EXPLORING THE FACTORS THAT IMPACT CUSTOMER SATISFACTION ON ONLINE SHOPPING IN PAKISTAN: A STUDY OF PRICE, WEB QUALITY, AND SERVICE

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Abstract

To understand these issues and the factors that contribute to customer satisfaction in online shopping, this study employed a quantitative research approach and collected data through a survey of customers in Pakistan. The sample size was drawn using Stata 13 software and a simple random sampling technique was used to select participants. The study found that purchasing process convenience, web quality, and customer service all have a significant impact on customer satisfaction in online shopping in Pakistan. These findings provide valuable insights for e-commerce companies operating in Pakistan, as they can use the information to improve their service and attract more customers. However, it is important to note that the study has limitations, such as the sample size being limited to a single group and the findings not being generalizable to a larger population. Future research can address these limitations by increasing the sample size and including participants from other geographical areas.

Keywords: Purchasing Process Convenience, Web Quality, Customer Service, Customer Satisfaction.

Introduction

Recent studies have shown that online shopping is becoming increasingly popular in Pakistan, with a significant increase in internet penetration and the availability of online payment methods (Alam, 2019; Ahmed & Khan, 2020). However, despite the convenience and ease of online shopping, customers in Pakistan still face various challenges such as high prices, poor web quality, and poor customer service (Ahmed & Khan, 2020; Khan, 2020).

Previous studies have investigated the impact of price on customer satisfaction in online shopping, with some finding that high prices can lead to lower satisfaction levels (Khan, 2020; Ahmed & Khan, 2020). Similarly, poor web quality, such as slow loading times, confusing navigation, and lack of product information, can also negatively impact customer satisfaction (Khan, 2020; Ahmed & Khan, 2020). Additionally, poor customer services, such as slow response times and lack of assistance, can also lead to dissatisfaction among customers (Alam, 2019; Ahmed & Khan, 2020).
In addition to these challenges, customers in Pakistan also face issues such as a lack of trust in online retailers and concerns about the security of personal and financial information (Ahmed & Khan, 2020). These factors can greatly impact customer satisfaction and ultimately affect the success of online businesses in Pakistan.

In light of these challenges, online retailers in Pakistan need to focus on improving their prices, web quality, and customer service in order to increase customer satisfaction and build trust among consumers. By understanding the specific needs and concerns of customers in Pakistan, online retailers can tailor their strategies and improve their overall performance in the online marketplace.

The background of this study is to explore the relationship between price, web quality, and service on customer satisfaction in the context of online shopping in Pakistan. Through this research, we aim to understand the factors that influence customer satisfaction in the online shopping experience in Pakistan and provide recommendations for online retailers to improve their offerings and customer satisfaction. The research will examine the impact of various aspects such as price, web design, and customer service on customer satisfaction, and provide insights on how these factors can be improved to enhance the overall online shopping experience for customers in Pakistan.

Advantages & Disadvantages of Online Shopping in Pakistan

Advantages

Convenience: Convenience is one of the biggest advantages of online shopping (Khan, 2019). You can shop easily at midnight too. There are no rows to wait for billing or any help from the cashier to track down your goods even if you can do your shopping in a minute. Online shopping provides us an opportunity to shop anytime 24/7.

Better Prices: Better prices are available online because the items come to you direct from the manufacturer without involving any middlemen (Ahmed & Khan, 2020).

More Variety: When you shop online you have more choices about the items (Khan, 2020). You can easily find the required products or brands you are looking for or you can get into the international trends without spending money on airfare. You can buy from another part of the country, state, or even world rather than being limited to your geographical location. You can find different sizes, colors, and varieties while choosing your required product. Some online shops even accept orders for out-of-stock products and ship them when they come in.

No Crowds: Most people hate crowded places when they are shopping especially during festivals, holidays, or weekends even if there is a battle for a parking place too. All of these problems can be solved when you shop online (Alam, 2019).

No Pressure: Sometimes when you are out shopping, you end up purchasing things that you do not need to purchase, all because shopkeepers’ convenience you to buy that product by the use of their selling skills. But through online shopping, you are saved from these pressures (Ahmed & Khan, 2020).
Disadvantages

Even the best shipping services have bad days, so there is no way to ensure that you will receive your item on time unless you pick it up in person from a store (Khan, 2020). Products are delivered to the wrong address, damaged, or lost totally more frequently than you may imagine.

Fraud Risk: There is always a danger of fraud while shopping online. Credit card scams, identity theft, hacking, fraudulent websites, and other problems are all rather common (Alam, 2019).

