

The Impact of Internet Marketing on Customer Satisfaction: A Study Malaysian Perspectives

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Abstract: The purpose of this study is to identify the statistical relationships between customer satisfaction and factors affecting Internet Marketing. From an intensive literature review, advertising effect, confidence, customer services and expertise and familiarity have been studied to reflect the influence of Internet Marketing. Correlation coefficient matrix was used to determine the degree of relationship between future Internet Marketing and factors concerned of current user of Internet shopping. The results show that all four factors such as advertising, confidence, customer services and expertise and familiarity have significant impact on Internet Marketing. In addition, Internet Marketing may relate to underlying uncertainty of customers as to the security of transaction through Internet. Customer may not yet be ready for the transaction purposes where security issues are main concern.

Key words: Internet marketing, customer satisfaction, shopping impact, Malaysia

INTRODUCTION

Electronic commerce is common term now a days and used by the business executives and common peoples around the world. In fact many consumers now think it is trendy to shop online and even conduct online trade. However, the suitability of the Internet for marketing to consumers depends to a large extent on the characteristics of the products and services being marketed. According to a study by Rajiv Lai and Miklos Sarvary of Stanford Business School in Palo Alto, California, US, products that are being marketed through the Internet can be classified into two groups. The first group of products contains items that consumers do not need to see in person before purchasing. These products, which include everything from computers to compact discs to scanned goods, can be evaluated using just text, pictures and other digitally communicable information. This group of products is ideally suited to Internet shopping whereby the Internet could serve significant transaction and communication functions. The second group of products is termed as experience products, which include items that consumers prefer to see and touch before purchasing, such as clothes and groceries. This group of products is not suitable for Internet

shopping since information about the product's features may not be sufficient for consumers to engage in Internet-based transactions

Thus the internet offers numerous features (capacity, speed, percision and convenience) that help firms attract a large number of potential customers^[1]. Consumer use the internet defferent reasons ranging from only gathering information to purchasing product online. Buying over the internet was more fun, safer, quicker and they were more confident about their ability to buy online. Although, purchasing online is still a small portion of internet usages, most analysts expect it to increase dramatically once consumer feel satisfy and safe about their purchases and protection of their privacy. Establishing and maintaining personalized communication with customers throughout the transaction can be expecsive. Such communication channels can be used to gather important customer feedback and to measure customer satisfaction^[1].

However, most consumers gather information on products, make price comparisons and then visit a local store to make purchase. Internet marketing is becoming a more and more important strategy for the company to promote advertise and intract more customer online. This is especially true in the context of Malaysia where

Internet shopping is still new and consumers are less familiar and often more skeptical towards online shopping, but little is known about them. Therefore, in order to understand consumers need and want, it is very important for us to have a survey to find out the impact of the internet marketing in Malaysia towards customer satisfaction, in terms of two different ways.

- Factors that are affect satisfaction level of the customer
- How does internet marketing affect the behaviour of the customer.

Literature review: Intractive advertising refers to the customer seller communication in which the customer control the amount and type of information received. The rapid development in the internet marketing has made this market place possess unique characteristics such as interactivity.

Advertising: The important factor which drives customer satisfaction is the ability of the web to provide ability of the user to control the medium. Consumers are able to tailor the web content according to their need and liking. This gives consumer the same power as the content provider. Online buyers have fewer security worries, appreciate the quickness and flexibility of online buying and see the web as making buying easier. To satisfy all levels of competence among consumers and their different requirements, tastes and preferences a site must offer a vast array of features and functions which will inevitably make it slower to load and more complicated to use^[2]. Speed of access to the internet appears to be a major concern to many internet users^[3], therefore firms must creat websites which are fast to load and climinate too much graphics or interactivity on their web site. Information such as discounted product and compiling special offers from from several different companies selling the same product and displaying them to the public could increase customer satisfaction. Potential customers have an opportunity to make a detailed comparison of the offering before making an informed choice^[1].

Banner advertisements are the advertisements in the form of a slamm rectangular graphic image that is linked to a target advertisement which generally appears at the top or the bottom of web site and contain a short text or graphical message that can be customized for target audiences. According to Kierzkowski *et al.*^[4], this can be achieved by billboard advertisement, links from other sites and leveraging on existing marketing communications (such as advertisement and product

packaging), termed piggy-back advertising. Using mnemonic branding such as having a mnemonic URL or webaddress, which is easy to intuitive for customers to find and remember, is also essential to attracting users^[5]. These banner advertisements may be a standalone or part of a larger web site that may also serve other function like consumer support, distribution and social service. Consumer usually depended on the content of these banners to find out more about a product. Consumer has full control of what, when or how much they should be exposed to this banner advertisements. Companies need to develop web sites with customer service in mind^[3].

