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# Chinese customer satisfaction survey of online shopping : a case study of Taobao

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Yue, Liang

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Chinese customer satisfaction survey of online shopping  
Case company: [www.taobao.com](http://www.taobao.com)

Yue Liang  
Degree Programme in  
Business Management  
March, 2012  
Bachelor's thesis

Yue Liang

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Year	2012	Pages	49
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The internet has become an increasingly important part of people's daily life, work, study, entertainment and, in the form of electronic commerce, shopping. Electronic commerce is experiencing rapid growth in China. There are many successful business-to-business, business-to-customer and customer-to-customer online shopping companies in China. As a consequence, competition between vendors is intense and customer satisfaction is a necessary requirement for success.

The purpose of this thesis was to research the customer satisfaction of Chinese customers of an online shopping vendor. As the most successful electronic commerce platform in China, Taobao Trade Co Ltd (Taobao) was chosen as the case company. The thesis was a quantitative study. A questionnaire with 20 questions was designed to collect data from Taobao's online customers. The objectives of the research were to obtain information about the level of satisfaction of the customers of Taobao to identify the company's strengths and weaknesses, and with a summary of the results to offer recommendations to the company for the improvement of their services.

The theoretical background of this thesis provides an overview of theories of customer satisfaction, electronic commerce, and services quality. This section examines the way in which e-commerce is conducted in China, and provides a basis for the empirical study. Online and printed sources were used in the literature review.

Customer satisfaction is the key to the success of a company. The outcome of this thesis was to determine the current level of customer satisfaction of Taobao, the services which need to be improved for customers, and to conclude with recommendations for the company's further development.

The thesis study resulted in several recommendations. Firstly, Taobao should improve their exchange and refund products services. Secondly, there are many poor quality commodities sold through Taobao, and this situation should be monitored by the company. Thirdly, the seller customer customer's business costs have increased significantly since Taobao began to charge a higher services fee. Fourthly, Taobao offers a large range of products, which requires much effort from customers in order to locate a suitable product. Consequently, Taobao should improve their search engine. Fifthly, there are many inaccurate comments about product that Taobao should correct and supervise. Finally, Taobao should consolidate their security system since it is currently vulnerable to fraudsters that can steal customers' accounts.

Key words : Customer satisfaction, Service quality, E-service

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## 1 Introduction

Electronic commerce is currently developing rapidly in China. In 2010, the population of online shopping customers was 18.5 million in China. In 2011 the population was over 20 million in China. There are many successful online shopping companies in China, like Dangdang, Jingdong and Paipai. Taobao as the most popular electronic commerce platform has been chosen as the case company of the thesis. Since customer satisfaction plays a vital role in the business, the thesis has been decided as a customer satisfaction survey study of Taobao.

### 1.1 Scope of the study

The fact of customer satisfaction is when customers dissatisfied about the products and services, only 4% of them complain. Normally, a dissatisfied customer can tell 9 other people about it, and a satisfy customer can tell 5 other people about their pleasurable experience. Gaining a new customer can cost much more than keeping an existing one.

Taobao is the most popular and successful online retail company in China. A customer satisfaction survey can explain why they have achieved their success, and how they can improve their services for further development.

The scope of the study is to understand customer satisfaction theories, explain what electronic commerce is and how it is developing in China. This study clarifies the role of customer satisfaction in a successful business, and attempts to understand the nature of Taobao's customer satisfaction, and provide the company with recommendation for improving their services.

### 1.2 Research context

The research context has been divided into two parts, the theoretical study and empirical research. The theoretical section discusses theories of customer satisfaction theories, service quality, and electronic commerce examines and examines the way e-commerce is conducted in China. In the empirical section, a questionnaire survey is used to examine customer satisfaction of Taobao.

The research context of the thesis defined as a quantitative research study.

### 1.3 Purpose of the study

The purpose of the thesis is to find out how Chinese customers satisfy about the services of www.taobao.com, and what are the main factors affect customer satisfaction. The aim of the case study is to find out Chinese customers satisfaction level of online shopping in www.taobao.com, and how the company's services can be improved.

### 1.4 Structure of the study

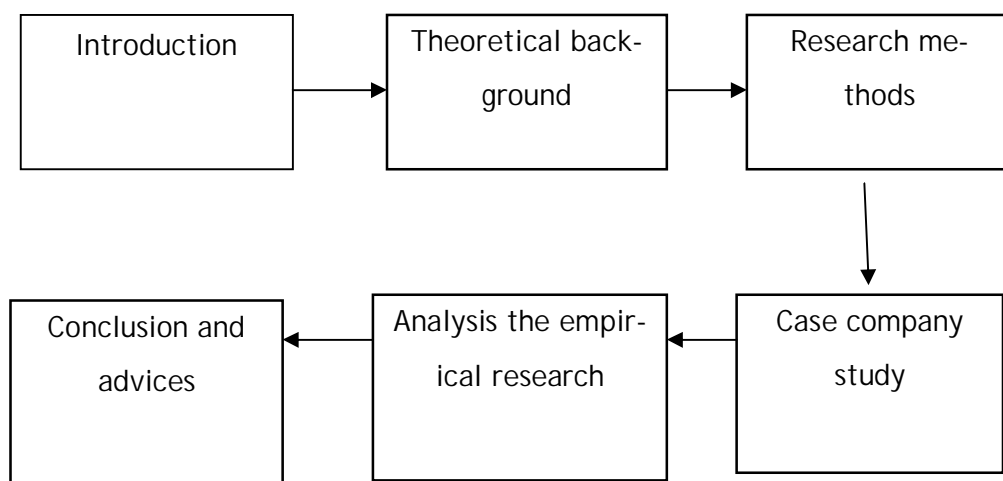


Figure 1 : structure of the study

As shown in Figure 1, the thesis begins with an introduction, and outlines the scope and purpose of the study, and then defines the research context and reasons for choose the case company.

The theoretical section includes theories and other knowledge background study relevant to the thesis.

In the research methods section, the research proposal and research plan are defined. This also explains how the data were collected and analyzed.

In the case study section, company was introduced, and questionnaire was designed.

In the section 5, it presents the survey results and analysis the empirical findings.

In the final section, there are the conclusion and advices for the company.

### 1.5 Limitation of the study

In the empirical study, a questionnaire is post on a research website [www.zhijizhibi.com](http://www.zhijizhibi.com) to get answers from people, but the amount of answers cannot be control. In order to obtain a certain amount of answers, the author's families, friends and familiar people who are registered users of [www.taobao.com](http://www.taobao.com) was invited to help with the questionnaire survey.

## 2 The theoretical background

### 2.1 Customer satisfaction theories

This section explained the perception of customer satisfaction, three basic truths about customer satisfaction, the tools to measure customer satisfaction and customer satisfaction of virtual organization.

#### 2.1.1 The customer satisfaction's perception

The most straight forward definition of customer satisfaction have been provided by American marketing guru Philip Kotler " If the product matches expectation, the consumer is satisfied: if it exceeds them, the consumer is highly satisfied: if it falls short, the consumer is dissatisfied". Customer satisfaction, or disaffection, is feeling a customer has about the extent to which their experiences with an organization have met their need (Nigel et al 2007, 31).

According to Craig (2003,1), customer satisfaction can mean anything since it can involve so variable like price, lead time, conformance, responsiveness, reliability, professionalism, and convenience, and sometimes it is a complicated mix of all of these



and more. The company might not be able to control many things about its business environment, but it certainly can control the quality of its products.

Customer's perception is the largest contributor to customer satisfaction, because that is how customer normally think of the product and service quality, like how is the products, how is the salesclerk's attitude, but that is something the company cannot totally control. Moreover, sometime customer's perception might be influenced by some unreality, fiction expectation, or two customers bought exactly the same product had a different perception since the perception is variable, as it can be influenced by customer's mood.

Organization can understand the customer satisfaction by the number of refunded products, complaint calls and complaint emails. Organizations for better understand the elusive and everchanging perceptions can use data-gathering and analysis tools, and intelligent organization use various of tools to monitor customer satisfaction because no single tool is capable to get the whole range of information for understand customer perceptions. ( Craig 2003, 2)

### 2.1.2 Three basic truths about customer satisfaction

According to Craig (2003,2) business leaders must realize that pursuing customer satisfaction is a critical and strategic decision. It is not simply an organization satisfy a standard or win an award; it is something an organization does stay in business. Top manager must embrace this reality by acknowledging, communicating, and acting upon three basic truths:

- Customer satisfaction is the ultimate goal. Satisfy customer is the highest achievement an organization committed to serving, but it does not mean the organization should become a nonprofit institution, financial control is still needed. Essentially revenues and profits are the results of fulfilling customer needs and expectations.
- Customer satisfaction is an investment. Customer satisfaction processes often do not produce results in the short term. Resources applied to understanding customer requirements, collecting data on customer perceptions and analyzing are

one of the most important investments for an organization, and it should be reflected in budget planning.

- Everyone must be involved in customer satisfaction. All staff has the ability somehow to influence customer satisfaction, so top management must communicate in details how personnel will be expected to contribute because it is often not intuitively obvious how this is possible. If the employees understand more about their roles in customer satisfaction, they will more participate.

### 2.1.3 Measure customer satisfaction

Company need gather and analysis the pertinent data to understand customer satisfaction. Before gather the data, the company should decide what are the problems they want to measure, it is important to measure the right things. It is possible that there is a misunderstand between what companies think customers probably want and what customer really want, so the customer satisfaction measurement's criteria should be defined by the customer. The following figure shows customer satisfaction measurement.

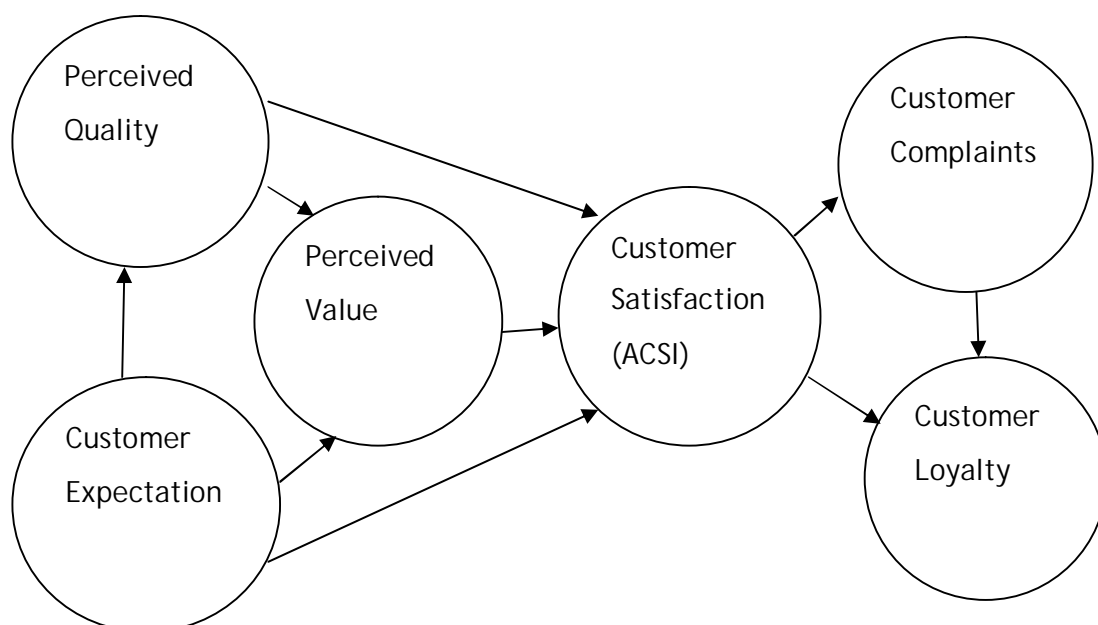


Figure 2 : Customer satisfaction measurement method (Mostaghel, 2006)

There are five tools can help managers to gathering data:

- Call reports. This is a simple method for using an existing customer communication system, like the telephone, to probe customer perception. The cost of time and resources of this tool is low, and it is convenient for the customer.
- Field reports. This is typically implemented at the customer's location by means of the organization's representative, which explores issues more deeply than call report, but it need to be scheduling carefully.
- Comment cards. This tool is providing a quick, convenient method for customer feedback. For the service problems are promptly revealed, the comment cards required daily management to be effective.
- Complaint systems. Despite the seemingly defensive nature of this system, complaints can be channeled into positive experiences if the organization responds properly.
- Quantitative customer surveys. This is a relatively complex tool designed to understand what customers think about an organization's performance (Craig 2003, 3-4). For the empirical study of the thesis, the author has chosen this quantitative customer survey as the research tool (Craig 2003, 1).

