

**EFFECT OF ONLINE SHOPPING ATTRIBUTES ON CUSTOMER
SATISFACTION AMONG CUSTOMERS OF ONLINE MARKET FIRMS IN
KENYA**

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DEDICATION

I wish to dedicate this work to my lovely wife, late Dad, Mum and siblings for their moral support, socially, prayers and encouragement

ABSTRACT

Customer satisfaction is considered to be one of the most important outcomes of all marketing activities in a market-oriented firm and become the most important predictor of future behavioural intention. Nowadays, online shopping is a fast-growing phenomenon. Growing numbers of consumers shop online to purchase goods and services, gather product information or even browse for enjoyment. However, online shopping has taken strong hold in western countries and will continue to experience growth as compared to Kenya which still experiences slow growth in online markets. Customers are satisfied when they are able to touch or online feel the product before they purchase it. Thus, the study the main aim of the study was to evaluate the effect of online shopping attributes on customer satisfaction among online market firms. The study was guided by the following objectives; to determine effect of security in online shopping on customer satisfaction, to establish effect of mode of payment on customer satisfaction, to determine effect of delivery of goods on customer satisfaction, to establish effect of pricing on customer satisfaction and to establish effect of ease of use in online shopping on customer satisfaction. The study will be informed Technology Acceptance Model (TAM) and Innovation Diffusion Theory (IDT). Explanatory research design was used in this study. The study targeted 222,748 customers drawn from top 12 online markets established in Kenya. The study used stratified and random sampling technique to select a sample of 399 customers. Researcher used questionnaires as a tool for data collection. In order to test the reliability of the instrument, the Cronbach alpha test was used. Data was analysed using descriptive statistics include those of the mean, standard deviation and frequency distribution while inferential statistics involves use of correlations and multiple regression analysis. Findings showed that security in online shopping ($\beta_1 = 0.198, p = 0.000$), mode of payment ($\beta_2 = 0.108, p = 0.031$), delivery of goods ($\beta_3 = 0.113, p = 0.019$), pricing ($\beta_4 = 0.397, p = 0.000$) and ease of use ($\beta_5 = 0.195, p = 0.000$) had a positive and significant effect on customer satisfaction. Thus, the study concludes that security in online shopping, mode of payment, delivery of goods, pricing and ease of use of online shopping enhances customer satisfactions. Thus, there is need to assure the customers of their security and the security of their financial details when they purchase online. This calls for investment in online security and also assuring the customers constantly by upgrading the security of their transaction systems online. It is important to consider the pricing regime of the online stores to ensure that the customers are able to have many choices to pick from in terms of prices thus being able to navigate the competitive terrain where pricing plays a big part in customer attraction strategies

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CHAPTER ONE

INTRODUCTION

1.0 Overview

This chapter presents the background of the study, statement of the problem, objectives of the study, research hypothesis, significance of the study, assumptions of the study and finally the scope of the study.

1.1 Background to the Study

With the rapid global growth in electronic commerce (e-commerce), businesses are attempting to gain a competitive advantage by using online shopping to interact with customers (Demangeot and Broderick, 2007). Nowadays, online shopping is a fast growing phenomenon. Growing numbers of consumers shop online to purchase goods and services, gather product information or even browse for enjoyment. Online shopping environments are therefore playing an increasing role in the overall relationship between marketers and their consumers (Koo *et al.*, 2008). That is, consumer-purchases are mainly based on the cyberspace appearance such as pictures, images, quality information, and video clips of the product, not on the actual experience (Brennan *et al.*, 2008; Constantinides, 2004). As the Internet has now become a truly global phenomenon, the number of Internet users worldwide is expected to reach 1.8 billion by 2010 according to the survey of ClickZ Stats, cited in Kotler & Armstrong (2008). These growing and diverse Internet populations mean that people having diverse tastes and purposes are now going to the Web for information and to buy products and services. Thus, the impact of these online shopping environments on consumer response necessitates a critical understanding for marketing planning.

Companies are now using the Internet to build closer relationships with consumers and marketing partners. Besides competing in traditional marketplaces, they now have access to exciting new market spaces. Moreover, through the Internet, consumers can learn about design, order, and pay for products and services, without ever leaving home and then, through the wonders of express delivery, they can receive their purchases in short time. From virtual reality displays that test new products to online virtual stores that sell them, the technology explosion is affecting every aspect of marketing. The Internet has now become a truly global phenomenon (Srisuwan & Barnes, 2008; Teng *et al.*, 2007).

Besides, Jayawardhena *et al.*, (2007) in their study considered the purchasing orientation of potential buyers and assessed its impact on purchase behaviour, but found that individual orientation is independent of purchasing decision, which reinforces the views of Liu *et al.*, (2008) and Sorceet *et al.*, (2005) that every stage of the purchasing decision making cycle may have impact on a potential buyer's decision to buy online or not. Demangeot and Broderick (2007) reported that "information search experiences affect the attitudes towards the site and its brands". In the Koo *et al.*, (2008) study, which was conducted on 279 online customers in Korea, it was found that "32.5 per cent use the internet for news and information, 32.5 per cent for communication, 7.5 per cent use it for entertainment while 7.1 percent for online shopping".

Furthermore, in consistent with Gay *et al.*, (2007), Yun and Good (2007), Lee and Lin (2005), Rajamma *et al.*, (2007) , Kim and Kim (2004) , Ramus and Nielsen (2005) , Ladson and Fraunholz (2005), Kramarae and Kramer (1995), Welch (1995), Rathmell *et al.*, (1998), Johnstone (1999), Singh (2004), Smith & Chaffey (2002), and Canavan

et al., (2007),: consumer satisfaction and purchase decision on online shopping depends on few more issues. These are: e-store image, delivery and customer services, service quality and purchase behaviour, personalization, motivations for online purchase, trust, reliability, privacy, transaction and cost, incentive programmes, web-site design, online interactivity, merchandise motivation, assurance, convenience (or Hassle Reduction), pragmatic motivation, responsiveness, consumer risk asses online firm etc.

1.1.1 Concept of Online Shopping

With the rapid global growth in electronic commerce, businesses are attempting to gain a competitive advantage by using online shopping to interact with customers (Demangeot and Broderick, 2007). Nowadays, online shopping is a fast growing phenomenon. Growing numbers of consumers shop online to purchase goods and services, gather product information or even browse for enjoyment. Online shopping environments are therefore playing an increasing role in the overall relationship between marketers and their consumers (Koo *et al.*, 2008).

Consumer-purchases are mainly based on the cyberspace appearance such as pictures, images, quality information, and video clips of the product, not on the actual experience (Brennan *et al.*, 2008; Constantinides, 2004). As the Internet has now become a truly global phenomenon, the number of Internet users worldwide is expected to reach 1.8 billion by 2010 according to the survey of ClickZ Stats, (Kotler & Armstrong 2008). These growing and diverse Internet populations mean that people having diverse tastes and purposes are now going to the Web for information and to buy products and services. Thus, the impact of these online shopping environments on consumer response necessitates a critical understanding for marketing planning.

Many marketers, nowadays, are beginning to develop online product marketing. With the online facilities, customers will be able to communicate and do the transactions with the marketers, without any physical distance and time constrain. Internet site is currently used as a 24/7 store (Dawson & Kim 2009), so the consumers can search, view, and choose products according their needs and wants. The ease due to these technology developments would change the shopping habits. The marketers do not need to meet face-to-face with the buyers. The consumers are able to serve themselves with the features of the site. The online system is considered more practical for the consumers to choose their own products, payment methods, delivery system, and many more. Satisfied customers would be loyal to the online store.

Therefore, the satisfaction factors of the online shoppers still need to be investigated. In the marketing science, indicators for a loyal customer are repurchase intentions, brand switching reluctance, and positive word-of-mouth (WOM) communications. Satisfaction is the level of feeling obtained after evaluating the experience of using or consuming certain product (Giese & Cote2002).

In the online context, improving the website performance is a way to achieve the customer satisfaction. Internet website has a variety of aspects that must be improved to meet customer satisfaction which directly influence purchase decisions. Customer satisfaction will lead to repurchase intentions, brand switching reluctance, and willingness to do the WOM (Kim, 2009).

Online contracts and shopping are classified as distance contracts, which means that the trader service provider, seller and the consumer natural person who is acting for purposes which are outside his trade, business or profession, in lack of their simultaneous, actual and physical presence enter into contract not by meeting in

person e.g. in commercial premises, market, open-air market, via trade agent etc., but only in an electronic way (Kotler, 2002).

Lemon, (2001) argues that the consumer in front of a screen orders the selected product by clicking in the web store or by sending an e-mail. The process of virtual purchasing in most cases includes the preliminary registration on the website, the studying of the offers, the selection of the products and putting them into the basket, the possibility of refreshing and cancelling the content of the basket, the selection of the conditions of the performance and delivery such as address, date, other special conditions and also the submission of the order. Upon receiving the order the trader is obliged to send an electronic confirmation to the consumer.

The world of internet practically can be considered as an endless market, where a consumer living in any country of the world can get into a contractual relation with a trader operating in any other country of the world. From this aspect a cross-border purchase is when the consumer buys goods from any web trader settled anywhere in the world outside his/her country of residence. Due to the differences in language and legislation environment, furthermore sometimes in commercial traditions it is particularly essential to consider whether to buy the selected product from a web store operated by a foreign trader. (Rajab, 2011).

Kenneth, (2006) in his study asserts that the consumer, in case of online shopping can buy the selected product rapidly by doing some clicks from home or work saving time and energy in spite of the larger distance arising from the endless and unlimited market offered by the internet. In addition, the internet can also facilitate the shopping of consumers with reduced mobility. Since the consumer does not have to go to the premises of the trader, and is not limited by the opening hours, he/she can place an

order at all times. Such items can also be purchased that are not available in the surroundings of the consumer, thus the choice of goods is significantly broader, and furthermore the delivery can be requested not only to the place of residence but to the workplace, as well. The offers on the internet can be easily compared, therefore the consumer can buy the product with the most favorable conditions price, quality, other discounts tailored to the individual's needs.

Besides the advantages however, it is good to know that there may also be risks connecting to online shopping, since the conclusion of the contract is done without personal interaction, and the consumer sitting in front of a computer/screen tends not to think over or consider his/her intention of buying. The consumer being as a layman not a professional player of the deal is in a more defenseless situation. This is manifested in a twofold information deficit concerning on the one hand the product to be bought and on the other hand concerning the identity of the trader. (Cynthia, 2004).

The consumer only has a limited amount of information concerning the product, which is provided by the trader on the website, moreover he/she cannot physically check or try the product, whether the actual characteristics are matching the stated ones referred to on the website or not, and its quality is the same as expected. (Barnes, 2001)

Lee, (2006) in his study argues that the consumer and the trader do not meet during the transaction, so it is dubious whether the trader selling the product does actually exist or not, how reliable it is and whether the trader possesses all the necessary permits for carrying out business activity. Buying medicines or food supplements online may entail health risks for consumers. It may happen that traders try to sell products endangering health and safety of consumers, which are withdrawn from the

market or recalled from consumers, thus these products are illegally sold on the internet.

For strengthening the consumers' confidence related to electronic commerce and the minimization of the previously mentioned risks the relevant regulations oblige the operator of the web shop to inform their clients about their products in details and also ensure a so called time for consideration waiver clause, right to withdrawal from the contract for the clients. Before ordering a product online it is advisable to collect all the possible information concerning the trader and the shopping conditions. Read thoroughly and carefully the general contract terms available on the website to avoid unwanted surprises. Furthermore it is also recommended to save and print the conditions prior to the purchase. Thus later it can be proved what information was provided on the website during the purchase, and it can contribute to avoid potential later legal disputes (Bernama, 2001).

1.1.2 Concept of Customer satisfaction.

Consumer satisfaction is a central concept in modern marketing thought and practice. The marketing concept emphasizes delivering satisfaction to consumers and obtaining profits in return. As a result, overall quality of life is expected to be enhanced. Thus, consumer satisfaction is crucial to meeting various needs of consumers, business, and society. The realization of this importance has led to a proliferation of research on consumer satisfaction over the past two decades. Attempts to make significant contributions toward understanding this important area have been made, including numerous studies and annual conferences on consumer satisfaction/dissatisfaction and complaining behavior (Hamburg, 2001).

Shamdasani, (2000) in his study asserts that consumers compare their perceptions of product performance with a set of standards. Confirmation results when the perceived performance matches standards, whereas is confirmation results from a mismatch. Confirmation and disconfirmation are expected to determine consumer satisfaction or dissatisfaction.

At the same time, many Internet retailers are failing in other ways to satisfy the customers they have attracted to their sites. A 1999 study by the Boston Consulting Group showed that 28 percent of all on-line purchase attempts fail, as a result of problems ranging from Web site performance to product delivery. This is especially important in the conversion of a first-time buyer onto a loyal customer. Satisfied first-time buyers purchase more and purchase more often than those who are dissatisfied. In all, Internet retailers lose more than \$6 billion a year in sales due to dissatisfaction with the on-line ordering process. (Novak, 2000).

Conceptually, satisfaction is an outcome of purchase and use resulting from the buyer's comparison of the rewards and costs of the purchase in relation to the anticipated consequences. Operationally, satisfaction is similar to attitude in that it can be assessed as the sum of the satisfactions with the various attributes of the product or service. When satisfaction is mentioned it is generally considered a wide of area that includes both high levels of satisfaction and also neutral levels where there is no dissatisfaction. However, it is also suggested that there needs to be a separate consideration for different levels of satisfaction with different ranges of effect and varying magnitudes of impact on business results (Best, 2009).

Customer satisfaction is a forward looking indicator of business success that measures how well customers will respond to the company in the future. Other measures of

market performance, such as sales and market share, are backward looking measures of success. They tell, how well the firm has done in the past, but not how well it will do in the future.(Fan, 2000).

Customer satisfaction is a post-purchase evaluation of a service offering (Oh, 2000). A traditional definition of customer satisfaction followed the disconfirmation paradigm of consumer satisfaction/dissatisfaction (CS/D), suggesting that CS/D is the result of interaction between the consumer's pre-purchase expectations and post purchase evaluation.

