THE EFFECT OF PRODUCT QUALITY AND DELIVERY SERVICE ON ONLINE-CUSTOMER SATISFACTION IN ZALORA INDONESIA

PENGARUH KUALITAS PRODUK DAN JASA PENGIRIMAN TERHADAP KEPUASAN PELANGGAN ONLINE DI ZALORA INDONESIA

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Abstract: The number of online transaction in Indonesia has increased in recent years with fashion products currently dominate the e-commerce market as the most frequently purchased products. The aims of this study are to analyze the effects of product quality and delivery service on online-customer satisfaction withdrawing taking online fashion retailer Zalora Indonesia as its research object. This research is causal type of research which uses primary data obtained through questionnaires and uses Multiple Regression Analysis. The population observed is people in Manado who have purchased Zalora Indonesia products online with 100 respondents as the sample size. The result of this study shows that product quality and delivery service have significant effects on online-customer satisfaction. To increase customer satisfaction, the recommendations for online shop owners are to maintain product quality, variety and availability in order to meet customer expectation as well as consistently offer reliable and safe delivery service at promised delivery schedule which encourage repeat purchases.

Keywords: customer satisfaction, online shopping, product quality, delivery service

Abstrak: Jumlah transaksi online di Indonesia telah meningkat dalam beberapa tahun terakhir. E-commerce didominasi oleh produk fashion sebagai produk yang paling sering dibeli online. Tujuan penelitian untuk menganalisa pengaruh kualitas produk dan jasa pengiriman terhadap kepuasan pelanggan online dengan mengambil toko fashion online Zalora Indonesia sebagai objek penelitian. Penelitian ini merupakan penelitian kausal yang menggunakan data primer yang diperoleh melalui kuesioner dan menggunakan Analisis Regresi Berganda. Populasi adalah orang di Manado yang pernah membeli produk Zalora Indonesia online dengan 100 responden sebagai sampel. Hasil penelitian menunjukkan kualitas produk dan jasa pengiriman memiliki efek signifikan terhadap kepuasan pelanggan online. Untuk meningkatkan kepuasan pelanggan, rekomendasi untuk pemilik toko online adalah meniaga kualitas, variasi dan ketersediaan produk dalam rangka memenuhi harapan pelanggan serta secara konsisten menawarkan layanan pengiriman yang handal dan aman di jadwal pengiriman yang dijanjikan agar mendorong pembelian berulang.

Kata kunci: kepuasan pelanggan, belanja online, kualitas produk, jasa pengiriman
INTRODUCTION

Research Background

Nowadays, with the emerging of e-commerce in Indonesia people can just stay at home, buy things online and get it delivered straight to their house. All can be done with few clicks or taps. With this convenience in mind, the interest in online shopping is increasing. E-commerce in Indonesia has been growing significantly since the past years. In a recent survey conducted by Google’s Consumer Barometer jointly with online shop Elevenia, as cited by Ayu & Hidayat (2015), it was revealed that number of online transaction in Indonesia has increased, with 78% of respondents shop online via mobile gadgets. Moreover, Mitra (2014) stated that even people in small towns in Indonesia have begun shopping online. In 2012, an e-commerce company in Indonesia noted that 41% of their sales come from Jakarta, but six months later this figure drops to 22%. This shows that not only consumers in Jakarta are regularly shopping online; consumers outside Jakarta also give their contribution to e-commerce market in Indonesia, including people in Manado.

A research conducted by the Association of E-commerce Indonesia (IDEA), Google Indonesia, and TNS (Taylor Nelson Sofres) found that fashion products dominate the e-commerce market as the most frequently purchased products, followed by mobile gadgets, consumer electronics, books and magazines, and groceries (Erlangga, 2014). According to Cosseboom (2015) Zalora is one of the most popular online shop in Indonesia, being the only online fashion retailer on the list, ranked #148 on SimilarWeb with 2 million desktop visits recorded in August 2015.

With the development of e-commerce, the competition between online shops becomes tighter. Many companies need to adjust with changeable market requirements. To gain competitive advantage, companies must understand the importance of customer satisfaction. Kotler, et al. (2011: 165) stated that customer satisfaction is the key to building profitable relationships with consumers to keeping and growing consumers and reaping their customer lifetime value. Satisfied customers buy a product again, talk favorably to others about the product, pay less attention to competing brands and advertising, and buy other products from the company.

