Consumer behavior towards adoption of E-commerce in Pakistan

Master´s Thesis
In Global IT Management

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Table of contents

List of figures

List of tables

1   INTRODUCTION

The introduction and growth of internet and handheld devices such as smart phones and tablets have changed the lives of humankind for better. Improved connectivity and cheaper devices have brought and connected more people onto the digital world than ever. According to Google's public statistical data 76% of the US, 95% of UK population used internet for one purpose or another in 2016[1].

The tremendous technological progress has also changed the way people shop now. The trend of online shopping has continuously grown in the past few years e.g.in a study carried out in Malaysia online shopping was ranked as 11th out of 15 purposes for which internet was used and was reported to be the 3rd most popular internet activity (Ariff, et al. 2014).

Among the most famous online markets are the Ebay, Amazon and Alibaba group that provides their services almost across the globe. People use these markets for buying or selling various items. These stores, in their essence, are different from typical stores where consumer has access to the stuff they are looking for and therefore they behave differently when they are buying online. While consumers in developed countries such as USA and UK are used to shopping online now there are still countries where the concept of buying or selling something over the internet is something new. Consumer behaviour can be defined as

> *"the behaviour that consumers display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs" (Schiffman and Kanuk. 2007).*

According to the above stated definition it's quite clear that every individual behaves differently from others depending upon their circumstances according to their environment, or social drives in other words, and the choices that these individuals have in their daily lives. It is, therefore, quite difficult to get a clear-cut definition of consumer behaviour and thus getting a precise picture of a person's behaviour is hard to establish. The driving forces in making the decision of whether to perform certain action are mainly the habits which roots back to the past experiences of the consumer themselves. With the outreach of internet to more and more people the stores are launching e-stores and, therefore, these past experiences can be studied to predict the future actions of behaviour in the market which essentially forms the trend.

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[1] https://data.worldbank.org/indicator/IT.NET.USER.ZS?locations=GB-US

1.1 Importance of study

Internet has been around in Pakistan for almost three decades now and has progressed from simple dial up connection to high speed internet. BrainNet and SDNP (Sustainable development Networking program) were the pioneers in this regard and introduced internet in the country in 1991(Saeed et al. 2000). Since then the industry has heavily been invested in and with the introduction of 3G and LTE technologies the number of internet users, according to Google's Public data, have been on the rise for the past few years, with around 16% of total population having access to internet in 2016[2].

Even though there are few electronic stores operating in Pakistan for the past few years there is still a lot of opportunities in e-commerce. According to GSMA annual report 2016 the growth of e-commerce industry in Pakistan is anticipated to several hundred millions of dollars by 2020. According to Pakistan Telecommunication Authority annual report 2016[3], 1.5 million people visited the local e-commerce website on "Black Friday sale offers" by www.daraz.pk and availed discounts of up to USD1.3 million. The business owners attributed this remarkable growth in e-commerce to the ever fast penetrating cellular technologies in Pakistan.

Pakistan's arrival to countries having 4G available to individuals was late as compared to other countries in the region but it offers huge potential for internet access. According to a report by Ministry of Finance, Government of Pakistan (2017) reported that the estimated growth of internet users in Pakistan has grown to 139 million with around 6 million new users from July 2016 to March 2017 and 10 million new mobile broad band users in the period[4]. The state bank of Pakistan reported e-transaction worth USD 600 million within Pakistani e-commerce market[5]. According to Adam Dawood, who heads one of the largest electronic merchandise of Pakistan www.yayvo.com, purchases over internet are expected to grow to USD 1billion by 2020[6].

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[2] http://www.finance.gov.pk/survey/chapters_17/overview_2016-17.pdf

[3] http://www.sbp.org.pk/publications/q_reviews/2017/Jul-Sep.pdf

[4] http://www.sbp.org.pk/publications/q_reviews/2017/Jul-Sep.pdf

[5] http://www.sbp.org.pk/publications/q_reviews/2017/Jul-Sep.pdf

[6] https://propakistani.pk/2018/02/27/sbp-data-shows-pakistans-e-commerce-market-crossed-600-million-mark-2017/

1.2   Research Objectives and research question

The main objective is to study consumer satisfaction in Pakistani B2C markets and its implications. The study aims to examine consumer satisfaction of e-commerce in Pakistan after the introduction of mobile banking in the country a few years ago. The number of Pakistanis using web payments systems to pay their utility and other bills is on the rise. The study aims at recommending future strategies to attract more consumers towards the e-commerce industry and, therefore, providing solutions to e-commerce industry in Pakistan to promote their business. The research question investigated in this thesis is as follows.

What are the factors associated with the consumers' satisfaction within Pakistani e-commerce market?

1.3   Research methodology

Methodology can in, layman terms, can be described as a
"general approach to studying a research topic" (Silverman, 2013).
This research will use a qualitative method. The aim is to use this approach for descriptive outcome while interpreting the result. One major reason to use qualitative method is the possibility of exploring previous theories and facts to our use and testing their limitations in our own cases as well. They offer a great deal of varied information on a small case or set of cases over a broad set of data.

Since nature of this study is exploratory, we will conduct survey with people from Pakistan to know in detail about the situation and the perception of people in detail; such details are only achievable through qualitative study.

1.4   Expected outcome

The study aims at studying in detail the B2C market in Pakistani consumer. The objective is to better understand the intentions and concerns of Pakistani consumers regarding internet buying. The study will help identify aspects of B2c markets in Pakistan which are of concern to consumer and help present recommendations for improving consumer satisfaction. This will help in developing strategies for developing the market and contributing to the local economy as well.

2 LITERATURE REVIEW

IS researchers studied the reasons of success and failure of Information systems for decades and has been one of the research streams of IS research (Gelderman, Maarten, 1988; Melone, 1990; DeLone, et al. 1992; Kettinger and Lee, 1994; Delone, et al. 2003; Mahmood et al, 2000). During those years the researchers have shifted their focus from theoretical discussions to psychometric methods finally accepting two generic variables to measure and explain the success of IS i.e. "usage and user satisfaction" (Ives Et.al, 1983; Gelderman, Maarten, 1988). The earliest definition of user satisfaction can be dated back to Cyert and March (1963) that an information system meeting the requirements of its user will generate satisfaction for its users (Islam, 2014). These two variables are important measures for evaluating IS success and are often used as an indicative of success of the IS (Gelderman, Maarten, 1988). Different researchers have argued that User satisfaction is one of the crucial factor to decide the success or failure of an IS (Gelderman, Maarten, 1988 ; Al-Khaldi and Wallace ,1999; Lyytinen,1988 ; Szajna, et al.1993 ; Schiffman, et.al ,1992 ; Ditsa and MacGregor,1993 ; Gelderman, 1988 ; Stephen et al. 1992). Researchers have defined user satisfaction in different ways. Ong et.al defined user satisfaction as the overall satisfaction of the user with the system they are using (Ong et.al. 2009). Doll, William J., and Gholamreza Torkzadeh (1988) defined user satisfaction as "the affective attitude toward a specific computer application by someone who interacts with the application directly". All these definitions lead us to conclude that satisfaction with an IS is realistic only if users have adequate experience with the usage of IS (Islam, , 2014).

Ditsa and MacGregor (1996) chose, out of several factors, the following as the crucial factors after studying various user satisfaction models (Khosrowpour, et al, 1996).

- User interface (UI)
- Support /customer care
- User's contribution to the IS through various stages of its development and deployment.
- User's attitude.

2.1 End user satisfaction and IS Continuance

End user satisfaction has also been widely and thoroughly studied by IS researchers for over decades (Khalifa et.al, 2004). The initial focus of IS researchers who were studying end user satisfaction was managerial staff i.e. primary users e.g. McKinsey and Company in 1968 examined the CEOs satisfaction with the management information systems that were in use at that time (Hertz, David B, 1986). Desanctis et.al (1987) examined primary

user i.e. managers' satisfaction with group decision support system. Raymond (1985) defined user satisfaction in a generic way as

> *"multidimensional attitude towards various aspects of MIS such as output quality, man machine interface, EDP staff and services, and various user constructs such as feelings of participation and understanding".*

The introduction and availability of personal computers accompanied by the Internet shifted the focus of researchers from primary users (managers and supervisors) satisfaction to end-user-satisfaction (Khalifa, et.al, 2004). End-user refers to "individuals who interact with the information system directly"(Martin, 1982; Khalifa et.al, 2004; McLean, Ephraim R, 1979; Rockart et.al1983) and satisfaction refers to "affective attitude towards a specific computer application" (Doll, et.al, 1988).

Early researchers examined end-user satisfaction using single variable only through surveys (Barrett et.al, 1968, Khalifa et.al, 2004). The problem with this approach is its inability to provide in detail information about factors that produced satisfaction. Therefore, in order to gain a profound understanding of the issue, studies examining multiple attributes were conducted (Jenkins et.al, 1979). Some of the commonly used variables in those studies were system acceptance and quality (Khalifa et.al, 2004; Igersheim, Roy H, 1976; Lucas Jr, 1978).

The major breakthrough in short listing the variables crucial for user satisfaction was by Bailey and Pearson (1983) where they singled out 39 items for examining end-user satisfaction (Islam, 2014). Several subsequent studies were conducted afterwards to verify the work of bailey and Pearson. The most notable work was done by Doll and Torkzadeh (1988) who established numerous factors responsible for generating satisfaction for some applications specifically used by end users (Sprague Jr, 1980). The initial pool consisted of 40 items which were funnelled down to five factors and 12 items after employing various tools to verify and test the instrument (Khalifa et.al, 2004). The five factors they found in their studies were

> *"accuracy, format, and ease of use and timeliness, content, ease of use"*
> *(Khalifa et.al, 2004, Islam, 2014).*

These factors were further analysed across different population groups to verify and establish the genuineness of these factors (Doll et al., 2004). Mahmood et al. (2000) investigated end-user satisfaction by cross examining studies conducted between 1986 - 1998. They integrated the gap between those studies and concluded that the following factors are important in generating user satisfaction i.e.

