Role of Perceived Customer Service, Quality, and Price Fairness on Attitude Formation: An Empirical Evidence from Nepal's Online Business Context

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Abstract

Extensive development of information communication technology has widened the entrepreneurial opportunities and improved the multidimensional connectivity across the globe. Nepal does not stand aloof from this reality. At the same time, an abrupt outbreak of covid-19 crippled the global economy compelling many enterprises to face the unthought situation and act on issues unanticipated. Nepal's small and medium enterprises were forced to change their operation and marketing activities to reach customers. As a result, many small-sized enterprises started promoting thei products online, especially on social networking sites, accepted orders, payments online, and cash on delivery. Amid such a situation, this study aimed to identify how individuals perceive the customer services provided by online stores in Nepal. Further, this study also examined the role of perceived customer service, quality, and price fairness in shaping the attitude towards online shopping. This research applied the Ordinary Least Square to find out the effect of perceived customer service, quality, and price fairness on the attitude toward online shopping. Data was collected from 425 respondents through an online questionnaire. The collected data were processed in the Statistical Package for Social Science (25). The result of the study suggested a significant positive impact of perceived customer service, quality perception, and price fairness perception on attitude. The contribution of this study is the understanding of the relationship between the variables used in this study and the impact of the independent variable on the dependent variable in the Nepalese context. The results of this study may be helpful to the marketers in improving perceived customer service, quality perception, and price fairness and eventually increasing their sales.

Keywords: attitude, perceived customer service, quality, price fairness, e-commerce

Introduction

Background of the Study

The internet era is characterized by electronic commerce (Li and Zhang 2002). With the advent of internet technology, global connectivity with consumers, suppliers, and distributors has become easy. Despite being a developing nation, Nepal has been able to keep pace with or at least expand internet coverage satisfactorily. Despite being a developing country, Nepal has been able to stay on the track, though in a minimal sense, with the digital, informational, and technological modern world (Bhattarai & Khatiwada, 2015). Shrestha (2017) Reports that Nepal adopted the policy of economic liberalization in the mid-1980s, which gained an accelerating momentum with the start of the 90s.

Further, Shreshtha (2017) asserted that the crucial proposition of economic liberalization was to create an environment that would channel economic resources toward more productive uses. The liberal economic policy widened economic opportunities and brought many challenges to enterprises. With liberalization, the factors of production and technologies crossed national boundaries. People migrated to different places in search of economic opportunities. Such migration has improved the economic health of individuals. Further, income generated through remittance has increased the demand for goods and services.

The success of enterprises, if not solely, largely depends upon their prediction of the environment. Nevertheless, the accurate forecast of the business environment is almost impracticable. A sudden coronavirus outbreak from Wuhan province, China, was declared a pandemic on March 11, 2020, by the World Health Organization (WHO), and Nepal witnessed the first coronavirus case on January 24, 2020 (Devkota 2020). Yang et al. (2020) and Chan et al. (2020) stated that the outbreak of the 2019 novel coronavirus (2019-nCoV) in China spread progressively to other countries, resulting in a phase-wise lockdown of business activities. Many small-scaled enterprises unpreparedly encountered an unprecedented situation. Later on, many business houses started using information communication technology to promote their products and services to avoid the negative issues imposed by the lockdown. Today, one can witness numerous promotional messages from different social networking sites from business houses. In this context, this paper aims to explore people's attitudes toward online shopping and the factors or elements affecting attitude formation. This paper particularly examines the role of perceived customer service, quality, and perceived price fairness in shaping people's attitudes towards online shopping.

Statement of the Problems

To control the the spread rate of covid-19, like in other countries, the Nepal government also imposed a lasting lockdown. During the lockdown, many enterprises faced multidimensional hardships ranging from difficulties in procuring raw materials, manufacturing, and connecting to the buyers. Many conventional stores switched from traditional methods of marketing. In this context, the traditional method means a business run with a brick-and-mortar concept. The Nepal government's lockdown decision negatively affected their sales operations and volumes. As a result, many enterprises switched from the brick-and-mortar approach to the brick-and-click approach. Brick and click approach means running conventional store hourses as well as using internet technology to reach the target market.