Product quality and delivery service are the offline characteristics of an online shop (Ahn, Ryu, & Han, 2004). One of online shopping problems that most people complain about is there is difference in the specifications of the products on the website with the quality of original product when received. Product quality is important in e-commerce to help maintain customer satisfaction and loyalty and reduce the risk and cost of replacing faulty goods. If the company makes a low quality product that is not very good people will not buy it. Especially in e-commerce market if people find a similar product at a lower price and higher quality, they can easily move and buy from more agile competitor.

Another online shopping problem is poor delivery service that result in product arrival takes too long or even damaged. Delivery service is absolutely important in e-commerce, because it is the last stage of the order fulfillment process and from the consumers’ point of view, the most critical. Timely and reliable delivery must be the number one priority and is crucial to the success of every online shop on the planet.

Research Objectives

The aims of this research are to identify the effect of:
1. Product quality and delivery service on online-customer satisfaction.
2. Product quality on online-customer satisfaction.
3. Delivery service on online-customer satisfaction.
THEORETICAL FRAMEWORK

Consumer Behavior

Schiffman and Kanuk (2004:8) defined consumer behavior as the behavior that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs. Kotler, et al. (2011:162) stated that consumer will have a buyer decision process before finally comes out with purchase decision. It consists of five stages: need recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior. It can be concluded that consumer behavior involves the thoughts and feelings people experience and the actions they perform in consumption processes.

Customer Satisfaction

Ziaullah, Yi and Akhter (2014) stated that satisfaction refers to the perception of pleasurable fulfillment in the customers’ transaction experience. In addition, Verhoef, Franses, and Hoekstra (2002) stated that satisfied customers tend to have more repurchase intention, often more tendency and eager to recommend products to their acquaintances relative to those customers who are not satisfied, while dissatisfied customers are intended to search more information about alternatives, there are more chance to switch toward another retailer. It can be concluded that customer is satisfied when a product’s perceived performance matches buyer’s expectations.

E-Commerce

Turban, et al. (2008:4) defined electronic commerce as the process of buying, selling, transferring, or exchanging products, services, and/or information via computer networks, including the Internet. Laudon & Laudon (2012:399) stated that e-commerce is about digitally enabled commercial transactions between and among organizations and individuals. In conclusion, e-commerce is the buying and selling of goods and services, over an electronic network, primarily the internet.

Product Quality

Kotler, et al. (2011:254) stated that product quality is the characteristics of a product or service that bear on its ability to satisfy stated or implied customer needs. Ahn, Ryu, and Han, (2004) defined product quality as the actual functionality of the product, consistency between the quality specification from online shop and real quality of the physical product. Measurement items of product quality used in this research are product quality (the website deals products with high quality), product variety (the website deals various products), and product availability (the website supports high product availability). Customers are likely to visit an online shop with various and high-quality products. If the product quality meets their expectation, customers tend to regard the online shop as useful and continue to visit it. It can be concluded that product quality is the characteristics of a product that contribute to its ability to satisfy customer needs.

Delivery Service

Hedin, Jonsson, and Ljunggren (2006) stated that delivery service is the link in a supply chain that directly deals with customers and it is called the driver of customer satisfaction. Ziaullah, Yi and Akhter (2014) stated that in the scenario of online shopping environment, reliable, safe and timely delivery is fundamental and integral objective of online buyers. Customers tend to buy products at home and they required safe, reliable and quick delivery of desired product at their destinations. In online environment timely and reliable delivery play critical role to meeting customer’s expectations and make them satisfied. Customers can switch very easy form one web to another web page just a single click away or even customer moved towards conventional click and mortar retailers due to the late, unsafe and undesirable products delivery. It can be concluded that delivery service is service organized by a supplier or a shop to take goods to customers.
Lin, Wu, and Chang (2011) The Critical Factors Impact on Online Customer Satisfaction intended to ascertain the factors that affect online consumers’ satisfaction in Taiwan. According to the findings of this research, the customers consider the product and delivery more important; thus, ecommerce proprietors should pay more attention to the product sourcing and cooperate with the delivery supplier to provide a higher quality of delivery, such as correct order, timeliness, and safety packaging. Ziaullah, Yi, and Akhter (2014) E-Loyalty: The Influence of Product Quality and Delivery Services on E-Trust and E-Satisfaction in China found that product quality and delivery services in the context of quality, availability, variety of products, reliable and timely delivery and package safety e-tailers have positive significant effect on e-satisfaction, e-trust that leads to e-loyalty.

