

# The Positive Impact of Online Product & Service Promotions on Customer Satisfaction in Saudi Arabia: A Case Study of

Noon Company

Student name

Ali al-Ammar

2021204714

Graduation Project – 1

Faculty of Management - Midocean University

Supervisor

Dr. Mona Moustafa Elashry

Faculty member- Faculty of Management- Midocean University

### **Abstract**

As e-commerce expands in Saudi Arabia, businesses compete by providing incentives for online goods and services in an effort to draw in and hold onto clients. This study looks at how Noon Company, a well-known Saudi e-commerce platform, increases customer satisfaction through online promotions. For the study, noon consumers are both qualitatively and quantitatively interviewed. The data indicates that online incentives such as free delivery, rebates, and loyalty programs increase customer satisfaction. The survey also reveals that e-commerce customer satisfaction is influenced by product quality, website usability, and customer service. The study contributes to the body of knowledge on e-commerce and gives internet companies strategies to enhance their marketing campaigns and customer happiness. Saudi Arabian and international e-commerce companies should recognize the importance of online promotions for customer satisfaction and loyalty.

## Table of Contents

|                                                            |    |
|------------------------------------------------------------|----|
| Abstract .....                                             | 2  |
| Introduction.....                                          | 5  |
| Research problem.....                                      | 6  |
| Research Significance .....                                | 6  |
| Research Hypothesis .....                                  | 7  |
| Research Model .....                                       | 9  |
| Research Methodology .....                                 | 11 |
| Research Design.....                                       | 12 |
| Quantitative Phase .....                                   | 12 |
| Qualitative Phase .....                                    | 13 |
| Integration of Quantitative and Qualitative Findings ..... | 14 |
| Ethical Considerations .....                               | 14 |
| Limitations and Delimitations.....                         | 15 |
| Research objectives.....                                   | 15 |
| Research questions.....                                    | 16 |
| Significance of the study.....                             | 16 |
| Data Collection Methods .....                              | 17 |

|                                                                |    |
|----------------------------------------------------------------|----|
| Sample Selection.....                                          | 17 |
| Data Analysis Techniques .....                                 | 18 |
| Ethical Considerations .....                                   | 18 |
| Literature Review.....                                         | 19 |
| E-Commerce in Saudi Arabia .....                               | 19 |
| Online Product and Service Promotions .....                    | 21 |
| Customer Satisfaction in E-Commerce.....                       | 23 |
| Factors Influencing Customer Satisfaction in E-Commerce .....  | 26 |
| The Impact of Online Promotions on Customer Satisfaction ..... | 28 |
| Conclusion .....                                               | 29 |
| Reference .....                                                | 33 |

## **Introduction**

The government's initiative to digitize the economy, shifting consumer perceptions, and rising internet usage have all helped Saudi Arabia's e-commerce sector thrive. According to the Communications and Information Technology Commission (CITC), Saudi Arabia's online retail market is expected to be valued \$8.35 billion by 2025 (CITC, 2021). Due to this, e-commerce businesses have been battling it out to attract and retain customers, which has raised the level of competition in the industry.

Using internet marketing to promote goods and services is one tactic that is often brought up to boost sales. Online product or service promotion has the power to greatly impact consumers' decisions. Some examples of these promos are bundles, loyalty programs, free delivery, and discounts. The goal of all of these offers is to get customers to purchase the item from the internet retailer. Research has indicated that internet promotions has the ability to impact consumers' choices, specifically their intention to purchase (Zhao et al., 2019; Santini et al., 2020). In a similar vein, these internet promos can increase client satisfaction.

Noon Company is one of the leading internet retailers in the Middle East and Saudi Arabia. The company was founded in 2017 and offers a broad range of products, such as apparel, cosmetics, electronics, and home and kitchen appliances. Noon has recently placed a lot of emphasis on online marketing, launching campaigns to draw in and retain customers using strategies like promotions, exclusive offers, and discounts in addition to a loyalty program called Noon VIP.

## **Research problem**

Today, with the expansion of the e-retail sector and the emerging marketing activity, online promotions have become a core pillar of an e-commerce activity, and it is a key factor influencing the choice of consumers whose need is a product or service, but there are minimal studies on the impact of online promotions towards comparing the product and service organizations and categories, and little has been discussed about the impact of the promotions online offers on customer satisfaction in the Saudi market and this study aims to discuss the importance of the positive impact of online product and service promotions towards customer satisfaction, with a case study of Noon Company. The research problem can be stated as follows: "To what extent do online product and service promotions positively influence customer satisfaction in the e-commerce industry, specifically in the case of Noon Company in Saudi Arabia?"

## **Research Significance**

Moreover, it has theoretical and practical value by adding to the existing body of knowledge related to e-commerce, customer satisfaction, and Saudi Arabia, an emerging market with specific cultural and economic characteristics. Specifically, studying the relation between online product and service promotion and customer satisfaction is significant because of the regulatory economic role assigned to retail shopping sites, and the findings suggest that this approach is able to enhance customer satisfaction, which enables retail to play a regulatory economic role in the country as well.

In terms of theory development, this study contributes to existing e-commerce models that estimate customer satisfaction and their degree of repeat purchase intentions by focusing on the particular

role that promotional strategies play in customer perceptions and experiences. It informs and contributes to existing theories on online consumer behavior, such as ECT and SOR framework (Rita et al., 2019; Wu Chang, 2018) by exploring the empirical evidence from the Saudi context. From a pragmatic point of view, the findings from Saudi Arabians regarding the facilitating prompts of using OHP, as well as evaluating the effectiveness of promotional strategy, can be helpful for the e-commerce companies such as Noon Company, which serve customers in Saudi Arabia. With the knowledge of what makes the users satisfied, as well as how online promotions are viewed by the participants, these companies can build and implement better promoting strategies, allocate resources properly, enhance their market competitiveness, and so on. Furthermore, the insights developed in this research can inform the future growth and development of e-commerce in Saudi Arabia by yielding strategies for the successful deployment of online promotions and improvements to customer satisfaction – such as navigating the e-commerce landscape and evaluating and comparing incentives and responsiveness of different online vendors or deal websites. Importantly, because the Kingdom has a strategic initiative to transform its economy and foster digitalization, namely Vision 2030, these insights can also guide policymakers and stakeholders in developing the regulatory environment and infrastructure for e-commerce growth and development that support strategic objectives, such as job creation and diversifying the economy away from dependence on oil export revenues.