- Perceived benefits.
- User background.
- Organizational support.

The findings of their work can be summarised in the table 1.

Table 1 Results of a meta-analysis study conducted by Mahmood et al. (2000)

Factors	Affecting variables
Perceived benefits	User expectations
	Ease of use
	Perceived usefulness
User background	User experience.
	User skills.
	User involvement in the system development process
Organizational support	User attitude towards IS,
	Organizational encouragement
	Perceived attitude of top management.

One of the main theories studied in context to user satisfaction is Expectation-confirmation theory (ECT) which is extensively studied in wide range of domains such as Information system sciences, consumer psychology, and work environment. ECT usually makes use of three constructs i.e. expectation, experiences and results (Bhattacherjee, 2001).

According to ECT the customer reaches satisfaction through the following five stages (expectation-confirmation theory) (Bhattacherjee, 2001) i.e.

Initially the consumer, before they purchase the product, has an expectation of the product i.e. the product will have these features and so on.

The second stage involves acceptance and purchasing the product and expectations about performance are perceived by the consumer.

After the product has been purchased, the consumer now uses it and compares the performance against initial expectation they had about the product. This can be a confirmation or disconfirmation stage based on the comparison results. If the consumer is satisfied with the product it's confirming to the initial expectation, otherwise it's called disconfirmation.

Depending upon the third stage, the consumer will either have a satisfaction about the product or affect (dissatisfaction).

In the final stage, the satisfied consumers will develop a repurchase intention while the consumers who are not satisfied will cease its further use.

An alternative and a simpler explanation to how customers' reach satisfaction is presented by Islam (2014). According to him customers' satisfaction is decided by the gap between initial expectations and the gap between the initial expectation and actual performance of the product (Islam, 2014). Satisfaction, according to expectation-confirmation theory, is the key to the consumer future repurchase intention and loyalty to the company (Bhattacherjee, 2001; Anderson et.al, 1993). In other words, if the company befalls

some problem, the customers will still be loyal to the company and put their trust in the company (Bhattacherjee, 2001). A number of studies have tested and validated ECM in a range of IT fields and services (Hsu, et.al, 2015; Oghuma, et al, 2016, Halilovic et.al, 2013; Brown, et.al, 2014; Stone et.al, 2013).

The expectation-confirmation model was originally presented by Richard L. Oliver in 1977 and 1980 (Oliver, 1977; Oliver, 1980). The model, in its original form and shape, was intended for psychology and marketing researches but has widely been used in other fields as well. The expectation-confirmation model has been shown in Fig 1.
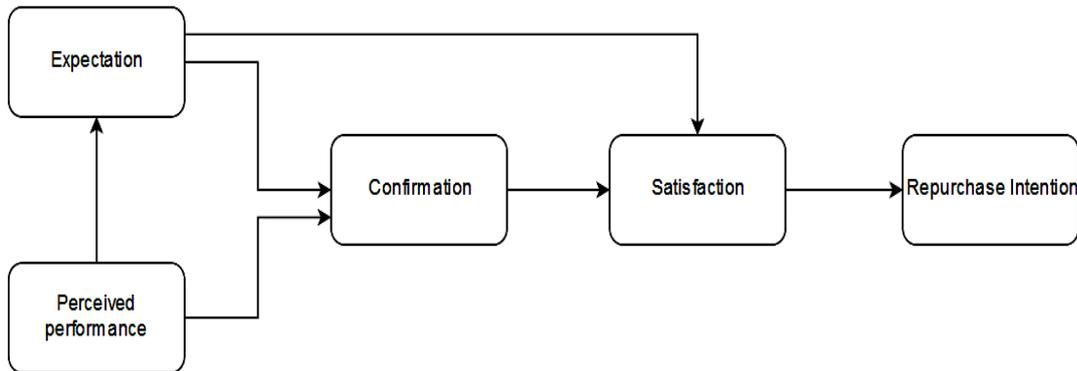
Figure 1 Expectation-confirmation model (Oliver, 1980)

The success of any IS system is measured by its continuous use by users (Halilovic et.al, 2013). While ECM dictates that two factors are critical in driving users towards satisfaction i.e. post-adoption expectations and the gap between expectations before adoption and performance (Kim, 2010). It is, however, the post-adoption expectation whose fulfilment determines the satisfaction of the user and eventually the success of IS (Islam, 2014). This can best be explained by keeping in mind the fact that users, once they adopt the IS, will only keep using it if they are satisfied with it. This means that pre-adoptions expectations have little to do with continual use of the IS by users (Islam, 2014). Bhattacherjee (2001), however, doesn't include perceived performance as a factor influencing consumers' satisfaction. This is because confirmation is only an affirmation of the perceived performance (Islam, 2014) and only helps in forming an opinion by the consumers about IS. Lastly continuance intention is critically affected by consumer satisfaction and perceived usefulness of the IS by the consumer (Islam, 2014). The IS continuance model as presented by Bhattacherjee (2001) is presented in the figure 2.
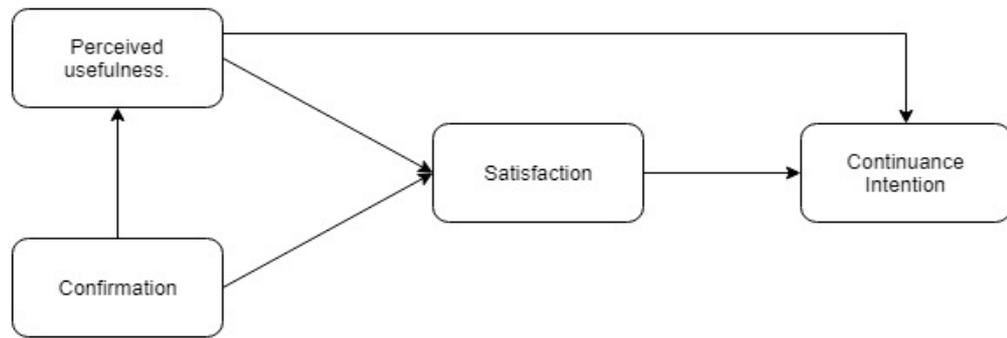
Figure 2 Bhattacherjee's IS Continuance model (2001).

The impact of IS continuance model in B2C e-commerce companies is many folds. In the first place, it is not only difficult but also costly to look for and attract new customer. However, continued users of the IS determine the long-term success of the IS. For example, a 5% rise in annual retention of consumers normally saves 18% of company's operating costs on annual basis (Bhattacherjee, 2001) in the form of searching, creating accounts and registering new consumers to the IS. IS continuance model explaining the users' intention to use or discontinue the IS they have been using (Lee, 2011).

A number of researches have attempted to explain users' continuance behaviour in online marketing domain. Those studies can be divided in two main types i.e.

Extended studies: These studies added a new construct to the ECM.

Integrated studies: These studies combined another theory or model and ECM.

2.2 The Herzberg's two-factor theory

2.2.1 *Background*

Frederick Herzberg started working as psychologist at Psychological Service of Pittsburgh after World War II. He joined Case Western Reserve University of Cleveland, in 1960, in a joint project between medical school and department of psychology. It was these two places that inspired Herzberg to work in field of human psychology and started working on his theory. Most of his papers were related to satisfaction in job places and were published in Harvard Business reviews (Miner, 2015).

Herzberg along with his two colleagues Mausner and Snyderman, in 1959, concluded in one of their reports that human beings have two different kinds of needs: the first need relates to his nature to avoid pain and the second set of needs relates to his psychological needs for growth (House et.al 1967). The two different set of needs lead to two separate sets of factors i.e. factors that lead to job satisfaction and the second set of factors leading to job dissatisfaction. The findings of those reports led the three researchers to present "the two-factor theory". The two set of factors ideally should be the exact opposite to each other, the reality is different, though. The absence of factors leading to job satisfaction will not bring job satisfaction and similarly the absence of factors leading to job satisfaction is not related to job dissatisfaction. The factors leading to job satisfaction are called as "satisfiers" and likewise the factors related to job dissatisfaction are called as "dissatisfiers". These factors are also called as "motivators" and "Hygiene factors" respectively. (Smerek, and Peterson, 2007). Herzberg continued working on his theory and presented two more volumes of it in 1966 and 1976 in the book "Work and the Nature of Man" (Tietjen and Myers. 1998) but the fundamentals of his theory remained unchanged to a major extent, nevertheless, (Miner, 2015).

The original Project Based on Critical Incident technique presented by Flanagan, Herzberg and his colleagues presented Theory of motivation. There was a major difference between the Critical Incident Technique and Herzberg's method was the approach to the audience. Flanagan'smethod took into account the various moods of performance i.e. good and bad performance while Herzberg asked his subjects to narrate in a story telling method any particular incident that might have led them to either of the aforementioned states (Miner, 2015). A series of questions were asked from the subjects to collect data about perceived job performance and related factors arising as a consequence of attitudes. A set of stories was compiled by interviews of subjects. The subjects were a large sample

consisting of engineers and accountants and the data acquired from subjects was divided into thirty-nine categories.

The data from subjects revealed that a number of factors such as performance recognition, accomplishments, nature of job and group feeling were few among many factors that led to satisfaction rather than dissatisfaction. While social skills with in the work premises (interpersonal skills), office policies, environment, feeling of being favored or disfavored upon were classified as "dissatisfiers" (Tietjen and Myers, 1998). A few factors such as the chances to grow in work premises, personal feelings (pride, shame), wages and job status were found to work both as either satisfiers or dissatisfiers depending upon the circumstances. For example, among many factors appreciation, accomplishments and the nature of the job can, depending up on the circumstances, work either as satisfiers or dissatisfiers (Miner, 2015). Table 3 represents motivators and as proposed by Herzberg.

