SERVICE QUALITY EFFECTS ON PURCHASE INTENTION AND CUSTOMER SATISFACTION: IN CASE OF E-COMMERCE INDUSTRY IN MONGOLIA

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ABSTRACT
The rapid development of Information Technology are actively changing customer purchasing behavior, and generally, it has happened in the retail industry. Recent years, E-commerce or online trading industry are actively competing with the traditional industry, and their income is sharply growing every year. E-commerce service quality is essential to achieve success, and online trading has high risks compared to conventional shopping. Because Customer doesn't have chance to check product quality and get on hand at a particular time. Additional, They are possible to lose financial and private information during online purchasing, and it becomes the main reason to avoid online purchasing. Thus, E-Commerce always focuses to decrease customer risks and increase their trust by improving service quality such as product guarantee, web security, delivery speed, product discount, and the strategy helps the companies for improving customer purchase intention and satisfaction. In Mongolia, the E-Commerce business is new, and most companies started the business five years ago. The primary purpose of the research is to investigate the relationships of E-Service Quality, Online Purchase Intention, and Customer satisfaction. The study will help Mongolian E-commerce companies to create an effective strategy based on service quality for improving income. Primary data will be gathered from Social Media Users who have online purchasing experience and Reliability, Correlation, Regression analysis in SPSS will be used for creating the result

Keyword: E-Service quality, Online Purchase Intention, Customer Satisfaction.

INTRODUCTION

E-Commerce is retail and mass trading process on the internet environment. There are three dominant areas, including online auctions, electric markets, and online retailing. Today, Amazon.com, Alibaba.com, Ebay.com are most successful in the world, and their yearly income reached to hundreds billion US dollars. According to Global E-commerce Market Statistic 2019, twenty-five percent of world population frequently makes online shopping, and the annual income reached to ten trillion US dollar in 2018 or 18 percent higher compared to the previous year. It means that industry growth is highest among other industries. Because there are several reasons for rapid growth. First, E-Commerce companies offer more extensive variety selection,

lower price, short time delivery, and returning guarantee compared to a retail store. Second, Customers don't like to spend more time for purchasing in a retail store. Third, Customer trust about E-commerce companies has already reached a high level. Alhulail (2018) stated that companies increasingly rely more on online services because they are more convenient, interactive, have lower costs, and offer a high degree of customization and personalization to their customers. Moreover, the number of customers who choose to purchase goods and services online is continuously rising, since they are usually able to find better prices in a more convenient manner (Lopez-Nicolas, 2008). Successful businesses in the e-commerce sector realize that the critical factors for avoiding such problems are not limited to the existence of a website and low prices but must also include high standards of electronic service quality (equality) (Chiu, 2002).E-service quality was presented as another concept by Zeithaml and colleagues (2002), Illustrate the notion of e-service quality, which is considered as "the degree to which a site facilitates effective and efficient shopping, delivery and purchasing of items and services."Measuring purchase intention is a highly useful tool for predicting future consumer behaviors in repurchasing and recommending the service to others (Zhang & Fang, 2011). According to Lee and Koubek (2010), If E-Commerce company have well of website design, returning guarantee and product price, customer willingness to purchase by online is positive. It means that E-Service Quality positive effect on customer purchase intention. A research conducted by Chang and Wang (2009) proposed that satisfaction in the e-commerce context is affected by online shopping convenience, merchandising (product information and product offerings), site design, and financial security.

2. LITERATURE REVIEW
2.1 E-Service Quality
First of all, Service quality understandings were introduced by Cronin (1992) and it has used and developed in multiple kind of industries such manufacturing, fast food, hospitality to evaluate the quality. Service quality is defined as result of a comparison between service or product performance provided by the company and consumer perception about the certain trading items (Kuo, 2009). According to Chiu (2009), Service quality is the ability of company which can satisfy the customers or meet their expectation level and in case of the quality meets consumer perception related to product or service, they strongly satisfy, and their repurchase intention or loyal will be high. Rolland (2010) defined that E-service quality is a general evaluation of actual expertise related to delivery, condition terms, product quality, price of an online service company. Bhattacharya (2012) developed the E-Service Quality model or ComQ scale to measure the quality of online shopping company, and it consists of website design, reliability, privacy, security, and customer service dimensions. Also, Ladhari (2010) proposed eight dimensions of E-Service Quality, Which Are: Website Design, Reliability, Responsiveness, Security, Fulfillment, Personalization, Information, And Empathy. A research study based on E-Service Quality model of Collier (2009) and each dimension:**Reliability:**It is the capability to finish the promised service consistently and accurately such as continuously improving the website, direct reply to customer questions, and accuracy of billing and ordering.**Responsiveness:** It is accuracy, consistency, flexibility of service delivery. **Ease of use**: it is features of e-commerce platform such as easy understandable, high loading speed, easily searching products, and responsiveness on screen size. **Personalization dimension** could