Dong Jin Kim, (2007) gave a more current approach. He defined customer satisfaction as a state of mind in which the customer's needs, wants, and expectations throughout the product of service life haven been met or exceeded, resulting in future repurchase and loyalty. Some researchers support the idea that satisfaction can be measured from a perspective of performance evaluations, making the inclusion of the disconfirmation process needless. Furthermore, satisfaction is not only consists of cognitive element but have to include emotional element in determining customer satisfaction.

Overall business strategy consists of two parts, the offense and the defense. To have a successful business, all firms apply some of the combination of offensive and defensive strategy – the offense for new customer acquisition and the defense to protect the existing customer. Traditionally, firms were putting more effect in acquiring customers than to their retention. However, in a highly competitive market place, good defense is vital. Defensive strategy involves reducing customer defeat and switching, which consequently minimizes customer turnover. (Oliver, 1999).

Andreas, (2002) argues that creating customer satisfaction is a defensive strategy and the behavioral objective for defense is customer loyalty. Fornell discussed that customer satisfaction will be influenced if the demand and supply are different. Satisfaction will be low when the customer demand is heterogeneous and the supply is homogeneous. To retain customer, switching barrier and customer satisfaction are the two basic forms which need to be fulfilled. Switching barriers make it costly for customer to switch to competitors and customer satisfaction makes it costly for competitor to takeover another firm's customer. According to Fornell, switching barrier is less effective compared to customer satisfaction. He claimed that high customer satisfaction reduces the competition in terms of price promotion whereas switching barrier greatly involves in price promotion.

Customer satisfaction is considered to be one of the most important outcomes of all marketing activities in a market-oriented firm and become the most important predictor of future behavioral intention (Balakrishnan 2000, Giering 2001, Gorst, Wallance and Kanji1998, Oliver 1999, Fornell *et al.*, 1996, Huber and Herman 2001). Satisfaction remains as a strong predictor for behavioral outcomes (Cronin, Brady, and Hult 2000; McDougall and Levesque, 2000; Wolfgang, 2002). Satisfaction is an outcome of purchase and use resulting from the buyer's comparison of the rewards and cost of the purchase in relation to the anticipated consequences. It reflects how much the consumer likes or dislikes the service after experiencing it. When customers are able to have the opportunities to evaluate the quality of the delivered service, satisfaction is expected to have an effect on customer loyalty. Customer satisfaction exerts a stronger influence on future purchase intention. They added that loyalty increases with customer satisfaction at an increasing rate. However, satisfaction-

loyalty relationship is not linear. Customer satisfaction leads to customer loyalty is. But how significant to prove that satisfaction predict loyalty remain uncertain.

When online shopping first began to boom in the United States, Japan, and other parts of the world, Kenya's lack of widely available internet service left them behind. Even in 2010, many Kenyans did not have access to high speed internet, which limited the nation's ability to take advantage of e-commerce. Fast forward to today and Kenya is not only taking part in the online shopping industry, but it is flourishing and growing rapidly every day. Being a leader in technology in East Africa, it's no surprise that Kenya was able to take advantage of e-commerce. Mix in the popularity of mobile payments and M-Pesa, and the shift makes even more sense (Feinstein, 2013).

1.1.3 Online Shopping in Kenya

A new era of online shopping has opened up to the people of Kenya which can now make a variety of purchases straight from mobile devices. They are offered convenience, speedier checkout processes, and a wider range of purchasing options than ever before. However, consumers in Kenya want to purchase these tangible goods online, but feel the need of additional advancement in terms of secure payments delivery systems first. Buying and selling of physical goods will be advantageous to both consumers and sellers. Online retail reduces overhead such as a physical location, labor costs, and other expenses. And as a result, those savings get passed on to consumers in the form of lower priced goods.

Kenyans are slowly warming up to online shopping in Kenya provided by various websites and companies in Kenya on daily basis. This increased competition to retail shops and supermarkets in Kenya to take their competition for customers online by providing delivery services and online shopping in Kenya. Especially with affordable

and reliable internet services in Kenya, and the busy lifestyle, the online shopping service in Kenya is becoming more common. Here are some of the top online stores in Kenya (Wanjiru, 2014).

1.2 Statement of the Problem

Customer satisfaction and customer retention are directly linked with the profitability of a business (Best 2005). Exceptional customer service results in customer retention which in turn leads to increased profitability. When the customer stays committed to the product/brand longer, they are less likely to switch to the competitor's brand as he is convinced with the benefits of the product (Hill & Alexander, 2003). These days, shopping can be done so much easier and in an enjoyable manner. With just few clicks, in few minutes, anyone can jump from a grocery store to boutiques as in like shopping malls. What is more exciting is that, this can be done across the world at any time. The internet have become the world's largest marketplace and revolutionized the ancient technique of buying and selling goods, and even services. It's very obvious to see why many of customers are switching on their computers instead of driving to the supermarkets. Today, online shopping has become massively convenient and offers wide range of products to be purchased.

However, online shopping has taken strong hold in western countries and will continue to experience growth, but Kenya is still lag far behind compared to the western countries. Basically, Kenyan are mostly conservative minded, they prefer to buy something only when they can see the product. They are more satisfied when they are able to touch or online feel the product before they purchase it. Other than that, Kenyan's are not very comfortable in giving out their credit cards number online as they do bump into insecure felling. Many other reasons can be attributed to lack of

shopping experience in Kenya. Mainly are privacy concerns and credit card safety among others. However, studies linking online shopping and customer satisfaction are limited. Therefore, this study will determine effect of security in online shopping, time in delivery, mode of payment, price differentiation and product/service differentiation on customer satisfaction in order to fill the existing research gap.

1.3 General Objective

The general objective of the study is to determine the effect of online shopping on customer satisfaction among online market firms

1.4 Objective of the study

- i. To determine effect of security in online shopping on customer satisfaction among online market firms.
- ii. To establish effect of mode of payment on customer satisfaction among online market firms.
- iii. To determine effect of delivery of goods on customer satisfaction among online market firms.
- iv. To establish effect of pricing on customer satisfaction among online market firms.
- v. To establish effect of ease of use in online shopping on customer satisfaction among online market firms.

1.5 Research Hypotheses

- H₀₁: Security in online shopping has no significant effect on customer satisfaction among online market firms.
- H₀₂: Mode of payment has no significant effect on customer satisfaction among online market firms.

H₀₃: delivery of goods has no significant effect on customer satisfaction among online market firms.

H₀₄: Pricing has no significant effect on customer satisfaction among online market firms.

H₀₅: Ease of use in online shopping has no significant effect on customer satisfaction among online market firms.

1.6 Significance of the Study

This study will provide vital insight and knowledge of the existing online shopping in relations to performance in private firms but also form a basis of strategy formulation for the firm management in ensuring efficiency in employee job performance and thus increase its shareholder value. The results of this thesis will help the online sellers to not only identify the key improvement areas in their online business but also focus on them in order to enhance the customer satisfaction and loyalty towards online shopping in Kenya.

On the other hand the study is expected to contribute greatly to formulation of significant policies that will ensure increased online shopping to enhance employee satisfaction. This study will add value to the existing knowledge on online shopping literature thus help researchers and academicians in that it provides a stimulus to carry out further research into the same subject matter or related topics.

1.7 Scope of the Study

The study only assessed the effect of online shopping on customer satisfaction among online firms in Kenya. There much aspect related with online shopping but this study only assessed five aspect namely; Security in online shopping, Mode of payment delivery of mode, Pricing and Ease of use in online shopping. The study unit of

analysis was regular customers of online shopping drawn from 12 top players on online market firms in Kenya as stated in CCK (2012). The study was carried in 3 month period as from September to November 2017.

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter is intended to acquaint the reader with existing studies carried out to determine the effect of online shopping on customer satisfaction. The Chapter also contains theories and conceptual framework.

2.1 Theoretical Framework.

This section presents theories that guided the study which include technology acceptance model (TAM) and innovation diffusion theory (IDT).

2.1.1 Technology Acceptance Model (TAM)

TAM was developed by Davis, 1993. It states how the users accept and use information communication technology. TAM is another adaptation of TRA, which initially had mainly been used in explaining and predicting computer acceptance (Davis, 1993; Davis et al., 1989). As shown in Figure 3 the original TAM proposes two new beliefs perceived usefulness (PU) and perceived ease of use (PEOU) and ignores the influence of subjective norm. PU refers to an individual's subjective valuation of benefits (in the initial application, specifically regarding job performance) induced by using information technology. PEOU indicates "the degree to which the prospective user expects the target system to be free of effort" (Davis et al., 1989, p.985). PU and PEOU directly impact attitude toward using. Additionally, PU has a direct effect on intention to use, in that one can be motivated to use information technology to benefit one's job performance, independently of one's personal attitudes toward it (Davis et al., 1989). Recently, Venkatesh and Davis (2000) proposed second version of the TAM, which incorporates additional constructs regarding social influence (including

subjective norm, voluntariness, and image) and cognitive instrument process (including job relevance, output quality, and result demonstrability). Legris and his colleagues (2003) supported the usefulness of the TAM after reviewing a number of empirical studies, but they pointed out that results based on the TAM are not totally consistent or clear. Gefen and Straub (2000) proposed that PU and PEOU directly affect intention to use and ignored the influence of the mediating variable, attitude toward using. Adopting the same simplification, Liu and Wei (2003) additionally proposed that perceived risk is an antecedent factor of intention to use. Henderson and Divett (2003) tested direct links from PU and PEOU to actual use of e-shopping. Shang *et al.*, (2005) adapted the TAM in two ways: adopting the same simplification as Henderson and Divett, and adding the influences of two constructs (cognitive absorption and fashion involvement) on actual behavior.

Acceptance Model

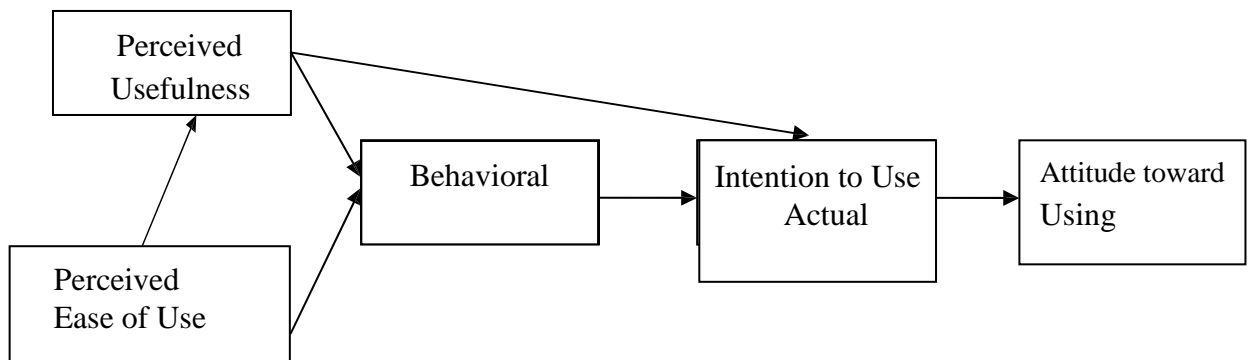


Figure 2.1 Technology

Source: Davis *et al.*, (1989)

2.1.2 Innovation Diffusion Theory (IDT)

IDT theory was developed by Rodger in 1963. The theory explains how, why and at what rate new idea and technology spread or products gains momentum and diffuses through a specific populations or social systems. Compared to traditional shopping, e-shopping is an innovative application of information technology by retail industries. Therefore, IDT can be applied to explore consumers' e-shopping behaviour. Generally, the cumulative adoption of an innovation follows a sigmoid curve, with adoption growing slowly in its initial years, growing steeply as it reaches its half-way point, and growing slowly again as it nears its saturation level (maximum penetration). The rate of adoption is mainly dependent on five attributes of an innovation: relative advantage (the extent to which an innovation is perceived to be better than the one it substitutes for or competes with), compatibility (the extent to which an innovation is perceived to be consistent with the experiences and requirements of potential adopters), complexity (the extent to which an innovation is perceived to be difficult to use), trialability (the extent to which an innovation can be experimented with on a limited basis) and observability (the extent to which the utility of an innovation is visible to the public). Relative advantage, compatibility, trialability, and observability of an innovation are found to be positively related to its rate of adoption, while complexity is negatively associated with its rate of adoption (Rogers, 1983). Dearing *et al.*, (1994) further suggested that applicability and reliability are important for diffusion of risky innovations.

Innovation diffusion models are commonly used in aggregate studies although there are some recent efforts at the disaggregate level (Roberts and Lattin, 2000). In the context of e-shopping, most studies consider the influences of the constructs derived from IDT on disaggregate e-shopping behavior, rather than model the overall

diffusion of e-shopping at an aggregate level. As mentioned earlier, Verhoef and Langerak (2001) explored the impacts of relative advantage, compatibility, and complexity of e-shopping; and Chen *et al.*, (2002) and Chen and Tan (2004) introduced the compatibility of e-shopping into their TAM. Finally, Eastin (2002) examined the influences of compatibility, reliability, complexity, and relative advantage on the frequency of e-shopping.

2.2 Empirical Review

This sections presents the empirical reviews of past studies done on the effect of security in online shopping, mode of payment, delivery of goods, pricing and website ease of use on customer satisfaction.

2.2.1 Effect of Security in Online Shopping on Customer Satisfaction

For all the businesses which implemented online transaction, internet security is a crucial concern that affects customer satisfaction. Information security is recognized as a major element for ensuring extensive participation in the society. Moreover security is one of the challenging issues facing the internet based merchant today; in addition, it is the most well-known topic in electronic commerce and frequently has been written about by researchers such as Patrick (2010) and Sandra (2003).

Security system is one of the most important issues, and it is one of the biggest barriers that can avoid consumers from obtaining items online. Wong (2008) also supports the idea that online retailers need to shape secured website since internet users fear and hesitate to purchase product or engage in any services online because of security distresses. Al Mahmud, (2009) supported that security has positive influence on consumer attitude and perception toward internet shopping.