Table 2 Herzberg's Two-Factor Theory

Satisfiers/Motivators	Dissatisfiers
Nature of Job	Salary/wages
Responsibility	Company policy
Growth Opportunity	Working environment
Recognition	Supervision
Variety	Administration
	Interpersonal skills

The study associated satisfaction with different positive feelings such as Improvements in performance, interpersonal skills, loyalty to the company, better psychological attitude towards work and permanent nature of job. Likewise, reverse trends were associated with dissatisfaction although with less emphasis.

The original theory is viewed amongst researchers as a source which has thoroughly been worked on, modified and applied in various research fields. It is, therefore, quite important to study relevant subsequent studies in order to have a clear understanding of the Two-Factor theory and current research relationship.

2.2.2   *Similar Researches and criticism*

Herzberg continued working on his original theory and in 1966, summed up those researches as evidence for support of his theory. There were, however, a number of factors such as sequence duration, effects and second level factors absolutely ignored in most of those researches (Miner, 2015). Most of the subsequent researches conducted would affirm Herzberg's findings. For example, goal achievements and appreciations are vigorously supported as motivators, but the possibility of growth has totally been ignored. In

a similar manner, job security, wages, job status have been ignored while affirming job policies and supervision as hygiene factors. These researches also confirmed Herzberg's theory's postulate that some factors can work as motivators or hygiene factors depending upon the situation and context.

Subsequent researches have supported the original theory to a favorable extent. There is, however, still the dilemma of dual nature of some factors to be explained in a clear-cut manner. The problem happens more in case of motivators than the hygiene factors since lack of motivators can easily trigger dissatisfaction (Miner, 2015).

There are certainly problems with the original theory since some of the factors can play a dual role i.e. sometimes they can play as motivator and other times hygiene factors, depending up on the situation itself. For example, performance can both work as satisfier and dissatisfier. The above discussion suggests that an improvement in the motivating factors should lead to better performance. This is not always true and is often reported to generate satisfaction and, in such cases, improved performance play as important a role as motivators (Sharma, 1986). For example, interpersonal skill which is often termed as hygiene factor can play an important role in motivating employees. Similarly, motivators can act as if there is dissatisfaction. It is, therefore, evident that motivators or hygiene factors have little to do with performance effects and they are more affected by extent of satisfaction- dissatisfaction (Miner, 2015). Dayal and Saiyadain (1969) study overwhelmingly supported Herzberg's findings. They reported that the results of their studies were much more meaningful in context to cross cultural variations leading towards human motivations on a universal basis. The two-factor theory has been supported in a number of its aspects from researchers using the methods employed in the original study. Researchers have been raising questions as to whether the results are pre-determined by the methods themselves or if they are independent of the methods applied. If the latter is true then with methods, other than employed in the original study, the results should not be consistent with the original report or less favorable (Miner, 2015; Sharma, 1986).

Islam (2014) reported in his study on Learning management system that sources of satisfaction and dissatisfaction differ . He concluded that environmental factors which acted as hygiene factors in those particular settings were more crucial in generating dissatisfaction while Job-specific factors were more important in producing satisfaction.

The theory of motivation has probably gained as much controversy as any other motivational theory due to several reasons. One reason for this is the difficult objective analysis of the theory since it offers little managerial usefulness. This is probably one of the strongest reasons the theory has been modified over time and the focus has been changing in most of the studies employing this theory (Miner. 2015). Feelings were categorized (ratings) in the original reports with frequency of data. However, the theory has lost most of what it looked like in its original shape over the time. One of the main short comings of the theory as suggested by Herzberg and his colleagues in their own words is

the limited number of observers and their closeness to the subjects which affects the value of the data (Miner, 2015).

Even the critical incident technique which was used in the original study and is believed to be "pre-disposed" towards Herzberg's two-factor theory results in some inconsistencies. The motivators and hygiene factors are somehow not easy to part today. The theory, not taking into considerations personal differences, is one of the main short comings (Hackman, 1976; Parsons, and Broadbridge, 2006).

Today, the biggest supporter of the Two-factor theory are Buckingham and Coffman (1999) who made an attempt on explaining how motivators and hygiene factors are present on two- different scales as presented in the original two-factor theory. They reported that hygiene factors are less important in motivating individuals for better performance while motivational factors were far more important in motivating individuals.

The two-factor theory has ever since that time been used and studied by both managers and physiologists from various fields of study. It has been influential and major source of inspiration in developing training and job-motivation programs. The theory still holds valid in area of organizational theory (Furnham et.al, 1999).

2.3 An overview of factors affecting online consumer behaviour and satisfaction in e-commerce

Turban et al. (2017) defines e-commerce as

> *"a business model in which transactions take place over electronic networks, mostly the internet. It includes the process of electronically buying and selling goods, services and information".*

Online consumer is a concomitant of e-commerce and hence the consumer has the same central position in e-commerce as in any other business model. The online consumer behaviour plays an important role in purchasing behaviour. The online consumer and consumer' behaviour has been studied extensively and has been in focus by researchers lately. These researches mostly use theories from classical research in this field e.g. (Skinner, 1938; Bettman, 1979; Ajzen, 1977; Cheung, et al. 2005). These early researchers approached the issue from an economic perspective and the sole purpose of their research was the purchasing act alone (Loudon, D. L., et al 1993). The most well-known model from this perspective is the "Utility theory" which states that consumer's decision is dependent on the anticipated outcomes of those decisions (Schiffman, Kanuk. 2007).

This approach towards studying consumer behaviour has changed only recently in the late twentieth century from economic perspective to a more integrated range of activities that affects the consumer decision making process (Bray, 2008) and since then different

theories such as Technology acceptance model, theory of reasoned action, Expectation confirmation theory, have been presented and studied by researchers (Chan, et al.2003).

Previous researchers have counted a number of factors in adoption of internet shopping by consumers e.g., Sin and Tse (2002) studied online consumer behavior in Hong Kong and arrived at results that demographic, experiential and psychological, educational level and income are aspects of online and offline consumers that are different significantly and investigate the online shopping behavior of Hong Kong consumers. Shergill and Chen (2005) in their study about New Zealand's consumer showed that website factors such as its design reliability, customer care service and security of the website plays an important role for a positive perception by consumer. Prasad and Aryasri (2009) in their study in Indian online market found out other factors associated with customer care and enjoyment can lead to customer satisfaction.

2.3.1   Website factors

Websites are, in essence, virtual stores that the customers can visit on the internet and look for the information (Ranganathan, C., and Shobha Ganapathy, 2002). Ranganathan and Shobha defined four main attributes of a website that affects customer's attitude towards B2C websites i.e. contents, user friendliness, security and Privacy. Perhaps the most profound study on website design and its relationship with customer's attraction is done by Selcuk Cebi in his study "A quality evaluation model for the design quality of online shopping websites" in 2012 in which he discusses in detail the effect of website design, the different attributes of the design itself and their role in customer's attraction towards the website and establishes the results that the website design plays a major role in attracting customers towards the website. Ranganathan in their paper also argues that the contents on the website are main factors whether or not the customers will feel like shopping from there depending upon the fulfilment of customer's satisfaction. The customer's satisfaction, according to Ranganathan, depends upon three main factors i.e. navigational comfort within the web store, time taken in this navigation and visual appealing of the web store.

The information provided on the website, too, plays a major role in customer's satisfaction. While the customers will have different information, needs based on their location, age, gender, life style if the information provided is what the customers are looking for, the customers will feel more comfortable in shopping from the website. A very common example of information consumer looks for when the visit a web store is the review by other users about the products they chose to purchase. Michael Luca (2016) about restaurant's web page found that the online customers review improved business reputation and thus attracted more customers to restaurants with a better customer review.

Information availability is needed in the first step of the customer buying process. When consumer intends to purchase an item, they look for information about the product and therefore its availability, ease of searching the item and evaluation are important factors in winning customers' trust and satisfaction.

2.3.2   Perceived Trust

Trust is one of the most important factors affecting e-commerce behaviours (Escobar-Rodríguez &Carvajal- Trujillo, 2014; Fam et.al, 2004; Kim, et.al, 2009). Most of the researchers have identified trust as a driving force in adopting online shopping by customers. One of the reasons for the importance of Trust is the uncertainty in online shopping is higher than in traditional stores which essentially means that customers will only engage in economic transactions if they feel secure enough since it entails a number of risks too.

Trust has been defined differently by different researchers. S. Grabner-Kraeuter (2002) defines trust as a mechanism which minimises complexity in uncertain conditions. Chang et.al (2005) defined trust as the willingness of the trustor to become vulnerable to the actions of the seller (Trustee).

Understanding trust in context to online shopping cannot be taken lightly but 'how this trust is built' is no less important and has been attempted to explain by a number of researchers e.g. Chang et al.2005 has mentioned a few factors that plays an important role in building trust of which integrity, benevolence and overall trusting beliefs were found to have a positive effect towards building trust. However, trust is a complex phenomenon (Ponte et.al. 2015), and it arises because of certain factors (Grabner-Kräuter, Sonja, and Ewald A. Kaluscha, 2003). According to them not all the factors related to trust can be controlled by sellers' e.g. technology and legal norms are factors that retailers cannot control.

Many researchers have categorised trust into two main categories i.e.

- Initial trust as defined by McKnight et.al (2002) defined it as the trust that is between the seller and buyer at the time of first purchase. Obviously initial trust is important in making new customers.
- Ongoing trust is the trust that is present between current customers and e-retailers if the customer is satisfies with the first purchase.

Kim, J. B. (2012) states that initial trust can be divided into four stages i.e.

