









DEVELOPING AN ONLINE LAUNDRY SERVICE QUALITY FRAMEWORK

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ABSTRACT

The purpose of this study was to explore the customers' assessment and the dimensions that influence customers' purchase and repurchase intention of Laras Online Laundry Service in order to develop the online laundry service quality framework. A qualitative research design with a single-case study approach was employed to answer the research questions. The conceptual framework of this study was based on the theory of E-S-QUAL developed by Parasuraman, Zeithaml, and Malhotra. Twenty nine customers were selected as a sample by purposive sampling method. All of the participants were interviewed face-to-face by the researcher. The researcher conducted the observation of the online laundry service in actual setting and collected the documents of Laras Laundry as part of the data collection. Thematic analysis on the interview data was performed by using ATLAS.ti to identify the theme emerged from the data. The result showed that the online laundry service quality framework consist of eight dimensions namely (1) easy and flexible, (2) fast, (3) hygiene, tidy, and fragrant, (4) trustworthy, (5) friendly employee, (6) reliable and responsive, (7) personality and social network, and (8) effective and efficient, which influenced customers' purchase and repurchase intention. In conclusion, the empirical data confirmed the eight dimensions that are critical in developing a quality online laundry service framework. The implication of this study is the introduction of the eight dimensions of the framework into the current online laundry service, which could enhance their service quality and grow their business.



















MEMBANGUN KERANGKA KUALITI PERKHIDMATAN DOBI DALAM TALIAN

ABSTRAK

Tujuan kajian ini adalah untuk meneroka penilaian pelanggan dan dimensi yang mempengaruhi belian pelanggan dan niat pembelian semula bagi Laras Online Laundry Service untuk membangunkan kerangka kualiti perkhidmatan dobi dalam talian. Reka bentuk penyelidikan kualitatif dengan pendekatan kajian kes tunggal telah digunakan untuk menjawab soalan penyelidikan. Rangka konseptual kajian ini berdasarkan teori E-S-QUAL yang dibangunkan oleh Parasuraman, Zeithaml, dan Malhotra. Dua puluh sembilan pelanggan telah dipilih sebagai sampel dengan kaedah pensampelan bertujuan. Kesemua peserta telah ditemubual secara bersemuka oleh penyelidik. Penyelidik menjalankan pemerhatian perkhidmatan dobi dalam talian dalam keadaan sebenar dan mengumpulkan dokumen Laras Laundry sebagai sebahagian daripada pengumpulan data. Analisis Tematik pada data temubual telah dilakukan dengan menggunakan ATLAS.ti untuk mengenalpasti tema yang muncul dari data. Dapatan menunjukkan bahawa kerangka kualiti perkhidmatan dobi dalam talian terdiri daripada lapan dimensi iaitu (1) mudah dan fleksibel, (2) cepat, (3) kebersihan, kemas dan wangi, (4) boleh dipercayai, (5) pekerja mesra, (6) dipercayai dan responsif, (7) personaliti dan rangkaian sosial, dan (8) berkesan dan efisien, yang mempengaruhi belian pelanggan dan niat pembelian semula. Kesimpulannya, data empirikal mengesahkan lapan dimensi yang penting dalam membangunkan rangka kerja perkhidmatan dobi dalam talian yang berkualiti. Implikasi kajian ini adalah pengenalan lapan dimensi kerangka ke dalam perkhidmatan dobi dalam talian semasa, yang dapat meningkatkan kualiti perkhidmatan mereka dan mengembangkan perniagaan mereka.



















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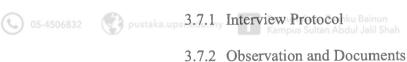




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LIST OF ABBREVIATION

Gross Domestic Product GDP

Institut Pengajian Siswazah IPS

Industrial Revolution IR

Institut Seni Indonesia ISI

Kilogram(s) Kg

Micro Small Medium Enterprises **MSMEs**

Rupiah Rp

Structural Equation Modeling **SEM**

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Universitas Sebelas Maret **UNS**

Sultan Idris Education University **UPSI**



















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CHAPTER 1

INTRODUCTION









This research emphasize on developing a framework for online laundry service quality based on the two objectives finding which are the customer assessment of online laundry service, and the most important dimension which influence customers' purchase and repurchase the online laundry service. Online service in this study refers to online ordering system which the customer can order laundry service by sending message to the laundry provider via online mobile chat apps such as WhatsApp, LINE, Blackberry Messenger, and others. In the subsequence, the laundry employee on duty will pick it up and deliver it back to the customers after their laundry is performed and packed. This chapter will discuss about the background of research, problem statement that made this study important to be conducted, the objectives of





















the research, research questions, significance of research, theoretical framework, research scope and limitations, operational definition, and summary.

