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Determinants of Online Repatronage Intention: A Conceptual Model

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Abstract
As of now, 10 million Malaysian are estimated as active purchasers who conduct transactions through online platform. Similar with physical retailing market, customer retention issue is very crucial to be emphasized by the online retailer to ensure their sustainability in intense and challenging digital economy market. Previous studies on online purchasing behavior mostly focusing on the initial stage of customer’s online purchase intention and customer’s online continuance or repurchase intention. Nonetheless, the study focusing on online repatronage intention (ORI) still received less attention by the researchers. Thus, this study attempts to develop a conceptual model by integrating the TAM and E-SERVQUAL model to investigate the determinants of ORI. In the proposed model, TAM play a role to determine the influence of online system usage experience towards ORI. Whilst, the adaptation of E-SERVQUAL model is to identify the influence of online system purchase experience towards ORI. Additionally, seven propositions are developed based on the proposed model and reviews of the literature. Finally, conclusions, managerial implications, and future direction of research are also provided.

Keywords: Customer Retention, Online System Experience, Online Repatronage Intention (Ori), Tam, E-SERVQUAL.

Introduction
In today's modern age, according to (Kandulapati & Bellamkonda, 2014), technology plays a very important role in bridging the gaps that exist between the physical and online purchasing. The online approach channel is the utmost importance to be implemented as a new millennial business model by most retailers. With the growth of online marketplace, entrepreneurs need to shift their focus from finding new customers to motivate existing customers to make purchases using online channel (Chiu et al., 2012). Most researchers and industry practitioners have recognized the importance of maintaining customer buy-in in the online business market (Khalifa & Liu, 2007; Y. Fang et al., 2014) as efforts to reach new customers require high cost and longer time than maintaining existing customers (Arya & Srivastava, 2015).
Consistent purchases from customers reflect the success of an online business (Chou & Hsu, 2015) and it also means that they have a competitive advantage that will directly increase their sales profit (Rafiq & Fulford, 2005). Compared to the physical market, keeping customers in the online marketplace is more difficult due to the challenges in the environment itself. Kassim and Abdullah (2008) stated that consumers do not need high costs to change their purchases as it does not involve the cost and physical effort for web options. Easy access to information, the opportunity to compare prices, the level of trust in online business operator as well as negative experiences in previous processes or transactions have also been significant challenges in maintaining customer purchases (Chiu et al., 2009).

The intention to purchase online is also closely related to the experience that individuals have had with online transactions and it directly affects the behavior of individual shopping through this medium (Monsuwé, Dellaert & Ruyter, 2004). Knowledge of how past experience affects individual buying behavior is also important because there are indeed differences between physical and online purchases (Scarpi, Pizzi & Visentin, 2014) as well as differences during pre-adoption and post-adoption (Rezaei, Amin & W. Ismail, 2014) that affect individual purchasing behavior. Studies emphasizing the relationship between past purchase experience and future purchase intentions (Weisberg, Te’eni & Arman, 2011) particularly focusing on online repatronage intention are still lacking.

**Literature Review**

**Online Repatronage Intention (ORI)**

Online purchasing activity involves the process of exchanging time, effort and money to obtain a product or service from a virtual shop or online retailer (Wu, 2013). The **online purchase intention** is an individual's desire to make a purchase action through an online medium (Chen et al., 2010) or a situation in which consumers intend to buy through the internet medium (Pavlou, 2003). From the perspective of Koppius et al. (2005), he stated that the **online repurchase intention** refers to the status of a customer who has at least one (1) time made an online purchase and wishes to repeat it. Whereas the **online repurchase intention** according to Chiu et al. (2012) is likely that experienced customers will continue to use the online medium for their next purchase.

