Key Drivers of Customer Satisfaction on the E-Commerce Business

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ABSTRACT: To survive in the e-retail business, current online retailers should compete with others to retain their customers. Tremendous efforts are required to meet the expectations of demanding online customers. This means that online businesses should understand what key factors determine customer satisfaction to survive in the current e-commerce business. The aim of this paper is to analyze the key factors of customer satisfaction for e-commerce companies. The methodology of this study is based on the work of (Yoon, 2007), which consists of customer service, fulfilment/reliability, ease of use, product/service offering, and security and privacy. The world's two leading e-commerce companies - Amazon and eBay - were selected as best practice examples for this case.

Keywords: customer satisfaction, e-commerce business, Amazon, eBay

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INTRODUCTION

Over the past two decades, e-commerce has developed rapidly around the world. These remarkable increases have allowed internet retailers to reach many more customers and even generate more business results and profits for these e-commerce companies. As (Clement, 2019) quantifies in the report Global retail e-commerce sales 2014-2023, global e-retail sales are estimated to nearly double in the next three years, from about $3.5 trillion in 2019 to $6.5 trillion in 2022.

However, (Vakulenko et al., 2019) warn that the rapid growth of e-retail should prompt many retailers to change and improve their relationships with customers to sustain their business in the current fierce global competition. In other words, such e-retailers should pay full attention to customer orientation and customer satisfaction. In this case, adopting customer satisfaction best practices is of paramount importance for the long-term sustainability of businesses, especially for the current predominant online or e-commerce businesses. In sustaining the e-retail market, existing online businesses should compete with others to retain their customers. Meeting the expectations of demanding online customers requires significant effort. This means that online businesses should understand what key factors are critical to customer satisfaction in order to survive in the existing e-commerce business.

This paper aims to discuss and analyze the determinants of customer satisfaction in e-commerce or e-retail business by addressing the critical drivers of customer satisfaction. This paper is organized as follows. First, the definition and concept of customer satisfaction and e-commerce are described. Then, the methodology and key drivers of customer satisfaction in e-commerce are discussed and analyzed. Finally, the best practices of two global e-commerce companies, namely Amazon and eBay, are selected to provide a more comprehensive understanding of the application of the key factors of customer satisfaction in the real world. This paper contributes to the knowledge and understanding of the customer satisfaction phenomenon when dealing with the volatility of current and future e-commerce business.

LITERATURE REVIEW

Customer Satisfaction and E-commerce - Theory and Concepts

As noted marketing gurus Kotler and Keller write in their book (Kotler & Keller, 2016) Marketing Management, successful marketers are those who carefully cultivate customer satisfaction. They also define satisfaction as a person's feeling of pleasure or disappointment that results from comparing the perceived performance (or outcome) of a product or service with expectations (Kotler & Keller, 2016). (Szwarc, 2005) states that customer satisfaction can be defined as the way customers evaluate a company’s products or services in terms of their experience with that company and in comparison to what they have heard or seen about other companies or organizations. (Alam & Yasin, 2010) also support this idea by stating that customer satisfaction is the result of a customer’s expectations of the performance of a product or service being met. When the outcome or experience falls short of expectations, the customer is dissatisfied, and research has shown that dissatisfied customers are likely to tell
more people about their dissatisfaction than satisfied customers tell people about why they are satisfied (Szwarc, 2005). (Goldstein, 2009) also states that customer satisfaction is an attractive issue for all current businesses and becomes of everlasting importance for any e-commerce company to survive in business (Rakuten, 2019). In other words, customer satisfaction should be the focus of every marketer and company from the beginning (Shah & Attiq, 2016), because it is crucial for the profit and future survival of the companies (Wu & Tseng, 2014). However, (Yoon, 2007) reminds us that a company should have capabilities and be smart about how and when to measure the difference in customer satisfaction between traditional business channels and Internet-based business channels. Smart companies, therefore, regularly measure customer satisfaction across their different business channels, as this is of utmost importance for customer retention and business performance.

