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REVIEW ARTICLE

THE EFFECT OF PRICE PERCEPTION AND CONVENIENCE ONLINE SHOPPING TOWARDS CUSTOMER SATISFACTION OF BATIK PRODUCTS IN INDONESIA

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ABSTRACT

The purpose of this research is to empirically prove price perception, information search convenience, and transaction process convenience on customer satisfaction to the batik products online. Quantitative approach was used in this research with 165 respondents as samples. The purposive sampling was used as the sampling technique. The result of the first hypothesis showed that the correlation between the price perception and the customer satisfaction was positive and significant. The result of the second hypothesis showed that the correlation between information search convenience and the customer satisfaction was positive, though not significant. The result of the third hypothesis showed that the correlation between transaction process convenience and the customer satisfaction was positive and significant.

INTRODUCTION

The advance of information technology has grown rapidly in the recent decade. The result of research conducted by Association of Indonesia Internet Service Provider showed that the trends of internet users in Indonesia in the last three years has increasingly grown. This can be seen through the penetration of internet users in urban areas that reaches significant growth. Besides, if it is compared to the internet users in neighbor countries such as Vietnam, Philippine, Thailand, Malaysia, and Singapore, Indonesia has the biggest internet users. Pentina et al. (2011) study explains the effect of global economy arising from the economic recession has affected the retailers increasingly challenge the customers to be thrifty through the model empowerment of product selling, make goods as commodity, create fragmented markets, and intensify the competition. Furthermore, Pentina et al. (2011) says that online retail has unique strategies and chances to play the main role in the global market by providing the free location, and retail service with rich information that eventually can restrain the customers. Online shopping has become a trend for customers in Indonesia in purchasing products. Some customers in Indonesia consider that the online product selling patterns has become a part of their life style in the advance of technology and technology alteration challenges eras. The research result shows that the online shopping trend has shown a quite high increase in the last three years.

This was supported by the eases offered in online service providers such as shopping ease, transaction ease, and information ease given (Nuryakin and Farida 2016). Furthermore, the survey result showed that the trends of online shopping customers have shifted significantly their way of shopping from offline to online. Meanwhile, the customer orientation in shopping known as a life style has already shifted (Gehrt et al. 2012). Customers have assumption that they have used various different approaches of shopping activity. Moreover, the study conducted by Pentina et al. (2011) found that the online experiences of sensory, cognitive, pragmatic, and relational are a new form of online shopping experiences, in this case interactive and involvement. Other research results attempt to identify the most appropriate dimensions to measure the online service quality. From the various studies about the service quality, the most popular scale used in the researches is from Parasuraman et al. (2005) known as E-S-Qual. Those dimensions consist of four interrelated dimensions, namely efficiency, accomplishment, system availability, and privacy. However, one of the most determining characteristics is a system service which takes benefit of the internet implementation to potentially offer the important information. The previous studies also shows the quality of service developed by Zeithaml et al. (2001) and the its effect towards the quality of internet service known as scale concept of e-SQ (e-Service Quality). Meanwhile, Chang and Wang (2011) in his study, they found that the quality of e-service has influences towards the values of customer satisfaction, and eventually affects the customer loyalty. The objective of this research was to empirically prove price

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perception, information search convenience, and transaction process convenience on customer satisfaction to the batik products sold online. The respondents of this research are the customers which have bought some batik products through online shops. The trend of batik product online selling has also been done by the sellers of Batik Indonesia, especially in Surakarta.

Theoretical background and Hypotheses Development

The Relationship between Price Perception and Customer Satisfaction

According to Johnson (2001), the customer satisfaction is defined in a variety of perspectives. Meanwhile, the customer satisfaction in online shopping is defined as the customer evaluation for his/her experience, and reactions to certain products in the transaction or to react to the service (Oliver 1997). Service quality, customer satisfaction, and customer value are important factors for the success of a company (Wang and Po-Lo 2002). Nagy and Kacmar (2013) says that one of the positive attributes related to customer satisfaction levels still need to be investigated. Furthermore, customer satisfaction is defined as someone's good feeling arising from comparing product, service, or experience related to a business with expectations that the product, service, experience give much more what s/he has expected. Customers have different tendencies and desires in their behavior towards online shopping Park and Stoel (2002).

Furthermore, it is said that the internal individual factors (e.g., the proximity of the brand, the previous shopping experience), external factors (such as, information on the website) and the search for information become the determinants of consumer intentions in shopping or buying back via the Internet. Researcher such as Gehrt et al. (2012) has proved empirically about the identification and assessment of online shopping behavior, which is determined by the value of a singularity, the quality and price offered, and the company's reputation. In the quality at any price offered, reputation will be the most dominant segment in the online shopping behavior. Meanwhile, Jiang and Rosenbloom (2005b) found that once the customers are satisfied of their online shopping, they will tend to repeat purchases (intention to return).