A research by Szymanski & Hise (2000) initially investigates the antecedents of online consumers' satisfaction. They examine online shopping satisfaction factors, convenience, product offering and information, website design, and financial security. Complementing previous studies, Liu *et al.*, (2008) examined the antecedents of customer satisfaction in online shopping in China, with nine antecedents, divided based on the stage of purchase: the quality of information, site design, and a variety of products at the stage of information and alternatives seeking; transaction capabilities, site response, security/privacy, and payment system in the execution phase of purchase, as well as management and customer service delivery at the post-purchase. This study uses the antecedents of customer satisfaction by Liu *et al.*, (2008).

Srinivasan *et al.*, (2002) has conducted research on online customer loyalty, causes, and consequences in the context of business-to-consumer (B2C). Hsin & Hsin (2011) has conducted research on customer satisfaction online (e-satisfaction) and online loyalty (e-loyalty), while Gera (2011) has conducted research on customer satisfaction models online (e-satisfaction) and customer loyalty online (e-loyalty) using structural equation modeling (SEM). Research Gera (2011) examined the role of mediating variables in the context of online using path analysis. Baron & Kenny (1986) conducted research on mediation and moderation models and calculation of statistics in social research on psychology.

A research by Yang *et al.*, (2009) investigates the mediating role of online customer satisfaction in the relationship of antecedents of customer satisfaction and the online game loyalty. From the interview with three online consumers, there was an overview of consumer behavior and the things they consider in the context of online shopping. It provides preliminary information about the setting of this study. Consumers'

considerations to shop online are the website display, information, store response in serving the consumers, store credibility, and transactions security.

2.2.2 Effect of mode of payment on customer satisfaction

There are many literatures addressing this particular factor and its impact on online shopping. The ownership of online settlements depends upon user's frame of mind. For a person who is accustomed to traditional settlement methods, the modern settlement method differs and usually requires the customer to have trust in the newest cost method. Trust is the groundwork of almost any businesses (Kozar, 2006).

Ismail, (2002), defined confidence as the actual expectation that occurs in an online community of typical, straightforward, and accommodating behaviour, based on generally discussed some social norms, to the aspect of additional members of that community. For online repayment, one must have confidence at two levels: social trust and technical trust. Social trust is confidence which the public rely on, often designed to involve shared involvement and religion. Specialized faith would be the social actors' belief in information programs used in online verification system. Online cost is the foundation which concerns financial companies and people whose collective task in being competitive and cooperating inside a native environment can be important. Online check is the web-based transaction verification on money and credit card system (Al Mahmud, 2009).

Digital commerce has a good deal of variations for one buying finished goods and services. It has also altered how people pay for goods and services, now aided by innovative payment programs or the use of electronic currency. One can find four varieties of digital camera payment methods, which are Online Credit Card repayment system, Online Digital Camera Cash System, Digital Camera Cheque system and

Wise Charge Cards Structured Electronic check models. Just about every digital repayment system features rewards of using it to help the consumers and stores (Shameem, 2009).

Kim, (2004) argues that electronic transaction systems have been in work since the 60s and innovative techniques continued to be developed swiftly as they do have an elaborate consumption. The first particular check system appeared to be a conventional one, the Digital Camera Fund Transfer which often did not rely on any key processing middleman. Digital Fund Transport is a financial program of Electronic Data Interchange which shifts credit card information in huge quantities, via the private communities linking banks and companies. Online settlement service processes, accounts and receipts make use of automated fund transport to pay accounts and bills. The developments in electronic cash made this easy to be practiced. Digital payment system provides established loan playing cards for online shopping settlement methods. Almost all of the consumers and retailers welcome the transaction system throughout the world and it was the best method of checking out for stores.

A consumer can certainly purchase goods and services online, making use of a good unit card. A password-protected key is included in the handcrafted card that is weighed against a critical Magic formula enclosed in the user's processor. All such cards must have the users' individual information number in order to authenticate the exchange. Intelligent credit cards have been in utilization in excess of two generations and have been utilized for distinct requirements like the road instrument cost as prepaid cards. With the boom in electronic businesses, handcrafted card is seen as one of the beneficial methods of doing online transactions that has increased degrees of

security as well as satisfaction among online users. There is significant positive relationship between online process system and customer satisfaction toward internet shopping. (Wong, 2008).

According to Lim and Dubinsky (2004), the payment system is one of the important considerations in online shopping. During the transaction, the consumers choose the payment method that is convenient for them. When a potential buyer wants a product in an online store, he/she is financially able to buy it, but did not find a suitable payment system, and then he/she will not buy the products. For example, if an online store only offers credit card payment system, then people who do not have credit cards can not buy the product in the store even though they wanted the product and have enough cash to buy it. The more payment systems provided by online stores, consumers will have the alternatives and they can choose the payment method that suits their conditions. Consumers will be happier if they can choose the mode of payment they want.

2.2.3 Effect of delivery of goods on customer satisfaction

Quality of delivery of goods has been defined as the fitness for use, or to what extent it can meet the consumers' expectations or serves the purposes of the consumer to enhance consumer satisfaction. Customer service is one of the key areas of organizational processes which companies would focus on. This aspect is stressed in view of the growing competition and the need to attract entrepreneurial opportunities in order to boost profitability. It is also to enable better access to the market and to increase customers' satisfaction and loyalty level Jones, (2000).

According to Lam (2001) customer service is one of the most important factors that contribute to increasing product quality, achieving competitive advantage, obtaining

profitable opportunities, and as a result translates into increased sales and income. Services available on the Internet comprised of customer support before, after and during any online transactions or activities. Satisfaction with the quality of services provided by a company can be measured. One significant attribute is the performance of the service itself, which is, how well the service is provided to the customer. In the research of the relationships between service quality and customer's satisfaction toward internet shopping, most of the studies have proposed that service quality will positively influence on customer satisfaction in regard to internet shopping. Among the studies which have conducted in internet shopping, Kim. And Stoel, (2004) respectively, found out that service quality has positive influence on customer satisfaction toward internet shopping. Service quality in delivery of goods positively influences on customer satisfaction toward internet shopping.

Shankar *et al.*, (2003) suggested that the customer delivery services of a website will affect the consumer satisfaction of that site. The better the quality of the service, then the customer will be satisfied. Consumers sometimes need information and/or additional services from the online store. Therefore, the stores usually provide contacts for the consumer if they want to ask or make complaints related to the products and online store.

Good customer service in the delivery aspect will have a positive effect on customer satisfaction (Liu *et al.*, 2008). Service has been described as one of the most important attributes for online business to influence traffic and sales (Lohse and Spiller 1998). Provision of service over electronic networks is referred to as e-service. Scholars have argued that e-service, compared with offline service, has the ability to serve

consumers more efficiently, at a lower marginal cost, while simultaneously offering real-time product and/or service-specific information (Shapiro and Varian 1999).

The ideal action for Internet companies is to improve and maintain all service quality attributes that satisfy their customers' needs and wants. However, given that firms, even large ones, have limited resources, priorities must be set among alternative technological capabilities embedded in e-service in making investment decisions based on a company's business strategies. Not all technological capabilities have the same effect on customer satisfaction. The key is to find, among various capabilities, which ones are more crucial to enhancing the level of service quality. In other words, to be successful, e-services need to identify and focus on developing technology-based features that enhance consumer value. In this manner, firms can understand what service areas should be emphasized to most effectively improve quality while avoiding investing valuable resources in technology features that may not pay off. (Rust and Kannan 2003).

2.2.4 Effect of Pricing on Customer Satisfaction

Pricing and customer satisfaction are critical issues for Internet retailers. In the past, many Internet retailers focused on building up a large customer base, using some combination of low prices and high advertising spending to attract new buyers. For this approach to succeed, e-tailers had to transform first time buyers into long-term, loyal customers. The length and depth of a customer's relationship with an e-tailer determines whether the e-tailer can recover its acquisition costs, a prerequisite for profitability (Reichheld, 2000).

Many Internet retailers used unsustainably low prices to attract a large customer base (Mottl, 2000). However, their experiences with this strategy have not been very

favorable. Consumers came to view such price levels as normal and expected. This resulted in consumer resistance to repurchasing at higher normal (non-promotional) prices. McKinsey and Company conclude that most e-tailers lack a pricing model that provides a solid platform for revenue growth.

The actual price level that an e-tailer charges its customers should have a negative effect on price satisfaction. The Internet makes it easy for customers to compare prices from multiple outlets using a price search engine. If customers find that an e-tailer has consistently higher prices, they may perceive this as unfair because identical items are available elsewhere at a lower price (Sinha, 2000).

Bolton and Lemon suggest that such perceptions of unfairness should lead customers to be less satisfied with the price they pay the higher priced e-tailer (Bolton, 1999). Since Internet shoppers can easily compare prices across various Web sites, it is often assumed that they are more price sensitive. However, Web site features that allow a customer to find exactly the product desired could reduce price sensitivity. An experiment in on-line wine shopping by Lynch and Ariely found that reducing the cost of finding information about different products reduced price sensitivity (Lynch, 2000).

A survey-based study of hotel patrons by Shankar, Rangaswamy, and Pusateri confirmed these results (Pusateri, 1999). Therefore, one may expect that high levels of satisfaction with the ordering process will lead to reduced price sensitivity as reflected in increased price satisfaction. In their study of satisfaction with the sequential phases of restaurant service, Lemmink *et al.*, found that value for the money was the most important determinant of satisfaction with the meal for non-business customers (Lemmink, 1999).

Furthermore, overall satisfaction with the meal had a significant carry-over effect on customer satisfaction with the next stage i.e., the checkout process. Since the value for the money item measured a construct similar to price satisfaction, one may argue that the carry-over effect of price satisfaction on subsequent experiences in a restaurant is significant and positive. Based on this earlier study, therefore, one may expect price satisfaction to have a positive effect on satisfaction with the fulfillment process in the on-line buying process. (Berry, 2000).

However, although Internet-based service tools and technologies offer many benefits, there are inevitably costs associated with developing and delivering e-services. A recent IDC survey found that in 2002, e-service such as online order taking and order tracking, payment, and after-sales support provision absorbed about 50% of the total investment in new information technologies at a typical company (Tsikriktsis *et al.*, 2004). E-service entails many different dimensions and attributes, such as responsiveness of answering customer inquiries, website security, customization, interactivity, service delivery processes, etc. The rapid increase in e-service activity creates a challenge for firms: what combination of features should be embedded in the service technology to satisfy consumers while realistically considering operational and financial constraints.

2.2.5 Effect of Ease of Use in Online Shopping on Customer Satisfaction.

Fan, (2000) in his study argues that perceived ease-of-use is defined as the degree to which a person believes that using a particular system would be free from effort. The perceived ease-of-use has an influential impact on a person's online shopping channel preference and satisfaction, Because of many online users like to enjoy convenience and more control through online transaction plenty of companies have added many

feature to their websites to make it easy to use for their customers. Among the first models to include psychological factors that affect technology acceptance, the TAM (Technology Acceptance Model) addresses the issue of how users accept and use a technology.

However, perceived ease of use acts as antecedents in attitude toward internet users. However, the TAM has been found to be parsimonious in explaining user behavior across a broad range of end-user computing technologies and user populations; for example, different usage conditions, across genders, and across cultures. In the TAM, intention to use is influenced by attitude toward use, as well as the direct and indirect effects of perceived ease of use. Perceived usefulness and perceived ease of use jointly affect attitude toward usage, with perceived ease of use having a direct impact on perceived customer satisfaction as well as online shopping. Perceived ease of use positively influences on customer satisfaction toward internet shopping (Gilly, 2003).

The Technology Acceptance Model (TAM), which has been widely used to study user acceptance of new technology, argues that perceived ease of use is one of the key predictors of user acceptance of new technology. Perceived ease of use is directly related to computer-mediated services and refers to the extent to which a person believes using the technology will be free of effort. In an online shopping setting, ease of use has been confirmed as a key factor leading to channel satisfaction (Devaraj *et al.*, 2002).

Ease of use, however, is dictated by what the system can do and what it allows its customers to do, i.e., the capabilities embedded in the e-service technology. Usability studies on online stores have looked at website architecture, design, and various navigation processes to predict how easy it is for users to achieve what they want to

do (Palmer 2002). A recent study by Chen *et al.*, (2004) indicates that poorly designed website processes have an adverse influence on the website's perceived ease of use.

Similar to PU, PEU plays a major role in Internet shopping too. Although Internet shopping is surmised to have beneficial outcomes, yet the hassle of engaging in the interaction medium (i.e. website) could prove to be daunting for some consumers. In short, the PEU is associated with the user-friendliness of the website. If the hassle proves to outweigh the benefit of purchasing through the net, then potential Internet shoppers would prefer to purchase through conventional channels. One of the factors that contribute towards the unfriendliness of some websites of Internet retailers is long download times. Additionally, poorly designed forms might cause potential e-shoppers to lose focus of their carts and purchases. In other words, these barriers reduces the perception on the ease of use of Internet shopping, therein, allowing internet user's to develop a negative attitude. In turn, this leads to Internet shopper's unwillingness to engage in Internet shopping. There is a positive influence of perceived ease of use on the intention to shop online.

There is a positive relationship between perceived ease of use and perceived usefulness, nonetheless, the relationship remains contradictory. For instance, Gefen and Straub (1997) discovered that the relationship was not significant in predicting e-mail acceptance as a technology, while others (Jantan, Ramayah & Chin, 2001; Moon & Kim, 2001) proved otherwise. In the context of Internet shopping, both are surmised to be closely linked as the argument is such that an internet user who perceives that purchasing through Internet is effortless should in turn develop a tendency to perceive it as useful. In part, this is due to the fact that an Internet user would inherently try to mould his/her perception of internet shopping based on his/her

experiences in engaging in Internet shopping and the ease in which the task was executed i.e. perceived ease of use. There is a positive influence of perceived ease of use on perceived usefulness of online shopping.