1. In the first stage the customer comprehends information about retailer and purchase situation
2. Based on the earlier information gathering the customer decides whether or not they should engage with the retailer.
3. If the above two stages render the retailer sufficiently trust worthy the two parties enter a temporary stage of trust. The customer expects the seller to act as expected and thus becomes vulnerable to the actions of the retailer.
4. Finally, the customer decides to purchase from the seller.

If the results of the first purchase are satisfactory the customer and the retailer enter the "on-going trust "phase otherwise there is distrust.

Despite the extensive research on Trust and its relationship with its antecedents and consequents, the complexity of the whole matter is still debateable and the most probable reason for it is the personal intuitions and recommendations of the authors of such studies in studies regarding trust building measures.

2.3.3   Perceived Risk

Despite the benefits of online commerce over traditional commerce and optimistic predictions for future growth of online shopping, negative aspects associated with this shopping method are also becoming critical (Ko, Hanjun, et al., 2004). Perceived risk is defined as

> *"the potential for loss in pursuing a desired outcome while engaged in online shopping; it is a combination of uncertainty with the possibility of series of outcome "(Prendergast et.al. 2010).*

The idea of perceived risk has been captured through the use of various scales by measuring the perception of dangerous events occurring (Featherman et.al 2003). Cox (1967) defined Perceived risk as a function of money involved and the customer's feeling about the favourable consequences of the purchases with the idea of loss of uncertainty involved (Forsythe,2003).

Perceived risk is often categorised as one of the important factors in consumer's online shopping behaviour. Consumer behaviour relates risk in online shopping or in particular any action with some uncertainty. Consumers develop methods to minimize the risk involved by gathering information that leads them to participate in transactions with confidence.

The relationship between perceived trust and perceived risk in interesting as they are closely related but what sort of relationship is between the two constructs still remains unclear (Hong, Ilyoo B, 2015). Some of the studies carried out on the study of relationships of two constructs arrive at the conclusion that Trust, and Risk are negatively related to each other For example, Pavlou (2003) reported that the more the trust in an online store the lesser the customer feels risked, however not all the authors agree to this statement. Mayer et.al (1995) argued that "it is unclear whether risk is an antecedent to trust, is trust, or is an outcome of trust."

Previous studies have argued that the following types of risks are usually involved in purchase decisions: financial risks, product risk, convenience risk, health risk, quality risk, time risk, delivery risk, after-sale risk, performance, psychological, social, and privacy risk, website design style and characteristics, and trust in the web site affect

significantly online consumers' purchasing behaviour (Martin and Camarero, 2009; Tsai et.al 2010; Almousa, 2011; Zhang et al., 2012). This research purposes six different attributes of perceived risk (financial risk, product risk, time risk, delivery risk, social risk, and information security risk), affecting purchasing behaviour that have been discussed in prior literature.

Perceived risk, therefore, in context with e-commerce can be classified into several types based upon the type of loss that is expected to result from transactions.

- Financial risks
- Product risks
- Convenience risk
- Non-delivery risk
- Infrastructural variables
- Return policy
- Attitude
- Subjective norms
- Perceived behavioural control
- Domain specific innovativeness
- Attitude
- Online shopping behaviour

We would shortly discuss each of the aforementioned type of financial risk in the following lines.

2.3.3.1 *Financial Risk*

Masoud, Emad Y (2013) defines financial risk as the assumption

> *"that a certain amount of money may be lost or required to make a product work properly".*

It, however, may also mean some loss of money or insecurity towards their banking details like using their credit cards online which is seen as a major hurdle to e-transactions (Maignan, Isabelle, and Bryan A. Lukas, 1997). In other words, financial risk symbolises the fear of loss of money as a consequence of a number of factors in itself like the insecurity of the medium (internet), poor banking security protocols or lack of knowledge of such protocols on the customer's part itself since ultimate security in online shopping is possible only when its practised by both the parties.

2.3.3.2   Product risk

As stated earlier, the main difference between typical mortar and brick type stores and online stores is the physical testing and sensing of the product. The customers have to rely on the limited information given on the WebPages of the store to judge the product (Masoud, Emad Y. 2013.).

Product risk means the fear that the product purchased may not be as expected or that it may not function as expected by the customers. According to Bhatnager et al. (2000) this failure occurs mainly because of the consumers "inability" to assess the traits of the product online. This, however, isn't always right. While a number of web stores have the comments section to help users get an idea about the product itself through the previously made comments but not all the web shops have comments section so there is always a risk about purchasing items from such web stores.

2.3.3.3   Time risk

> *"Time risk is the perception that time, convenience, or effort may be wasted when a product purchased is repaired or replaced" (Masoud, Emad Y. 2013).*

The cumbersomeness of online transactions, which may arise from the navigational difficulties, orders finalising, delays in the arrival of the products, etc. are counted in time risk.

2.3.3.4   Delivery risk

Delivery risk is the perception that the ordered goods may be lost in transit, damaged or even delivered to different addresses (Masoud, Emad Y. 2013). It includes delayed delivery, improper packaging as well (Sinha, Priyanka, and Saumya Singh. 2014).

2.3.3.5   Social risk

It is the fear that the product purchased may result in strong criticism by social circle of the customer i.e. family or friends (Li, Na, and Ping Zhang, 2002). Social risk includes the possible loss of status inside the social circle either because of internet as a shopping channel or the product may not be seen as appropriate by the social group of the customer (Kamal Basha et.al. 2015). Tan et.al (2007) examined how the social norms affect the

online shopping behaviour. According to their study the peer influence determines whether or not an individual will be making purchases via internet (Javadi, et al.2012).

2.3.3.6 Information security

Customers' purchase behaviours are affected by the level of information security in practice by the online sellers (Chang et.al, 2008). The e-business websites can only be made secure if the best security protocols are in practise. Consumer privacy and information security are closely related since the customers' definitely do not like to buy from a retailer they don't trust with their financial details. The reason for this behaviour is that uncertainty is linked to such websites in regard to who will have access to their data (Youn, 2009).

2.3.3.7 Service quality

Prior literature defines service quality in terms of customer's satisfaction and evaluations about the services that the B2Cweb stores promise their customers. There is a number of factors like responsiveness, accuracy, tangibility, affirmation, and affinity that are essential to service quality (Song et al.2012). Service quality plays a fundamental role in success of any business. This is true in case of online business too (Xu et.al 2013). Customers feel more comfortable if the service quality is high and it benefits the business in high customer loyalty, customer satisfaction (Cenfetelli et.al. 2008).

2.3.4 Convenience

The ease to shop has been considered as one of the major factors for customer's positive behaviour towards online shopping (Clemes, et.al, 2014). There are five different aspects of convenience of online shopping e.g. saves time, access to the store round the clock, less physical effort involvement, less vexation, opportunity to buy at whim (impulse buying). (Darian, Jean C, 1987).

Prior literature shows that customers who emphasizes convenience tend to shop more over the internet due to efficiency and less efforts (Childers, Terry L., et al .2002) thus it effects consumers' perception positively (Prasad, et.al 2009).

2.3.5 *Pricing*

Generally, consumers tend to look for price information about the same product from different retailers and chose to buy product from the retailer offering the most reasonable price being the "most economical" (Reibstein, David J.2002). This gives the online stores a great advantage over traditional brick and mortar stores where it's hard to get the same information about the pricing of a product from different stores (Reibstein, David J.2002). Reibstein also discusses in their study that online stores provide around 10-15% lower prices than their peers in traditional stores due to low costs for supplying the product or competition to other online stores. This low-price factor can, however, be overcome by offering exclusive products or products with distinct features (Brynjolfsson et.al 2013).

2.3.6 *Diversity of products*

A wide range of products attracts more customers. Customers prefer online shopping because of the wide range of products available to them via online stores (Clemes et.al.2014). Previous researchers found a positive relationship between diversity of products and success of online stores (Clemes et.al.2014).

2.3.7 *Consumer personal background*

Consumer personal background plays an important role towards adoption on online shopping. Consumer personal background includes skills deemed necessary such as computer and internet skills, cultural norms, and payment facilities. Availability and knowledge of these systems play a vital role in determining the behaviour towards online shopping (Clemes et.al.2014).

2.3.8 *Product guarantee*

Product guarantee can be defined as

> *"assurance on side of retailer that the product will either be replaced or refunded in case of fault or not making up to the expectations of the customers".*

A fair return policy is the key to willingness of consumers to make purchases online (Clemes et.al .2014: Punekar, et.al.2016).

2.3.9 Demographic characteristics

Prior literature suggests that the intention to making purchases online has a direct relationship with demographic characteristics (Hsu et.al.2014). Clemes et.al (2014) found out that consumers' shopping behaviour varies with demographic characteristics. Therefore, retailers should consider consumers' age, gender, educational level and occupation when considering target market.

3   RESEARCH METHODOLOGY

This chapter discusses in detail the methodology used to collect data that was used for analysis in order to make conclusions.

3.1   A generic model for satisfaction-dissatisfaction

Islam (2014) developed a generic model based on Two-factor theory for studying consumers' post-adoption satisfaction in a learning management system (Moodle) in university of Turku, Finland. Figure 4 shows the model developed by Islam (2014).
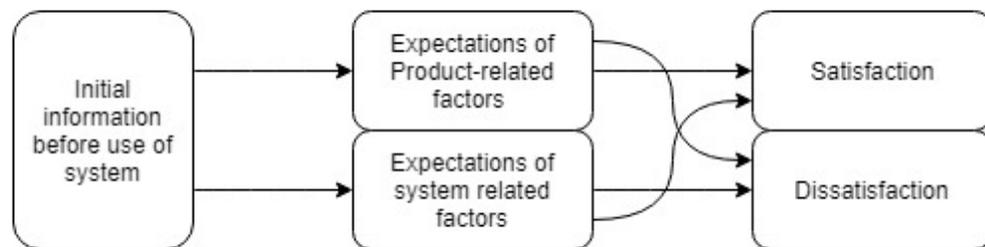
Figure 3 A generic model for satisfaction-dissatisfaction taken from Islam (2014).