#### 2.1.4 Customer satisfaction of virtual organization

In this fast developing internet technology generation, a modern shopping way, online shopping has growing up. Cox and Dale (2001) define that, E-business or e-enterprise is the term used has shifted to competitiveness along with staff and customer satisfaction in order to achieve long-term success (Mostaghel,2006). Many successful online shopping companies like eBay, amazon, and Taobao have shown that the e-commerce are developing extraordinary fast worldwide. Clearly low cost and convenience are the main reasons satisfy online shopping customers. The online shopping platform as a less cost and faster way for the customer to selling and purchasing products and services, it has accepted by more and more people. Since

the online retail has a tremendous marketing potential, the competition is increasing, in the meantime creating the importance of customer satisfaction as well.

Heskett (1994) emphasized that for customer satisfaction, it is important to achieve good financial performance in the physical world, and it can be regarded as the same in e-commerce (Mostaghel, 2006).

## 2.2 Services quality

This section introduced the definition of service quality and a five gaps model of it. It also discussed service quality in electronic commerce.

### 2.2.1 Definition of service quality

Based on the research model of Lewis and Booms 1983, service quality is a measure of how well a delivered service matches the customers' expectations (Chang et al, 2002). In other words, service quality describes the degree of achievement to the customer of an ordered service; it is a business administration's term. When the service has been provided by the provider, in the same time it was consumed by the customer, the customer usually is requesting a service at the service interface where the service encounter has been realized. Emphasis the importance of the service quality is because quality can meet customer's need and remaining economically competitive, and it is also a main reason for companies to survive in the business. The outcome of using quality practices is:

- Understanding and improving of operational processes
- Identifying problems quickly and systematically
- Establishing valid and reliable service performance measures
- Measuring customer satisfaction and other performance outcomes (Sunanda)

### 2.2.2 Five gapes of service quality

There is a conceptual model of service quality developed by Parasuraman, Zeithaml & Berry (1985), which shows the consumers' different expectation and perception are depending on the size and the direction of the gap 1-4, which concerning on the

company's side of the delivery of service quality. Following is the figure of 5 Gaps model:

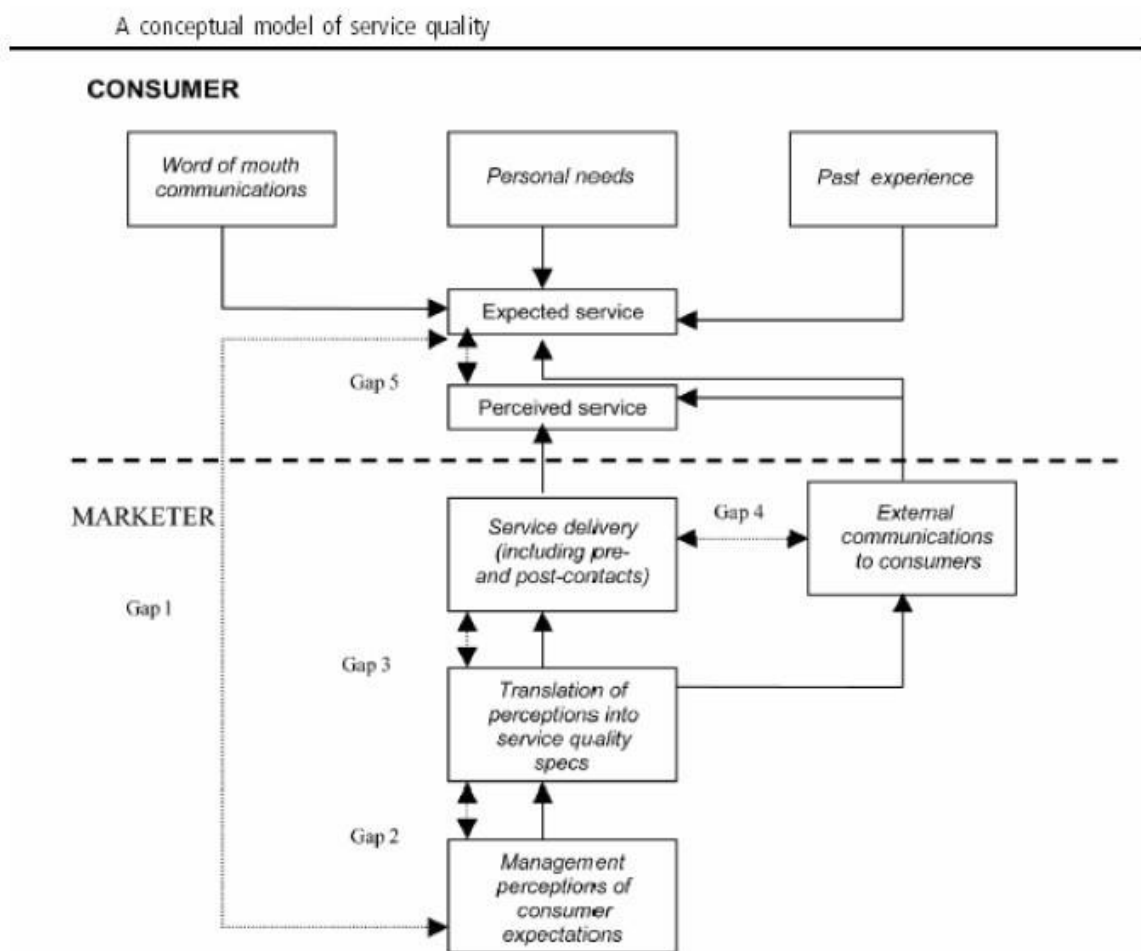


Figure 3 : The gaps model of service quality (Mostaghel, 2006)

The gaps model emphasized five key points of each gap:

- Gap 1. Difference between customer expectations and management perceived expectations of customer
- Gap 2. Difference between management's perception of consumer expectations and service quality specifications actually specification and design
- Gap 3. Difference between specifications of service quality and the actual service delivery to the customer
- Gap 4. Difference between the service delivered to the customer and the internal communication of its service quality to the customer

- Gap 5. Difference between the customer's perceptions and the service quality gap, it is the results of four other gaps

### 2.2.3 Electronic service quality

Electronic commerce can be described as a complex business process since it includes many sub-processes, and it related to many services. Take taobao.com for instance, before sellers running the business, they have to identify their personnel information, create account for online transaction, decorate their online shops, published the goods, edit goods information like introduce function, size and color. Taobao offer these services to seller users, and taobao need to guide and assistant sellers to accomplish them. When buyers visit taobao.com for online shopping, they have to research the products, make the choice and decision by compare sellers' rating and creditworthiness, products' price and quality, sellers' services, etc. This services are sellers offer to buyers, and they are also assistant and monitor by taobao. Once buyers and sellers have disputes, taobao's customer service also need help them to solve the problem in a satisfactory way. Most customer seems like evaluate the electronic service as an overall process and outcome instead of perceive each sub-process in detail, unless one of the services is especially positive or negative.

The e-service's process and outcome dimensions can be divided into service quality dimension. The best notable evaluation dimensions are the SERVQUAL model (Parasuraman, Zeithaml & Berry 1985) which the author mentioned in the previous section, the figure 3: The gaps model of service quality. There are five proposed in the SERVQUAL model: tangibility, responsiveness, reliability, assurance and empathy. (Mostaghel, 2006)

According to Parsu, Arvind and Valerie (2002), the dimensions of e-service have focused on conceptualizing and measuring e-service quality, and especially in determining the dimensions of the construct. Based on their research there are seven dimensions of e-service quality that form two scales: a core e-service quality scale and recovery scale. (Mostaghel, 2006) Four dimensions form the core e-service quality scales, efficiency, reliability, fulfillment and privacy can be used to measure customer perceptions of service quality. The other three dimensions can be used when customer has problems of online shopping: responsiveness, compensation and

contact. To explain these dimensions in details: 1 efficiency refers to the customers can get to the website and find out the product and information they need with minimal effort. 2 Reliability is relied on the technical ability of the website. 3 Fulfillment includes many service promises like delivering the products in the promised time. 4 The privacy means all personnel information, shopping data is not shared, and account information is secure. 5 Responsiveness reflects the ability of a company solve problems for the customer appropriately, like refund the products. 6 Compensation involving to receive money back as a compensatory approach. 7 Contact indicate the users need to be able to communicate with each other through instant messenger or phone.

### 2.3 Electronic commerce theories

This section explained general information of e-commerce and discussed the impact, classification, business models and security of it.

#### 2.3.1 Introduction of e-commerce

According to Bharat (2006, 3), the electronic commerce has been used for describing a variety of market transactions, enabled by information technology and conducted over the electronic network. The electronic commerce turn up because of the internet with millions of people connected online as a vast public network has given rise to a new interactive market place for trade. In other word, electronic commerce emergence as a new way capable of people and organizations sell and buy products and services through social networks.

Electronic commerce is not only just selling and buying through the network, it has a broader perspective. It is a system contains all the activities in a circle with five market elements: information exchange, contract and order, shipment and payment, customer service and marketing.

In the electronic commerce system, the information exchange element may include banner advertisement, it present details of products and services on the website, providing detailed information on about electronic catalogues about price, quality, delivery and payment terms.

After the information exchange step, the customer enters the second step, the contract and order element. The customer already decided to order the product/service, they just need to discuss the final payment, delivery time and service options, and formalizes the contract (Bharat 2006, 4).

The followed step is exchange of values, which may involve shipment and payment. In electronic commerce, the payment can be done by using the credit card over the internet, or utilizing electronic wallets and digital money. For shipment, the digital products such as software and point card, can be delivery through the internet instantaneously. In the case of physical goods, once the payment validity is confirmed online, the seller will deliver the products to a delivery company. The business may connect with the delivery company to decide the time of pickup and delivery. (Bharat 2006, 5)

The followed two elements, customer service and marketing, are the supplementary elements in the electronic commerce system. Since in the electronic commerce, the customer and the product/service suppliers are connected through the network, so the service can be present as efficiently addressing problems, keeping update the latest developments to customers and assistant customer to understand the value of the product/service.

According to Bharat(2006, 8) the marketing element utilizes the data, feedback or feature preferences by customer support. In this case, the marketing element may also have direct access to the customer base, it may helpful for further research, improving or creating newer product/service. These five elements are related together in a circular fashion, it may acquire a positive spiral effect over a period to promoting further economic activity.

### 2.3.2 Impact of electronic commerce

The price and information of product are important to determinates the purchasing behavior. Electronic commerce as a lower cost and more convenient new way compare traditional way to purchase products, it has becoming more and more popular, and it has impact to the business aspect.



In the new electronic marketing, organizations have to learn the concept of the one-stop-shop. The organization should offer the high range of products and services to attract the online community to get position in the competitive market environment.

For the perspective of industry, electronic commerce has already opened up new frontiers by redefining the relationship among manufactures, dealers and consumers in the electronic market. The access on the internet established new markets, offer information of products, prices and other details, has opened doors to extreme competition(Bharat 2006, 10). In that case, the wholesaler or middleman between the manufacturer and the consumer may pass over in a complete transaction, reduce the total cost evidently of the transaction.

Since the costs are largely minimize in the electronic environment, companies can economize on coordination cost. In electronic markets environment, it more efficiently coordinate the transactions of certain classes of product. According to Bharat (2006, 11), with cheap coordination transactions, interconnected networks and easily accessible databases, electronic markets thrive due to the following reasons: 1 Lower coordination costs favor electronic markets. 2 Low computing cost can transform and expand products to make them suitable for the electronic market. 3 Multiple choice preference based shopping. 4 Trade-off in market participation. 5 Minimized delivery costs.

For the consumer, electronic markets offer quicker shopping, moreover it includes financial market, labor market and shopping mall all on the internet. Consumer can stay at home to get product information, carry our price comparisons, make the order, or maybe get some free samples from the worldwide. With the adoption of online bank, consumer can make financial transaction online, management their asset, and take care of bill payments. As the economy environment developing online, consumers are able to find a job through internet at a broad range.

