Research Paper

E-Service Quality effect on Customer Satisfaction In case of Mongolian E-Commerce Industry

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Abstract
E-business, especially Internet trade, creates new opportunities and new conditions for the development of the country. Today, more than 3.4 billion of the 7 billion people in the world are connected to the borderless Internet environment, and thus the economies of countries are turning into digital platform economies. According to 2019 research, 92.6% of all participants answered that the level of development of Internet commerce in Mongolia is moderate or poorly developed. Due to the global curfew imposed during the pandemic, humanity has started to switch to digital and contactless payment methods. This situation had an equally strong effect on the consumer purchasing behavior of Mongolians, and it has boosted development of the Mongolian e-Commerce Industry. Therefore, the research paper focused to investigate effect of E-Service Quality on customer satisfaction. The primary data was collected from 320 respondents who actively use social media and analyzed by SPSS 21 software for the producing result.

I.   Introduction

As we move into the digital age where one button does a thousand actions, internet users are increasing day by day and e-business is gaining momentum. Customers can now purchase their products and services by using phones, laptops, and tablets from anywhere, anytime. In particular, due to the impact of the COVID-19 epidemic, the transition and changes that will take place in 10 years have occurred in a year, and the e-commerce development has been accelerated 10 times. The McKinsey Global Institute released an intriguing report that predicted an 87 percent increase in the number of customers choosing online shopping by 2024. According to the study, online shopping sales in the 60 largest economies are expected to increase by more than 30% by 2023. Along with this growth, there has been a sharp increase in electronic payments, with 63 percent of all online payments made through mobile phones. Adapting to change has been a challenge for retailers, and they have had to increase their online presence to cope. In a survey of 3,869 consumers in eight countries commissioned by the Discover Global Network, a third have opted for a digital payment service in the past year. The majority of them (59%) use at least one type of digital payment service. Latin America and Asia-Pacific countries are leading in the rate of adoption of this type of service. These indicators show that the meeting point between the merchant and the consumer has already become an online environment. Therefore, in order to increase profits and develop their business in the online environment has become the most important step for modern entrepreneurs. According to the 2022 survey, 61.0 percent of Mongolia's total population, or 2.4 million Internet users, which is an increase of 17 percent from the previous year. In addition, the number of mobile phone network users reached 4.67 million (one person frequently uses two or more networks) and increased by 266 thousand, or 6.0 percent, over the same period last year. Furthermore, 74.3 percent of Mongolian users who made online purchases used various payment applications such as Qpay, internet banking. The online purchase percent increased by 13% compared to 2021 and it shows that the culture and behavior of online shopping in Mongolia and global consumers are rapidly developing, and a favorable environment for the development of the e-commerce sector has been created. Therefore, the study will investigate the effect of E-Service quality on customer satisfaction in the case of the Mongolian online shopping market.

II. Literature Review

E-Service Quality

E-Commerce is an Internet-based business model designed to facilitate the flow of money between individuals and organizations. It involves distribution, selling, purchasing, marketing, and service delivery processes based on electronic systems (Cox, 2001). According to Swaid (2007), e-service quality is determined by digital platform or websites' ability to efficiently and effectively provide shopping, buying, and delivering products. Sari (2018) explains that E-Service Quality covers the processes related to the efficient acquisition and delivery of products and services through web and mobile applications (Sari, 2018). Quality is the main critical factor that has a direct effect on the failure or success of e-commerce. Santos (2003) defined E-Service Quality as the service offerings in the digital environment by the customers' overall evaluation. The online purchasing website is relatively different compared to traditional retail. Customers are able to check service or product quality by directly taking it on hand during traditional shopping, but the virtual environment hasn't. As a result, customers are likely to evaluate all processes of the e-commerce platform in depth to reduce the risk. Lin (2016) defined the following four dimensions of E-Service Quality:

1.   Security: It is one of the most pressing issues in the online shopping industry. 32.4% of cyber attacks in 2018 were successful (Getastra.com). E-commerce security is protection against unauthorized access, modification, or destruction of e-commerce customer data.

2.   Responsiveness: It is about creating a positive digital experience for the e-commerce service provider by solving the questions and problems faced by the customer during online shopping. Some of the factors are how long it takes to solve a customer problem, how well the staff can communicate, and whether or not self-service is an option.

3.   Reliability: E-commerce gives you a wider range of products to choose from and lets you compare prices and features across multiple sites in less time (Jiang, 2016). If the user can find and purchase the products he needs on the site, he will become interested in using them regularly (Suntouridis, 2012).