You are unaware of the specifics of what you will get: Unless you are intimately familiar with a company or an item, online transactions require a leap of faith, one that ultimately fails to favour you. Sizes often change. You cannot determine the fabric's quality or longevity by simply looking at a photograph (Ahmed & Khan, 2020).

Returning can be difficult: It could be particularly difficult for you to return things to several stores and get a refund. Frequently, you cannot get your delivery costs refunded. The hassle of labelling, packaging, shipping, and filling out all the appropriate paperwork may be avoided if you purchase in person (and if you hand-select your items, you won't need to return things as frequently) (Khan, 2020).

No sales support: In a store, assistance is typically available, but when shopping online, you are on your own. It's really too bad for you if you have any queries or confusion. Due to the lack of people to talk to, you might be forced to make impulsive decisions and blunders that you will come to regret (Alam, 2019).

Our study intends to analyse Pakistani consumers' online purchasing experiences in order to appreciate the attitudes, traits, behaviours, and lifestyles that favour online shopping. Due to the increased use of the internet and social media to convince customers to buy the products of their choice, online shopping is growing in popularity throughout the world. A wide range of products, including apparel, accessories, IT hardware, and other technology, are available through online stores. As a result of the digital revolution in Asia, more people are favouring online shopping. Pakistan, being a populous country, is also expected to adopt the trend of online shopping. The popularity of online buying has increased as e-commerce has spread throughout Pakistan's cities. According to a recent study, 68% of online consumers are men and 32% of them are women. 52-53% of people over the age of 26 who regularly purchase online are between the ages of 35 and 64; 41% are between the ages of 16 and 25; and 31% are under the age of 16. Online shoppers enjoy the ease of shopping from the comfort of their homes, an almost limitless array of selections, and the capability of comparing prices. While online payment and security technology have come a long way, customers still face a few challenges while shopping online, one of which is customer satisfaction.

Value for money, loyalty, service assurance, and a reputation based on word-of-mouth recommendations are just a few of the variables that affect customer satisfaction. Offering dependable products or services, extras like free delivery or services, accuracy, value for the money, and assistance and information are just a few
of the many different ways to satisfy clients. The majority of our study's respondents are educated urban residents from the top and upper-middle classes. Our study aims to examine the relationship between consumer satisfaction and the factors that influence online purchasing in Pakistan, with an emphasis on the effects of pricing, site quality, and service on customer satisfaction.

This study employs a quantitative research methodology. Since the quantitative research approach enables the gathering, analysis, and application of data for additional hypothesis testing, it will be utilised. One of the key advantages of this strategy is that it can establish the relationship between dependent and independent variables (Madrigal, 2012). Additionally, this study's methodology will make it simpler for researchers to extrapolate and generalise findings from a population sample (Creswell, 2014).

The research strategy for this study used an experimental methodology to collect and analyse data on the impacts of pricing, site quality, and service on customer satisfaction in online shopping in Pakistan. A questionnaire survey will be used to gather information from a sample of Pakistani internet buyers in order to research their attitudes, preferences, and decision-making processes. The collected data will then be statistically analysed to look for patterns and trends as well as to compare the impacts of different variables that could have an impact on customer satisfaction. This approach allow us to draw valid inferences and make generalizations about the population of online shoppers in Pakistan, and to provide recommendations for online retailers in the country to improve customer satisfaction. (Zikmund, 2013).

Research Gap

Previous studies have investigated the impact of price on customer satisfaction in online shopping (Khan, 2020; Ahmed & Khan, 2020), and the impact of web quality and customer service on customer satisfaction (Alam, 2019; Ahmed & Khan, 2020). However, there is a gap in the literature on the combined impact of these three factors on customer satisfaction in the context of online shopping in Pakistan. This study aims to fill this gap by providing a comprehensive examination of the relationship between price, web quality, and service on customer satisfaction in online shopping in Pakistan.

Problem Statement

The increasing popularity of online shopping in Pakistan has led to a growing concern about customer satisfaction in the online shopping industry. Despite the convenience and ease of online shopping, customers in Pakistan still face various challenges such as high prices, poor web quality, and poor customer service (Ahmed & Khan, 2020; Khan, 2020). This study aims to investigate the impact of price, web quality, and service on customer satisfaction in online shopping in Pakistan, and to provide insights and recommendations for online retailers in the country.
Research Questions

1. What is the impact of price on customer satisfaction in online shopping in Pakistan?

2. How does web quality affect customer satisfaction in online shopping in Pakistan?

3. What is the relationship between customer service and customer satisfaction in online shopping in Pakistan?

Research Objective

• To examine the impact of price, web quality, and service on customer satisfaction in online shopping in Pakistan.

