

# FACTORS AFFECTING THE REPURCHASE ONLINE SHOPPING INTENTION OF THAI CUSTOMERS IN BANGKOK: A CASE STUDY OF eBAY.COM

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**Abstract:** *This study explores the repurchase intention to Thai customers on a well known international e-commerce web site. Specifically, it aims to examine the repurchase intention of working Thai customers in Bangkok toward eBay.com. The target population is Thai people working in three highly-ranked commercial areas of Bangkok. An alternative repurchase intention model was developed with perceived usefulness, trust, privacy, perceived interactivity and customer satisfaction as the independent variables and repurchase intention as the dependent variable. 390 Thai respondents were surveyed with a questionnaire. The Pearson's Correlation was used to test the hypotheses. The results show that trust in a website has the ability to influence the perceived usefulness of eBay. They also show that the relationship of privacy with trust has an indirect impact on repurchase intention of Thai eBay customer and that customer satisfaction, perceived usefulness, perceived interactivity and trust directly affect the repurchase intention of Thai eBay customers.*

**Keywords:** *Repurchase intention, perceived usefulness, perceived interactivity, trust, customer satisfaction and privacy.*

## 1. Introduction

A number of factors can affect a customer's repurchase intention on a shopping website. Some are interactive and attract customers to repurchase: online shopping is available 24 hours; it is easy to use, which makes it more attractive to shop online than at a conventional store; users can read comments written by other buyers on the website; and they can check the price of a product before making a purchase. Besides the website's interactivity, the other main factors affecting a customer's repurchase intention include trust, customer satisfaction, privacy, perceived usefulness and perceived interactivity.

Much has been written on these online shopping issues, most notably, trust, privacy, and customer satisfaction, which will be at the core of this study. Ndubisi (2011), for example, defined trust as the belief in the trustee's ability to fulfill its obligations as expected by the trustor.

Integrity, which is closely related to the concept of trust, is defined as the belief that the trustee will be honest and honor his/her commitments (Ndubisi, 2011). Collier and Bienstock (2006) defined privacy as the secrecy of the customer's information which the website keeps confidential. They also determined that it is the assurance by the website that the credit card information will be protected from potential hackers. According to Bhattacharjee (2001), an individual is more likely to intend to undertake continued usage when such usage is perceived to be useful. Nevertheless, since the market keeps developing and information technology changing dramatically and rapidly, the perceived usefulness should to be timely investigated as should the repurchase online intention of users. This study will do just that.

To study the repurchase intention of online purchasers, the researcher chose to focus on eBay.com and on respondents with experience shopping online through eBay, with a preference given to working people.

eBay Inc. is an American corporation that provides an online auction and

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shopping service in which businesses buy and sell an extensive variety of goods and services worldwide. It was founded in 1995 by Pierre Omidyar, a Franco-Iranian programmer. The basic initial aim of the website was to set up an online auction. And eBay.com has become eminent as an open-trading or an auction stage that facilitates the market and the process of setting the price of an item in a consumer-to-consumer or in any other type of transactions. eBay takes the position of a customer going online to buy any product such as, for example, a new cell phone, a movie DVD or an antique lunchbox as a collection item. It doesn't charge any fee for bidding on listed items. Winning bidders typically pay shipping fees in addition to the price set by the seller. So, what are the reasons for the researcher to focus on eBay?

eBay is well known and enjoys a good reputation among users ([http://www.cfah.org/activities/GettingTools\\_Used/eBay.pdf](http://www.cfah.org/activities/GettingTools_Used/eBay.pdf), accessed on February 2, 2012). According to a research article from Dellarocas (2001), eBay is capable of inducing efficient market outcomes in the marketplace even though true quality information is unknown to buyers since the advertised quality is completely under the control of the sellers. As a matter of fact, the only information available to the buyer is the item's advertised quality plus the seller's feedback profile. Prior research of online auctions confirms that sellers with better reputations are measured by the scores returns they earn on reputation (Saastamoinen, 2009). Moreover, as some empirical results show, eBay not only has a solid reputation for the reliability of its information, it has also managed to provide remarkable stability in a very uncertain trading environment (Dewan and Hsu, 2001).

The purpose of the study is to identify and examine the main factors influencing the repurchase intention of Thai consumers towards eBay. It also aims to measure and account for the relationships between eBay

Thai customer satisfaction and repurchase intention and trust, eBay Thai customer privacy and trust, eBay Thai customer perceived interactivity and repurchase intention, eBay Thai customer trust and perceived usefulness of eBay and repurchase intention towards eBay, and eBay Thai customer perceived usefulness of eBay and repurchase intention towards eBay.

