THE RELATIONSHIP BETWEEN PRODUCT QUALITY AND RETURN SERVICE WITH SHOPEE CUSTOMER SATISFACTION

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Abstrac : *This study aims to examine the relationship between product quality, return services, and customer satisfaction on Shopee, one of the leading e-commerce platforms in Southeast Asia. The rapid growth of e-commerce has drawn greater attention to customer satisfaction, which is influenced by various factors such as product quality and the efficiency of return services. Using purposive sampling with a sample of 200 respondents, and employing Smart PLS for data analysis, this research analyzes Shopee users' perceptions regarding the quality of the products they purchase and their experience with the return process on the platform. Data were collected from a sample of Shopee customers, and statistical methods such as correlation analysis and regression were used to assess the impact of product quality and return services on customer satisfaction. The results indicate that both product quality and return services have a significant positive effect on customer satisfaction. Specifically, products that meet customer expectations and a smooth, hassle-free return process contribute to higher satisfaction levels, which in turn enhance customer loyalty and the likelihood of repeat purchases. These findings provide valuable insights for Shopee to continue improving its services and maintain a competitive edge in the e-commerce market.*
Keywords: Customer Satisfaction, Return Service, Product Quality, Shopee

INTRODUCTION

E-commerce has grown rapidly in Southeast Asia, with Shopee as one of the major players in the industry. Shopee's success in maintaining its dominant position cannot be separated from the big role of customer satisfaction. Customer satisfaction is a key factor determining consumer loyalty, which in turn has a direct impact on the sales and profitability of e-commerce platforms (Homburg et al., 2017). In the context of Shopee, two elements that greatly affect customer satisfaction are product quality and return service. As a platform that provides a variety of products, product quality is a top priority for Shopee in maintaining customer satisfaction (Sweeney & Soutar, 2001). Meanwhile, efficient returns Services also play an important role in creating a pleasant shopping experience, given the many risks customers face when shopping online (Lemon et al., 2002). Shopee, as one of the largest e-commerce platforms in the region, has shown significant growth since its launch in 2015, thanks to its ability to offer a wide range of products, an easy shopping experience, and competitive prices. In addition, Shopee has integrated various features that enhance the shopping experience, such as a secure payment system (ShopeePay) and fast and reliable delivery services.

However, with increasing competition in the e-commerce market, Shopee faces a major challenge to maintain customer satisfaction amid growing expectations. In this increasingly saturated market, customer experience is becoming a decisive factor in attracting and retaining consumers. One way to increase customer satisfaction is to ensure the quality of products sold meets or even exceeds consumer expectations. Product quality plays a major role in influencing consumer purchasing decisions and has a direct impact on customer satisfaction (Sweeney & Soutar, 2001). (Trinovlin Santika Manik, Binsar Tison Gultom, and Sotarduga Sihombing 2023). (Wulandari and Ayu 2022), (Pratama and Manan, 2024),

(Zainah et al. 2023). Good quality products not only increase customer satisfaction, but also strengthen brand image and encourage long-term loyalty. On the other hand, although product quality is a very important factor, after—sales service—especially return service-plays an equally important role. An easy, fast, and efficient return process can improve the satisfaction of customers who may experience dissatisfaction or problems with the product purchased. Complicated or long return processes can actually lead to dissatisfaction that negatively affects consumers ' perception of the platform. Therefore, the provision of a smooth and transparent return of goods service is one of the important efforts to improve the customer experience and reduce the return rate of products caused by dissatisfaction (Lemon et al., 2002).

Shopee, which operates in a highly competitive market, must maintain product quality and ensure that their return services are accessible and responded to quickly. Shopee's growing presence in Southeast Asia is fueling the need to better understand how product quality and return services affect customer satisfaction. This study focuses on identifying the relationship between product quality, return service, and customer satisfaction on Shopee. In addition, this study also aims to provide insight to Shopee management on areas that need to be improved in order to improve customer shopping experience and ensure sustainable satisfaction. Consumers in Southeast Asia tend to prefer platforms that not only offer products at an affordable price but also a comprehensive and satisfying shopping experience. Factors such as delivery speed, product quality, and ease of returning goods greatly influence purchasing decisions and customer satisfaction levels. In a study by Chen & Dubinsky (2003), (Reisya Aulia Anhar, Keysha Azahra Ramadhani, and Omar Mochtar Andela 2024) (Pratama et al., 2024). it was found that a positive shopping experience can encourage customer loyalty, which in turn leads to repeat purchases. Efficient return of goods, for example, is considered one of the indicators of good quality customer service, which increases customer trust and satisfaction (Homburg et al., 2017).