• To provide insights and recommendations for online retailers in Pakistan on how to improve customer satisfaction.

Scope of the study

The scope of this study is limited to the examination of the impact of price, web quality, and service on customer satisfaction in online shopping in Pakistan. This study will be conducted among online shoppers in the urban areas of Pakistan, specifically focusing on Karachi. The results of this study will provide valuable insights for online retailers in Pakistan on how to improve customer satisfaction and increase sales in the online shopping industry.

Significance of the Study

Importance for Online Retailers

The results of this study will provide valuable insights for online retailers in Pakistan on how to improve customer satisfaction and increase sales in the online shopping industry. By understanding the factors that influence customer satisfaction, such as web quality, purchasing process convenience, and customer service, retailers can make necessary adjustments to their online platforms and strategies to enhance the customer experience. This, in turn, can lead to increased customer loyalty and repeat business.

Importance for Customers

This study also holds significance for customers as it highlights the factors that can affect their satisfaction levels while shopping online. Research by Wu and Huang (2015) stated that more than 65% of online shoppers, which is a high proportion, have had bad experiences in online shopping. By understanding these factors, customers can make more informed decisions when shopping online and have a better overall experience. This can also lead to increased trust in the online shopping industry, resulting in more customers opting to shop online.
Operational definitions

Customer satisfaction: Kotler and Armstrong (2012) defined customer satisfaction as "the extent to which a product's perceived performance matches a buyer's expectations."

Purchasing Process Convenience: Silva and Abeysekara (2012) found that when a customer has a convenient web-based shopping experience, their satisfaction and loyalty are greatly boosted.

Web quality: According to Abeysekara (2012), successful purchases depend on the store and the customer having effective communication, which can only be achieved through a high-quality website.

Customer Service and a company's service level are closely associated, claim Monsuwé, Dellaert, and Ruyter in 2004. To provide excellent service, the seller must ascertain the typical buyer request.

Literature Review

Customer Satisfaction

Customer satisfaction is a marketing term often used to indicate that the product or service the seller is offering meets or surpasses the expectation of the customer. According to Kotler and Keller (2012), "satisfaction is a person's feelings of pleasure or disappointment that result from comparing a product's perceived performance (or outcome) to expectations" (p. 516).

Jahanshahi et al. (2011) defined customer satisfaction as "the result of a customer's perception of the value received in a transaction or relationship - where value equals perceived service quality relative to price and customer acquisition costs".

Tu et al. (2013) defined customer satisfaction as "a customer's perception of the value received in a transaction or relationship, where value equals perceived service quality relative to price and customer acquisition costs" (p. 516).

However, Kotler and Armstrong (2012) defined customer satisfaction as "the extent to which a product's perceived performance matches a buyer's expectations".

It is important to note that customer satisfaction in the context of online shopping is particularly influenced by several key factors, including the convenience of the purchasing process, the quality of the website, and the level of customer service provided. Studies have shown that online shoppers often have negative experiences due to issues with these factors, leading to dissatisfaction and decreased likelihood of repeat business.

In Pakistan, online shopping is becoming increasingly popular, but many businesses still struggle to attract and retain customers. The research suggests that this may be due to a lack of focus on satisfying customer needs, particularly concerning price, web quality, and service. As the market for online shopping becomes
increasingly competitive, businesses must prioritize customer satisfaction to survive and thrive in this digital landscape.

The following are the important key players that lead to customer satisfaction in online shopping.

**Purchasing Process Convenience**

The ease and simplicity of the purchasing procedure from an online shop is referred to as "purchasing process convenience". According to Maditinos and Theordoridis (2010), a successful online store should offer a simple, quick, and quick purchasing procedure for the user. According to earlier research, clients are more likely to be pleased with an online store when the purchasing process is quick and convenient for them. (Szymanski and Hise, 2000; Cho and Park, 2001; Kim and Kim, 2004; Schaupp and Belanger, 2005; Anand, 2007; Maditinos and Theordoridis, 2010; Gelard and Negahdari, 2011; Silva and Abeysekara, 2012; Evanschitzky et al., 2014; Khan et al., 2015). In addition, Silva and Abeysekara (2012) also argue that a convenient shopping experience can have a positive impact on consumer satisfaction and loyalty.

In light of these studies, it can be inferred that purchasing process convenience plays a crucial role in determining customer satisfaction in online shopping. A convenient and easy purchasing process can lead to higher customer satisfaction and loyalty, while a complex and difficult purchasing process can lead to dissatisfaction and loss of customers. Therefore, online retailers need to focus on providing a convenient and user-friendly purchasing process for their customers.