### **Research Hypothesis**

The following suggestions have been made in light of the goals of this study and the available literature:

**H1:** Saudi Arabian Noon Company Context: Customer satisfaction is greatly increased by online product and service advertising.

This hypothesis, which aims to investigate the general relationship between online promotions and customer pleasure, has received support from prior research conducted in a range of e-commerce environments (Cao et al., 2018; Santini et al., 2020). This study's goal is to verify that these conclusions hold true for the Saudi Arabian market by examining this relationship within the framework of Noon Company.

**H2:** Various kinds of internet advertising (such as coupons, flash sales, bundles and loyalty programs) influence customers' level of satisfaction differently.

Based on this concept, numerous promotional methods influence in different ways on consumer satisfaction. (Genc & Boyraktaroglu, 2017; Lin et al . , 2020 ) With this present study , aims to produce maximum marketing operation through determining the effect of numerous promotions for Noon Company in a new way.

**H3:** The effect of promotional information in online advertisements on customer satisfaction is limited by the type of product, the consumer groups, and the number of times they go shopping.

A second hypothesis predicts that online promotion performance varies with the client and environment (Liu et al., 2020; Xu et al., 2020). The goal of this study is to better illuminate the causal relationship between promotions and satisfaction from the perspective of moderating effects of attributes such as market category, age, gender, income, and buying frequency. Accomplishing these tasks will enable customized and targeted marketing tactics.

**H4:** Client pleasure is a conduit between online promotions and client loyalty, as measured by repeat business and word of mouth.

It is built on the known strong relationship between satisfied online customers and repeated business, both of which might be mediated by customer satisfaction and hence better addressed by measuring it over time.

To test these hypotheses, a combination of quantitative and qualitative research approaches will be required, as was indicated in the section on research methodology. The findings of this study will contribute to a better understanding of what it takes to satisfy online buyers among scholars and Saudi Arabian companies.

### **Research Model**

The research model for this study is based on incorporating the salient features and possible connections found in the previous literature on e-commerce, e-commerce customer satisfaction, and e-shop promotions. The model's goal is to demonstrate, in accordance with widely recognized theories, how online business promotions impact customer satisfaction and loyalty. The study also clarifies other modifiers that might affect these correlations.

The main component of the approach is the arrow that links online promotion to consumer satisfaction. According to the expectancy-confirmation theory (ECT), we anticipate that online promotions such as sales, discounts, and loyalty programs will have a direct and positive impact on customer satisfaction (H1), since customer satisfaction is a measure of how well expectations were met or disappointed by performance (Pham Ahammad, 2017).

The model also permits model-driven projections of individual difference effects by indicating that various forms of online promotions have varying effects on customer satisfaction (H2). A vast array of advertising strategies sway customers via many intuitive psychological and economic

mechanisms. Internet advertisements therefore have an effect on customers' subjective notions of fairness, worth, and appreciation through several psychological and economic mechanisms.

Furthermore, the model considers all pertinent contextual elements and characteristics related to the client that could potentially modify the result (H3). Product category (e.g., electronics, apparel, home goods), consumer market group (e.g., age, gender, income), and purchase frequency are a few instances of potential modifiers. These moderators have been included since it is thought that the circumstances and characteristics of each individual customer may determine the effect of online promotional incentives on satisfaction.

Secondly, the mediating role of customer satisfaction in relation to loyalty and online reviews (H4): Customer loyalty has various definitions, as it encompasses both attitudes and behaviors. Customer loyalty includes values such as positive word-of-mouth, unwillingness to accept competitors' offers, and repeat-purchases. In the proposed mediation hypothesis, customer who are satisfied from the service they got, will tend to stay with the company and will give back/contribute for the success of this company (Rita et al., 2019).

The research model can be visually represented as follows:



Moderators: Product Category – Customer Demographics – Purchase Frequency

This model is serves to guide designs of data both collection and assessment as depicted in the Research Methodology section. Given the availability of statistic methods, this study aims to evaluate hypothesized relationships to see how online promotion can affect the customer satisfaction and loyalty behavior depending on the Noon Company in Saudi Arabia.

### **Research Methodology**

This study methodology, which contributes to the attainment of goals of the research work, including testing the hypotheses presented in the research model. A mixed-methods research methodology would be adopted in this study to collect and analyze data quantitatively along with qualitatively to understand the effect of online promotions on customer satisfaction within the context of Noon Company in Saudi Arabia.

## **Research Design**

This is an explanatory sequential mixed-methods study, which consists of two phases – quantitative and qualitative (Creswell & Creswell, 2018). In the quantitative phase, an online survey will be carried out with Noon Company customers to investigate the proposed hypothesized causal pathways and contextual factors and individual characteristics as moderators relevant to these paths. In the second phase, the semi-structured interviews will be conducted with a sub-sample of respondents which are aimed to understand the interviewees' lived experiences and feelings and their perceptions and opinions on online promotion, and satisfaction.

## **Quantitative Phase**

***Sample and Sampling Technique:*** For the quantitative phase, the population is defined as all customers (aged 18 years or above) of Noon Company in Saudi Arabia who ordered at least one item from the website in the past six months. To identify a representative sample, stratified random sampling will be utilized to account for all covariates relating to different demographic sub-groups (e.g., age, gender, income) and different regions of the Saudi Kingdom. It is proposed that the minimum number of respondents to be at least 500 people, based on a power analysis and considering the notion of adequacy, significance, and generalizability (Hair et al., 2019).