2.3 Conceptual Framework

The conceptual framework gives a clear picture on the relationship between the variables . According to Mathieson, (2001), a conceptual framework is a written or virtual product that explains, either in narrative or in graphically form, the main things to be studied, the key elements being variables, concepts and the presumed relationships among them. Conceptual framework, according to (Stratman & Roth, 2004), are structured from a set of broad theories and ideas that help a researcher in properly identifying the problem they are looking at, frame their research questions and find suitable literature.

Independent Variable

Dependent

Variable

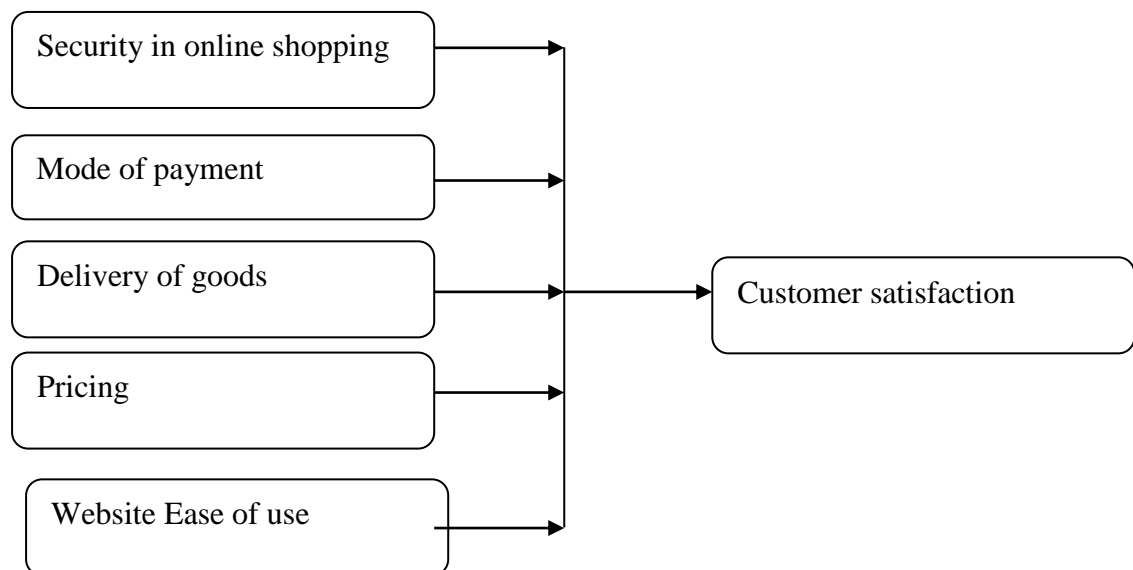


Figure 2.2 Conceptual Framework

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 Introduction

Methodology refers to the system of methods or procedures used in sampling and collecting data required for a particular research. It is also the application of the principles of data collection methods and procedures in any field of knowledge. This section describes research design, study area, target population, sampling design and sample size, data collection methods, validity and reliability of research instruments, data collection procedures and data analysis technique.

3.1 Research Design

Explanatory research design was used in this study. According to Cooper and Schindler, (2000) explanatory research focuses on why questions. In answering the 'why' questions, the study was involved in developing explanations. The explanations argue that phenomenon Y (Online Firms innovation) is affected by variable X (pricing). This design was chosen because it applied closely to the research objectives of this study and was practical in testing the study hypotheses.

3.2 Target Population

The population for the study comprised of customers of the top 12 online markets established in Kenya (CCK, 2012). The respondents were customers of these online firms who were targeted with the objective of assessing the perceived level of customer satisfaction in relation to online shopping under study. The study choose top 12 since most of them have been in the market over a period of 2 years and there had a significant number of customers.

Table 3.1 Target Population

| | Estimated number of regular per month |
|---------------------|--|
| 1 OLX | 33,467 |
| 2 N-Soko | 12,438 |
| 3 Google Trader | 9812 |
| 4 Naspers | 11421 |
| 5 Ringier | 87331 |
| 6 BidorBuy | 9754 |
| 7 JunkMail | 14777 |
| 8 P-Net | 10311 |
| 9 Rocket Internet | 13,334 |
| 10 KilaKitu.com | 6441 |
| 11 One Africa Media | 7221 |
| 12 Verse Ltd | 6441 |
| Total | 222,748 |

Source; (Online firms customer database, 2018)

3.3 Sampling Design and Sample Size

Stratified random sampling research design was employed. From the target population of 22748customers, Taro Yamane (1973) sample size formula was used to select a sample size of 399 customers as shown below

$$n = \frac{N}{1 + N_{e^2}} = \frac{222748}{1 + 222748_{0.05^2}} = 399$$

Where:

n = Sample size

N = Population size

e = the error of Sampling

This study allowed the error of sampling on 0.07. Thus, sample size was as 399 customers

Hence, distributions were as follows;

Table 3.2: Sampling

| | estimated number of regular per month | Sample Size |
|---------------------|--|-------------|
| 1 OLX | 33,467 | 60 |
| 2 N-Soko | 12,438 | 22 |
| 3 Google Trader | 9812 | 18 |
| 4 Naspers | 11421 | 20 |
| 5 Ringier | 87331 | 156 |
| 6 BidorBuy | 9754 | 17 |
| 7 JunkMail | 14777 | 26 |
| 8 P-Net | 10311 | 18 |
| 9 Rocket Internet | 13,334 | 24 |
| 10 KilaKitu.com | 6441 | 12 |
| 11 One Africa Media | 7221 | 13 |
| 12 Verse Ltd | 6441 | 12 |
| Total | 222,748 | 399 |

The researcher assigned random numbers to customers in each online firms then calculate the max-value of the sampling interval (the number of individuals in the population divided by the number of individuals to be chosen for the sample, Select a random number between 1 and the max-value, and repeatedly add the max value to select the rest of the Online Firms. And Choose the sample by selecting the ONLINE Firms corresponding to the number sequence obtained.

3.4 Data Collection Instruments

The study used both primary and secondary data. Primary data was obtained from the sampled respondents using structured questionnaire while secondary data was obtained from secondary sources such as published annual reports, journals, and magazines among others. The researcher used questionnaires as a tool for data collection and the questionnaires consisted of only closed ended questionnaires because they are easier to administer and in analysis and also since each item is followed by an alternative answer.

3.5 Data Collection Procedures

Before the actual data collection exercise took place, the researcher undertook preliminary survey within the online firms in order to familiarize herself with the study area and also made appointments with the management of the Online Firms. The researcher distributed the questionnaires to the customers and collected them once they were filled the same day but the researcher also worked together with the respondents to help them answer the questions in the questionnaire as some of the respondents especially the customers did understand all the questions.

3.6 Measurement of Variables

The 5 constructs were measured by 27 questions using a 5-point Likert scale (ranging from not at all to completely or strongly disagree to strongly agree) that was adapted from published scales. The five shopping attributes of satisfaction measured were as follows: security, with seven items adapted from Szymanski and Hise (2000); mode of payment , with five items adapted from Evanschizky et al. (2004) and Szymanski and Hise (2000); delivery of goods, with four items adapted from Muylle et al. (2004); pricing , with five items adapted from Szymanski and Hise (2000); ease of use, with six items adapted from Kim et al. (2006). Satisfaction was measured with seven items that were adapted from Szymanski and Hise (2000).

3.7 Piloting of Research Instrument

Piloting of research instrument was conducted through validity and reliability of research questionnaires.

3.7.1 Validity of the Research Instrument

According to McMillan and Schumacher (2003) validity is quality attributed to proposition or measures of the degree to which they conform to establish knowledge

or truth. An attitude scale is considered valid, for example, to the degree to which its results conform to other measures of possession of the attitude. In this case, the researcher discussed the items in the instrument with the supervisors, lecturers from the department and colleagues. Advice given by these people helped the researcher to determine the validity of the research instruments. The advice included suggestions, clarifications and other inputs. These suggestions were used in making necessary changes.

3.7.2 Reliability of the Research instrument

According Tan *et al.*, (2000), the reliability of an instrument is the measure of the degree to which a research instrument yields consistent results or data after repeated trials. In order to test the reliability of the instrument, the Cronbach alpha test which is a measure of internal consistency will be used in which closely related to a set of items taken as a group. A "high" value of alpha often will be used as evidence that the items measure an underlying (or latent) construct, will be used. Content validity of the instrument was determined through piloting, where the responses of the subjects were checked against the research objectives.

The questionnaires were administered twice within an interval of two weeks. To determine the coefficient of stability, Pearson product moment formula was used. This established the extent to which the questionnaire elicits the same responses every time it is administered. A Cronbach alpha value of $\alpha > 0.7$ was considered reliable for the study. The results obtained from the pilot study assisted the researcher in revising the questionnaire to make sure that it covers the objectives of the study (Fraenkel and Wallen, 2000).

3.8 Data Analysis and Presentation

Data analysis refers to a process which entails an effort to formally identify themes and to construct hypotheses (ideas) as have been suggested by data and an attempt to demonstrate support for those themes and hypotheses (Bogdan, 2007). Data was analyzed quantitatively. The study ensured that the collected data is processed before carrying out the analysis. The primary purpose of pre-processing was to correct problems that were identified in the raw data. It also helped the study to eliminate ambiguous answers and contradictory data from related questions. The analysis was done using statistical package for Social Scientists (SPSS) and computer application package specifically-spreadsheet.

The data was then summarized, coded, tabulated and analyzed using both descriptive and inferential statistics in the form of frequencies and percentages. Descriptive statistics include those of the mean, standard deviation and frequency distribution while inferential statistics involves use of correlations and multiple regression analysis. Data presentation was done by the use of tables. This ensured that the gathered information is clearly understood.

The study adopted Correlation and Regression analysis to estimate the causal relationships between strategic human resources management and enterprise innovation, and other chosen variables. SPSS version 20 software was used for Correlation and Regression analysis, the significance of each independent variable was tested at a confidence level of 95%. The regression equation of the study was applied as shown below:-

$$y = \alpha + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \beta_5x_5 + \varepsilon$$

Where, Y = customer satisfaction

α = Constant

$\beta_1 \dots \beta_5$ = the slope representing degree of change in independent variable by one unit variable.

X₁ = Security in online shopping

X₂ = Ease of use

X₃ = Delivery of goods

X₄ = Pricing

X₅ = Mode of payment

ε = error term

3.9 Assumptions of Regression Model

Before running multiple regression model the study tested the assumption which includes; linearity, normality, multi collinearity and autocorrelation. The test of linearity was done by the study to establish the relationship between the study variables. The study used the Pearson correlation model to test linearity assumption (Tabachnick & Fidell, 2013). Also, the study tested normality assumption.

The study used the Kolmogorov-Smirnov statistics to test whether the study variables are normally distributed. This is normally applied when the sample size is than 200. Kolmogorov-Smirnov test was done to test for normality of variables. A P value > 0.05 implied that the variable is sufficiently normally distributed on a significance level of 5% and was fit for further statistical analysis and it resulted in inflated statistics and underestimated standard errors (Wire, 2015). The study used multi collinearity to test the correlation among the variables. This test is done to establish if

the variables were highly correlated (Vatcheva, Lee, McCormick, & Rahbar (2016). Variance Inflation Factor (VIF) will be used by the current study to ascertain the existence of correlations among the predictors.

The study used the Levene's test of equality to establish the measure of homogeneity of variance. Under the Homoscedasticity assumption the values of the independent variables are similar across the variance of terms under the (Tabachnick & Fidell, 2013). The relationship between the regression residuals was measured using autocorrelation (Tabachnick & Fidell, 2013). Durbin-Watson statistic was also used as a measure of to test the Independence of errors (Tabachnick & Fidell, 2013). Critical values of $1.5 < d < 2.5$ was used as a measure of autocorrelation.

3.8 Ethical Considerations

The researcher purely used the information collected for the purpose of this study and will not forward to any other party. The information from any individual was treated with high degree of confidentiality without disclosing the respondents identity, and was open minded as possible and express opinions as they were given. The researcher did not modify anything and was also very appreciative of all the literature that has contributed in any way to this research.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

4.0 Introduction

This chapter describes the data analysis, presentation and interpretation of the findings. The findings relate to the objectives that guided the study. The chapter begins with the demographic characteristics of the customers of online markets, results on the objectives, and then explains factor analysis and reliability techniques adopted by the study, correlation and regression analysis.

4.1 Demographic characteristics

The background information or characteristics concerning the unit under investigation gives the researcher a pointer into other factors other than the main element which are or might be acting as confounders and which might control the direction of the relationship between the main factors under investigation. Thus, the study sought to establish the demographic characteristics such gender, age, level of education and customer online experience. The findings were presented in Tables 4.1 for the demographic characteristics.

Table 4.1: Demographic Characteristics

| | | Frequency | Percent |
|----------------------------|------------------|------------------|----------------|
| Gender | Male | 172 | 49.3 |
| | Female | 177 | 50.7 |
| | Total | 349 | 100 |
| Age | 31-40 | 38 | 10.9 |
| | 21-30 | 285 | 81.7 |
| | 41-50 | 7 | 2 |
| | Over 50 | 19 | 5.4 |
| | Total | 349 | 100 |
| Level of education | Primary level | 2 | 0.6 |
| | Secondary level | 333 | 95.4 |
| | College level | 13 | 3.7 |
| | University level | 1 | 0.3 |
| Customer online experience | Less than 1 yrs | 92 | 26.4 |
| | 1-5 years | 170 | 48.7 |
| | 6-10 years | 31 | 8.9 |
| | Over 10 years | 56 | 16 |
| | Total | 349 | 100 |

Source; (Field Data, 2018)

The findings also show that 285 (81.7%) of the customers are aged between 21 to 30 years while those aged below this category or above it was 18.3%. Establishment of the level of education of the customers is important in order to understand the role that education and in general, literacy of the customers play in the success of online marketing businesses. The findings on the level of education of the customers of online firms shows that 333 (95.4%) have secondary school level of education, 13 (3.7%) have reached college level, 2 (0.6%) have reached primary level of education while only 1 (0.3%) has reached university level of education. Enrique (2005) revealed that online customers must have access to the Internet and a valid method of payment in order to complete a transaction and this generally, requires that the customer be literate enough to use such services. In fact, higher levels of education correspond to more favorable perceptions of shopping online and use of online

shopping. Finally on the demographic characteristics of the customers, the findings show that 179 (48.7%) of the customers have been shopping online for 1 to 5 years, 92 (26.4%) have been shopping online for less than 1 year, 31 (8.9%) have been shopping online for 6 to 10 years while 56 (16%) have been shopping online for over 10 years. Cumulatively, over 75% of the customers have been shopping online for not more than 5 years showing that much of the online shopping has picked up in the past 5 years. The high numbers of online shoppers in the past 5 years is connected to the increased use of internet and pay TV which has mainly attracted the attention of young shoppers. The findings regarding the gender of the customers showed that the different genders were almost equally represented in the study hence the aspect of selection biasedness was addressed. The findings show that 177 (50.7%) are female while 172 (49.3%) are male. The TAM (Technology Acceptance Model) addresses the issue of how users accept and use a technology. On the other hand, this model has been found to be parsimonious in explaining user behaviour across a broad range of end-user computing technologies and user populations with gender being one of them.