### 2.3.3 Classification of e-commerce

Electronic commerce is market transactions among two or more parties through information and communication technologies. Based on the entities involved in a

transaction, electronic commerce has been classified in different categories: Business-to-Business (B2B), Business-to-Consumer (B2C), Consumer-to-Business (C2B), and Consumer-to-Consumer (C2C) ( Bharat 2006, 18).

- Business-to-Business electronic commerce  
B2B electronic commerce facilitates inter-organizational interaction and transaction, and it requires two or more business entities interacting with each other directly, or through an intermediary( Bharat 2006,19).
- Business-to-Consumer electronic commerce  
B2C electronic commerce offer services for the customer to browse, select and purchase products online, and with more choice and better price. This type of transaction involve one business and one consumer, and it requires two or more entities that interact with each other ( Bharat 2006, 23).
- Consumer-to-Business electronic commerce  
C2B electronic commerce is originated by the customer, and it has a set of requirement specifications and specific price for a commodity, service, or item, so the consumer enable to decide the price of a product and/or service offered by a company (Bharat 2006, 26).
- Consumer-to-Consumer electronic commerce  
C2C electronic commerce makes consumers who are connected through the internet able to selling products and/or service to each other. The selling activities and transactions are between individuals.

#### 2.3.4 Business models of e-commerce

According to Bharat(2006, 52), there are two definitions of business model:

- A business model describes a set of business entities and interrelationships among them. The sources of revenue and potential benefits gaining from the business participants have been described as the model.
- The business model for identifying appropriate solutions provides the broad perspective necessary at some level of abstraction. In terms of revenue, the

identified solution should be sustainable and capable of realizing the stated objective.

There is a two way taxonomy-content versus transaction and native versus transplanted, classifies the internet business models in to four categories:

- Native Content based Models
- Native Transaction Models
- Transplanted Content based Models
- Transplanted Transaction based Models

<b>Native</b>	<b>Information Content Model</b> <b>Freeware Model</b> <b>Information Exchange Model</b>	<b>Digital Products</b> <b>Internet Access Provision</b> <b>Web Hosting and Internet Services</b> <b>Metered Service Model</b> <b>Metamediary Model</b>
<b>Transplanted</b>	<b>Subscription Model</b> <b>Advertisement Model</b> <b>Infomediary Model</b> <b>Affiliate Model</b>	<b>Electronic Store Model</b> <b>Brokerage Model</b> <b>Manufacturing Model</b>
	<b>Content</b>	<b>Transactions</b>

Table 1 : Taxonomy of internet commerce business models (Bharat 2006, 54)

Native content based models appeared thanks to the efforts of many amateurs who expecting no financial returns to set up informational web sites. Its include three models: information content model, freeware model and information exchange model.

Because of the developing of electronic commerce, many traditional content providers and brokers have transplanted their business on the internet to gain benefit from the growing audience. The transplanted content model includes subscription model, advertising model, infomediary model and affiliate model.

Native transaction models are native to the internet and are either turned up of necessity on the internet or are suited for the it. These models include digital

products merchant model, internet access provision, web hosting and internet services, metered service model and metamediary model.

Storeowners, sellers, manufacturers and brokers increase their reach and reduce the market friction to adapted the traditional business model. There are three models described here, electronic store model, brokerage model and manufacturing model.

### 2.3.5 Security of e-commerce

Security is the foundation of a business to exist. For the electronic commerce, considering each logical link in the commerce chain, the assets must be protected from the client computer, the messages on the communication channel and the web, and commerce servers (Sadhana, 2005). The electronic commerce security threats are from three critical aspects: client threats, communication channel threats, and server threats. The client threats are including active content, malicious codes and server-side masquerading. The communication channel threats contain confidentiality threats, integrity threats and availability threats. For the server threats, there are five threats included: web-server threats, commerce server threats, database threats, common gateway interface threats and password hacking.

To against the threats, there are five ways of security are implementing in electronic commerce: security engineering life cycle, security requirements, security policy, security infrastructure and testing e-commerce security. The security engineering life cycle can be divided into six parts: security requirement specification and risk analysis, security policy specification, security infrastructure specification, security infrastructure implementation, security testing and requirement validation. The security requirement includes authentication, privacy, authorization, integrity and non-repudiation. The testing e-commerce security contains compliance checking and penetration testing (Sadhana, 2005).

## 2.4 Electronic commerce in China

Online shopping is growing rapidly in China these years. Online companies no matter large or small, are learning how to be effective competitors in e-commerce, or

failing like eBay in, which was defeated by Taobao in 2006, in Chinese e-commerce market.

Electronic commerce is changing the way of purchase of Chinese customers. Nowadays, the e-commerce websites in China, like online store, online commercial platform, specialty shop, online auction website, online tickets reservation, online traveling, online education, online health care is providing various e-commerce information and transaction, appear continuously, e-commerce application is deepening, and service patterns are innovating (Admin, 2006).

In 2010, the online industry had a turnover of almost 500 billion RMB in China, and grew 87% year on year. Online shopping now accounts for more than 5% of Chinese retail sales, and retailers of taobao are covered 70% of the national online transaction (Nick, 2011).

For the e-commerce in China, because the lack of law, there are plenty of mock commodities sells online, and buyers usually deceive by shoddy products and suffer the loss. Even so, customers still have faith in e-commerce because the convenience, more choice and lower cost.

## 2.5 Theoretical frameworks

In this study, the theoretical frameworks include five main parts: customer satisfaction theories, service quality, electronic commerce theories and electronic commerce in China, and empirical study. The theories are related to customer satisfaction and electronic commerce, which is assistants the empirical study, in order to find out how the case company can improve its customer satisfaction in electronic commerce to maintain and acquire new customers. The follow figure presents the theoretical framework for the study.

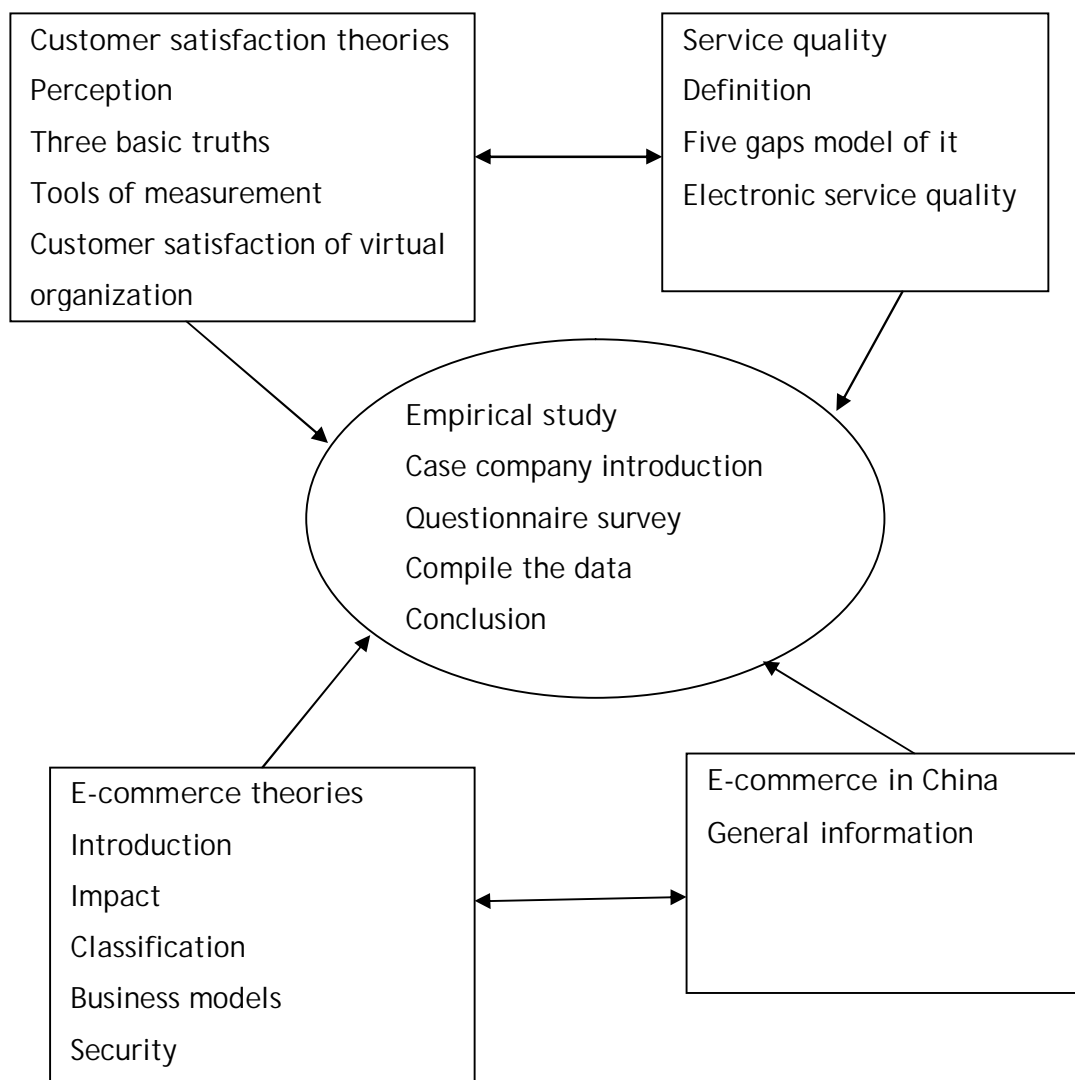


Figure 4 : The theoretical frameworks

### 3 Research methodology

This research methods section explains how the data can be collecting and analyzing. Research methods are rules and procedures, which are tools or ways of proceeding to solve problems (Gronhaug & Ghauri 2005, 40). The figure of research method is below.

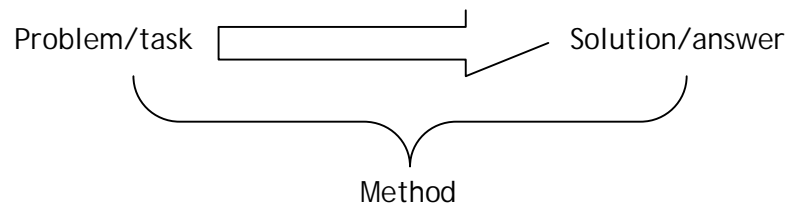


Figure 5 : The use of research method (Gronhaug & Ghauri 2005, 40)

A research plan starts when a problem need to be solves, and then must to find a method to solve the problem and reach the solution.

### 3.1 Research method

The thesis is based on a quantitative case study method, and a theoretical background study assistant the case study, so it is more inclined to quantitative study. The chose for these methods because the customer satisfaction research questions and context requires a certain of answers from customer, and for the knowledge background it require a qualitative theories study. Based on the research problems, a questionnaire (appendix 1,2) has been designed.

### 3.2 Quantitative research study

According to the thesis study proposal, it need answers from the company's customers, so it has been defined as a quantitative research study. There are seven discrete characteristics of research according to Leedy, et al(2001), they are: 1 Research begins when there is a question in the researcher's mind. 2 The research need to identify the problem stated clearly and unambiguously. 3 Research requires a plan approach to solve the question. 4 Research through appropriate sub problems to deal with the main problem. 5 Research looking for directions by appropriate hypotheses, which is based on obvious assumptions and beliefs. 6 Research work facts and their meaning, so the researcher should collect related facts and make a list of reference so they can be correctly interpreted. 7 Research is circular. (George 2005, 5)

### 3.3 Data collection

For the quantitative empirical study section, the questionnaire for customer satisfaction survey was post on a specific research website [www.zhijizhibi.com](http://www.zhijizhibi.com) for people who are registered users of Taobao to answer it. In order to obtain a certain quality of answers, the author's friends, families and familiar people who are registered users of [www.taobao.com](http://www.taobao.com) were also invited to help with the questionnaire survey. The questionnaire can get ideas about Taobao's customer types, to what extent the Taobao's customers would be satisfied, the company's customer satisfaction's strengths and weaknesses, Taobao's service quality and what services can be improved, and whether the customer feel safe to purchase from Taobao.

### 3.4 Compile the data

The specific research website [www.zhijizhibi.com](http://www.zhijizhibi.com) I used for published questionnaire and collected data is also convenient for compile the data. After a person finished the questionnaire, he or she could view the questionnaire introduction, welcome message, questionnaire data. Moreover, the results can be view as bar graph, pie chart, histogram and line graph, and the results and questionnaire can also download as a word document. People can also share it to different social network websites. The thesis author as the questionnaire publisher get the same right to check and download the result, in addition, the questionnaire publisher is the only one who can edit the questionnaire. Basically, after the author got enough answers the data can be analysis conveniently.

