

The Challenges of Service Quality and Customer Satisfaction for E-retailers in the Post Covid Era: A Case of Fashion Retailer Sector of Pakistan

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Abstract. Service quality and customer satisfaction are important topics in the context of marketing and business, it has particularly become a challenge for the e-retailers in the post covid era. The present study aims to examine the role of E-service quality on customer satisfaction in the context of retail clothing. Also, to find out the moderating role of perceived value for money on the relationship between E-service quality and customer satisfaction. The data that was used to analyze this relationship was collected from 225 customers of online shopping. The research model was analyzed using a structural equation modeling technique. Results show that customer satisfaction is dependent on the factors of Service quality. Customers are highly satisfied if they get find the website easy to use, face no problem while placing the order, and get the product delivered on time. Moreover, the perceived value of money plays a moderating role in the relationship between E-service quality and customer satisfaction. Due to time limitations, we were able to collect 225 responses. Moreover, the results exhibit a negative influence of customer service on satisfaction. This study will help managers how they can increase customer satisfaction by offering the right amount of service. It will help managers to understand the sensitivity of each dimension of service quality influencing customer satisfaction. Moreover, while giving discounts and services they will be able to attract new customers as well. SERVQUAL has been used first time in the context of retail clothing in Pakistan. The results of this study enhance the knowledge of organizations that how online service quality is important to gain customers. It will help organizations to find out what exactly customers want from them which will help them to improve their services.

Keywords: E-service Quality, Customer Satisfaction, Online Shopping, SERVQUAL, E-SERVQUAL, Retail Clothing.

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1. Introduction

Customer satisfaction and E-service quality are two major insights in marketing philosophy (Spreng & Mackoy, 1996). Due to better Service quality, there can be a rise in customer satisfaction (Alauddin, Ahsan, Mowla, Islam & Hosain, 2019; Leinkumar, 2017). Many researchers have worked on the relationship between customer satisfaction and service quality. A lot of them used the SERVQUAL model to explain this relationship. Selvabaskar and Shanmuga Priya (2015) used the SERVQUAL model in their study to explain customer satisfaction in clothing retail in India.

According to the result of their study, a lot of customers are satisfied with many of the SERVQUAL dimensions.

SERVQUAL model is being studied in other sectors like banking (Sangeetha and Mahalingam, 2011). But there has not been much work done on online retail clothing in Pakistan before. According to the previous studies, there are four determinants of E-service quality that influence customer satisfaction. They are named web design, assurance, order management, and customer service. The online retail clothing firm should pay more attention to these

determinants. They should focus on the E-service quality facts and make their marketing strategies according to it; it will help them to get success in the future. This suggestion is made because service quality can be helpful for a firm in achieving competitive advantages among its competitors. It is also suggested to make comparisons between different clothing brands from different cities or other service industries to add more perceptions into the marketing research.

This research explores the influence of various dimensions of E- SERVQUAL on customer satisfaction. Furthermore, this study investigates the moderating role of perceived value for money on the relationship between perceived E-service qualities on customer satisfaction. Parasuraman (1985) shows a conceptual service quality model which states that if service quality matches with customer standards and expectations, it will lead to the high perceived value which will ultimately lead to high customer satisfaction. (Tam 2004, Howat & Assaker 2013, Yu 2014).

2. Literature Review

Customer satisfaction has become important these days. It is clearer when you understand that there is no business without customers. Customer is the center of attention for any organization, Braciníková, and Matusšínská (2017). A single dissatisfied customer can affect the company more than a satisfied customer. For any firm, the most critical thing is to understand the needs of the customer.

