

An Empirical Study of Factors Affecting Repurchase Intention in Online Store in Indonesia During Pandemi Covid-19

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ABSTRACT

The aim of this paper is to understand the repurchase intention of customers in online shopping. The Covid-19 pandemic has caused transactions through the online store Tokopedia grew rapidly. Every online store expects an increase in repurchase intention. This study investigates the relationship between perceived benefits (convenience, product selection, and price) and perceived risks (delivery, product performance, return policy, and security) on repurchase satisfaction, with customer satisfaction as a mediating variable. Data collected from 100 respondents were analyzed using Partial Least Square-Structural Equation Modeling using the SmartPLS program. This study shows that customer satisfaction, product selection, price, delivery, product performance, and return policy are significant positive predictors of customer repurchase intention

INTRODUCTION

The social restrictions during the Covid-19 coronavirus pandemic have created an e-commerce boom worldwide, including in Southeast Asia. Market research company eMarketer (Dihni, 2021) estimated that e-commerce growth in Southeast Asia reached 14.3% in 2021. Retail sales through e-commerce in six Southeast Asian countries reached USD 45.07 billion in 2021. Of that amount, as much as USD 20.21 billion, or 45%, came from Indonesia, the largest in the region. Thailand was in second place (17%, followed by Malaysia (16%), Vietnam (10%), Singapore (8%), and Philippines (4%). However, e-commerce in Southeast Asia only contributes 4.6% of total retail sales, estimated to be USD 970.83 billion in 2021 (Dihni, 2021). Therefore, the potential market of e-commerce in the future is promising.

The increasingly widespread e-commerce activities have supported Indonesia's economy, especially during the Covid-19 pandemic. The development of e-commerce has accelerated since the pandemic; Bank Indonesia's Governor predicts that in 2023 the sales volume will reach IDR 572 trillion (Isma, 2022). This is caused by the 64 percent increase in consumers shopping online that occurred during the initial wave of the COVID-19 pandemic when the government started implementing large-scale social restrictions (Arenagadget.id, 2022). As a result, shoppers switch from offline shopping to online shopping. The following figure displays the top five Indonesian e-commerce and their monthly web visits.