involve individual designs for clients in accordance with their pattern of consumption and preferences which also results in an optimum online service, saves the customer time and increases their perception of service quality. Security: It defines the security technology of website related to billing methods, private and financial information.

2.2 Customer Satisfaction

Yuan (2008) defined that satisfaction is positive and negative feeling related to resulting from a comparison between product or service performance and customer expectation. Additionally, Service quality is psychological reactions, evaluation, perception, or cognition based on consumption expertise of service or product (Fiedler, 2010). According to Cengiz (2010), Customer satisfaction is a post-purchase evaluation where the perception of the performance of an alternative product or service meets or exceeds the pre-purchase expectations. Rawson and Duncan (2013) stated that satisfaction is an emotional response to an evaluation of the consumption experience of a product and service. E-Commerce business consists of multiple components such as system security, supply chain, delivery service, returning and price policy, customer relationship management, product catalog, and marketing. Customers give more importance for each business operations and if one operation of the company is bad, the situation negative effect on business sustainability. For example, In the case of delivery speed of the company is slow, customer satisfaction will decrease and they will shift to other shopping site with a fast delivery site. According to Akbar (2009), Ifthe service quality of the company is well, it increases customer satisfaction and indirectly lead to create customer loyalty.
H1: Service quality positive effects on customer satisfaction.

2.3 Purchase Intention

It is an essential role for supporting business organizations to predict consumer purchasing behavior (Sam, 2009). Purchase intention is the preference of the customer to by the service or product. Purchase intention of the online shopper is the final stage, after various prompts of the online shopper. Similarly, according to Ling and Chai (2010), the last step of online transaction is the intention to use a website and purchase a product. Luand Yu-Jen Su (2009), purchase intention means, a condition between the customer and the seller when the customer is ready to make a deal with the seller. According to Thamizhvanan (2013), Multiple external factors such as price, quality, time and brand affect the intention while selecting product or services, and if consumer expertise related to specific product or service is positive, their purpose is definite. Internet Retailing Websites offer and show a full variety of items on customer computer and smartphone screen; the consumers haven't possible to look and check the product or service in a real environment at a specific time. For a reason, They more worry product quality, delivery injures, and the difference between visual appearance and the actual product. It directly effects the purchase intention, and Service quality becomes fundamental reasons to improve their plan. Additionally, Well satisfied consumers more like to make repurchasing, distribute positive word-of-mouth about particular product or services among relatives, and it means that satisfaction indirect and direct positive effects on online purchase intention.
H2: Service Quality positive effect on customer purchase intention
H3: Customer satisfaction positive effect on customer purchase intention

III. CONCEPTUAL FRAMEWORK AND DATA ANALYZING

According to the literature review, the framework includes three variables including E-Service quality, Customer satisfaction, and Purchase Intention. The study proposed that all relationships among variables are positive, and below figure shows a conceptual framework.
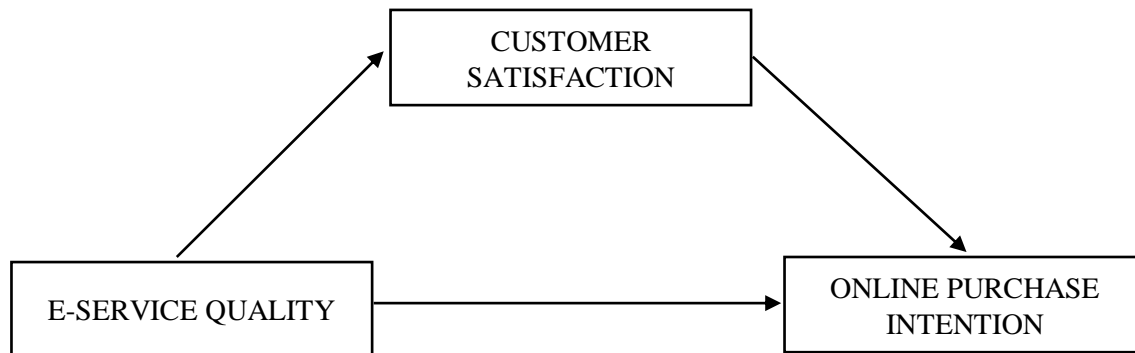