The service quality in a network of the business is one of the leading lights of customer satisfaction for various needs. It is an important part of the competition, as it is related to the company's ability to meet customer needs which is an important thing (Hoa Nguyen, Chung, Jeong, 2018), Company's capability of meeting customer needs itself is greatly

affected by the level of quality and the level of the quality of services provided by the company to its customers, which includes all quality aspects in the form of product quality and service. In this way, on the off chance that there's a crevice between the level of quality conveyed by the company and the genuine needs of the client, there will be a issue of customer dissatisfaction which may be a quality issue that ought to be settled by the company since it can influence the misfortune of clients that are possessed by the company (Kim, 2013). Parasuraman has developed one of the references to service quality, Zeithaml, and Berry have developed the model that has been used for a long time and is still used today, it is SERVQUAL or service quality (Parasuraman, Zeithaml, & Berry, 1988). According to Rauch (2015), to look at a total assessment of a company, the administration should compare its execution with its customers' desires and with the execution of other companies within the same industry.

Consumers' discernment of e-service quality has presently ended up a portion of the in general assessment of all the administrations given by the organization (Alzoubi, 2019). Providing high-quality service in an online platform in absence of human interaction has become a challenge for service-oriented businesses. (Kim and Kim, 2020). Moreover, The COVID-19 pandemic has forced businesses to change the way they conduct their business and find new solutions (Carnevale and Hatak, 2020). Internet is now the fastest way for many organizations to expand their business and increase their efficiency in providing better and fast services to the customers (Pedro, 2001).

According to the study of Van der Wiele and Timmers (1990), it is not sufficient to just satisfy a customer, but also to make it happy by exceeding their expectations to achieve a competitive advantage. To do that, the firm needs to work on its continuous

improvements in providing service. The result of empirical studies shows that service quality is linked with customer satisfaction (Babakuset, 2004). Customers, who are highly satisfied with the quality of service, show a high level of response i.e. customer satisfaction.

Grewal (1998) in his study assumed acquisition and transaction values for the measurement of perceived value. Soutar and Sweeney (2001) defined value as a mixture of emotional, quality, price, and social factors. Customer perceived value is a weapon to attract or retain customers if customers will get what they paid for, they will be more attracted. And if not, they will switch (Zeithaml, 1988; Woodruff, 1997).

Customer perceived value can also be defined in the context of price, quality, benefits, and social psychology. Slater and Narver's (2000) study show that customer value will be maximized when the benefit will be more than the cost incurred. Firms should provide good quality products and services at fewer prices, it will help them gain customer loyalty and in case a firm fails to do so, it can lose profitability and customers will start searching for an alternative. Although perceived value is different for quality and it is different for price. Different researchers suggested ways to enhance perceived value. Gale and Klavans (1985) suggested two ways provide value, firstly by reducing price and keeping performance the same. Secondly by keeping price same and increasing performance. In this way, the company will be able to provide value to customers and will be able to attract more customers.

According to the findings of previous researchers, service quality, perceived value, and customer satisfaction are some of the factors that help service-providing firms in gaining competitive advantage and success (Bolton and Drew, 1991; Parasuraman, Zeithaml, Berry, 1988, 1991, 1996). According to the

study of Anderson & Fornell, (2000) client fulfillment has three variables: to begin with is seen benefit quality, at that point seen esteem and the client desires, where benefit quality includes a coordinate effect on client fulfillment. When the desires meet the real execution, a client will be considered as fulfilled, though in the event that desires seem not be met, a client will be disappointed (Szymanski and Henard, 2001).

As given in the previous studies, The SERVQUAL model has been used to measure service quality on the five dimensions that are empathy, tangibles, assurance, responsiveness, and reliability. According to the study of Lee and Lin (2005), they identified the main factors that influence customer satisfaction. Those factors are as follows, Website Design, Personalization, Reliability, Responsiveness, and Trust. Furthermore, few studies proposed that the SERVQUAL scale items should be redeveloped before they can be expressively used in the situation of online shopping (Van 2001; Santos, 2003).

3. Website Design

As there is a physical store of any organization, which shows the appearance of staff, equipment, etc. it is a tangible element of SERVQUAL. In an online environment, there is a need to focus on this element by web design, as it is the first impression of the store and it plays a huge role in the purchasing process. There should be Easy use of the online transaction. It is related to the design of the website for example the layout, user-friendliness, content, etc (Yang and Fang, 2004; Yang 2004). In terms of comparison between online purchasing and offline purchasing, purchasers from online websites perceive that they have a benefit in the sense that the information they receive is authentic and directly from the website and they don't need to look at any salesperson (Zeithaml, 2002).