Efficiency refers to the ability of the customers to get to the web site, find their desired product and information associated with it and check out with minimal effort^[6]. Therefore, web site serves as a unique tool to improve the efficiency and the effectiveness of firms and their services. As service intermediaries, these firms have successfully gained the interest and patronage of service customers because they are able to offer substantial benefits to the customers, such as a number of choices, convenience and value for money^[1]. Consistency was taken tp mean every time a consumer buys something via a particular medium that the process would be the same. That is an expectation that the service encounter follows a particular protocol and that the consumer can easily understand and navigate the purchasing episode without having to encounter and unexpected surprises^[7]. Consistency is an important condition, because when people use the internet for the first time they form an opinion and remember each stage of the transaction.

Confidence: Trust is defined as the dimension of a business relationship that determines the level to which each party feels they can rely on the integrity of the promise offered by the other. He identifies trust as being an antecedent to commitment, being the motivation to stay within the relationship and an important element of relationship marketing. He suggest that for a customer to enter into a transaction,s must feel confident that the merchant will deliver, making trust an order qualifier for purchase decisions^[8]. Online buyers have fewer security worries, appreciate the quickness and flexibility of online buying and see the Web as making buying easier. Web sites must be made simple and easy to use, because non-users are not very confident that they can buy online successfully.

Nowadays, security on the internet is a very important issue. Internet network protection will be a big issue for the companies that wish to offer their services to internet using customers around the world. Franzak^[9], as long as technology companies, software makers, banks

and major credit card companies have not developed a common protocol to make financial transactions over the internet safe. many unsolved issues still exists. Would be cyber merchants are not at all sure which payment scheme to back. security is often considered to be he critical issue for online shoppers, but the recent study found that quality of information, ease of ordering and reliability are more important to respondents that security. This finding may be explained by the fact the respondents tended to have considerable online experience and hence are probably aware that Internet security has been increasingly effective over time^[10]. According to Martin Evans also, companies must carefully assess how much information to ask for and at what stage in people's virtual community user experience. Thus, although doing business involves some risks, but if attention is devoted to installing secure procedures, it is no more risky and as a result, will lead to a customer satisfaction.

Franzak^[9], with the outstanding growth of the internet, the potential threats to consumer privacy have grown exponentially. Much of the threat lies hidden beneath the view of the average consumer. Information technology makes collecting potentially sensitive information automatic and unseen. Indeed, it is the job of marketers to collect salient information to ensure refining products and services to foster consumer satisfaction. In theory, all participants in an effective marketing relationship benefit. Zeithami, Valarie^[6], the privacy dimension includes assurance that shopping behavior data are not shared and that credit card information is secure. Thus, in the future, if privacy right can be violated then it will lead to the customer satisfaction.

Customer services: Adam Stewart *et al.*^[11], commentary that it is often repeated in terms of gaining benefits from the Internet is in terms of marketing logistic, whereby online buyers gain temporal advantage by ordering online and delivered over Internet. Electronic marketing broaden the marketing scope of Internet users and allow buyers to make transaction online. Choong, Peggy specifies that specific knowledge of the impact of attribute performance on satisfaction is, therefore, a basic requirement. The conventional key driver approach assumes that positive and negative attribute performances have similar impacts on satisfaction. Thus, an attribute that performs negatively should have a larger impact than a positive attribute performance. Consumers should thus feel the pain of a negative attribute performance more than they would experience the joy of a positive attribute performance. Performance on satisfaction also agreed by Zinkhan, George^[12] in practical terms, companies frequently find that the cost of

eliminating deficiencies is less than the price they need to pay to continue increasing performance. Vitell, Scott^[14] studied that Masculine societies encourage individuals to be ambitious and competitive and to strive for material success^[13], which may tempt marketers from countries ranking high on masculinity to achieve greater efficiency, at all costs.

