Factors Affecting Repurchase Intention

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Abstract

This research endeavors to scrutinize the determinants influencing consumers' satisfaction for repurchasing intention on the Shopee platform, with customer satisfaction posited as an intermediary variable. Employing a quantitative methodology, data from respondents were collected through a google form survey. The sampling strategy involved convenience sampling, yielding a cohort of 102 participants. Data analysis was executed using a partial least squares structural equation model (PLS-SEM), validated through SmartPls 3.0. The findings indicated that delivery service, brand reputation, and cashback promotions exerted a favorable impact on customer satisfaction, thereby positively influencing repurchase intentions. Moreover, customer satisfaction emerged as a mediating factor in the correlation between service delivery and repurchase intentions, as well as between cashback promotions and repurchase intentions.

Keywords: Shipping, Brand Reputation, Cashback Promo, Satisfaction, Repurchase Intention.

1. Introduction

The growth of e-commerce market in Indonesia has increased significantly in the last few years, which shown that Indonesia would become a potential market in digital business [1]. E-commerce transaction in Indonesia in 2022 showed 23% of growth compared to last year with a total transaction of IDR 108,54 billion [2]. Digitalization advancement has diverted the customers' buying behavior from conventional or buy directly in the physical store to online buying [3]. This important fact shows that for companies and entrepreneurs to be able to maintain the existence of their businesses, they need to expand their sales network to online sales. E-commerce is a series of activities of buying and selling products or services by companies or entrepreneurs using electronic media or internet. One of the popular e-commerce platforms in Indonesia is Shopee.

Shopee is one of the electronic commercial sites from Singapore and is well known in Indonesia especially for women in Indonesia [4]. Although Shopee is a popular e-commerce in Indonesia with significant sales increment of 29% in 2022 compared to a year before; Shopee's parent company, Sea Group, was experiencing 115% lost in the second Quarter in 2022 [5]. It was caused by the significant increase of cost of revenue as well as the increasing expense in logistics due to the significant increasing of incoming orders [6]. One of the factors to evaluate the success of an e-commerce is the interest of the customers to conduct repurchase [7]. Therefore, it is essential to identify the factors that could influence the intention of repurchase in an e-commerce platform.

Previous research indicates that shipping of an e-commerce would affect the intention of customer's repurchase [8]. Good shipping will influence the customer's intention toward repurchase [9]. Moreover, brand reputation can be one of the considerable factors for customer to conduct repurchase on an e-commerce platform [10]. Another study also indicates that cashback promotion can influence the customer's intention in repurchase [11]. Customer satisfaction can also become one of the factors that could mediate the intention of customer's repurchase [12]. Therefore, in this research, the researcher is interested to do further research regarding factors that could influence the intention of customer's repurchase in Shopee by using variables that consist of shipping, brand reputation, and cashback promotion as exogen variable with satisfaction as mediating variable.

E-commerce is every activity related to information, selling and buying products and services through internet and online platform [13]. There are three benefits of e-commerce, which consist of the benefit of marketing and competitiveness, the benefit to support strategy and development, and the benefit of business efficiency [14]. In terms of the benefit of marketing and competitiveness, e-commerce would ensure the stability in surviving in the business environment with its dynamic and competitiveness [15]. Moreover, e-commerce would increase productivity and create economic scale, which leads to better operational efficiency and performance [16]. From the perspective of strategy and development, e-commerce would be a company's investment that would become sustainable competitive advantage and better performance. Furthermore, the benefit of business efficiency of e-commerce is by adopting e-commerce technology; it would improve internal efficiency in terms of better processing orders, the growth of work vacancies, inventory control, online staff recruitment, accountability, and staff's satisfaction [17].