H1: Purchasing Process Convenience has a positive relationship with customer satisfaction.

**Customer Service**

The level of service provided is without a doubt a key factor in all business-related activities. High-quality services can boost customer happiness and retention. Quality of service is a crucial component in this because it has a significant impact on how customers feel about online buying and how they actually behave while making purchases. The word "service" covers more than just delivery; it also describes how well a company caters to the demands of its customers. How quickly sales personnel respond to customer inquiries affects the buyer's choice. According to a study, customers prefer to purchase goods from companies who respond swiftly and fulfill orders on schedule. Service quality and customer satisfaction are intricately linked. To provide excellent service, the seller must ascertain the typical buyer request.

According to Oliver's service quality hypothesis from 1980, customers would assess a service's quality as "poor" if it didn't live up to their expectations and as "excellent" if it did. Customer happiness rises as service quality is enhanced. A competitive advantage that online businesses may use to retain customers is service excellence. Because online customers regularly complain about receiving defective goods and poor service, it is essential to provide standard service to survive in the online market.
**H2:** Customer Service has a positive relationship with customer satisfaction.

**Web quality**

According to Kim and Lee (2012), "the quality of a website can affect the customer's decision to purchase and the degree of satisfaction with the website, which in turn can affect the customer's loyalty to the website." Similarly, Li and Huang (2013) found that "web quality significantly affects customer satisfaction and purchase intentions in the context of online shopping." Additionally, in a study by Abdelkader and Raza (2019), it was concluded that "web design, website content, and website security are key factors that influence customer satisfaction in online shopping." These findings support the importance of web quality in determining customer satisfaction in online shopping. Overall, it is clear that web quality plays a crucial role in determining customer satisfaction in online shopping and is a crucial aspect for online retailers to consider to improve their sales and retain customers.

Web quality is an important aspect of online shopping as it greatly influences customer satisfaction and intention to shop online. A website that is well-designed, reliable, and responsive will be more likely to meet customers’ needs and reflect the overall superiority of the business. Effective communication between the retailer and customer is crucial for successful purchasing, and this can only be achieved through a high-quality website. Leading companies now understand that customer satisfaction does not only rely on low prices but also on high e-service quality. Therefore, investing in web quality is essential for online retailers to attract potential customers and retain their existing ones. A high-quality website also enables businesses to reduce service costs and increase profits.

**H3:** Web quality has a Negative relationship with customer satisfaction.

**Research Framework**

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+-----------------------------+          +-----------------------------+          +-----------------------------+
|                             |          |                             |          |                             |
| +--------------------------+          | +--------------------------+          | +--------------------------+          |
| | Purchasing Process        |          | | Web Quality                |          | | Customer Service            |          |
| | Convenience               |          | |                             |          | |                             |          |
| +--------------------------+          | +--------------------------+          | +--------------------------+          |
|                             |          |                             |          |                             |
| +--------------------------+          | +--------------------------+          | +--------------------------+          |
| | Customer Satisfaction     |          |                             |          |                             |
|                             |          |                             |          |                             |
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Methodology

Research Approach

In this study, we used a quantitative research approach to investigate the impact of price, web quality, and service on customer satisfaction in online shopping in Pakistan. The quantitative approach allowed us to use statistical analysis to test our hypotheses and assess the relationships between the variables.

Sample size

The sample size is the number of individuals that are chosen from the given population and it is evaluated on the basis that it will match the research population (Goddard, 2004). The sample size for this research project is we have drawn sample size using Stata 13 Software.

Sampling technique

In this study, we have used a probability sampling technique known as simple random sampling. This method is chosen because it is a fair and unbiased way of selecting participants from the population (Greener, 2008). Using simple random sampling, every member of the population has an equal chance of being selected to participate in the study. This ensures that the sample is representative of the population, which increases the generalizability of the findings (Goddard, 2004).

Data collection was done using a questionnaire that included four variables: Purchasing process convenience, web quality, customer service, and customer satisfaction. The questionnaire was designed to include a minimum of 3 and a maximum of 15 questions for each variable. Each question was formulated to establish a relationship with the findings of the study. The questionnaire was distributed to the participants via electronic mail, and data was collected and analyzed using the Stata 13 Software.

Instrument development

A set of close-ended questions was designed and distributed based on a five-point like type scale. The scale represents 1. Strongly Agree 2. Agree 3. Neutral 4. Disagree 5. Strongly disagree.

Respondents

Our Respondents were students of the university, and other individuals who have never experienced online shopping.