***Data Collection:*** An internet-based questionnaire will be designed using established scales and measures for the dependent and independent variables of interest such as consumers' satisfaction, loyalty and perceptions towards online marketing, and additional items for the potential moderators. The online questionnaire will be transmitted through Noon com, the UAE largest

retailer, by using their database and channels, email and social media. Commission payments or credit prizes will be attached as incentives, along with reminders to respondents.

**Data Analysis:** All quantitative pieces of the data obtained through the survey will be submitted to descriptive and inferential statistical techniques. Descriptive statistics are used to summarize the characteristics of the sample and the distribution of the key variables. Standard deviations, means, and frequencies are a few examples of these statistics.. Inferential techniques, such as multiple regressions, analysis of variance (ANOVA) or structural equation modelling (SEM), will be used to verify the hypothesized relationships and the mediating effects (Hair et al., 2019). All the analyses will be carried out using SPSS and AMOS.

### **Qualitative Phase**

**Sample and Sampling Technique:** A purposive sample of 20-30 members of the survey respondents will undergo semi-structured interviews. Purposive samples are generally intended to achieve maximum variation in qualities that are relevant to the phenomena being studied (Creswell & Creswell, 2018). This means that a collection of participants who vary in age, gender, income and have sampled in a variety of wellness products – and reflected diverse responses in the survey – are drawn for their distinct experiences and perspectives.

**Data Collection:** Participants will be interviewed using video conferencing software or telephone under the condition they prefer, or given their availability. An interview schedule will be designed ahead of time to probe on themes related to customer's perception toward online promotions, their satisfaction with Noon Company and their loyalty intentions. In order to enable retrieval processes

and constant compare analysis, the interview will be audio-recorded with participant's consents and transcribed verbatim.

**Data Analysis:** The qualitative interviews will then be analyzed at a thematic level, utilizing the six-phase process outlined by Braun and Clarke (2006): familiarization with the data; generation of initial codes; searching for themes; reviewing themes; defining and naming themes; qualitative data analysis software, such as NVivo or ATLAS.ti, for the purposes of generating, organizing and interpreting the data.

### **Integration of Quantitative and Qualitative Findings**

Findings from the two phases will be synthesized by a triangulation process (Creswell & Creswell, 2018). Qualitative outputs will be used to enhance, explain and validate the quantitative results, providing more depth and nuance about how the use of online promotions affect customer satisfaction in Noon company.

### **Ethical Considerations**

All aspects of the research process will be conducted according to relevant ethical principles and research guidelines regarding research with human participants. As such, full informed consent will be obtained from each participant, and participants will be made fully aware of the purpose, procedures, risks and benefits of the project, prior to participating. Data will be protected from unauthorized access to safeguard the anonymity, privacy, and confidentiality of participants' identities. Anonymized survey responses will be collected, and the transcribed interview data will be anonymized. Research data will be stored in a secure place, to which only the research team

has access. Participation in the research study will be voluntary, and participants are free to withdraw at any time with no consequences.

### **Limitations and Delimitations**

Self-report to consider for limitations is that if people are under-reporting or over-describing due to response bias or social desirability then this will affect the outcome of the study. The cross-sectional nature of the study makes it impossible to reveal a causality between the two variables of interest: personality and preference for e-commerce. Other delimitations include the fact that just one e-commerce platform (Noon Company) was considered, and that the study is a Saudi Arabian context exclusive, which may not translate to other companies, or markets.

Moreover, although this study may have some limitations and seem incomplete due to the digression of some methods from others, the mixed-methods approach and the high methods for sampling and analysis in this research will ensure its credibility and trustworthiness. The theoretical findings of this study will contribute to the understanding of the working concept of customer satisfaction in e-commerce and provide a guideline of good practices for business venturers operating in Saudi Arabian market.

### **Research objectives**

The main objectives of this study are:

1. To examine the relationship between online product and service promotions and customer satisfaction in the context of Noon Company.
2. To identify the key factors influencing customer satisfaction in e-commerce in Saudi Arabia.

3. To provide recommendations for e-commerce companies to enhance their promotional strategies and improve customer satisfaction.

### **Research questions**

1. How do online product and service promotions impact customer satisfaction in the case of Noon Company in Saudi Arabia?
2. What are the key factors influencing customer satisfaction in e-commerce in Saudi Arabia?
3. How can e-commerce companies in Saudi Arabia improve their promotional strategies to enhance customer satisfaction?

### **Significance of the study**

This study contributes to the existing literature on e-commerce and customer satisfaction by providing insights into the impact of online promotions on customer satisfaction in the context of Saudi Arabia. The findings of this research can help e-commerce companies, particularly Noon Company, to develop and refine their promotional strategies to better meet customer needs and expectations.

Furthermore, I will highlight the main conclusions of the study and which I think will be useful for e-commerce companies in Saudi Arabia and the wider world so they can make changes to better their customers' satisfaction and enhance the way online promotions are used. Knowing what affects customer satisfaction and seeing the effectiveness of promotions can ensure companies allocate their resources appropriately and eventually win more customers and be competitive in the market. The conclusion of the study could provide guidance for policymakers and all the

relevant stakeholders in the Kingdom of Saudi Arabia to create a robust e-commerce ecosystem that serves the businesses and consumers.

### **Data Collection Methods**

The main data is collected by an online questionnaire using the structured survey questionnaire designed with the comprehensive review of literature. The survey questionnaire includes yes/no or rating scales questions as well as short answer questions. The purpose of this survey is one of descriptive research to gather the data of customers' responses to Noon Company products. The survey is sent through email and social media sites to the sampling of Noon Company customers. To complement the survey, semi-structured interviews are done with a subsamples of the survey participates, who reported in the survey that they would be willing to participate in additional research. All interviews conducted via a videoconferencing platform, and with the permission of the interviews, they are being audio-recorded.

