



Understanding the determinants of online repeat purchase intention and moderating role of habit: The case of online group-buying in Taiwan



Meng-Hsiang Hsu^a, Chun-Ming Chang^{b,*}, Li-Wen Chuang^c

^a Department of Information Management, National Kaohsiung First University of Science and Technology, Taiwan, ROC

^b Department of Tourism Information, Aletheia University, Taiwan, ROC

^c Department of Digital Media Arts & Design, Fuzhou University, People's Republic of China

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ABSTRACT

The success of online shopping depends on customers' repeat purchasing. This study proposed a theoretical model by integrating the literature of expectation–confirmation model and online shopping to test the factors affecting repeat purchase intention in online group-buying. Data collected from 246 respondents were used to test the proposed model. The results show that trust and satisfaction are the strong predictors of repeat purchase intention. The results also reveal that satisfaction has significant influence on trust, whereas perceived value, confirmation, and website quality are the significant antecedents of satisfaction. Our results report that website quality has positive influence on perceived value. Finally, perceived value exerts stronger effect on repeat purchase intention for high-habit customers, whereas trust and satisfaction have higher influence on repeat purchase intention for low-habit customers. Implications and limitations are discussed.

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1. Introduction

Online group-buying is a business model of e-commerce that enables customers to obtain volume discounts (Kauffman, Lai, & Ho, 2010). Many researchers have found that group-buying play a vital role in e-commerce (Chen, Chen, & Song, 2007). A number of companies in the US and East Asia have adopted online group-buying in their core business models (Kauffman & Wang, 2002; Kauffman, Lai, & Ho, 2010). Despite the constant growth of interest in online group-buying, customers' loyalty in the online context is relatively lower (Cheng & Huang, 2013). The retention of customers has become an essential question for e-retailers to consider (Qureshi et al., 2009; Shin, Chung, Oh, & Lee, 2013; Tsao, 2013). In this study, Bhattacherjee's (2001a) expectation–confirmation model (ECM) is applied to explore the determinants of repeat purchase intention in online group-buying.

ECM is a well-researched model that has been used to predict behavior in various settings, including e-commerce (e.g., Bhattacherjee, 2001a, 2001b). Thus, it is reasonable to expect that ECM could be used to explain online customer behavior. However,

previous literature argues that ECM should be extended by incorporating some theoretical perspectives to increase its predictive power (Lin, Wu, & Tsai, 2005). By integrating the literature of ECM (e.g., Hong, Thong, & Tam, 2006; Lin, Wu, Hsu, & Chou, 2012) and online shopping (e.g., DeLone & McLean, 2004; Zeithaml, Parasuraman, & Malhotra, 2002), we argue that perceived usefulness in ECM is replaced by perceived value to reflect customers' perceptions about extrinsic and intrinsic benefits in online shopping and the viewpoint of website quality in DeLone and McLean IS success model (D&M model) (DeLone & McLean, 2003) can be used to reflect customers' perception about the quality of the website (e.g., system quality, content quality, and service quality). Generally, integrating value and website quality into ECM is in line with the assertions of Fornell, Johnson, Anderson, Cha, and Bryant (1996) that customer expectations will affect perceived value, perceived quality, and satisfaction. In addition, researchers argue that satisfaction does not always predict customers' continuous purchasing (Li, Browne, & Wetherbe, 2006) and trust is a useful predictor of repeat purchase intention (Qureshi et al., 2009). Accordingly, trust is added to ECM to test its effect on repeat purchase intention, following Casaló, Flavián, and Guinalú (2010–2011).

Researchers argue that the effects of the determinants of repeat purchase intention may be contingent on the habit of online

* Corresponding author. Tel.: +886 2 2621 2121x5210.
E-mail address: cmchang@mail.au.edu.tw (C.-M. Chang).

shopping (Khalifa & Liu, 2007). Many studies have empirically examined the moderating effect of habit on the link between trust and repeat purchase intention (Chiu, Hsu, Lai, & Chang, 2012) and the relationship between satisfaction and repeat purchase intention (e.g., Anderson & Srinivasan, 2003; Khalifa & Liu, 2007). Thus, in this study, habit is included in ECM to test its moderating effects on the linkages between repeat purchase intention and its determinants (i.e., perceived value, trust, satisfaction).

Overall, the objective of the study is to examine the antecedents of online repeat purchase intention by integrating value, website quality, trust, and habit into ECM. While past literature has examined the influences of value, website quality, trust, and habit on repeat purchase intention (e.g., Chiu et al., 2012; Gupta & Kim, 2007), to the best of our knowledge, little studies have been done to combine these predictors of repeat purchase intention and to test the moderating effects of habit on the relationships between repurchase intention and its antecedents. In addition, few studies have also been conducted to examine how transaction experience impacts these determinants, which in turn affects customers' repeat purchase intention. This study believes that the findings of this study may help both academics and practitioners gain insights into how to promote customers' repeat purchase intention.

