



Full length article

The antecedents of purchase and re-purchase intentions of online auction consumers

Jengchung V. Chen^a, David C. Yen^{b,*}, Wan-Ru Kuo^c, Erik Paolo S. Capistrano^{a,d}^a Institute of International Management, National Cheng Kung University, 1 University Road, 701 Tainan, Taiwan^b School of Economics and Business, 226 Netzer Administration Bldg., SUNY College at Oneonta, Oneonta, NY 13820, USA^c Top Union Electronics Corp., No. 480 Nioupu E. Rd., Hsinchu, Taiwan^d Virata School of Business, University of The Philippines, Diliman, 1101 Quezon City, Philippines

ARTICLE INFO

Article history:

Received 22 January 2015

Received in revised form

8 July 2015

Accepted 23 July 2015

Available online xxx

Keywords:

Online auctions

Purchase intentions

Repurchase intentions

Mediation strategy

Trust

Media richness

Information exchange

Price setting

ABSTRACT

This research explores some factors affecting purchase and repurchase intentions towards online auctions. An experiment, in the context of PChome & eBay and Yahoo Auction online auctions websites, was conducted to simulate an environment manipulating branding, seller evaluation, volume of information, and price ranges to influence purchase intentions, reflecting some aspects of utilitarian and hedonic approaches towards purchase and repurchase intentions. Furthermore, mediation strategies, trust, and media richness were also introduced in the study to examine their influence on repurchase intentions. 120 participants validated the experimental design, where all variables influencing purchase intentions were found to be significant in varying degrees, and where mediator strategies and trust were found to significantly influence repurchase intentions. These results reinforce notions that online auctions are complex processes, especially to induce purchase and repurchase intentions, and that both buyers and sellers have complex utilitarian and hedonic approaches to develop purchase and repurchase intentions. Further theoretical and managerial implications are detailed in this research.

© 2015 Elsevier Ltd Elsevier Ltd. All rights reserved.

1. Introduction

E-commerce and Internet shopping is continuously enjoying high and rapid growth and development (Chen, 2012; Shiau & Luo, 2012; Zhou, 2012). The continuous growth of online shopping, the recent developments in B2C and C2C platforms, and the improved interactions between different online entities all contribute to the continuous growth of online auction markets (Dimoka, Hong, & Pavlou, 2012; Muthitacharoen, Claycomb, & Pelkowski, 2011; Shiau & Luo, 2012; Xu, Lin, & Shao, 2010). These ongoing development, coupled with the rapid competition from other e-commerce platforms (Hsu, Chang, Chu, & Lee, 2014; Shiau & Luo, 2012), encourages constant reexamination and revisiting of online auction design and its effect on consumer behavior. Online auction websites provide a fast and efficient trading platform for different people to

influence supply and demand and to utilize a dynamic pricing model for negotiations (Chiu, Fang, Cheng, & Yen, 2013; Liang & Chen, 2012; Zhou, 2012). But since many online auction websites only provide some generic and basic product descriptions, consumers have to do other tasks such as evaluating the specific product or checking the reputation and creditability of the online auction sites (Chatterjee & Datta, 2008; Chiu, Wang, Fang, & Huang, 2014; Gregg & Walzack, 2008; Shin, Chung, Oh, & Lee, 2013) to compensate for this perceived information asymmetry.

As a complement to the technical aspects of online auction sites, enhancing service quality is also a conscious effort to influence consumer's loyalty (Finch, 2007; Kim, Galliers, Shin, Ryoo, & Kim, 2012). Moreover, the level of trust towards online auctions is also posited to affect consumer loyalty, considering their levels of satisfaction (Chiu et al., 2013; Chiu, Hsu, Lai, & Chang, 2012; Hsu et al., 2014). To test the relationships of all these aforementioned factors, this research investigates the operations of Pchome & eBay and Yahoo! Auction, two of the biggest auction websites in the market. This research measures how some factors such as seller evaluations, volume of information, and price ranges influence

* Corresponding author.

E-mail addresses: victor@mail.ncku.edu.tw (J.V. Chen), David.Yen@oneonta.edu (D.C. Yen), bronte_kuo@topunion.com.tw (W.-R. Kuo), RA8997054@mail.ncku.edu.tw, escapistrano@up.edu.ph (E.P.S. Capistrano).

purchase intentions, and extending it to repurchase intentions. Repurchase intention is an additional but very crucial variable since repeat purchases is a reliable indicator of customer loyalty, and is a very critical resource for online firms to survive, continue its operations, grow its market, and sustain its online presence (Chen, 2012; Hsu et al., 2014; Kim et al., 2012; Shin et al., 2013). Henceforth, it is not just about what are the aspects of Internet shopping that makes users purchase an item, but the more important question now is to how to encourage online shoppers to make repeat purchases (Chen, 2012; Chiu et al., 2012; Hsu et al., 2014; Kim et al., 2012; Zhang et al., 2011). In other words, this research proposes that a combination of the technical aspects provided by the online auction website itself and the actions of the online sellers will both influence purchase and repurchase intentions of their online customers.

The rest of this paper is structured as follows: Section 2 covers the literature review, where this study's theoretical framework is developed for the experimental design. Section 3 discusses the research methodology while Section 4 presents the experimental analysis and results. Finally, the last section presents the research conclusions, implications, and directions for future research.