4.   Ease of use - It focuses on presenting the web with videos, images, text, and actions to users on mobile and computer screens in an aesthetically pleasing and easy-to-use manner. Additionally, the speed, correct operation, and authenticity of the content of the web application are included. 42% of Internet users say they will leave a website if it has poor functionality (Top Design Firms, 2021). In a survey of 1000 consumers in the United States, 60% believed that design is important for e-commerce purchases (Statistica, 2020). 85% of online shoppers identify product images and information in making a purchase decision. 21% of users leave the web if the color scheme is tiring for the eyes (Top Design Firms, 2021).

Customer Satisfaction

Satisfaction is an essential factor for the company's growth and sustainability and gives them the chance to define their future financial situation (Vikmir, 2006). Customer satisfaction is determined by customer evaluation related to a specific service or product of the company. Customer satisfaction decreases if the product or service can't meet or exceed customer expectations. In the online shopping industry, competition is harsher during a pandemic, and companies are continuously developing service quality to survive the market. Consequently, customers' online purchasing experiences have sharply developed and customers require high service quality from e-commerce more than ever before. The difference between a customer's perceived expectations and the performance of a service or product is referred to as e-satisfaction. According to Amin (2016), customer e-satisfaction in online purchasing is defined by effort and time-saving when searching for items, enough information about products and services, platform appearance, website capabilities that can secure customer purchasing transactions, privacy, and reliable performance during usage time.

Characteristics of respondents

Multiple researchers confirm that social media active users are more likely to do online shopping. Therefore, the study decided to collect primary data in a social media environment, and a total of 320 people answered the Google form. Previous researchers suggest the sampling size must be greater than 300 when using primary data, and the study's primary data meets the requirement. The data collection procedure continued from July till the end of August and most of the participants lived in Ulaanbaatar, the Capital City. The survey form has 32 questionnaires related to customer demographic information, dimensions of service quality, and customer satisfaction. The answer section of each question is based on the Likert scale, and the scale expresses acceptance levels such as strongly agreed = 5, strongly disagreed = 4, average = 3, disagreed = 2, and disagreed =1.

Table 1: Demographic Information

Age			Education		
< 20 years old	32	10.00%	Elementary school	20	6.25%
20-30 years old	56	17.50%	High school	32	10.00%
30-35 years old	178	55.63%	Higher than Bachelor	268	83.75%
> 35 years old	54	16.88%	Income		
Gender			300-500	30	9.38%
Female	198	61.88%	500-700	48	15.00%
Male	122	38.13%	700-900	138	43.13%
Relationship			900-1000	54	16.88%
Single	86	26.88%	1000-1200	34	10.63%
Married	234	73.13%	>1200$	16	5.00%

72.5% of participants are older than 30 years old and 83.75% have a bachelor's degree. According to the gender section, 61.88% of total participants are female, as well as married status in the relationship section, which covers 73.13%. Also, the income section of the table shows that 76% of total participants have an income of more than 900 USD, which means most participants have a higher ability to make online purchases.

Table 2: Descriptive Statistics

Variable	Mean	St Deviation	Variance
Security	3.8453	0.76401	0.678
Responsiveness	3.9234	0.83432	0.643
Reliability	3.6832	0.81248	0.598
Ease of use	3.2785	0.87601	0.481
Customer Satisfaction	3.5781	0.72457	0.672
N=320			

Table 3: Regression result

Relationship	Coefficient	S.E	Sig	Hypotheses support
H1: Security and Customer Satisfaction	0.784	0.036	0.001	Yes
H2: Ease of use and Customer Satisfaction	0.698	0.032	0.005	Yes
H3: Reliability and Customer Satisfaction	0.978	0.044	0.000	Yes
H4: Responsiveness and Customer Satisfaction	0.738	0.039	0.001	Yes

According to the regression results in Table 3, the following results are obtained:
Hypothesis 1 was supported. Customer satisfaction is linked to the security aspect of service quality (r = 0.784, p =.005) in a good way.
Hypothesis 2 was supported. The ease of use dimension of service quality has a positive relationship with customer satisfaction (r = 0.698, p 0.005).
Hypothesis 3 was supported. The reliability dimension of service quality has a positive relationship with customer satisfaction (r = 0.978, p 0.005).

Hypothesis 4 was supported. The responsiveness dimension of service quality has a positive relationship with customer satisfaction (r = 0.738, p 0.005).

III.   Conclusion

The research paper focused on investigating relationships among dimensions of E-Service Quality and customer satisfaction. From the results, e-service quality has a direct positive effect on customer satisfaction. It means that Mongolian online purchasers give high importance to e-service quality and their e-shopping experience has greatly developed during the pandemic. Also, it shows Mongolian e-commerce companies need to develop fast delivery, website design, security, and increase the choice of goods to survive in the harsh market. Furthermore, the study will extend the framework by measuring customer loyalty and purchase intention.

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