

Customer Satisfaction with Online Group-Buying Services

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Abstract

Given the essential role of customers to the success of any business, particularly newly-established ones, it is crucial for Hanoi's online group-buying (OGB) companies to make constant efforts to keep their customers satisfied. This research aims at investigating customer satisfaction in the context of Hanoi's OGB through both quantitative and qualitative methods including an online customer survey with 150 OGB customers, in-depth interviews with 20 customers, and participant observation of five OGB websites.

The research results show that the key factors affecting OGB customer satisfaction include product price, merchandise variety, information quality, product quality, and delivery. Also, despite the high likelihood of customers' repurchasing and recommending to others, Hanoi's OGB business has not yet met customer satisfaction, particularly in terms of the information quality, supplier's reputation, product quality and delivery. The root causes of this situation include the incomplete legal framework and ineffective management at macro-level; the poor quality management and business ethics of OGB companies; and the limited OGB customers' awareness of their rights and responsibilities.

Keywords: Online group-buying, customer satisfaction, macro-management, Hanoi, business ethics.

1. Introduction

Vietnam's market adopted the Online Group-Buying (OGB) business model in late 2010 and since then the business has been developing rapidly in big cities of the country, particularly Ho Chi Minh City (HCMC) and Hanoi. With its dominant economic advantages, OGB is considered a potential purchasing channel, which has attracted an increasing customer volume, particularly under the difficult situation of Vietnam's economy at the current time. Statistics show that as of April 2012, approximately 97 group-buying websites have been operating in Vietnam, in which Nhommu, Muachung, Hotdeal, and Cungmu are the four biggest players, accounting for around 90% of the total OGB market share (FTA Marketing Research and Consultant Company, 2011). Geographically, HCMC is a much more active market for OGB than Hanoi with its market share being 71% compared to only 23% for Hanoi (Do, 2011). The rapid establishment of group-buying websites registered signals the fierce competition in order to attract and retain customers.

On the other hand, the growth of OGB business is characterized by the revenue and number of deals provided. Results from market research show a dramatically increasing trend of these two indicators in Vietnam's OGB market.

Despite the increasing number of OGB companies established in Vietnam, this new model is still in its initial development stage with a modest market share and a great level of spontaneity. Poor experience and professionalism in operating this new type of business has resulted in the recent shutdowns of a number

of OGB sites, which further implies the severe competition within this harsh and unsystematic business context. This stresses the necessity for attracting and retaining OGB customers to maximise the potential of the business model. Improvement in customer satisfaction can be seen as the key to achieving this purpose, since customer satisfaction plays a role as a remarkable determinant of repeat sales, good word-of-mouth, and customer loyalty leading to an increase in profitability and growth (Sheth, 2001). This is particularly essential in today's market where customers are presented with lots of choices and thus are becoming more demanding and very critical when their expectations are not met.

Therefore, an in-depth understanding of OGB customers' perspectives on this emerging business in Vietnam is of great importance, which has however, not been thoroughly examined yet. This research aims to:

- identify key factors affecting customers satisfaction of Hanoi's OGB;
- measure the customer satisfaction degree for each key factor;
- determine underlying reasons causing OGB customer dissatisfaction; and
- come up with recommendations for key stakeholders to improve customer satisfaction in the context of Hanoi's OGB business.

The research focuses on Hanoi's OGB market given its strong potential for the OGB business development in terms of high internet penetration rate (Cimigo, 2011), modest OGB market share (Do, 2011), and high level of customer loyalty (AC Nielsen, 2009).

2. Theoretical framework

2.1. Online group-buying

OGB refers to a computer-based mercantile exchange mechanism that enables consumers to benefit from volume discounts achieved through shopping together (Kauffman, & Wang, 2001). In this mechanism, OGB websites play an intermediate role to enlarge the reach for the vendors offering discounts and create a convenient platform for customers to find the best bargains.

Being one type of online shopping, OGB has all the advantages that online shopping can offer such as time and money savings, global access, reduction of customer's discomfort caused by factors like judgmental sales assistants, traffic jams, etc. (Rowley, 1996). Furthermore, one major advantage of OGB has over ordinary online shopping is its impressive discount offer, which is either a dynamic pricing mechanism or a static one (Anand, & Aron, 2003; Kauffman, & Wang, 2001). The former mechanism determines the discount prices by price-quantity functions; whereas, the latter has pre-determined and fixed discount prices.

On the other hand, online shopping customers in general and OGB customers in particular face numerous challenges that might hinder their adoption of these shopping channels. These challenges include: the possibility to physically examine the product or the retailer (Ba, Whinston, & Zhang, 2003); the credibility and security of online transactions; the invasion of privacy (Libbon, 1999); the mechanism of payment and refunds, reliability, customer service; and the ability to cancel orders online (Jones, & Vijayasathay, 2000). Particularly, given the increasingly great concern of online customers on the privacy issues,

numerous academic efforts over years have been made to address this issue such as those of Devlin (1965), Van Swaay (1995) and Flaherty (1991).

2.2. Concept of customer satisfaction

Despite the importance of customer satisfaction, there is still a lack of a consensus in the definition of this concept due to its ambiguity. From the literature, customer satisfaction definitions are divided into two schools of thought that put stress on either an evaluation process or a response to an evaluation process (Giese, & Cote, 2002) with more representatives in the latter school. However, each of these definitions only focuses on one segment of response and at a certain stage of the purchasing process; thus, it might be difficult for either definition to create a whole conceptual picture of customer satisfaction.

Addressing those weaknesses, Kotler's definition of customer satisfaction is used in this research to conceptually shed light on Hanoi's OGB customer satisfaction. Kotler (1997) states that customer satisfaction refers to the result of the customer's experiences coming from various purchasing processes, including: need arousal, information search, alternatives evaluation, purchase decision, and post-purchase behaviour. This definition covers all possible responses that might occur as a result of the purchasing experience. Furthermore, it does not restrict the satisfaction timing in a single purchasing phase like many other definitions but instead goes from the most initial stage to the very last step.

2.3. Theoretical models on OGB customer satisfaction

As the literature shows, very little customer satisfaction research has specialised in OGB. There is hardly any model that specifically looks into the satisfaction of OGB customers. Nonetheless, numbers of academic studies on online customer satisfaction can be utilised for the analysis of customer satisfaction in the OGB context, provided that suitable adaptation and adjustments are in place.

After reviewing the most relevant models, two remarkable approaches stand out. The first approach stresses the analysis of processes through which customers reach satisfaction, while the second emphasises determinants of customer satisfaction during different stages of the purchasing process.

A typical model of the first approach is the Expectation-Confirmation Theory (ECT). It emphasises the cause and effect relationship between consumers' expectations prior to purchase, their perceived performance, and their confirmation, satisfaction and intention to repurchase goods or continue service use. It states that consumers' repurchase intentions mainly depend on their satisfaction with the previous use of that product or service (Anderson, & Sullivan, 1993) while holding expectation as an additional determining factor of satisfaction (Bhattacharjee, 2001). However, Bhattacharjee (2001) is critical that the ECT model does not consider the possible changes in a customer's expectation resulting from previous consumption experience. In addition, Yi (1990) singles out the differences and even contradictions in conceptualising whether the satisfaction construct in the ECT studies can be interpreted as attitude and emotion. The concept of expectation is also