Many conventional stores started using social networking sites to reach the target customers. This study aims to examine the attitude of target customers towards online shopping. The fundamental question this article intends to examine in the direction of the attitude (the direction of the attitude may be positive or negative). Different studies have reported different factors shapping the attitude. In this paper, the researcher wants to examine the role of perceived customer service, quality, and price fairness in attitude formation.

Research Questions

    a. What is the relationship between attitude towards online shopping, perceived customer service, quality, and price fairness in the Nepalese socio-cultural context?

    b. What is the impact of perceived customer service, quality, and price fairness on the attitude towards online shopping in the Nepalese socio-cultural context?

Objectives of the Paper

    a. To examine the relationship between attitude towards online shopping, perceived customer service, quality, and price fairness in the Nepalese socio-cultural context.

    b. To examine the impact of perceived customer service, quality, and price fairness on the attitude towards online shopping in the Nepalese socio-cultural context.

Review of Literature

In this study, the prospect is an individual who is likely to buy or qualifies to buy the products offered by online stores. Thus, the prospects are those individuals who possess specific characteristics. In this context, the prospects indicate those who use the internet and are present on different social networking sites. The data was collected using the internet. Thus, it is implied that the considered sample units are true prospects.

Attitude

Attitude is a negative or positive evaluation of behaviour (Ajzen & Fishbein 1977). Attitude towards any object, event, or person is not absolute. Instead, it is a subjective evaluation shaped by a person's subjective norms, values, and beliefs. Similarly, Triandis (1979) asserted that attitudes are known as joy, pleasure, dislike, or hatred towards a specific behavior. Different studies have established the role of attitude in behavioral intentions. A person's attitude determines behavior. A positive attitude towards a particular brand may result in purchase intention and behavior. Ajzen (1985) and Triandis (1979) claimed that attitude determines behavioral intention. Zarrad and Debabi (2012) examined the relationship between attitude and behavioral intention and found that positive attitude had a significant positive impact on the behavioral intention

Perceived Quality

Consumers' quality perception of the product is a determining factor in consumer behavior and behavioral intention. (Dodds et al. 1991; Zeithaml 1988). Alamgir and Shamsuddoha (2003) asserted that service quality is the gap between the current service performance and expectation. Further study by Alamgir and Shamsuddoha (2003) suggested that improved service quality dimensions can be used for growth and customer retention; realizing the importance and service quality dimensions will help improve business performance and ensure sustainable growth of the enterprise. Likewise, Tran (2020) examined the relationship between service quality, value experience, and behavioral intention and found that service quality influences the purchase intention, together with the experience values and relationship quality. Similarly, Ali and Raza (2015) used the SERVQUAL model to examine how the customer is satisfied and summarized that service quality dimensions are significantly related to customer satisfaction.

Perceived Price Fairness

The prospects' perception of fairness of the price may influence the consumer's attitude and, finally, their purchase intention. Price fairness is the degree of customers' evaluation and related view of whether the gap between a particular marketer's price and other alternative marketers is admissible, rational, or justifiable (Xia et al. 2004). When the prospects enquire about the price of a particular product, they do not immediately make a purchase decision; instead, they search for price-related information from different marketers and compare the price (Kotler et al. 2002). Thus, if the marketer's price is comparatively lower compared with other marketers' prices, the consumers perceive the price as a fair price. Perception of price fairness results in consumer satisfaction and positive post-purchase behavior, and poor price fairness results in negative attitudes (Kannan & Kopalle 2001; Suter & Hardesty 2005). Other scholars like Kahneman et al. (1986a) have also reported a significant impact of perceived price fairness on the attitude

and a favorable response towards the marketers. Whereas; poor price fairness affects the attitude negatively (Maxwell 2002).