### 3.5 Reliability and validity

Joppe defines reliability as the extent to which results are consistent over time and an accurate representation of the total population under study is referred to as reliability, and if the results of a study can be reproduced under a similar methodology, then the research instrument is considered to be reliable. (Nahid, 2003) There are three methods of testing the reliability of research instruments: tests for the stability, tests for equivalence and internal consistency (Marilynn & Janet 2011). For this thesis, the reliability means the data and theories were collect from reliable sources, and the data are confirmed by similar information from other sources. All the sources used in the thesis are named in details in the list of reference.



Joppe also explain what validity is in quantitative research: validity determines whether the research truly measures that which it was intended to measure or how truthful the research results are. (Nahid, 2003) Validity in the thesis indicates that the problems need to be measure are all answered, in other words, the author has chosen appropriate research methods for the thesis study. According to Marilyn & Janet (2011, 203), there are three major methods to estimating the validity of a data collection: self-evident measures, pragmatic measures and construct validity .

#### 4 Empirical studies

In this empirical section, it introduced the case company and the research executed for the thesis study. It also explained the structure of the questionnaire, the way of data collection and data analysis. The results of the questionnaire survey are presented in the form of figures and they are analyzed in sequence.

##### 4.1 Case company introduction

The case company of this research is named Taobao.com. Taobao is the largest online shopping platform in Asia pacific. It was founded by Alibaba Group in May 10th 2003. Taobao's business now is spanning in two sections, Customer-to-Customer, and Business-to-Customer. By the end of 2009, Taobao has 1.7 billion registered users, it covered most of online shopping users of China, the market share is more than 80%. The amount of business transactions in 2009 is 20.83 billion RMB. In the end of 2009, there were more than 8 million of people have taken up an occupation by established online stores in Taobao.

Taobao is emphasized on establishing an online shopping platform with integrity and security. Taobao applied the real name the authentication, and discriminated buyers and sellers since users have to deliver different materials to register for the buyer or seller. Selling/purchasing ranking system and credit rating system helps users to evaluate the seller/buyer's integrity. It also provides Aliwangwang as a chatting tool for users to communicate to make the deal more conveniently, and to work on the problems during the business more harmonious. Allow users communicate with each other was regard as a reason why Taobao surpass eBay in China.

## 4.2 Questionnaire survey

The questionnaire structured by seven questions, and the question six included fourteen rating questions. The aim of the questionnaire survey is to obtain the results of 1 to what extent the Taobao's customers would be satisfied, 2 measure the company's customer satisfaction's strengths and weaknesses, 3 Taobao's service quality 4 what services of Taobao can be improved and 5 whether the customer feel safe to purchase from Taobao.

The questionnaire was posted in [www.zhijizhibi.com](http://www.zhijizhibi.com) for everyone to answer it. The survey received 261 answers in two months. The survey data also analyzed by the website's application program.

### 4.2.1 Empirical data presentation

All the collected data presented below is going to be analyzed in detail. The purpose of the survey is to find out the customer satisfaction of Taobao and how Taobao should improve services. There are 261 person filled the questionnaire.

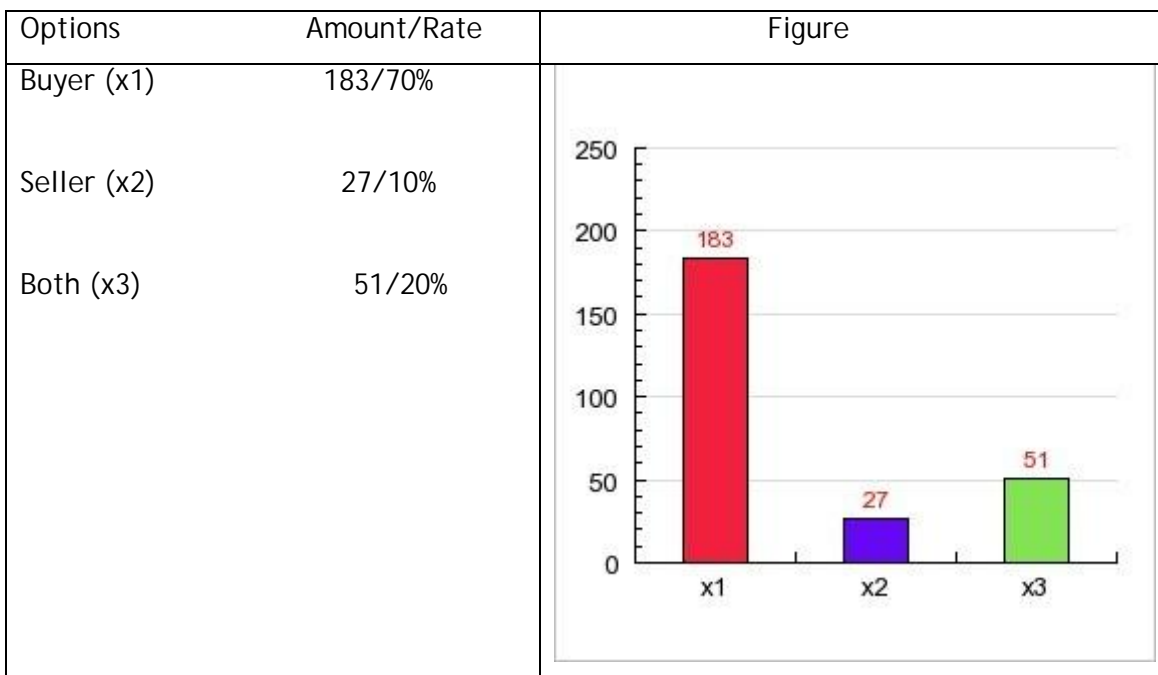


Figure 6 : Type of customer

The figure 6 shows 70% of interviewees are taobao's buyer customers, 20% of them are both buyer and seller customers, 10% of them are seller customers.

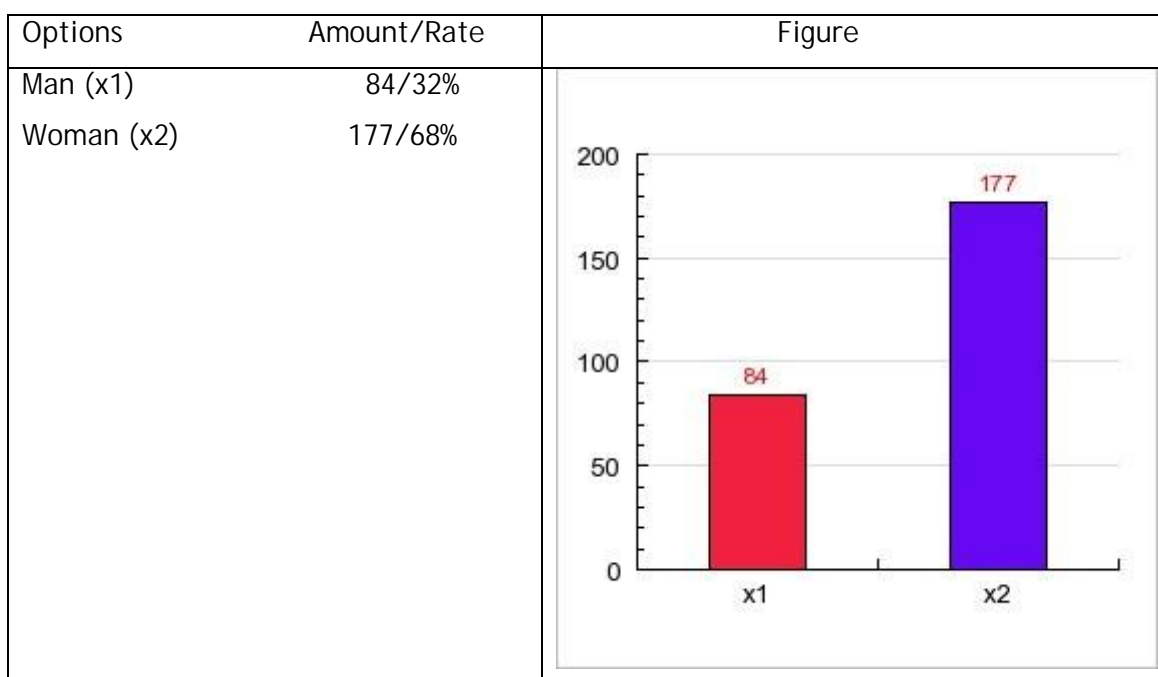


Figure 7 :Gender of customer

In figure 7, the rate of male and female shopping in Taobao is 32% versus 68%.

Options	Amount/Rate	Figure
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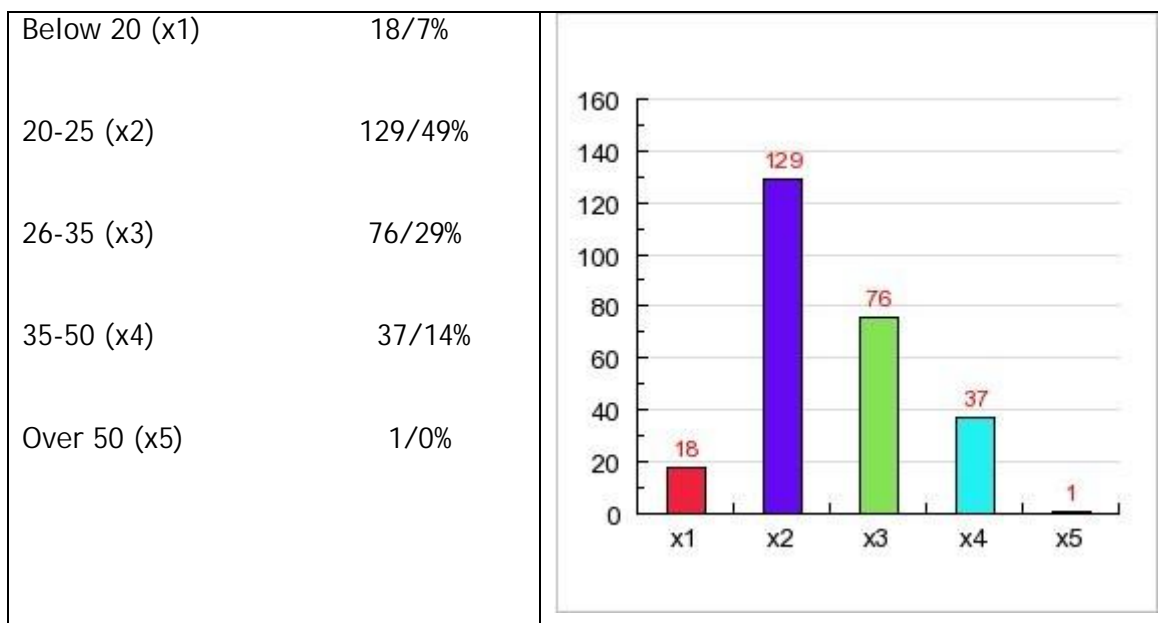


Figure 8 : Age of customer

The figure 8 shows Taobao's main customers are from age 20 to 25 since they are almost 50% of all. Almost 80% of Taobao's customers are from age range 20 to 35.

The three results above indicate Taobao should tend to provide services suitable for youthful female buyers. On the other hand, Taobao may improve their services for male customers, or provide more conveniently and easier purchase processes for elder customers.