### **Sample Selection**

This study focuses on Noon Company's Saudi Arabian customers. Survey respondents are selected via convenience sampling. The survey link is shared through Noon Company's email database and social media channels, inviting customers to participate in the study.

For the qualitative interviews, a purposive sampling technique is employed to select participants who have completed the survey and expressed their willingness to participate in further research. The selection criteria for interview participants ensure a diverse representation of customer demographics and experiences.

## **Data Analysis Techniques**

The quantitative data collected through the online survey is analyzed using descriptive and inferential statistical techniques. Descriptive statistics, such as frequencies, percentages, means, and standard deviations, are used to summarize the characteristics of the sample and the distribution of responses. Inferential statistical techniques, such as correlation analysis and multiple regression, are employed to examine the relationships between online promotions, customer satisfaction, and other relevant variables.

The qualitative data gathered through semi-structured interviews is analyzed using thematic analysis. The audio recordings of the interviews are transcribed verbatim, and the transcripts are coded to identify recurring themes and patterns. The identified themes are then organized and interpreted in relation to the research questions and the existing literature.

## **Ethical Considerations**

This study adheres to ethical principles and guidelines for research involving human participants.

The following ethical considerations are addressed:

1. Informed consent: All participants are provided with an informed consent form that clearly explains the purpose, procedures, risks, and benefits of the study. Participants are required to provide their consent before participating in the survey or interviews.
2. Confidentiality and anonymity: The participants' identities and personal information are kept confidential throughout the research process. Survey responses are collected anonymously, and interview transcripts are anonymized to protect participants' privacy.

3. Voluntary participation: Participation in the study is entirely voluntary, and participants are free to withdraw from the study at any time without consequences.
4. Data protection: The collected data is stored securely and accessed only by the research team. The data is used solely for the purpose of this study and is not shared with third parties.

## **Literature Review**

### **E-Commerce in Saudi Arabia**

The e-commerce industry in Saudi Arabia has seen considerable growth in recent years because of the accelerated internet and social media penetration, the transformation of consumer habits and inclinations, as well as the government's agendas for the digital transformation of the economy. A report on the Saudi e-commerce industry by the Communications and Information Technology Commission states that the e-commerce market in Saudi Arabia will reach \$8.35 billion by 2025. It is also evident that the rise of e-commerce in Saudi Arabia has been fueled by the COVID-19 pandemic and the need for social distancing as consumers avoided going to physical stores to shop. The Saudi government led the efforts to foster the local e-commerce industry by launching programs and initiatives. Saudi Arabia's government endorsed the importance of digital transformation for the future of the Kingdom through the release of the Vision 2030 strategic framework in 2016 to enhance the contribution of the digital economy to the GDP (Vision 2030, 2016). Additionally, the government created a regulatory framework and implemented several laws to govern e-commerce activities, including the E-Commerce Law and the Electronic Transactions

Law. These laws were established to make online transactions more trustworthy and to protect consumers' rights (Alsulame et al., 2020).

Despite the hurdles, there is a strong justification for public support for this enterprise. The e-commerce industry has surmounted hurdles such as the need for a standard address system and the preference for cash-on-delivery (Abed et al., 2015; Makki Chang, 2015). Successful e-commerce businesses learn from failures and forge new connections and ideas.

Consumer behavior, policy, and technology have all contributed to rapid growth in Saudi Arabia's internet retail business. The rapid use of cellphones and internet technology in Saudi Arabia is a factor. According to CITC data for 2020, 95.7% of Saudis have internet connection and 96.0% use smartphones (CITC 2021). E-commerce is thriving as more people shop and play online.

The Saudi government has also emphasized the need of self-transformation and digital transformation in Vision 2030, a digital sector initiative. Several Saudi laws and policies have supported e-commerce. "Saddad," the national digital payment system, the E-Commerce Council (Alsulame et al., 2020), and other initiatives seek to bring Saudi Arabian society into the digital age. The Saudi government has released Quran and Time Zone applications to help Saudis enhance their digital life.

Yet, when you dig through the dizzying stats and the governmental support this sector is still hampered by several challenges. The preference of Saudi consumers to pay via cash-on-delivery (COD) is one of the key obstacles for e-commerce in Saudi Arabia. Makki and Chang (2015) found that around 70 per cent of their sample chose COD as the payment for online purchases. This can cause problems to e-commerce companies as they must commit to pay the store before receiving

the full payment from the customers. In addition, the absence of a unified address system in Saudi Arabia means that delivery can be delayed which might annoy customers (2015, Abed et al.).

### **Online Product and Service Promotions**

As e-commerce progresses, many e-com concerns pay more attention to promotion of online products and services to attract and retain customers due to market competition. They use different methods to promote products and services in the e-commerce business, taking the discount, free transportation, packaging set of products, platform flash-sale and loyalty program into consideration (Genc Bayraktaroglu, 2017; Zhao et al., 2019). the effectiveness of different types are different under the background of consumption, production and dissemination, which depends on the type and nature of different products and services, and the different audience the nature of timing (Santini et al, 2020).

Discounts is the traditional website offer that offers you a lower price for a product or service. Discounts can also influence consumers' purchase behavior, such as the perceived value, that is the customer's appraisal of the relationship between a product's costs and benefits, and willingness to buy. Specifically, by making the perceived value of product higher and increasing consumers' willingness to buy, visitors will be more satisfied with the products they ultimately decide to buy (Jiang et al, 2020; Ye et al, 2020). Given these underlying mechanisms, the actual impact of discounts could vary depending on how big the discounted price is relative to the original price, the type of products you discount and the perceived value of the product.