Bhattacherjee (2001) argues that the **online continuance intention** refers to the customer’s intention to continue using the online system in the future. Whereas in the internet trade context, the terms of **online repurchase intention** is shared the same meaning as the **online continuance intention** (Mohamed et al., 2014). Jones and Reynolds (2006) further defined **repatronage intention** as the possibility that shoppers would continue their purchase at the same store or retailer. While according to Reynolds et al. (2012), **online repatronage intention** is intended as an experienced customer’s desire to once again make an online purchase through the same online retailer in the future.

The study of **online repatronage intention**, **online continuance intention**, or **online repurchase intention** seen to be very important because the findings from previous studies has relevance with the issue of customer retention within the context of retail operations. All the defined terms above
are intended to make clear that there are differences among all the terms. Indirectly it will explain that the focus of this study is on the intention to make online repurchases by individuals who are experienced in online purchases and wish to repeat them through the same online retailers in the future or is also known as the **online repatronage intention (ORI)**.

**Technology Acceptance Model (TAM)**

There are various models and theories that can be used to study the factors that can influence an individual's attitude and desire for something. However, the **Technology Acceptance Model (TAM)** introduced by Davis, Bagozzi and Warshaw (1989) which adapted and developed from the **Theory of Reasoned Action (TRA)** by Fishbein and Ajzen (1975) and the **Theory of Planned Behavior (TPB)** by Ajzen (1985) is the most influential and widely used model in studies related to electronic commerce or e-commerce (Tong, 2010) and information technology systems (Celik, 2011).

![Figure 1: Technology Acceptance Model](image)

The **TAM** model introduced by Davis et al. (1989) as shown in Figure 1, is a theory used to determine how consumers respond to and adopts new technologies. This model states that when a user is exposed to the use of a new technology, there are 2 main constructs that will influence their behavior and their decision to use it which is **perceived usefulness** and **perceived ease of use**. Both constructs are an important factor in determining consumer attitudes and satisfaction with online purchases and are widely used in studies related to online business markets (Celik, 2011).

**Perceived usefulness** refers to consumers' perception of the benefits derived from the experience of using a technology while **perceived ease of use** refers to their perception of the process of using a technology that leads to the benefits derived from it (Mansori, Liat & Shan, 2012). In short, the **TAM** model states that the intention to use a new technology is determined by the attitude of the user itself during and after the process of using the technology.

Based on the discussion of the **TAM** model in previous studies (Chen, Gillenson & Sherrell, 2002; Lee, Fiore & Kim, 2006; Ha & Stoel, 2009), it is proven that this model is very relevant to serve as a strong theoretical basis for conducting studies to identify consumer acceptance and response to the use of new technologies in online purchasing activities. While according to Wen, Prybutok and Xu (2011), the **TAM** model is a strong indicator of utilitarian factors in studying intentions for online repurchase. Therefore, as this study focuses on the online marketplace, innovations in the transaction
system as well as the method of selling and buying goods and consumer attitudes towards online purchases, the TAM model will be used as the basis of this research framework.

**E-SERVQUAL Model**

Service quality according to Parasuraman, Zeithaml and Berry (1988) is the difference between customer expectations and the actual level of service performance of a firm. While e-service quality involves the entire phase of the interaction between the customer and the website, which includes the level of efficiency and effectiveness of the website in facilitating the purchase and delivery process (Parasuraman, Zeithaml & Malhotra, 2005). Parasuraman et al. (1988) developed an instrument called SERVQUAL that has 5 main dimensions namely reliability, responsiveness, empathy, assurance and tangibility to measure customer perception or response to service quality received.

With the increasing acceptance and confidence that measurement of service quality in an e-commerce market environment is different from measurement in physical market environment, most online marketplace studies have now used e-service quality or E-SERVQUAL measurement methods developed by Parasuraman et al. (2005) as shown in Figure 2. The E-SERVQUAL model has seven (7) dimensions: efficiency, system availability, fulfillment, privacy, responsiveness, compensation and contact. Y.-H. Fang et al. (2011) explained that due to the uniqueness inherent in the e-commerce market, the E-SERVQUAL measurement method should be adapted to the use of the instruments contained in SERVQUAL.