3.1. Customer service

Previously it was thought that being present online and having a business is the only factor to get successful. But now, customer service has proved itself the major element for achieving good profits and success for any organization (Zeithaml, 2002). Now every customer wants attention, to get their order on time, to get a response quickly, and access to the information they need.

3.2. Assurance

Affirmation can be defined as a kindness of workers, their information, and the capacity to exchange believe and confidence to clients, Parasuraman, Zeitham (1994). This characteristic can be shown in a way that the service provider would provide security and credibility along with the service (Parasuraman et al., 1998). As has been observed in online purchasing, customers have a major security concern. And when it is assured that they are on the right website and no one is going to bluff them it is then easier for customers to trust (Wolfenbarger and Gilly, 2002).

3.3. Order Management

It is characterized as improving the speed and exactness of arrange preparing and fulfillment for a prevalent obtaining involvement for clients and trade accomplices. This dimension is related to the process of changing, delay in the process of purchasing at any time and with no compulsion, and obtaining available information of the product at the time of purchase.

4. Conceptual Framework

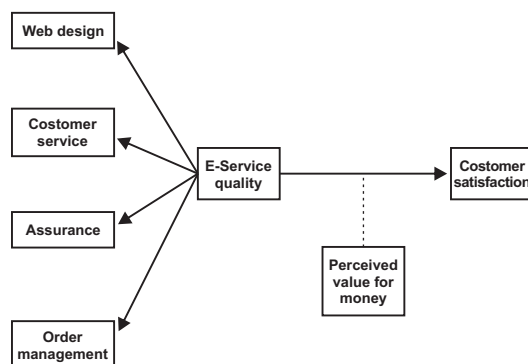


Fig. 1. Proposed Model of Conceptual Framework.

4.1. Proposed hypotheses

Based upon the above discussion the study proposes the following hypotheses. The figure 1 exhibits the proposed model based upon these hypotheses.

H1: There is a positive relationship between E-Service Quality and Customer Satisfaction

H1.A: There is a positive relationship between web design and Customer Satisfaction.

H1.B: There is a positive relationship between customer service and Customer Satisfaction.

H1.C: There is a positive relationship between Assurance and Customer Satisfaction.

H1.D: There is a positive relationship between Order Management and Customer Satisfaction.

H2: Perceived value of money moderates the relationship among E-service quality and satisfaction of the customer in a way that with high perceived value for money strengthens the relationship between service quality and customer satisfaction and vice versa.

5. Research Methodology

The study in hand is quantitative, cross-sectional and convenience sampling technique was chosen for data collection. An online questionnaire was developed and distributed among 250 male and female online shoppers.

The sample size was chosen based on the 10 rules of thumb provided by Hair Jr, Sarstedt, Hopkins and Kuppelwieser (2014) $25 \times 10 = 250$ and we received 230 surveys filled. The data was analyzed using SPSS and Amos version 23.

5.1. Instrument Development

The survey comprises instruments from the past studies and 5 points Likert scale. The scales were adopted from Customer service (), web design (), Assurance (), order management (), the perceived value of money (), customer satisfaction.

5.2. Descriptive of the study

The descriptive of this research presents that most of the respondents were male. The age group of the respondents was 21-25 and the education level of the majority of respondents was Bachelor. Table 1 represents the demographics of the study.

5.3. Model Fitness Indices

The confirmatory factor analysis was performed using Amos to assess the model fitness. Table (2) presents the model fitness. All values are within the acceptable range (Ahmad, Zulkurnain, & Khairushalimi, 2016).