In addition, the development of technology and payment systems that are increasingly advanced also affect the level of customer satisfaction. Platforms like Shopee not only provide access to a variety of products, but also make it easier for consumers to make secure and convenient payment transactions, for example through ShopeePay. Security and convenience in transacting provide more satisfaction for customers, which in turn strengthens their loyalty to the platform (Lemon et al., 2002). (Ifada et al. 2024), (Nurakhmawati, Purnamawati, and Fahmi 2022), (Nurdin and Cipta Sigitta Hariyono 2023) Shopee must continue to innovate to maintain its edge in the highly dynamic and competitive e-commerce market. One of the biggest challenges for Shopee is to ensure the quality of the products offered remains consistent, given the large number of third-party merchants who also sell on its platform. Therefore, Shopee needs to constantly improve the quality control system and provide greater support to sellers to maintain the quality of their products. In addition, although Shopee has a relatively easy return program, the platform needs to continue to optimize the process to be more transparent and responsive to diverse customer needs.

Along with the increasing penetration of the internet and the use of mobile devices, online shopping in Southeast Asia has experienced a significant surge in recent years (Statista, 2020). Shopee, founded in 2015, has grown to become one of the largest e-commerce platforms in the region with over 200 million monthly active users as of 2020 (Shopee, 2020). Shopee's success is greatly influenced by its ability to provide quality products and adequate services to meet customer needs. Product quality is a fundamental element that affects customer satisfaction in e-commerce transactions. Consumers are more likely to feel satisfied with a platform that provides products that match the description, are of good quality, and meet their expectations (Kotler & Keller, 2016). On the other hand, the return service is also an important factor that determines customer satisfaction. Easy and

quick returns can improve the customer's shopping experience, reduce dissatisfaction levels, and increase customer loyalty (Chen & Dubinsky, 2003). (Wulandari and Ayu 2022), (Pratama and Manan, 2024), (Zainah et al. 2023), (Deprian and Widanti 2024) therefore, it is important for Shopee to ensure that these two factors can run optimally, in order to maintain customer satisfaction and increase their competitiveness in the market.

This study aims to investigate the relationship between product quality, return service, and Shopee customer satisfaction. Using a quantitative approach, the study focused on how much product quality and return services influence customer satisfaction levels. The study also aims to provide insight for Shopee in improving their marketing strategies and customer service in order to maintain competitiveness in the highly competitive e-commerce market. With this background, this study aims to analyze how product quality and return services affect Shopee's customer satisfaction. The results of this study are expected to provide useful recommendations for Shopee in optimizing their services and improving customer experience.

H1: THERE IS A SIGNIFICANT POSITIVE INFLUENCE BETWEEN THE QUALITY OF <u>PRODUCTS</u> OFFERED BY SHOPEE AND CUSTOMER SATISFACTION.

H2: THERE IS A SIGNIFICANT POSITIVE INFLUENCE BETWEEN SHOPEE'S RETURN SERVICE AND CUSTOMER SATISFACTION. \

H3: THERE IS A SIGNIFICANT POSITIVE INFLUENCE BETWEEN PRODUCT QUALITY, THROUGH RETURN SERVICE, ON CUSTOMER SATISFACTION.
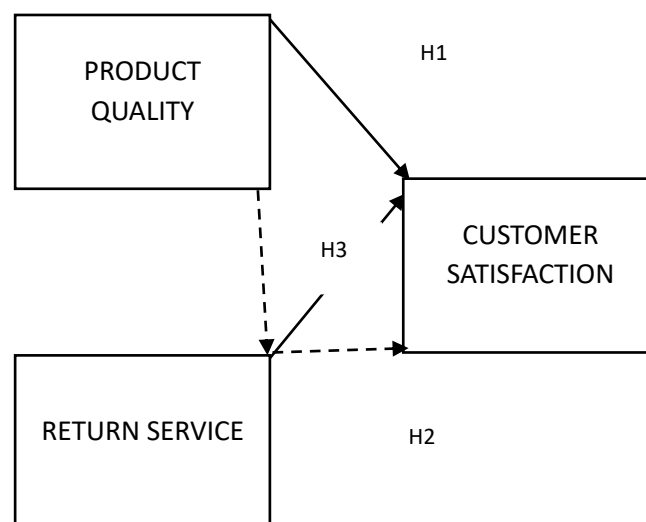
RESEARCH METHOD

