customers’ satisfaction with Ecommerce websites.

Table 3: Table of Coefficients

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.937	.377		2.488	.015
	Access	.008	.099	.008	.081	.936
	Safety	-.058	.093	-.059	-.627	.532
	Ease of Use	.291	.093	.301	3.109	.002
	Price	.504	.097	.502	5.205	.000

a. Dependent Variable: Customer Satisfaction with Ecommerce sites.

The variables having the highest standardized beta coefficients are Price (.502) followed by Ease of Use (.301), Access (.008) and Safety and Security (-.059). Thus, Price has the highest influence on customer satisfaction followed by Ease of Use and Payment Options, Access and Safety and Security respectively. The variables Ease of Use and Price have got the maximum t – values of 3.109 and 5.205 respectively. This shows that Price and Offers has the maximum impact on customer satisfaction followed by Ease of use and multiple payment options. The p values of Ease of Use are .002 and for price it is .000 at .05 level of significance. However, the p values of Safety and Access are .532 and .936 respectively which indicate that they are not significant at this level of confidence.

Thus the model is :

Customer Satisfaction with Ecommerce Sites = .008 (Access) + .301 (Ease of Use and Payment Options) + .502 (Price) - .059 (Safety and Security).

V. CONCLUSION

This study was conducted to analyse the key factors affecting satisfaction of customers in Sultanate of Oman with Ecommerce firms and online purchases. Four variables namely, Access, Ease of Use of the website and availability of multiple payment options, Safety and Security and Price were identified as antecedent variables affecting satisfaction of online customers. The analysis shows that these factors together explain 42.2% variation in the customers’ satisfaction with Ecommerce websites in Oman. Out of these predictor variables, Price and Ease of Use and availability of multiple payment options have been found to have a

significant impact on customers' satisfaction while the impact of Safety and Security and Access was not so significant. This finding is consistent with the study of Thomas and Harry (2004) revealing that the respondents with experience in purchasing were more likely to be influenced by price. This may be due to the fact that most customers buy online to avail of the significant offers and discounts offered by etailers. Luxury products are rarely sold online. At the same time, a website that is user friendly and easy to navigate will further encourage customers to spend more time online and look at more products. A choice of payment options like credit and debit cards as also Cash on Delivery increase the convenience of customers. This is in line with the findings of Jiradilok, Malisuwan, Madan, and Sivaraks (2014) who claim that that the shopping experience plays an important role in attracting customers as the experienced customers have sufficient knowledge of the price, the reliability of the website and the payment security. Access to online websites is not an issue these days due to easy availability of affordable internet services including mobile data in Oman. Additionally, safety and security are assumed to be the responsibility of all Ecommerce platforms and this may explain its relative insignificance. In addition to these factors, reliability, quality and assurance are also key factors that attract customers to online retailers. Thus Ecommerce companies have to formulate consistent policies and ensure that these are properly communicated to customers at all times. Innovative pricing strategy is the key to success in the online retail scenario. The etailers have to formulate the right mix of offers, discounts and allowances that will keep customers coming back for repeat purchases. This is very important considering that the cost of customer acquisition is significantly higher than that of retention. An attractive and user friendly website is also a key prerequisite to a successful online venture. The site has to be kept fresh and updated regularly. All possible payment options should be offered to increase the attractiveness of the offering. The other attributes like appropriate pricing, responsibility, website information quality, and reliability should also be added into the websites since people consider these variables to support their decision.

Although e-commerce has increased a large amount benefits such as creating superior value for customers beyond geographic barriers and generating the unprecedented business growth, there are many gaps which still remain to be filled in order to fulfill its true potential. Managements of Ecommerce companies need to recognize these key variables and work to improve them, so that customers remain satisfied and loyal and business keeps growing and expanding. The future for such companies is indeed bright.

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