1.1 Background of the Research

Indonesia has the specific rules and regulations to rule the MSMEs such as the Presidential Instruction and the Laws. According to Indonesian Presidential Instruction No.10 of 1999 items (a) and (b), MSMEs have an important and strategic role in the economic development which is to create a strong national business structure. Therefore, it is necessary to increase the number of MSMEs and empower them to become a strong, independent and superior business, so their role in employment, exports and GDP increased (Instruksi Presiden Republik Indonesia No.10 tahun 1999, 1999). And according to the Law No. 20 of 2008 on MSMEs, MSMEs have the obligation towards the government to grow and develop their businesses in order to build national economic based on economic democracy with justice (Undang - Undang Republik Indonesia No.20 Tahun 2008, 2008).

The President of Republic Indonesia, Joko Widodo (Jokowi) said that in the amount of 96% ASEAN's economy comes from MSMEs. His statement in ASEAN Leaders' Interface with ASEAN Business Advisory Council (ABAC) in Philippines International Convention Center (PICC), Manila, Philippines, November 13, 2017, says "If we talk about ASEAN economic integration then our duty is to bring MSMEs into our integration" (Suciati & Putri, 2017). In fact, Indonesia is the highest ecommerce transaction in 2016 at South East Asia with the sales is USD 245.86 billion











(eMarketer, 2016). The high contribution of MSMEs also was mentioned by the Expert Staff Minister of Cooperatives and MSMEs in the field of the basic values of cooperatives, Abdul Kadir Damanik who stated that Indonesia has about 57.9 million MSMEs spread across the country and they contribute 58.92% to Gross Domestic Product (GDP) and 97.30% towards employment opportunity of Indonesia (Sari, 2014).

Since the contributions of MSMEs to GDP are so great, so it made it very influential in the country's economic growth, MSMEs are considered necessary to do the revolution and enhance competitiveness to be able to enter the global market. In Industrial Revolution (IR) 4.0 which there is a term of 'information superhighway' or known as internet. Internet becomes a big revolution in the business aspect which brought changes in the pattern and business performance. Communication between companies or towards its customer becomes increasingly easy and the flow of information is fast, real-time, complete, and update, because the Internet is accessible 24 hours seven days, no day off (Kosasi et al., 2006). Along with the growth spurts of internet in all aspects of human lives, new business model called online business replaced the traditional business where people have to present physically at a business location in order to satisfy their needs and wants.

The online business model does not only transform how customers purchase products and services, but also how business operates. In banking industry for instance, people do no longer have to queue at the banks to withdraw cash, update bank statements or pay loans. Instead most of services offered by the banks can now be reached through online banking system. In MSMEs industry such as laundry











service business, companies such as IBM have launched smart laundry machines at colleges to fit the needs of hectic students' lifestyle. Students only have to visit a website to find out when a washing machine will be available and they can select soap and fabric softener dispensing function too. A notification e-mail will be sent to the students when the load is done and laundry charges will be deducted from the students' ID cards (Hoover, 2002).

In Indonesia, however, laundry service takes a different form. Normally, customers have to visit a laundry house or outlet, weigh their dirty laundry on the spot, pay the respective charges in front or later, and collect cleaned laundry in the following few days (Hidayat, 2018). This is called conventional laundry service, or in this study used another term as offline laundry service. Those offline steps are very time consuming, considering customers may have limited time because of busy working hours and high mobility as well as the distance to the laundry house or outlet may far from their house or work place and its take time (Hidayat, 2018). Nowadays, laundry service providers came up with a new solution where customers only have to contact them through laundry apps or any communication apps by stating the customers' name, pick-up and delivery time and address, so that the laundry service provider can fetch the dirty laundry and return it whenever and wherever the customer request after being washed, ironed, and packed nicely (KliknKlin, 2017).