Electronic marketing is combination of many media elements, Zinkhan. George^[12] the Internet can be used to communicate the full range of a company's offerings. In this way, the Internet can replace a catalog and the Internet offers several advantages. Vitell, Singhapakdi, Anusorn and Karande. Kiran; Rao. Scott^[14] surprisingly long list of possibilities are offered in the literature including: when the organisation provides important, variable or complex services and/or products; where products and services can be digitised as in entertainment, telecommunications and periodicals. Mcmillan Sally J.^[15] believes that factor that may influence Web-site longevity is the technological capability of the site creators. Such technological capability is often reflected in the features of the Web site. Borgerson, Janet^[16] Visual perception of lives and the social world is intensified and magnified by information technologies of photography-which includes still hotography, video, film and digital imaging and representation today depends on photographic imagery to accomplish its many tasks. In electronic marketing adding additional features of multimedia will attract Internet users attention to reflect the web page effectiveness. Adding catalog will let the user to view varieties of product information.

Customer expertise and familiarity: Expertise or product class knowledge is the understanding of the attributes in a product or service class and knowledge about how various alternatives stack up on these alternatives. Etowever, customers' expertise facilitates their learning of new and more complex types of information. The two major components of customer expertise are expertise and familiarity^[17]. Besides that, also mentioned that customers who are more innovative and knowledgeable with regard to the Internet and its uses are more likely to buy online than less innovative and knowledgeable customers. So, we can conclude here that the customer that with the higher level of education will have a higher probability of doing the online purchasing. Their expected return has reach their level of satisfaction. Familiarity is the number of product experiences, which had been accumulated by consumer^[17]. For instance, compared with those who had not bought apparel online, those who had bought apparel online had more experience purchasing online in general and thought that buying over the Internet was more fun,

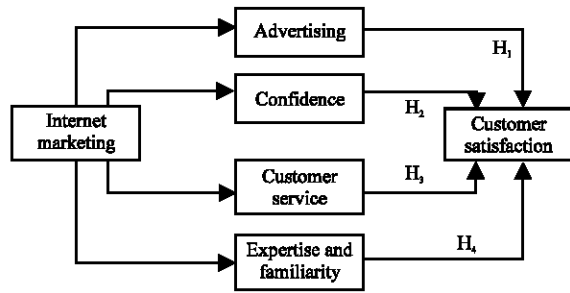


Fig. 1: Research framework

safer, quicker and they were confident in their ability to buy online. Online apparel buyers further differed from non-buyers in that they spent more time online than non-buyers and were more likely to buy online in the future than non-buyers. Thus, familiarity is a very important factor to increase customer satisfaction. Figure 1 discussion of literature the following hypotheses were developed.

- H₁: There is significant correlation between advertisement and customer satisfaction
- H₂: There is significant correlation between confidence and customer satisfaction
- H₃: There is significant correlation between customer service and customer satisfaction
- H₄: There is significant correlation between expertise and customer satisfaction

MATERIALS AND METHODS

A structured questionnaire was used to collect the necessary data whereby it will serve as primary data to answer the research questions and objectives pertaining to brand building through Internet advertisement. The survey questionnaire consists of 15 distinct sections, each of which contains questions pertaining to different parts of the study. A convenience sampling method is used to collect data mainly from the current Internet users in Klang Valley which has the highest concentration of Internet users. Even though the sampling method adopted has limitations in terms of generalisability as compared to other method of sampling, it is assumed that the sample represent the whole population of Internet users in Malaysia. The survey was conducted mainly via face-to-face interviews also administered through e-mail and postage service. A list of e-mail users currently registered with TMNet was obtained from Telekom Malaysia and the survey questionnaire was only e-mailed to those Internet users who agreed to participate in the

survey. This step was taken to avoid complaints from the Internet users and also to increase the number of respondents. Apart from the ability to reach large target respondents and inexpensive way to conduct the survey, the survey through e-mail also enabled respondents to easily provide extensive responses to open-ended questions in describing their experiences in respect of brand building through Internet advertisement. This is particularly important because Internet shopping in Malaysia is still new and at the infancy stage, extensive responses from open-ended questions will provide valuable input to the study so that a better understanding of brand building in Malaysia can be achieved. Besides e-mail, the survey questionnaire was posted on the UseNet group and only those related to Malaysia were used. This is to ensure that the target respondents are only those who reside in Malaysia.