Conceptual Framework

![Conceptual Framework Diagram]

**Figure 1. Conceptual Framework**  
*Source: Data Processed, 2016*

Research Hypothesis

The hypotheses of this research are:

H₁: There is a simultaneously significant effect of product quality and delivery service on online-customer satisfaction.

H₂: There is a partially significant effect of product quality on online-customer satisfaction.

H₃: There is a partially significant effect of delivery service on online-customer satisfaction.

RESEARCH METHOD

Type of Research

This research is a causal type of research where it will investigate the effect of product quality and delivery service on online-customer satisfaction. According to Hair, et al. (2007:160), causal research tests whether or not one event causes another.

Place and Time of Research

This study was conducted between March - April 2016 to Zalora Indonesia customers in Manado.

Population and Sample

Population in this research is the people in Manado who have experienced online shopping at Zalora Indonesia. The sample method used in this research is purposive sampling method and snowball sampling method. Rianto, et al. (2013:16) pointed that online shopper in Indonesia is dominated by younger generation aged 15-34 years old which takes 77% of their total respondents. Therefore, the respondent of this research will be from 15-34 group of ages. According to Hair et al., (2010), as cited by Ringim, Razalli and Hasan (2012), the sample size should fall between five and ten times the number of independent variables for regression type of analysis. Sample size used in this research is 100 respondents to prove that sample size used in this research is more than the minimum or required respondents.
Data Collection Method

All the data gathered in this research come one source which is primary data to make an appropriate result. Sekaran and Bougie (2009:37) defined primary data as information obtained first-hand by the researcher on the variables of interest for the specific purpose of the study. The primary data used are collected by distributing questionnaire about the effect of product quality and delivery service on online-customer satisfaction.

Operational Definitions of Research Variables

1. Online-customer satisfaction (Y) is defined as the extent to which Zalora Indonesia product’s perceived performance matches a buyer’s expectations.
2. Product quality (X1) is the actual functionality of Zalora Indonesia products, consistency between the quality specification from Zalora Indonesia website and real quality of the physical product.
3. Delivery service (X2) is defined as service organized by Zalora Indonesia to take goods to customers.

Measurement of Research Variables

Likert scale is used to measure the variables of this research. Sekaran and Bougie (2009:152) stated that Likert scale is designed to examine how strongly subjects agree or disagree with statement on a five-point scale ranging from “strongly disagree” to “strongly agree”. Scale is used to measure the variables of this research.

Data Analysis Method

Validity and Reliability Testing

The validity of a scale may be defined as the extent to which differences in observed scale scores reflect true differences in what is being measured, rather than systematic or random (Malhotra & Peterson, 2006:274). In this research the test is performed by using value of MSA (measures of sampling adequacy). If the value of MSA is above 0.5, the data is considered as valid so it can be used for further tests and analyses (Nasution & Usman, 2008 in The, 2011). Reliability refers to the extent to which a scale produces consistent results if repeated measurements are made (Malhotra & Peterson, 2006:273). Alpha Cronbach test is utilized as reliability test in this research with following criteria; the minimum value of Alpha Cronbach must be 0.6 or it is better if the value is above 0.8 (close to 1). If the reliability coefficient (alpha) is below 0.6, it means that the measurement is considered as not consistent or not reliable (Nasution & Usman, 2008 in The, 2011).

Multiple Regression Analysis Model

To analyze the data, researcher uses multiple regression analysis. Multiple regression analysis is similar to the simple regression analysis but only in this case multiple regression use more than one independent variable to explain variance in the dependent variable. The starting point of multiple regression analysis is the conceptual model and the hypotheses derived from that model that the researcher has developed in an earlier stage of the research process (Sekaran & Bougie, 2009:350). The formula of multiple regression models in this research is as follows:

\[ Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + e \]

Description:

- \( Y \) = Online-Customer Satisfaction
- \( \alpha \) = Intercept
- \( \beta_1, \beta_2 \) = The Regression Coefficient of Each Variable
- \( X_1 \) = Product Quality
- \( X_2 \) = Delivery Service
- \( e \) = Error Standard or Error Term
RESULT AND DISCUSSION

Result

Validity and Reliability

The value of MSA of all indicators of all variables as many as 11 items used in this research are above 0.5. Therefore, the data is considered as valid. The value of Cronbach’s Alpha of 11 items used in this research is 0.903. In this research it shows that the Alpha Cronbach of the entire variables is higher than 0.6, meaning the data is considered as reliable.