Options	Amount/Rate	Figure
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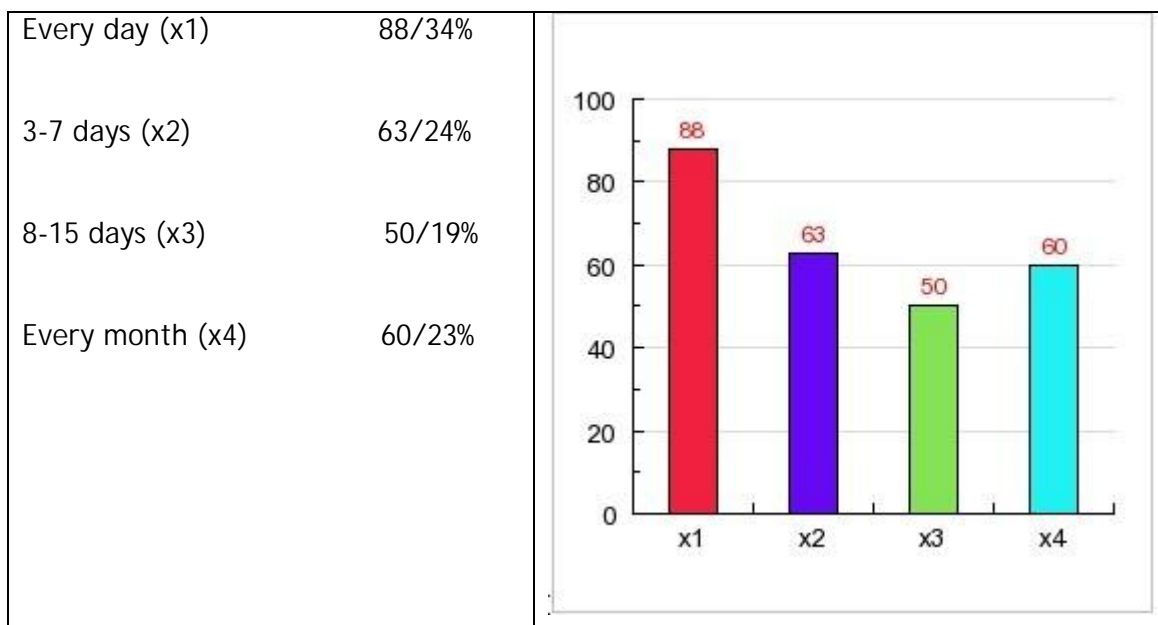


Figure 9: How often do you visit [www.taobao.com](http://www.taobao.com) ?

34% customers visit taobao.com every day, 24% of customers visit every 3-7days, it seems great rate of customers visit taobao.com frequently.

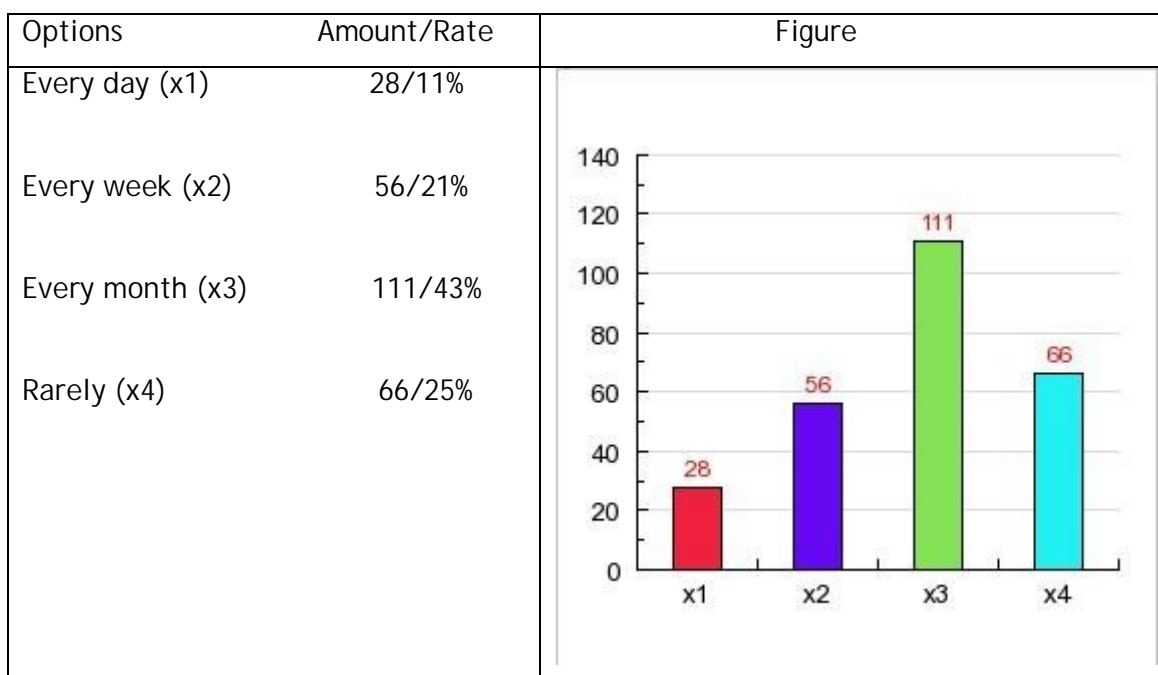


Figure 10: How often do you purchase from taobao?

The figure 10 presents that 11% of customers purchase from taobao every day, 21% customers purchase weekly, most of the customers (43%) purchase monthly, and there are also a quarter of customers purchase rarely. Taobao may design services to attract customers make more purchase decisions since they already visit frequently.

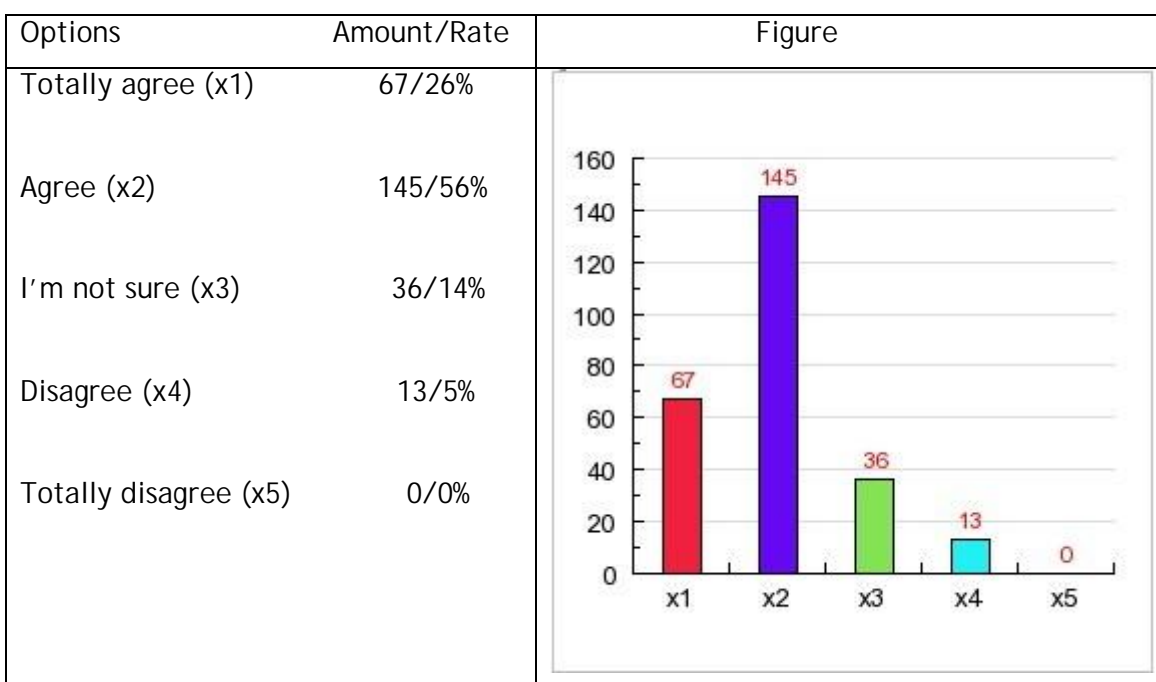


Figure 11: I can conveniently run down the products I need in Taobao.

About run down products in Taobao.com, 56% of customer agree it is easy to find out the products they need, but there is 5% of total disagree with it, so this may be something Taobao need to improve.

Options	Amount/Rate	Figure
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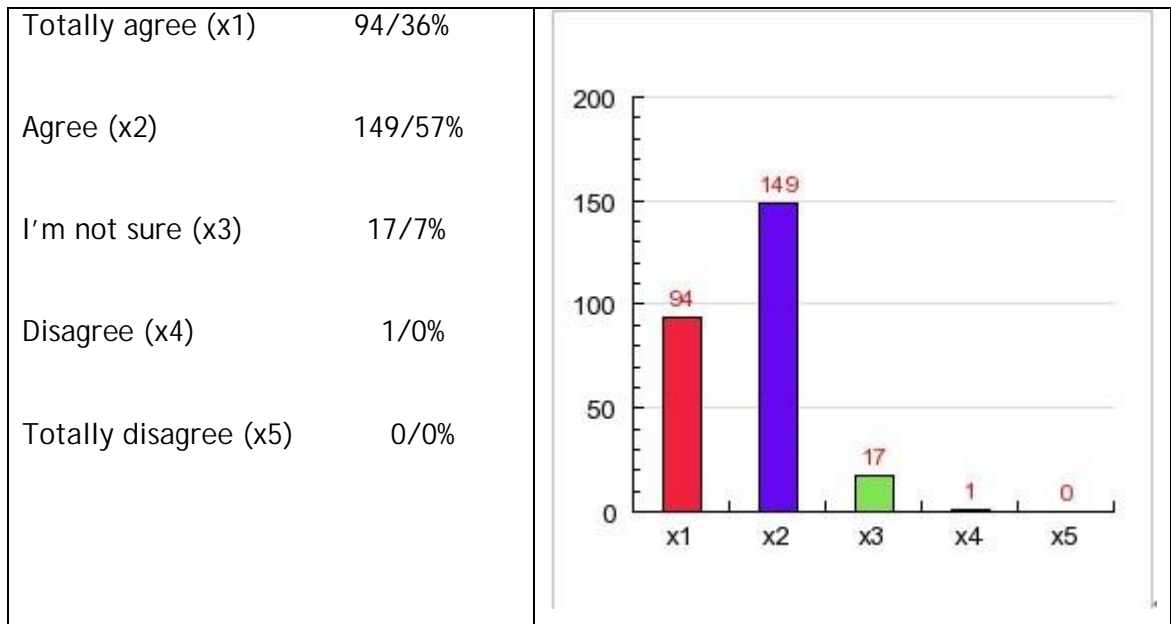


Figure 12: Taobao is easy to browse and operate

Large rate of customers agree with Taobao is easy to browse and operate, which is the strength of the company.

Options	Amount/Rate	Figure
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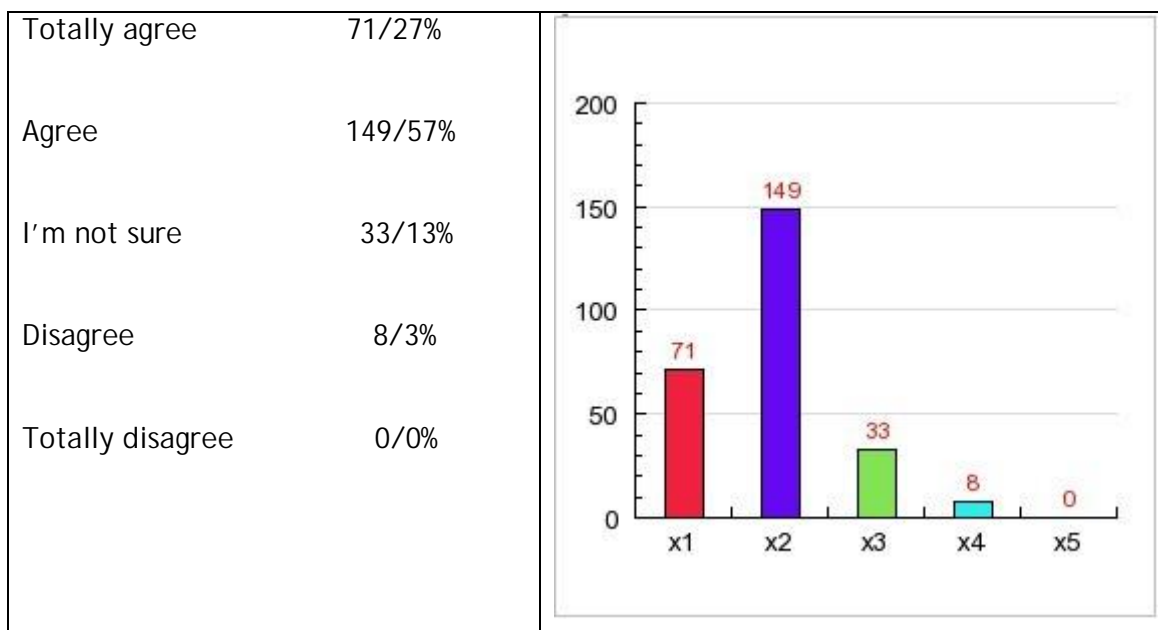


Figure 13: The information cataloged simply and clearly in Taobao

Most customers agree information cataloged simply and clearly in Taobao, and there are still 3% of them disagree of it, which is the other part Taobao can improve.