E-commerce or electronic commerce is when a company offers or facilitates the sale of products and services through online websites (Kotler & Keller, 2016), including online retail, electronic markets, and online auctions. According to (Davey, 2019), online retailing has increased worldwide. In 2018, more than 50% of e-commerce sales were made online, and it is expected to grow by more than 66% within five years. The current giant online retailers such as Amazon, eBay, Rakuten, and Alibaba are the conquerors of this type of business, with Amazon and eBay being the only two marketplace providers that have surpassed the one billion monthly visits mark (Davey, 2019). The main reason for the proliferation of these phenomena is that these e-retailers can provide a convenient, informative, and personalized experience for very different types of consumers and businesses. In general, e-commerce firms compete on three critical aspects of a transaction, namely (1) customer interaction with the website, (2) delivery, and (3) the ability to resolve issues when they arise (Kotler & Keller, 2016). Nevertheless, as (Vishnoi, 2019) argues, winning the fierce competition for online businesses is not easy, as e-commerce companies today face many challenges mainly related to how to manage and maintain increasingly demanding customer expectations. Therefore, crucial and appropriate key determinants or drivers of customer satisfaction are required to meet their expectations.

**METHODOLOGY**

The methodology used in this study is based on the work of (Yoon, 2007), which looks at the critical factors for customer satisfaction, namely customer service, fulfilment/reliability, ease of use, product portfolio, and security/privacy (Figure 1).
Finding the key to customer satisfaction that fits the current situation of an e-commerce company is not an easy task. Many researchers and academics have attempted to measure customer satisfaction in their studies and have proposed measurement dimensions for online commerce. To name a few: (Hsu, 2008; Huang & Finch, 2010; Lee & Lin, 2005; Ludin & Cheng, 2014; Wu & Tseng, 2014; Yang & Peterson, 2004; Yoon, 2007), which can be mentioned here. Among these researchers, (Yoon, 2007) study can be regarded as the most comprehensive and authoritative study on customer satisfaction in terms of e-commerce enterprise diffusion because it is not only based on a direct empirical study, but also takes into account customers' behavioural experiences. Therefore, it is also relevant to the current situation of online businesses.

Customer Services

Customer service is the first key factor for all e-commerce companies to develop and maintain. This key factor aims to answer and solve customers' requests and problems as quickly as possible in a good way. As (Kotler & Keller, 2016) claim, customer service is critical to the success of e-commerce companies because, from the customers' point of view, the lack of pleasant customer experiences, social interactions, and personalized advice from a company's salespeople is what discourages online shopping the most. (Yang & Peterson, 2004; Yoon, 2007) suggest that e-commerce firms should provide the best quality service to their customers by equipping their employees with the appropriate knowledge and information, including the necessary knowledge of online technology related to e-commerce/retail and the Internet, in order to understand customers' specific needs and be able to handle customers' problems and complaints in a friendly and courteous manner.
In addition, most companies that have experience with e-commerce know that the determining factors for success or failure depend not only on the presence of the website and a low price, but also on the solid foundation of the quality of electronic services offered to customers (Lee & Lin, 2005). In addition, a company’s prompt response to customer inquiries has a positive effect on customer satisfaction. On the other hand, if an online company offers poor customer service, it may result in a loss for the company. Empirical studies have also shown that customer service has a significant impact on online customer satisfaction (Ballantine, 2005; Yoon, 2007).

**Fulfillment/Reliability**

The second key factor for customer satisfaction is fulfillment or reliability. The goal of this key factor is to fulfill customer orders correctly and deliver them on time (Lee & Lin, 2005). (Yang & Peterson, 2004; Yoon, 2007) argue that it is important for the company to provide service correctly by executing customer transactions correctly, maintaining customer records correctly, and delivering customer orders in a timely manner. As (DHL, 2017) states, order fulfillment is becoming one of the global e-retailer champions and is a key determinant of customer satisfaction (Thirumalai & Sinha, 2005). This idea is supported by many researchers who have found that fulfillment and reliability have a significant impact on e-commerce satisfaction (Griffis et al., 2012; Hsu, 2008; Huang & Finch, 2010; Koufteros et al., 2014; Yen & Lu, 2008). Therefore, (Vakulenko et al., 2019) argue that a negative outcome in fulfillment and reliability could affect overall customer satisfaction and ruin the future of these e-commerce companies.

