



**THE INFLUENCES OF E-SERVICE QUALITY AND CUSTOMER  
LOYALTY OF DROPEE**

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## **CHAPTER 1: INTRODUCTION**

### **1.1 BACKGROUND OF STUDY**

The Internet business area or eCommerce is one of the quickest developing and most alluring ventures in Malaysia. The most recent gauge by Statista uncovered that the Online business stage has earned the revenue to US\$3,144m before the finish of 2018. Besides, the industry is relied upon to produce US\$5,457m in revenue by 2022. The selection of eCommerce business stages in the previous years has enormously expanded due to the surge of internet users. ("eCommerce - Malaysia | Statista Market Forecast," n.d.)

As indicated by Jeremy Chew from Borneo Post on the web. In 2017, there was 15.1 million active users in Malaysia, which is 47.9% of the Malaysian populace. With the presentation of more moderate web and broadband plans every year, the quantity of Internet user is required to constantly ascend on the year ("History of eCommerce in Malaysia – BorneoPost Online | Borneo , Malaysia, Sarawak Daily News | Largest English Daily In Borneo," n.d.). the number of Internet users is expected to continually rise on the year. The adoption of eCommerce during these years was spurred by the increased availability of internet services and the usage of computers in household and offices. A study by the Multimedia University Malaysia stated that eCommerce earned a high growth potential due to the rapid rise in the number of computer users and faster internet connections each year. The popularity of the C2C platform also encouraged the use of payment gateways and other online payment methods. eBay, which provides Malaysia access to products sold abroad, made it mandatory for users to register as members to use its primary payment gateway, Pay pal. This encouraged the use online bank transfer, credit, and debit card in the subsequent years.

Due to the above reason, it is very vital for every B2B eCommerce platform to determine their customers' demands and value in order to maintain its loyalty. therefore, in order to remain competitive in the market, the eCommerce platform must emphasize on the factors that influence the user to maintain its loyalty as it will also lead to the growth of their market share. However, the available research on B2B eCommerce e-service quality is very inadequate. Considering the fact that eCommerce market is in its rising state,

therefore, it is important for us to know the factor that influenced the user's loyalty so that they would not choose another eCommerce platform. To fill this gap in literature a lot of models have been postulated by different researchers to measure e-Service quality and customer loyalty. But for the purpose of this study, the researchers adopted e-service quality that initially developed by Zeithaml, Parasuraman & Malholtra (2000) to define e-service quality as "the extent to which a website facilitates efficient and effective shopping, purchasing and delivery".(Zemblyté, 2015)

## **1.2 BACKGROUND OF COMPANY**

Malaysia based technology startup Dropee launched the full release of its business-to-business (B2B) online marketplace on 25 October 2017. Owned by e-commerce company Macro-Tech Ventures Sdn Bhd, Dropee is a B2B Marketplace that brings together suppliers and retailers to a single platform. With Dropee retailers can now source for the product directly from qualified suppliers; wholesalers, manufacturers and principals at a faster, cheaper & reliable way. Believing that the FMCG industry in Malaysia lacks connectivity between suppliers and retailers, we saw the opportunity to provide a better communication between both parties by creating an online platform for businesses to source and deal with one another in a faster, more effective and efficient way.

With the mission to increase product accessibility and convenience to SMEs by digitalizing B2B trading and vision to become an end to end business solution for supplier and one-stop centre for B2B product sourcing. Dropee goal is to help SMEs businesses grow by providing access to qualified wholesalers, manufacturers and principals to source affordable quality product at a faster, cheaper, and reliable way. Therefore, Dropee builds the product using the following principals as a guideline which is, convenient product sourcing, transparent and honest, innovative solutions and accessible data anytime and anywhere.

Dropee co-founder, director and chief executive officer Lennise Ng explains that the idea for the platform when she and co-founder Aizat Rahim (chief operating officer and director) noticed inefficiencies in how their respective family businesses received orders from their customers, with almost everything being done with pen and paper. Dropee started out as an in-house project to build a digital ordering system for the founders' businesses and when they began looking to order products online, they started creating a drop-shipping marketplace to drop-ship goods to customers of e-commerce retailers.