A Study on Customer Satisfaction towards Online Shopping in Nepal

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Abstract—— **Online shopping is a new method of purchasing that is growing quickly in Nepal because of the emergence of the Internet. The expanding popularity of internet shopping in Nepal presents a chance to broaden and expand the business. This study aims to examine the relationship between independent variables namely Reasonable Product Price, Product Delivery, Product Quality and Product Return Policy with dependent variable namely customer satisfaction towards online shopping in Nepal. A survey method with standard questionnaire was used for data collection. A total of 499 respondents from Nepal responded to the survey. Among them 415 are respondents who have done online shopping and rest 84 haven't done online shopping because of various reason. Since the study focus on customer satisfaction towards online shopping, responses from 415 respondents are consider for further study. The findings revealed reasonable product price, product delivery, product quality and product return policy have positive relationship with customer satisfaction in Nepal. Result of the study also shows that product price most affect the customer satisfaction among four variables. This study provides with valuable insights and guidance on customers' satisfaction, leading to increased revenue and customer.**

I. INTRODUCTION

The act of customer transacting with a vendor directly, in person and in real time over internet is said to be online shopping. The act of purchasing goods and services via online vendors is also known as online shopping [1]. The major advantage that customers receive from online shopping are convenient, time savings, home delivery, variety of products, and less effort in bargaining, parking, carrying products etc. The culture of shopping in Nepal is currently changing to embrace the changing environment. The ability to purchase goods both domestically and abroad is made possible by technology. Thus, it is evident to us that shopping is not restricted to a particular geographic area.

The department store Muncha House launched Munchahouse.com in 2000, making it likely the first internet business in Nepali history. Since then, Nepal has developed a large number of e-commerce websites, including Nepbay, SastoDeal, and Foodmandu. The first payment gateway in Nepal, E-sewa, was founded in 2009 and later granted a license by Nepal Rastra Bank to conduct payment services. Since then, more payment options have emerged, including IME Pay and Khalti. All of these have helped Nepal's internet commerce industry expand [2].

One of the most challenging tasks for the online shops is making the online customer satisfied. To satisfy and retain customers, online stores must address their tastes and interests. But researchers and marketers in Nepal only know about a very small number of criteria that lead to the satisfaction of their customer's taste and interest. Marketers and vendors lack a clear picture of how satisfied online customers are with their current offerings and what elements make customers satisfied. It is important to do research, analyse consumer behaviour and level of satisfaction, and advise appropriate steps for the growth of e-commerce by establishing a channel between online markets and customers.

The goal of the study is to examine which factor influence customer satisfaction in online shopping. This study also analysed whether the customer of online shops are satisfied or not and their level of satisfaction in Nepal. Following are the objectives of the study:

II. LITERATURE REVIEW

A. Review of Global Studies

Customers wants to form a loyal, content connection with a business when things are reasonably priced [3]. The business should always uphold the quality of the goods and services it provides; additionally, it is crucial for the business to continue striving to develop customers who have a high level of loyalty

[4]. Product Quality has positive impact on online customers' satisfaction which also leads to customers' loyalty. When the perceived product quality seems to meet or surpass consumer expectations, the likelihood of them making additional online purchases will rise due to their degree of confidence in the product quality offered [5].

An Indonesian study found that customer satisfaction is significantly positively impacted by product price and quality [6]. Consumer satisfaction will decline and they may periodically seek alternatives if poor quality product was delivered. Prior to delivery, online vendors must ensure product quality and that the item was in perfect condition when it reached the customer [7].

A study in Bangladesh found that Product Quality has positively influence the customer satisfaction [8]. Price and quality of the product have a significant impact on consumer satisfaction, according to an Indian study. The higher the product quality and the better the pricing determination, the more satisfied customers will be. Contrarily, if a product's price and quality are low, customer satisfaction will also drop [9]. That study also found that customer satisfaction and loyalty can be achieve by providing the ordered goods precisely and timely [10]. The degree of satisfaction the customer will experience after purchasing the product is also decided by the delivery time of online shops. The customer's degree of satisfaction increases with shorter delivery times [11].