**Ease of Use**

The third key determinant of customer satisfaction is usability. The goal of this key factor is to provide a user-friendly website that is easy to navigate from the customer's perspective, both in terms of menu and organizational structure (Yang & Peterson, 2004; Yoon, 2007). This is because, as (Hsu, 2008) argues, many customers feel irritated by Internet-based transactions due to the complexity, especially customers who are not used to the application. Therefore, (Kotler & Keller, 2016) call for online companies to make the website faster, simpler, and more user-friendly. (Lee & Lin, 2005) believe that the quality of web design is crucial for online stores and has a positive impact on customer satisfaction. Many scholars also support this idea that website usability has a significant impact on customer satisfaction in online business (Alam & Yasin, 2010; Lin & Sun, 2009; Shah & Attiq, 2016; Yoon, 2007).

**Products/Services Portfolio**

Providing a wide range of the company’s products and service packages, also known as product/service portfolio, is the fourth key factor for customer satisfaction in online business. This key factor aims to provide a suitable range of products/services and features to the target customers (Ballantine, 2005; Hsu, 2008; Yang & Peterson, 2004; Yoon, 2007) also found that this key factor has a
significant impact on online customer satisfaction. In contrast, (Ludin & Cheng, 2014) found that this key factor does not have a significant influence on customers' online satisfaction, especially in the preference of young adult generation (study on Malaysian online shopping customers). It is assumed that these young customers are not interested in the portfolio packages, but only in the usability of the website design and the lower price of the product.

Security and Privacy

The last important factor for customer satisfaction is security and privacy. (Hsu, 2008) argues that due to the lack of direct contact, customers need promising security before disclosing their personal information; this is especially true for customers who have no experience with online shopping and are sceptical that payment systems are sufficiently secure. Therefore, the main purpose of this key factor is to use an appropriate tool to protect customers' personal information and to guarantee that this information is kept confidential and safe during online transactions. (Yang & Peterson, 2004) argue that customer trust is critical in the Internet transaction market. (Kotler & Keller, 2016) also point out that ensuring security and privacy online is crucial; therefore, customers should believe that the website is reliable. Another goal of this key factor is that customers feel comfortable shopping online (Lee & Lin, 2005) and that they find a safe shopping environment (Lin & Sun, 2009).

Interestingly, while many researchers have found that this key factor has a significant impact on online customer satisfaction (Ankit, 2011; Lee & Lin, 2005; Yang & Peterson, 2004; Yen & Lu, 2008), other researchers have found the opposite (Eid, 2011; Ludin & Cheng, 2014; Papaioannou et al., 2013; Yoon, 2007). It is possible that customers in different regions searched only for the lowest price of products/services or for the variety of products/services offered on the website. This is in line with the (PricewaterhouseCoopers, 2016) report, that more than 60% of customers worldwide cite the lowest price as their first reason for visiting an e-commerce website.

These key factors can be summarised as follows:

Table 1. Customer Satisfaction Key Drivers for the E-Commerce Business

<table>
<thead>
<tr>
<th>Customer Services</th>
<th>Fulfillment/Reliability</th>
<th>Ease of Use</th>
<th>Products/Services Portfolio</th>
<th>Security &amp; Privacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Company's employees have the knowledge and ability to respond to and resolve customer inquiries and problems quickly and appropriately;</td>
<td>The company was able to perform the service correctly the first time; Clients' online transactions are always correct, and the company keeps</td>
<td>Customers can always easily find their way around the company's website; All customers' shopping needs and functions are always</td>
<td>The company offers a wide range of products/services packages; The company always offers products/services that customers</td>
<td>Customers feel that online transactions are safe and secure; The company will not mistreat</td>
</tr>
</tbody>
</table>
Company employees are able to understand the specific needs of customers and respond to customer complaints in a friendly and courteous manner.

- clients' records are included in the menu options;
- products/services ordered by the customers were delivered within the promised time;
- The structure and organization of the online content is easy for customers to understand (applicative web design structure);
- The need;
- customers' personal information.

Source: adapted from (Yoon, 2007)

IMPLEMENTATION AND DISCUSSIONS

To gain a more comprehensive understanding in analysing the implementation of key factors for customer satisfaction in real business, the world's two leading e-retail companies, namely Amazon and eBay, were selected as best practise examples.