After reviewing the relevant literature and introducing the conceptual framework and hypotheses developed for this study, as well as the methodology used, the article focuses on the findings. It then discusses them and makes some recommendations, emphasizing in particular the need for more interaction with customers.

## 2. Literature Review

### - *Customer satisfaction*

Whereas traditional models defining satisfaction implicitly assume that customer satisfaction is the result of a cognitive process, more recent conceptual developments suggest that an effective process may also contribute substantially to the explanation and prediction of consumer satisfaction (Oliver, 1981). The theory of perceived value noted that customer satisfaction is an emotional response induced by a cognitive evaluative process (Parker and Mathews, 2001). According to Kotler's (2000) definition, customer satisfaction is viewed as an individual's emotion about complacency and discontent caused when comparing the perception of a product or service in relation to the existing expectation. Customer satisfaction determines the intention to purchase or not to purchase from the online websites (Tsai and Huang, 2007). It is particularly critical to the success of online stores as it has been highlighted as a major driver of post-purchase phenomena, such as repurchase intention. In early online shopping, a web presence and low prices were believed to be the key drivers of success. But today,

the web site quality has become an important aspect for improving customer satisfaction and creating customer loyalty (Parasuraman et al., 1988). However, Oliver (1997) also defined satisfaction as an evaluative judgment concerning a specific purchasing decision.

- *Perceived Interactivity*

Rafaeli and Sudweeks (1997) stated that perceived interactivity is an internet-facilitated communication between two parties that is unlike a face-to-face direct communication because it involves the help of computer technology. Bernoff and Li (2008) identified several communication-facilitating web site presentations. They include personalization of the web page content, visual assistance, polls, video clips, guest books, chat rooms, blogs, and addresses for direct contact. Chen et al. (2003), determined that the most frequently interactivity issues were internet connection, web site design, maneuverability, and waiting time. Three major components are involved in the interactivity with customers: the consumer's connection quality, ISP's overall quality, and the vendor's connection quality. While an internet marketer does not have direct control over consumers' and ISPs' connection capability, it can improve a consumer's shopping experience by offering a well-designed web site to make maneuvering easier and provide adequate capacity to prevent system overload. Novak et al. (2000) conducted an online survey with highly experienced users and found that a shopper's focused state of mind arises as a result of achieving flow on the web site, produced by any web page element that facilitates interaction between the online organization and the client. What the client gets from these features can be summarized as "perceived interactivity," which represents the online organization's existence and the degree of engagement or concern towards the customer which gives the customer a sense of having

interactivity with the company.

- *Perceived Usefulness*

Bhattacharjee (2001) determined that customers would not shy away from a transaction if they perceived that it was useful for them. This perception of usefulness motivates customer behavior and attitude toward online shopping and intention to shop on the Internet. A website is useful if it delivers customer services that meet customer expectations (Barnes and Vigden, 2002). The usefulness of a website has a positive impact on customer attitudes. It may encourage customers to continue to use the e-commerce store (Bhattacharjee, 2001).

- *Privacy*

Privacy reflects the degree to which an online shopping web site is safe and protects the customers' information (Chiu et al., 2008). According to Flavian et al. (2008), consumer distrust is increasingly regarded as how personal data is being gathered and processed. Customers who are not sure whether their privacy is protected will most likely be unwilling to repurchase online. Conversely, if privacy is assured, they will be more willing to repurchase online. Growing consumer distrust creates a barrier for online shoppers even though they are interested in shopping online. This lack of trust by online customers is based on the concern that online vendors will sell their personal information to other parties without their consent or knowledge. Collier and Bienstock (2006) acknowledged that consumers fear that their credit card information would not be secured and protected from potential hackers. Such a lack of security could lead to serious debt problems for the shoppers if a hacker were able to connect to their personal credit card account. This fear keeps many consumers from shopping online. Bart et al. (2005) indicated that a consumer's sense of privacy is a substantial and positive influence on trust towards an online shopping.