Customer also concern about returning policy, i.e. if they didn't get what they ordered, if they didn't get satisfied with the product they get they obviously want to return the product. Customers can easily return products, receive a refund by taking advantage of the return policy, or they can exchange and purchase the alternative. Therefore, the return policy of online shops motivates customers to shop without hesitation [12]. A study states that customers are worried about how simple it will be to return an item for a refund or exchange if there is a problem with the purchased item (e.g., the product not match as ordered, the product was different from expected) [13].

The satisfaction of customers when talking about online shopping can be improved through the consistent and reliable information related to the products and the brands, prompt and quick response to the customers queries and grievances, timely and flexible product delivery with assured packaging and quality, assured product quality at the best possible prices, assured services with more options at best offers and discounts [14]. Customer satisfaction was significantly predicted by quality, information accessibility, security, delivery, cost, and time [15].

According to a Chinese research the to upgrade goods or offerings to better serve customers Online retailers and/or merchants ought to prioritize studying online shopper reviews

to maintain a good relationship with customers [16]. Customer will demonstrate their loyalty by making additional purchases from online shops, if they are satisfied with the service and product quality, which will increase the company's financial benefit [17]. To satisfy the customer online sellers must have knowledge of their customer and their buying behaviour. As a result they can get success in this competitive market [18]. Online shopping is increasingly common in today's society. However, a lot of consumers are experiencing issues like defective products, delayed deliveries, refund issues, exchange policies, etc. These issues have made customers fearful and negatively impacted their pleasure with online purchases [19].

B. Review of Nepalese Studies

According to a study in Nepal more than half of customers were satisfied with online purchasing, which found that prompt delivery and good packing were the main drivers of satisfaction. High levels of customer satisfaction are vital for online shopping since satisfied customers seem to be more likely to be loyal, repeat purchase orders, and use a variety of services that an online shops offers. The primary element influencing a customer's decision to shop online was price [1].

Online purchasing in Nepal was primarily motivated by time savings, prices, an easier ordering process, and information provided at the online shopping platform. The main issues with Nepalese internet shopping were found to be the poor quality of the goods given to the consumer and delivery of the incorrect product. However, in Nepal, time-saving and rapid delivery service at the door are seen as the key benefits of online purchasing over traditional shopping [20]. All businesses now place a high priority on customer satisfaction. Effective loyalty-building techniques enable e-business to increase in size and population since satisfied customers are more likely to remain loyal to the same company. [21].

According to a survey conducted in Nepal, respondents are somewhat positive about making purchases online, proving that COVID-19 is indeed changing consumer purchasing behaviour [22]. In January 2022, there were 11.51 million internet users in Nepal, according to datareportal Nepal. At the beginning of 2022, 38.4% of the whole population of Nepal had access to the internet [23].

III. Research Methodology

A. Research Design

A research design is the methodical, logical framework that specifies how to collect, organize, and analyse data and information. This study uses a descriptive research approach to gather data and identify relevant details regarding variables influencing customer satisfaction in the Nepalese online shopping.
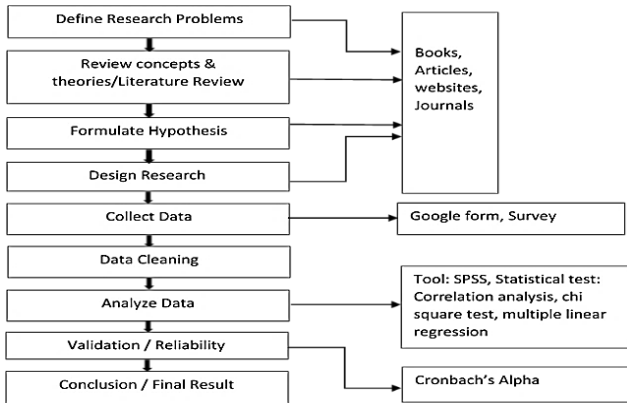
Fig. 1.   Research Model