The frame work is basically a process model which makes it easy to understand why and how consumers are satisfied and dissatisfied the factors involved in the sequence of events over the time.

The frame work can be explained as follows, the consumers, once they have accepted and used the system for a while, develops an opinion about two generic factors; Product related factors and System-related factors, in this case. Product related factors are the factors that are related to the product itself essentially such as quality, pricing etc. The system related factors are primarily those factors that involve the process occurring at the retailers' end mostly such as delivery, web-store access, payment facilitation, customer care services etc.

The frame work was essentially based on two-factor theory. Islam (2014), however contrary to two-factor theory, argues that the two sets of generic factors can affect satisfaction and dissatisfaction in a varying manner depending upon the context and experience of the user.

3.2   The target system

The target systems in this study are the Pakistani internet retailers like https://www.daraz.com. , https://homeshopping.pk/ and http://www.shophive.com/. More than 10 million Pakistanis have access to high speed internet and smart phones and an estimated rise of 28% internet users is anticipated in the next five years (Sheikh, et.al, 2017). The growth of internet users has driven retailers to reach out to their customers through the internet; however, substantial gap can be seen between the access of consumers to the e-retailers and regional contestants in this regard (Junaid, 2015). The last few years have seen a substantial growth in consumers' access to global markets. The internet penetration is an indicative of a country's economic growth now a day and according to a report by Pakistan telecommunication authority (2017)[7], Pakistan's e-retailing industry is currently at USD 60 million and is expected to hit a target of USD 1billion by 2020. There are several other e-retailers currently operating in Pakistan who have secured investments from both local and global businesses. https://www.zameen.com/ a leading online retail business, https://www.pakwheels.com/ which deals in online automobile sector, Careem an online taxi service is still at embryonic stages in the country but have managed to secure significant investments from investors locally and abroad.

3.3   The participants

The study has been done in Pakistan and the respondents were chosen from 4 major cities of Pakistan i.e. Karachi, Lahore, Islamabad and Peshawar. The educational background and familiarity to internet was taken into account when respondents were chosen. The majority of respondents were either graduate or pursuing their graduate studies at universities. The respondents were asked to report their demographic information and their experience of online shopping in Pakistan with context to different factors discussed in literature background. In particular they were asked to report their satisfying and dissatisfying incidents about web-shopping in Pakistan. The questionnaire used is appended to the thesis in appendix.

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[7] http://www.pta.gov.pk/assets/media/ann_rep_2017.pdf

3.4   The critical incident technique

The critical incident technique or CIT was originally presented by Flanagan in 1954 and has ever since been used extensively in qualitative research methods. In the field of clinical psychology, CIT was developed to identify critical factors for job success (Breunig, 2016). CIT has been cited more than any other technique by psychologists from both industrial and organisational backgrounds in the past 4 decades (Butterfield et. al, 2005). The technique was originally designed for psychologists, but it has been used in a wide range of disciplines such as education, nursing, communication, medicine, marketing, performance appraisals and many more (Butterfield et .al, 2005).

According to Flanagan, critical incident can be defined as

> *"...any specifiable human activity that is sufficiently complete in itself to permit inferences and predictions to be made about the person performing the act. To be critical the incident must occur in a situation where the purpose or intent of the act seems fairly clear to the observer and where its consequences are sufficiently definite to leave little doubt concerning its effects" (Breunig, 2016).*

CIT is basically a tool used to collect data based on behavioural observations and grouping the data in useful categorisation to address issues at hand. The CIT make use of self-narrated stories about incidents. Flanagan (1954, p. 327) defined an incident as ''any observable human activity that is sufficiently complete in itself to permit inferences and predictions to be made about the person performing the act'' (Islam, 2014). A critical incident is one which diminishes or escalates the goal of the action significantly (Islam, 2014).

The CIT uses five steps to derive results and conclusions as shown in the figure 5.
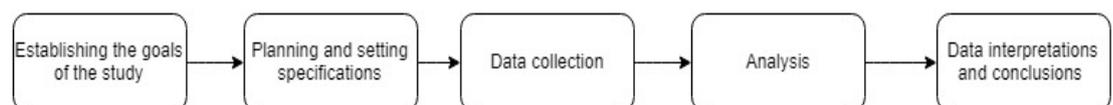

Figure 4 Five major steps in Critical Incident technique (CIT).

The most striking feature of CIT is its emphasis on three main aspects of these incidents i.e. how the incident happened, how those incidents were managed and the impact of these incidents. For this reason, CIT make use of respondent's data by allowing respondents to decide what they thought was critical. Another advantage of using CIT is the production of new evidence from personal experiences of the respondents in context to the critical incident (Ramseook-Munhurrun, Prabha, 2016). As our goal is to identify critical factors responsible for customer's satisfaction and dissatisfaction from various parts of Pakistan's with different cultural background, it fits as proposed framework for this study.

3.5　　Data collection

The target population in this study were both young and old people from Pakistan who had been using Internet and had known online shopping. Islam, (2014) and Schluter et.al (2007) used open-ended questionnaires to collect data. The study follows these two researchers and collected data using their suggestions. An open-ended survey questionnaire was distributed to people from various cities of Pakistan who had been using internet for a while and were aware of online shopping in the country. The questionnaire asked about the respondent's demographic information along with the functionalities they were using lately. In particular, respondents were asked to report one satisfying and one dissatisfying incident with online shopping in Pakistan. The questionnaire used to collect data is presented in Appendix.

We sent out email invitations to 269 people from Pakistan, of which 113 responded. 27% of the respondents reported they don't shop online. The rest of the respondents reported both satisfying and dissatisfying incident using the unlimited text space provided in the question area. Table 4 shows the demographic information of the respondents.

Table 3 Demographics of respondents

		Frequency	Percentage
Gender	Male	87	76.99
	Female	26	23.01
Age	18-25	54	47.99
	25-35	50	44.25
	35-45	8	7.08
	45 or more	1	0.88
Online shopping frequency in past one year	At least once a month	8	9.75
	Twice a year	23	28.05
	More than twice a year	24	29.27
	Whenever there is an offer	27	32.93
Main reason for on-line shopping	Price	38	46.34
	Privacy	9	10.98
	Convenience	64	78.05
	Social forces	1	1.22
	Others	6	7.32

3.6   Data Analysis

The reported critical incident experiences were studied, and content analyzed (Hsieh et.al, 2005) using directed content analysis. We used this approach so that prior literature can be validated for Pakistani markets as well. The contents from questionnaire was categorized as Trust and Social forces-specific using the frame work.

The coding and categorization of the data were carried out in the following way. In the first place two researches, one of which was the author of this thesis, coded and categorized the data in isolation from the other researcher. At the same time sub categorization was done wherever deemed necessary and given names, e.g. promotional factors etc., based on the context of the data. The second coder was a senior colleague who graduated from the same school a year ago and was given access to the data for the coding it on the basis of frame work. Once the coding was done, the two researchers compared the coded and categorized data in a meeting. The total number of agreed points by the two researches was 202 and the total disagreed points were 46. We used Miles and Huberman's

intercede agreement (Miles et.al, 1994), which is the sum of all agreements divided by total of agreements and disagreements, turned out to be 0.81.

The disagreements between the researchers were tried to get resolved in a second meeting that included a third researcher from information sciences industry by discussion. The disagreements happened mainly in the Social force factors annexed to the incidents. For example, promotional prices of items and lower prices were argued to be similar factors. However, after thorough discussion the researchers concluded that these two factors might be related to some extent but are different in their nature.

4 RESULTS AND DISCUSSIONS

4.1 Results

4.1.1 Satisfying incident

The satisfying incidents from the respondents were divided into two major categories Product related factors and System-related factors. Table 4 lists factors and quotes from the survey.

Within product related factors four factors were identified i.e. convenience, price efficient, quality and searchability. Within system-related category four factors were identified i.e. payment facilitation, confidence in customer, customer friendliness and trust.

4.1.2 Dissatisfying incidents

The satisfying incidents from the respondents were divided into two major categories Product related factors and System-related factors. Table 5 lists factors and quotes from the survey. Within product related factors three factors were identified i.e. reliability, quality, quality and fake reviews. Within system-related category three factors were identified i.e. functionality, return failure, information.

Table 4 Classification of satisfying incidents

Factor	Quotes
Product related Factors	
Convenience	"Easy to go, less expensive; time saving then the conventional shopping."
Searchability	"…got a fan for my laptop and it wasn't available in market. So online sites made it easy for me."
Price efficient	"… Thought it would be an average bag because of the low cost but trust me it had the best quality and design and size was same as they told me."
Quality	"…the product turned out to be well crafted and satisfying. I really loved the product…."
System related factors	
Payment facilitation	"The cash on delivery service is good because I don't have to bother to pay online."
Confidence in customer	"…Amount of trust they put in the customer through cash on delivery service. I have brought products of up to seventy thousand Pakistani rupees (670 US dollars) in a single purchase and paid the amount after receiving and checking the product which is quite satisfying for me as customer".
Customer friendliness	"… Requested them for early delivery. Normally they charge extra money for that, but they said they will do it for free. And it really arrived before time…"
Trust	"…had an international credit card, they actually called me (abroad) to verify that it was actually me. That really improved my confidence in their system."