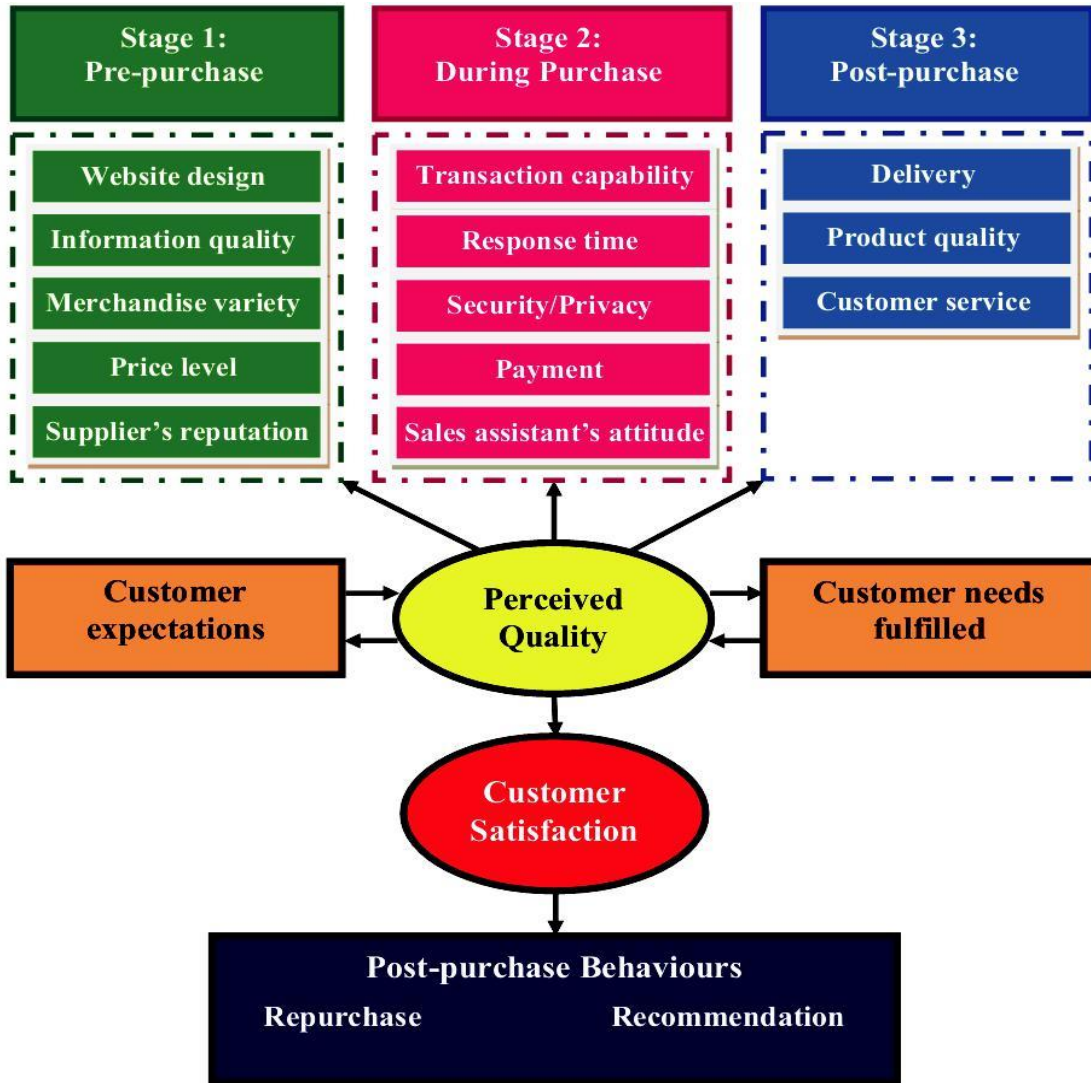
defined very differently across the ECT studies.

To address the lack of the post-consumption expectation construct in the ECT and better adapt the ECT to the information system context, Bhattacharjee (2001) introduces the Expectation-Confirmation Model of Information System (IS) Continuance. This model only focuses on the post-consumption variables with the justification that the effects of pre-consumption variables are already captured in the "confirmation" and "satisfaction" constructs. More importantly, it adds a crucial construct of post-consumption perceived usefulness as a representative of the post-consumption expectation, a very essential but missing construct in the ECT model. However, as this advanced model only focuses on the whole process leading to the continuance of use in the IS context, it does not cover the specific determinants contributing to customer satisfaction, thus it hardly facilitates a practical analysis to come up with realistic recommendations for the development of a specific type of business.

The second approach puts great stress on the factors contributing to customer satisfaction during different stages of the purchasing process instead of the process leading to customer satisfaction. Two outstanding representatives include the E-service Quality Dimension model (Lee, & Lin, 2005), and the Model of Satisfaction Process in E-commerce Environment (Liu, He, Gao, & Xie, 2008).

Lee and Lin's E-service Quality Dimension model (2005) establishes linkages between e-service quality dimensions in online shopping with overall service quality and customer sat-

Figure 1: Proposed research model for OGB customer satisfaction analysis



Source: Adapted from Smith (2007) and Liu et al. (2008)

isfaction, which in turn affect customer purchase intentions, and therefore can be suitable for studies on e-service in general, but not research on particular aspects of the OGB customer satisfaction.

The Model of Satisfaction Process in E-

Gao and Xie (2008) looks into various factors that can affect customer satisfaction in the three stages of the purchasing process, namely information search and alternatives evaluation (pre-purchase), purchase, and post-purchase. Nonetheless, Liu et al.'s model still misses

commerce Environment proposed by Liu, He, *Journal of Economics and Development*

some important factors typical for OGB that

can affect customer satisfaction, particularly in Vietnam's context; for example supplier's reputation, quality of product and sales assistant's attitude.

Incorporating both of the above approaches, Smith (2007) introduces a comprehensive model called the Measuring Model for Customer Satisfaction, which covers both satisfaction process and factors affecting satisfaction. However, its list of product/service attributes is quite generic and does not include distinct characteristics of OGB where the participation of an intermediate party exists. Specifically, it does not cover attributes of OGB websites like website design and transaction capability as well as security and privacy factors, which are typical for online shopping.

After a thorough analysis of the pros and cons of different relevant theoretical models, the authors developed the Proposed Model for OGB Customer Satisfaction Analysis to be used in this research (see Figure 1) to explore the customer satisfaction in general, and for each key factor affecting satisfaction in particular while taking into account the customer's expectation prior to purchase for further implications on how well OGB companies fulfil the needs of customers.

This model was adapted from the Smith's Measuring Model for Customer Satisfaction and Liu et al.'s Model of Satisfaction Process in E-commerce Environment. Specifically, it expressed the interaction between customer expectation, perceived quality and satisfaction and positive post-purchase behaviours, i.e. the process of customers reaching their satisfaction using the OGB service, as presented in Smith's model, while listing a number of fac-

tors affecting customer satisfaction suitable to the OGB context as introduced in Liu et al.'s model. Moreover, three elements specifically related to Vietnam's context including supplier's reputation, product quality and sales assistant's attitude were added as extra factors affecting OGB customer satisfaction in Hanoi's context. These elements were derived from the results of the authors' desk study via a number of relevant articles from newspapers like Thanh Nien, Tuoi Tre, Tien Phong, etc as well as the authors' interviews prior to the survey.

3. Research methodology

The aims of this research were not to test any assumption or theory but to explore how Hanoi's customers are satisfied with OGB companies and to present remarkable patterns and phenomena related to this issue based on the proposed model in Section 2.3. Therefore, the authors followed an inductive approach to carry out the research. Given the limited sampling size, the research could hardly formulate a generalised theory for the phenomena that were observed. Instead, it could be a good starting point to facilitate any further research on a larger scale and with more statistical significance.

Following this approach, a combination of quantitative and qualitative research was applied. The qualitative research, including in-depth interviews with 20 Hanoi OGB customers and observations on five OGB websites and stores in Hanoi, was conducted prior to the quantitative research to explore factors affecting OGB customer satisfaction, customer satisfaction relating to the affecting factors, and key root causes of customer dissatisfaction in

order to provide insights for the formulation of the quantitative research. The selected interviewees were the authors' acquaintances who purchased through the OGB channel at least five times. The limited number of interviewees was due to the authors' time being constrained, scarce financial resources as well as the reluctance of many people to do in-depth interviews, as it is a time-consuming process. Key findings from the qualitative research are pre-sented in Box A1 - Appendix.

On the other hand, the quantitative research in the form of a customer survey aimed at quantifying general patterns about the issues related to shopping experiences of Hanoi's OGB customers and more importantly, measuring customer satisfaction towards OGB companies in Hanoi. To design the questionnaire for the survey, it was important to find a suitable rating scale to measure the degree of satisfaction of Hanoi's OGB customers. In this sense, the authors applied the Likert-type five-category satisfaction scale of "Very Dissatisfied - Dissatisfied - Neutral - Satisfied - Very Satisfied" (Vagias, 2006) with the rationale that a five to seven-point scale provides a higher level of reliability and validity than a scale with fewer points; while more thoroughly graded scales were proven not to improve the reliability and validity any further and the results of five- and seven-point scales were found to be quite compatible (Dawes, 2008).

In brief, the questionnaire design was based on the proposed theoretical framework, inputs of the qualitative research, and the Likert-type five-category satisfaction scale to measure Hanoi's customer satisfaction with OGB serv-

ices. Technically, the questionnaire was created through the exploitation of Google Docs, a free online survey-creation tool that assists both survey creation and data analysis.

Before launching the survey, the questionnaire was pre-tested for necessary adjustments; and then, in late September 2012, posted on online social networks including Facebook¹, Webtretho forum², sent via e-mail and online messengers³ with an invitation to join the research and help identify new cases by forwarding the invitation to their acquaintances. In other words, non-probability sampling with self-selection and snowball sampling techniques were applied to collect primary data.

With regard to the sample size of the survey, given the current statistical system of Vietnam, it was very difficult (or, it could be said, impossible) to identify the total number of OGB customers currently in Hanoi. Therefore, instead of calculating the sample size using a specific formula and confidence level, the authors determined the sample size based on past research experience. Also, considering the above-mentioned limitations in terms of resources as well as the long-awaited responses of the two sampling techniques, the authors decided to finish the survey when 150 responses collected.

The data analysis was executed with the help of Google Docs and Microsoft Excel. Google Docs was used to process the data collected in the forms of frequency distribution and percentage frequency distribution while Excel was for cross tabulation analysis.

4. Results and discussion

4.1. General characteristics of Hanoi's OGB customers

4.1.1 Profile of respondents

This section presents the profile of the survey respondents regarding their age, gender, marital status, occupation, and monthly personal income as in the table 1.