2. Literature review

2.1. Attitude formations in online transactions

It is obvious that there are many different ways in which customers form attitudes whenever they go online, and moreso when they make purchases, and later on repeat purchases. This issue is anchored on what are the processes, functions, and motivations for individuals to continuously patronize Internet shopping and e-commerce in general (Chen, 2012). This is because purchase and repurchase intentions is a predominantly subjective behavior (Wu, Chen, Chen, & Cheng, 2014), mostly determined by how consumers experience and learn from their interactions with others and with the online environment (Chen, 2012; Hsu et al., 2014). A number of previous studies have approached this issue considering both the utilitarian and hedonic aspects of online transactions. This is an important theoretical lens since human motives, even in online shopping, are still driven by both utilitarian and hedonic needs, and are still geared primarily towards gratification and satisfaction (Chiu et al., 2014). Utilitarian aspects of online shopping include issues on the acquisition of products in an effective (Chiu et al., 2012) and convenient (Chiu et al., 2014) manner, examining rational and task-specific functions based on website quality dimensions (Kim et al., 2012), and considering the costs of purchasing the product in question (Chiu et al., 2014; Wu et al., 2014; Zhou, 2012).

2.2. Effects of brand awareness

Aside from price, external cues such as brands and branding also affect customers' perceived quality (Agarwal & Teas, 2001; Monroe & Krishnan, 1985). This implies that brand popularity plays an important role in online shopping in mitigating the effects of product risk (Agarwal & Teas, 2001). Generally, consumers have more confidence in the quality of a well-known brand, hereby giving it better product evaluations (Grewal, Monroe, & Krishnan, 1998), higher perceived value, and therefore improved purchase intentions (Dodds, Monroe, & Grewal, 1991). Consumers generally have higher brand attitudes and purchase intentions to brands they are familiar with (Kamins & Marks, 1991), implying that the more famous the brand is, the higher the possibility of purchase (Hoyer & Brown, 1990). In effect, this also encourages a commitment cost to sustain the relationship with another party (Morgan & Hunt, 1994),

which can be observed between established brands and their loyal customers. As an alternative information source, brands, and the subsequent reputations built by these brands, can build more online confidence and predict product quality (Hsu et al., 2014; Shiau & Luo, 2012; Yoo & Kim, 2014).

Furthermore, brand awareness brings about familiarity, another important component in developing purchase and repurchase intentions. Aside from the notions of trust and satisfaction, familiarity and reputation are interesting factors since in a number of cases, these two confound how trust influences purchase and repurchase intentions (Chiu et al., 2013; Chiu et al., 2012; Hsu et al., 2014; Shiau & Luo, 2012). Therefore, as far as brands go, whatever images and messages that a brand already entails even before product and seller evaluation commences may already be an interesting factor to consider.

Before users make an online purchase, they evaluate alternative products from different websites, especially to mitigate uncertainties and risks (Chiu et al., 2014; Dimoka et al., 2012; Wu et al., 2014). Branding projects a strong image (Agarwal & Teas, 2001; Monroe & Krishnan, 1985) cultivate familiarity (Chiu et al., 2013; Yoo & Kim, 2014), and project reputations (Hsu et al., 2014; Shiau & Luo, 2012), all of which influence attitudes and perceptions towards purchase intentions. Therefore, generally speaking, the higher the brand awareness and recognition are, the higher the purchase intention will be.

H1. Better branding exerts a more significant influence on online auction customers' purchase intentions.

Furthermore, the more positive the evaluation, the better the chances of eliciting more favorable responses, in this case better purchase intentions (Finch, 2007; Yen & Lu, 2008). This is a reflection of how perceptions of service quality as part of the seller's attributes help build a favorable reputation (Xu et al., 2010), and therefore induce better purchase intentions as well (Chiu et al., 2014). In this case, the level of evaluation of sellers affects reputations, and in turn influences transaction outcomes.

H2. Better buyers' evaluation exerts more significant influence on online auction customers' purchase intentions.

2.3. Price information

Because consumers operate in an information asymmetry environment (Liang & Chen, 2012) dominated by commitment costs and perceived risk considerations, they will take extensive measures to evaluate the risks and benefits of purchasing products or services (Chatterjee & Datta, 2008; Chiu et al., 2014; Gregg & Walzack, 2008; Muthitacharoen et al., 2011; Reynolds, Gilkeson, & Niedrich, 2009; Wu et al., 2014; Xu et al., 2010). This adopts a utilitarian approach which produces an interaction process affecting perceived benefits in an online auction, which starts with a reference price, which in turn affects sellers' promotions strategy (Daniel, Suzanne, & Roger, 2007; Liang & Chen, 2012; Zhou, 2012) and consumers' purchase behaviors (Dimoka et al., 2012; McKechnie, Devlin, Ennew, & Smith, 2007; Muthitacharoen et al., 2011; Zhou, 2012). Reference price is defined as any other related price to evaluate some price standard (Biswas & Blair, 1991), which can be divided into external and internal reference price (Urbany, Bearden, & Weilbaker, 1988). Obviously, the higher the perceived quality, the higher the purchase price (Becker, 2009; Reynolds et al., 2009). This compels companies to exaggerate the reference price to influence purchase intentions (Blair & Landon, 1981), as well as intensifying promotional activities (Chang & Albert, 1994). However, these relationships can also work the other way, where price perceptions and perceived value influences purchase intentions (Liang & Chen, 2012; McKechnie et al., 2007; Muthitacharoen et al.,

Download English Version:

<https://daneshyari.com/en/article/6837807>

Download Persian Version:

<https://daneshyari.com/article/6837807>

[Daneshyari.com](https://daneshyari.com)