B. Conceptual Model

The following Conceptual Model was established with the help of the literature review and the study's requirements. On the basis of empirical results of earlier researches, the conceptualization of the study's dependent variable (customer satisfaction) and independent variables (product price, product quality, on-time product delivery, and return policy) was made. This study's objective is to evaluate Nepalese customer satisfaction on online shopping.
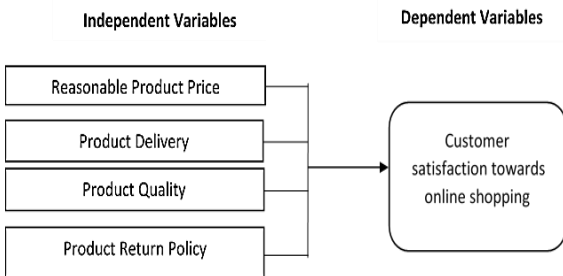

Fig. 2.   Conceptual Framework

C. Study Area, Population and Duration

The sample of this study comprises people from all over Nepal who have previously purchased goods from online store. The study was carried out for 6 months from July to December, 2022, data collection duration was of 2 months.

D.   Sampling Technique and Sample Size

Probability random sampling technique is used in this study. Respondent who have done online shopping were selected for the survey questionnaire. According to KMT a population of 100,000 or more can be adequately represented with a sample size of 384 [24]. The population who have internet access and have social media account is greater than one million, so, the sample size for this study is minimum 384. Sample size of 415 has been chosen for this study.

E. Data collection and Analysis

For the data collection questionnaire survey method was carried out by involving the use of structure questionnaire distributed through online and created in google forms. The questionnaire consists of (1) whether respondent are online shoppers or not. (2) reason for not purchasing online (3) socio demographic characteristic: – age, gender,, marital status, education, occupation, monthly income, residential area (4) customer's online presence and behaviour (5) what problem are the customer facing on online shopping (6) questions on independent variables (7) questions on customer satisfaction (8) questions on customer loyalty and (9) Level of satisfaction . From section 6 to 8 Likert scale questions were used range from 1 = Strongly Disagree to 5 = Strongly Agree and section 9 used 1 = Highly Dissatisfied to 5 = Highly Satisfied.

IV. DATA ANALYSIS AND RESULT

This section presents and discusses the data analysis and results. Categorization and summarization of the respondent's data were done. Mostly, spreadsheets were used to organize the data. Information was presented using tables and figures. Mean and percentage descriptive statistics were mainly used when they were required. For the test hypothesis, correlation analysis, and descriptive analysis, SPSS software was used. Data from 415 respondents were considered for main analysis in this study.

A. Reliability Analysis

TABLE I.   SUMMARY OF RELIABILITY TEST

Variables	Cronbach's Alpha	No. of items
Reasonable Product Price	0.828	5
Product Delivery	0.819	5
Product Quality	0.875	5
Return Policy	0.867	5
Customer Satisfaction	0.909	5
Customer Loyalty	0.868	5

Table 1 shows the Cronbach's alpha coefficient of the questionnaire asked to respondents, which is greater than 0.8, which means the reliability of the instruments used in this study is good. Consistency of all variables (reasonable product

price, product delivery, product quality, product return policy, customer satisfaction and customer loyalty) indicated that all items remained good with the internal consistency ranges from 0 to 1. Subsequently, all indicators were used for data collection.

B. Descriptive Analysis

TABLE II. DESCRIPTIVE ANALYSIS

Code	N	Mean	Std. Dev.	Mean
Product Price				
PP1	415	2.94	.937	
PP2	415	3.20	1.101	3.03
PP3	415	2.96	1.032	
PP4	415	2.71	.971	
PP5	415	3.30	1.106	
Product Delivery				
PD1	415	2.99	1.044	
PD2	415	3.40	1.065	3.44
PD3	415	3.67	.998	
PD4	415	3.42	1.032	
PD5	415	3.26	1.110	
Product Quality				
PQ1	415	3.27	.889	
PQ2	415	3.16	.929	3.15
PQ3	415	3.23	.967	
PQ4	415	2.96	.913	
PQ5	415	3.09	.936	
Return Policy				
RP1	415	2.95	.981	
RP2	415	3.13	1.006	2.92
RP3	415	2.93	1.001	
RP4	415	2.78	.995	
RP5	415	2.90	1.040	
Customer Satisfaction				
CS1	415	3.51	.942	
CS2	415	3.55	.996	3.50
CS3	415	3.52	1.002	
CS4	415	3.23	.944	
CS5	415	3.44	.936	
Customer Loyalty				
CL1	415	3.51	.906	
CL2	415	3.87	.993	3.82
CL3	415	3.81	1.031	
CL4	415	3.80	.978	
CL5	415	3.63	.860	