4.2 Security in online shopping

For all the businesses which implemented online transaction, internet security is a crucial concern that affects customer satisfaction. Information security is recognized as a major element for ensuring extensive participation and directly determines the success of online firms. Thus, the study sought to establish various aspects of security in online shopping from the perspective of the customers and the findings were presented in Table 4.2.

Table 4.2: Security in online shopping

| Statements | Mean | Std. Deviation |
|---|--------------|-----------------------|
| My shopping details are protected in online shopping | 3.41 | 0.868 |
| I feel details of my financial transactions are not revealed to anyone | 3.70 | 0.915 |
| Online shopping services does not enhances data loss | 3.51 | 0.839 |
| Online does not allow fraudsters and hackers to access my account | 3.39 | 1.198 |
| Based on my past experience I do believe that the transaction through my online store is always safe | 3.76 | 0.909 |
| Based on my past experience I do not think that things may go wrong with my transaction through my online store | 3.41 | 0.901 |
| Based on my past experience I do believe that my online store always protects my best interest | 3.67 | 0.717 |
| Security in online shopping | 3.549 | 0.687 |

Source; (Field Data, 2018)

The findings in Table 4.2 show a mean response of 3.41 (std. dev. = 0.868) neutrality with the statement on shopping details being protected in online shopping by majority of the customers. The findings further revealed that majority of the customers agreed that they feel details of their financial transactions are not revealed to anyone, 3.70 (std. dev. = 0.915). In addition, majority of the customers agreed that online shopping services does not enhance data loss, 3.51 (std. dev. = 0.839) while majority were neutral on whether online shopping does not allow fraudsters and hackers to access my account, 3.39 (std. dev. = 1.198). Majority of the online shopping customers also agreed that based on their past experience, they do believe that the transaction through their online store is always safe, 3.76 (std. dev. = 0.909). On the other hand, majority of the customers were neutral on whether based on their past experience, they do not think that things may go wrong with their transaction through their online store, 3.41 (std. dev. = 0.901) while majority agreed that based on their past experience they do believe that their online store always protects their best interest, 3.67 (std. dev. =

0.717). The overall mean response for security in online shopping was 3.549 (std. dev. = 0.687) that showed overall agreement with the statements concerning security in online shopping. Liu *et al.*, (2008) examine the antecedents of customer satisfaction in online shopping in China, and among the nine antecedents examined, security/privacy was highlighted indicating its importance in the decision of a customer deciding to shop online. Security system is one of the most important issues, and it is one of the biggest barriers that can avoid consumers from obtaining items online since internet users fear and hesitate to purchase product or engage in any services online because of security distresses. Al Mahmud (2009) supported that security has positive influence on consumer attitude and perception toward internet shopping.

4.3 Mode of Payment

Assessing the mode of payment is directly related to establishing whether the online shoppers feel comfortable with the payment options that are given by online shopping firms, efficiency and security. These factors as well as others direct the behavior of the customer to embrace or not to embrace online shopping. The study thus sought to establish various aspects of online shopping mode of payment by seeking the perspective of the customers on this regard and the findings relating to this were presented in Table 4.3.

Table 4.3: Mode of payment

| Statements | Mean | Std. Deviation |
|--|--------------|-----------------------|
| Online shopping has variety of choices of mode of payments | 3.87 | 1.001 |
| Through online shopping, I can pay goods and services on time anywhere | 3.99 | 1.049 |
| Online shopping mode of payment are reliable and flexible | 3.81 | 1.112 |
| Based on my past experience I am confident that paying through my online store will always be transparent | 3.69 | 0.553 |
| Based on my past experience I do believe that the mode of payment through my online store is always reliable | 3.58 | 0.972 |
| Mode of payment | 3.789 | 0.859 |

Source; (Field Data, 2018)

The study findings in Table 4.3 revealed that majority of the customers agree that online shopping has variety of choices of modes of payment, mean = 3.87 (std. Dev. = 1.001) while majority also agreed that through online shopping, they can pay for goods and services on time anywhere, mean = 3.99 (std. Dev. = 1.049). Furthermore, the findings showed that majority of the customers also agreed that online shopping mode of payment are reliable and flexible, mean = 3.81 (std. Dev. = 1.112). In addition, majority of the customers agreed that based on their past experience, they are confident that paying through their online store will always be transparent, mean = 3.69 (std. Dev. = 0.553) while majority also agreed that based on their past experience, they do believe that the mode of payment through their online store is always reliable, mean = 3.58 (std. Dev. = 0.972). The overall mean response for the mode of payment was 3.789 (std. Dev. = 0.859) that shows overall agreement with the statements concerning the mode of payment for the online shoppers. These findings also show the weight in terms of priority and there is indication that the mode of

payment is timely and convenient for the customers followed by the availability of a variety of choices for the mode of payment, reliability and flexibility of the mode of payment and transparency of the mode of payment. In essence, when it comes to the success of the mode of payment available for online customers, there is high dependability on the user's frame of mind and Kozar (2006) points out that trust is the groundwork of almost any business. The ability to be able to trust such payment modes determines the level of growth of online firms and trust in itself is seen in various contexts such as reliability, convenience, security and transparency.

4.4 Delivery of goods

Delivery of goods in this case was assessed from the perspective of quality in the delivery of goods purchased online by customers and how this can influence the adoption of such innovative ways of making purchases. With regard to the quality of delivery of goods, the fitness for use and the ability to meet customer expectations are key towards achieving customer satisfaction. The study thus sought to establish the perspective of the customers concerning the delivery of goods that they purchased online with a clear focus on quality and the findings were presented in Table 4.4.

Table 4.4: Delivery of goods

| | Mean | Std. Deviation |
|---|--------------|-----------------------|
| In online shopping, my goods and services are delivered promptly | 3.240 | 0.777 |
| In online shopping, goods and services I purchase are delivered in destinations of my choice | 3.590 | 0.848 |
| In online shopping, goods are delivered within time | 3.430 | 0.690 |
| In online shopping, goods and services are delivered just the same I bought them | 3.730 | 0.716 |
| Based on my past experience I do believe that the delivery of good from online store is always reliable | 3.430 | 0.753 |
| Delivery of goods | 3.486 | 0.537 |

Source; (Field Data, 2018)

The findings in Table 4.4 show that majority of the online customers expressed a neutral perspective to the statement that in online shopping, their goods and services are delivered promptly, mean = 3.24 (Std. Dev. = 0.777). Furthermore, majority of the customers also expressed a neutral perspective to the statement that in online shopping, goods are delivered within time thus confirming the previous statement, mean = 3.43 (Std. Dev. = 0.690) while majority of the customers also held a neutral stand with regard to the statement that based on their past experience, they do believe that the delivery of goods from online stores is always reliable, mean = 3.43 (Std. Dev. = 0.753). From these three findings, there is an obvious challenge highlighted in terms of promptness in the delivery of goods purchased online thereby questioning reliability of the delivery process or mechanism by the online firms. The ability and quality of delivery of goods purchased goes in tandem with the quality of customer service which is one of the key areas of organizational processes which companies would focus on especially with the growing competition and the need to attract entrepreneurial opportunities in order to enhance profitability. Thus, if some certain key aspects of quality customer service are called into question, customer satisfaction is not guaranteed.

On the other hand, the findings showed that majority of the customers agreed that in online shopping, goods and services they purchase are delivered in the destinations of their choice, mean = 3.59 (Std. Dev. = 0.848) and also agreed that in online shopping, goods and services are delivered just the same as they had bought them, mean = 3.73 (Std. Dev. = 0.716). The overall mean of 3.486 (Std. Dev. = 0.537) indicates overall agreement with the statements on the delivery of goods but it is weak agreement given the challenges in terms of timeliness, promptness and reliability though the goods are delivered at the specified destination and as requested. According to Lam (2001)

customer service is one of the most important factors that contribute to increasing product quality, achieving competitive advantage, obtaining profitable opportunities, and as a result translates into increased sales and income. Furthermore, Kim and Stoel (2004) found out that service quality has a positive influence on customer satisfaction toward internet shopping. Service quality in delivery of goods positively influences on customer satisfaction toward internet shopping. Also, Shankar *et al.*, (2003) suggested that the customer delivery services of a website will affect the consumer satisfaction of that site. The better the quality of the service, then the customer will be satisfied. With regard to this, the major factor in the delivery of goods is access to information by the customers such as contacts.

4.5 Pricing

Pricing and customer satisfaction are critical issues for Internet retailers. Pricing is one area that customers usually focus on and with the customer base being more informed because of the various innovations such as social media, they are able to decide on low pricing but without compromising on the quality of the product. Furthermore, the customers have a wide variety of choices that they can fall on in the market due to increasing competition. Thus, the study sought to establish the perspective of the customers on pricing and how this would influence their level of satisfaction. The findings regarding this were presented in Table 4.5.

Table 4.5: Pricing

| | Mean | Std. Deviation |
|---|--------------|-----------------------|
| Prices in online shopping are very clear and understandable | 3.71 | 0.67 |
| Prices of goods and service in online shopping are just and fair | 3.47 | 0.667 |
| Online shopping has varieties of prices of services and goods I need to purchase | 4.00 | 0.419 |
| Based on my past experience I am confident that my online store will promptly inform me if at all any price changes occur with any of my transactions | 3.66 | 0.616 |
| The site of my online store provides good navigation facilities to search the price information content | 4.03 | 0.671 |
| Pricing | 3.774 | 0.428 |

Source; (Field Data, 2018)

The findings in Table 4.5 revealed that majority of the customers agreed that prices in online shopping are very clear and understandable, mean = 3.71 (Std. Dev. =0.670). However, majority of the customers expressed a neutral perspective with regard to the statement that prices of goods and services in online shopping are just and fair, mean = 3.47 (Std. Dev. = 0.667).

Further, majority of the customers agreed that online shopping has varieties of prices of series on goods they need to purchase, mean = 4.00 (Std. Dev. = 0.419). The findings also show that majority of the customers agreed that based on their past experience, they are confident that their online store will promptly inform them if at all any price changes occur in any of their transactions, mean = 3.66 (Std. Dev. = 0.616) while majority also agreed that the site of their online store provides good navigation facilities to search the price information content, mean = 4.03 (Std. Dev. = 0.671). The overall mean response was 3.774 (Std. Dev. = 0.428) that showed overall agreement with the statements concerning pricing. The only challenge identified was the aspect of justness and fairness of the prices. Nonetheless, there is satisfaction with

the level of pricing by the online firms. On the other hand, there are highest levels of satisfaction with the variety of pricing and the availing of pricing information to the customers.

4.6 Ease of use

Perceived ease-of-use is defined as the degree to which a person believes that using a particular system would be free from effort. The study sought to determine the perspectives of the customers concerning ease of use based on the definition above and the findings were presented in Table 4.6.

Table 4.6: Ease of Use

| | Mean | Std. Deviation |
|---|--------------|-----------------------|
| It is easier to do online shopping | 4.19 | 0.820 |
| Online shopping has clear and understandable instructions on goods and services they provide | 3.91 | 0.639 |
| I find online shopping services system easy to use | 4.22 | 0.548 |
| I can complete my shopping more quickly using online shopping | 4.18 | 0.745 |
| I find online shopping services increase my efficiency and effectively in utilizing shopping services | 3.94 | 0.643 |
| I can easily navigate the website of my online store | 4.02 | 0.844 |
| Ease of use | 4.076 | 0.523 |

Source; (Field Data, 2018)

The findings in Table 4.6 showed that majority of the customers agreed that it is easier to do online shopping, mean = 4.19 (Std. Dev. = 0.820). Furthermore, majority of the customers agreed that online shopping has clear and understandable instructions on goods and services they provide, mean = 3.91 (Std. Dev. = 0.639). The findings also show that majority agreed that they find online shopping services system easy to use which is connected to the first statement and shows that the perceived ease of use by majority of the customers is necessitated by a customer friendly shopping services system, mean = 4.22 (Std. Dev. = 0.548). In addition, it was revealed that

majority of the customers agreed that they can complete their shopping more quickly using online shopping, mean = 4.18 (Std. Dev. = 0.745) which in essence points to the easy to use system. The findings also showed that majority of the customers agreed that they find online shopping services increase their efficiency and effectiveness and utilizing shopping services, mean = 3.94 (Std. Dev. = 0.643) and finally, majority of the customers also agreed that they can easily navigate the website of their online store, mean = 4.02 (Std. Dev. = 0.844) which again points to an easy to use system by the online firm. The perceived ease-of-use has an influential impact on a person's online shopping channel preference and satisfaction. Because many online users like to enjoy convenience and more control through online transaction, plenty of companies have added many feature to their websites to make it easy to use for their customers. With such innovative practices, customer satisfaction is guaranteed and it calls for more innovative ways of ensuring that the customer finds it easy and more convenient to shop online given that there is growing competition within this emerging market.