Total 250 sample sizes are found to be adequate for this study, of which 220 questionnaires were received. Each of the response received was screened for errors, incomplete and missing responses. Efforts were also taken to contact the affected respondents through e-mail for clarification and corrections, especially for missing or blanks responses. However, those responses that had more than 25% of the questions in the survey questionnaire that have been left unanswered or incorrectly answered were discarded from data analysis. For those responses that had a few blank answers (less than 25% of the questions) and which involve 5-point interval-scaled questions were assigned with a mid-point scale of 3. After the screening process was carried out, only 591 responses were considered complete and valid for data analysis. This represents a success rate of 90%, which is considered to be good in view of time and cost constraints. Spearman Rank or the Kendfall's Tau coefficients are appropriate when variables are measured on an ordinal scale. It allows the researchers to study the relationship between sets of ranked data. It is important for the organization to get this research to know that how to blend and manage different customers, sets of behaviors and practices.

RESULTS AND DISCUSSION

Reliability coefficient: Reliability coefficient tested by using Cronbach's alpha (α) analysis. Since, to measure the reliability for a set of two or more construct Cronbach alpha is a commonly used method where alpha coefficient values range between 0 and 1 with higher values indicating higher reliability among the indicators. Hence, 1 is the highest value that can be achieved (Table 1).

Table 1: Reliability analysis

Descriptions	No. of cases	No. of items	Alpha
Advertisement	200	8	0.8321
Confidence	200	7	0.8864
Customer service	200	5	0.7676
Customer expertise	200	5	0.7315

Table 2: Respondents demographic profile

Descriptions	Frequency	Percentage	Valid percent	Cumulative (%)
Gender:	108	54	54	54
Male	92	46	46	100
Female				
Age:	53	26.5	26.5	26.5
Less than 21	69	34.5	34.5	61
21-25	38	19	19	80
26-30	25	12.5	12.5	92.5
31-35	15	7.5	7.5	100
Above 36				
Race:	95	47.5	47.5	71
Malay	58	29	29	99.5
Chinese	47	23.5	23.5	23.5
Indian				
Monthly income:	29	14.5	14.5	15
Less than 1000	71	35.5	35.5	50.5
1001-2000	60	30	30	80.5
2001-3000	30	15	15	95
3001-4000	10	5	5	100
4001-5000				
Frequency of purchasing:	23	11.5	11.5	11.5
Once a month	33	16.5	16.5	28
Once every 3 months	27	13.5	13.5	41.5
Once every 6 months	14	7	7	48.5
Once every 9 months	30	15	15	63.5
Once every 12 months	73	36.5	36.5	100
None				

The reliability of a measure indicates the extent to which the measure is without bias (error free) and hence offers consistent measurement across time and across the various items in the instrument. It is a measure that established by testing for both consistency and stability.

Consistency indicates how well the items measuring a concept hang together as a set. Cronbach's alpha is liability coefficient that indicates how well the items in a set are positively Respondent's demographic profile is shown in Table 2, out of the total participation of 54% was males and 46% were females. Among the respondents majority was Malay 47.5% followed by Chinese and Indian respectively 29.0 and 23.5%. There are 26.5% less than 21 years old, 34.5% between the age 21 to 25 years old, 19.0% from 26 to 30 years old, 12.5% from 31 to 35 years and only 7.5% above 36 years old. As per income level the highest percentage was 35% those peoples income level from 1001 to 2000. Followed by 30.0% from those income levels between 2001 to 3000. Rest 15.0% less than 1000 and 14.5% which indicated income level between 3001 to 4000. Respondents' frequency of

purchasing which almost all respondents shows equal level of intention for online purchasing except 36.5% which indicated none of them ever purchase online (Table 2).

Hypothesis testing: As shown in the (Table 3), the 2-tailed correlation is significant at the 0.01 level. If the significant level of each of the independents variable with the dependent variables that is the level of stress is less than 0.01. we would have to accept H_1 . This means that there is a significant correlation between the independent variables with the employees level of stress. Online advertisement are use to study on the respondents' reaction on the internet marketing. In this part of the study, researchers will know whether the respondents still satisfy with the new marketing strategy on internet compare with the traditional way of marketing strategy. In this hypothesis testing, the dependent variable is whether respondents have the higher level of satisfaction and the independent variable that is online advertisement. The Table indicated that the significant for the online advertisement with satisfaction is 0.000 with 3 decimal places. This means that it is lesser than the significant at the 0.01 level. So, there is a significant correlation between cynicism and distrust with employees' level of stress.