This study was conducted in Lampung Province, with a focus on independent variables, namely product quality, return of goods, dependent variables as well as mediation variables studied are customer satisfaction, the approach used in this study is quantitative and qualitative, using a Likert scale to measure the influence and perception of individuals or groups on the observed phenomena (Sugiyono, 2016). Sample selection is done by purposive sampling method, which is a sample selection technique based on certain considerations, not randomly, so that the sample used is part of the population determined by the researcher (Sugiyono, 2016). Based on the Hairs formula, the number of indicators is multiplied by 5-10. For data analysis and hypothesis testing, this study used SEM (Structural Equation Modeling) - Partial Least Squares. According to Noor (2014), SEM is a statistical technique used to construct and test descriptive statistical models, while Partial Least Squares SEM is used to develop or predict existing theories. Descriptive method is used to obtain a clear and

precise picture of the purpose of the study. In this study, Likert scale 5 was used to measure the variables studied. Data analysis is done with SEM Partial Least Square to develop or predict existing theories, and includes testing the validity, reliability, and path analysis (path analysis), followed by a discussion of hypothesis testing. Data processing using Structural Equation Modeling (SEM) with the help of Smart-PLS v.3.2.9.

.DISCUSSION

Researchers will use descriptive analysis techniques to describe the characteristics of respondents. This technique is used to explain and understand clearly what conditions or situations exist. Discussion of respondent characteristics includes gender, age, school origin, and others relevant to this research.

Table 1 Descriptive data analysis

Gender	Frequent	Percentage
Male	47	29.50%
Female	153	70.50%
Total	200	100%
Ages	**Frequent**	**Percentage**
18-20 Years	160	77%
20-23 Years	40	23%
23-26 Years	0	0%
26 Years and above	0	0%
Total	200	100%
Education	**Frequent**	**Percentage**
High School	105	55.70%
Bachelor	88	42.60%
Magister	7	1.60%
Total	200	100%

Source: Data processed in 2024

This research conducted a validity test and reliability test to test the feasibility of testing the questionnaire that had been distributed, along with validity and reliability tests

Table 2 Validity and Reliability Test

Variable	ITEM	OUTER LOADING	AVE	Composite Reliability	RESULTS
PRODUCT QUALITY	KP1	0.79	0.551	0.8	VALID AND RELIABLE
	KP2	0.864			VALID AND RELIABLE
	KP3	0.789			VALID AND RELIABLE
	KP4	0.747			VALID AND RELIABLE
	KP5	0.714			VALID AND RELIABLE
	KP6	0.648			VALID AND RELIABLE
	KP7	0.615			VALID AND RELIABLE
CUSTOMER SATISFACTION	KPN1	0.561	0.504	0.895	VALID AND RELIABLE
	KPN2	0.722			VALID AND RELIABLE
	KPN3	0.773			VALID AND RELIABLE
	KPN8	0.764			VALID AND RELIABLE
RETURN SERVICE	LPB1	0.779	0.589	0.877	VALID AND RELIABLE
	LPB2	0.682			VALID AND RELIABLE

Variable	ITEM	OUTER LOADING	AVE	Composite Reliability	RESULTS
	LPB4	0.816			VALID AND RELIABLE
	LPB5	0.715			VALID AND RELIABLE
	LPB6	0.834			VALID AND RELIABLE

Source : Smart PLS 3.0 2024

To test the proposed research model using Smart PLS software, this research applies covariance-based Structural Equation Modeling (SEM). The validity and reliability of the model are evaluated through factor loadings, which should be greater than 0.5, Average Variance Extracted (AVE) whose value should be more than 0.5, as well as Cronbach alpha and composite reliability. All these values meet the recommended standards, as shown in the Table of predicted values.