Classical Test Assumption

Multicollinearity

Table 1. Multicollinearity Test Result

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product Quality</td>
<td>.582</td>
<td>1.718</td>
<td></td>
</tr>
<tr>
<td>Delivery Service</td>
<td>.582</td>
<td>1.718</td>
<td></td>
</tr>
</tbody>
</table>

Source: SPSS Output, 2016

Table 1 shows that the tolerance value of product quality is 0.582 and delivery service is 0.582 meaning that the tolerance value of each variable is more than 0.1. The VIF value of product quality is 1.718 and delivery service is 1.718 meaning that the VIF value of each variable is less than 10. Since all the tolerance values are more than 0.1 and VIF value of each independent variable is less than 10, this research is free from multicollinearity.

Heteroscedasticity Test

Figure 2. Heteroscedasticity Test Result

Source: SPSS Output, 2016

Figure 2 shows that the pattern of the dots is spreading and does not create a clear pattern. The dots are spreading above and below 0 (zero) in the Y axis. It proves that the model is free from heteroscedasticity.
Normality Test

![Normal P-P Plot of Regression Standardized Residual](image)

**Figure 3. Normality Test Result**

*Source: SPSS Output, 2016*

Figure 3 shows that the data spreads near the diagonal line and follow the direction of diagonal line. This proves that the model has passed the normality test.

Multiple Regression Analysis

**Table 2. Multiple Linear Regression Result**

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>1.364</td>
<td>1.056</td>
<td>1.292</td>
</tr>
<tr>
<td></td>
<td>Product Quality</td>
<td>.394</td>
<td>.110</td>
<td>.289</td>
</tr>
<tr>
<td></td>
<td>Delivery Service</td>
<td>.570</td>
<td>.079</td>
<td>.580</td>
</tr>
</tbody>
</table>

*Source: SPSS Output (2016)*

The formula of multiple regression models in this research is shown as follows:

\[ Y = 1.364 + 0.394 X_1 + 0.570 X_2 \]

Multiple regressions analysis is used to determine the effect of the independent variables on dependent variable. The multiple linear regression equation can be interpreted as follows:

1. Constant value of 1.364 means that in a condition of ceteris paribus, if all independent variables are constant (zero), online-customer satisfaction (Y) as dependent variable will be 1.364.
2. \( X_1 \)'s coefficient value of 0.394 means that in condition of ceteris paribus, if product quality is increased by one scale or one unit, it will improve and increase online-customer satisfaction (Y) by 0.394.
3. \( X_2 \)'s coefficient value of 0.570 means that in condition of ceteris paribus, if delivery service is increased by one scale or one unit, it will improve and increase online-customer satisfaction (Y) by 0.570.

The multiple linear regression result shows that product quality and delivery service have relationship with online-customer satisfaction, where delivery service has the closest relationship followed by product quality.

**Table 3. Table of R and R Square**

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.797</td>
<td>.636</td>
<td>.628</td>
<td>1.757</td>
</tr>
</tbody>
</table>

*Source: SPSS Output, 2016*

The coefficient of correlation (R) measures if there is significant relationship between the three independent variables with dependent variable. The value of R is 0.797 proves that independents variables and dependent variable have substantial positive association. The coefficient of determination \( R^2 \) measures how far the ability of a model in explaining variation of dependent variable. The value of \( R^2 \) is 0.636 which shows that...
the linear relationship in this model is able to explain 63.6% online-customer satisfaction (Y) while the remaining 36.4% is explained by the factors which are not discussed in this research.

Hypothesis Testing

Table 4. F-Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>523.268</td>
<td>2</td>
<td>261.634</td>
<td>84.741</td>
<td>.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>299.482</td>
<td>97</td>
<td>3.087</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>822.750</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: SPSS Output, 2016*

Table 4 shows that F-count is 84.741 with level of significance 0.000. Since the value of $F_{count} = 84.741 > F_{a,(0.05)} = 3.9$ meaning that $H_0$ is rejected and $H_a$ is accepted. Sig <0.05 means that the confidence of this prediction is above 95% and the probability of this prediction error is below 5% which is 0.000. The result declares that there is a simultaneously significant effect of product quality ($X_1$) and delivery service ($X_2$) on online-customer satisfaction (Y).