Table 5 Classification of Unsatisfying incidents

Factors	Quotes
Product related factors	
Reliability	"….Product was totally not satisfactory as it was shown. I did not pay the seller and returned the product."
Quality	"…quality was not nearly half of what it actually should have been."
Fake reviews	"..The seller had a good review but the goods, that he sold, were not the same as he mentioned and also the arrival of the goods was late…"
System related factors	
Functionality	"…website not accepting the payments…. to chat with 24/7 representative of store via web chat. The customer service officer was untrained and after wasting more than 30 minutes I cancelled the order…"
Return failure	"…ordered summer clothes from a clothing store and they delivered winter clothes. They have no exchange policy so i had to keep them…"
Information	"…seller failed to mention delivery charges on arrival of the order…"

4.2   Satisfaction

The groups from satisfaction factors were, for the sake of simplicity, subdivided into two main groups

- Students
- Employed

4.2.1   Satisfying factors for Students

The data collected from satisfying incidents that came from students were placed in two categories i.e. Product-related factors and system related factors and is shown in Table 6.

Table 6 Classification of satisfying incidents for Students

Factors	Quotes
Product Related Factors	
Price efficient	"….I did not expect much from the service and quality of typical Pakistani supplier…..product turned out to be well crafted….really worth for what I paid for."
Quality	"...ordered football studs for the first time. A-grade quality…still using them after two years…"
System related factors	
Customer care	"…sent me three shirts instead of one as a token of apology…" "…few times I had to change products and successfully I have done that…"
Confidence building	"…had an international credit card, they actually called me abroad to verify that it was actually me …improved my confidence in their system…"
Logistics	"…bought a hair dryer and it was delivered in time…"

The data collected from satisfying incidents from students was sorted into two main categories i.e. product related factors and system related factors. Within product related category two factors arose i.e. price efficient (product turned out to be well crafted….really worth for what I paid for…) and quality ("...ordered football studs for the first time. A-grade quality…still using them after two years…"). Within system related category three factors arose i.e. customer care ("…sent me three shirts instead of one as a token of apology…") and confidence building ("they actually called me abroad to verify that it was actually me") and delivery ("…bought a hair dryer and it was delivered in time…").

4.2.2 *Satisfying factors for Employed*

The data collected from satisfying incidents from employed was sorted into two main categories i.e. product related category and system related category. Within product related category three subclasses arose i.e.

> *quality ("...it was according to my standards. I was happy.")*
> *and Price efficient ("…bought it at a cheaper price…quality of the product was good…")*
> *and searchability ("...ordered a hard disk drive for my laptop which was hard to get in local markets at a good price…").*

Two subclasses arose within system related category i.e.

> *delivery ("…It arrived on time…") and*

Trust ("...amount of trust they put in customer through cash on delivery service. I have bought product up to 70,000 PKR (670 USD) in a single purchase and paid them after receiving and checking the product...").

Table 7. Shows satisfying incidents for employed.

Table 7 Satisfying factor for Employed

Factor	Quote
Product related factor	
Quality	"…it was according to my standards. I was happy."
Price efficient	"…bought it at a cheaper price…quality of the product was good…"
Searchability	"…ordered a hard disk drive for my laptop which was hard to get in local markets at a good price…"
System related factors	
Logistics	"…It arrived on time…"
Trust	"…amount of trust they put in customer through cash on delivery service. I have bought product up to 70,000 PKR (670 USD) in a single purchase and paid them after receiving and checking the product..."

4.3   Dissatisfaction

4.3.1   *Unsatisfying incidents for Students*

The data collected from students in unsatisfying incidents category was sorted into two main categories i.e. product related factors and System related factors. Within product related category three factors rose i.e.

reliability ("...all of the three shirts were of different sizes")

and Fake products ("...ordered shoe online of a famous brand ....was fake product, not even a first copy...")

and Quality ("...quality was not nearly half of what it actually should have been.").

Within system related category three factors arose i.e.

customer services ("...I had to contact the customer services many times and the response was unsatisfactory...")

and return failure ("...ordered summer clothes from a clothing store and they delivered winter clothes. They have no exchange policy so i had to keep them...")

and Delivery ("...lost them a week later...").

Table 8 Unsatisfying incidents for Students

Factors	Quotes
Product related factors	
Reliability	"…all of the three shirts were of different sizes" "…it didn't match the product advertised…" "…ordered shoe online of a famous brand ….was fake product, not even a first copy…"
Quality	"…quality was not nearly half of what it actually should have been."
System related factors	
Customer services	"…I had to contact the customer services many times and the response was unsatisfactory…"
Return failure	"…ordered summer clothes from a clothing store and they delivered winter clothes. They have no exchange policy so i
Logistics	had to keep them…" "…lost them a week later..."

4.3.2   Unsatisfying factors for Employed

The data collected from unsatisfying incidents from employed was sorted into two main categories product related factors and system related factors. Within product related category four subclasses emerged i.e.

reliability ("....Designs were totally different from the ones on the display on the website.")

and quality ("...quality was so bad this is the last time I ordered anything online...")

and functionality ("...they never had the option of online shopping...")

("...which was available on the website but I was notified after 24 hours that the product wasn't available.").

Within System related factors four factors were sorted i.e.

return policy ("...they have no exchange policy"),

delivery ("...I paid for my order and did not receive them..."),

customer services ("...It was difficult to get answers from seller ....website customer services was then contacted and it took a lot of time and effort.") and limited information ("...seller failed to mention delivery charges on arrival of the order...").

Table 9 unsatisfying factors for Employed

Factors	Quotes
Product related Factors	
Reliability	"….Designs were totally different from the ones on the display on the website." "…they always change colour or styles…" "I ordered summer clothes from a clothing store and they delivered winter clothes…."
Quality	"…quality was so bad this is the last time I ordered anything online..."
Functionality	"…they never had the option of online shopping…" "…which was available on the website but I was notified after 24 hours that the product wasn't available."
System related factors	
Return Policy	"…they have no exchange policy"
Logistics	"…I paid for my order and did not receive them…"
Customer services	"..it was difficult to get answers from seller ….website customer services was then contacted and it took a lot of time and effort."
Limited Information	"…seller failed to mention delivery charges on arrival of the order…"

4.4   Discussions

Table 7 and Table 8 represent in summarised form the factors' frequency identified by the students and employed respectively. We found from these tables that both the students and employed were both satisfied with both the Product-related outcome factors and system-related outcome factors. It's worth-noting, however, that the system-related outcome factors were not as crucial as were the product-related outcome factors for satisfaction of both students and employed. However, system-related outcome factors were identified as very critical in producing dissatisfaction between both students and employed. It, was, however hard to weight satisfaction and dissatisfaction attributed to products, because different users deem different attributes of the same product to be important than others. This means that while some factors can lead to satisfaction for some customers may not

necessarily generate satisfaction for other customers and in fact might produce dissatisfaction and similarly some factors producing satisfaction for some customers may be a source of dissatisfaction for others customers. Context and environment is of essence when dealing with customer responses and these variables can never be ignored. This is in line with swan and combs (1976) where they state that "because such weights vary in perceived importance depending on the level of product performance". This also supports Swan and Combs (1976) hypothesis that a factor leading to dissatisfaction may not necessarily lead to satisfaction if fulfilled.

Reliability is one of the main reasons behind attracting or discouragement of users to a web store. Lee (2002) argued that reliability encompasses several factors in itself e.g. store's reputation, accurate descriptions and promised privacy. This means the users expects the products to be accurate according to the description on the web store including quality of the product as well (Constantinides, 2004). The reliability is a multivariant function, for example, a web seller can be reliable if the shipment that the customers get are exactly what they wanted and ordered in the first place. Another aspect of reliability can be quality. If the seller is selling substandard items, the customers will lose their trust in the seller eventually. Reliability in this context is linked to trust in the seller and should be studied and analysed in future studies. From the table it is clear that this is one of the main areas the sellers have to work on since some of the buyers complained about receiving products not fitting the descriptions. For example a customer complained about receiving a product that was different in size altogether and had little use for the item in different size. Some customers complained about receiving products with designs different from what they chose to pay for while some customers received products fulfilling purposed different from what customers intended for in the first place(customers received winter clothes instead of summer). These issues seriously damage the reputation of the seller and customers do not feel safe buying from the seller they have had bad experience with in the past.

Product quality is one of the factors the users take seriously in consideration. Even though online shopping is supposed to bring ease in shopping by facilitating customers in various ways such as saving time and shopping at finger tips, the customers still consider quality of the products very seriously and it is one the factors that has a definitive role in changing the mind-set of customers towards shopping online. In our survey responses the subjects mostly talked about quality of the product, the quality of the web interface of the store is also an important aspect of the e-commerce. According to Bei.et.al (2004) consumers mostly rely on others' experiences about quality of products when they buy online. This means that a store having good customer reviews will have more chances of customers purchasing goods from their online store (Sismeiro et.al. 2004) and vice versa. A number of customers complained about poor quality of the products available in online stores. While the customers stated a number of aspects of quality

when shopping online such as stated above, a lack in anyone of the aspect of quality has consequences. The most likely consequence it will have is that customers either discontinue shopping online or they would choose another seller at minimum. It is, therefore, very important for sellers to maintain quality in their electronic purchases as well. Despite the critical role quality plays in convincing customers for shopping online, it's rather easy to maintain quality in all its attributes. The sellers can have their web stores graphical user interfaces or simply the user interfaces easily without costing them a lot now a days. Similarly, issues with product quality and other aspects of quality are equally critical in persuading if properly addressed or repelling customers from online shopping if ignored and ,therefore, sellers need to work on quality of the products they sell on a priority basis and improving user interfaces on their web stores as well.