Figure 1: Conceptual Framework

3.1 Data Analyzing Methodology

Data analysis does the process which is modeling, transforming, cleansing, inspecting data to produce a suggestion, conclusion, and useful information and helps the decision process. Data analysis is used in different social science, business, and others to find relationships between any variables. The analyzing procedure has two main sections. First, to do Descriptive analysis of collected data to produce demographic information of respondents, Second, To define relationships of independent and dependent variables using Reliability test, Correlation, Regression in SPSS 21 software.

3.2 Demographic information

Figure 3.1 illustrated the gender of respondents and 177 female people filled with this online questionnaire and covered 57 percent of the total respondents. Additionally, 132 of total respondents or 43 percent are male, and the group is smallest compared to the female group.
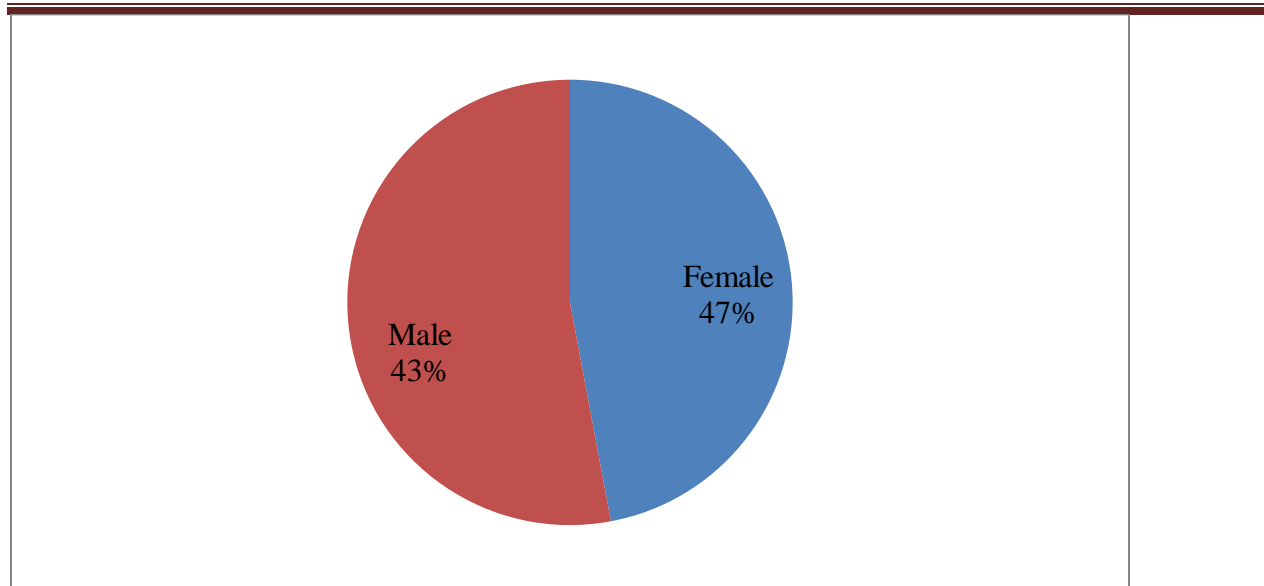
Figure 3.2Gender of Respondents