#1 Key Driver – Customer Services

As mentioned above, this key factor aims to answer and solve customers' requests and problems as quickly as possible and in a good way. For this key factor, both companies have intensively developed a unique and attractive program. Amazon and eBay declare that customer service is part of their DNA system for business strategy (Channelreply, 2016; Hinshaw, 2016). To maintain this key factor, Amazon has developed some powerful approaches, including applying buyer-seller contact response time (CRT) metrics, implementing the training program to build a corporate culture for all employees, operating customer service centers around the world, cultivating a collegial support community, and even providing Mayday caller support systems 24/7 (Amazon, 2019; Hinshaw, 2016). Meanwhile, eBay also has several popular customer service tools, namely Feedback Score Report System, Contact Seller Support Link, and Lean Six Sigma Black Belt team building (Channelreply, 2016; Fuhren, 2016; Geldman, 2019; Gertz, 2017; Papaioannou et al., 2013). These applied tools aim to improve customer service in order to continue to fully satisfy the customers of both companies.

#2 Key Driver – Fulfilments/Reliability

The goal of this key factor is the correct execution and prompt delivery of customer orders. In order to satisfy customers on this key factor, Amazon has even imposed strict regulations to achieve the best benchmark rates. For example, Amazon has stipulated that Order Detect Rates (ODR) should be less than 1%, Pre-Fulfillment Cancelation Rates (PFCR) should be less than 2.5%, and Late Dispatch Rates (LDR) should be less than 4% (Profitsourcery, 2015). In addition, Amazon has established the Fulfillment by Amazon (FBA) warehouse around the world (Geldman, 2019). Meanwhile, eBay has also created impressive systems to satisfy its customers in terms of fulfillment and
reliability. These include the introduction of guaranteed delivery within 3 days, otherwise customers will receive the goods for free, the application of eBay shipping materials, eBay money back guarantee, and the introduction of eBay Global Shipping Program to reach customers around the world (eBay, 2018; Geldman, 2019; Gertz, 2017). All these tools aim to fulfill the promise to both companies' customers and achieve their satisfaction.

#3 Key Driver – Ease of Use

This driver aims to create user-friendly and easy-to-navigate websites from the customer’s point of view. In other words, the website should be designed to be as interactive and application-oriented as possible. In terms of this driver, eBay seems to be much further ahead compared to its website design counterpart. Not only has the company developed millions of new customer-facing browsing pages, but it has also introduced a user-friendly, artificial intelligence-enabled access search that can be browsed directly through iOS and Android apps (eBay, 2018). Amazon has also introduced do-it-yourself (DIY) services for its customers by streamlining its website structure and intelligently categorizing its easy-to-navigate website features (Amazon, 2019). These approaches are designed to satisfy customers when they search for both companies.

#4 Key Driver – Products/Services Portfolio

The goal of this driver is to provide a suitable assortment and offer the features of the products/services to the target customers. Amazon and eBay have jointly provided a huge range of products/services to satisfied customers through their websites. For example, Amazon provides one-stop shopping by offering hundreds of millions of unique products in a dozen categories (Amazon, 2019). In addition, Amazon offers a membership program called Amazon Prime, which provides customers with unlimited free shipping on over 100 million items.

Similarly, eBay offers more than one million products in 17 categories and services, ranging from baby and business items to travel items and video games (eBay, 2018). eBay is also introducing an online classifieds platform that can be accessed worldwide to help customers find their products by engaging local communities. All these platforms aim to maintain the loyalty and satisfaction of their customers so that they do not switch suppliers or buy from other suppliers.

#5 Key Driver – Security and Privacy

The purpose of this driver is to ensure the security of customers' personal data and transactions. Both companies are strictly committed to this. For this reason, eBay has established the eBay Security Center and provides the Global Privacy Office for privacy protection. In addition, eBay has introduced a new authentication program to protect the rights of its customers (eBay, 2018; Maplesden, 2019). Meanwhile, Amazon is also implementing a rigorous policy violation review process to protect its customers' interests in payments and personal data (Profitsourcery, 2015).
A summary of these important factors implemented by Amazon and eBay can be found in Table 2.