After analyzing the measurement model, the next step is to test the proposed hypothesis using a structural model. This research applies the Path Coefficient as a model within an acceptable range. All three predicted paths show significant results. Thus, H1, H2, and H3 were all found to be supported in this study.
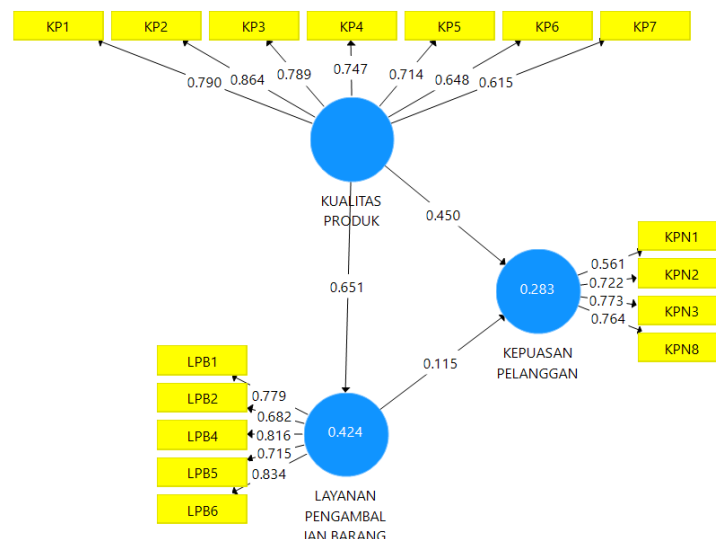

Figure 1 *Structural Equations Model*

Source : Smart Pls 3.0 2024

The path analysis test is measuring the independent variable against the dependent variable, the relationship between endogenous and exogenous variables in terms of the strength and direction of the relationship.

Table 3 Path Analysis and Mediation Test

Variable Information	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Product Quality - > Customer Satisfaction	0.45	0.46	0.078	5.783	0.00
Return Service - > Customer Satisfaction	0.46	0.48	0.086	6.33	0.00
Product Quality - > Return Service - > Customer Satisfaction	0.47	0.45	0.75	5.311	0.00

Sumber : Smart Pls 3.0 2024

Product Quality - > Customer Satisfaction:

Original Sample (O): the value of the path coefficient between product quality and customer satisfaction is 0.45. That is, there is a positive relationship between product quality and customer satisfaction. Sample Mean (M): the average value of the sample is 0.46, which shows a slight difference with the value of the original sample. Standard Deviation (STDEV): a standard deviation of 0.078 indicates how much variation is in the sample data. T Statistics (|O/STDEV|): the T-statistics value of 5,783 indicates how significant the relationship between product quality and customer satisfaction is. A value greater than 1.96 indicates that this relationship is significant. P Values: a p value of 0.00 indicates that the relationship between product quality and customer satisfaction is statistically significant (p value < 0.05).

Return Service - > Customer Satisfaction:

Original Sample (O): the value of the path coefficient between Return Goods Service and customer satisfaction is 0.46, which indicates a positive relationship. Sample Mean (M): the sample Mean is 0.48, slightly higher than the original sample value. Standard Deviation (STDEV): a standard deviation of 0.086 indicates a considerable variation in the data. T Statistics (|O/STDEV|): t-statistics value of 6.33 indicates a very significant relationship between Return Service and customer satisfaction. P Values: a p value of 0.00 indicates that this relationship is also statistically significant.

Product Quality - > Return Service - > Customer Satisfaction:

Original Sample (O): the path coefficient value of 0.47 shows the direct influence of product quality and return service on customer satisfaction. Sample Mean (M): the sample average of 0.45 shows a slight difference compared to the original sample value. Standard Deviation (STDEV): a standard deviation of 0.75 indicates considerable variation in the data. T Statistics (|O/STDEV|): t-statistics value of 5,311 indicates that this direct influence is significant. P Values: a p value of 0.00 indicates that the relationship between product quality, return service, and customer satisfaction is significant.