Table 1 shows that the majority of the respondents are female and in the younger age groups with 84% of the respondent under 36 years old. The dominant occupation is office staff and students accounting for 89% of the respondents in which office staff are in the

majority (74%). There are no big differences in the proportion of married to single respondents as well as in the distribution of respondents in the various personal income groups.

4.1.2. Overall OGB shopping experiences

This section presents the sources of information through which the respondents learn of OGB, reasons they buy via OGB, and their shopping habits related to frequency, price range and product type.

The survey results show that the majority of the respondents first learned of OGB websites through the Internet and friends/acquaintances,

Table 1: Profile of respondents

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accounting for 70% and 60% respectively. This is expected given the high prevalence of the Internet in Hanoi and its advantages in terms of global access, availability, and inexpensiveness, as well as the power of word-of-mouth advertising in such a collectivist society like Vietnam. This reasoning was also confirmed by the interviewees' answers in the qualitative research carried out prior to the survey. In contrast, it seems that T.V. is not an appropriate advertising channel for OGB as only 4% reported that they first heard of OGB from T.V.

It can be seen that attractive price is the most common reason for the majority of the respondents (82%) becoming OGB customers, followed by door-to-door delivery (49%). These results were similar to the findings of the qualitative research where most of the interviewees said that they selected this shopping channel mostly because of its pricing advantage and door-to-door delivery characteristic. These factors can be considered the key advantages of OGB over the traditional purchasing model. The attractiveness of discounts to Hanoi's people is also emphasised in AC Nielsen's 2009 report on HCMC and Hanoi regional consumer differences.

With regard to shopping frequency, over half of the respondents made their latest purchases within the last month, in which 28% purchased within the last week. Women are found to have a greater OGB experience than men with 61% using OGB within one month while this percentage is 45% for men. However, most of the respondents are not regular OGB shoppers since only 7% shop every week and 9% do it every two weeks.

In terms of price range, the respondents generally buy products at rather low prices through this purchasing channel. Sixty percent often buy products priced from VND 200,000 to 500,000 and only 9% buy items over VND 1,000,000. Interestingly, the personal income level seems to be not strictly related to the price of the products bought. Many high-income respondents whose monthly salary is over VND 10 million, purchase products within the low price ranges, with 29% buying less than VND 200,000 and 54% buying from VND 200,000 to below VND 500,000.

The most consumed product type is food and beverages (64%), followed by household items (47%) and fashion products (41%) which might result from the generally good experience of the customers with these products and the fact that eating is among the most basic human needs, and eating out in a group is a Vietnamese people's habit.

Regarding the payment method, the majority of the respondents (84%) chose to pay in cash. This possibly results from the incomplete technology infrastructure for online payment in Vietnam, consumer's concern about online payment security, and the Vietnamese habit of using cash. Additionally, due to the lack of trust in the quality of OGB products, many customers want to check the products physically before making payment instead of paying online in advance. These findings are supported by Cimigo's recent research in Vietnam, which states that very few Internet users feel safe to buy products online and many do not trust online payment systems (Cimigo, 2011).

4.2. Key factors affecting OGB customer

satisfaction

4.2.1. Factors affecting customer satisfaction

Figure 2 presents the respondents' perception of factors affecting their satisfaction towards Hanoi's OGB in three stages of the purchasing process, in which the factors in the pre-purchase and post-purchase stages were generally considered more meaningful than those in the during-purchase stage with higher rates of selection in these first and last stages by respondents. Interestingly, the four most voted factors include price level, product quality, information quality and delivery, were also mentioned by many interviewees as the factors that had great impact on their satisfaction with OGB business.

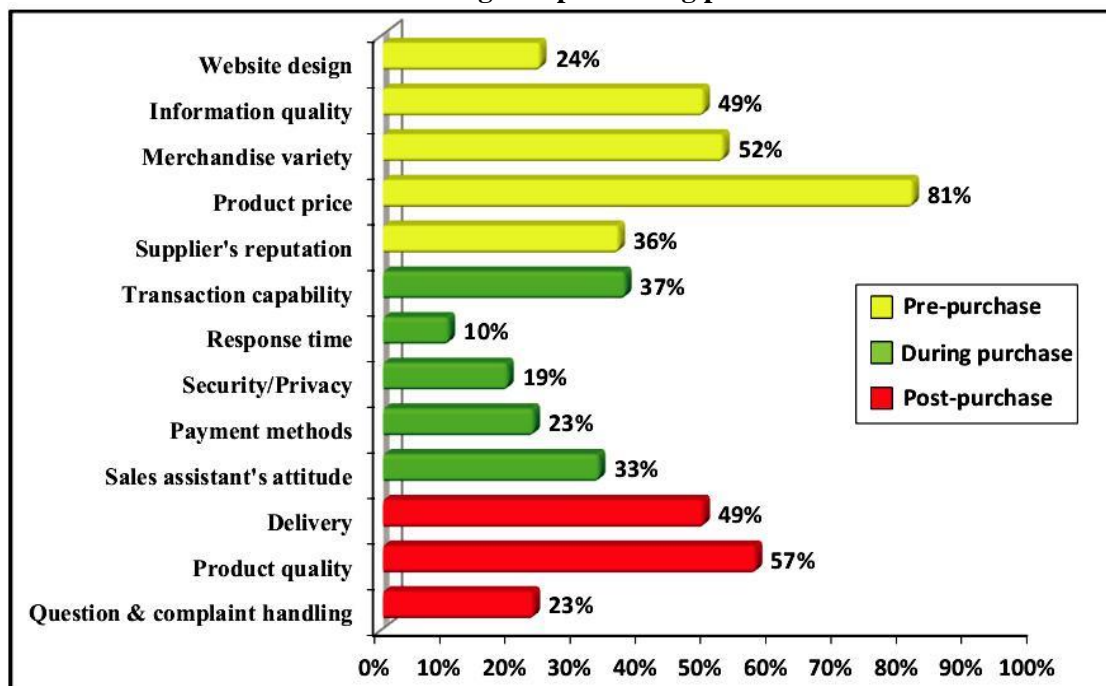
The section below provides a detailed analysis of the five most salient factors cited by the highest rates of the respondents (50% or more) as ones that affected their satisfaction towards Hanoi's OGB including product price, merchandise variety, information quality, product quality, and delivery. Another factor - security/privacy - despite a low rate of selection, signals a significant discrepancy between the findings and existing literature, and thus is also put into consideration.

a) Product Price

Most of the respondents (81%) selected the product price as a factor influencing their overall satisfaction. This is rational since psychologically, customers in general and Hanoi's customers in particular favour promotional

Figure 2: Factors affecting the respondent's satisfaction towards Hanoi's OGB in

different stages of purchasing process



programs (AC Nielsen, 2009), among which big discounts may be the most attractive particularly in the current difficult economic conditions. The significant discount rates certainly give customers the feeling of getting a good deal economically. Therefore, it can be said that the product price receives the greatest attention of customers when judging their satisfaction. This goes in line with the finding in Section 4.1.2 that attractive price is the most popular reason for website visitors to use OGB.

b) Information quality

Approximately 50% of the respondents cited the information quality of the OGB websites as a factor affecting their satisfaction level. This can be explained by the fact that OGB customers cannot physically examine the products prior to purchase, so the information posted on the OGB websites is the key reference source for their purchasing decisions.

To enable customers to make informed purchasing decisions, it is therefore crucial to have detailed, complete and correct product information on the OGB websites. This is supported by Liu et al.'s studies (2012) in their discussions about the importance of information quality in the OGB model.

c) Merchandise variety

52% of the respondents picked the merchandise variety as a factor that can vary their OGB satisfaction with the rationale that they considered OGB as one of the main shopping channels, and they expected a wide enough variety of products from the OGB websites to satisfy their needs. An inability to provide such a wide product range may damage customers' positive

feelings about the websites and make them turn to other shopping models eventually.

Other interviewees, who did not pick this factor, thought of OGB as a "journey of enjoyment" rather than a normal purchasing experience. They therefore tend to buy stuff that catches their interest, not necessarily based on their needs. The merchandise variety is therefore not really their concern.

d) Delivery

The delivery of the purchased product is perceived by about half of the respondents as a contributing factor to their satisfaction. Delivery plays an important role in the operation of an OGB website since delayed deliveries, lack of delivery points, charged deliveries or wrong deliveries can easily make customers frustrated. It is thus fair to say that delivery receives significant attention of customers, particularly in the new and flourishing OGB market in Hanoi where unsystematic operation is expected.

e) Product quality

Quite a high percentage (58%) of the respondents considers product quality as having an effect on their satisfaction with Hanoi's OGB. Given that the quality issue is particularly crucial for Vietnam's OGB in general and Hanoi's OGB in particular, customers tend to put extra attention on this factor instead of just concentrating on big discounts. This proves the increasingly demanding characteristic of Hanoi's consumers who love discount prices without tolerating low quality in exchange. This finding is supported by AC Nielsen's survey (2009) where the quality-consciousness of Hanoi's consumers is emphasised.

f) *Security/Privacy*

The survey shows a modest percentage of the respondents (19%) think that the issue of security/privacy can affect their satisfaction level. This finding is totally opposite to the results of many academic studies worldwide where privacy and security in e-commerce have become increasing concerns of online customers; however, this is understandable in the particular context of Vietnam. The risks of the lack of security or privacy being violated mainly occur in two forms, including the exposition of customers' personal contacts without their consent, and the leak of their banking information during online transactions. While many interviewees in the pre-survey qualitative research shared their experience about the first form, they hardly thought of it as privacy

violation. This may signal a high level of Hanoi's OGB customers' lack of awareness and consciousness of the security/privacy issue. Besides, as most of the respondents pay directly in cash, they are not exposed to the risks of security caused by online payment.