Table 5. T-Test

<table>
<thead>
<tr>
<th>Model</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.292</td>
<td>.199</td>
</tr>
<tr>
<td>Product Quality</td>
<td>3.596</td>
<td>.001</td>
</tr>
<tr>
<td>Delivery Service</td>
<td>7.219</td>
<td>.000</td>
</tr>
</tbody>
</table>

*Source: SPSS Output, 2016*

1. T-count of $X_1$ is 3.596 with the level of significance of 0.001. Since the value of $t_{count} = 3.596 > t_{a,(0.05)} = 1.99$ meaning that $H_0$ is rejected and $H_a$ is accepted. Sig <0.05 means that the confidence of this prediction is above 95% and the probability of this prediction error is below 5% which is 0.001. The result of this test declares that there is a partially significant effect of product quality ($X_1$) on online-customer satisfaction (Y).

2. T-count for $X_2$ is 7.219 with the level of significance of 0.000. Since the value of $t_{count} = 7.219 > t_{a,(0.05)} = 1.99$ meaning that $H_0$ is rejected and $H_a$ is accepted. Sig <0.05 means that the confidence of this prediction is above 95% and the probability of this prediction error is below 5% which is 0.000. The result of this test declares that there is a partially significant effect of delivery service ($X_2$) on online-customer satisfaction (Y).

Discussion

Conducting a research on customer satisfaction is highly interesting among the researchers. By studying customer satisfaction and its causal factors, it is expected that marketers can develop a sustainable relationship with customers which in particular can increase sales of the store, or in this case the online store. The result of the multiple regression analysis shows that there is a significant effect of product quality on online-customer satisfaction at Zalora Indonesia. In this research, it is represented by product quality, product variety and product availability. This finding has similar result with Lin, et al. (2011) which revealed that product quality has positively improved customer satisfaction in online shopping. This result happens because particularly in online shopping customers cannot directly judge the quality of a product so they must rely on information provided by online shop. As the product is received by customers and meet their expectation, they tend to continue to visit that specific online shop. This result is similar with research conducted by Patterson in Ziaullah, Yi and Akhter (2014), which argues that product quality in terms of performance is the most fundamental determinant of customer’s satisfaction. This result recommends to online shop owners to provide consistent quality products, offer attractive various products and ensure product availability to their customers. Therefore, these sorts of product related characteristics can develop, sustain and improve customer satisfaction in online shopping.
The result of the multiple regression analysis shows that there is a significant effect of delivery service on online-customer satisfaction at Zalora Indonesia. In this research, it is represented by reliable delivery, package safety and timely delivery. It is shown that delivery service has the closest relationship on online-customer satisfaction. This result is supported by a previous research conducted by Ziaullah, Yi and Akhter (2014) which revealed that delivery service has significant effect on online-customer satisfaction. The existence of e-commerce sites make shopping convenient by breaking the location and time barrier. Consumers can make a purchase from anywhere during their daily activity, at the office or campus or even at home. Therefore, delivery service plays a critical role in online shopping to get the products arrived at customers’ hand and fulfills that convenience of online shopping. Online customers pay attention to this and consider product delivery as an important factor as they have paid for it. It is found that in the scenario of online shopping environment reliable, safe and timely delivery play critical role in meeting customer’s expectations and makes them satisfied (Ziaullah, Yi & Akhter, 2014). Customers can switch very easy from one web page to another web page with just a single click away if the particular online shop has poor delivery service in terms of unsafe and undesirable products delivery. Therefore, the recommendation for online shop owners is to maintain delivery service performance as online shop should consistently deliver right products without defect (reliable delivery), packaged the product safely (safety packaging) and products should be able to meet the promised delivery schedule (timely delivery) until it arrives in the hand of customers.

**CONCLUSION AND RECOMMENDATION**

**Conclusion**

Based on analysis and discussion, three conclusions can be formulated:

1. The independent variables which are product quality and delivery service simultaneously influence online-customer satisfaction as the dependent variable. The increasing of these two variables simultaneously will increase the online-customer satisfaction.
2. Product quality as one of independent variables partially affects online-customer satisfaction positively.
3. Delivery service as one of independent variables partially affects online-customer satisfaction positively.

**Recommendation**

It is important to maintain product quality in order to meet customer expectation. Consistent quality products, attractive various products and product availability assurance increase customer satisfaction in online shopping and encourage repeat purchases. Online shops should pay more attention to delivery service by consistently delivering right products without defect, packaging the product safely (safety packaging) and products should be able to meet the promised delivery schedule because it can bring positive and significant effect on online-customer satisfaction.

**REFERENCES**