Prior studies on e-service quality are spread from offline to online service or known as e-service (Parasuraman, et al., 2005; Rowley, 2006; Collier & Bienstock, 2006; Herington & Weaven, 2007), and was explored more from measuring the eservice quality towards customer satisfaction, perception and behavior to the finding











of the customer's purchase and re-purchase intention towards e-service (Chang et al., 2009; Schaupp & Belanger, 2010; Yang, 2012; Nochai & Nochai, 2013; Al-Nasser, et al., 2015; Baykal, 2016; Agha, 2017; Tandon et al., 2017; Gómez & Pérez, 2018).

According to prior studies: brand image, relationship strength, trust, social network, and service quality are the most important dimensions that influence customer purchase and re-purchase intention towards e-service (Kwon & Lennon, 2009; AlGhamdi et al., 2011; Al-hawari, 2012; Al-Rawabdeh et al., 2012; Al-Nasser et al., 2015; Imelia & Ruswanti, 2017). Brand image is important because it is a reflection of a brand embedded in costumer's memory (Saleem & Raja, 2014). Trust can lead to customer retention and customer loyalty (Baykal, 2016). Social network among the customers play the important role to patronize others directly by word of mouth or indirectly by observing other's behavior (Al-hawari M. A., 2012). Service quality defines as the overall quality of the service provided by the company (Zeithaml, 1988). Not to mention the relationship strength as one of the dimensions behind the customers' re-purchase intention towards e-service that can lead to customer retention and loyalty (Roostika, 2011; Zhang et al., 2011). Besides, the strength in relationship, there are two additional kinds of relationship discussed in this study: personal and professional relationship as parts of dimension of relationship dimension.

The study about laundry itself has been conducted since 1979; when a scholar from United States did preliminary study particularly about the cause of death among laundry and dry cleaning workers. By obtaining mortality record from 1957 to 1977 they found that the cause of death among laundry and dry cleaning workers mostly











due to the hazardous exposure of the solvent use in laundry and dry cleaning (Blair et al., 1979). Other scholars who studied in the same particular industry, laundry business, but have different aims from the other previous study, which lead to the conclusion that they were agreed that it was a good step to develop a better laundry business which comes from within such as improving laundry chemical quality, arranging the laundry operational standard, and improving the organizational system and management (Garfield, 1985; Jusoh et al., 2016; Jain et al., 2017). Nevertheless, improving laundry business from the external side, the customer, which has an important play role, cannot be neglected, as the recent study which aims to assess the customers' satisfaction of linen management in hospital industry (Jain et al., 2017).

Unfortunately, looking at above description of prior studies in laundry service industry, study of laundry service from the customers' side was lack of attention. Moreover, in the customers' assessment, feelings, and minds about the laundry service they are using recently and their reason behind purchasing and repurchasing the service. Why the customer purchase or re-purchase the service? Are the customers satisfied enough with the laundry they are using to the extent that they willing to spread the positive feedback? Or, is there any way to develop the laundry service to be better based on customers' wants and needs? These questions are reasonable and researcher believes that each customer will absolutely have different assessment and need even if they are patronizing the same laundry provider.

However, in this century, most of business players trying to improve their business service to gain and serve customer better to increase their profits. Hence, it is consider necessary to develop a better laundry business based on the customers' wants











and needs by exploring the customers' assessment, critics, and suggestions. Since, almost all of MSMEs of laundry services object are personal serving, which is Business to Customers (B2C) relationship which has a direct relationship between laundry service provider and each of the customers, so, the researcher considers it is important to know every customer's feelings, minds, and their assessment about online laundry service they are patronizing recently. By knowing those assessments and needs, researcher believes that every online laundry service can enhance their service quality and compete in the larger business community and gain more customers to make more profit and can spread the Laras Laundry laundry business.

This study is in line to prior studies about the important dimensions which influence customers to purchase and continue purchasing the service, yet conducted differently in term of context and methodology. This study explores the customers' assessment about the online laundry service, and the important dimensions which influence customers' purchase and repurchase online laundry service, as well as develop the framework of online laundry service quality. Interviews, observation, and documents are used as a qualitative research approach for this research method. The laundry target is Laras Laundry since it already run for five years since 2013, has run the online laundry service ever since the first opening, has around 100 customers patronizing it (offline and online), and has their own laundry house.