The satisfied customers will tend to match the perception of the price they had acquired. The important role of online shopping in influencing the customer behavior has also been investigated by (Gehrt et al. 2012). The results of the study indicate that there are some consumer orientations in their behaviors to online shopping, among others are influenced by the website and assessment attributes, very similar demographic factors and customer work. Meanwhile, Xu and Paulins (2005) says that the customers have a positive attitude towards the online shopping clothing products segment. In addition, Al-hawari and Mouakket (2012) found the customer tendency to utilize and adopt multiple networks in online shopping behavior.

Based on literature review and previous study, it can lead to the following hypothesis.

H1: the price perception has positive effect on the customer satisfaction.

The correlation between information access convenience and Customer Satisfaction

The concept of easiness in online shopping transactions have a positive impact on customer purchases (Jiang et al. 2013). Therefore, other literatures say that the concept of online services quality is investigated by identifying several dimensions of service conveniences such as unique features with dimensions of easy usage, interactivities, information search, depth and richness of information, and security (Parasuraman et al. 2005). Oliver (1997) also explains that marketers tend to require satisfaction concept as a cognitive attribute-based evaluation, but as the emotional response to the products while using the service. The advance of e-commerce use and other applications to meet the needs and assess the services leads to further consequence on the rise of information technology users. Various dimensions in measuring the ease of online shopping have been studied; mostly aiming to develop the measurement scale adjusted to the developed media. Jiang and Rosenbloom (2005a) says that the process of selling products/services in e-commerce generally consists of the service prior to the sale (information mode, product development, and comparison offer), transactions (trade and financial), physical order fulfillment and after-sales service. The sale processes focused on the physical and virtual activities and challenge of meeting customer expectations at every stage of the shopping process.

Another study conducted by Pentina et al. (2011) concludes that the presence of retailers as in-store and online shopping experience with the approach of sensory, cognitive, pragmatic, and relational is a new type of the online shopping experience (interactive/involvement). Furthermore, Pentina et al. (2011) describes the customer involvement with online store, their friends and other shoppers through direct meetings become an important deciding factor in influencing consumer attitudes. Then and DeLong (1999) says that access to information on the website will be a very useful resource in a market in the situation that the customers may not have access to a variety of retail stores. Meanwhile, Johnson et al. (2005) mentions that the current internet users come from other region populations. The customers or small communities will tend to shop online because of the reduced number of choices of small retail community. Since the customers are more likely to shop online, therefore the consumer sees it as profitable, simple, compatible, and has a low risk.

Based on literature review and previous study, it can lead to the following hypothesis.

H2: Information search convenience has positive effect on satisfaction.

The correlation between transaction process convenience and customer satisfaction

The study about perception of online shopping conducted by Xu and Paulins (2005) describes the role of student behavior in the use of the internet combined with market forces that are currently being developed and the possibility of developing customer loyalty is interesting to be conducted a research on the customer groups and their intention of behavior in online shopping.

Meanwhile, Johnson et al. (2005) describes the customer knowledge and experience will affect their decision to purchase goods online; the amount of money spent on online purchases motivates the retailers to understand the shopping habits and desires of the customers. The customer behavior in online shopping is also accompanied by the attitude of security payment concerns (Kwon and Lee 2003). Furthermore, Kwon and Lee (2003) also observes the correlation between attitudes and online shopping and concerns about online payment security. The customers with positive attitude toward online shopping are apparently less concerned about the payment security. Another study conducted by Jiang et al. (2013) concludes that the customers need comfort in the setting of their variation in shopping. Besides, the convenience of online shopping is one of the main factors that consumers consider to access retailer websites. However, many previous studies examining the e-commerce, what is needed in establishing comfort as one of the predictor variables is the customer service and trust, which affects the outcome variable, such as the customer satisfaction and behavioral intentions (Nagy and Kacmar 2013).

The research about online shopping conducted by Xu and Paulins (2005) finds that the elements encouraging the consumers to purchase products through online shops are including the web page design, ease of navigation and information search and security guarantees. In addition, the growth in the number of online shoppers is greater than the growth of internet users indicates that internet users prefer the convenience of online shopping.

Based on literature review and previous study, it can lead to the following hypothesis.

H3: Transaction Process convenience has effect on the customer satisfaction

Based on the above results, an empirical research model can be developed as follows.

