

## **ABSTRACT**

Customer satisfaction and service quality are often treated together as functions of customer's perceptions and expectations and research has shown that high service quality contribute significantly to profitability. Service quality is required to be first measured in order to improve the quality in a service organization. Service quality is measuring in order to have better understanding of its indispensable antecedent and consequences, and eventually ascertain methods for improving and measuring service quality in search for competitive advantage. The project objective of this study is to rank the dimensions of service quality that affect the customers' expectation in online purchasing through Web 2.0 based in home business. A questionnaire used in this study sent to the respondents of Facebook and Blogspot which are two Web 2.0 based mediums that are chosen in this project. The measurements used were based on the widely accepted SERVQUAL model which is the most common method for measuring service quality. A descriptive statistics analysis was used to evaluate the level of service quality of online shopping through Web 2.0 based sites from the customers' perspective. This study also examined the service quality gap by comparing customers' expectations and their actual perceptions. The results of the study indicated that all of the service quality factors are important. Assurance was rated as the most important dimension followed by reliability, responsiveness, empathy and tangible.

## **ABSTRAK**

Kepuasan pelanggan dan kualiti servis sering dikaitkan sebagai suatu fungsi dalam menjamin persepsi dan harapan pelanggan dan kajian telah menunjukkan bahawa kualiti servis yang tinggi menyumbangkan keuntungan kepada sesuatu organisasi. Pengukuran kualiti servis adalah amat diperlukan bagi meningkatkan kualiti servis. Pengukuran servis kualiti juga dilakukan untuk mendapatkan pemahaman dalam apa yang diperlukan, akibat dan kaedah untuk meningkatkan kualiti servis dan secara tidak langsung, untuk mencapai keunggulan persaingan. Objektif projek ini adalah untuk mengkaji dan mencari dimensi servis kualiti yang mempengaruhi harapan pelanggan dalam pembelian atas talian menerusi Web 2.0 dalam perniagaan di rumah khususnya. Senarai soalan ang digunakan untuk kajian ini telah diedarkan kepada responden Facebook dan Blogspot, di mana kedua-dua medium ini merupakan medium Web 2.0 yang dipilih dalam projek ini. Kaedah pengukuran yang digunakan merupakan model SERVQUAL, dimana model ini digunakan secara meluas dan metod paling sesuai untuk mengukur kualiti servis. Analisa statistik deskripsi telah digunakan untuk menilai paras kualiti servis dalam pembelian atas talian melalui laman berasaskan Web 2.0, mengikut persepsi pelanggan. Kajian ini juga menfokuskan “gap” atau jarak perbezaan kualiti servis menerusi perbandingan harapan pelanggan dengan pengalaman sebenar servis yang diterima. Hasil kajian projek ini menunjukkan bahawa setiap faktor dimensi kualiti servis adalah penting. Jaminan telah ditakrifkan sebagai dimensi paling penting, diikuti dengan kebolehpercayaan, tanggapan, empati dan nyata.

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## **CHAPTER 1**

### **PROJECT OVERVIEW**

#### **1.1 Introduction**

Recently, Web 2.0 is used widely in all over the world. By using the Web 2.0, users are able to optimize the benefits regarding to their requirement. The web 2.0 usages has been contaminating in business environment, which is, it is used as a medium in online marketing. Web 2.0 can be seen as a tool for marketing, advertising and networking by online. Other than that, online business has been a trend and become a “must-have” tool in an organization as it is contribute in manifesting competitive advantage in order to survive in the industry.

Users also take the advantage as they start to look into home business to get more profit either to make it as a serious career or to expand their side income. The availability of Internet and social network especially Web 2.0 contributed in home business growing. Starting with e-commerce, the transition of online business is moving to social network sites as a platform. Web 2.0 can be seen as a potential marketer platform as it really helping in promoting the product or

services, advertising, selling, networking and no need to mention, customer relationship management (CRM).

In any kind of business, customer is considered as a major asset and not excessive to say is if the customer is the backbone of a business. Therefore, it is very important for an organization to maintain customer satisfaction. To understand customer requirement and behavior is very crucial to the company. Nowadays, the customer behaviour becomes more hybrids. On one hand, customers are increasingly price sensitive and on the other hand they enjoy branded and luxury goods. The customers have a wider choice of often less distinguishable products or services and they are much better informed. For many offerings the balance of power shifts towards the customer. Customers are widely aware of their greater power, which raises their expectations on how companies should care for them. In this situation the development of a strong relationship between customers and a company could likely prove to be a significant opportunity for competitive advantage. This relationship is not longer based on features like price and quality alone. Today it is based on perceived experience a customer makes in their various interactions which that can make or break the relationship. Customer satisfaction can only be achieved if the maximum level of good service provided to customers that meet consumer needs. The service quality is crucial to an organization, yet it is intangible. However, service quality can be measured using various technique and method which proposed by earlier researcher and IT expertises.

Therefore, there is exist and important question, why should service quality be measured? The measurement is made in order to measure the level of customer satisfaction, customer perception and expectation, which is to establish the clear standards for service delivery. In search for competitive advantage, both practitioners and academics are keen on measuring service quality in order to better understanding its essential antecedent and consequences then establish methods for improving service quality.