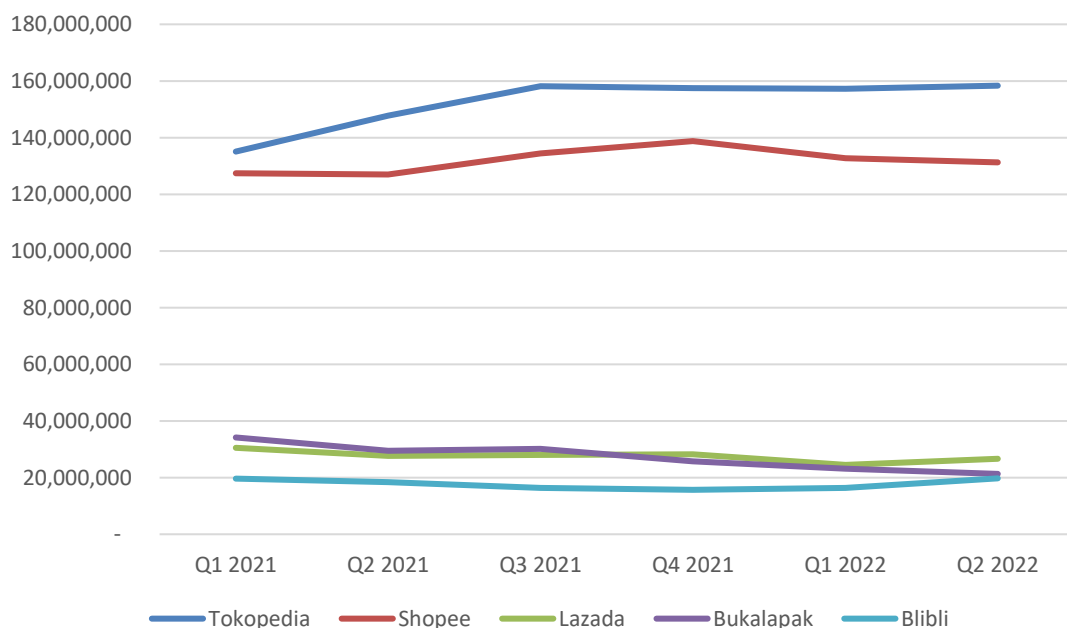


Figure 1. Monthly Web Visits 2021-2022

Source: Iprice, 2022

As seen in Figure 1, the first ranking for the website with the most visitors is Tokopedia, which was founded in 2009. In the second quarter of 2022, visitors to e-commerce Tokopedia reached 158 million per month. This company is the largest e-commerce and has the most customers in Indonesia. However, in

August 2022, its ranking dropped to the second position, below Shopee (Septiani, 2022). Website visits need attention because they can impact repurchase intention (Dewi et al., 2022). Every business expects repurchase intention to ensure that sales will last forever and sellers will receive continuous profits (Jahja, 2022). Therefore, it is necessary to investigate further the factors that cause repurchase intention at Tokopedia. A variety of factors causes repurchase intention. Every consumer has a different perception; therefore, every e-commerce must be able to know things that can influence consumer repurchase interest covered (Saripudin & Faihaputri, 2021).

According to Khan et al. (2015), repurchase intention in online stores is influenced by customers' satisfaction. In this sense, satisfaction is the consequence of the customers' consideration perceived between benefits and perceived risk. Repurchase intention refers to the likelihood of buying the same product, using a service provider, or buying in the same store again in the future (Khan et al., 2015). Their model has been replicated in different contexts (e.g. (Nguyen et al., 2021; Türkmendağ & Uygur, 2021; Yeo et al., 2021). However, too little attention has been paid to Indonesian online customers during the pandemic. This study contributes to the literature by empirically investigating the relationship among customer satisfaction, perceived benefits, perceived risk, and repurchase intention. This research emphasizes the importance of more benefits and less risk to influence customers' repurchase intention in e-commerce. Thus, this study is expected to contribute to the knowledge in this field of research.

LITERATURE REVIEW

Customer Satisfaction

Customer satisfaction is personal judgment about the product performance compared with the expectation (Kotler et al., 2020). If the performance is above the expectation, customers will be satisfied. On the contrary, customers will be dissatisfied. Past studies have found that satisfaction positively impacts repurchase intentions toward online shopping (Khan et al., 2015). Literature regarding marketing services has demonstrated that satisfaction is a crucial antecedent of customer repurchase intention, and it has been supported by numerous studies (Shang & Bao, 2022). Therefore, a research hypothesis can be formulated:

H₁: Customer Satisfaction has a positive effect on repurchase intention.

Customer Convenience

Customers' convenience refers to the comfort feeling toward their time and effort to acquire a product (Pham et al., 2018). Feeling comfortable will provide a positive assessment that generates customer satisfaction. Deyalage & Kulathunga (2019) found enormous studies stating that convenience is a significant determinant of customer satisfaction in online shopping. Referring to the description, a research hypothesis can be formulated:

H₂: Customer convenience has a positive effect on customer satisfaction.

Product Selection Information

Product variations enable customers to choose according to their tastes and preferences. As a consequence, they will be more satisfied. This statement is supported by previous research demonstrating that product selection will increase customer satisfaction (Mofokeng, 2021). Based on these findings, the present study proposed a hypothesis:

H₃: Product selection information has a positive effect on customer satisfaction.

Product Price

Lower price is an essential source of satisfaction. If the price is low and the quality is perceived as useful, it will affect high customer satisfaction. Indonesian customers are seeking discounts and price promotions. They spend a lot of time making comparisons looking for the lowest price. Mostly, online shoppers offer a lower price than offline stores. Past studies showed that price is crucial in determining satisfaction (Khan et al., 2015). Hence, we propose the hypothesis:

H₄: Product prices have a positive effect on customer satisfaction.