**Development of Research Framework and Hypothesis**

Based on the discussions and reviews of the literature, this study will integrate the use of TAM and E-SERVQUAL models as conceptual models to identify factors that influence online repatronage intention. The framework and hypothesis of the study as shown in Figure 3 are the model suggestions for this study. The dependent variable, which is online repatronage intention (ORI), is the main construct for determining consumer purchasing behavior, which refers to the likelihood of customers making a purchase with the same online retailer in the future.
Two (2) predictor variables in the TAM model namely perceived usefulness and perceived ease of use are factors that explain the effect of experience in using an online system towards ORI. While the dimensions representing the E-SERVQUAL model consisting of variables of fulfillment, privacy, responsiveness and contact were adapted to study the impact of the online purchasing experience on ORI. Practically in this study, the TAM model was adapted due to its significant influence on the intention to take specific action related to the use of new technologies or information systems. Monsuwé et al. (2004) explained that perceived usefulness is how internet effectively helps purchase activities and the perceived ease of use is how easy to use internet as a medium for making purchases. Previous studies have also shown that these two factors are positively related (Chiu et al., 2009; Al-Maghrabi & Dennis, 2011; Wen et al., 2011) and may influence the intention to make a purchase in the future (Lee, Eze & Ndubisi, 2011).

While, the dimensions of E-SERVQUAL is an important component of measuring the success of an online business. Success is also measured by the level of customer satisfaction that drives them to return to the same service provider in the future (Parasuraman et al., 2005). However, for the purpose of this study, only four (4) dimensions were adapted from the E-SERVQUAL model which is fulfillment, privacy, responsiveness, and contact. It is due to the reason that the perceived usefulness and perceived ease of use in the TAM model will explain the elements of efficiency and system availability in the E-SERVQUAL model. Whereas for the compensation dimension, it is not adapted due to the low number of experienced customers receiving compensation for service failure (Chiu et al., 2009) and it is only important to adapt for things that are irregular (Parasuraman et al., 2005). All of the relationships between these variables can be identified through the conceptual frameworks and hypotheses of the research developed.
Perceived Usefulness

Perceived usefulness is an important aspect of the buying process as consumers often make judgments and based on the information gained before making a decision to purchase (Babin, Darden & Griffin, 1994). Referring to the TAM model by Davis (1989), perceived usefulness has a weak relationship with attitude but has a very strong relationship to intention. He explained that the intention to use a new technology arises from the benefits gained. Therefore, this research proposes the following hypotheses:

H1: Perceived usefulness has significant influence on online repatronage intention.

Perceived Ease of Use

Referring to the TAM model, perceived ease of use is often highly influential in the early stages of the user experience to a new technology or information system introduced (Davis, 1989). In other words, if a user finds that a system (website) is difficult to operate, fails to find the product they want or is not clear with the offer, they will usually leave the site (Pearson, Pearson & Green, 2007). Vice versa, when a system becomes easier to use, the consumer's determination to use is increased (Monsuwé et al., 2004) and this may influence their intention to make future purchases (C. H. Lee et al., 2011). The following hypotheses is thus proposed:

H2: Perceived ease of use has significant influence on online repatronage intention.

With the increasing number of users exposed to internet technology, King and He (2006) emphasized that perceived ease of use is an important aspect to consider in the system development. This is because this factor has a positive relationship with the intention to make an online purchase (Ramayah & Ignatius, 2005) and has a direct relationship to perceived usefulness in the context of online purchase (Wen et al., 2011). The hypotheses are then proposed:

H3: User’s perceived ease of use in using the system has significant influence on their perceived usefulness of the system.