In this paper, we start with exploration of web 2.0 usage in home business environment, customer satisfaction and service quality. After the understanding of the requirement achieved, the project will proceed on collecting data and analyzing in order to propose a reliable strategy for home business owner to get better understanding on customer service.

## **1.2 Background of Problems**

Web 2.0 has received public attention which it has been used by consumers for home business. Web 2.0 features that provide convenience to users, allowing users to maximize the functionality provided in order to provide quality service in a transaction which is next, providing customer satisfaction.

When customer satisfaction is achieved, the buyer or customer will stick or loyal with the business, preventing customers from switching to other sites. In order to survive the competition in home business, the owner need to understanding the customer requirement and needs.

How far the extensions of service quality contribute to the business owner or to an organization to survive in a competitive industry? For this purpose, many studies have been done to assess the level of service quality and customer satisfaction. As for example, Siadat (2008) study on the measuring service quality in online purchasing in Iran. In his research, he came out with the most important service quality in online purchasing among Iranian people by choosing the most popular e-commerce web sites (cloob.com). He also compared the result with a similar study in America. Another study was made by Nath and Zheng (2004) which compared two popular bidding sites which are Ebay.com and Tradera.com by measuring the

service quality of both websites. The study seems that only done on the service quality in e-commerce sites, not against the use of Web 2.0 based sites.

Why Web 2.0? According to Miller (2007) grownup social networking by using Web 2.0 based sites is shaping up as an interesting business opportunity for entrepreneurs. For marketers, networking sites offer an attractive way to reach the lucrative demographic target in categories such as financial services, travel, health and real estate. Indeed, a recent survey for the Society of New Communications Research of 260 marketing professionals indicates that marketing spending on social media and “conversational marketing” will outpace allocations for traditional marketing by 2012. Web 2.0 also offers unique advantages as a media business model:

- i. Users generate most of the content, keeping a lid on expenses for publishers.
- ii. Users help build site traffic by recruiting friends to join — a viral marketing benefit.
- iii. Site owners do not have to worry much about content relevance, since users drive site content around their own interests. In fact, 50+ networking sites can provide a useful window on Boomer interests for anyone studying the market. Eons, for example, publishes an annual ranking of the most popular member search topics that’s worth a look.
- iv. User engagement is much higher than average. For example, the average visitor to Eons stuck around for almost 27 minutes per visit in September 2007, and viewed an average of 47 pages, according to Compete.com. Both of those numbers are off the charts compared with industry averages, and help the company monetize visits through advertising.

From these finding of the advantages in using Web 2.0, it is seen as a good opportunity to start up home business. Therefore, the researcher chose to focus on quality service and customer satisfaction in the use of Web 2.0 based sites as a platform in intention of expanding the study in the customer service’s field.

### **1.3 Problem Statements**

The questions arise from the background of problems before are as follows:

- i. What is the importance and impact of service quality and customer satisfaction in online shopping?
- ii. What are the most important dimensions of service quality which produce customer satisfaction in online shopping through Web 2.0?
- iii. How do we measure and compare customer satisfaction level in online shopping through Web 2.0 based sites?
- iv. How to improve customer service in home business?

### **1.4 Project Objectives**

Predetermined objectives of the project are to set project goals and goal to facilitate research study conducted. The project objectives have been identified as follows:

- i. To study the importance and impact of service quality and customer satisfaction in online shopping.
- ii. To find the most important dimensions of service quality that affect customer satisfaction in online shopping through Web 2.0.
- iii. To measure and compare customer satisfaction level in online shopping through Web 2.0 based sites.
- iv. To provide recommendation to home business owners in improving customer service.

## **1.5 Project Scope**

The researcher has tried to narrow down the scope since the aspects of chosen problem area are wider. From the beginning of the project, the study is done from general to find out the more specific scopes for the project. The project scopes have been identified as follows:

- i. The study was based on the use of Web 2.0 sites as platform link between buyer and seller to find the level of service quality and customer satisfaction in the home business environment.
- ii. The study use SERVQUAL model to measure service quality
- iii. The Web 2.0 medium chosen for this study are Facebook and Blogspot.
- iv. The main focus of this study is the buyer rather than the seller.
- v. The finding of this research is useful for the home business owner which intends to use Web 2.0 (Facebook and Blog) in their business.

## **1.6 Importance of Project**

The aim of this project is to provide a strategy or recommendation to the home business owner in optimizing the usage of Web 2.0 in providing customer service. The propose strategy and recommendation is very important to the seller in order to get better understanding or customer's need. Customer is the main asset of any business. Considering the high costs of acquiring new customers and apparently high customer turn over to many other online services, it is very important to study the determinants of customer satisfaction. To determine customer

satisfaction, the most influenced variable to measure it rely on the service provide by the owner. The purpose of the research is to rank the service quality factors and the most important service quality dimension that affects customer satisfaction in online purchasing through Web 2.0 based sites.

## **1.7 Chapter *Summary***

This chapter present a brief introduction about the project and how the project is going to be conducted has been discussed. The problem background and statement has also been discussed in this chapter to give an introduction of the project and to explain why this project has been proposed. The objective, scope and the importance of this project have also been pointed out.