Delivery Risk

Customers are concerned about the product their order can be received as expected. They cannot use or consume the product unless it has been delivered. Online shopping entails the risk of damaged products, lost, or wrong addresses. These accidents can increase dissatisfaction. Khan et al. (2015) (Khan et al., 2015) found that delivery risk decreased customer satisfaction. Their research are supported by Mofokeng (2021) and Silaban et al. (2020). Therefore, a research hypothesis can be formulated:

H₅: Delivery risk has a negative effect on customer satisfaction.

Product Performance Risk

Product performance risk occurs when the purchased product does not match the promise. Unlike offline customers, online customers cannot touch, see, taste, smell or try the product they want to buy. They are only able to read descriptions and see videos about product performance. If product performance does not match their expectations, customers will be disappointed. Khan et al. (2015) and Silaban et al. (2020) prove that the product's bad performance will result in decreased satisfaction. Hence, we proposed the hypothesis:

H₆: Product performance risk has a negative effect on customer satisfaction.

Return Policy Risk

Return Policy is the process of returning goods that are not suitable. In this context, the return policy means the return of goods that do not match the demand or a function of the customer's demand. This policy gives customers the right to return the product and get their money back. On the other hand, it could increase the risk because of the time to return the product or the incurred cost they have to bear. Return policy risk can influence customer satisfaction (Balhareth et al., 2021). If the risk increases, satisfaction will decrease. Based on the description, a research hypothesis can be formulated:

H₇: Return policy risk has a negative effect on customer satisfaction.

Security Risk

Online customers are exposed to security risks. Their data could be stolen, and their information could be misused by other parties (Jain & Kulhar, 2019). In this regard, security refers to the website's capability to prevent unauthorized use or exposure of consumers' private information during online transactions (Mofokeng, 2021). If customers perceive that their security is threatening, satisfaction with online stores decreases. Several studies support this statement (Mofokeng, 2021). Given these studies, the proposed hypothesis is:

H₈: Security risk has a negative effect on buying interest online.

Based on the previous explanation, the framework of this research is as follows:

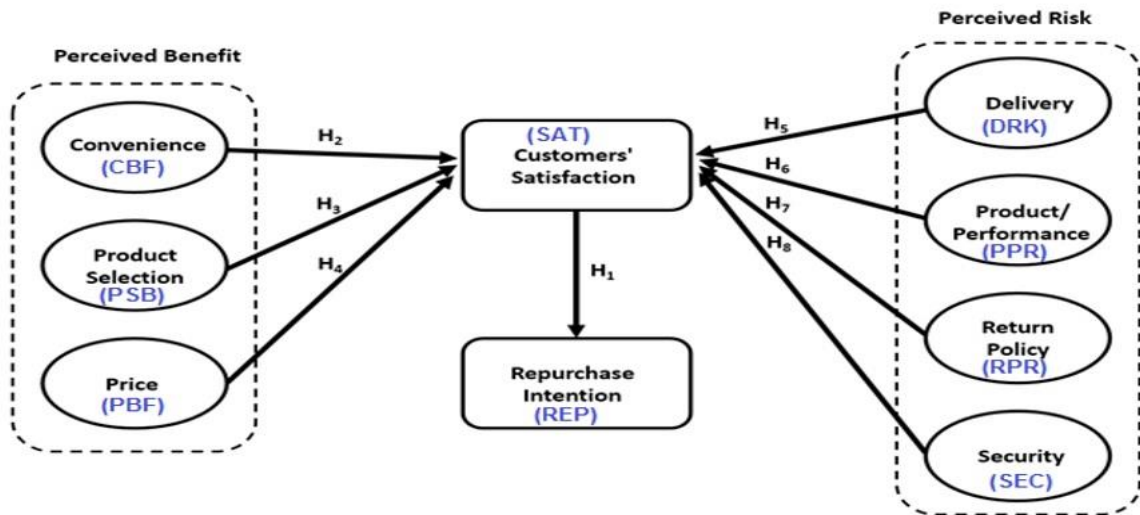


Figure 2. Research Hypothesis

Source: Z Khan, 2015

- H₁: Customer satisfaction positively affects repurchase intentions.
- H₂: Convenience benefits positively affect customer satisfaction on repurchase intentions.
- H₃: Product information positively affects customer satisfaction on repurchase intentions.
- H₄: Price benefits positively affect customer satisfaction on repurchase intentions.
- H₅: Delivery risk negatively affects customer satisfaction on repurchase intentions.
- H₆: Product performance risk negatively affects customer satisfaction and repurchase intentions.
- H₇: Return policy risk negatively affects customer satisfaction on repurchase intentions.
- H₈: Security risk negatively affects customer satisfaction and repurchase intentions.

METHOD

This study aimed to examine the effect of perceived benefits (convenience, product information, price) and risk perception factors (delivery risk, product performance risk, return policy risk, and security risk) on customer satisfaction and repurchase intention. The population of this study is internet users who have shopped online at least once on Tokopedia or other sites.

The sample of the study is a non-probability sampling technique utilizing purposive sampling. The researchers use their judgment deliberately in selecting members of the population who are considered suitable for providing the information needed for research. In this study, the sample used must meet the following criteria: (1) internet users with a minimum age of 17 years, (2) have shopped online on Tokopedia or other sites at least once, (3) have a device with an internet network to access the site (computer, laptop, gadget/smartphone), and (4) have a bank account to make payments.

The sample number is 100 respondents. The data is collected by using questionnaire through Google Form. The analysis method is quantitative, so the testing formula follows the hypothesis's character.

RESEARCH RESULT

Evaluation of the Measurement Model (*Outer Model*)

If the loading factor value of an indicator > 0.50 , then the indicator is valid. All indicators in this study have a loading factor value > 0.50 ; all indicators are declared valid. The following is an evaluation of the measurement model of indicator validity:

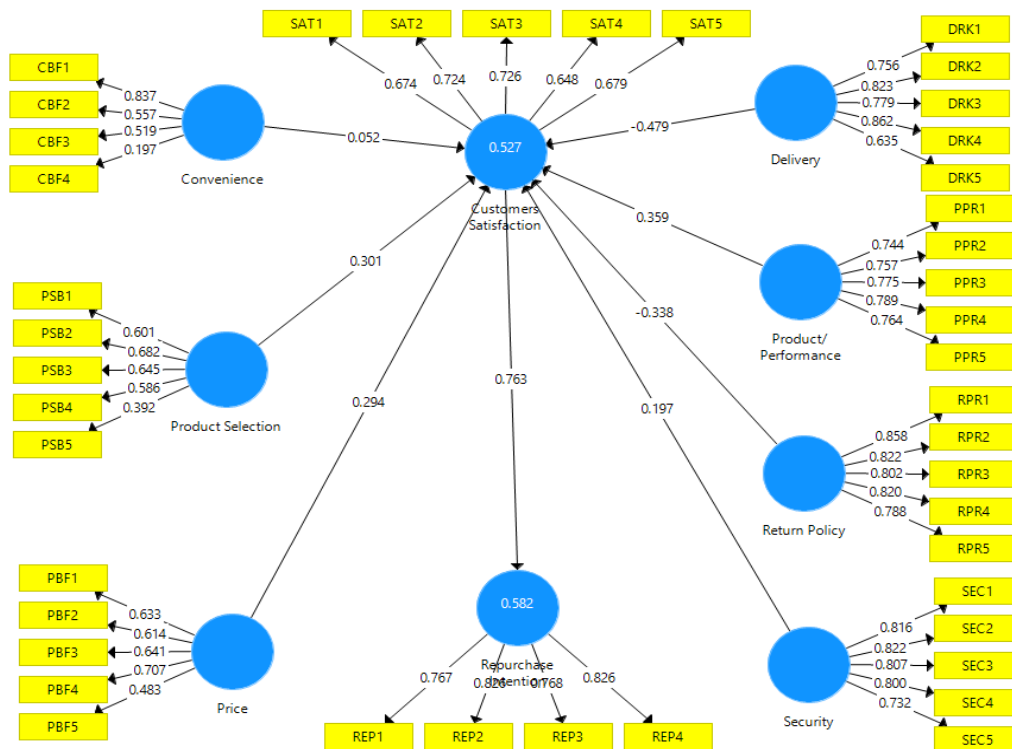


Figure 3. Evaluation of the Measurement Model (*Outer Model*)

Further evaluation by looking at the AVE (Average Variance Extracted) value. The AVE value is good if it exceeds 0.50 (Chin, cited by Ghozali, 2006). The following is the AVE value in this study:

Table 1. AVE Value (*Average Variance Extracted*)

CONTRACT	ITEM	OUTER LOADING	Cronbach's Alpha	Composite Reliability	AVE (Average Variance Extracted)
CBF	CBF1	0.841	0.538	0.685	0.732
	CBF2	0.571			
	CBF3	0.512			
DRK	DRK1	0.756	0.839	0.881	0.700
	DRK2	0.823			
	DRK3	0.779			
	DRK4	0.862			
	DRK5	0.634			
PBF	PBF1	0.646	0.580	0.757	0.738
	PBF2	0.630			
	PBF3	0.677			
	PBF4	0.694			
PPR	PPR1	0.743	0.826	0.876	0.786
	PPR2	0.757			
	PPR3	0.774			
	PPR4	0.789			
	PPR5	0.765			
PSB	PSB1	0.617	0.528	0.739	0.716
	PSB2	0.710			
	PSB3	0.687			
	PSB4	0.555			
REP	REP1	0.767	0.809	0.874	0.636
	REP2	0.825			
	REP3	0.768			
	REP4	0.827			
RPR	RPR1	0.858	0.877	0.910	0.670
	RPR2	0.822			
	RPR3	0.802			
	RPR4	0.820			
	RPR5	0.788			
SAT	SAT1	0.678	0.726	0.820	0.777
	SAT2	0.724			
	SAT3	0.725			
	SAT4	0.647			
	SAT5	0.677			
SEC	SEC1	0.816	0.857	0.896	0.634
	SEC2	0.822			
	SEC3	0.807			
	SEC4	0.800			
	SEC5	0.732			

Table 2. Hypothesis Test

Hypothesis	Path	Original Sample (O)	Sample Mean (M)	(STDEV)	T Statistics	Decision
H ₁	SAT->REP	0.763	0.761	0.060	12.711	Supported
H ₂	CBF->SAT	0.062	0.078	0.085	0.729	Not supported
H ₃	PSB->SAT	0.301	0.319	0.112	2.691	Supported
H ₄	PBF->SAT	0.291	0.275	0.118	2.465	Supported
H ₅	DRK->SAT	-0.469	-0.408	0.212	2.212	Supported
H ₆	PPR->SAT	0.350	0.279	0.193	1.981	Supported
H ₇	RPR->SAT	-0.330	-0.305	0.195	1.969	Supported
H ₈	SEC->SAT	0.185	0.147	0.177	1.042	Not supported