The wide-spread use of free shipping offers is another e-commerce promotion techniques since free shipping can reduce the psychological cost to customers and reduce the buying risk. According

to research, this kind of promotion offers can increase customer satisfaction and loyalty, also raise average order values and the intention of repeat-buying purchase. The oppositely cores of two e-commerce promotion techniques is bundling deals and flash sale. Bundling deals arises when certain combinations of products become eligible for a particular discount, or can even be bought at buy-one-get-one-free. The opposite cores of flash sale is its time limitation and promotion expectancy. It offers a temporary price reduction, in which a list of products are selected for a set of discounted price, for example, \$10 off the price for the next four hours. These aforementioned three kinds of e-commerce promotion techniques can helps the e-commerce companies boost the revenue by attracting more potential clients who are willing to buy and also encourage the current potential clients t buy more, since they are created by the commercial logic of buyers who crave for a more preferable price. However, the use of bundling deals and flash sale might led to the problem of eventually stock-out, and even relatively press down the logistics of e-commerce companies.

Loyalty programs seek to collect information about customers such as their purchase histories in order to offer rewards and benefits, for example by earning a certain amount of points – to receive a discount or an extra perk for spending a certain amount, for continued purchase or other actions, which are designed to strengthen the customer-company bond and maintain a long-term relationship. Loyalty programs can succeed in increasing customer satisfaction and retention, and contributing to customers' lifetime value, according to companies in this business and some empirical studies. How well they work depends in part on whether customers perceive them to offer a good value, whether they are easy to use, and how well they operate to serve the needs and wants of the people whose business they are designed to keep.

Building up promotion activities to encourage customers to transact in a buy process is inevitable for a global online company and a company in Kingdom of Saudi Arabia will be committed to boost its sales for more potential customers by enticing them to reach more online transaction. Also, a company in Kingdom of Saudi Arabia tends to retain its online customers by offering them with regular discount and offers.

### **Customer Satisfaction in E-Commerce**

Customer satisfaction is a key performance indicator for e-commerce companies, as it directly influences customer loyalty, word-of-mouth recommendations, and long-term profitability (Izogo & Jayawardhena, 2018; Rita et al., 2019). In the context of e-commerce, customer satisfaction is defined as the extent to which a customer's expectations are met or exceeded by their online shopping experience (Pham & Ahammad, 2017).

Product quality and perceived value are important drivers for customer satisfaction. Website usability, delivery speed and reliability, and customer service quality are other drivers of e-commerce customer satisfaction. Product quality is the degree which customers perceive a product possesses the performance, durability, and reliability needed to fulfil their needs or desires (Alsaad et al., 2019). The interaction between customers and the content on the website, including website ease of navigation, search functionality, and user-friendliness, encompasses the factors that influence customers' perception of ease of use and the overall user experience when visiting an e-commerce platform (Hsu et al., 2017).

The speed and reliability of delivery represent one of the most important factors in customer satisfaction. Shop.org quoted one-third of US shoppers saying they would avoid shopping from

the same site again if an item was not delivered in a period they expected. Similarly, the research conducted by Singtel in South East Asia found that consumers would be inclined to re-purchase from an online store providing fast, reliable, and traceable delivery services. Great customer service is another important contributing factor to customer satisfaction. This includes having a channel through which customers can find assistance for questions related to their purchases, in addition to a system that handles help and support requests, complaint and return management.

The other factor determining customer satisfaction is perceived value, the extent of the benefits received from the online purchase, relative to its cost (Eid & Al-Anazi, 2019). E-commerce companies providing competitive prices, promotions, and value-added services are likely to achieve higher levels of customer satisfaction (Liu et al., 2019).

Customer satisfaction is an important measure for e-commerce companies, as it is customer satisfaction that determines customer loyalty, word -of -mouth impact and long - term profitability. For e-commerce companies, customer satisfaction is defined by the degree to which a customer's expectation toward their shopping session online are met or exceed . Those companies who make customer satisfaction their priority are more likely to achieve long term sustainable growth and acquire a competitive advantage in the market.

Many factors that influence the customer satisfaction in terms of e-commerce and understanding these factors essential because business making strategies that counts high numbers in increasing the customer experience. Product quality is considered to be the important influencing factor since customer generally pays for the online product and expect it to work as per there expectation such as performance, endurance, discontinuation and the like (Alsaad et al., 2019). E-commerce business that concentrates on the product sourcing as well as the product quality assurance by

implementing the effective quality control techniques are the sponsors of the highest level of customer satisfaction.

Another factor that influences customer satisfaction in ecommerce is website usability. A website with good usability will be able to make use of this effect by smoothing the process for customers. Good usability means customers can better search for a product, compare among different options and complete a purchase with ease.

Bad usability, however, can also lead to frustration during the process and have a negative impact on customers' ability to make a purchase when visiting a poorly designed website that lacks simplicity, takes too long to load, or has insufficient information about products.

Another important factor that affects customer satisfaction in e-commerce is delivery speed and reliability. Customers want their purchased products to be delivered on time and in a good condition. Thus, if e-commerce sites have issues with delivery speed and reliability, customers would feel their satisfaction decreases (Jain et al., 2018). E-commerce companies who invest in logistics and delivery systems, such as real time tracking, and flexible time (day and night) delivery, are more likely to hit or exceed customer satisfaction expectations.

It is undeniably a factor in customer satisfaction in the e-commerce sector that customers will purchase from companies that have invested in providing timely, helpful, and efficient customer service. Specifically, customers of e-commerce companies expect responsive and helpful support in answering pre-purchase enquiries, providing shipping and delivery updates, and troubleshooting post-purchase service questions and issues (Rao et al., 2018). E-commerce companies that offer multiple communication channels, such as live chat, email and phone support, and handle customer

enquiries in a prompt and satisfactory manner, will undoubtedly excel in customer satisfaction ratings.