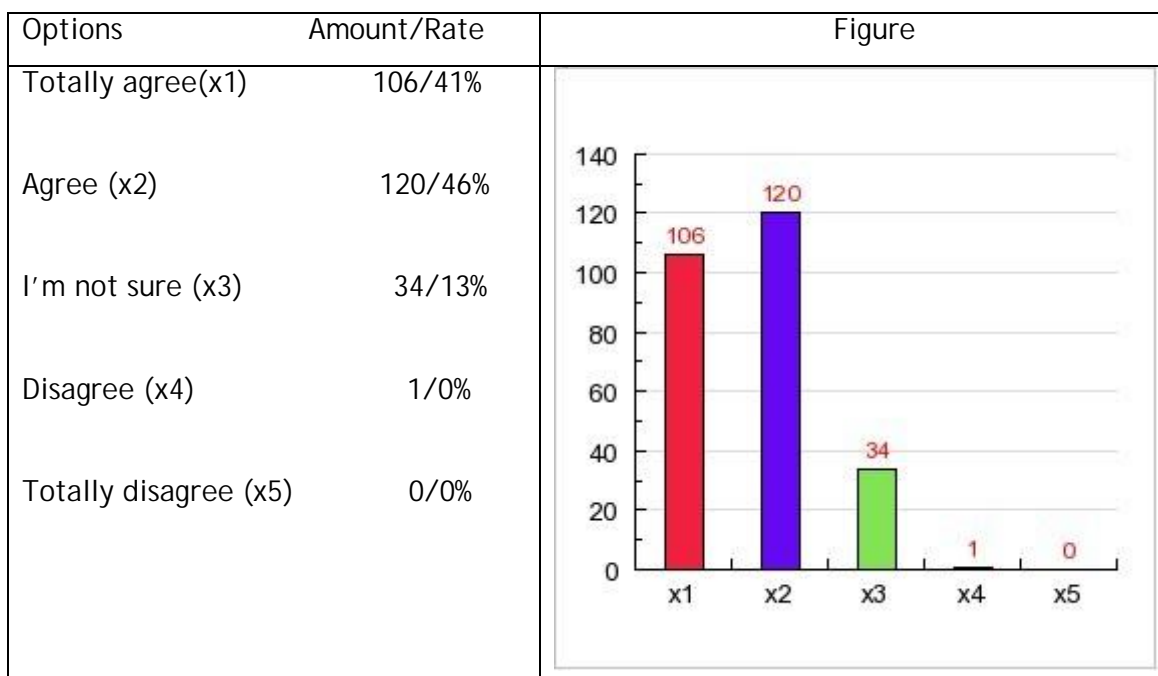


Figure 14: I can understand what services Taobao provide (include business process, consumer complaint process etc.)



Most customers found they can clearly understand the services Taobao provided, but 13% of customers clarified they are not sure about this.

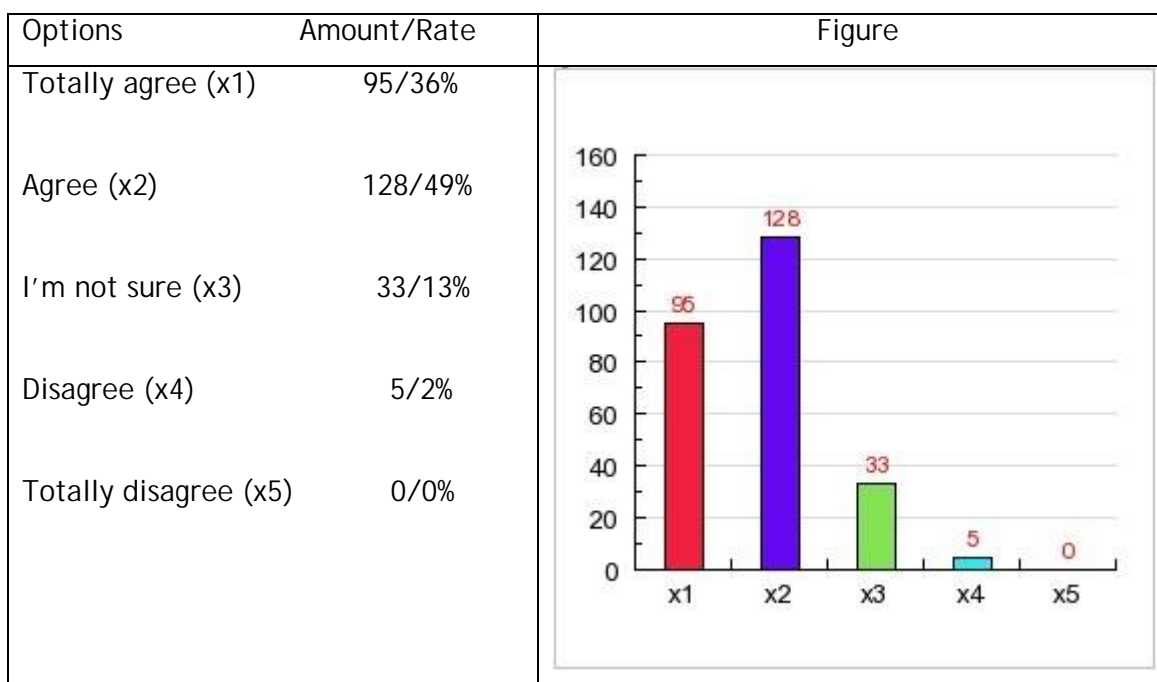


Figure 15: Taobao can accurately provide the services and services information (include the buyer/seller credit rating, trading rules, sales activities information, etc.)

Figure 15 shows Taobao can accurately provide the services and services information, similarly 13% of customer clarified they are not sure about this, and 2% of them disagree with it.

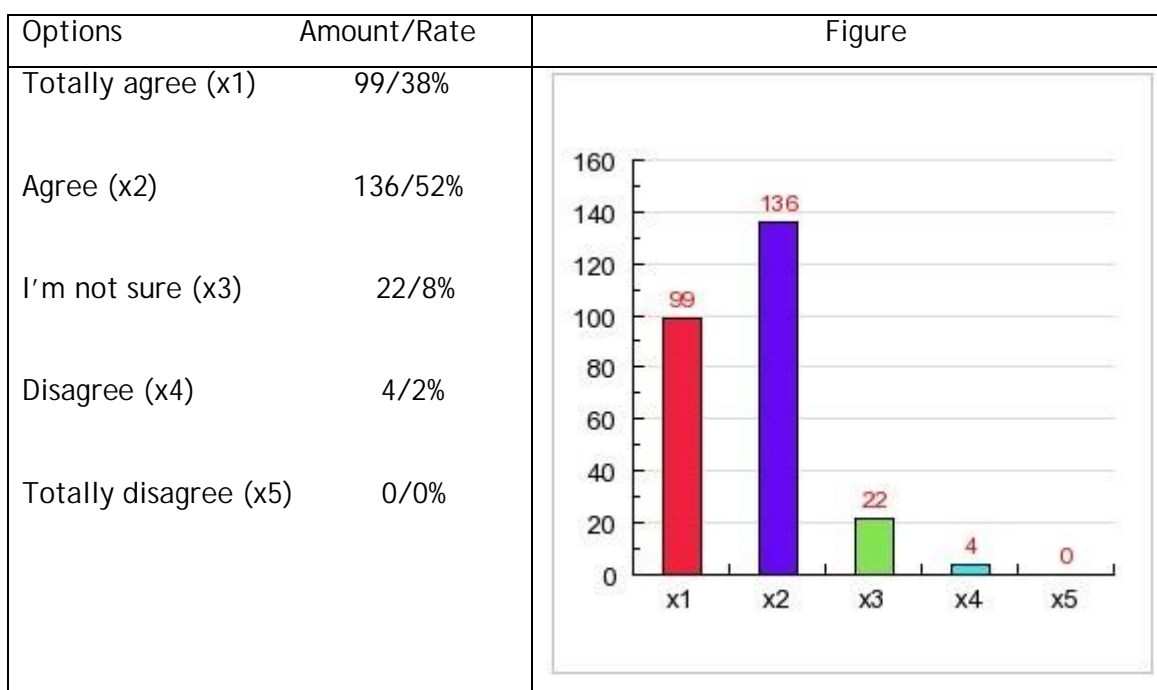


Figure 16: Taobao can accurately record my transactions, personal information

Great rate of customers agree with Taobao can accurately record their transactions, personal information, and Taobao can ensure their transactions, personal information and financial security, but there are still separately 8% and 15% of customers doubt that. 2% of customers similarly disagree with them. Taobao probably should pay attention to provide customer a more securely shopping environment.

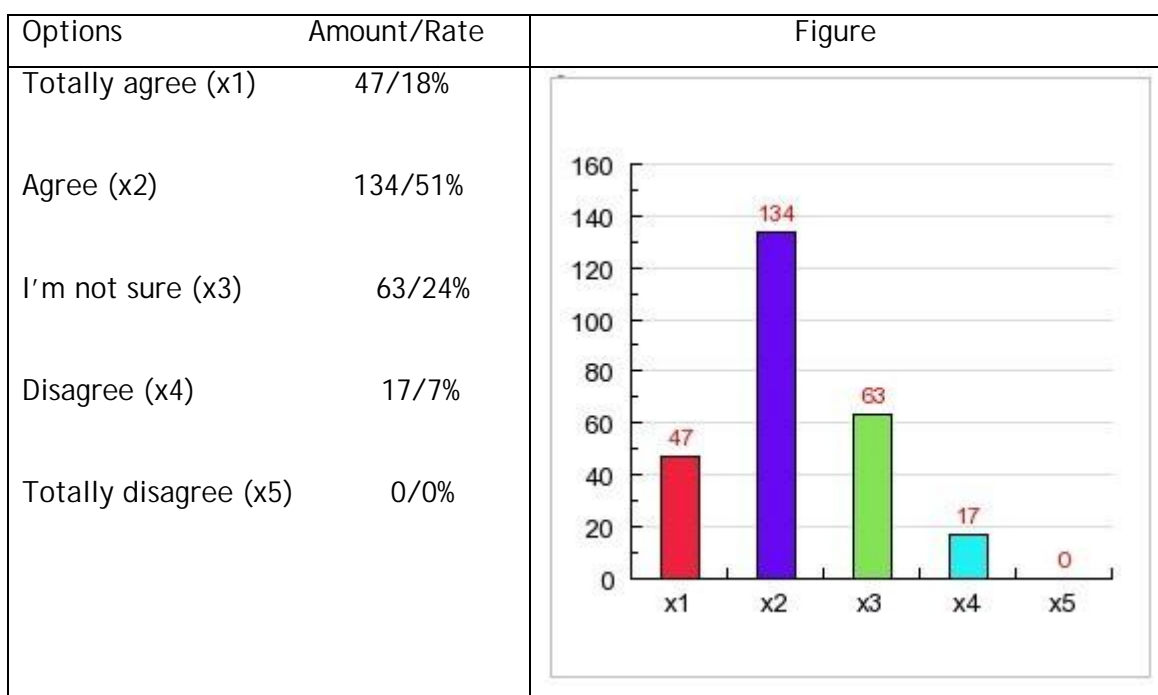


Figure 17: Taobao has relieved customer management system (include buyer/seller certification system, the credit evaluation system, the seller services verification system, etc.

Customers are not satisfied with Taobao's customer management system, since 24% of customers chose they were not sure about that Taobao has relieved customer management system, 7% of them also disagree with it. The main reason is some customers are not trust of the credit evaluation system, which will be explained later.