- *Repurchase intention*

According to Boonlertvanich (2011), repurchase intention simply refers to the likelihood of using a brand again in the future. Behavioral intent, which is the intention to act in the buying decision process, is the intermediary between attitudinal and behavioral loyalty, appearing either as a predisposition to buy a brand for the first time or a commitment to repurchase a current brand (Zhu and Meyers, 2009). Yi and Suna (2004) measured repurchase using two indicators, repeat purchase intention and repurchase probability. Seiders et al. (2005) determined that repurchase intention will show the possibility of customers' behavior to continuously repurchase further. Cronin et al. (2000) argued that it is preferable to focus on protecting the current customer or encouraging a repurchase rather than to primarily concentrate on offensive marketing strategies.

- *Trust*

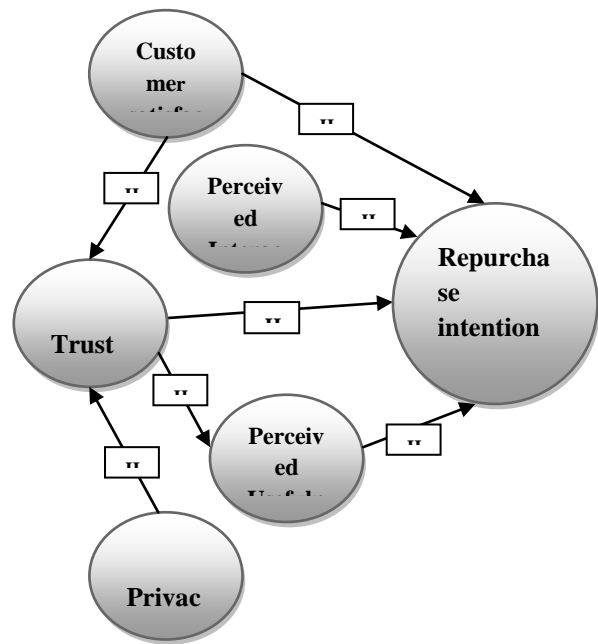
Johnson and Grayson (2005) identified trust as a psychological element, which unites the two concepts of cognitive and affective trust. An individual has cognitive trust when he/she has good reasonable factors in the object of the trust, or affective trust when he/she is influenced by strong positive feelings for trust (Corritore et al., 2003). Trust can also be described as the customer's belief that the seller will behave benevolently and ethically (Pavlou and Fygenson, 2006). A lack of trust will be an obstacle for vendors in online shopping in gaining loyal buyers, because those customers rarely interact with a vendor who fails to convey a sense of trustworthiness (Hoffman et al., 1999). According to Ajzen's (1991) theory of Planned Behavior, trust will create value of feelings towards the online shop which will in turn increase a customer's intention to purchase online products. Yet when consumers are comfortable with shopping online and perceived the usefulness of the website, it

means that they have trust in the vendor (Gefen et al., 2003).

### 3. Conceptual Framework and Methodology

Based on the concepts reviewed in this study, a modified conceptual framework incorporating the factors affecting repurchase intention was developed as follows:

**Figure 1 – Conceptual Framework**



Source: created by the author for this study

Six research hypotheses were developed as a result of this framework:

- H1<sub>a</sub>: *There is a significant relationship between customer satisfaction and trust.*
- H2<sub>a</sub>: *There is a significant relationship between privacy and trust.*
- H3<sub>a</sub>: *There is a significant relationship between customer satisfaction and repurchase intention.*
- H4<sub>a</sub>: *There is a significant relationship between perceived interactivity and repurchase intention.*
- H5<sub>a</sub>: *There is a significant relationship between trust and repurchase intention.*

H6<sub>a</sub>: *There is a significant relationship between trust and perceived usefulness.*

H6<sub>a</sub>: *There is a significant relationship between perceived usefulness and repurchase intention.*

The researcher applied descriptive research as the research method. According to Zikmund (2003), descriptive research is designed as research that helps to identify the characteristics of a population of consumers or phenomenon and this kind of research seeks to determine the answer to who, what, when, where and how questions.

The target population is people who work in three commercial areas of Bangkok ranked as the most active commercial areas, namely Sukhumvit, Silom, and Sathon (<http://www.biztradeshows.com/thailand/bangkok/business.html>, accessed on February 3, 2012). The focus is on respondents who have credit cards or pay pal accounts. It is assumed that this target sample has at one time or another shopped and made payments through eBay. Respondents had to be at least 20 years old. A total of 390 respondents were asked to answer the questionnaire.

#### **4. Findings and Discussion**

The majority of the respondents of were females, 57.4%, or 224 females. All the null hypotheses were rejected. Hypothesis six has a very high positive correlation. Hypotheses three, five and seven have a medium positive correlation. And Hypotheses one, two, and four have a low positive correlation.