Table 2 shows the descriptive analysis of reasonable price, product delivery, product quality, return policy, customer satisfaction and customer loyalty. In accordance with Product Price PP5 has highest mean (3.30) which indicate that most of

the respondents are agreed with the statement – "Free delivery is price advantage when you shop online". In accordance with the Product Delivery PD3 has highest mean (3.67) which indicate most of the respondents are agreed with the statement – "The delivered product is well packaged". In accordance with the Product Quality PQ1 has highest mean (3.27) which shows the maximum respondents are agreed with the statement – "The product worked out well with respect to its use". In accordance with the Return Policy RP2 has highest mean (3.13) that shows the majority of respondents are agreed with the statement – "The Return process didn't make you feel guilty". In accordance with Customer Satisfaction CS2 has highest mean (3.55) reveals maximum respondents are agreed with the statement – "Online shopping makes purchasing process interesting".

In accordance with Customer Loyalty CL2 has highest mean (3.87) reveals that most of the respondents are agreed with the statement – "You would buy again from the same online store if you are satisfied with it". The mean of Product price is 3.03, Product Delivery is 3.44 and Product Quality is 3.15 which means respondents are satisfied with these factors in online shopping. The mean of Product Return Policy is 2.90 (3 rounded value) also shows satisfaction on this factor. The average mean of Customer Satisfaction is 3.50 means respondents are satisfied with online shopping and they are enjoying buying through online shops. Customer Loyalty has average mean value of 3.80, meaning that respondents are prepared to promote online shopping to their relatives and friends as well as make a repeat purchase from the same online retailer. This demonstrates that respondents desire to remain loyal to those online retailers with whom they are happy.

C. Correlation Analysis

Table 3 shows correlation analysis between independent variables i.e. reasonable product price, product delivery, product quality, and product return policy that influence the dependent variable i.e. consumer's satisfaction towards online shopping. The table shows positive correlation between the variables. The correlation between the variables is moderate and strong type of relation. A moderate association exists between product price and customer satisfaction, as indicated by the correlation value of 0.610. The correlation coefficient between the product quality and the customer satisfaction is 0.612, which suggests that the two variables are positively correlated and that there is a moderate correlation between them.

The Pearson's correlation value between the product delivery and the dependent variable customer satisfaction is 0.540, indicating that there is a moderate positive correlation between the two variables. There is a moderate amount of correlation between return policy and customer satisfaction, as indicated by the Pearson's correlation value of 0.465. Customer satisfaction and customer loyalty have a moderately positive correlation as the Pearson correlation value is 0.698.

TABLE III.   CORRELATION ANALYSIS

Correlations						
	CS	**PP**	**PQ**	**PD**	**RP**	**CL**
CS	1	.610**	.612**	.540**	.465**	.698**
PP		1	.546**	.427**	.458**	.494**
PQ			1	.597**	.457**	.525**
PD				1	.461**	.543**
RP					1	.385**
CL						1

V. HYPOTHESIS TESTING

Chi Square test is used to test the hypothesis of this study. Table 4 shows the chi square test for hypothesis testing. Since, the p value is less than the 0.05 level of significance, we accept alternate hypothesis and reject the null hypothesis. It can be conclude that reasonable product price, product delivery, product quality and return policy have positive relationship with customer satisfaction.