Repurchase intention is a process that could be done by someone in terms of buying products or services from the same company and the reason behind repurchase intention is past purchase experience. On-time shipping is an important factor in predicting customer's satisfaction compared to price; if it is related to the research on e-commerce [18]. Previous research indicated that accurate package delivery to the customer's house has become an influential factor toward online buyer's satisfaction [19]. Moreover, logistic specification was an important factor in determining customer's satisfaction in online business. Research conducted stated that shipping or logistic service quality would affect customer's repurchase intention. Better shipping provided by e-commerce platform would affect customer's satisfaction level and customer's repurchase intention. Therefore, this research presents hypotheses as follow H1a: Shipping has positive influence toward customer satisfaction. H1b: Shipping has positive influence toward repurchase intention.

Brand reputation is an assessment toward a brand made by the company, where the brand is representing the company's name [20]. Brand reputation is also a general assessment by the customers or society toward products and services sold by the company in relation to the company's strengths and weaknesses. Moreover, brand reputation has also participated in accomplishing customer's wishes, needs, and wants toward the products. Previous research indicates that brand reputation has positive influence toward customer satisfaction. Another research finds that brand reputation would influence customer's repurchase intention. Better brand reputation of a company would create satisfaction and proudness of the customer who uses the company's products or services. Furthermore, a better company's brand reputation will create the intention to buy a product at the same company again. Therefore, the hypotheses in this research are as follow H2a: Brand reputation has positive influence toward customer satisfaction. H2b: Brand reputation has positive influence toward repurchase intention.

Cashback promotion is one of type of promotions offered by the company, in which after the customer has bought a product; the customer will receive cash or virtual money in return, based on a certain number of percentages, according to the agreed terms and conditions. Stated that cashback promotion had positive influence toward customer satisfaction. Moreover, cashback promotion was proven to have positive influence toward customer satisfaction. Cashback promotion has positive influence toward customer's repurchase intention. In other words, better cashback promotion offered by the company; will affect to the increasing level of customer's satisfaction toward products or services that have been used. The same goes with the customer's repurchase intention; better cashback promotion given would affect the level of intention of customer's repurchase toward the company. The hypotheses are as follow: H3a:

Cashback promotion has positive influence toward customer satisfaction. H3b: Cashback promotion has positive influence toward repurchase intention.

Generally, customer satisfaction and dissatisfaction would influence the customer's repurchase intention. Dissatisfied customers would not do repurchase. Stated that customer satisfaction had positive influence toward customer's attitude toward the product being purchased; which would then give influence toward repurchase intention. Similar research also stated that customer satisfaction would influence repurchase intention in the upcoming future. In other words, higher level customer satisfaction will influence the intention to do repurchase of a product in the same company. Therefore, the hypotheses in this research are as follow H4: Customer's satisfaction has positive influence toward repurchase intention. Based on the hypotheses that have been described earlier, therefore, the framework in this research could be seen at Figure 1.
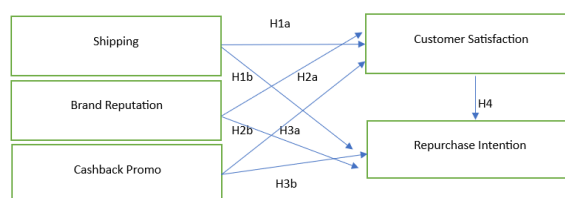

Figure 1. Framework

2. Research Method

This research is using a quantitative approach by collecting data from respondents who have ever do shopping in Shopee; which then be analyzed further to identify how the factors would influence repurchase intention. Data collection in this research is using survey by google form. Questionnaires will be distributed from August to September 2023 to Indonesian citizen who have ever buy products in Shopee. Sample will be chosen using convenience sampling technique; the reason behind is for simplicity and practicality. There are 102 responds toward questionnaire distributed, which are qualified to be analyzed statistically Questionnaire will be distributed using Bahasa Indonesia, which will be presented with words that are easily to be understood by the respondents. Scale measurement that will be used is Likert Scale five points, which consist of 1 for *Sangat Tidak Setuju* (Very Disagree) to 5 for *Sangat Setuju* (Very Agree). Shipping measurement is using six indicators. Brand Reputation measurement is using five indicators. Satisfaction measurement is using five indicators. Measurement of Online Repurchase Intention is using seven indicators. This research is using partial least squares structural equation modeling (PLS-SEM) to estimate complex cause and effect relationship model with latent variable. Analysis tool being used is Smart-PLS 3.0, which is needed to evaluate prediction model validity that describe revisit intention to a destination. Due to the number of

samples that is more than 100, which is 102 respondents; therefore, PLS-SEM approach is suitable to be used.