DISCUSSION

- The data generated from testing using SmartPLS shows that the t-statistic value is 12.711 > 1.96, so H₀ is accepted. This shows that user satisfaction has a positive and significant effect on repurchase intention has significant effect on repurchase intention to Tokopedia. Thus hypothesis 1 (H₁) in this study is supported or accepted. This result is in line with Khan et al. (2015) and Shang and Bao (2022) that satisfaction is the main predictor of customers' intention to repurchase online.
- The data generated from testing using SmartPLS shows that the t-statistic value is 0.729 < 1.96, so it is not accepted or rejected. This indicates that user convenience does not significantly affect customer satisfaction shopping at Tokopedia. Thus hypothesis 2 (H₂) in this study is not supported or rejected. This result is suitable with Sidanta et al. (2022), which proved that convenience of the buying process does not affect consumer satisfaction. The aspects such as purchase instructions, arrangement of the appearance of products, and shopping baskets in e-commerce are also different from each e-commerce site or each online store, so the process convenience factor of these purchases becomes less consistent and subjective.
- The data generated from testing using SmartPLS shows that the t-statistic value is 2.691 > 1.96, so H₀ is accepted. This indicates that information in user product selection has a positive and significant effect on customer satisfaction shopping at Tokopedia. Thus hypothesis 3 (H₃) in this study is supported or accepted. This result is in line with Mofokeng (2021), which demonstrated that product information would increase customer satisfaction. Consumers can choose according to their tastes and preferences based on product information.

- The data generated from testing using SmartPLS shows that the t-statistic value is $2.465 > 1.96$, so H_0 is accepted. This indicates that price significantly affects customer satisfaction shopping at Tokopedia. Thus hypothesis 4 (H_4) in this study is accepted. This result is in line with Khan et al. (2015), which proved a significant effect between price and consumer satisfaction. If consumers perceive the price is cheap, it can increase consumer satisfaction.
- The data generated from testing using SmartPLS shows that the t-statistic value is $2.212 > 1.96$, so H_0 is accepted. This indicates that the delivery risk significantly affects customer satisfaction shopping at Tokopedia. Thus hypothesis 5 (H_5) in this study is accepted. If the customer feels that the delivery risk is low, then they will be satisfied.
- The data generated from testing using SmartPLS shows that the t-statistic value is $1.981 > 1.96$, so H_0 is accepted. This indicates that product quality significantly influences customer satisfaction in shopping at Tokopedia. Thus hypothesis 6 (H_6) in this study is accepted. This result is in line with Khan et al. (2015) Silaban et al. (2020). If the company can improve quality product it offers, then customer satisfaction will also increase. On the other hand, if the company experiences a decrease in product quality provided, then customer satisfaction also experiences a decline.
- The data generated from testing using SmartPLS shows that the t-statistic value is $1.969 > 1.96$, so H_0 is accepted. This indicates that the product return policy significantly affects customer satisfaction shopping at Tokopedia. Thus hypothesis 7 (H_7) in this study is accepted. The return policy with better improvement by Tokopedia, will cause higher satisfaction.
- The data generated from testing using SmartPLS shows that the t-statistic value is $1.042 < 1.96$, so H_0 is rejected. This indicates that security risk does not significantly influence customer satisfaction shopping at Tokopedia. Perhaps the risk of offline shopping is also greater because of the pandemic situation.

CONCLUSION

The results showed that the main causes that influence repurchase decisions made by consumers are:

Customers consider product prices, convenience, product information, and return policies as prerequisites for customer satisfaction on repurchase intentions in online stores.

- Low consumer trust increases risk due to the lack of physical senses (seeing, touching, tasting and smelling) in the shopping process. Therefore, to increase customer satisfaction, Tokopedia must provide clear and easy-to-understand information, and the quality of the product must be the same as described in the application.
- Tokopedia managers should introduce mechanisms to improve security to motivate people to repurchase online stores. Consumers should not worry about losing their money and other financial information. Prompt delivery plays a critical role in Tokopedia's customer satisfaction.

- To satisfy consumers in today's age of competitive e-commerce, online store retailers should keep a close eye on timely delivery and customer service. Delayed and unclear deliveries will lead to customer dissatisfaction.
- Similarly, customers feel fear of risk when shopping at e-stores, so it is necessary to reduce the risk for customer satisfaction on repurchase intention at online stores. Therefore, online store managers or owners should offer consumers many options with competitive product prices.

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