4.7 Customer Satisfaction

Having obtained the perspectives of the customers regarding various items that were used to describe the factors under investigation, the study also sought to establish the perspective of the customers concerning customer satisfaction which is hinged on their responses to the four factors discussed already. The findings were presented in Table 4.7.

Table 4.7: Customer satisfaction

| | Mean | Std. Deviation |
|--|--------------|-----------------------|
| Am are generally delighted by online firm services offered | 3.83 | 0.665 |
| Am are generally happy by our online firm services | 3.80 | 0.656 |
| Am are generally contented by our online firm services | 3.61 | 0.672 |
| Am are satisfied with quality of services offered by online firm staff | 3.67 | 0.825 |
| I prefer my online firm because of services offered to them | 3.67 | 0.761 |
| I intend to continue using my online store for purchasing a product or service in future | 4.02 | 0.632 |
| I would strongly recommend others to use my online store | 3.99 | 0.577 |
| Customer satisfaction | 3.798 | 0.525 |

Source; (Field Data, 2018)

The findings in Table 4.7 show that majority of the customers agreed that they are generally delighted by online firm services offered, mean = 3.83 (Std. Dev. = 0.665). Also, majority agreed that they are generally happy by their online firm services, mean = 3.80 (Std. Dev. = 0.656) while majority also agreed that they are generally contented by their online firm services, mean = 3.61 (Std. Dev. = 0.672). The findings also showed that majority of the customers agreed that they are satisfied with quality of services offered by online firm staff, mean = 3.67 (Std. Dev. = 0.825). Furthermore, majority of the customers also agreed that they prefer their online firm because of services offered to them, mean = 3.67 (Std. Dev. = 0.761). The findings also showed that majority of the customers also agreed that they intend to continue using their online store for purchasing a product or service in future, mean = 4.02 (Std. Dev. = 0.632) while majority also agreed that they would strongly recommend others to use their online store, mean = 3.99 (Std. Dev. = 0.577) while the overall mean was 3.798 (Std. Dev. = 0.525) that indicated general agreement with the statements on customers satisfaction. The findings above indicate high scores on

continuity to use the online store and recommendation to others which is essential to the sustainability and profitability of the online businesses.

4.8 Reliability

Reliability is the degree to which the measures of the instruments can give consistent results and be repeatable. It is a measure of internal consistency. The results are correlated and calculated to check for the reliability index which if it exceeds 0.7 shows acceptable reliability. The reliability index was assessed using the Cronbach Alpha. The study thus sought to establish the level of internal consistency by using the Cronbach's alpha and the findings were presented in Table 4.8.

Table 4.8: Reliability

| | Cronbach's Alpha | N of Items |
|-----------------------|-------------------------|-------------------|
| Security in online | 0.910 | 7 |
| Mode of payment | 0.944 | 5 |
| Delivery of goods | 0.803 | 5 |
| Pricing | 0.773 | 5 |
| Ease of use | 0.845 | 6 |
| Customer satisfaction | 0.892 | 7 |

Source; (Field Data, 2018)

The findings in Table 4.8 showed a Cronbach alpha value of: 0.910 for the 7 items of security in online shopping, 0.944 for the 5 items of mode of payment, 0.803 for the 5 items of delivery of goods, 0.773 for the 5 items of pricing, 0.845 for the 6 items of ease of use and 0.892 for the 7 items of customer satisfaction. In general, the rule of thumb is that the level of internal consistency is acceptable given a reliability index of more than 0.7. In this case, all the reliability index values are greater than 0.7 indicating that the level of internal consistency is acceptable.

4.9 Factor analysis

Factor analysis was adopted to reduce the number factors under each research variable and retain the indicators capable of explaining the effect. Factor analysis was conducted to ensure that all the constructs used are valid and reliable before proceeding for further analysis (Collins,2009). The study requested that all loading less than 0.5 be suppressed in the output, hence providing blank spaces for many of the loadings. The findings were presented in Table 4.9 and 4.10.

Table 4.9: Factor analysis of the independent factors

| | 1 | 2 | 3 | 4 |
|---|---------|--------|--------|--------|
| Security In Online Shopping | | | | |
| My shopping details are protected in online shopping | 0.825 | | | |
| I feel details of my financial transactions are not revealed to anyone | 0.655 | | | |
| Online shopping services does not enhances data loss | 0.625 | | | |
| Online does not allow fraudsters and hackers to access my account | 0.674 | | | |
| Based on my past experience I do believe that the transaction through | 0.635 | | | |
| Based on my past experience I do not think that things may go wrong | 0.862 | | | |
| Based on my past experience I do believe that my online store always | 0.824 | | | |
| Mode Of Payment | | | | |
| Online shopping has varieties choices of mode of payments | | 0.857 | | |
| Through online shopping, I can pay goods and services and time anywhere | | 0.884 | | |
| Online shopping mode of payment are reliable and flexible | | 0.809 | | |
| Based on my past experience I am confident that paying through my online . | | 0.772 | | |
| Based on my past experience I do believe that the mode of payment through | | 0.841 | | |
| Delivery Of Goods | | | | |
| In online shopping, my good and services are delivered prompt | | 0.624 | | |
| In online shopping, goods and services i purchase are delivered in my.. | | 0.544 | | |
| In online shopping, goods are delivered within time | | 0.599 | 0.524 | |
| Based on my past experience I do believe that the delivery of good from .. | | | 0.504 | |
| Pricing | | | | |
| Prices in online shopping are very clear and understandable | | | 0.723 | |
| Prices of goods and service in online shopping are just and fair | | | 0.834 | |
| Online shopping has varieties of prices of services an goods I need to .. | | | 0.535 | |
| Based on my past experience I am confident that my online store will .. | | | 0.537 | |
| The site of my online store provides good navigation facilities to search the . | | | | 0.682 |
| Ease Of Use | | | | |
| It is easier to do online shopping | | | | 0.668 |
| Online shopping has clear and understandable instructions on goods and .. | | | | 0.602 |
| I find online shopping services system easy to use | | | | 0.518 |
| I can complete my shopping more quickly using online shopping | | | | 0.749 |
| I find online shopping services increase my efficiency and effectively in ... | | | | 0.777 |
| I can easily navigate the website of my online store | | | | 0.711 |
| Total | 13.282 | 4.463 | 3.597 | 2.554 |
| % of Variance | 37.949 | 12.752 | 10.276 | 7.298 |
| Cumulative % | 37.949 | 50.701 | 60.977 | 68.275 |
| KMO and Bartlett's Test | | | | |
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | 0.691 | | | |
| Bartlett's Test of Sphericity, Approx. Chi-Square | 20709.8 | | | |
| df | 595 | | | |
| Sig. | 0.000 | | | |
| Extraction Method: Principal Component Analysis. | | | | |
| Rotation Method: Varimax with Kaiser Normalization. | | | | |

Source; (Field Data, 2018)

The findings in Table 4.9 for the independent factors revealed that the 7 items are loaded significantly onto the first component which can be summed up to indicate: Online shopping is secure from data loss, fraud, hacking and it is confidential. Furthermore, the 5 items for mode of payment loaded significantly onto the second component that can be summarised as: There are various modes of payments that are timely, reliable and flexible. Furthermore, the first 3 items for delivery of goods loaded significantly onto one the second component that can be summed up as: The delivery of goods I purchase is prompt and within time. Furthermore, all the items for pricing except the last one significantly loaded onto the third component that can be summed up as: The online shopping prices are clearly defined, just and fair and I have a variety of price choices. Finally, all the 6 items for ease of use were loaded significantly on the fourth component that can be summed up as: The online shopping system is easy to use and increases my efficiency and effectiveness.

This first component accounts from 37.949% of the variance, second accounts for 12.752%, the third accounts for 10.276% while the fourth accounts for 7.298% of the total variance with a cumulative % variance of 68.275% for these four components. Sampling adequacy was tested using the Kaiser- Meyer- Olkin Measure (KMO measure) of sampling adequacy. As evidenced in Table 4.9, KMO was greater than 0.5 (0.691), and Bartlett's Test was significant, chi-square (595) = 20709.8, p-value < 0.000.

The findings in Table 4.10 also revealed that all the 7 items for customer satisfaction were loaded significantly onto the first component and this shows that they can be reduced to only one item for analysis. The items can be summed as: Am generally satisfied with the quality of services offered by online firm and would recommend to

others and continue to use the online store in purchasing products or services in future.

Table 4.10: Factor Analysis for customer Satisfaction

| | 1 | 2 |
|--|--------------------|----------|
| Am are generally delighted by online firm services offered | 1 | 0.689 |
| Am are generally happy by our online firm services | 1 | 0.924 |
| Am are generally contented by our online firm services | 1 | 0.846 |
| Am are satisfied with quality of services offered by online firm staff | 0.859 | |
| I prefer my online firm because of services offered to them | 0.739 | |
| I intend to continue using my online store for purchasing a product or service in future | 0.810 | |
| I would strongly recommend others to use my online store | 0.785 | |
| Total Variance Explained | | |
| Total | 4.323 | 1.019 |
| % of Variance | 61.762 | 14.559 |
| Cumulative % | 61.762 | 76.321 |
| KMO and Bartlett's Test | | |
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | 0.807 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 1696.93 |
| | df | 21 |
| | Sig. | 0.000 |
| Extraction Method: Principal Component Analysis. | | |
| Rotation Method: Varimax with Kaiser Normalization. | | |

Source; (Field Data, 2018)

This first component accounts from 61.762%% of the variance, second accounts for 14.559% while both account for 76.321% of the total variance. Sampling adequacy was tested using the Kaiser- Meyer- Olkin Measure (KMO measure) of sampling adequacy. As evidenced in Table 4.10, KMO was greater than 0.5 (0.807), and Bartlett’s Test was significant, chi-square (21) = 1696.93, p-value < 0.000.

4.10 Correlations

Correlation analysis is usually carried out in order to establish the degree to which two variables converge or diverge together depending on the case so as to determine

the significance of the relationship (Collins & Hussey, 2009). Usually, the Pearson's Product Moment Correlation Coefficient is used to make inference about the existing relationship between two variables.

As a result, a positive value of the correlation coefficient shows that the two variables move together in the same trend, and when there is a negative value, it shows that the variables move in opposite direction or trend. Essentially, correlation analysis depicts to a given degree, the aspect of how one factor influences another. However, correlations do not imply or infer a cause-effect relationship. Consequently, a correlation analysis of the independent variables and the dependent variable was conducted and the findings were summarized and presented in Table 4.11.

Table 4.11: Correlation results

| | Customer satisfaction | Security in online shopping | Mode of payment (MoP) | Delivery of goods | Pricing | Ease of use (EoU) |
|-----------------------------|------------------------------|------------------------------------|------------------------------|--------------------------|----------------|--------------------------|
| Customer satisfaction | 1 | | | | | |
| Security in online shopping | 0.645** | 1 | | | | |
| Mode of payment (MoP) | 0.670** | 0.564** | 1 | | | |
| Delivery of goods | 0.657** | 0.540** | 0.605** | 1 | | |
| pricing | 0.698** | 0.447** | 0.696** | 0.691** | 1 | |
| Ease of use (EoU) | 0.579** | 0.755** | 0.541** | 0.499** | 0.301** | 1 |

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

Source; (Field Data, 2018)

The findings in Table 4.11 revealed that security in online shopping has a positive and significant relationship with customer satisfaction, $\rho = 0.645$ at 1% level of significance. This means that with increased security in online shopping, there is bound to be 0.645 probability of increasing customer satisfaction. On the other hand, mode of payment also has a positive and significant relationship with customer satisfaction, $\rho = 0.670$ at 1% level of significance. This means that there is 67.0%

chance that customer satisfaction will increase with increase in variety in mode of payment as well as security. Furthermore, the findings showed that delivery of goods has a positive and significant relationship with customer satisfaction, $r = 0.657$, at 1% level of significance and this means that there is 65.7% chance that customer satisfaction will increase with increase in delivery of goods bought online. From the findings, pricing has a positive and significant relationship with customer satisfaction, $\rho = 0.698$ at %1 level of significance and implying that there is 69.8% chance that customer satisfaction will increase with increase in pricing. Also, ease of use has a positive and significant relationship with customer satisfaction, $\rho = 0.579$, at 1% level of significance and implying that there is 57.9% chance that customer satisfaction will increase with increase in ease of use. Assessment of inter-factor correlations revealed a positive and significant relationship between the independent factors.

4.11 Assumptions of Multiple Regression Model

Before carrying out multiple linear regression analysis the assumptions of linearity (that there must be a linear relationship between the outcome variable and the independent variables) which in many cases is tested using scatter plots to depict whether the relationship is linear or curvilinear, multivariate normality (multiple regression assumes that the residuals are normally distributed), no multicollinearity (multiple regression assumes that the independent variables are not highly correlated with each other). The assumption of multicollinearity is tested using Variance Inflation Factor (VIF) and tolerance values. Multicollinearity increases the standard errors of the coefficients. Increased standard errors in turn mean that coefficients for some independent variables may be found not to be significantly different from 0. In other words, by overinflating the standard errors, multicollinearity makes some variables statistically insignificant when they should be significant. Without

multicollinearity (and thus, with lower standard errors), those coefficients might be significant. VIF greater than 10 indicate high multicollinearity.

The other assumption is homoscedasticity (this assumption states that the variance of error terms are similar across the values of the independent variables). Normally, a plot of standardized residuals versus predicted values can show whether points are equally distributed across all values of the independent variables. Thus, the study tested the assumptions of multiple linear regression; linearity, normality, homogeneity and multicollinearity and the findings were presented in Table 4.14.

4.11.1 Linearity Test

The assumption of linearity was tested and the findings presented in Table 4.12.