3. Result and Discussion

This research was conducted by examining 102 respondents. Most of the respondents are female, that consist of 67 people compare to male, that consist of 35 people. Most of the respondents' ages are in between 20-29 years old, that consist of 39 people; with the least respondents' age above 50 years old, that consist of 8 people. Married respondents are 60 people and single respondents are 42 people. Most respondents working status are as students, that consist of 34 people; with the least working status are as experts / professionals, that consist of 8 people. Based on monthly income, most of respondents are the respondents with no income, that consist of 20 people. Meanwhile, respondents with monthly income more than IDR 30 million are only 8 people.

Measurement model in research is the first step that needs to be done in SEM, which consists of construct reliability evaluation, indicator reliability, convergent validity, and discriminant validity from established construct. Construct reliability evaluation can be seen from its composite reliability (CR) and Cronbach's Alpha (CA). If the CR value of a construct is more that 0,07; it shows that construct reliability is adequate, which is because this research is using confirmatory research approach. CR value is more than 0,07, which shows that the construct reliability is adequate. Indicator reliability can be evaluated based on CA value with the criteria that CA value should be more than 0,06. The result in this research shows that CA value of all factors in this research are more than 0,06, which shows that all the indicators in this research are reliable. Moreover, construct convergent validity can be seen from the value of Average Variance Extraction (AVE). The criterion is that the AVE value should be more than 0,50 (Fornell & Larcker, 1981). In this research, all constructs are having AVE value of more than 0,50, which means that convergent validity of the construction is confirmed. Values of CA, CR, and AVE.

Discriminant validity test in this research is using three methods, those are Fornell-Larcker criterion, Heterotrait-Monotrait (HTMT), and Cross-loading. Initial discriminant validity construct can be seen by evaluating cross loading indicator. Fornell-Lacker Criterion is used to evaluate discriminant validity by comparing square root of AVE, which has been extracted from each construct with relations between each construct. HTMT method is being used to estimate discriminant validity of construct by using multitrait and multimethod matrices. Fornell-Larcker and HTMT result of this research can be seen. This research is confirmed to have adequate discriminant validity, because it has construct loading item value, which is bigger than its cross-loading value.

Structural model result is indicating that causal relationship between SH toward ST (B=0,473 dan p-value=0,000), and the relationship between SH toward RI (B=0,361 dan p-value=0,045) are having positive and significant relationship statistically. Meanwhile, causal relationship between BR toward ST (B=0,206 dan p-value=0,043), and relationship between BR toward RI (B=0,576 dan p-value=0,000) are positive and significant statistically. Moreover, relationship between PC toward ST (B=0,331 dan p-value=0,000), relationship between PC toward RI (B=0,426 dan p-value=0,001), and relationship between TS toward RI (B=0,458 dan p-value=0,000) are positive and significant. Furthermore, according to Cohen [10] that effect size (f^2) can be calculated by following the criteria suggested, whereas 0,35, 0,15, and 0,02 are representing the size effect of substantial, medium, and small, respectively.