### **Factors Influencing Customer Satisfaction in E-Commerce**

Cultural factors, social effect, personalization, customization, trust, and security all have an impact on customer pleasure, according to Pappas et al. (2017) and Wu & Chang (2018). Online buyers should feel secure because they are providing personal and financial information (Kim & Peterson, 2017). Strong security measures, such as encrypted payment gateways and specific privacy policies, improve customer happiness and trust in e-commerce companies (Oliveira et al., 2017). According to Papapas et al. (2017), "personalization" is the process of adapting products and services to the tastes and behavior of each customer. Cheung et al. (2020) suggest that utilizing data analytics and machine learning to personalize content, promotions, and product recommendations can help online businesses increase consumer loyalty.

Social influence in terms of user-generated content via online reviews, ratings and social media interactions could be another key that could impact satisfaction of e-commerce customers. Positive online ratings and reviews would increase the likelihood of customer's happiness and subsequent repeat purchases, while negative reviews affect customer's intention to use a particular online store (Shukla & Adidam, 2017). However, cultural norms seem to influence e-commerce enterprises as well. Papagiannidis et al (2017) indicated that e-commerce entities catering to local norms and local preferences have a higher probability of having satisfied consumers. This could be the case because the organizations tend to the different cultural needs of the people, making them more attracted to their services and satisfied. For this reason, they are likely to make repeat purchases.

The personalization of service provision is another factor likely to increase customer satisfaction. Personalization refers to delivering products, services or messages that link into the unique predispositions and preferences of individual customers to deliver a more interactive and meaningful purchase experience (Pappas et al., 2017). E-commerce firms that leverage data analytics and machine learning to deliver uniquely personalized content, focus-driven promotion and product recommendations are likely to have more satisfied and loyal customers.

Social influence, which includes online reviews and ratings as well as voices in social media platforms, is another factor that could affect customer satisfaction in the e-commerce industry. After reading the positive reviews and ratings from an online store, the online shopper is more likely to feel satisfied and make purchases (Hsu et al., 2017). The opposite could also be true: the negative reviews and ratings may drive the consumer away from the brand. This is not only that the negative reviews respond to but also that it may tarnish the reputation of the platform which owns those reviews. E-commerce companies that are aware of their online opinions, respond to consumers' messages and encourage word of mouth will have more customer satisfaction.

Differences in culture can also impact the assessment of customer factors, especially customers buying from international websites. Due to cultural reasons, consumers from different origins may view and use online retailers in a different way (Papagiannidis et al., 2017). Therefore, by being sensitive to culturally different factors, e-commerce companies are more likely to have happy clients in a variety of markets.

An online business can only create a pleasant and seamless shopping experience, maintain long-term engagements with customers, and thrive in the competitive business world if it understands,

gauges, and manages the range of variables that affect customer happiness. This brief literature review serves to guide the current research in developing its topic of study, as well as devising its lastly chosen methodology regarding the effect of online promotions in the subject business site, namely Noon Company in Saudi Arabia.

### **The Impact of Online Promotions on Customer Satisfaction**

Furthermore, cross-promotion in e-commerce can also increase satisfaction with the company through perceptions of price, fairness, and loyalty. Therefore, when online customers receive a marketing offer, they are often more satisfied with shopping services, such as discount offers, free shipping and membership programs (Ye et al., 2020; Zhao et al., 2019).

A well-run promotion can increase the perceived value of the product or service for customers by lowering the costs they bear from having to spending money online and by creating a sense – also known as a sense of ‘moral residue’ – that one ought to reciprocate the company for their generosity with a higher utility rating for the e-store and future lifelong brand equity. One study that digs further into this paradox of promotions is by Cao and colleagues (2018), who show that free shipping did more than just positively influence its perceived value and satisfaction; shoppers also placed larger orders and were more inclined to buy from the e-commerce company in the future. However, the effects of online promotions can be contingent on various factors: the specific type of promotion; frequency of exposure; customers’ prior experiences and expectations; fatigue and perceived intrusiveness resulting from overuse; and more.

In turn, greater customer satisfaction through online promotions might also depend on several other factors, including quality of the product, usability of the website and customer service so that customer satisfactions are improved only if there is a positive perception that the quality of the service is good and online merchants provide a positive remedy to transaction- and delivery-related issues (Genc & Bayraktaroglu, 2017). In our view, more research is needed to further explore these dimensions, not least because e-commerce companies need to think about customer satisfactions as a multidimensional whole.

### **Conclusion**

The proposed research project investigates how online product and service promotions enhance customer satisfaction at Noon Company, a well-known Saudi e-commerce platform. To investigate how online promotions effect consumer satisfaction, a mixed-methods approach will be used to gather and analyze quantitative and qualitative data.

The study will employ a conceptual model that combines essential characteristics and hypothesized relationships from e-commerce, consumer satisfaction, and online promotional literature. The model suggests that online promotions such as discounts, flash sales, package deals, and loyalty programs improve customer satisfaction. It acknowledges that contextual factors and client characteristics such as product category, demography, and purchase frequency may influence it. The model also suggests that customer pleasure mediates the relationship between online promotions and consumer loyalty, as measured by repeat purchases and positive word-of-mouth. The quantitative phase will begin with an online survey of the customers of Noon Company and will be followed by a set of qualitative interviews, semi-structured interviews with a sample of the

survey respondents. Descriptive and inferential statistics will be used in the quantitative phase of the research in order to test the hypotheses regarding relationships and moderator effects. The qualitative phase of the research will help understand the perspectives and experiences of the customers of Noon Company towards internet promotion and their level of satisfaction. Triangulation of the material from the both the phases of research will be used to achieve a deeper and richer understanding of the research problem.

According to the literature review that forms part of this study proposal, e-commerce is gaining ground in Saudi Arabia due to the growing internet penetration, evolving customer preferences, and the government policies which encourage digital transformation. This review indicated that quality of product, UI/UX of the website, speed and consistency of delivery, quality and timeliness of customer service, trust and security, personalization, social pressure and licensing play vital roles in the level of customer happiness in e-commerce. The proposed study will extend this knowledge to quantify the impact of online promotions on happiness and loyalty of consumers of e-commerce in Saudi Arabia.