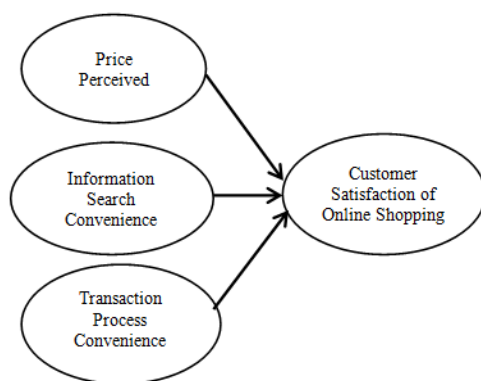


Figure 1. Empirical Research Model

Research Approach and Samples

The approach used in this research was a quantitative approach. This approach is done by developing a reliable research instrument and its validity can be tested about the price perception and convenience of online shopping such as information search convenience, convenience of the transaction process to the customer satisfaction on online shopping.

The unit of analysis in this research was that customers who have done online shopping especially in batik products in the scope of the geographic area in Surakarta, in either: school students, college students, employees, employers, or any other profession. The samples or respondents in this study were 165 online shoppers. The data were collected through questionnaires directly distributed by the writer by asking them whether or not they have bought batik products on online shops. The sampling technique used was purposive sampling. This technique is a sampling technique with special consideration by researchers to consider their spending patterns.

Data Analysis and Measurement Model

Data validation and research instrument

The instrument test was done in the early stages of testing data. The screening process in the early stages of data tabulation in this study carried out through two steps, namely, data normality test, and outlier data checking. The total number of respondents were 155 online shoppers. Based on the survey that was conducted, there were merely 145 completed questionnaires. The number of unqualified questionnaires were 5 respondents. However, during the data processing, there were four outlier questionnaires that should be dropped from the research samples. The total of remaining samples in this study were 136 respondents. The hypothesis tests used in this study was Structural Equation Modelling (SEM) assisted by AMOS 21 program. The indicators make up the construct by looking at parameters resulting goodness of fit. The measurement model will use the convergent validity, i.e. to test these indicators, whether or not it was valid in measuring what should be measured. The technique of maximum estimation likelihood was used in this study. Afterwards, the writer tested the questionnaire items using confirmatory factor analysis to examine the correlation between constructs and its indicators (the validity of the questionnaire) based on the theory developed. Meanwhile, the Cronbach alpha (α) was used to test the reliability of this study.

The following confirmatory factor analysis test results show the value of loading factor on each item of questionnaire with the results of the loading factor > 0.5 ; therefore, it can be explained that all items of questionnaire are valid. While the value of Cronbach alpha (α) of each construct has a number > 0.6 .

The research concluded that indicators can explain the measuring construct.

The hypothesis test in this study was assisted with the analysis program of Structural Equation Modelling (SEM) of AMOS. The result of the analysis of Structural Equation Modeling (SEM) on a full model can be seen in figure 2. The results show goodness of fit criteria have fulfilled such as Chi-Square is 61.523. the probability value is 0.091. TLI value is 0.974; GFI value is 0.930; the value AGFI is 0.885 and RMSEA value is 0.046. Although the cut-off value of Chi-Square and the probability are not in accordance with the required cut-off value, but the value of TLI, GFI, AGFI and RMSEA have been in accordance with the required cut-off. This indicates that the research model is accepted and meets the determined criteria (standards).

Table 1. Scale Items for Measures

Reflective scale names and items (measured on 1-7 point Likert-scale indicating the extent to the which the respondent agrees with following statements)	Cronbach alpha(α)	Standardize Loading Factor
Price perception	0.749	
• Price affordability compared to competitors' products		0.801
• Price conformity with product quality		0.661
• Price conformity with the price information on the web		0.687
Information Search Convenience	0.831	
• Interesting information display about the product		0.833
• Ease of finding information about the product quality		0.743
• Ease of searching for the design of products sold		0.805
Transaction Process Convenience	0.845	
• Ease of the purchase payments		0.791
• Flexibility in the payment transfer process		0.901
• Security guarantee when customers make payments		0.734
Customer Satisfaction	0.815	
• Overall satisfaction with product availability		0.754
• Satisfaction with the speed of product delivery		0.826
• Satisfaction with the suitability of information with items attached to the internet.		0.739