In figure 3.2, 46 percent of total respondents have 20-29 years old, and it is the highest age group than other age groups. Respondents who have 30-39 ages cover 30 percent of total participants on the survey. Additionally, 17 percent of the respondents relate with people who have 40-49 ages. There are two small groups of age which included above 50 years old (3%) and below 20 years old (4%).
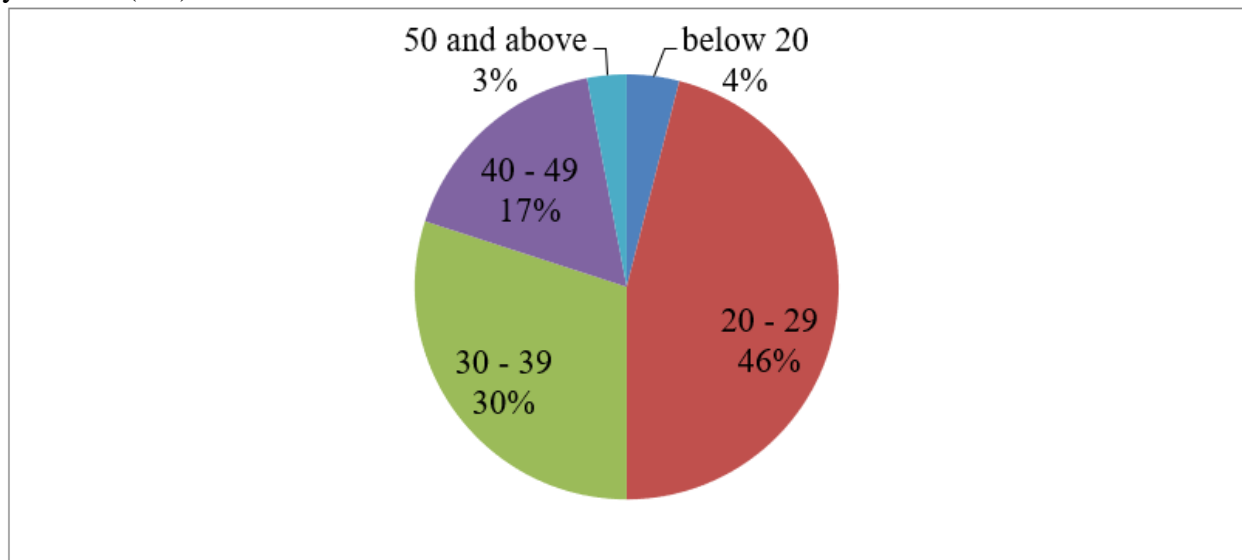

Figure 3.3: Ages of Respondents

Figure 3.3 illustrates the working sector of respondents and the largestgroup or 54 percent of participants work in private companies. 28% of respondents work in the public sector or government agency,and businessman covers 11 percent of total participants. Smallest groups are

retired, homemaker, and student. It means most of the respondents are worker and businessman.
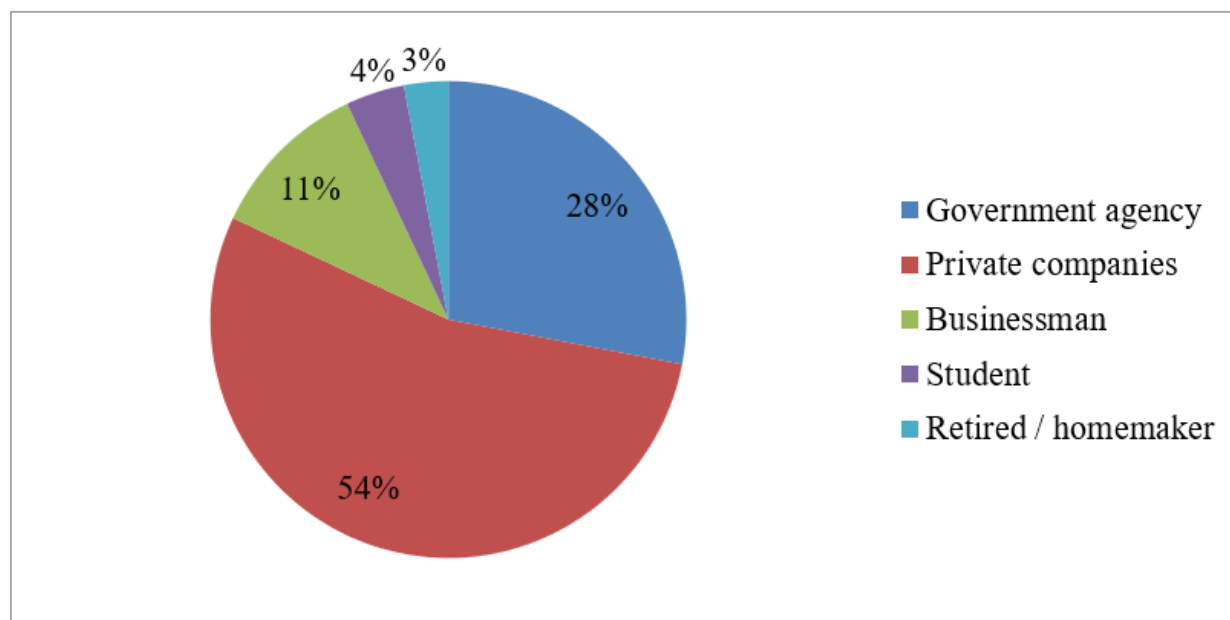