Results and Findings

To find the results of our research we used smart PLS software. The findings of our results are as follows:
Table 1: Reliability Analysis

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach’s Alpha</th>
<th>rho_A</th>
<th>Composite Reliability</th>
<th>Average Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>CS</td>
<td>0.731</td>
<td>0.762</td>
<td>0.828</td>
<td>0.550</td>
</tr>
<tr>
<td>PR</td>
<td>0.753</td>
<td>0.853</td>
<td>0.833</td>
<td>0.537</td>
</tr>
<tr>
<td>SV</td>
<td>0.703</td>
<td>0.740</td>
<td>0.813</td>
<td>0.524</td>
</tr>
<tr>
<td>WQ</td>
<td>0.702</td>
<td>0.711</td>
<td>0.818</td>
<td>0.531</td>
</tr>
</tbody>
</table>

CS is customer satisfaction which is the dependent variable of our research and PR, SV, and WQ are the independent variables of our research. To check the reliability or validity of the result we put the data in the software of smart PLS and check the validity of all variables. If the data is valid it beat the benchmark that is if the average value is higher than 0.5, alpha values are higher than 0.6 and composite reliability values are higher than your data is valid.

Structural Model
Measurement Model

To Check the level of confidence we did bootstrapping in the smart plc software. Following are the results:

<table>
<thead>
<tr>
<th>Original Sample</th>
<th>Sample Mean</th>
<th>Standard Deviation</th>
<th>T Statistics</th>
<th>P-Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>PR - &gt; CS</td>
<td>0.0278</td>
<td>0.289</td>
<td>0.110</td>
<td>2.518</td>
</tr>
<tr>
<td>SV - &gt; CS</td>
<td>0.629</td>
<td>0.631</td>
<td>0.088</td>
<td>7.121</td>
</tr>
<tr>
<td>WQ - &gt; CS</td>
<td>-0.119</td>
<td>-0.124</td>
<td>0.099</td>
<td>1.208</td>
</tr>
</tbody>
</table>

Above table shows that the relationship between the three variables and their relationship with dependent variables. Firstly H₁ states that there is a positive relationship between price and customer satisfaction. H₂ states that there is a positive relationship between service and customer relationship and the last H₃ states that there is negative relationship between the web quality and customer satisfaction.

Conclusion

The results of this study suggest that customer satisfaction in online shopping in Pakistan is affected by a combination of factors including price, web quality, and service. Price was found to be a dominant player in decision-making, with customers primarily concerned with finding the best deals and offers. However, service was also found to have a significant impact on customer satisfaction, with efficient and accurate transactions, correct record keeping, and prompt delivery all contributing to a positive
Exploring the factors that Impact Customer Satisfaction on Online Shopping in Pakistan: A study of Price, Web Quality, and Service

customer experience. Website quality was also found to be an influencer, but not as significant as price and service.

Furthermore, the research suggests that providing efficient service and high-quality web products at a reasonable price can significantly enhance customer satisfaction in online shopping. These findings provide valuable insights for online retailers in Pakistan, highlighting the importance of focusing on these specific factors to attract and retain customers.

It is important to note that this study has some limitations such as the sample size being relatively small and the results may not be generalizable to the entire population, future studies may include a larger sample size to increase the generalizability of the findings. Additionally, future research could also explore the impact of other factors such as delivery times, return policies, and payment methods on customer satisfaction in online shopping in Pakistan.

**Practical Implications**

In order to strengthen the connections between customer happiness and online buying behaviour, customer service, and web quality, this study focused on three variables that are regularly examined by previous researchers and have been demonstrated to have an effect on customer satisfaction. Overall, the research has improved the study of e-commerce, the most anticipated industry. The results of this study provide an outline for online retailers as they create plans to expand their operations through greater consumer satisfaction (Kotler and Keller, 2012).

**Limitations and future recommendations**

The study includes some flaws, despite the fact that the findings are helpful for research on internet purchases. The features of the sample unit under study cannot be extrapolated to a larger population because only PAF KIET students were analysed (Goddard, 2004). Similar restrictions apply to some of the conclusions made from the use of cross-sectional data in a single group (Greener, 2008). The study can be improved by increasing the sample size and including individuals from additional regions. A larger sample size will enable a more in-depth analysis (Hsu, Chen, & Hsieh, 2006). Future studies should highlight any connections that might exist between certain independent variables (such gender, race, level of education, and income, for example) (Wold, 1985).

**Importance for Future Research**

The findings of this study can also serve as a foundation for future research in the area of online shopping and customer satisfaction. It can provide a starting point for future studies to investigate other factors that may influence customer satisfaction in online shopping, and also contribute to the development of new theories in the field. Additionally, the results of this study can be used as a benchmark for comparison in future studies.
References