As the results of Hypothesis one show, there is a relationship between Thai eBay customer satisfaction and their trust towards repurchase intention on eBay. This result is similar to the findings of Ha et al. (2008) and supports a link between the two variables at the significant level of .01.

The second hypothesis points to a relationship between the privacy provided by eBay and the trust of Thai eBay customers. This finding coincides with Chiu et al. (2008), who found that privacy is an important factor leading to online customer trust. The two variables' correlation is significant even at .01 levels.

As to the third hypothesis, there is a relationship between Thai eBay customer satisfaction and repurchase intention towards eBay. This is in keeping with Ha et al. (2008), who found that there is a link between the two variables even at the significance of .01.

Hypothesis four shows there is a relationship between Thai eBay customer's perceived interactivity and their repurchase intention towards eBay. This result is in-keeping with Haubl and Trifts's (2000), who suggested that interactivity in online shopping store has an effect on e-purchasing.

Hypothesis five shows the existence of a relationship between Thai eBay customer trust and repurchase intention towards eBay. This outcome is also supported by the finding of Zboja and Voorhees (2006) which indicate that customer trust encourages intention to buy again. Also, the result is similar to Chiu et al.'s (2008) result which shows that trust is positively related to repurchase intention at the .01 significant level.

The results of Hypothesis six show that there is a relationship between Thai eBay customers' trust and their perceived usefulness. This finding is supported by Gefen et al. (2003) who stated that trust is a requirement for perceived usefulness, or that perceived usefulness depends on trust.

As to the last hypotheses, there is a relationship between Thai eBay customers' perceived usefulness and their repurchase intention. The result is consistent with Babin and Babin's (2001) study, which determined that consumers will have stronger repurchase intention if they experience effectiveness of an online shopping web site.

## 5. Conclusion and Recommendations

From the analysis of Hypotheses one and three's common variable (customer satisfaction), the researcher suggests that the company has to improve its interaction with customers perhaps, conducting an exploratory research to find out on which aspect of their online store customers want the most improvement. The company could carry out a focus group interview on random samples.

Hypothesis two relationship between privacy and customer trust leads to the conclusion that if eBay provides high privacy, customers will have a lot of trust in eBay. The statement "I feel that making payment on eBay is safe" has the lowest average mean. Therefore, the researcher would like to suggest that in order to gain more trust from customers the company should assure customers of their privacy by giving a clear and well-defined privacy statement about the transaction of money or trading. The firm could send customers clear and concise privacy protection message before every transaction so that customers are more confident. It should remind them that every transaction would be safe and protected. Furthermore, all of the content mentioned in the statement of privacy should also be followed with effective action, not just statements. The company should improve its customer service department. There should be enough staff to monitor the enquiries or questions about the products sold on the website so that the firm would be in a position to provide quick answers to everybody. Besides, for the answers to be clear and helpful, all the important information from the seller of each product should be obtained, something for which the staff should be well trained. The customer service could also provide information obtained from their additional research so as to make their answers as accurate as possible. In addition, they

could give more details on each product as a supplement solution so that every product's information is unambiguous.

From the analysis of the customer trust variable, it can suggested that eBay should focus more on how to build trust through each customer transaction since the results of this study reveal that trust leads to perceived usefulness and repurchase intention. eBay should set a policy that forces every seller to deliver the exact same product which they post on the website. This might further help eBay gain customer's trust. As it is, customers have second thoughts about the promises made or services provided by eBay.

### - *Recommendations for Future Studies*

This study focuses on eBay which is a famous international online shopping website. Due to the nature of the selected website, the results of this research have limited application to other online shopping websites with similar features and functions. Besides, since the selected population in this study is eBay customers in Bangkok who work in the Sukhumvit, Sathon and Silom areas in Bangkok, the results of this research cannot be reliably used to determine the repurchase intention of other customers in other countries or regions where perceptions and lifestyles are different. Moreover, this research focused only on customers who already have some shopping experience with eBay, so the variables used in this study were selected to align with the purpose of the research. The variables included in this study (perceived interactivity, customer satisfaction, trust, privacy, and perceived usefulness) upon which repurchase intention was expected to rely may not be all suitable for a similar study of other online shopping web sites or different target groups. Further research should involve variables based on the objectives of the study in order to generate pertinent results.

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