Indicates that f^2 value in this research that have substantial effect are the influence of SH toward ST and the influence of BR toward RI. Besides, indicates Q^2 (Q- Square) value. Q- Square value is used to measure how good the result of the observation value from the model as well as its parameter estimation. The criterion is Q-Square value is greater than 0 (zero) to show that the model has predictive relevance value. Meanwhile, if the Q-Square value is less than 0 (zero), it shows that this model lack of or does not have predictive relevance. Q^2 value in this research has value greater than 0 (which is 0,467 and 0,311), which indicates that the model in this research has predictive relevance value. In other words, all the exogen variables in this research show substantial predictive relevance level with its endogen variable respectively. Next is determination coefficient test to measure the model ability in explaining how great independent variable influence is simultaneously affect dependent variable, which can be seen from its adjusted R-Squared value. R-Squared value greater than 0,67 can be categorized as strong; it is categorized as moderate if it is greater than 0,33 and weak if the value is greater than 0,19 but less than 0,33. The R-Squared value in this research is 0,689 or 68,9%, which means that the ability of the model in this research in explaining the influence of independent variable toward dependent variable is 68,9%, while the remaining is influenced by other factors that are not being researched in this research.

Customer's satisfaction is a factor that mediate the relationship between shipping toward repurchase intention in Shopee (with a value of B=0,087, dan p-value=0,001), and also mediate the relationship between promo cashback toward repurchase intention in Shopee (with the value of B=0,065, dan p-value=0,000). However, customer's satisfaction cannot be the factor that could mediate the relationship between brand reputation toward repurchase intention in Shopee (with the value of B=0,264 dan p- value=0,104).

4. Conclusion

This research is testing the influence of shipping, brand reputation and cashback promotion toward repurchase intention, with customer satisfaction as its factor. The result of this research shows that shipping has positive and significant influence toward customer satisfaction (H1a is accepted). Which also stated that shipping is an essential factor that could determine customer's satisfaction. In other words, the better shipping service provided by Shopee will increase Shopee's customer satisfaction. The second result of this research shows that shipping has positive and significant influence toward repurchase intention (H1b is accepted). Stated that shipping or logistic service quality would affect customer's repurchase intention. In other words, the better the shipping service provided by Shopee, then it will give influence toward Shopee's customer's repurchase intention. The third result shows that brand reputation has a positive and significant influence toward customer satisfaction (H2a is accepted). Which stated that brand reputation has positive influence toward customer satisfaction. In other words, the better the brand reputation of Shopee, it will increase the level of Shopee's customer's satisfaction. The next result shows that brand reputation has positive and significant influence toward repurchase intention (H2b is accepted). Stated that brand reputation has positive influence toward online repurchase intention. In other words, the better Shopee's brand reputation, it will improve Shopee's customer's repurchase intention. Another result of this research is that cashback promotion has positive and significant influence toward customer's satisfaction (H3a is accepted). Cashback promotion has positive influence toward customer satisfaction. In other words, the better or more interesting the offer of Shopee's cashback promotion, it will increase the level of Shopee's customer's satisfaction. The other result of this research shows that cashback promotion has positive and significant influence toward customer's repurchase intention (H3b is accepted). In other words, the better cashback promotion being offered by Shopee will increase customer's interest or intention to repurchase in Shopee. Furthermore, it is found that customer satisfaction has a positive and significant influence toward repurchase intention (H4 is accepted). In other words, the higher Shopee's customer satisfaction level, it will increase repurchase intention on Shopee. Besides, a result is also shown that there is an influence on customer's satisfaction mediation toward the relationship between shipping toward repurchase intension on Shopee, as well as the relationship between cashback promotion toward repurchase intention. There are several limitations on this research, where the number of respondents is considered small, which is only 102 respondents. Therefore, it is suggested for the next researcher who wants to test further regarding factors that would influence repurchase intention; it is expected to gain more respondents to have better and more accurate

result. Moreover, it is expected for the next researcher to be able to add more exogen variables to those are not being researched in this research. Furthermore, this research is collecting respondents' data by distributing google form, whereas the researcher could not answer respondents' questions if they do not understand with the questions stated. Therefore, it is expected for the nest researcher to use interview technique to gain more accurate respondents' answers. Nevertheless, practical recommendations that could be given to Shopee is to maintain and improve their current shipping, brand reputation, and cashback promotion since they have been conducted in a correct and proper ways.

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