Another important area of online businesses is the customer services offered by the sellers. While this can both be annexed to "pre-shopping" and "post-ordering", the importance of this factor cannot be ignored. Customers expect a high class customer service when they shop and in case of online shopping, customers anticipate even better customer service. If the customer is having difficulty with finding an item online or having a problem with their shopping cart or simply have some query, they always turn to customer services and in case the customer service is poor, the customer is most likely to drop their idea of shopping from the particular seller. Good customer services is one of the main factors influencing customers to shop online and therefore online sellers should be able to help solve customers' issues (Constantinides ,2004). There is a number of reasons that explains why customer services needs to be improved in the Pakistani e-market. In the first place, it's hard to attract new customers but it's even harder to retain older customers. If the customer, new or old, is unsatisfied with the customer service, they will switch to another seller in no time. Secondly, an excellent customer service is essential for revenue growth since satisfied customers would not switch to other sellers. Satisfied customers are key to bringing new customers to the sellers by recommending it to their friends and family. Thirdly, customer retention is the key to growth of the business and customers stays only when they customer services are excellent. It is almost twenty time expensive attracting new customers than to keep a loyal customer (Gallo, 2014). The expenses that are spent in attracting new customers can be invested in growing the business and providing the loyal customers with good service. This, eventually, brings new customers without investing a lot in advertisement since the word of mouth plays a significant role in attracting new customers towards the business. Fourthly, excellent customer services are key to success of any business in modern times. Good customer services means good reviews and good reviews means more new customers. Lastly, satisfied customers will take the product places and thus advertise it for free. In modern days, customers will also interact with product pages online on social forums such as Facebook, Instagram and other such forums. Customers will comment, like or dislike and these factors plays a very critical

role in the repute of the seller and therefore the customer services should be given due importance in any business.

Customer churn rate is used to calculate the extent of customers who stopped dealing with the company over a specific interval of time. The interval of time over which the churn rate is calculated depends on the company and the nature of industry it is operating within. While some companies such as gyms, cellular companies would do it on a monthly basis other companies might do it on a quarterly basis to analyse the number of customers who left or stays. The opposite of customer churn rate is customer retention and both of them plays a critical role in maintaining business. My personal experience in Pakistan Telecommunication Company Limited, where I worked as Assistant Technical Manager (2010-2012), required us to analyse the number of new customers who were joining and customers who left. Management offers promotions and other benefits to staff who have a higher customer retention rate and a lower customer churn rate. The above discussion presents how critical it is to have a good customer service.

One of the main factors our subjects talked about was functionality factors. This includes convenience, navigation/search functionality, site fundability and payment procedures (Constantinides, 2004). Convenience encompasses many factors within itself. For example it can mean that the customers can find easily what they are looking for, or they can easily place their order or it is easy to have their orders delivered. The Navigation is helping customers locate easily the items they are looking for. Site search function (findable) is associated with users who try to find items using search engines and if web stores aren't properly accessible to users through search engines there is a good chance they are losing a good part of their customers (Constantinides, 2004). Today, most of the companies also have a web store, which means customers have many places to choose from. Sellers, therefore, are required to design their web stores which generically meets the demands of the customers. This means the web stores have to be designed carefully since most of the customers wouldn't have high speed internet that would load pages even on slower connections. This is critical on account of various reasons. First, customers find it cumbersome to wait too much for any page to load. Secondly, heavy web pages take too much of the system resources and therefore should be considered well when designing web stores. Another factor that customers complained about was that they couldn't add items to the shopping cart. The customer could see the items on the web store but the "add to cart" function was working properly and, therefore, they couldn't buy those items online. This leaves a bad impression on the customer and they leave the web store in a state of disappointment, looking for the exact same item on some other web store. Customers also complained about the payment facility. While cash of delivery service is prevalent in the country since most of the banks don't provide internet banking, the companies have opted for cash on delivery services. This has served the customers for the past many years but with banks now providing their customers with internet banking and most of

the people using debit cards and master cards for every day shopping, it seems a toiling process to go get cash from the nearest cash machine when you can pay online. The sellers, therefore, should introduce online payment options on their web stores as well to save both time and customers.

Another factor customers complained about was the logistic issues. Customer complained that their product would either be delivered late or not delivered at all or at the best lost on their way to customers. I personally was sent an IPod and I received it after months and even then I had to go to the local postal station since they wouldn't deliver it to the doorsteps of the customer. There is a number of reasons for this issue and while the companies cannot always be blamed for this, there are, however, solutions that can help prevent this problem from happening or at least minimised in the future. The local postal network, Pakistan postal services is both slow and is known for its ability to lose parcels and packets on the way to the customers. The web sellers have thus acquired the services of the courier services such as DHL or TCS and similar services to have the orders delivered to their customers in time and with confidence. There is, however, one problem with this i.e. these courier services do not cover the entire country. These courier services, at their best, works with in cities mostly and do not deliver to the peripheral areas. There can be two solutions to this problems. Firstly, the sellers should provide incentives for delivering to the farther corners of the country or they should have main depots in main cities and have a network of their own for delivering the products to places where courier services wouldn't operate.

The customers were satisfied mostly with prices of the products. It is necessary to maintain prices of the products such that it should cover all the expensed. While low prices are what customer always look for when they shop, both in traditional stores and online stores. The customers nevertheless do not ignore the quality of the product. It is more difficult to convince a customer who has always been shopping from a brick and mortar store that the products in the web store would be, at least, having the same quality, if not higher, as the same products in the brick and mortar store. The customers are happy to pay more for a quality product than to pay less for a product that they know wouldn't be according to their standards. This can be prevented by having brands that are cheap and brands that have the best quality and are known within the customer circles for their quality. The customer who would want quality product will chose the desired products and other will have to choose from list of products that they deem best. In this regards www.sportsdirect.com has made a very good example. The store has products ranging from very high end gear companies such as Adidas, The Northface or Canadagoose all the way to products that are affordable for many other customers. The store leaves it to the customer what he/she can pay for or what they desire from a wide range of products. The Pakistani sellers could follow the example of www.sportsdirect.com and keep a wide range of products so that customers have the freedom to choose what type and brand

would they like to purchase. The customers would, then, have a wide range of products to choose from based on a number of chosen factors such as product, quality, brand, seasonal etc.

There were some other features as well which had mixed responses from the customers. There were few customers who were visiting their families in Pakistan then and they ordered a few items using their credit cards from abroad and they got called as to confirm if it's genuinely them who are using their cards. While this might be something a few customers may not like, the fact of the matter is, the sellers have to take such steps for two reasons. Firstly, the activity itself is something which doesn't happen that frequently and so if someone is using their international debit or master card for large payment(s) the sellers have to be careful. Secondly, because of the lack of implementation of any laws prohibiting frauds and assuring customers their rights in fraudulent cases, the sellers often make calls for identification. One of an overseas Pakistani, applauded their service for a few reasons. The customer had ordered an electronic item which was worth around 800 euros and the item was delivered to the customer's home address and installed for free and then charged. This shows the confidence of Pakistani sellers in their customers and the fact that the sellers go beyond their limits to offer a good service to their customers. There is no such law as to invoice a customer who refuses to pay for these items in Pakistan: yet these sellers take risks and deliver items at their door steps either on onetime payment or in instalments. Another customer applauded the flexibility of the sellers. The sellers were asked to deliver the item on a particular date since the customer's parents were out of their home for some business and the customer wanted to make it a surprise. The sellers agreed happily and without charging the customer any extra money delivered the item of the date asked.

The above discussion shows basically a few things i.e. most of the sellers are keen on providing their customers with the best possible service with meagre resources that the sellers have. The sellers try to make it work for the customers even when the circumstances are not favourable. Despite the lack of customer's law in the country, the sellers are trying to make it as secure as possible for both the customers and the sellers. The monthly invoice system is absolutely new idea in Pakistan and to this date there hasn't been any worth mentioning laws that would work in case of frauds on either the customers' or sellers' end. However. We need to understand, it is the seller whose money is risked and not the customer in majority of the cases and in such conditions it is the best that the sellers can provide. The Pakistani e-market needs to work on legislation concerning security and other risk related factors in the business involved to avoid any ambiguity and unpleasant situation. The sellers should also work with the local banks to address the issue of the difficulty of web-banking.

We can see from Tables 7 and 8 that customers were satisfied with Product-related outcome factors. The students cited product-related outcome factors 31 times as a source

of satisfaction for them. The students cited Quality 24 times and Price-efficiency 7 times. The Employed users cited Product-related factors 24 times. For example, employed users cited quality 15 times, price-efficiency 6 times, reliability 2 times and searchability once. This is in consistence with Bianchi et.al (2012) which states that the drivers for customer satisfaction are not always the same as the drivers for customer dissatisfaction (Cadotte and Turgeon, 1988). In other words, some of the factors contributing towards producing customer satisfaction are not necessarily crucial and their absence may not cause dissatisfaction (Vargo et al., 2007).

Table 10 Frequency of factors identified by students

Generic factor	Specific factor	Satisfying	Dissatisfying	Total
Product related expectations	Quality	24 total 38	6 total8	30
	Price - efficient	14	0	14
	Reliability	0	2	2
	Searchability	0	0	0
System related expectations	Customer care	8 total 13	2 total 2	10
	Security	2	0	2
	Logistics	3	0	3

Table 11 Frequency of factors identified by Employed

Generic factor	Specific factor	Satisfying	Dissatisfying	Total
Product related expectations	Quality	15 total 29	4 total 16	25
	Functionality	0	1	2
	Price efficient			
	Reliability	8	0	11
	Searchability			
	Customer care	2	10	12
	Return policy	4	1	5
System related expectations	Logistics	7 total 17	5 total 7	12
		2	1	3
		8	1	9

The Product-related expectations outcome contributed towards dissatisfaction among customers to some extent. The students quoted those 8 times and employed consumers reported product related factors 29 times. For example, employed cited reliability 10 times as a source of their dissatisfaction while students quoted it 2 times. The students quoted reliability 2 times and the employed consumers quoted it 10 times. This explains that reliability itself may not be contributing to the satisfaction of the consumer, but the lack of reliability contributes more to dissatisfaction. This is in accordance with Johnson

(1995) "managers might be tempted to assume that reliability might give them an edge over competitors, whereas this study suggests that if it fails it will only detract." The responses from both the groups about these factors were mostly positively confirmed. In other words, these factors could have generated satisfaction, but the overall responses of customers were not majorly affected by these factors. This is in line with Islam (2014) "some factors may generate satisfaction, but the absence of these does not necessarily generate dissatisfaction".