Table 4.12: Linearity Test

| | | Sum of Squares | df | Mean Square | F | Sig. |
|---------------------|-----------------------------|-----------------------|-----------|--------------------|----------|-------------|
| CS * SOS | (Combined) | 76.376 | 18 | 4.243 | 72.045 | 0.000 |
| | Linearity | 39.861 | 1 | 39.861 | 676.816 | 0.000 |
| | Deviation from Linearity | 36.515 | 17 | 2.148 | 36.47 | 0.000 |
| CS * MoP | (Combined) | 54.373 | 21 | 2.589 | 20.432 | 0.000 |
| | Linearity | 43.015 | 1 | 43.015 | 339.44 | 0.000 |
| | Deviation from Linearity | 11.359 | 20 | 0.568 | 4.482 | 0.000 |
| CS *DoG | (Combined) | 53.368 | 10 | 5.337 | 42.5 | 0.000 |
| | Linearity | 41.386 | 1 | 41.386 | 329.585 | 0.000 |
| | Deviation from Linearity | 11.982 | 9 | 1.331 | 10.602 | 0.000 |
| CS * Pricing | (Combined) | 69.702 | 11 | 6.337 | 81.788 | 0.000 |
| | Linearity | 46.657 | 1 | 46.657 | 602.221 | 0.000 |
| | Deviation from Linearity | 23.045 | 10 | 2.304 | 29.745 | 0.000 |
| CS * EoU | (Combined) | 51.005 | 9 | 5.667 | 42.878 | 0.000 |
| | Linearity | 32.151 | 1 | 32.151 | 243.256 | 0.000 |
| | Deviation from Linearity | 18.854 | 8 | 2.357 | 17.831 | 0.000 |

Source; (Field Data, 2018)

Where CS represents customer satisfaction, SOS, MoP, DoG and EoU represents Security in online shopping, mode of payment, delivery of goods and ease of use respectively.

The findings in Table 4.12 depicted the linearity test between the dependent variable (customer satisfaction) and the independent variables. A p-value of greater than 0.05

means that the inference is that there is no linear relationship. The findings revealed that there is a linear relationship between security in online shopping and customer satisfaction ($F = 676.816$, $p\text{-value} = 0.000$). Also, there is a linear relationship between customer satisfaction and mode of payment ($F = 339.44$, $p\text{-value} = 0.000$). Similarly, there is a linear relationship between: customer satisfaction and delivery of goods ($F = 329.585$, $p\text{-value} = 0.000$), customer satisfaction and pricing ($F = 602.221$, $p\text{-value} = 0.000$) and customer satisfaction and ease of use ($F = 243.256$, $p\text{-value} = 0.000$). These findings indicate that the significant linear relationships indicate that the independent variables can be used to predict the behaviour of the dependent variable. Thus, there is no violation of the linearity assumption.

4.11.2 Normality Test

The multiple linear regression analysis requires that the errors between observed and predicted values (that is, the residuals of the regression) should be normally distributed. This assumption may be checked by looking at a histogram or a Q-Q plot. Normality can also be checked with a goodness of fit test (that is, the Kolmogorov-Smirnov test or Shapiro-Wilk test), though this test must be conducted on the residuals themselves. The findings in Table 4.13 revealed that all the variables do not violate the normality assumption, $p\text{-value} > 0.01$ at 1% level of significance.

Table 4.13: Normality Test

| | Kolmogorov-Smirnova | | | Shapiro-Wilk | | |
|-----------------------------|---------------------|-----|--------|--------------|-----|-------|
| | Statistic | df | Sig. | Statistic | df | Sig. |
| Customer satisfaction | 0.159 | 349 | 0.200* | 0.909 | 349 | 0.098 |
| Security in online shopping | 0.223 | 349 | 0.025 | 0.913 | 349 | 0.111 |
| Mode of payment | 0.17 | 349 | 0.200* | 0.897 | 349 | 0.060 |
| Delivery of goods | 0.155 | 349 | 0.200* | 0.925 | 349 | 0.180 |
| Pricing | 0.158 | 349 | 0.200* | 0.897 | 349 | 0.061 |
| Ease of use | 0.152 | 349 | 0.200* | 0.882 | 349 | 0.348 |

* This is a lower bound of the true significance.

Source; (Field Data, 2018)

4.11.3 Multicollinearity Test

Finally, multiple linear regression assumes that there is no multicollinearity in the data. Multicollinearity occurs when the independent variables are too highly correlated with each other. Multicollinearity may be checked multiple ways: Correlation matrix- when computing a matrix of Pearson's bivariate correlations among all independent variables, the magnitude of the correlation coefficients should be less than 0.80 in order to have no multicollinearity; Variance Inflation Factor (VIF) - the VIFs of the linear regression indicate the degree that the variances in the regression estimates are increased due to multicollinearity. VIF values higher than 10 indicate that multicollinearity is a problem. In addition, tolerance values of less than 0.1 indicate the presence of multicollinearity.

Table 4.14: Multicollinearity Test

| | Tolerance | VIF |
|-----------------------------|-----------|-------|
| Security in online shopping | 0.373 | 2.68 |
| Mode of payment | 0.393 | 2.546 |
| Delivery of goods | 0.426 | 2.348 |
| pricing | 0.359 | 2.787 |
| Ease of use | 0.366 | 2.731 |

Source; (Field Data, 2018)

The findings in Table 4.14 revealed that the VIF values for all the independent variables were below 10. This means that for all the independent variables, there was no presence of multicollinearity.

4.11.4 Heteroskedasticity Test

The other assumption of multiple linear regression is homoscedasticity. Normally, a scatter plot of residuals versus predicted values is good way to check for homoscedasticity. The findings in Table 4.15 revealed that basing on Levene statistic, homoscedasticity is not a problem except for marketing orientation, 3.751, p-value = 0.011. This essentially means that there is a linear relationship and there is no need to have a non-linear data transformation or quadratic term to fix.

Table 4.15: Heteroskedasticity Test

| | Levene Statistic | df1 | df2 | Sig. |
|-----------------------------|-------------------------|------------|------------|-------------|
| Customer satisfaction | 50.818 | 3 | 345 | 0.157 |
| Security in online shopping | 73.726 | 3 | 345 | 0.297 |
| Mode of payment | 5.649 | 3 | 345 | 0.011 |
| Delivery of goods | 66.611 | 3 | 345 | 0.464 |
| Pricing | 28.573 | 3 | 345 | 0.816 |
| Ease of use | 101.051 | 3 | 345 | 0.200 |

Source; (Field Data, 2018)

4.12 Model Summary and Analysis of Variance (ANOVA)

This section presents the model summary and the analysis of variance that are presented in Table 4.16 and Table 4.17.

Table 4.16: Model Summary

| | | |
|---|-----------------|---------|
| R | | 0.815a |
| R Square | | 0.665 |
| Adjusted R Square | | 0.660 |
| Std. Error of the Estimate | | 0.30605 |
| Change Statistics | R Square Change | 0.665 |
| | F Change | 135.975 |
| | df1 | 5 |
| | df2 | 343 |
| | Sig. F Change | 0.000 |
| a Predictors: (Constant), Ease of Use, Pricing, Delivery of Goods, Mode of Payment, Security in Online Shopping | | |
| Source; (Field Data, 2018) | | |

The coefficient of determination explains the extent to which changes in the response variable can be explained by the change in the explanatory variables or the percentage of variation in the dependent variable (firm performance) that is explained by all the independent variable. The results in Table 4.16 showed that all the predictors explain 66.5% of the variation in customer satisfaction (R-squared = 0.665, Adjusted R-squared = 0.0.660). In addition, the F change is significant at 5% level of significance, $F(5,343) = 135.975$, $p = 0.000$ indicating that the model was significant in explaining the change in customer satisfaction

Table 4.17: Analysis of variance

| | Sum of Squares | df | Mean Square | F | Sig. |
|---|-----------------------|-----------|--------------------|----------|-------------|
| Regression | 63.683 | 5 | 12.737 | 135.975 | .000b |
| Residual | 32.128 | 343 | 0.094 | | |
| Total | 95.811 | 348 | | | |
| a Dependent Variable: Customer satisfaction | | | | | |
| b Predictors: (Constant), Ease of Use, Pricing, Delivery of Goods, Mode of Payment, Security In Online Shopping | | | | | |
| Source; (Field Data, 2018) | | | | | |

The analysis of variance presented in Table 4.17 revealed $F(5, 343) = 135.975$ and is significant, $p = 0.000$ and shows that the regression model accounts for over 135

times the variance accounted for by the residuals of the model. Thus, the model was fit to predict customer satisfaction using the independent factors in the model.

4.13 Testing of Hypotheses

This study sought to evaluate the effect of online shopping on customer satisfaction among online market firms. More specifically, the study sought to: determine effect of security in online shopping on customer satisfaction, to establish effect of mode of payment on customer satisfaction, to determine effect of delivery of goods on customer satisfaction, to establish effect of pricing on customer satisfaction and to establish effect of ease of use in online shopping on customer satisfaction and to test the hypotheses related to these objectives.

Table 4.18: Regression analysis

| | Unstandardized Coefficients | | Standardized Coefficients | | | Collinearity Statistics | |
|-------------------|-----------------------------|------------|---------------------------|--------|-------|-------------------------|-------|
| | B | Std. Error | Beta | t | Sig. | Tolerance | VIF |
| (Constant) | -0.201 | 0.181 | | -1.108 | 0.269 | | |
| Security | 0.161 | 0.042 | 0.198 | 3.875 | 0.000 | 0.373 | 2.68 |
| Mode of payment | 0.104 | 0.048 | 0.108 | 2.168 | 0.031 | 0.393 | 2.546 |
| Delivery of goods | 0.110 | 0.047 | 0.113 | 2.353 | 0.019 | 0.426 | 2.348 |
| Pricing | 0.487 | 0.064 | 0.397 | 7.609 | 0.000 | 0.359 | 2.787 |
| Ease of use | 0.196 | 0.052 | 0.195 | 3.775 | 0.000 | 0.366 | 2.731 |

a Dependent Variable: Customer satisfaction

Source; (Field Data, 2018)

The first hypothesis (H_{O1}) stipulated that security in online shopping had no significant effect on customer satisfaction. The findings in Table 4.18 represent the estimated regression coefficients and the findings show that security in online shopping has a positive and significant effect on customer satisfaction, $\beta_1 = 0.198$, $p = 0.000$ ($t = 3.875$). Thus, the hypothesis was rejected. This shows that each unit

increase in the security in online shopping has a significant effect of increasing customer satisfaction by 0.198 units. In line with these findings, security is one of the challenging issues facing the internet based merchant today; in addition, it is the most well-known topic in electronic commerce and frequently has been written about by researchers such as Patrick (2010) and Sandra (2003). Moreover, security system is one of the most important issues, and it is one of the biggest barriers that can avoid consumers from obtaining items online.

Furthermore, Wong (2008) supports the idea that online retailers need to shape secured website since internet users fear and hesitate to purchase product or engage in any services online because of security distresses. Liu *et al.*, (2008) examined the antecedents of customer satisfaction in online shopping in China, with nine antecedents, divided based on the stage of purchase: the quality of information, site design, and a variety of products at the stage of information and alternatives seeking; transaction capabilities, site response, security/privacy, and payment system in the execution phase of purchase, as well as management and customer service delivery at the post-purchase. As such, security is depicted as a concern to customers who shop online and the more they are assured of their overall security while carrying out their transactions, the more their level of trust is assured and eventually loyalty due to customer satisfaction. These findings show that the hypothesis stating that security in online shopping has no significant effect on customer satisfaction is rejected and concluded that the higher the security in online shopping the more the customer satisfaction is derived.

The second hypothesis (H_{O2}) hypothesized mode of payment had no significant effect on customer satisfaction. The findings also showed that the mode of payment has a

positive and significant effect on customer satisfaction, $\beta_2 = 0.108$, $p = 0.031$ (2.168). hence, the hypothesis was rejected. This infers that with each unit increase in the modes of payment, that is, varieties of payment methods, then customer satisfaction will increase by 0.108 units. These findings essentially show that for a person who is accustomed to traditional settlement methods, the modern settlement method differs and usually requires the customer to have trust is the newest cost method. Trust is the groundwork of almost any businesses (Kozar, 2006). Wong (2008) showed a significant positive relationship between online process system and customer satisfaction toward internet shopping. However, given this kind of relationship, much of it is pegged on the levels of trust that the customer has with a given mode of payment. With the boom in electronic businesses, handcrafted card is seen as one of the beneficial methods of doing online transactions that has increased degrees of security as well as satisfaction among online users. Thus, these findings show that the hypothesis that states that the mode of payment has no significant effect on customer satisfaction is rejected and the conclusion is that more modes of payment that are trusted by the customer have an incremental effect on the level of customer satisfaction.

The third hypothesis (H_{03}) hypothesized delivery of goods had no significant effect on customer satisfaction. The study findings also showed that delivery of goods has a positive and significant effect on customer satisfaction, $\beta_3 = 0.113$, $p = 0.019$ ($t = 2.353$) and shows that with each unit increase in the delivery of goods, customer satisfaction increases by 0.113 units. In agreement with these findings, it is worthy to mention that the quality of delivery of goods is critical to the assurance of consumer satisfaction. Furthermore, the aspect of quality in this case is hinged on the whole concept of customer service since good customer service in the delivery aspect will

have a positive effect on customer satisfaction (Liu *et al.*, 2008). Furthermore, Shankar *et al.*, (2003) suggested that the customer delivery services of a website will affect the consumer satisfaction of that site. The better the quality of the service, then the customer will be satisfied. From these findings, the hypothesis stating that delivery of goods has no significant effect on customer satisfaction is rejected and the conclusion is that quality delivery of goods enhances customer service hence customer satisfaction.