Methods and Materials

This study is quantitative and collected data from 425 respondents. The respondents of this study are those individuals who have the potential to buy products from online stores in Nepal. The required primary data was collected online using a structured and self-administered questionnaire. The study population encompasses all individuals who may buy products from online stores in Nepal. The sample of the study is 425. This study used a judgemental and convenient sampling technique to determine the sample units. The questionnaire collected two different types of data. The first type of data was related to the respondents' demographic information, like age, gender, qualifications, etc.

The other types of information were related to the measured variables like attitude, perceived customer service, perceived quality, and price fairness perception. This study used six scale Likert items to collect data. For each construct, 4 Likert items ranging from 1= Strongly Disagree to 6 = Strongly Agree were used to measure each construct. The data was processed in the Statistical Package for the Social Science (25). A reliability test was conducted to measure the reliability of the instrument. Further, to measure the relationship between the constructs and the impact of the regressor on the regressed variable, the Correlation, and the Ordinary Least Square test were employed.

Results and Discussion

Table 1

Reliability Statistics for Scales Used

Scales	Cronbach's Alpha	Min.	Max.	Mean	S.D
Attitude	0.73	4	24	17.63	3.99
Customer Service	0.724	4	24	15.00	4.33
Quality	0.849	4	24	13.85	4.78
Price Fairness	0.613	4	21	12.80	3.53

Table 1 represents the reliability statistics, i.e., Cronbach's Alpha. The reliability test was conducted to examine the instrument's reliability. The study applied a questionnaire containing 16 Likert items, each with six scales. The inter-item consistency test indicated excellent reliability of the instrument used. The Cronbach's Alpha value of each construct was found reliable. The reliability score, i.e., Cronbach's alpha values for

the constructs attitude, perceived customer service, quality, and price fairness, were above 0.6, which is acceptable (Hulin et al., 2001).

Table 2

Correlations Matrix   N=425

	Mean	S.D.	Min.	Max.	Attitude	Customer Service	Quality	Price
Attitude	17.63	3.99	4	24	1			
Customer Service	15.00	4.33	4	24	.484**	1		
Quality perception	13.85	4.78	4	24	.610**	.656**	1	
Price Fairness	12.80	3.53	4	21	.261**	.464**	.469**	1

Note. ** Correlation is significant at the 0.01 level (2-tailed).

Table 2 exhibits the Correlation between the variables attitude, perceived customer service, quality, and price fairness. The correlation test indicated significant positive correlations between variables attitude, customer service, quality, and price fairness, the stated variables.

A Pearson Correlation assessed the relationship between attitude and perceived customer service provided by online stores in Nepal. Scale scores were computed by adding the responses to four questions on each scale resulting in a minimum possible score of 4 and a maximum of 24. The mean value of the attitude was 17.63 (S.D = 3.99), and the mean for perceived customer service was 15 (S.D = 4.33). The Correlation between attitude and perceived customer service was positive, moderate in strength, and statistically significant r(423)= .484, p<.01. The correlation result indicates statistically significant positive correlations between attitude and perceived customer service of online stores in Nepal. The result suggests that improving either of the variables improves the other variables. It is imperative to improve customer service to bolster a positive attitude towards online shopping.

Further, A Pearson Correlation computed the relationship between attitude and quality perception of the prospects. In this case, scale scores were computed by adding the responses to four questions on each scale, resulting in a minimum possible score of 4 and a maximum of 24. The mean value of the attitude was 17.63 (S.D = 3.99), and the mean for quality perception was 13.85 (S.D = 4.78). The Correlation between attitude and perceived quality of the product was positive, strong in strength, and statistically significant r(423)= .610, p<.01. The correlation result indicates statistically significant positive correlations between attitude and perceived quality of the products sold by online stores in Nepal.

Likewise, the computed value of Pearson Correlation between attitude and price fairness perception of the prospects of online stores indicated a positive relation. Like other constructs, the scale scores for price fairness were computed by adding the responses to four questions, resulting in a minimum possible score of 4 and a maximum of 21. The mean value of the attitude was 17.63 (S.D = 3.99), and the mean for price fairness perception was 12.80 (S.D = 3.53). The Correlation between attitude and perceived quality of the product was positive, strong in strength, and statistically significant r(423)= .261, p<.01. The correlation result indicates a statistically significant positive correlation between attitude and perceived price fairness of the products sold by online stores in Nepal.