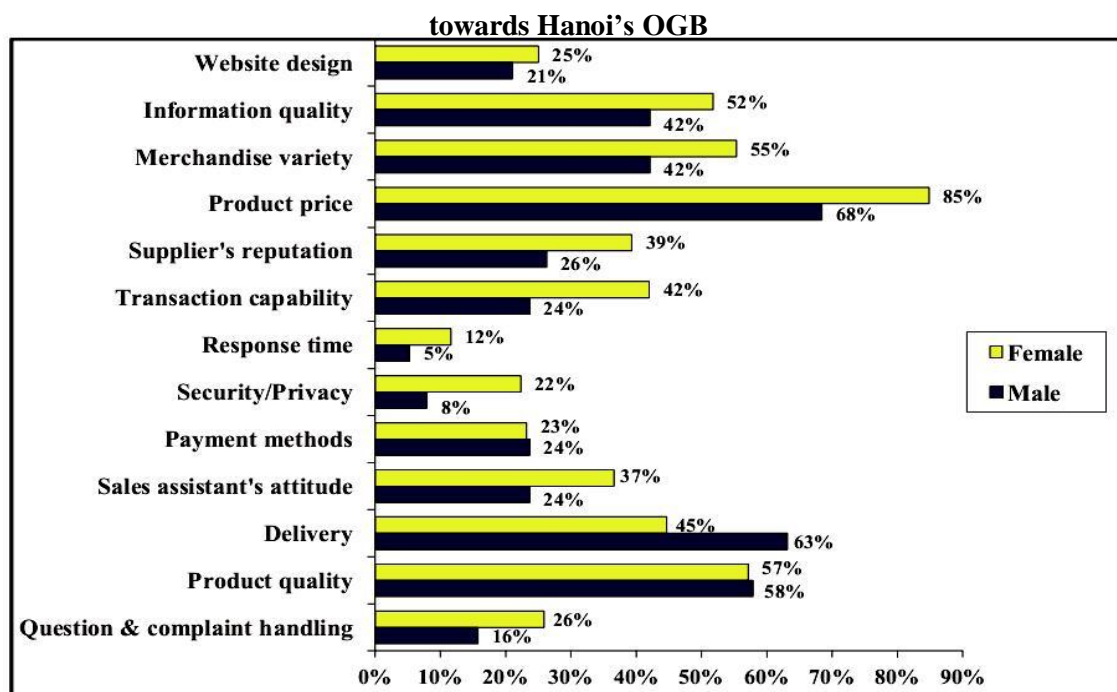
4.2.2. *Factors affecting customer satisfaction in relation to demographic variables*

The research results show that respondents' perception of which factors affect their satisfaction with OGB business to some extent depends on their demographic status in terms of gender, marital status, occupation, age and personal income.

a) *Gender*

The study results show differences in the way men and women perceive various factors as contributing to their satisfaction, particular-

Figure 3: Factors affecting the satisfaction of female and male respondents



ly product price, and delivery and transaction capability (see Figure 3).

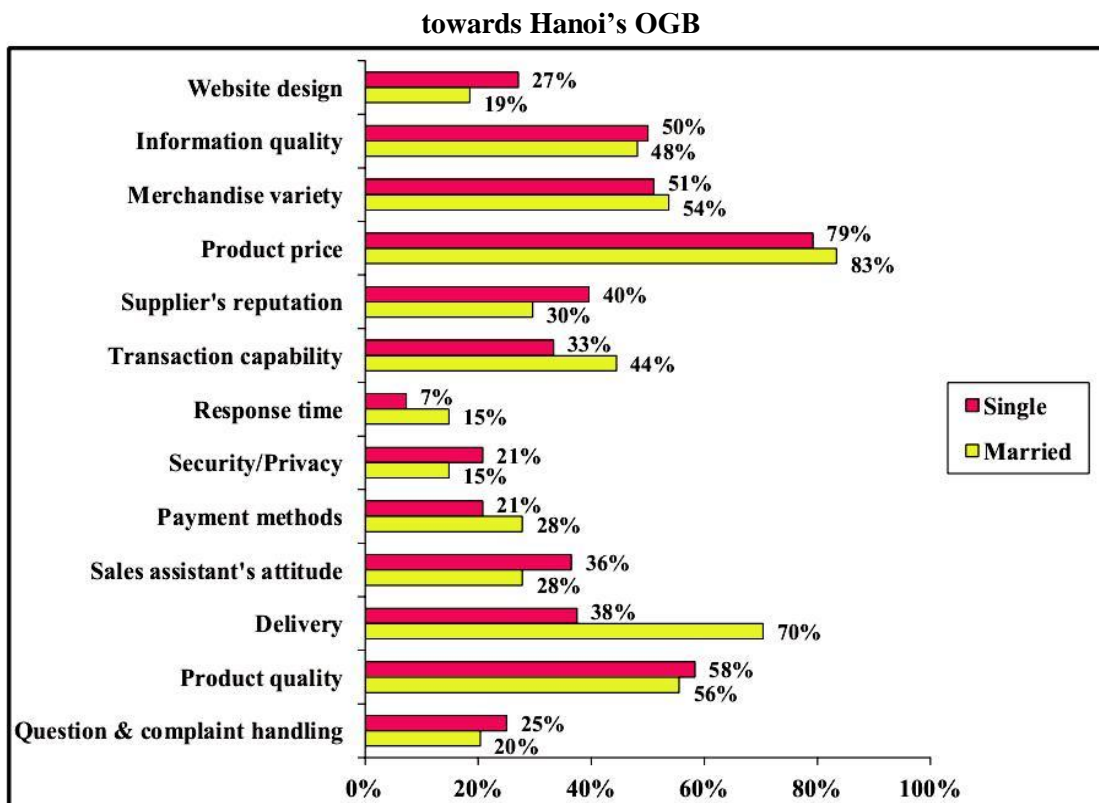
It is found out that women generally paid more attention to the price of products than men (85% versus 68%) as they were often responsible for daily expenditures in their family. Also, since women in general might not be as good as men in information technology, they were more concerned about the transaction capability of the OGB websites (42% versus 24%), i.e. the ease to order deals, pay online and track orders. Regarding delivery, the male respondents seemed to have greater interest than women (63% versus 45%), which is reasonable as men generally want to shop in

the most efficient way, whereas women enjoy shopping and do not mind going to the OGB company offices or suppliers' stores to choose the most suitable products. This finding is in agreement with Knowledge Wharton's study (2007) about the variation of shopping behaviour of different genders.

b) Marital status

The biggest difference between the married and the single respondents was their interest in the delivery, with 70% of the former caring about this factor when talking about their satisfaction with OGB compared to 38% of the latter (see Figure 4). While the single people seem to have more leisure time, the married

Figure 4: Factors affecting the satisfaction of single and married respondents



ones are often busier, thus they are likely to be more concerned with how efficiently a product is delivered.

c) Occupation

Figure 5 shows a significant difference between office staff, students and traders in terms of their perception of product price as a factor affecting their OGB satisfaction, since the selection rates for the three groups were 100%, 77% and 63% respectively. The absolute rate of the student group is explainable because most students are financially dependent on their parents; therefore, they have to be price-conscious.

d) Age

Clear discrepancies in the perception of the youngest group (under 23) and the oldest group (over 50) can be observed in the selection rates of product price and delivery factors (see Figure 6). Almost all respondents in the youngest group (96%) cared about the product price. As most of the respondents within this age group were likely to belong to the student group, the results of these two groups were understandably comparable (see Section 4.2.2-

c). Meanwhile, 78% of the oldest group were concerned about delivery compared to 38% of the youngest group. This might be because older people tend to be busier so they may

Figure 5: Factors affecting the satisfaction of respondents from different occupations