Table 1. Descriptive of the Study

Variable	Frequency	Percentage
Gender		
Male	139	63.2%
Female	81	36.8%
Age		
15-20	24	10.9%
21-25	146	66.4%
26-30	39	17.7%
31-35	8	3.6%
36-40	2	0.9%
Education level		
Bachelor	121	55%
Masters	82	36.8%
M. Phil.	14	6.4%
PhD	4	1.8%
Brand		
Limelight	4	1.8%
J.	62	28.2%
Ideas	9	4.1%
Breakout	21	9.5%
Outfitters	51	23.2%
Khaadi	43	19.5%
Beechtree	17	7.7%
Others	13	5.9%

Table 2. Model fitness Indices

Measure	Value	Acceptance Range
CMIN	356.489	
DF	205	
CMIN/DF	1.739	Between 1 and 3
CFI	0.855	>0.95
RMSEA	0.058	<0.06
PClose	0.094	>0.05

5.4. Reliability and Validity

The reliability of the present study was computed using SPSS and all values were above 0.7 and within the satisfactory range. Further, composite reliability was also computed using Amos. After satisfactory reliability results, convergent and discriminant validity was computed.

The concurrent legitimacy was surveyed utilizing Normal Fluctuation Extricated (AVE), and all Values were inside the satisfactory extend of 0.5. Then Discriminant validity was analyzed; the square root of the AVE of every scale should be larger than the

correlation coefficient of another scale (Ab Hamid, Sami, & Sidek, 2017; Sekaran & Bougie, 2016). Table (3) represents the reliability and validity of the constructs.

Table 3. Reliability and Validity

	CR	AVE	MSV	OM	WD	A	S	CS
OM	0.702	0.572	0.09	0.61				
WD	0.751	0.58	0.151	0.239*	0.616			
A	0.738	0.568	0.038	0.151	0.150*	0.607		
S	0.726	0.516	0.151	0.300**	0.389***	0.195*	0.645	
CS	0.724	0.549	0.081	0.270*	0.284**	0.61**	0.223**	0.591

Table 4. Reliability and Validity

Hypothesis	Structural Path	β	p
H1	CS <--- S	.116	.294
H2	CS <--- WD	.419	.002
H3	CS <--- As	.167	.014
H4	CS <--- OM	.201	.053

Notes: CS =customer satisfaction, S =customer service, WD = Web design, As= Assurance, OM= Order management

Table 5. Moderation Influence of perceived value of money between E service quality and customer satisfaction

Relation	β	p	LLCI	ULCI
Customer Satisfaction as DV				
Customer Service x Perceived value of Money	-0.1305	0.054	-.2638	- .0027
Web Design x Perceived value of Money	-0.40	0.000	-0.032	-0.05
Assurance x Perceived value of Money	-0.13	0.05	0.26	0.005
Order Management x Perceived value of Money	-0.18	0.00	-0.32	-0.05

p<0.01), customer satisfaction, and order

5.5. Structural Equation Modelling

The testing of the structural model is based on calculations of model fitness to see the correctness of the model as well as it investigates the theoretical relationship between all variables (hypotheses testing). The results of the hypothesis testing were presented in table (4). The results revealed that there is a positive and significant influence of customer satisfaction and web design ($\beta=0.419$, $p<0.01$), customer satisfaction and assurance ($\beta=0.167$,

5.6. Moderation Analysis

The moderation analysis was performed using Hayes Processes model 1 (Hayes, 2012). The output is presented in table (5). All values are within the satisfactory range provided by E-service quality and customer satisfaction.

6. Conclusions

The data was collected from 225 customers and the research model was analyzed using a structural

equation modeling technique. The following conclusions were drawn:

- Customers are highly satisfied if they get find the website easy to use, face no problem while placing the order, and get the product delivered on time. Moreover, the perceived value of money plays a moderating role in the relationship between E-service quality and customer satisfaction. The results exhibit a negative influence of customer service on satisfaction and it will help managers how they can increase customer satisfaction by offering the right amount of service. It will help managers to understand the sensitivity of each dimension of service quality influencing customer satisfaction. Moreover, while giving discounts and services they will be able to attract new customers as well. SERVQUAL has been used first time in the context of retail clothing in Pakistan. It will help organizations to find out what exactly customers want from them which will help them to improve their services.

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