Table 3

Multiple Regression Equation of Attitude on all Predictor Variables

Variables	Unstandardized Beta Coefficients	t- statistics	P-value	VIF
Intercept (α)	10.132**	15.576	.000	-
Customer Service	0.152**	3.177	0.002	1.856
Quality	0.445**	10.216	.000	1.868
Price	-0.074	-1.475	0.141	1.357
F-Statistics	88.83	R^2	0.388	-
P-Value	.000	D-W test	0.594	-

Note. **p<0.01, *p<.05.

Dependent Variable Attitude

Table 3 exhibits the result of the regression analysis. The regressand variable of the test was the attitude of respondents towards online shopping, and the regressors were perceived customer service, quality, and price fairness. The multiple regression results revealed a significant positive impact of perceived customer service and quality of the products sold on attitude towards online shopping in the Nepalese socio-cultural context. However, the result indicated an insignificant negative impact of perceived price fairness on attitude towards online shopping. The value of R^2- in this proposed regression model was .388, and the proposed model was also highly significant.

Further, the Variance Inflation Factor (VIF) of all the variables is less than 3, implying the absence of a multicollinearity problem. The regression coefficient results indicated insufficient evidence to support the null hypothesis. Therefore, it can be concluded that there is a significant positive impact of perceived customer service and

quality but an insignificant negative impact of price fairness on the attitude of the respondents towards online shopping from online stores.

Conclusion, Implication, and Limitations of the Study

This study applied an Ordinary Least Squared Regression Model to investigate the effect of Independent variables. The dependent variable of the study was the attitude of prospects towards online shopping, and the independent variables of the study were perceived customer service, quality, and price fairness. A structured questionnaire was sent to the prospects of online stores to collect the data that was self-administered . Further, the Scale scores were calculated by adding the responses to four Likert items on each scale. The regression analysis suggested a significant positive influence of the regressor variables on the response variable. The regression coefficient of regressor variables viz., perceived customer service, and quality were significantly positive. However, the perceived price fairness had an insignificant negative effect on the attitude formation. The coefficient and positive direction of effect of the independent variables, like perceived customer value and quality on the dependent variable attitude, suggest that the better the customer service, the more positive attitude towards online shopping. At the same time, negative price fairness (better price fairness implies the customers' price evaluation as competitive, i.e., lower price than competitors' price). A negative effect of price fairness indicates that the lower the price, the better the attitude towards online shopping.

Implication

From the regression results presented in table 3, it is evident that how customers evaluate the store's customer service affects the attitude of the individuals intending to buy from online stores. Thus, the marketers must improve the quality of customer service to form a more favorable attitude towards online shopping. Research has established a positive impact of attitude on purchase behaviors. The marketers may improve their sales by improving the quality of customer service. Similarly, how customers perceive the quality of online stores' products is crucial. A positive impact of the perceived quality of online stores' products on the attitude suggests that the better the quality perception, the higher the stores' sales. Therefore, the marketers must improve the quality perception to enhance their sales. Likewise, a negative impact of price on the attitude suggests that the more pricy the product is considered, the more negative attitude towards online shopping will be. The more negative the attitude, the lower it will be sales. Thus, the marketing decision-makers must redefine their pricing strategies so that the potential buyers may develop a positive attitude toward online shopping and purchase decision.

Limitations of the Study

Like every study has certain limitations, even this study has limitations. The first limitation of the study is that it has delimited many other variables affecting the attitude towards online shopping. For example, ease of using an online shopping portal may affect the attitude towards online shopping, but this variable has been excluded from the study. Similarly, the trust factor, i.e., how safe potential buyers consider online shopping, may determine attitude formation. But this study has not included the trust factor in the study. Further research can include such variables to gain a broader perspective.

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