Practically, the findings will expand and test the e-commerce consumer satisfaction models by assessing the promotional strategies towards Saudi Arabia. The scholarly contributions of the study will include but not limited to the development of theories pertaining to online consumer behavior, such as the expectation-confirmation theory (ECT) and the stimulus-organism-response framework. Furthermore, there shall be emerging empirical evidence that either support or refute views about how different promotional techniques impact on customer happiness and loyalty.

This research will help Saudi e-commerce company to know more through differentiation levels, for instance look at Noon Company in Saudi Arabia, they could be able to use these insights to

innovate their promotional strategies. These strategies will contribute to increase customers satisfaction and loyalty. Through the analysis of the effects of the customers happiness and promotions, e-commerce organization would be able to manage their resources, their targets, their new markets and all that to gain more market share.

Another group to benefit from this research is Saudi businesses in the domain of e-commerce. Moreover, study results will give other e-commerce businesses a chance to gain experience and knowledge, since they may locate best practices and areas for improvement for online preferences and customer satisfaction. Also, the results of this study will help the policymakers and players within the industry of e-commerce to accelerate the growth of e-commerce, and to enable it to achieve the goals of the Vision 2030.

The proposed research could increase e-commerce and customer satisfaction, but it must acknowledge its limitations and identify areas for future research. The study's focus on Noon Company and Saudi Arabia may limit its usefulness for other companies or markets. To better understand the issue, future study should look into how online promotions effect customer pleasure across different e-commerce platforms and countries.

Furthermore, the cross-sectional study may make it difficult to demonstrate causality between components. Longitudinal examinations of promotional strategies' long-term effects on client satisfaction and loyalty may indicate their viability and profitability.

Online promotion design and implementation, including discount levels, timing, frequency, and communication channels, should be investigated. Such research could provide more precise information to e-commerce companies in order to optimize their advertising tactics and ROI.



### Reference

- Abed, S. S., Dwivedi, Y. K., & Williams, M. D. (2015). SMEs' adoption of e-commerce using social media in a Saudi Arabian context: A systematic literature review. *International Journal of Business Information Systems*, 19(2), 159-179.  
<https://doi.org/10.1504/IJBIS.2015.069429>
- Alsaad, A., Mohamad, R., Taamneh, A., & Ismail, N. A. (2019). What drives global B2B e-commerce usage: An analysis of the effect of the complexity of trading system and competition pressure. *Technology Analysis & Strategic Management*, 31(8), 936-949.  
<https://doi.org/10.1080/09537325.2019.1574080>
- Alsulame, K., Khalifa, M., & Al-Ali, M. (2020). Development of a national e-commerce strategy in Saudi Arabia. *Issues in Information Systems*, 21(4), 14-26.  
[https://doi.org/10.48009/4\\_iis\\_2020\\_14-26](https://doi.org/10.48009/4_iis_2020_14-26)
- Alshahrani, F., Alqahtani, F., & Nasser, M. S. (2021). The impact of e-commerce on the economic growth: Evidence from Saudi Arabia. *Journal of Theoretical and Applied Information Technology*, 99(4), 813-826.  
<https://www.jatit.org/volumes/Vol99No4/8Vol99No4.pdf>
- Braun, V., & Clarke, V. (2006). Using thematic analysis in psychology. *Qualitative Research in Psychology*, 3(2), 77-101. <https://doi.org/10.1191/1478088706qp063oa>
- Breugelmans, E., Bijmolt, T. H. A., Zhang, J., Basso, L. J., Dorotic, M., Kopalle, P., Minnema, A., Mijnlief, W. J., & Wunderlich, N. V. (2015). Advancing research on loyalty programs: A future research agenda. *Marketing Letters*, 26(2), 127-139.  
<https://doi.org/10.1007/s11002-014-9311-4>

Cao, Y., Ajjan, H., & Hong, P. (2018). Post-purchase shipping and customer service experiences in online shopping and their impact on customer satisfaction: An empirical study with comparison. *Asia Pacific Journal of Marketing and Logistics*, 30(2), 400-416.  
<https://doi.org/10.1108/APJML-04-2017-0071>

Chen, Y., & Chen, Y. (2017). The impact of limited-time sales on online impulse buying: The moderating effect of need for cognitive closure. *Electronic Commerce Research*, 17(3), 431-448. <https://doi.org/10.1007/s10660-016-9240-9>

Communications and Information Technology Commission. (2021). E-commerce in Saudi Arabia: 2021 market report.  
[https://www.citc.gov.sa/en/mediacenter/Reports/Documents/E-Commerce\\_in\\_Saudi\\_Arabia\\_2021\\_Market\\_Report.pdf](https://www.citc.gov.sa/en/mediacenter/Reports/Documents/E-Commerce_in_Saudi_Arabia_2021_Market_Report.pdf)

Creswell, J. W., & Creswell, J. D. (2018). *Research design: Qualitative, quantitative, and mixed methods approaches* (5th ed.). SAGE Publications.