The system related factors produced satisfaction. The consumers from students reported these factors in the category of satisfying factors 13 times whereas employed consumers quoted these factors 17 times as sources of satisfaction when buying online. For example, students reported customer care 8 times in this category whereas employed consumers reported customer care 7 times. Logistics was quoted 3 times by students and 8 times by employed consumers respectively. Prior IS research suggests that system-related factors should generate user satisfaction (Islam, 2014: Subramanian et al, 2014). Our findings are thus in accordance with the previous literature that system- related factors contribute towards satisfaction of consumers.

The system related factors did not cause dissatisfaction. The customers from the student's category related these factors only 2 times and from employed a total of 5 times. For example, the student cited only two times that the customer care service wasn't satisfactory while the employed reported customer care 5 times. None of the students reported returns policy or logistics as a factor that could cause dissatisfaction while the employed category only cited them once each. It, was, however hard to weight satisfaction and dissatisfaction attributed to products, because different users deem different attributes of the same product to be important than others. This is in line with swan and combs (1976) where they state that "because such weights vary in perceived importance depending on the level of product performance". This also supports Swan and Combs (1976) hypothesis that a factor leading to dissatisfaction may not necessarily lead to satisfaction if fulfilled.

4.5 Implications

4.5.1 Theoretical implications

The study has two important theoretical implications. In the first place we found that satisfaction and dissatisfaction are results of different factors in online shopping purchasing context. We also found that while some factors play a major role towards generating satisfaction may not be the cause for dissatisfaction if they aren't present in the system at all and vice versa. In particular, we found out that system related factors generate satisfaction but are not as crucial in generating dissatisfaction. This is confirmed by Herzberg et Al. (2011) which argues that factors producing satisfaction aren't necessarily important in generating dissatisfaction if they are taken out of the scene. This could, however, be very subjective and change when the standards by which satisfaction or dissatisfactions are measured (Linder-Pelz, Susie, 1982).

Secondly, system related factors contribute to consumer satisfaction as well. This is in consistence with prior IS research (Islam, 2014) which disapproves original expectation-confirmation model and needs revision before applying to online shopping context.

4.5.2 Practical implications

The study offers practical solutions for managers. The study identified factors that can play a vital role improving sales. Managers should develop techniques to avoid dissatisfaction. Satisfaction of the customers varies in varying circumstances and is always relative. Since we have extensively discussed, in the literature prior to this section, that sources of satisfaction and dissatisfaction are quite often different and not related altogether. We suggest, therefore, working on both, satisfaction and dissatisfaction, individually to create an atmosphere where customers feel safe in shopping online.

5   CONCLUSION AND LIMITATIONS

5.1   Conclusions

The study established factors critical in generating consumer satisfaction and dissatisfaction in the online business context in Pakistani market. We proposed two broad categories of factors that generate satisfaction and dissatisfaction. Our study examined Pakistani e-markets from customers perspective and found out that product related factors were more important in generating consumer satisfaction while system related factors were important in avoiding consumer dissatisfaction. Vendors should work on providing quality products making sure, at the same time, that the customers get exactly what they ordered and not something else.

The primary contribution of our study is hitting the growing e-commerce Pakistani market which has scarcely been studied before. The tools and techniques we used, in addition to other popular techniques, can be used to study customer satisfaction on an extended level. This will not only benefit the local sellers but the international sellers as well since more and more Pakistani customers are shifting to both local and international e-markets.

5.2   Limitations of the study

The study has some limitations mainly due to limited resources. Firstly, we couldn't reach out to more people to know their opinion about online shopping behaviour. This gap can be filled by future endeavours to study the Pakistani e- market in detail by allocating more time and other required resources. The customer mind-set is always changing, and it is, therefore, necessary to conduct a more extensive research to reach out Pakistani customers from different backgrounds in order to successfully boost the promising Pakistani e-commerce market. Secondly, we couldn't access sellers to learn about their views regarding the opportunities and problems they encounter in dealing with both customers and bureaucracy.

APPENDIX

Turun kauppakorkeakoulu
Turku School of Economics
TURUN YLIOPISTO · UNIVERSITY OF TURKU

Online shopping In Pakistan

Hello
My name is Muhammad Adnan Waheed and I am studying Global IT management at Turku School of Ecnonomics , University of Turku, Finland .The Following survey is intended to partially full fill the requirements for Master's thesis In the above mentioned degree. All the questions are mandatory .There is no financial
compensation for answering this survey nor is there any known risk. To ensure confidentiality please do not provide any personal details i.e. name , contact number etc. The survey will take Approximately 1015 minutes and the data collected from this survey will solely be used for academic purpose and will only be shared with my Supervisor at Turku school of Economics solely for academic purposes .
Thank you for your time and effort

1. I am * (0 Points)

◯ Male
◯ Female

2. How old are you? * (0 Points)

◯ 18-25
◯ 25-35
◯ 35-45
◯ 45 or more

3. Currently I am * (0 Points)

◯ Studying
◯ Working
◯ Working and studying

4. How educated you are ? * (0 Points)

◯ Technical Degree
◯ Bachelor Degree
◯ Master Degree
◯ Other (Please specify) [_____]

5. How much do you earn per month? * (0 Points)

◯ Pkr 30,000 or less (Euro 300 approx)
◯ Pkr 30,000 -40,000 (Euro 300-400 approx)
◯ Pkr 40,000 -50,000 (Euro 400-500 approx)
◯ Pkr 50,000 or more (Euro 500 or more approx)
◯ I do not want to disclose this information

Next -->

50

Turun kauppakorkeakoulu
Turku School of Economics
TURUN YLIOPISTO · UNIVERSITY OF TURKU

Online shopping In Pakistan

6. Do you shop online ? * (0 Points)

○ Yes
⦿ No

<-- Previous   Next -->

Turun kauppakorkeakoulu
Turku School of Economics
TURUN YLIOPISTO • UNIVERSITY OF TURKU

Online shopping In Pakistan

7. What are the major reasons you do not prefer online shopping ? (You can chose more than one option). * (0 Points)

☐ I do not trust them
☐ Quality Issues
☐ Online Payment Issues (Not happy with Cash on delivery , easy paisa methods)
☐ Unsatisfactory customer services
☐ Others (Please specify) [_____]

8. What factors would you want in a web store if you ever want to shop online (you can chose multiple options) * (0 Points)

☐ Ease of payment
☐ Branded Products
☐ Low prices
☐ Free and fast delivery
☐ Information confidentiality Others (Please use comma if there is more than one factor involved)

<-- Previous   Submit

Turun kauppakorkeakoulu
Turku School of Economics
TURUN YLIOPISTO · UNIVERSITY OF TURKU

Online shopping In Pakistan

9. How frequently have you bought online during the past one year? * (0 Points)

○ Atleast once a month
○ Twice a year max
○ More than twice a year
○ I shop whenever there is an offer on a product

10. What do you mostly purchase online ?(You can chose more than one option) * (0 Points)

☐ Clothes (Shirts , Jackets, Jeans etc)
☐ Electronics (Cellphone, Laptop , computer and its peripherals etc)
☐ Watches and Jewellery
☐ Others (Please specify) [_____]

11. Do you find a difference between online and Traditional shopping (instore shopping)? If your answer is Yes ,Please write in short what kind of differences have you experienced. * (0 Points)

○ Yes [_____]
○ No

12. What is the main reason you purchase online ? (You can chose multiple options) * (0 Points)

☐ Price
☐ Privacy
☐ Convenience (Time saving, Home delivery etc)
☐ I do it because people around me do it
☐ Others (please specify) [_____]

13. when you purchase a product online , do you compare the product on different stores before you buy it ? * (0 Points)

○ Yes
○ No

14. Does the Layout and design of the website of a store play an important role in making a decision about purchasing from that store ? * (0 Points)

○ Yes
○ No

15. What do you think is the main reason that the majority of Pakistani people do not shop online? (You can chose multiple options) * (0 Points)

☐ No trust in online stores
☐ Difficulty of payment to the seller
☐ Unsatisfactory customer services
☐ Low quality Products
☐ The required product is in the web-store but it's hard to find it (Website navigation Problems)
☐ Others [_____]

16. Please write in short how online shopping can be promoted in Pakistan? * (0 Points)
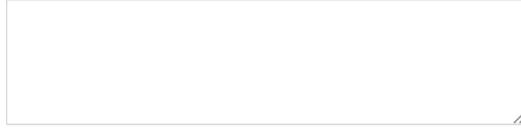
17. Recall your memory about a satisfying incident and an unsatisfying incident about online shopping In Pakistan. Please write your answer focusing on the following . a: What caused the particular incident? b: what did actually happen? c:What was your reaction? d: How did you respond ? * (0 Points)

Satisfying incident
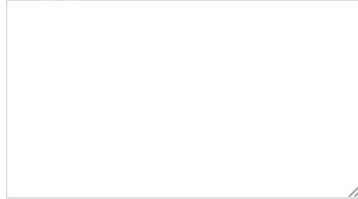
Unsatisfying incident
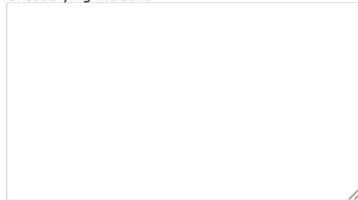
<-- Previous   Submit

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