**Table 2. The Implementation of Customer Satisfaction Key Drivers**

**Best Practices**

in Amazon and eBay

<table>
<thead>
<tr>
<th>Items</th>
<th>Amazon</th>
<th>eBay</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer Services (CS)</strong></td>
<td>The CS strategy is in Amazon's DNA. Amazon requires every seller to respond to a customer within 24 hours. Failure to do so negatively impacts the buyer-seller contact time (CRT) metric. <strong>Culture Building Program</strong> - 2 days of mandatory call center training to learn how to listen to customers (not just talk) and better understand their needs. Ability to handle customer inquiries faster. Timely Customer Service. Operate customer service centers around the world. <strong>Build a collegial support community.</strong> &quot;Mayday&quot; 24/7 support for callers.</td>
<td>Provide customers with a direct line of communication, a direct message or phone call. <strong>Provide quick solutions.</strong> Tailor to each individual customer by implementing the Customer DNA system. <strong>Built a team of Lean Six Sigma Black Belt-certified people to drive continuous customer service improvements at eBay in key markets across North America, Europe, and Asia Pacific. A strong and proven reporting system for feedback points.</strong> <strong>Contact Seller Support Link</strong></td>
</tr>
<tr>
<td><strong>Fulfilments/Reliability</strong></td>
<td>Do not tolerate bad sellers, Set a goal of &lt; 1% failure for the (Order Deliver Rates) ODR metric. Cancelation rate should be less than 2.5% to meet Amazon's Pre-Fulfillment Cancelation Rates (PFCR) target. <strong>Late Dispatch Rates (LDR)</strong> should be less than 4% to meet Amazon's goal. Maintain product quality that enables fast and reliable fulfillment; fulfill customer orders in North America and internationally; co-sourcing and outsourcing arrangements in certain countries; digital delivery; and through our physical stores. <strong>Fulfillment by Amazon (FBA) Warehouse</strong></td>
<td>Introducing guaranteed delivery in three days or less on millions of items on eBay, many of which also ship for free. eBay shipping accessories; eBay Money-Back Guarantee; <strong>Apply for the Global Shipping Program</strong></td>
</tr>
<tr>
<td><strong>Ease of Use</strong></td>
<td>The power of DIY user services (easy to navigate help centre). The Amazon website offers a clear and easy-to-navigate smart categorization and</td>
<td>Created millions of new customer-facing browsing and product pages that are simple, insightful and easy to use. Launched AI-powered image search, allowing users to search for any item image. <strong>Testing a new type of search</strong></td>
</tr>
</tbody>
</table>
Overall, Amazon and eBay have been thoughtful about implementing the most important customer satisfaction factors from the start. As a result, both companies rank first and second, respectively, among the world’s leading online retailers, with more than six billion combined monthly customer visits to their websites and more than $240 billion in revenue in 2018 (Davey, 2019; Khandelwal, 2019). According to the American Customer Satisfaction Index (ACSI, 2019), both Amazon and eBay have achieved a customer satisfaction index of more than 80 percent since their inception. Amazon has even surprisingly proven to be the best online company, holding the top spot for nine years from 2010 to 2018 (ACSI, 2019).
CONCLUSION AND FUTURE RESEARCH RECOMMENDATION

In this paper, the key factors for customer satisfaction in e-commerce were discussed. Five key factors were described and analysed, namely customer service, fulfilment/reliability, ease of use, products/services, and security/privacy. The discussion of these five key factors showed that most of the factors have a significant impact on customer satisfaction in online commerce, except for the security and privacy factor, which provided pro and con results. Nevertheless, all key factors were applied by the two selected e-retail companies, namely Amazon and eBay, and have a significant impact on their performance and customer satisfaction.

This study is a useful research for companies and businessmen who run an online business and want to improve and maintain their performance by focusing on customer satisfaction in their daily business activities. Moreover, this study has the shortcoming of not addressing the aspects that are not covered. In this paper, only the key determinants of customer satisfaction for online retailing proposed by (Yoon, 2007) are addressed. Other determinants of customer satisfaction, e.g., for brick-and-mortar retail or other product/service categories, are not considered in this study. This means that other researchers should discuss and analyse them.

As (Lemon & Verhoef, 2016) note, current and future companies should understand and consider the social behaviour of the customer experience and customer journey over time, as today's customers interact with and are exposed to numerous different channels and media; and customer satisfaction is also an essential component of the customer experience and customer journey. Therefore, it is recommended that this behaviour and the nature of the customer experience be further explored in the future.

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