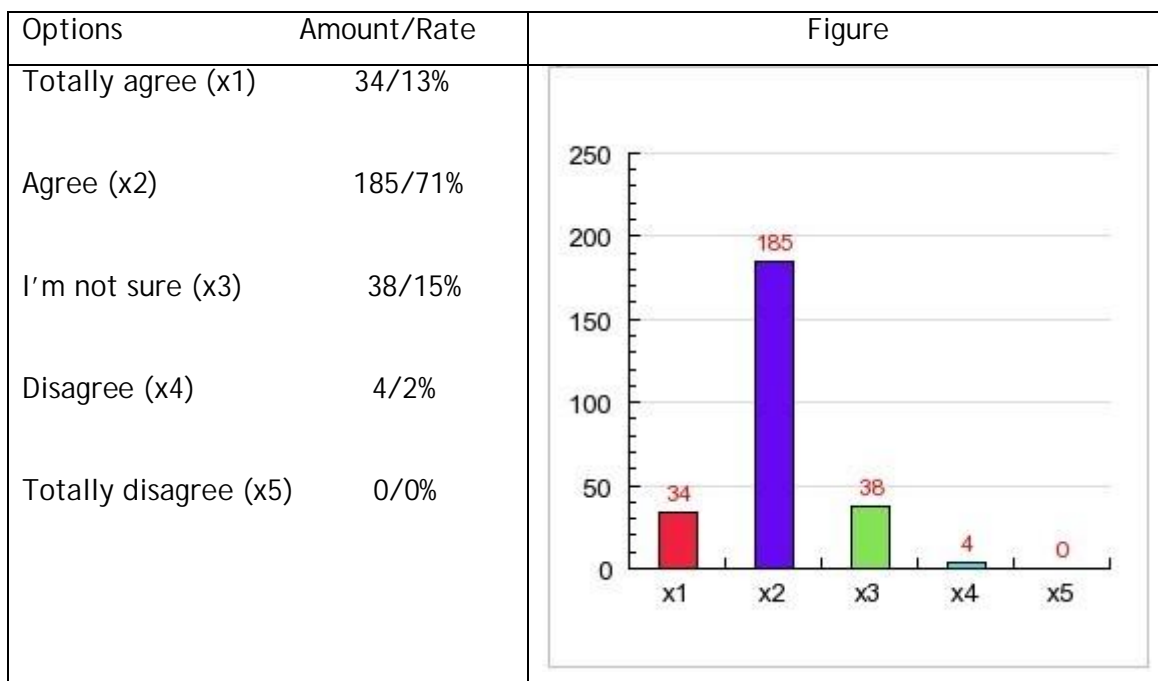


Figure 18: Taobao can ensure my transactions, personal information and financial security

Up to 71% of Taobao's customers are not totally ensured their transaction, personal information and financial security. This is a weak point of Taobao, and the company should provide a more reliable service to their customers.

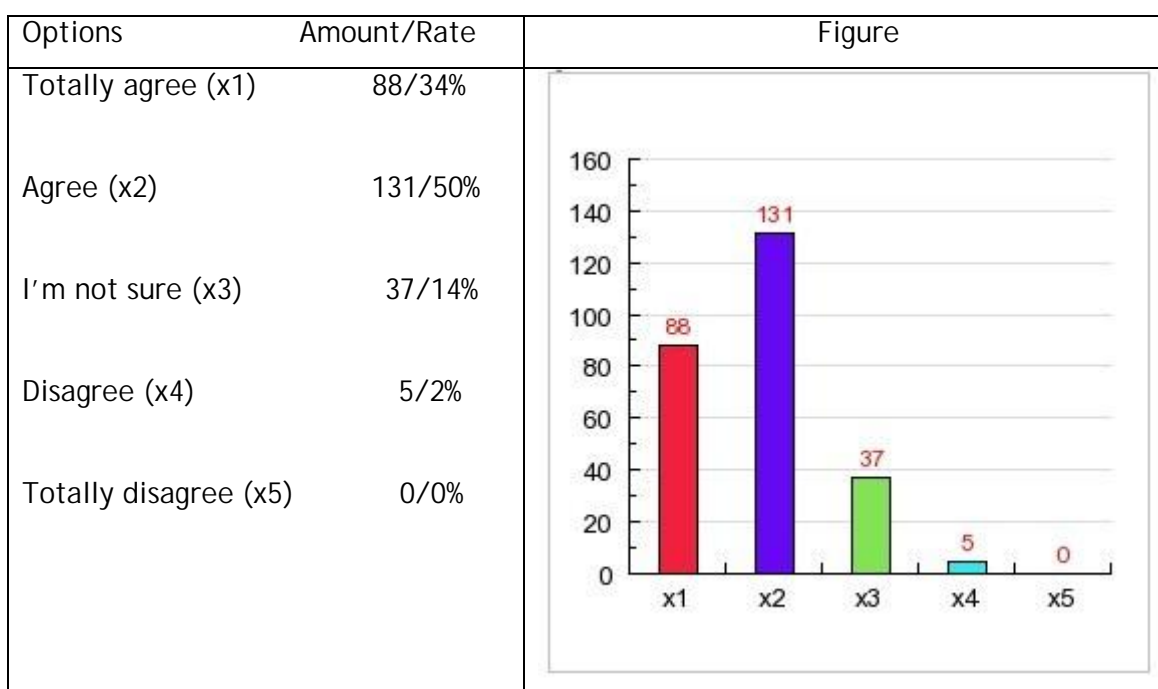


Figure 19: Taobao has clearly after-sale rules (include the complaint policies, return policies, etc.)

About Taobao has clearly after-sale rules, most customers agree with it. 24% of customers are not sure about that Taobao could provide undesirable buyer/seller information, 8% disagreement and 1% totally disagreement. Even undesirable customers are a small part of customers, Taobao still need some rules to restrain them, and otherwise it will cause a loss to other large sums of customers.

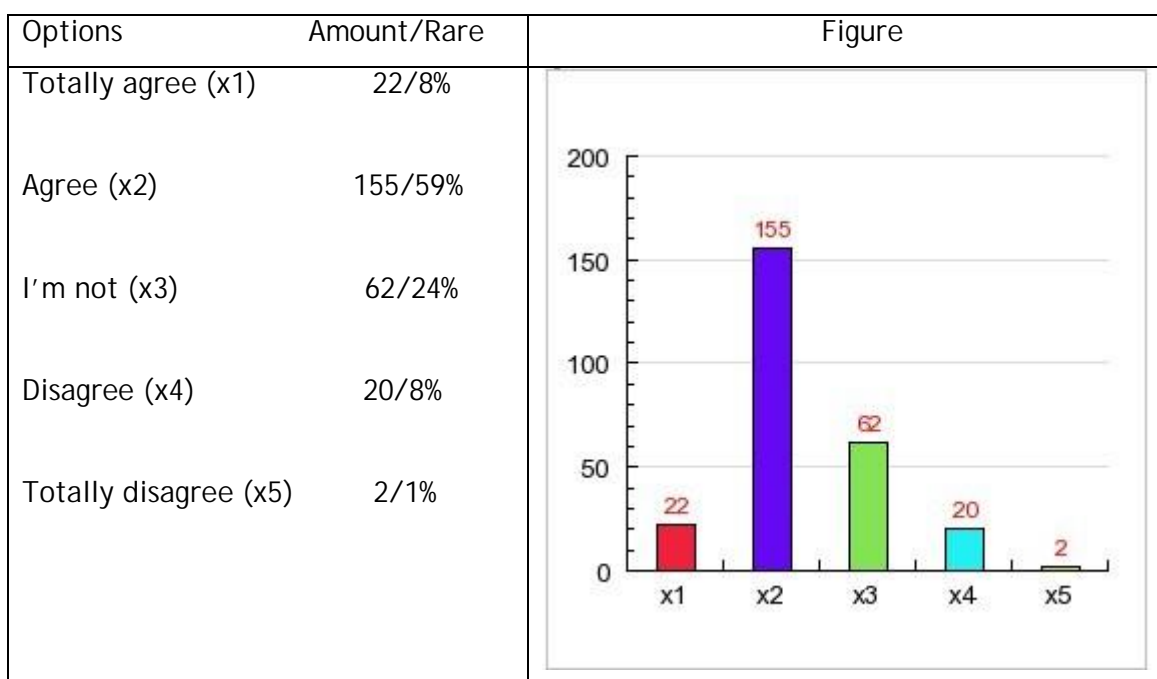


Figure 20: Taobao can provides undesirable buyer/seller information

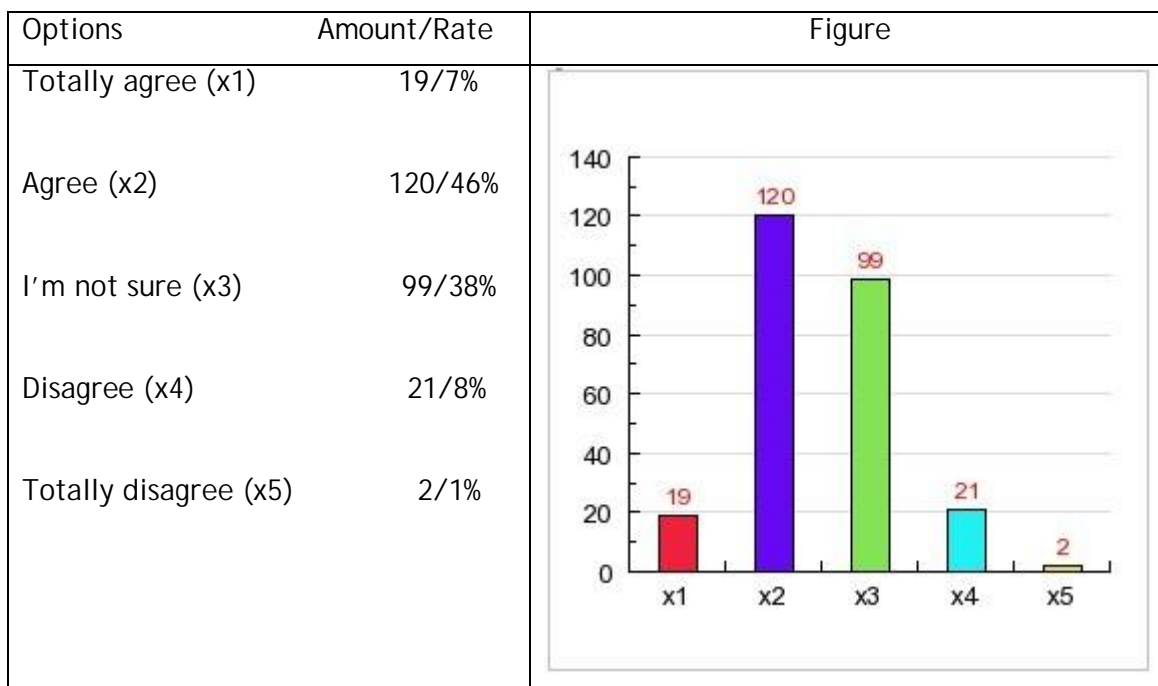


Figure 21: Taobao will make up for me because their own system's insufficient of guard against

38% of customers are not sure about Taobao will make up for them because the company's own system's insufficient of the guard against, 9% of them also clarified disagreement. When the loss of the customer is caused by the company itself, Taobao should take responsibility; even it is not an easy decision.

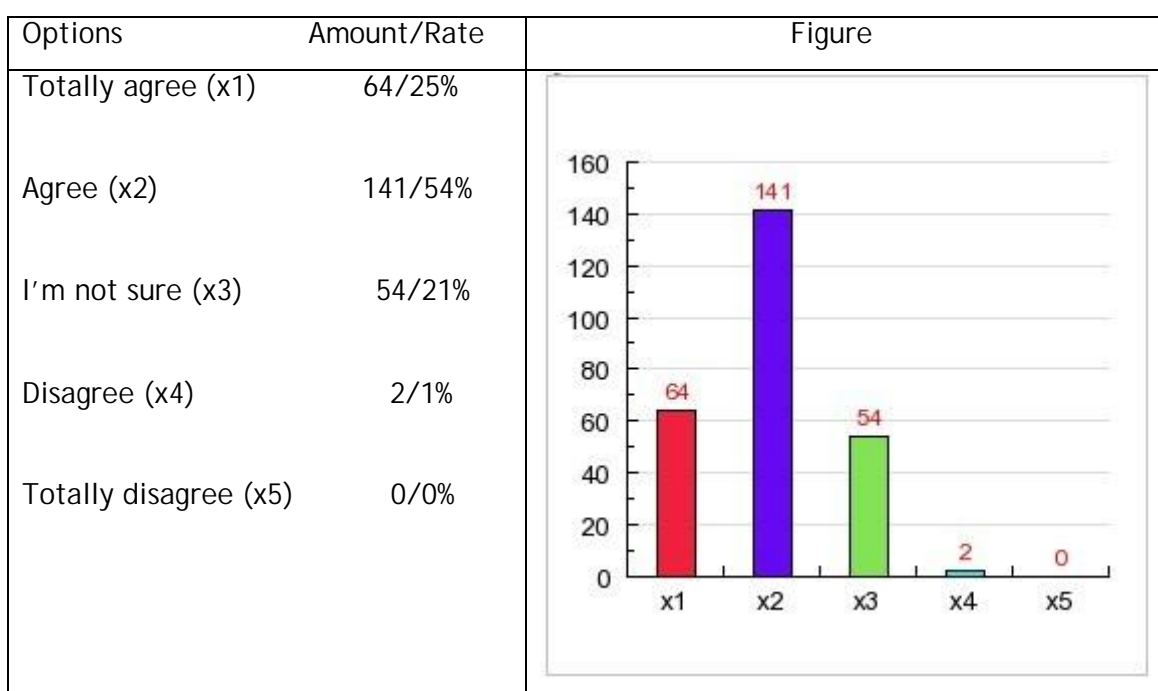


Figure 22: Taobao knows my demand and preferences (by storing my preferences and transaction history, provide me related products or services)

21% of customers do not think Taobao knows their demand and preferences, and 1% of them also disagree with it. This may require more information technology improvement.