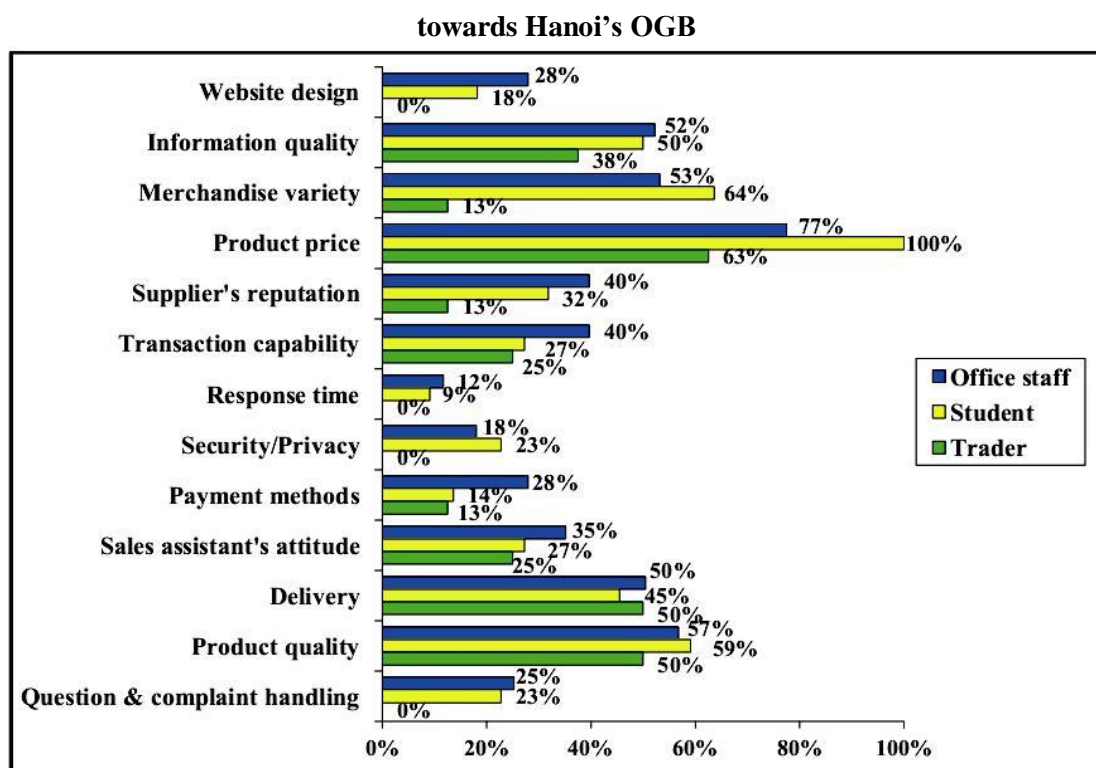


Figure 6: Factors affecting the satisfaction of younger and older group of respondents

towards Hanoi's OGB

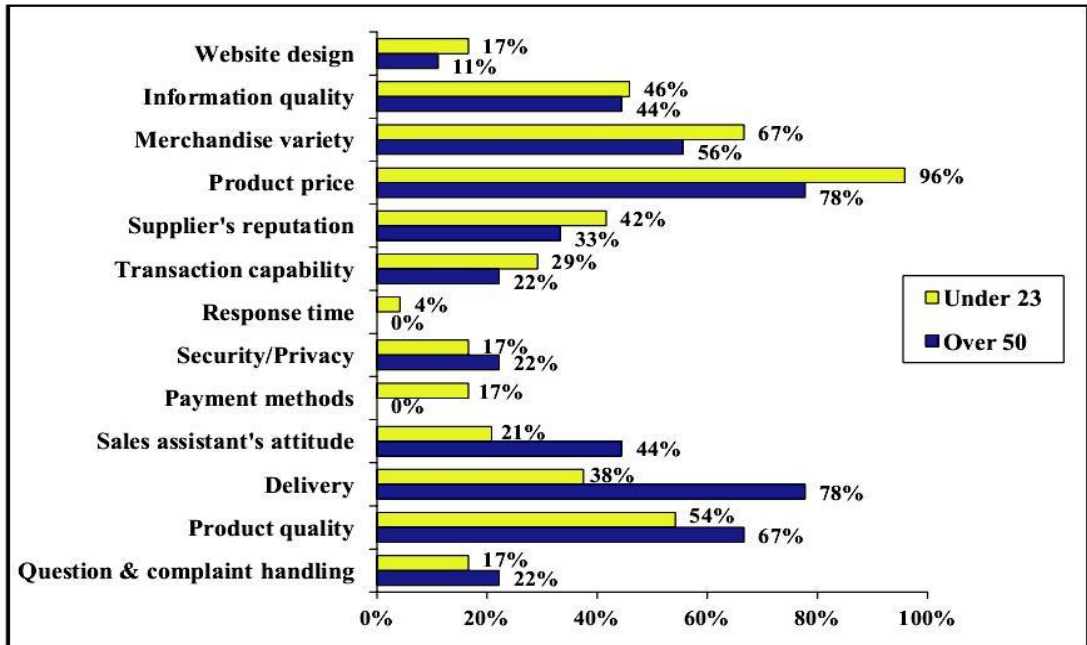
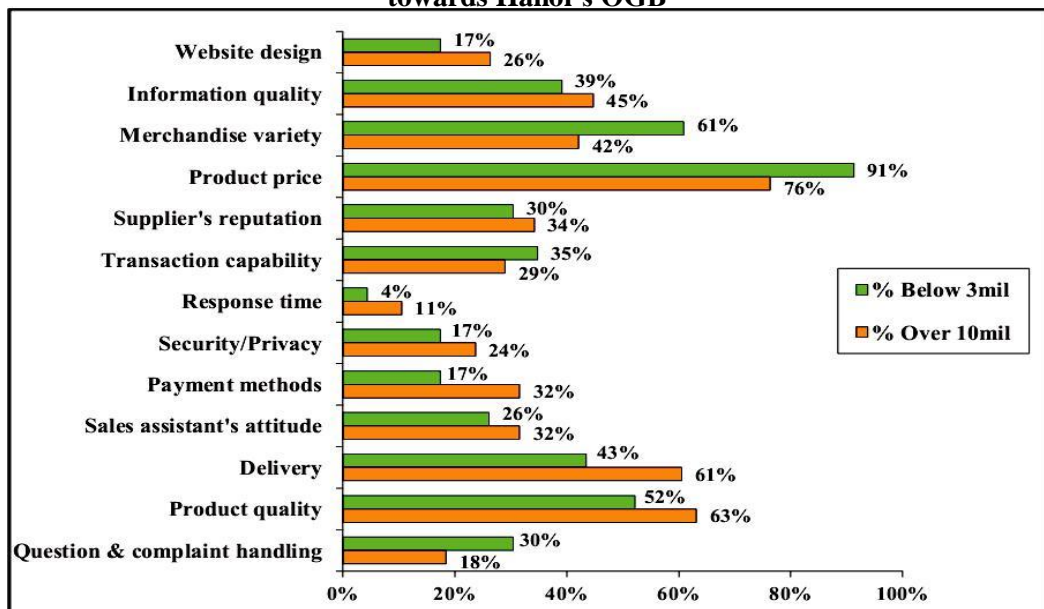


Figure 7: Factors affecting the satisfaction of lowest and highest personal income group

towards Hanoi's OGB



cherish the time-saving characteristic of delivery more than the youngsters.

It can be concluded that the younger age group generally paid more attention to the product price while the older group tended to be more concerned about the delivery process.

e) Personal income

As shown in Figure 7, 91% of the respondents who earned less than VND 3 million per month paid great attention to the product price when buying via OGB. This is expected since people with a lower level of personal income usually have to live on a tighter budget than others and thus have a tendency to be more critical of product prices.

4.3. Satisfaction degree of Hanoi's OGB customers

The analysis in this section focuses on the overall satisfaction of the survey respondents towards OGB business in Hanoi and the satisfaction degree for each of the factors perceived by most of the respondents as the ones that affect their satisfaction level with OGB business. These include product price, information quality, merchandise variety, delivery and product quality (see Section 4.2.1). The input data were computed by taking the average satisfaction ratings of different variables (see Table A1 – Appendix). The respondents' expectations of each factor were also taken into account in the analysis to have better insights into OGB business performance.

4.3.1. Overall satisfaction

The survey results on overall satisfaction show that the majority of the respondents (63%) stayed neutral about OGB performance, 27% were satisfied and 10% felt dissatisfied

and worse, which suggests a medium level of overall satisfaction of the respondents (mean: 3.15). From these data, it can be commented that the overall performance of OGB in Hanoi was somewhat up to the respondents' expectation.

4.3.2. Satisfaction degree for key factors affecting customer satisfaction

a) Product price

As the product price was perceived as the factor affecting customer satisfaction by the highest number of respondents, and the respondent's top reason to use OGB, the prices offered by OGB were expected to be considerably cheaper than those offered by traditional shopping channels.

The survey results show fairly good responses to this factor with the mean satisfaction ratings being 3.44 out of 5. Specifically, nearly 40% of the sample found it satisfactory and 5% expressed their utmost satisfaction. This clearly implies that the OGB economically meets or exceeds the expectations of numerous Hanoi's consumers in their search for a money-saving shopping model, particularly in the current difficult situation of the economy.

b) Information quality

It is common sense for customers, particularly OGB customers, to expect truthful information about the products they intend to buy, so that they can make informed purchasing decisions. Unfortunately, the satisfaction degree of the respondents for information quality was quite low, with 45% of the respondents reporting their dissatisfaction and the mean satisfaction degree being only 2.57. This may suggest that many customers do not trust

the information posted on the OGB websites.