Figure 3.4: Job position of Respondents

3.3 Reliability test

From reliability result, Each variable has high internal consistency, or All of Cronbach's alphas are higher than 0.6. E-Service quality variable, which includes fifteen questionnaire items was 0.832. Customer satisfaction variable with six questionnaire items was 0.734. Also, Cronbach's value of Purchase Intention is 0.678. Generally, all questionnaire items have not any issues, and it means that respondents very well filled the questionnaires.

Table 3.1: Reliability test of variables

Variable	Cronbach's Alpha
E-Service quality	0.832
Customer satisfaction	0.734
Purchase Intention	0.678

3.4 Correlation analysis
Table 3.2 illustrates correlation results, and all of the relationships are a week and definite positive. According to the table:(H1) E-Service quality has a positive relationship with Customer Satisfaction (r=0.578, p<0.01), (H2) Customer satisfaction positively affect on purchase intention (r=0.382, p<0.01), (H3) E-Service quality positive relationship with purchase intention (r=0.378, p<0.01).
Table 3.2: Correlation result

	ESQ	CS
CS	.578**	
PI	.437*	.382**

These results approve our proposed hypothesis that relationships are a moderator and a definite positive relationship. Although results based on correlation approved proposed hypothesizes, regression analysis will make the final confirmation.

3.5 Regression Analysis
It measures the effect of a unit change in the independent variable on the dependent variable and draws an average fitting line to define the relationship between variables. Regression result is expressed via R-squared value, which defines how near the data spread denoted to the fitted regression line.

From table 3.3, R- square is 0.372 (R^2=0.348), and it shows that the regression model explained 37.2 percent of the variance in the data. Additionally, 62.6% of the total variation in the dependent variable will be affected by unknown factors or another variable.

Table 3.3 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.372ª	.356	.348	.1814

Table 3.4 shows the result of regression analysis and B coefficients express the relationship power of the independent variable (E-Service quality, Customer Satisfaction) and the dependent variable (Purchase Intention).

Table 3.4 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	.424	.278		2.876	.036
ESQ	.372	.678	.339	3.678	.022
CS	.587	.746	.546	2.781	.013

a. Dependent Variable: PI

From the result, E-Service quality has a positive relationship with purchase intention (β=0.372, t=3.678, $p<0.05$),and the general form of the equation is purchase intention=0.424+0.372*E-Service quality. It means that every one-percentage of E-Service qualityincreases purchase intention via 0,372 percentage. Customer satisfaction positive effects on purchase intention (β=0.587, t=2.781, $p<0.05$) and equation form of the modelis purchase intention= 0.424+0.587* Customer satisfaction

Table 3.4 shows model summary of regression analysis among E-Service quality and Customer satisfaction. According to the result, Adjusted R square is .372, and it means that the model explains 37.2 percent of the relationship. Also, 62.8 percent of the dependent variable is effected by uncertainty or external factors.

Table 3.5: Model Summary

Model	R	R Square	Adjusted R Square	Std. The error of the Estimate
1	.408ª	.397	.372	.3841

From the result, E-Service quality has a positive relationship with Customer Satisfaction (β=0.289, t=2.763, p<0.01) and the general form of the equation is Customer Satisfaction =0.982+0.289*E-Service quality.

Table 3.6 Regression coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.982	.369		3.632	.001
ESQ	.289	.694	.256	2.763	.000

a. Dependent Variable: CS

4. CONCLUSION

Mongolian E-Commerce Industry started to develop since a few years ago and about ten E-Commerce website providing online retailing service for Mongolian customers. The buyers more worry about product quality, guarantee, and security-related online services and the situation negative effect on customer satisfaction and purchase intention. Therefore, The research study investigated the relationship among the quality, the satisfaction, the online purchase intention based on three hundred social media users. From the analyzing result, The E-Commerce service quality is essential for improving customer satisfaction and online purchase intention as well as customer satisfaction related to E-Commerce positive effect on online purchase intention. Therefore, E-Commerce service providers need to give more importance for developing their services such as delivery, product quality, returning guarantee, and site security. It will help them to increase customer registration, customer purchasing amount, customer satisfaction, and loyalty.

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