For hypothesis H_2 , confidence, a huge part of any major change effort, is critically important in online purchasing. It is a setting of great uncertainty and stress, a number of personal issues, frequent rumours and a barrage of decision that change the scene. Clear and constant communications throughout the integration can provide higher level of trust to the consumer. This research will find out whether this factor is of any significant weights with the customer satisfaction level. As shown in (Table 3), confidence also has a significant of 0.000 (3 decimal places). So, it is clear that it is smaller than the significant at the 0.01 level. Therefore it is a significant correlation between confidence and customer satisfaction. As developed hypothesis H_3 , customer service is a key factor on the satisfaction level of the customer. As refer to the (Table 3), the significant also is less than 0.01. Therefore, H_3 will be accepted that is there is a significant correlation between customer service and customer's satisfaction.

For the hypothesis H_4 , customer expertise is another important factor to examine the customer satisfaction. The behaviour of the customer which has no buying online before will different with those who purchased before. This study will let us know the comparison and differences between these two groups of people. According to the research data, it is clearly that we have to accept the H_4 because it is still in the acceptable interval

Table 3: Pearson correlation coefficient between internet marketing and factors for overall satisfaction

		Overall satisfy to advertisement online	Overall satisfy with security online	Overall satisfy with customer service	Overall satisfy with purchasing with online expertise and familiarity	Overall satisfy with online purchasing system
Spearman rho	Overall satisfy to advertisement online	.				
		200				
	Overall satisfy with confident for online marketing	.613**				
		.000	200			
	Overall satisfy with customer service	.459**	.546**			
		.000	.000	200		
	Overall satisfy with online purchasing with expertise and familiarity	.389**	.482**	.624**		
		.000	.000	.000	200	
Overall satisfy with online purchasing system	.743**	.809**	.648**	.586**		
	.000	.000	.000	.000	200	
		200	200	200	200	200

** Correlation is significant at the .01 level (2-tailed)

that has the significant level which is lower. So, it is reasonable to accept the H_4 that there is a significant correlation between customer expertise and customer satisfaction.

CONCLUSION AND IMPLICATIONS

The Internet offers tremendous possibilities, it is very easy to get connected to the Internet and people can surf and shop on the Internet 24 h a day. There are unique opportunities on the Web for marketing company's to promote their services, selling products and gathering information. This opportunity allows companies to compete globally in the Internet to promote or sell their product. Instead of using traditional marketing that required face-to-face, personal interaction can now be accomplished by Internet. There are no doubts that with the growth of Internet, customers are able to search on particular product without hassle and customers also are able to shop online without going to the shopping complex. The advancement of Internet marketing that market the product through Intern *et al.* low customer to get an up-to-date information or catalogue for the latest product or services.

In Malaysia, Internet marketing is something new therefore the transactions are very limited especially involving the payment. The result of this study shows that Internet Marketing may relate to underlying uncertainty of customers as to the security of transaction on the Internet. Customers may not yet (or may not ever) be ready for the transactional purposes and security issues are the main concern. Malaysian customer still have the mentally of afraid doing transaction online due to security reason. They believe that online transactions are not secured enough to protect the payment method

such as credit card and also disclosure of information. In addition, there is significant correlation among the areas of concern and issues faced by user of Internet Marketing such as advertising, confidence, customer services and expertise and familiarity.

Government plays important roles to increase the usage of Internet among Malaysian. The current Internet charges in Malaysia can be considered as cheap and hopefully it is going to maintain for another few years. The theme 'one house one computer is a good idea from the government to make the Malaysian Knowledge-Society. Withdrawal from EPF money had been stopped, therefore alternatives should be implement to make the society are able to have one computer for one home such as deduction from their monthly EPF instead of withdrawal one wholesome of money. With the help from government, by providing the infrastructure it will help Malaysian to be able to cope with the growth of new technologies and able to compete in digital world.

Internet Service Provider are major role in Internet, they provide an access through the Internet. At present Malaysia are still using copper line and with limited of fibre optics line. Faster access through Internet will promote higher volume of Internet usage from the user. Faster transmission will reduce time consuming that spent on Internet. Web sites companies for marketing purposes should put their services highly in information content. It is for delivering information and selling product to customers in new and exciting ways via Internet. Thus, the Internet is uniquely poised to promote and deliver services, both to individual and business customers. To market products in Internet requires companies to be more innovative and creative to attract customers. The online customers will only have confidence to purchase online if they feel that their rights being protected and their

confidence towards the companies which they deal have the clear understanding on the privacy rights. Highly security should be implemented to boost customer confidence. In Malaysia customer confidence through Internet is not great as compared to other develop country. Security is the main concern over the Internet. Financial and banking sector should play major roles to increase the security on Internet due to the transactional purposes involved in the electronic marketing.

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