Methodologies that will be used to gather the data are interviews, observation, and documents as well. Those are conducted by researcher during the period of January - February 2018. The expected results of this thesis is to be able to know customer assessment of online laundry service, having knowledge of the important





















dimensions which actually influence customers' to use online laundry service, and be able to help laundry providers to improve their online laundry service based on customer needs and wants.

1.2 Problems Statement

Described by the Law and the Presidential instruction in the background of study that, every business in Indonesia is required to get better and bigger to be able to compete and sustain in the market. In order for the MSMEs to grow, develop, and can compete confidently in the world of business, they need to know the dimensions of the customers' wants and needs, therefore they can increase their service quality effectively and can contribute to the Indonesian economic growth. Unfortunately, many of them could not sustain which means open for while then closed down or bankrupt, or change the business frequently, it shows that they could not generate loyal customers to make their business sustainable and contribute more to the Indonesia economic development. The issue that they could not sustain may come from their lack of knowledge about how to serve customers' better to increase the repurchase intention and gaining more loyal customer. Indeed, there are several methods to well as gaining more loyal customers for MSMEs. One of them is by having knowledge of knowing the dimensions of customers' wants and needs in order to increase the service quality, which one of them is through research.









Research on service quality can be from customer perspective or the company itself. For decades, researches on service/e-service quality on the company service itself have gained quite much interest (Parasuraman et al., 2005; Al-hawari & Ward, 2006; Trabold et al., 2006; Herington & Weaven, 2007; Chang et al., 2009; Schaupp & Belanger, 2010; Al-hawari, 2012; Yang, 2012; Nochai & Nochai, 2013; Al-Nasser et al., 2015; Baykal, 2016; Agha, 2017; Tandon, Kiran, & Sah, 2017; Gómez & Pérez, 2018). For example Parasuraman et al. (2005) develop a scale to measure the eservice quality which consists of seven dimensions (efficiency, reliability, system availability, privacy, responsiveness, compensation, and contact). Until recent study by Gómez & Pérez (2018) which found that brand image has positive relationship with repurchases intention and customers' loyalty.

05-4506832 Despite much interest of e-service quality studies, most of the prior researches mentioned in paragraph above were focus more on e-commerce such as banking industry and online shopping. There were few studies that investigated about the important dimensions of e-service quality which actually influence the customer's purchase and re-purchase intention towards the e-service (Al-hawari, 2012; Al-Nasser et al., 2015; Baykal, 2016; Imelia & Ruswanti, 2017; Tandon, Kiran, & Sah, 2017; Gómez & Pérez, 2018), moreover in the particular service area such as laundry service. Meanwhile, laundry services are spread across the country especially Indonesia (Hadiyati, 2015) which legally registered. Not to mention the others which are not legally registered to avoid tax (Lovelock & Wirtz, 2011), that is just using their half front of their house to open the laundry business. Some of the offline laundry business turns into online laundry service in term of online ordering service like Laras Laundry, which is one of the reasons the researcher proposed this study.





















This online laundry service is indeed quite new thing in the world of business in the service sector, while the other laundry services were massed open as offline laundry service and spread everywhere in the town. One of the laundry services in Solo, Indonesia, namely Laras Laundry, tried to be different by providing an online laundry service in term of online ordering service since the opening of their laundry business in 2013 (based on the interview session with the owner). According to the owner statement, Laras Laundry has run the online laundry service over the past five years. For the online laundry service of Laras Laundry, they adopted online ordering system which enabled customer to place laundry order via WhatsApp or Line or Blackberry Messenger. Once the orders are placed, their employees will pick the dirty laundry up and send it to the laundry house to be processed. Later on after laundry is performed as certain days promised, then the employee will deliver it to the customers



as time and address given.







Unfortunately, after running for five years as an online laundry service, they still could not expand their business even though they have approximately a hundred customers using offline and online laundry service. They have only one permanent employee and for peak season they only can contract one or two part time employees. The reason this happen is because they lack of financial to expand their business, and could not hire more employees. This lack of financial is due to insufficient profit, especially when they have small pool of customers. The insufficient profit is because they could not increase their loyal customers due to their lack of knowledge about how to increase their service quality based on customers' wants and needs and serve customers' better. So, these issues increase the researcher's concern.



