2. Theoretical background

2.1. The online group-buying mechanism

Providing the lower prices to customers by accumulating a large number of orders is the core concept of online group-buying (Kauffman & Wang, 2002). Similar to online shopping, transactions in the online group-buying include five key processes, including information searching (the process for gathering information about products and prices), authentication (the process for verifying the authenticity of the trading parties), price negotiation (the process for the discovery of a purchase and sale price for a product), payment and settlement (the process for defining the terms and method of payment), and post-transaction logistics (the process for specifying and coordinating shipment of goods from the seller and delivery to the customer) (Kauffman, Lai, & Lin, 2010). In particular, there are two types of pricing mechanisms in the process of price negotiation, including posted price mechanism (sellers will display the prices and they ask for the consumers decide whether they would accept the prices or not) and dynamic pricing mechanism (customers can actively negotiate with the sellers to reach a satisfactory price) (Kauffman & Wang, 2002). Moreover, the transactions in online-group buying could be initiated by an auction initiator (a seller or customer) in some countries (Kauffman, Lai, & Lin, 2010).

Recently, online group-buying business has become an interesting model for online transactions in some countries, such as US (e.g., Goupon), Taiwan (e.g., iHergo and GOMAJI), and China (e.g., Taobao.com and Teambuy). Prior literature has also found that online group-buying markets in East Asia are successful (Kauffman, Lai, & Ho, 2010), since shopping in online group-buying in East Asia is viewed as a leisure activity and the uncertainty about the final product price can be mitigated because prices are known when customers decide to purchase products (Kauffman, Lai, & Ho, 2010).

While encouraging people to purchase online is an important first step toward success for online sellers, its eventual success still depends on customers' repurchasing (Bhattacharjee, 2001a; Shin et al., 2013). However, prior literature argues that only a small portion (about 1%) of online customers will return to make purchase (Gupta & Kim, 2007; Qureshi et al., 2009). It is therefore important to explore the antecedents of repeat purchase intention in online group-buying (Qureshi et al., 2009). Recently, some

studies have found that structural embeddedness (Cheng & Huang, 2013), relational embeddedness (Cheng & Huang, 2013), satisfaction (satisfaction with website and satisfaction with sellers) (Hsu, Chang, Chu, & Lee, 2014), and system quality (Cheng & Huang, 2013) are the key predictors of repeat purchase intention. However, understanding about the determinants of repeat purchase intention in online group-buying is still limited. This study aims to further explore the factors affecting repeat purchase intention in online group-buying.

2.2. Expectation–confirmation model

Building on expectation–confirmation theory (Oliver, 1992), Bhattacharjee (2001a) proposes ECM to explain a user's intention to continue using an IS (Limayem, Hirt, & Cheung, 2007). ECM holds that users' satisfaction and perceived usefulness are the predictors of behavior intention, while users' confirmation of expectation and perceived usefulness will lead to users' satisfaction. Confirmation of expectation, on the other hand, also impacts perceived usefulness (Bhattacharjee, 2001a). ECM has been widely used to examine the factors affecting continued usage intention of an IS in the various contexts, such as online banking, web portal, online services, and mobile services (see Table 1). Since users' IS continuance decision is similar to consumers' repurchase decision (Bhattacharjee, 2001a), ECM is suited to be the theoretical base for this study to explore the factors affecting customers' post-purchase behavior.

Recently, researchers argue that some theoretical extensions may be required for ECM in order to better explain users' continuance behavior toward an IS in the various contexts (Lin et al., 2005). Prior studies have begun to integrate some additional factors into ECM to enhance the explanatory value of this model. Generally, their arguments can be categorized into three perspectives. The first perspective argues that perceived usefulness in ECM is inadequate in predicting users' continuance intention due to its original definition. Prior study suggests that perceived usefulness in ECM should be replaced with perceived value to reflect to the nature of cost/benefit evaluation (Lin et al., 2012) and the effects of extrinsic and intrinsic benefit on behavioral intention simultaneously (e.g., Chea & Luo, 2008; Lin et al., 2005), since perceived usefulness only reflects the extrinsic benefits resulted from IS usage (Lin et al., 2012). The second perspective suggests that users' IS quality perception of should be included in ECM to examine the link between technology features and continuance intention. In this sense, perceived ease of use from the technology acceptance model (TAM) has been added to ECM (e.g., Hong et al., 2006). Finally, the third perspective treats relational capital as an important determinant of IS continuance. Empirical study has therefore integrated trust, satisfaction, and commitment into ECM to explain customer participation in online communities (Casaló et al., 2010–2011).

Based on the statements mentioned above, we recognize that it is appropriate to combine ECM and some additional factors to better understand the antecedents of behavioral intention in online group-buying. In fact, the three perspectives proposed by ECM literature provide a sufficient theoretical base for us to identify the factors that can be added into ECM. First, according to the perspectives of Lin et al. (2005) and Lin et al. (2012), perceived usefulness in ECM is replaced by perceived value to test the role of extrinsic and intrinsic benefit of shopping experience in online shopping. Second, although perceived ease of use is a strong predictor determining satisfaction and continuance intention in the ECM literature (Hong et al., 2006), it only reflects a user's perception about the cognitive effort needed to learn and utilize an IS (Gefen, Karahanna, & Straub, 2003). In order to capture the essential technical characteristics of an online shopping website, the aspect of website quality proposed by D&M model is used in this study. Third, in order to test the effect of relational capital and customer behavior, following

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