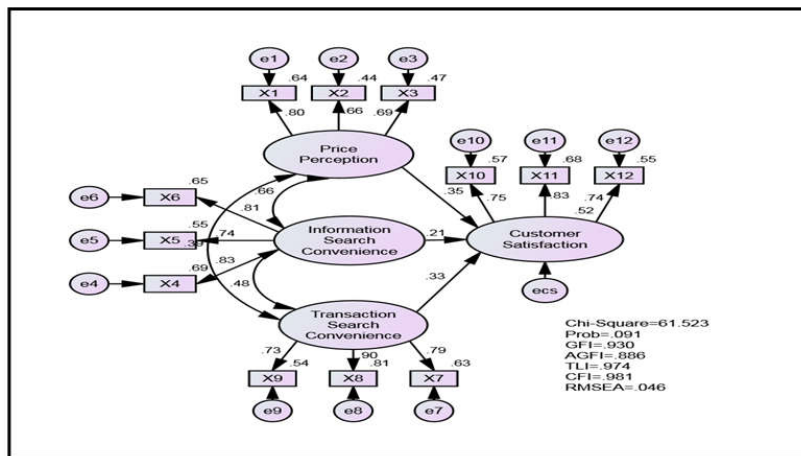


Figure 2. Full Model The Impact Of Price Perceived, Online Shopping Convenience on Customer Satisfaction of Batik Product in Indonesia

Table 2. Structural parameter estimates: path analysis model (n = 136)

Hypothesis	Structural Path	Standardized path coefficients	t value	Prob.	Result
H1	Price perception → customer satisfaction	0.389	2.557	0.011	Significant
H2	Information Search convenience → customer satisfaction	0.168	1.529	0.126	Not Significant
H3	Transaction Process Convenience → Satisfaction	0.289	3.295	0.000	Significant

Note: *Significant at $p \leq 0.05$; if $(t) \geq 1.96$

Table 1. indicates the standardized path coefficients correlation among access convenience, information convenience, convenience transaction on customer satisfaction and repeat-purchase intention. The results of this study are also shown in Table 1, which make up four hypotheses. While the results of path analysis test on each construct can be seen in the following table.

CONCLUSION AND DISCUSSION

The results of the first hypothesis verification found that the correlation between the perception of price to the customer satisfaction is shown by t value and the probability that describe positive and significant relationship.

The structural path findings indicate that there is a significant and positive relationship between the perception of price and customer satisfaction ($t = 2.557 > 1.96$) with significant value ($0.011 < 0.05$). Therefore, the hypothesis 1 is accepted. The results of this study support the previous study conducted by Park and Stoel (2002). Individual internal factors (e.g. the proximity of the brand, the previous shopping experience), external factors (e.g. information on the website) and information search affect the customer behavior and satisfaction. The results also support the research conducted by Gehrt et al. (2012) on online shopping behavior, which is determined by the value of a singularity, quality with the price offered, and the company's reputation. The results of the second hypothesis verification found that the correlation

between information search convenience and customer satisfaction can be seen at t value and probability value showing that they have positive correlation but not significant. The structural path findings indicate that there is a significant and positive correlation between information search convenience and customer satisfaction ($t = 1,529 < 1.96$) with significance value of ($0.126 > 0.05$). Therefore, it can be said that the second hypothesis is rejected. The empirical results of this study are in line with the study conducted by Jiang and Rosenbloom (2005a) showing that the process of selling products/services in e-commerce such as (information mode, product development and comparison offer), transactions (trade and financial), physical order fulfillment and after-sales service have an impact on customer satisfaction. Pentina et al. (2011) also supports this research indicated in its results, i.e. the existence retailers as in-store and online shopping experience with the approach of sensory, cognitive, pragmatic, and relational, a new type of online shopping experience (interactive/involvement). The results of the third hypothesis verification found that the correlation between the transaction process convenience and customer satisfaction can be seen at t value and the probability describing the positive and significant correlation. The structural path findings indicate that there is a significant and positive correlation between the transaction process convenience and customer satisfaction ($t = 3.295 > 1.96$) with significance value ($0.000 < 0.05$). Therefore, it can be said that the third hypothesis is accepted. The results of this study support the previous studies conducted by Xu and Paulins (2005) about the perception of online shopping study discovering the role of student behavior in the use of the internet combined with market forces that are currently developing. The customer behavior in online shopping is also attributed by the attitude of security payment concerns (Kwon and Lee 2003). Furthermore, Kwon and Lee (2003) also observes the correlation between attitudes towards online shopping and concerns about online payment security.

Managerial Implication

The results of this study explain that the price perception of the batik products sold online gives a positive impact on customer satisfaction. This indicates that it is important for online retailers of batik to offer attractive prices for customers in order to increase their satisfaction. Information search convenience gives positive impact though it is not significant to the customer satisfaction. This indicates that the product information display is interesting, the ease of finding information about product quality and the ease of finding the product design sold cannot improve the customer satisfaction. Therefore, it is important for online retailers to give the detailed information on the products offered to the customers. Transaction process convenience gives positive significant to the customer satisfaction. This indicates that the ease of purchase payment process, flexibility in the payment transfer process and payment security are able to improve the customer satisfaction, therefore it is important for online retailers to ensure security and a guarantee of their products purchased by the customer.

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