The in-depth interviews captured complaints about the information inaccuracy regarding products' original prices, key features and images as well as unclear and non-transparent origins of goods or unknown suppliers. The same findings are found through the authors' observation of five OGB websites including Nhommu, Muachung, Cungmu, Hotdeal, and Cucre.

Therefore, it is fair to state that the quality of information provided by Hanoi's OGB websites generally do not meet the customer's expectation in terms of truthfulness.

c) Merchandise variety

Consumers are likely to expect that the OGB websites will provide them with a large range of goods and services i.e. great merchandise variety to facilitate their shopping.

The survey shows that generally the respondents were quite satisfied with this factor as the mean satisfaction level was 3.30. Percentage wise, 38% were either very satisfied or satisfied with the merchandise variety while merely 10% were dissatisfied. Several interviewees who reported dissatisfaction expressed that sometimes they did not find the needed products in these websites or the products they wanted to buy quickly had run out of stock.

The above ratings suggest that the OGB websites meet and even exceed the expectations of most customers about the product range.

d) Delivery

It is reasonable for customers to expect quick and free-of-charge delivery with correct

types and sizes of products. Nonetheless, it is revealed through the survey that the delivery seemed not to satisfy the respondents with 36% choosing the "Dissatisfied" category whereas only 19% expressed their satisfaction, which meant an average satisfaction rating of 2.83. The in-depth interviews discovered that key complaints of the delivery focus on delayed, charged and incorrect delivery. This completely matches the authors' experiences as OGB customers and the related secondary data in this area.

This rating pattern suggests the inability of some OGB companies in meeting the customer's expectation of product delivery.

e) Product quality

As it is often believed that there is a trade-off between low price and good quality, it is seen from the interviews that the respondents tend to set their expectation of the OGB product quality to be at an acceptable level.

Looking at customer's expectation of goods and services separately, while the buyers of goods often wish the goods to be functional with rather appealing appearance and good durability, customers buying services expect good quality, friendliness of service providers and particularly equal treatment with normal customers who do not buy through discount vouchers.

Given the above expectation, the product quality received low levels of satisfaction as the respondents rated their satisfaction 2.68 in average 31% of the respondents expressing dissatisfaction, compared to only 2% reporting satisfaction. The qualitative interviews further explored that among the OGB products

offered, the quality of food and beverage deals were likely to most satisfy the interviewees, while the quality of fashion deals received a lot of negative comments in terms of counterfeits, fakes, unregistered or Chinese products of low quality, which greatly disappointed customers.

4.3.3. Satisfaction degree in relation to demographic and customer shopping habits variables

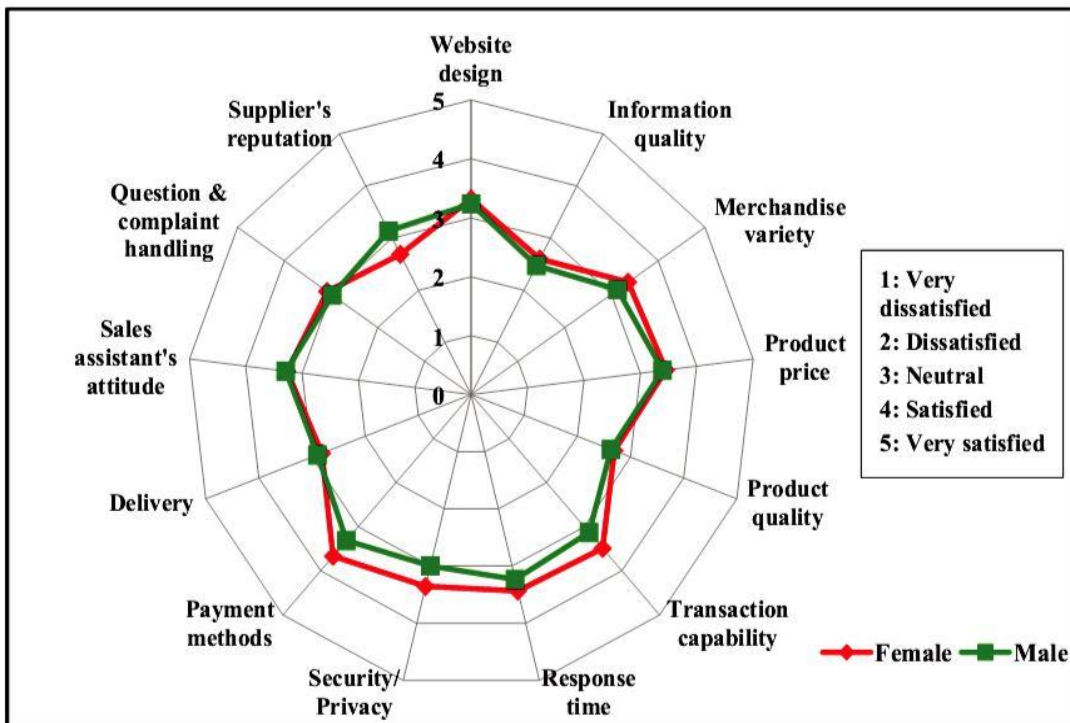
The examination of possible relationships between the factors affecting customer satisfaction and the demographic, as well as the shopping habits variables, provides a more insightful understanding about the OGB customer satisfaction. Due to the time limitation, only two key variables were carefully studied, which included gender and shopping frequen-

cy. a) Satisfaction degree and gender

The following radar chart compares the average satisfaction ratings of female and male respondents with regard to different factors affecting customer satisfaction (see TableA2 – Appendix).

The general trend illustrates a medium level of satisfaction from both genders across all the factors, in which females tend to express greater satisfaction than their male counter-parts. However, the factor of supplier’s reputation seemed to please male respondents more than females. This is quite reasonable as females often shop more frequently than males, which might make them more familiar with brands and the repute of suppliers.

Figure 8: Customer satisfaction degree in relation to gender



Women can be more critical than men when it comes to supplier's reputation. The satisfaction patterns between female and male do not differ much among the remaining factors.

b) Satisfaction degree and shopping frequency

A rough examination of the relationship between the respondents' shopping frequency and their average ratings of satisfaction demonstrates some interesting findings (see Table A3 – Appendix).

As shown in Figure 9, the more frequent shoppers, who shop every week, generally have a greater degree of satisfaction related to a variety of factors. It might be rationalised that when these respondents interact more frequently with OGB, they are likely to understand better about the business, have greater chance to experience good things, and become

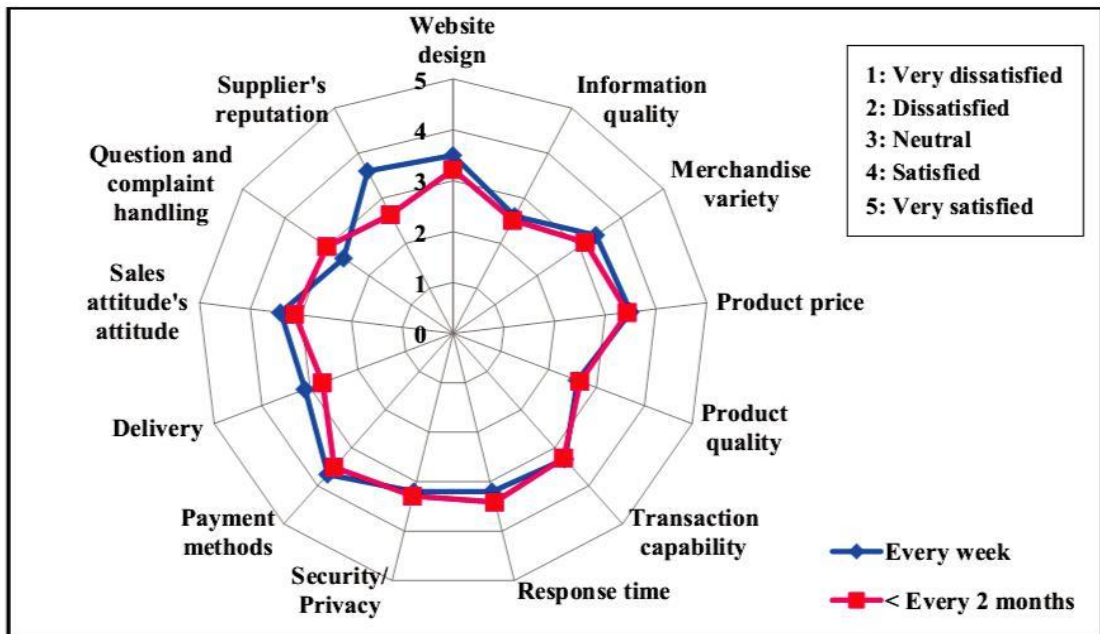
more tolerant with the OGB experience. This reasoning is in agreement with Zeithaml, Berry and Parasuraman's journal (1996) about the relationship between shopping frequency and overall satisfaction.