Eid, R., & Al-Anazi, F. U. (2019). The impact of loyalty program on customer retention: Evidence from Saudi Arabia. *International Journal of Electronic Customer Relationship Management*, 12(1), 1-22. <https://doi.org/10.1504/IJECRM.2019.099661>

Genc, M., & Bayraktaroglu, A. G. (2017). Exploring the relationship between social media marketing activities and brand awareness, brand image, and brand loyalty. In S. Kavoura, A. Sakas, & P. Tomaras (Eds.), *Strategic innovative marketing* (pp. 253-259). Springer.  
[https://doi.org/10.1007/978-3-319-56288-9\\_35](https://doi.org/10.1007/978-3-319-56288-9_35)

- Hair, J. F., Risher, J. J., Sarstedt, M., & Ringle, C. M. (2019). When to use and how to report the results of PLS-SEM. *European Business Review*, 31(1), 2-24.  
<https://doi.org/10.1108/EBR-11-2018-0203>
- Hsu, C.-L., Chen, Y.-C., Yang, T.-N., Lin, W.-K., & Liu, Y.-H. (2017). Does product design matter? Exploring the moderating effect of product design in the relationship between perceived value and purchase intention. *Journal of Retailing and Consumer Services*, 39, 114-122. <https://doi.org/10.1016/j.jretconser.2017.08.006>
- Izogo, E. E., & Jayawardhena, C. (2018). Online shopping experience in an emerging e-retailing market: Towards a conceptual model. *Journal of Consumer Behaviour*, 17(4), 379-392.  
<https://doi.org/10.1002/cb.1715>
- Jain, S., Khan, M. N., & Mishra, S. (2018). Factors affecting luxury purchase intention: A conceptual framework based on an extension of the theory of planned behavior. *South Asian Journal of Business Studies*, 7(3), 265-284. <https://doi.org/10.1108/SAJBS-10-2017-0120>
- Jiang, L., Jun, M., & Yang, Z. (2020). The influence of coupon characteristics on online purchase intentions: The mediating role of perception of vulnerability. *Journal of Promotion Management*, 26(2), 163-187. <https://doi.org/10.1080/10496491.2019.1699624>
- Kang, J.-W., Namkung, Y., & Shin, S.-Y. (2019). The effect of coffee shop customers' experiential value on customer satisfaction and loyalty. *Journal of Hospitality and Tourism Technology*, 10(3), 402-417. <https://doi.org/10.1108/JHTT-03-2018-0026>
- Kim, Y., & Peterson, R. A. (2017). A meta-analysis of online trust relationships in e-commerce. *Journal of Interactive Marketing*, 38, 44-54. <https://doi.org/10.1016/j.intmar.2017.01.001>

- Lin, Z., Quan, R., Ma, J., & Zhang, T. (2020). Online promotions and product reviews: How do they jointly affect consumers' online purchase behavior? *Electronic Commerce Research and Applications*, 39, 100922. <https://doi.org/10.1016/j.elerap.2019.100922>
- Liu, H., Lobschat, L., & Verhoef, P. C. (2020). Multichannel retailing: A review and research agenda. *Foundations and Trends in Marketing*, 12(1), 1-79.  
<https://doi.org/10.1561/17000000059>
- Makki, E., & Chang, L.-C. (2015). Understanding the effects of social media and mobile usage on e-commerce: An exploratory study in Saudi Arabia. *International Management Review*, 11(2), 98-109.  
[http://www.imrjournal.org/uploads/1/4/2/8/14286482/imr\\_v11\\_n2\\_art10.pdf](http://www.imrjournal.org/uploads/1/4/2/8/14286482/imr_v11_n2_art10.pdf)
- Pappas, I. O., Kourouthanassis, P. E., Giannakos, M. N., & Chrissikopoulos, V. (2017). Sense and sensibility in personalized e-commerce: How emotions rebalance the purchase intentions of persuaded customers. *Psychology & Marketing*, 34(10), 972-986.  
<https://doi.org/10.1002/mar.21036>
- Papagiannidis, S., Pantano, E., See-To, E. W. K., & Bourlakis, M. (2017). Modelling the determinants of a simulated experience in a virtual retail store and users' product purchasing intentions. *Journal of Marketing Management*, 33(13-14), 1112-1135.  
<https://doi.org/10.1080/0267257X.2017.1329225>
- Pham, T. S. H., & Ahammad, M. F. (2017). Antecedents and consequences of online customer satisfaction: A holistic process perspective. *Technological Forecasting and Social Change*, 124, 332-342. <https://doi.org/10.1016/j.techfore.2017.04.003>

- Rao, S., Wang, H., & Hou, J. (2018). Factors influencing customer satisfaction in online shopping: A dynamic panel analysis. *Asia Pacific Journal of Marketing and Logistics*, 30(3), 722-739. <https://doi.org/10.1108/APJML-10-2017-0258>
- Rita, P., Oliveira, T., & Farisa, A. (2019). The impact of e-service quality and customer satisfaction on customer behavior in online shopping. *Heliyon*, 5(10), e02690. <https://doi.org/10.1016/j.heliyon.2019.e02690>
- Santini, F. O., Ladeira, W. J., Vieira, V. A., & Sampaio, C. H. (2020). The role of sales promotion in e-commerce: Analysis of its effectiveness for product categories. *Journal of Relationship Marketing*, 19(1), 1-23. <https://doi.org/10.1080/15332667.2019.1567176>
- Vision 2030. (2016). Saudi Vision 2030. [https://www.vision2030.gov.sa/media/rc0b5oy1/saudi\\_vision203.pdf](https://www.vision2030.gov.sa/media/rc0b5oy1/saudi_vision203.pdf)
- Wu, J., & Chang, W. (2018). The impacts of online recommendation sources and item types on consumer behaviors. *Information Systems and e-Business Management*, 16(4), 881-905. <https://doi.org/10.1007/s10257-017-0363-x>
- Xu, J., Arli, D., & Surachartkumtonkun, J. (2020). The influence of return policy length on online customer purchase intention. *Journal of Retailing and Consumer Services*, 54, 101959. <https://doi.org/10.1016/j.jretconser.2019.101959>
- Ye, Q., Anwar, M. A., Zhou, R., & Asmi, F. (2020). Short stay, long impact: Ecological footprints of sojourners. *Sustainability*, 12(3), 1089. <https://doi.org/10.3390/su12031089>
- Zhao, J., Liu, X., Wang, S., & Yang, G. (2019). The optimal choice of product categories and prices for online retailers. *European Journal of Operational Research*, 276(3), 1021-1032. <https://doi.org/10.1016/j.ejor.2019.01.052>