DISCUSSION

Significant positive influence between the quality of products offered by Shopee and customer satisfaction:

Research shows a significant positive influence between the quality of products offered by Shopee and customer satisfaction. That is, the higher the quality of the products offered, the higher the level of customer satisfaction. Product quality can include various aspects such as the physical quality of the goods, ease of use, durability, and accuracy with product descriptions. Customers tend to feel satisfied if the products received match their expectations, which is directly related to the quality of the products offered. In this study, the path coefficient value (0.45) shows a fairly strong relationship between product quality and customer satisfaction. A high t-statistics value (5.783) and a very low p-value (0.00) indicate that this relationship is very statistically significant, meaning that these results do not occur by chance according to the study (Wulandari and Ayu 2022), (Pratama and Manan, 2024), (Zainah et al. 2023), (Deprian and Widanti 2024)

Significant positive influence between Shopee's Return Service and customer satisfaction:

The return service provided by Shopee also shows a significant positive influence on customer satisfaction. This service includes ease in the process of returning goods, clarity of procedures, and speed in handling returns. When return services are easily accessible and processed, customers feel more satisfied because they feel safe shopping, knowing that they have the option to return an item if it doesn't fit. The path coefficient (0.46) indicates a strong positive relationship between Return services and customer satisfaction. T-statistics (6.33) and a very low p-value (0.00) indicate that the effect of return services on customer satisfaction is statistically significant according to the study (Reisya Aulia Anhar, Keysha Azahra Ramadhani, and Omar Mochtar Andela 2024) (Pratama et al., 2024)

Significant positive effect of product quality, through return services, on customer satisfaction:

The study also showed that product quality, through return services, has a significant effect on customer satisfaction. This means that even though the quality of the products offered is high, the ease of return services also plays an important role in increasing customer satisfaction. For example, even if a customer receives a quality product, if they encounter difficulties in the return process, it can lower their satisfaction level. Conversely, if the return goes smoothly, even though the product may not be as expected, the customer still feels satisfied with the overall shopping experience. The path coefficient (0.47) shows that the influence of product quality, which through the return service, on customer satisfaction is quite strong. With a significant T-statistics (5.311) and a very low P-value (0.00), it can be concluded that this relationship is also statistically significantaccording to the study (Ifada et al. 2024), (Nurakhmawati, Purnamawati, and Fahmi 2022), (Nurdin and Cipta Sigitta Hariyono 2023)

CONCLUSION

The conclusions of this study are as follows:
1. The quality of products offered by Shopee has a significant positive influence on customer satisfaction. That is, the better the quality of the products provided, the higher the level of customer satisfaction. This shows that product quality is a key factor in forming a positive customer perception of Shopee.
2. The Return service provided by Shopee also has a significant positive influence on customer satisfaction. An easy and efficient return process increases customers ' sense of security in shopping, which in turn increases their satisfaction.
3. In addition, there is a significant positive effect of product quality, through return services, on customer satisfaction. Despite the high quality of the products, the presence of a good return service reinforces the level of customer satisfaction, as they feel more confident in shopping if there is ease in returning non-conforming items.

SUGGESTION

Based on the findings in this study, here are some suggestions that can be given to Shopee to improve customer satisfaction:
Product Quality Improvement:

1. Shopee should continue to improve the quality of the products offered, ensuring that the goods sold match the description, are of high quality, and meet customer expectations. This will strengthen customers ' positive perception of Shopee and increase their loyalty.
2. Establish cooperation with reputable suppliers or sellers and ensure that the products sold meet the established quality standards.

Improved Return Service:

1. Shopee must ensure that the return process is easy, fast, and hassle-free. Clarifying return procedures, speeding up processing time, and providing fair solutions for customers can increase customer satisfaction, especially for those who experience dissatisfaction with the products received.
2. Providing more flexible return options, such as returns at physical stores or returns through various delivery platforms, can increase customer convenience.

Provision of clear and transparent information:

1. Shopee must provide clear information regarding product quality, return policies, and customer service procedures. This transparency can reduce customer worries and increase their trust in the platform.
2. Ensuring that all product descriptions on the Shopee platform are accurate and easy to understand, as well as providing representative product images to reduce dissatisfaction caused by discrepancies between expectations and reality.

Improving The Overall Customer Experience:

1. Shopee may consider introducing more responsive customer service, such as chatbots or live services that are ready to help customers with their problems or questions.
2. Loyalty or rewards programs for customers who shop frequently or leave positive reviews can increase customer engagement and satisfaction.

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