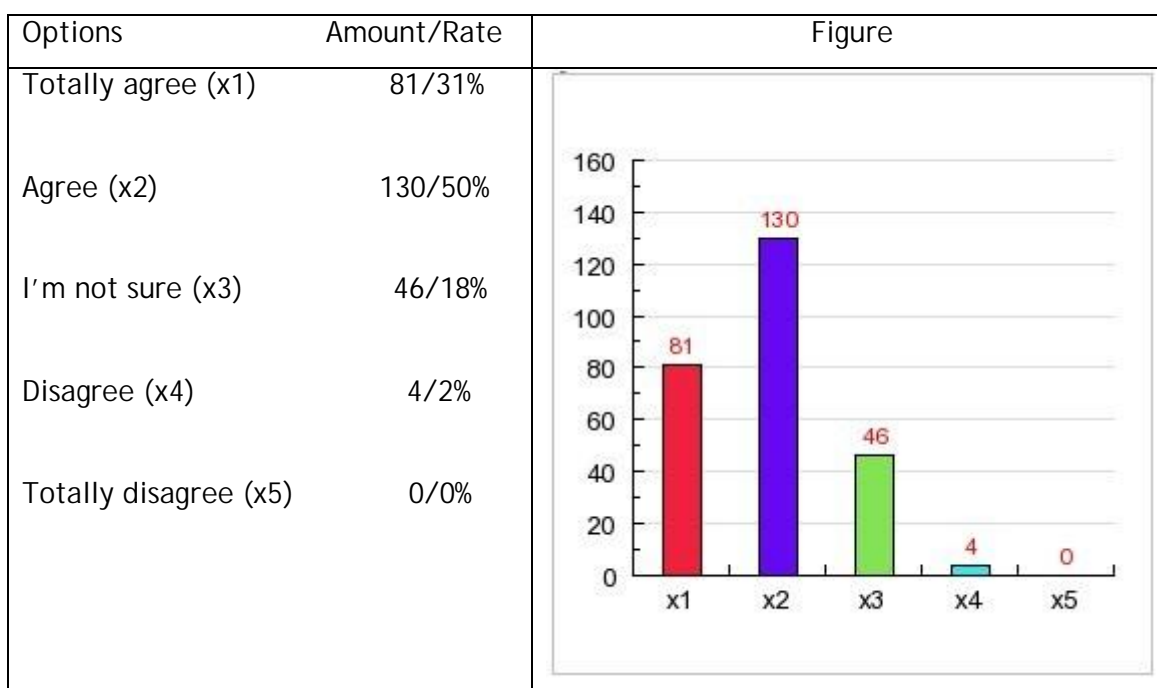


Figure 23: Taobao can set up FAQ to help me solve the problems

Most customers agree with Taobao can set up FAQ to help them, but 18% of customers not sure about this and 2% of total disagree with it. FAQ cannot include all the questions, it requires Taobao keep update.

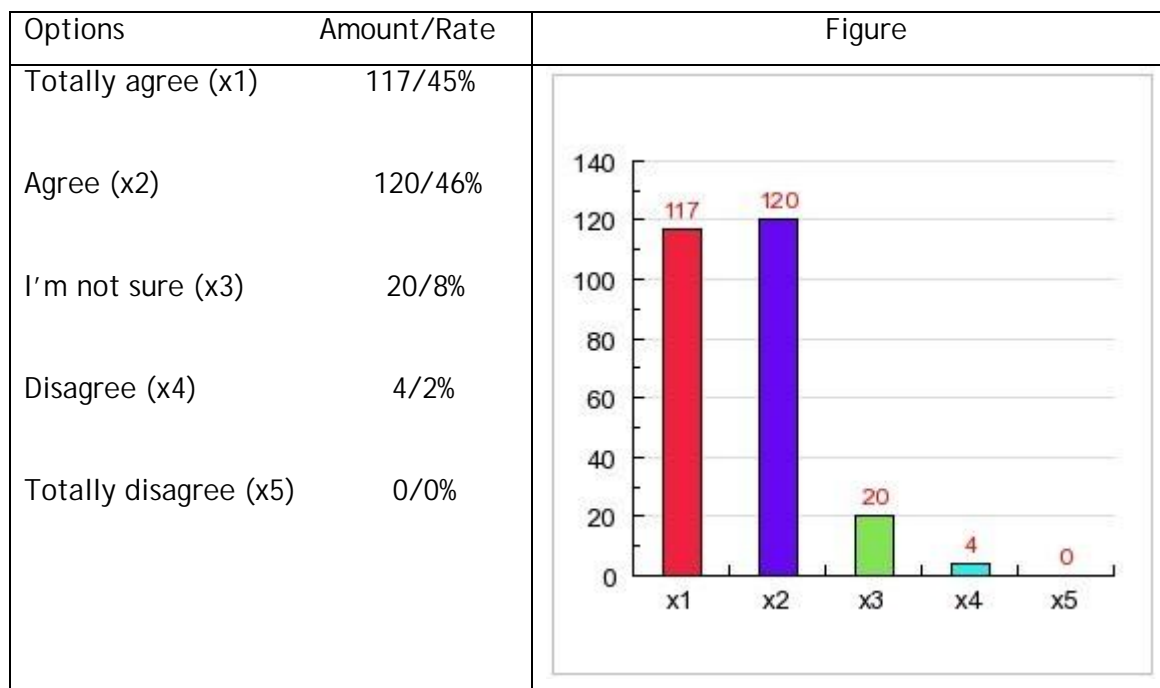


Figure 24: I will recommend this website to other people

For the last question whether customers will recommend this website to other people, over 90% of customers clarified they will recommend the website, but 8% of people is hesitated, and 2% made negative choice. This is a general question to test customer satisfaction; once Taobao's services improved this evaluation will be better.

## 5 Conclusions

This section includes summaries of all the important results. It explained the summary of the advices from customers, the most important found, and implication for further research.

### 5.1 Summary of the advices

The last question is customers' ideas and advices for Taobao to improve the services, which helps more clearly to understand customers' need. 57 of the 261 filled questions got comments of this question, and they have been summarized and classified into six categories.

- 1 Exchange or refund products it inconvenient, sometimes the products delivery takes a long time.
- 2 Sometimes the product quality is poor, and there are many fake products. Taobao needs more severe rules to control it.
- 3 Sellers' business cost increased a lot because Taobao charge so many services fee. Sellers' competition is stiff; hope Taobao should increase the services not just increase the price.
- 4 There are too many products in Taobao, which requires so much compare to find the suitable products. Hope Taobao could provide a more efficient product research service.
- 5 There are many false product comments because some sellers pay people to fake them. Taobao should control it seriously.
- 6 There are some cheaters steal customers' accounts; taobao should always consolidate their security system.

## 5.2 The most important results

Electronic commerce is extremely prevailing in China. The intense competition increased the importance of customer satisfaction. That is not only the key for a company to running a successful business, it also decided whether the business can stay and lasting.

Taobao as the most popular online shopping platform in China, for staying in this leading situation, it should pay more attention on customer satisfaction for gaining more new customers and keeping its existing customers.

The empirical study got a lot of ideas for Taobao to improve its customer services, and it can be concluded in the following categories.

Firstly, based on the survey, Taobao's main customers are youthful female buyers. Besides maintain this type of customer, male and elder people would be the new



customer types the company can gain. Anyhow Taobao should provide more convenient shopping processes that everyone can understand easily.

Secondly, Taobao has a really wide range of products, and it is still increasing. When a customer want to purchase a product, there is a fussy comparison before the final decision. Taobao should improve its product research system.

Thirdly, Taobao should build an integrity shopping environment , expose the undesirable buyer/seller information, supervise the fake products evaluation, especially control the false products selling in Taobao.

Fourthly, ensure customer's transactions, personal information and financial security is always important for the company. Taobao should always consolidate its security system offer customers a guaranteed shopping environment.

### 5.3 Implication for further research

Chinese customer satisfaction of online shopping of Taobao is surveyed in the empirical study, and it was supported by the theoretical section. Since the online shopping customers growing rapidly, it requires a persistent research of services development since the results will be change with time.

The empirical study of this thesis is in a general level because the limitation of the data collection. Further survey might require more quantity of the research population, and a wider range of research questions.

After get the research results the company should start to make the services improvement in order to provide a better online shopping experience, and increase the customer satisfaction.

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Appendix 1

调查表

1. 你是

A 买家 B 卖家

2. 你的性别是

A 男 B 女

3. 你的年龄是

A 20 以下 B 20-25 C 26-35 D 35-50 E 50 以上

4. 你上淘宝网的间隔是

A 每天 B 每周 C 每个月 D 半年

5. 你在淘宝购物的频率是

A 每天 B 每周 C 每个月 D 很少

等级评定题

	非常同意	同意	我不确定	不同意	非常不同意
我可以在淘宝网上方便地搜索到我需要的产品					
淘宝网很容易浏览和操作					
淘宝网上提供的信息目·分·· · 清楚					
我可以清楚理解淘宝网所提供的服·内容。(包括··流程、投· 流程等)					

淘宝网可以准确地提供各▪服▪和服▪信息。（包括▪▪家信用等▪、交易▪▪、促▪活▪信息等）					
淘宝网可以准确地▪▪我的交易情况，个人信息					
淘宝网上有▪我放心的客▪管理体系。（包括▪▪家▪▪体系、信用▪价体系，▪家服▪▪型▪▪体系等）					
淘宝网能保▪我的交易信息，个人信息和▪▪安全					
淘宝网上有清晰的售后▪理▪▪。（包括投▪政策、退▪▪政策等）					
淘宝网能▪我提供不良的▪/▪家信息					
淘宝网会因▪自身系▪安全防▪不足而▪▪我					
淘宝网了解我的需求或偏好。（通▪存▪我的偏好、▪史交易▪▪等，▪我提供相▪的▪品或服务▪）					
淘宝网能▪置 FAQ（常▪▪▪）来▪助我解决▪▪					
我会向▪人推荐▪个网站					

7 给淘宝的意见 \_\_\_\_\_

Appendix 2

1. You are  
A buyer B seller C both
2. Gender  
A male B female
3. Your age  
A below 20 B 20-25 C 26-35 D 35-50 E over 50
4. How often do you visit [www.taobao.com](http://www.taobao.com)?  
A everyday B weekly C monthly D half year
5. How often do purchase from taobao?  
A everyday B weekly C monthly D rarely
6. Rating questions

	Totally agree	Agree	I'm not sure	Disagree	Totally disagree
I can conveniently run down the products I need in Taobao					
Taobao is easy to browse and operate					
The information cataloged simply and clearly in Taobao					
I can understand what services Taobao provide (include busi-					



ness process, consumer complaint process etc.)					
Taobao can accurately provide the services and services information (include the buyer/seller credit rating, trading rules, sales activities information, etc.)					
Taobao can accurately record my transactions, personal information					
Taobao has relieved customer management system( include buyer/seller certification system, the credit evaluation system, the seller services verification system,etc.					
Taobao can ensure my transactions, personal information and financial security					
Taobao has clearly after-sale rules (include the complaint policies, return policies, etc.)					
Taobao can provides undesirable buyer/seller information					
Taobao will make up for me because their own system's insufficient of guard against					
Taobao knows my demand and preferences (by storing my preferences and transaction history, provide me related products or services)					
Taobao can set up FAQ to help me solve the problems					

I will recommend this website to other people					
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7. Ideas and advices for Taobao to improve the service \_\_\_\_\_