The fourth hypothesis (H₀₄) postulated that pricing had no significant effect on customer satisfaction. The findings also show that pricing has a positive and significant effect on customer satisfaction and carries the biggest effect when compared to the other factors examined in this study, $\beta_4 = 0.397$, $p = 0.000$ ($t = 7.609$) and indicates that with each unit increase in pricing, customer satisfaction increases by 0.397 units. Pricing and customer satisfaction are critical issues for Internet retailers. In the past, many Internet retailers focused on building up a large customer base, using some combination of low prices and high advertising spending to attract new buyers. For this approach to succeed, e-tailers had to transform first time buyers into long-term, loyal customers. Many Internet retailers used unsustainably low prices to attract a large customer base (Mottl, 2000). Bolton and Lemon suggest that such perceptions of unfairness should lead customers to be less satisfied with the price they pay the higher priced e-tailer (Bolton, 1999). Since Internet shoppers can easily compare prices across various Web sites, it is often assumed that they are more price sensitive. These findings show that the hypothesis stating that pricing has no significant effect on customer satisfaction is rejected and the conclusion is that pricing has an incremental effect on customer satisfaction.

Finally, the five hypothesis (H_{05}) indicated that pricing had no significant effect on customer satisfaction. The findings show that ease of use has a positive and significant effect on customer satisfaction, $\beta_5 = 0.195$, $p = 0.000$ ($t = 3.775$) and shows that with each unit increase in the ease of use, customer satisfaction increases by 0.195 units. A recent study by Chen *et al.*, (2004) indicates that poorly designed website processes have an adverse influence on the website's perceived ease of use. These findings show that the hypothesis stating that ease of use in online shopping has no significant effect on customer satisfaction is rejected and the conclusion is that enhanced ease of use has an incremental effect on customer satisfaction.

Table 4.19 Summary for Hypothesis Testing

| Hypotheses | β and P values | Decision |
|--|--|-----------------|
| H₀₁ : Security in online shopping has no significant effect on customer satisfaction among online market firms | $\beta=0.198$;, $P<0.05$ | Reject H_{01} |
| H₀₂ : Mode of payment has no significant effect on customer satisfaction among online market firms. | $\beta=0.108$, $P<0.05$, | Reject H_{02} |
| H₀₃ : delivery of goods has no significant effect on customer satisfaction among online market firms. | $\beta=0.113$, $P<0.05$, | Reject H_{03} |
| H₀₄ : Pricing has no significant effect on customer satisfaction among online market firms. | $\beta =0.397$, $P<0.05$ | Reject H_{04} |
| H₀₅ : Ease of use in online shopping has no significant effect on customer satisfaction among online market firms. | $\beta =0.195$, $P<0.05$ | Reject H_{05} |

4.14 Summary of chapter

This chapter has presented the findings of the study and provided a detailed discussion of the findings and what they imply in determining the direction of online shopping and the perception of the customers who purchase online. The section first presents and discusses the findings of the customers characteristics followed by the descriptive characteristics of the main factors under investigation. Finally, the regression model is presented and discussed with the aim of establishing the effect of the independent factors on customer satisfaction. The presentations in this section provide a foundation for deriving the conclusions and providing of recommendations that would guide future business directions in online businesses and trading and the relationship to customers in Kenya.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0 Introduction

The chapter covers the summary of major findings, conclusion based on the findings and the recommendations.

5.1 Summary of the Findings

The following is summary of the findings of this study. First, the summary of the background characteristics are presented followed by the descriptive and inferential findings that are presented per the objectives of the study.

5.1.1 Effect of security in online shopping on customer satisfaction

The first objective of the study was to determine the effect of security in online shopping on customer satisfaction. This objective was also aimed at testing the hypothesis stating that security in online shopping has no significant effect on customer satisfaction.

The findings showed that security in online shopping has a positive and significant effect on customer satisfaction ($\beta_1 = 0.198$). This is mainly because the customers have their financial transaction details secure and confidential, this also means that there is no data loss, basing on past experience of the customers the transactions through the online stores is safe and the online store always protects their best interests especially in terms of the security of the customers. However, there are challenges in terms of there is little confidence about the protection of shopping details in online shopping, the fear of fraudsters and hackers accessing the customer accounts and there is fear that things may go wrong with their transaction through their online store. These findings have showed that although security in online

shopping is important to win the trust of the customer, there is more to be done in order to dispel any fears from the customers about their security and the security of their private financial details while doing online shopping.

5.1.2 Effect of mode of payment on customer satisfaction

The second objective of this study was to establish the effect of mode of payment on customer satisfaction. The findings have showed that mode of payment has a positive and significant effect on customer satisfaction ($\beta_2 = 0.108$). Furthermore, this is mainly due to the fact that online shopping has variety of choices of modes of payment, and the modes of payment allow the customers to pay for goods and services on time anywhere. Furthermore, it was showed that online shopping mode of payment is reliable and flexible and transparent. Generally, the aspect of mode of payment is about trust as well as the aspect of flexibility in terms of choices based on certain prior factors.

5.1.3 Effect of delivery of goods on customer satisfaction

The third objective of the study was to determine the effect of delivery of goods on customer satisfaction. The findings have clearly showed that the delivery of goods has a positive and significant effect on customer satisfaction ($\beta_3 = 0.113$). This is mainly driven by the fact that findings goods are delivered within destinations described by the customers and just the same they were without damage or any types of losses. On the other hand, it has been showed that there are challenges in terms of the promptness of goods delivery and on time as well as the reliability of the delivery of goods by the online stores. The ability and quality or delivery of goods purchased goes in tandem with the quality of customer service which is one of the key areas of organizational processes which companies would focus on especially with the

growing competition and the need to attract entrepreneurial opportunities in order to enhance profitability. Thus, if some certain key aspects of quality customer service are called into question, customer satisfaction is not guaranteed.

5.1.4 Effect of pricing on customer satisfaction

The fourth objective of this study was to establish the effect of pricing on customer satisfaction. The findings have showed that pricing carries the biggest effect on customer satisfaction and results in increase in customer satisfaction ($\beta_4 = 0.397$). This is mainly because the prices in online shopping are very clear and understandable to majority of the customers. Further, it is also clear that there are variety of prices of series on goods purchased online, the online store promptly informs the customers if at all any price changes occur in any of their transactions and the site of the online store provides good navigation facilities to search the price information content hence the customers are able to compare prices of products being sold and make suitable choices. However, the only challenge identified was the aspect of justness and fairness of the prices.

5.1.5 Effect of ease of use in online shopping on customer satisfaction

The fifth and final objective of the study was to establish the effect of ease of use in online shopping on customer satisfaction. It has been showed that ease of use has a positive and significant effect on customer satisfaction ($\beta_5 = 0.195$). The findings have showed that majority of customers find it easier to shop online especially because they are literate and are mostly young, online shopping has clear and understandable instructions on goods and services provided, the online shopping system is easy to use and friendly, the customers are able to complete their shopping more quickly using online shopping and increases their efficiency and effectiveness

and utilizing shopping services and that majority of the customers can easily navigate the website of their online store.

5.2 Conclusion of the Study

The primary objective of the study was to evaluate the effect of online shopping on customer satisfaction among online market firms and was guided by the following specific objectives: to determine effect of security in online shopping on customer satisfaction, to establish effect of mode of payment on customer satisfaction , to determine effect of delivery of goods on customer satisfaction , to establish effect of pricing on customer satisfaction and to establish effect of ease of use in online shopping on customer satisfaction. This was with the aim of testing the accompanying objectives related to the specific objectives.

The findings have showed that increasing the security in online shopping enhances customer satisfaction, a variety of modes of payment enhances customer satisfaction, quality, prompt and effective delivery of goods enhances customer satisfaction, the ability of the online store to provide a variety of pricing against the goods and services enhances customer satisfaction while enhance the ease of use of the services of the online store particularly the website is critical to the improvement of customer satisfaction. However, there are challenges identified in terms of little confidence or trust about the protection of shopping details in online shopping, the fear of fraudsters and hackers accessing the customer accounts and there is fear that things may go wrong with their transaction through their online store and the promptness of goods delivery and on time as well as the reliability of the delivery of goods by the online stores and the level of justness and fairness of the prices of the goods and services in online stores.

5.3 Recommendation of the Study

Given the challenges identified by this study, there is need to assure the customers of their security and the security of their financial details when they purchase online. This calls for investment in online security and also assuring the customers constantly by upgrading the security of their transaction systems online. This in essence means building trust.

Furthermore, there is need to assess the quality of services in the delivery of goods purchased online by the customers. It is important to consider the aspect of goods and services delivery as a component of customer services which demands dynamism with time given the competitive market as well as a market that is growing at a high pace couple with technological advancement.

Finally, while it is expected that pricing should decrease customer satisfaction, reduction in prices by the online stores means low profitability through return on investment. Thus, it is important to consider the pricing regime of the online stores to ensure that the customers are able to have many choices to pick from in terms of prices thus being able to navigate the competitive terrain where pricing plays a big part in customer attraction strategies.

5.4 Suggestions for Further Research

This study focuses on online shopping and customer satisfaction. This study only assessed five factors namely; Security in online shopping, Mode of payment, delivery of mode, Pricing and Ease of use in online shopping. However, there might be other factors that can significantly affect customer satisfaction where some can play as mediators or control variables such as the age of the firm and customer as well as the industry. Thus, a new study to explore additional factors can be carried out in order to

enrich the literature on the topic of customer satisfaction. There is also need to explore what international online are doing given the advancements in technology and how this affects customer satisfaction in general.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

Department of Business Management,
Moi University,
P.O. Box. 3900,
Eldoret, Kenya.

Dear participants/Respondent,

RE: RESEARCH STUDENT INTRODUCTION LETTER

I am a post graduate student in school of business and economics, Moi University. I am currently pursuing Master of Philosophy degree in business Managements. In pursuing of my research topic entitled, Effects of online shopping on customer satisfaction, Kenya”, I wish to kindly request you to provide information to questions detailed in the attached questionnaire.

The research undertaken to treat the information given in strict confidence, and will only be used strictly for academic purposes.

Yours faithfully,

Fred Mavuru

APPENDIX III: QUESTIONNAIRE FOR CUSTOMER

PART A: INFORMATION ON CUSTOMER DEMOGRAPHICS.

1. What is your gender?
 Male Female
2. What's your age bracket
 under 20 years between 31-40 21-30
 over 41-50 years Over 50 years
3. Level of education:
 No formal education Primary level
 Secondary level College level
 University level
9. How long have you been served by the online firm?
 a) Less than 1 year
 b) 1 – 5 years
 c) 6 – 10 years
 d) Over 10 years

PART B: Security in online shopping

What is your response to the following statements about Security in online shopping of your Service provider?

Key: 1 =Strongly Disagree (SD) 2=Disagree (D) 3=Moderately Agree(MA)

4=Agree(A) 5 Strongly Agree (SA)

| Security in online shopping | SD | D | MA | A | SA |
|--|----|---|----|---|----|
| my shopping details are protected in online shopping | 1 | 2 | 3 | 4 | 5 |
| I feel details of my financial transactions are not revealed to anyone | 1 | 2 | 3 | 4 | 5 |
| Online shopping services does not enhances data loss | 1 | 2 | 3 | 4 | 5 |
| online does not allow fraudsters and hackers to access my account | 1 | 2 | 3 | 4 | 5 |

PART B: EASE OF USE

What is your response to the following statements about your Ease of use?

Key: 1 =Strongly Disagree (SD) 2=Disagree (D) 3=Moderately agree(MA)

4=Agree(A) 5

Strongly Agree (SA)

| Ease of use | SD | D | MA | A | SA |
|---|----|---|----|---|----|
| It is easier to online shopping | 1 | 2 | 3 | 4 | 5 |
| Online shopping has clear and understandable instructions on goods and services they provide | 1 | 2 | 3 | 4 | 5 |
| I find online shopping services system easy to use | 1 | 2 | 3 | 4 | 5 |
| I can complete my shopping more quickly using online shopping | 1 | 2 | 3 | 4 | 5 |
| I find online shopping services increase my efficiency and effectively in utilizing shopping services | 1 | 2 | 3 | 4 | 5 |

PART C: DELIVERY OF GOODS

| Delivery of goods | SD | D | MA | A | SA |
|--|-----------|----------|-----------|----------|-----------|
| In online shopping, my good and services are delivered prompt | 1 | 2 | 3 | 4 | 5 |
| In online shopping, goods and services i purchase are delivered in my destinations of my choices | 1 | 2 | 3 | 4 | 5 |
| In online shopping, goods are delivered within time | 1 | 2 | 3 | 4 | 5 |
| In online shopping, goods and services are delivered just the same I bought them | 1 | 2 | 3 | 4 | 5 |

PART C: MODE OF PAYMENT

| Mode of payment | SD | D | MA | A | SA |
|---|-----------|----------|-----------|----------|-----------|
| Online shopping has varieties choices of mode of payments | 1 | 2 | 3 | 4 | 5 |
| Through online shopping, I can pay goods and services and time anywhere | 1 | 2 | 3 | 4 | 5 |
| Online shopping mode of payment are reliable and flexible | 1 | 2 | 3 | 4 | 5 |
| | 1 | 2 | 3 | 4 | 5 |

PART C: PRICING

| Pricing | SD | D | MA | A | SA |
|---|-----------|----------|-----------|----------|-----------|
| Prices in online shopping are very clear and understandable | 1 | 2 | 3 | 4 | 5 |
| Prices of goods and service in online shopping are just and fair | 1 | 2 | 3 | 4 | 5 |
| Online shopping has varieties of prices of services an goods I need to purchase | 1 | 2 | 3 | 4 | 5 |
| | 1 | 2 | 3 | 4 | 5 |

PART B: CUSTOMER SATISFACTION

What is your perception of Pricing with respect to the following statements?

Key: 1=strongly |Disagree (SD) 2=Disagree (D) 3= Moderately Agree (M A)

4=Agree (A) 5=Strongly Agree(SA)

| Variable | S D | D | M A | A | SA |
|--|----------------|----------|----------------|----------|-----------|
| Am are generally delighted by online firm services offered | 1 | 2 | 3 | 4 | 5 |
| Am are generally happy by our online firm services | 1 | 2 | 3 | 4 | 5 |
| Am are generally contented by our online firm services | 1 | 2 | 3 | 4 | 5 |
| Am are satisfied with quality of services offered by online firm staff | 1 | 2 | 3 | 4 | 5 |
| I prefer my online firm because of services offered to them | 1 | 2 | 3 | 4 | 5 |