Therefore, in order to be able to grow their business, it is important to know the dimensions of customers' wants and needs to increase Laras Laundry service quality effectively, improving the marketing strategy, and increasing the number of loyal customers in the future. Furthermore, it is important to know whether the online laundry service which adopted by Laras Laundry meet the customers' demand and can be sustainable so that Laras Laundry can contribute to the Indonesia economic growth. Moreover, there were no specific prior researches that mention the customers' perception about the important dimensions that influence them to continue using online service particularly in laundry service (Jusoh et al., 2016; Jain et al., 2017). Besides, there is yet a service quality framework for online laundry service sector.

The only relevant frameworks which exist were online food ordering system framework by Kedah et al. (2015) which discussed about the important dimensions (information quality, website design, security & privacy, payment, food quality, delivery, customer service) to gain customers' loyalty (Kedah et al., 2015), and another recent framework was for online transportation (*Ojek* and taxi) buying system which consist of price, service quality based on Parasuraman et al. (1988) (tangibles, reliability, responsiveness, assurance, and empathy), and promotion, that influence customers' purchase decision towards an Indonesian transportation company called PT. Gojek Indonesia (Wibowo, 2018). Both developed frameworks (Kedah et al., 2015, Wibowo, 2018) mentioned could not perfectly fit for laundry business player to implement it in their online laundry business particularly to increase purchase repetition and gain customers' loyalty because of different nature of business.











Since, the framework mentioned above, one was for online food ordering system which the product quality that being assessed is food quality, and another was for online transportation which is a pure service (no product quality) unlike food or laundry which has two kind of qualities being assessed (product (food or laundry) quality and service quality)). Besides, there is yet a service quality framework for online laundry service sector. Therefore, this research proposed service quality framework in online laundry service which can be applied in online laundry service business like Laras Laundry, to help them to know how to increase their service quality so they can serve the customers better, increase customers' repetition purchasing, and customers' loyalty so that, they can increase their profit too, expand their business, grow bigger, and sustain, so they can contribute to the national economic development.











In order to develop the proposed service quality framework in online laundry service, this research also investigates the customers' assessment and the dimension to purchase and repurchase the online laundry service. The proposed framework will help Laras Laundry and other online laundry business can implement this framework to guide them to gain more loyal customers soa that they can increase their profit and expand their business, as well as contribute to the national economic development. This research contribute to the body of knowledge especially in laundry service area by exploring the quality dimensions of online laundry service in depth and develop a framework that can be tested in future research.



















1.3 Research Objectives

The research objectives conducted in this study:

- 1. To explore the customers' need assessment of Laras Laundry online laundry service.
- 2. To explore the important dimensions that influence customers' purchase and repurchase intention of Laras Laundry online laundry service.
- 3. To develop the framework of online laundry service quality framework.

1.4 Research Questions

- From the background described above, it is necessary to do in-depth study associated with:
 - 1. How is the customers' need assessment of Laras Laundry's online laundry service?
 - 2. What are the important dimensions that influence customers to purchase and repurchase Laras Laundry online laundry service?
 - 3. How the framework of online laundry service is developed based on the research findings?



















1.5 Significance of Research

The contributions of this study to the knowledge is that to broaden the knowledge and marketing research through a better understanding of dimensions in shaping the customer's assessment within the context of re-purchase intention towards online laundry service; and also contribute to the conceptual quality framework of online laundry service that can be tested for the next researches.

This study give a contribution to MSMEs in general and laundry service in

particular to improve their service quality by knowing their customer needs, and also they can consider adapting online service system in order to compete and survive in this global and digital economy for now and later to fulfill the presidential instruction. Moreover, for the laundry providers conducted in this study, Laras Laundry, this study can help them to know how to improve their online laundry service quality based on the customers' needs, so that, they can increase their loyal customers. By increasing the loyal customers, the profit will increase as well. Then, Laras Laundry can expand their business and contribute to the national economic development.

1.6 Theoretical Framework

1.6.1 Service/e-Service Quality

Service quality has been found to be an important component for establishing and maintaining the customers. Quality has generally been defined as overall impression





















of superiority or inferiority of organization and its services (Spathis et al., 2004). Service quality can be defined as a costumer's judgment on service being delivered (Al-hawari, 2012).