The average rating of supplier's reputation of the frequent shoppers was remarkably higher than that of the less frequent buyers, who only purchase via the OGB channel less frequently than every two months. This probably implies that the more a person experiences OGB, the better chance they will have to do transaction with more competent and prestigious suppliers.

4.3.4. Likelihood of using and recommending the OGB channel in the future

To comprehensively assess customer satisfaction with the OGB business, apart from measuring the satisfaction degree for each fac-

Figure 9: Customer satisfaction degree in relation to shopping frequency



tor affecting customer satisfaction, it is necessary to explore the likelihood for the existing customers to repeat their OGB buying practice and recommend this shopping model to others.

Statistically, the majority of respondents (87%) stated that they would continue to buy via this channel and a remarkable percentage (75%) confirmed the likelihood of recommendation. This is surprising given the low degree of satisfaction about the product quality among the respondents as previously analysed. A possible explanation for this result is that the huge financial advantage of this OGB channel outweighs the existing quality problems for many customers. This implies that if OGB companies focus more on fixing current quality issues, they can surely win over many more

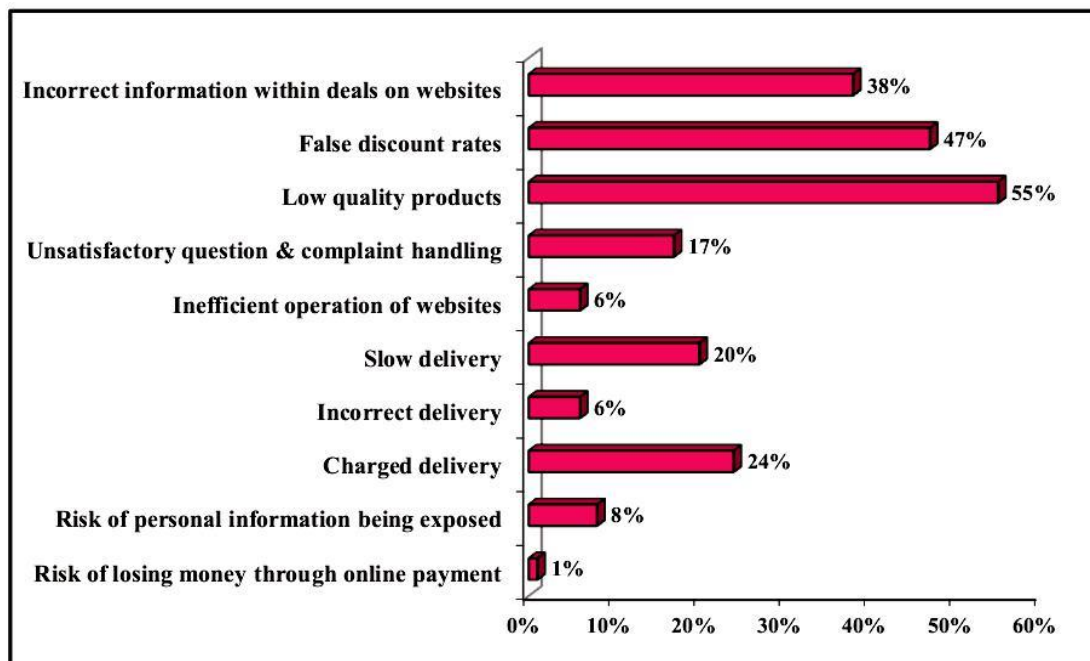
customers.

4.4. Underlying reasons of customer dissatisfaction

The analysis in the previous parts proposes that apart from the respondents’ positive reflection on Hanoi’s OGB business, there are lots of complaints about the business performance. The survey reveals a number of direct reasons for the customer dissatisfaction as illustrated by Figure 10, among which low quality products, false discount rates and incorrect information provided on websites receive the highest level of dissatisfaction.

To thoroughly address these defects, it is crucial to have a clear idea of the root causes of this dissatisfaction. To this end, the secondary data from online articles and T.V. interviews and the primary data from the qualita-

Figure 10: Direct reasons for OGB customer dissatisfaction



tive research provided a great help. Reviewing these sources of data, the root causes can be distributed into three stakeholder categories; namely: macro-level management, OGB companies and OGB customers.

4.4.1. Shortcomings related to legislation and infrastructure at macro level

Like other businesses, OGB is subject to macro-level management. Thus, to improve the OGB performance, it is necessary to examine the weaknesses in macro management of this business in Vietnam. Based on the aggregation of data collected from different sources, the root causes related to macro-level management can be divided into two main categories regarding the legal framework and the technology infrastructure.

a) Lack of legislative regulations and supervision

Despite being a hot-trend in the recent years, OGB business still gets little attention from policy makers in Vietnam. Although there are a number of legislative documents related to consumer protection and e-commerce such as the Law of Consumer Rights Protection, the Decree on E-commerce, and the Circular on Regulation on Operation Management of E-Commerce Websites Selling Goods or Providing Services, it is fair to say that these documents are still incomplete and insufficient. Particularly, they lack forceful sanctions for violation. Additionally, there has been no legislative document specialised in the segment of OGB, where there is clear involvement of a third party.

Furthermore, the supervision and inspection on compliance with the legislations related to

consumer rights protection and e-commerce is inefficient and even weak. Consequently, numerous violations of OGB consumer rights related to low quality and counterfeit products, false price discount, incorrect advertisement information, disputes and redress, online fraud, and etc., increasingly take place without being rightfully addressed by any agencies. This is supported by the survey results about the key reasons for customer dissatisfaction with OGB as aforementioned. Customers who have been defrauded are eligible to take legal action against the fraudulent seller, but the process is particularly time and effort consuming while positive results are quite uncertain.

The lack of legislative regulations on the specific responsibilities of each party involved in OGB is proven more clearly given the recent temporary shutdown of Nhomua.com. This shutdown caused a huge blow to its customers as they felt really anxious about who would protect their consumer rights and how if Nhomua.com was out of the picture.

b) Underdeveloped technology infrastructure in Vietnam

To optimise the advantages of OGB, it is necessary to develop a modern and stable infrastructure of technology that allows smooth and safe online orders and payment.

Unfortunately, the currently underdeveloped technology infrastructure in Vietnam restricts the capacity of carrying out smooth online transactions while ensuring customer security and privacy. Although the respondents seem not to realise the seriousness of the privacy and security issues with only 8% feeling discouraged by the possible leak of private information and 1% expressing displeasure

with the risk of their money being stolen (see Figure 10), consumers are certainly exposed to these great risks.

Besides the risk of security/privacy, retrieval of money through Vietnam's online payment system is quite troublesome, which somewhat prevents customers from using this purchasing channel.

4.4.2. *Lack of business management skills and business ethics of OGB companies*

OGB companies are likely to be the party that receives the greatest blame from unhappy customers. The root causes of this dissatisfaction related to this party can be categorised into two main issues as follows:

a) *Limited business management skills of OGB companies*

One of the issues of most concern mentioned by OGB's unhappy customers is product quality. Statistics show that 55% of the respondents reason their dissatisfaction with the below-standard quality of products. This is partly due to the companies' poor quality control over the goods and services provided, particularly the lack of efficient checking and testing of the product quality before signing the contract with suppliers.

Turning to delivery, three main reasons for the respondents' displeasure include slow delivery, wrong delivery and charged delivery with the consensus of 20%, 6%, and 24% of the respondents respectively. This owes to the OGB companies' inability to create a systematic procedure for accurate, smooth and timely delivery as well as to cover their expenses reasonably.

The lack of management competence of

many OGB companies is also demonstrated in their lack of professionalism in the handling of questions and complaints from customers, which was the contributing factor to the dissatisfaction of 17% of the respondents.

Furthermore, the OGB companies are responsible for the protection of customer's privacy/security. Nevertheless, as David Tran, co-founder of Nhomma.com stated, many OGB companies still pay little attention to personal information protection (Stories of Vietnamese products, 2012).

Apart from the above mentioned factors, the inefficient operation of the websites, which dissatisfied 6% of the respondents, also proves the poor management of the OGB companies, particularly in terms of information technology.

b) *Lack of business ethics of OGB companies*

Besides resulting from the incompetence in quality management, low product quality can also be caused by the poor business ethics of OGB companies that only focus on high commissions and large numbers of vouchers sold by offering extremely cheap but low quality products.

The most common demonstration of OGB companies' unethical practices however, does not relate to the quality problem but involves false discount rates with 47% of the respondents being disappointed by this factor. In some cases, the discount prices are even higher than when the products are sold in a regular manner.

The dishonesty of some OGB companies is also expressed through incorrect product infor-

mation posted on their websites with 38% of the survey participants expressing frustration. These websites have tons of beautiful and vivid photos of the products, most of which are either purely illustrative or heavily retouched and in no sense describe the actual state of the products. Also, the text descriptions of the product characteristics are sometimes intentionally vague or even inaccurate. These certainly mislead site visitors to a high expectation of the products advertised.