TABLE IV.   HYPOTHESIS TESTING

S.N.		Hypothesis	Results	
H1	H_{01}	There is no relation between Customer Satisfaction and Reasonable Product Price.	Chi square = 258.175 DF = 16 P = 0.000	Fail to accept
	H_{a1}	There is positive relation between Customer Satisfaction and Reasonable Product Price.		Accept
H2	H_{02}	There is no relation between Customer Satisfaction and Product Delivery.	Chi square = 215.308 DF = 16 P = 0.000	Fail to accept
	H_{a2}	There is positive relation between Customer Satisfaction and Product Delivery.		Accept
H3	H_{03}	There is no relation between Customer Satisfaction and Product Quality.	Chi square = 301.353 DF = 16 P = 0.000	Fail to accept
	H_{a3}	There is positive relation between Customer Satisfaction and Product Quality.		Accept
H4	H_{04}	There is no positive relation between Customer Satisfaction and Product Return Policy.	Chi square = 152.806 DF = 16 P = 0.000	Fail to accept
	H_{a4}	There is positive relation between Customer Satisfaction and Product Return Policy.		Accept

A. Multiple Linear Regression

TABLE V.   REGRESSION ANALYSIS

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.720[a]	.518	.514	.624
a. Predictors: (Constant), RP, PQ, PP, PD				

Coefficients[a]					
	Unstandardized Coefficients		**Standardized Coefficients**		
Model	**B**	**Std. Error**	**Beta**	**t**	**Sig.**
(Constant)	.693	.139		4.978	.000
PP	.333	.042	.335	7.847	.000
PD	.181	.042	.189	4.260	.000
PQ	.282	.049	.269	5.710	.000
RP	.099	.040	.101	2.454	.015
a. Dependent Variable: CS					

Based on the Coefficients table 5, the multiple regression equation formed is shown below:

Customer Satisfaction = 0.693+ 0.333 (Product Price) + 0.181 (Product Delivery) + 0.282 (Product Quality) + 0.099 (Return Policy)

The strength between variables is explained by the Standardized Coefficients column. According to strength, the variables are in the following state:

- Reasonable Product Price (0.335)
- Product Delivery (0.189)
- Product Quality (0.269)
- Product Return Policy (0.101)

The value of F is less than 0.05 (level of significance) so, we can say that the model is fit for this study. According to the standardized coefficient values above, the product price is the factor that has the greatest impact on consumer satisfaction when making an online purchase, followed by product quality. Rest other variables follows after the two. The study also concludes that Product Price, Product Quality, Product Delivery and Return Policy accounts for 51.8 percent of customer satisfaction.

VI. CONCLUSION

The findings showed that Male respondents are the majority of the sample (52%).Respondents aged 20 to 29 constitute 72% of the sample. Nearly half (47%) of the respondents have monthly incomes of less than rs.10, 000. Majority of the respondents are students (50%) followed by professionals/job holders (30%). Most of the respondents 72% are single. 61% respondents have qualification of bachelor's degree. Most of the respondents (43%) are from province 3 which means more people from this province are active in online shopping as compare to other province. Maximum respondents prefer to purchase clothing items from online shops. Most of the respondents (27%) buy from online twice a year or less followed by every 2-3 months (24%) and every 4-6 months (24%). It has been observed that maximum respondents (52%) are facing problem during online shopping. It has seen that the problem most respondents are facing in online shopping is quality of product is not good. Most respondents finds interesting doing online shopping. In addition, the majority of respondents agree that, if they are satisfied with the online store, they will make.

A positive association exists between reasonable product prices, product quality, product delivery, and return policies and customer satisfaction, according to the correlation coefficient results. Consequently, an improvement in Reasonable Product Price, Product Quality, Product Delivery, and Product Return Policy will result in an improvement in customer satisfaction. It is clear from the standardized coefficient values above, that Product Price, which is the most

significant factor that has a significant positive impact on Customer Satisfaction during Online Purchase, second is Product Quality. Reasonable Product Price, Product Delivery, Product Quality and Product Return Policy has significant positive relationship with Customer Satisfaction. Majority of respondents (43%) are satisfied with their overall online shopping. Customers who are satisfied are more likely to become devoted customers since they have faith in the particular store or brand. Loyal customers are less price sensitive and can make additional purchases from the same online store while also urging others to do so. It also provides guideline for future research to concentrate on the strengths and terminate the weaknesses.

As with any studies, there are some drawbacks in this research such as the study is limited to certain variables (Product Price, Product Delivery, Product Quality and Return Policy). The responses of the respondents determine the accuracy of study's findings and results. It doesn't provide guarantee of respondents' trustworthiness. The sample size is small, which may not accurately reflect the overall population. It was believed that social network distributions could only evoke responses from people in related social groupings.

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