In 1985, Parasuraman et al. (1985) identified six gaps in service which were the knowledge gap, the policy gap, the delivery gap, the communications gap, the perception gap, and the service quality gap (Parasuraman et al., 1985). In the next three years, they built a model for measuring customer perception towards a various aspect of service quality called SERVQUAL. The SERVQUAL scales include five dimensions: tangibles, reliability, responsiveness, assurance/trust, and empathy. SERVQUAL is widely used by researcher who wants to study and measures the customer satisfactions upon service quality, and it mostly adapted for face to face service (Parasuraman et al., 1988). However, due to those gap and criticism toward SERVQUAL of Parasuraman et al. (1988), in 1992, Cronin and Taylor developed a SERVPERF model based on SERVQUAL model, but instead of expectation used in SERVQUAL, SERVPERF evaluated customer perception towards actual service performance. SERVPERF also have five dimensions includes tangibles, reliability, responsiveness, assurance/trust, and empathy (Cronin & Taylor, 1992).

But then, in 2005, Parasuraman et al. (2005) developed a scale to measure e-service quality using means end framework. That scale has widened to seven dimensions includes efficiency, fulfillment (reliability), system availability, privacy, responsiveness, compensation, and contact. The four first dimensions related to customers' perceptions of e-service quality and the last three dimensions related to the



















service recovery which in respect to the problems and how the company encounters the problems (Parasuraman et al., 2005).

The participants are the customers of online laundries in Solo city either student or

1.7 Research Scope and Limitations

working people, so the result may not be generalized for other different demographic inside or outside Solo city. have at least two customers that are using their online service at least twice a month for at least two months long, so the result may not be generalized to other customers from other laundry which only use offline service, other laundry that doesn't meet the criteria, and other laundry outside Solo city. Researcher is an outsider so the information obtained such as documents and field observation might be limited based on the laundry owner permission. The result of customer's interview may have advantage because researcher is an outsider so the customers may have a feeling to speak freely without worrying that the laundry owner may heard any of it. The customers whom interviewed have minimum age 18 years old as it consider as an adult and do not require their parents' consent. The participants need to have knowledge about online chat and a frequent user. This study will use criterion sampling method as the researcher set the criteria towards informants and laundries.





















1.8 Operational Definitions

- a. Service Quality is a customer's judgment on service being delivered (Al-hawari, 2012). As for this study is the Laras Laundry's customers' judgment to the laundry service which delivered by Laras Laundry.
- b. Need assessment is a systematic process for defining and addressing needs, or "gaps" between the current conditions and the desired conditions or "wants" by the customers (Wikipedia, 2019). This study assesses the customers' needs in online laundry service provided by Laras Laundry.
- c. Purchase intention is the willingness of a customer to buy a certain product or

 service (mbaskool, 2019). As for this study is a customer's that willing to

 purchase Laras Laundry online laundry service.
 - d. Laundry service is a paid service to clean the material such as clothes, linen, and other textile in a room reserved for that purpose (Oxford, 2019). In this study is a laundry service which served by Laras Laundry in their laundry premise.
 - e. Online laundry service is a laundry service that can be ordered by online through application or website (KliknKlin, 2017). As for this study, the online service is in term of online ordering system means that the customer can order the laundry service via online chat applications such as Whatsapp, LINE, Blackberry Messenger, or any other online chat applications.





















- Offline laundry service is the laundry service which the customer needs to come to premise to drop off and pick up their laundry (Hidayat, 2018).
- Delivery employee is the employee who collects the items and transporting them to their destination while adhering to assigned address and time schedules (Betterteam, 2018). As for this study is the employee who has duty of pick up and delivers the customers' laundry.

Summary

This chapter discussed about the background of research, problem statement that made this study important to be conducted, the objectives of the research, research questions, significance of research, theoretical framework, research scope and limitations, and operational definition. The background of study explained the idea of offline and online laundry service. The problem statements discussed the problems which was faced by Laras Laundry: first, they already run longer than enough (5 years) to be able to grow bigger but they could not, and the second is how to increase the online laundry service quality. Based on those problems, the researcher proposed to develop the framework of online laundry service quality as the main contribution of this study. The framework of online laundry service quality is developed by finding the two objectives of this study which are the customers' assessment and the dimension which influence customers to do purchase and repurchase the online laundry service. The framework of online laundry service quality can be apllied by laundry business players so that they can improves their service quality based on





















customers' wants and needs, gain more loyal customers, increase their profit, grow bigger, be sustainable, and can contribute more to the national economic development.

