4.4.3. OGB customers' lack of awareness of consumer rights and responsibilities

The dissatisfaction of customers comes from not only objective causes but also the customers themselves. The interview results and the secondary data show two main subjective reasons for customer dissatisfaction, including the customers' lack of awareness of their rights and their responsibilities while doing trading transactions.

a) Customer's lack of awareness of their rights

This lack of perception has been described in articles in the mass media. As the customers do not perceive their rights as consumers adequately, they become more vulnerable to the bad practices of OGB companies. It is unfortunate that this unawareness together with hesitation psychology prevents many customers from exercising their rights legitimately.

b) Customer's lack of responsibility during trading transactions

Besides being entitled to a set of rights, customers must be responsible for their shopping behavior to minimize possible harmful results. However, a lot of customers still lack

this sense of responsibility during their involvement in the purchasing process.

In terms of goods deals, a common problem is a customer's hasty decision to buy eye-catching but unnecessary goods offered by OGB websites. This leads to a later waste as they hardly find any chance to use that product. Furthermore, the OGB companies often have tight policies on goods change or cash refund after the receipt of goods. Therefore, some customers who do not carefully check the product before finalising the purchase may get into trouble later if they are not satisfied with the products and want a refund.

In terms of service deals, one serious mistake that customers can make is not reading the voucher's instructions thoroughly. This may create troubles for customers when using the vouchers.

5 Conclusions and recommendations

5.1 Conclusions

5.1.1. Key factors affecting OGB customer satisfaction

It is revealed that product price, product quality, merchandise variety, delivery, and information quality are the most popular factors selected by the highest percentage of the respondents; whereas the response time, payment method, and security/privacy are the least popular ones. It is surprising yet reasonable that the finding about security/privacy goes against the literature where security/privacy is among of the most concerned areas in e-commerce.

Some interesting findings come into view considering different demographic variables. Specifically, females pay more attention to the

product price and transaction capability when shopping, but are less attentive to the product delivery than males. Delivery seemed to attract more attention of married people than the single ones, as well as more interest of the older age group than the younger age groups.

5.1.2. Satisfaction degree of Hanoi's OGB customers

The measurement of the customer satisfaction degree with the OGB business indicates a medium level of overall satisfaction of the respondents. Among the key factors listed above, the product price and merchandise variety have higher satisfaction degrees while the information quality, product quality and delivery have lower rates.

Taking gender and shopping frequency into account, female customers tended to have higher satisfaction rates than males and more frequent shoppers seemed to be more satisfied than less frequent buyers.

It is revealed that despite not being quite satisfied, the respondents are likely to repeat purchase and recommend to others, which implies that the price advantage outweigh existing problems. This is clearly a good signal for the development of Hanoi's OGB.

5.1.3. Underlying reasons of customer dissatisfaction

The root causes of customer dissatisfaction can result from three parties, including macro-level management, OGB companies, and OGB customers.

Firstly, the macro-level management over OGB is considered ineffective due to the lack of specific legislative regulations related to OGB and a functional supervision system to

manage the OGB companies' operation, as well as the underdeveloped technology infrastructure, which may lead to the poor performance of OGB companies and eventually customer dissatisfaction.

Secondly, the OGB companies are claimed by the majority of interviewees to be responsible for customer dissatisfaction, particularly in terms of the product quality, false price discounts, unprofessionalism in complaint handling, and incorrect product information. This may be due to their limitation in quality management and more seriously, their poor business ethics.

Lastly, the customers themselves may contribute to the bad purchasing experiences with OGB businesses where they are probably vulnerable. This happens as a result of the limited awareness of the OGB consumers about their rights and responsibilities.

5.2. Recommendations

From the previous analysis, it is certain that necessary measures need to be taken to improve the satisfaction of Hanoi's OGB customers. In this sense, the authors would propose a number of recommendations as follows:

5.2.1. Strengthen macro-level management over the OGB market

Given the incomplete legal framework specialised in OGB, customers' growing interest in this business form and the current chaotic situation of this market in Vietnam, it is the right time for the authorities to develop specific and detailed regulations with strict sanctions for bad practices in the management and operation of OGB. This is once again re-empha-

sised by the incident of Nhomma, a big and firmly established OGB company, which temporarily shut down last December.

As a latecomer to the already-developed worldwide e-commerce market, Vietnam can and should fully take the advantages as a market follower to learn from the macro-management of other countries. Vietnam's government can then tailor suitable regulations to proactively manage new e-commerce models instead of passively waiting until problems arise to generate ad-hoc solutions.

Several important categories may be taken into consideration with regard to these legal regulations, for example contract terms between OGB companies and their suppliers to protect customers, especially in the case of business disputes, as well as a better method of securing suppliers and customers' money in the case of OGB companies' bankruptcy. The latter can be implemented through two possible ways. First, OGB companies might be legally required to put customer's money into an intermediate means of settlement, like an electronic wallet, which would be managed by a concerned governmental authority. Otherwise, OGB companies might be compelled to either put aside daily deposits or buy insurance on their business operation to reduce the financial risk for both suppliers and customers.

These legal regulations should be broadly disseminated to concerned parties, particularly consumers. The OGB customers should be educated to become well-aware of their rights and responsibilities related to OGB business. In this aspect, the relevant social organisations can play a significant role.

Furthermore, macro-level supervision over the operation of OGB companies must be taken into serious consideration. There should be clear-cut regulations prescribing that a governmental agency will be the direct management unit of these companies so that they can operate according to the rules while being strictly monitored by the specific agency that bears specific accountability in front of the government.

Additionally, it is necessary for the government to develop a strategic plan to strengthen the country's technology infrastructure in order to ensure a safer online transaction environment to facilitate the operation of e-commerce in general and OGB in particular.

5.2.2. Improve quality management and business ethics of OGB companies

Capacity building activities for OGB companies are needed to enhance their management, particularly with regard to quality inspection, delivery, human resources training, question and complaint handling procedures, and information technology skills.

More importantly, these companies must realise that for long-term profits, they have to use more ethical and more professional measures to attract customers, such as improving the product quality and diversity, delivery process, and information quality, rather than trick customers with incorrect descriptions about products or falsely stated discount rates as some OGB companies are doing now. Otherwise, they will soon lose customers due to current fierce competition and increasingly demanding consumers.

5.2.3. Raise awareness of OGB customers

about customer rights and responsibilities

Firstly, OGB customers need to well understand their rights and responsibilities to keep themselves from being vulnerable. They have to be continuously updated with legal knowledge related to e-commerce and particularly OGB as well as laws about consumer rights protection.

Secondly, consumers should be critical about their responsibilities when shopping. They should refrain from impulse shopping and spend adequate efforts to study a product pre-purchase. Furthermore, they need to care-

fully check the goods before finalising their purchase to avoid potential troubles later, as well as to thoroughly read the vouchers for service deals about the expiration date, applicable items, reservation, time requirement, and etc.

Thirdly, given the current chaotic situation of low quality goods and services offered by many OGB websites, it is strongly advisable that the customers only choose deals from prestigious suppliers or from ones that are highly recommended by their family and friends.

APPENDIX

Box A1: Key findings from the qualitative research

- Attractive price and door-to-door delivery were the most common reasons for selecting the OGB channel.
- With advantages and a high prevalence of the Internet in Hanoi, and the power of word-of-mouth advertising, these channels were the main sources of information through which the interviewees learned about OGB websites.
- Customer satisfaction was affected differently by different factors including price level, information quality, merchandise variety, supplier's reputation, website design, sales assistant's attitude, payment, response time, privacy, transaction capability, product quality, delivery and customer services, in which the most selected factors included price level, product quality, information quality and delivery.
- Despite the exposition of customers' personal contacts without their consent experienced by many interviewees, they were unaware of the security/privacy issues.
- Product level and merchandise variety were the most satisfactory factors due to low price and a copious range of OGB products offered. In contrast, with fake, counterfeit and low quality OGB products generally, and inaccurate information on products' original prices and features, the product quality and information quality were the least satisfactory ones.
- Key root causes of customer dissatisfaction resulted from the ineffective macro-level management of OGB in terms of legislative regulations, supervision systems and technology infrastructure; the quality management limitation and poor business ethics of OGB companies; and the limited awareness of OGB consumers about their rights and responsibilities.

Table A1: Means and standard deviations of satisfaction degree for all the respondents

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Table A2: Means and standard deviations of satisfaction degree for female and male

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Table A3: Means and standard deviations of satisfaction degree for respondents with regard to shopping frequency

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Notes:

1. A very popular online social network in the world in general and in Vietnam in particular.
2. A social interactive forum designed mainly for mothers, fathers and other adults to talk about issues regarding family, society, etc. This is a very popular and highly-active forum in Vietnam with more than 1 million members at the moment. Link: <http://www.webtretho.com/forum/>
3. Yahoo Messenger and Skype.

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