Fulfillment

When a customer deals with an online seller, it is indirectly creating a psychological contract that the seller will fulfill their promise and responsibility (Chiu et al., 2009) and failure to comply will cause distrust (Robinson & Rousseau, 1994). According to Parasuraman et al. (2005), several previous studies have shown that this factor of fulfillment is the strongest indicator of customer satisfaction and service quality as well as some of the strong indicators that influence intention to make a purchase through a website. Thus, the following hypothesis is proposed:

H1: Fulfilment has significant influence on online repatronage intention.

Privacy

According to Chiu et al. (2009), the privacy term refers to the degree of security of a website and how it protects the personal information of the customer. Most consumers who have not yet
made an online purchase are out of desperation, where they feel their personal information will be disclosed to a third party without their prior permission. Similarly, according to Collier and Bienstock (2006), consumers will reject the use of online mediums for shopping if they feel insecure such as their credit card information is safe from hacker threats. According to Rezvani and Safahani (2016), the security of the online transaction system and its ability to safeguard customer privacy information is crucial to increasing online purchases. The following hypothesis is therefore proposed:

H1: Privacy has significant influence on online repatronage intention.

Responsiveness

According to Yang, Jun and Peterson (2004), responsiveness is one of the most important factors in determining the level of e-quality of service. During the process of interacting with online retailers, it is important for customers to get a prompt and efficient response if they encounter any problems (Semeijn et al., 2005). Whereas Chiu et al. (2009) stated that customers see responsiveness as the ability of the seller to address any possible service failure. Proactive measures to address this need to be designed to avoid losing customers’ trust, and their failure to do so will certainly have an impact on future customer buying behavior (Collier & Bienstock, 2006). Thus, this research provides the following hypotheses:

H1: Responsiveness has significant influence on online repatronage intention.

Contact

Providing a variety of methods to enable customers to connect with sellers is critical to improving their perception of the quality of their services and operations online (Collier & Bienstock, 2006). According to Chiu et al. (2009), online customers can easily become frustrated if they fail to contact a customer service representative for help or to answer a question. Parasuraman et al. (2005) stated that online firms may be able to provide good e-services even with little or no involvement of people. However, Chiu et al. (2009) explain that, in the context of service recovery, engagement among people is particularly needed to provide feedback, answer any questions and take follow-up actions. Therefore, the proposed hypothesis is:

H1: Contact has significant influence on online repatronage intention.

Future Research Directions and Limitations

The aim of this study was to develop a conceptual framework for the study to identify factors influencing online repatronage intention. The development of the conceptual model of this study took into two (2) different models, TAM and E-SERVQUAL as the basis for its development. The integration between the two models will be used to analyze the influence of factors such as perceived usefulness, perceived ease of use, fulfillment, privacy, responsiveness and contact with online repatronage intention. As the physical retail environment, the assessment of the critical success factor of online retailers can also be measured by the purchase of existing customers. Although the presence of new customers is also important to firms, efforts to attract them will cost significantly more than retaining existing customers (Arya & Srivastava, 2015). Therefore, the focus of this study
is directed at a group of experienced users making online purchases through online retailers in virtual merchant categories such as Lazada.com.my, 11th Street.com.my, Shopee.com.my and other retailers in the same category in Malaysia. The focus to this group of users is seen to be in line with the objectives of this study which is to identify the influence of user experience factors on online repatronage intention. It could contribute a valuable data and information to the online retailers to become a based in the development of customer retention strategy. However, there are still some barriers or limitations to the study that need to be taken into consideration during the implementation of this study.

(1) This research model is only aimed at virtual merchant such as Lazada.com.my, 11th Street.com.my, Shopee.com.my and etc. However, to apply the same model for other online retail or business category, it can be the focus to be explored by the future researcher.

(2) In the aspect of research, several factors can influence the user’s online repatronage intention. However, this research is only focusing on the aspects of online system usage and online system purchase experience. To have clearer understanding towards the issue, more studies are needed in the future to explore the other contributing factors.

(3) The subjects for this research are experienced online shoppers in Malaysia. However, in different countries we realized that there are clear differences in their online market development, culture, buying preferences and etc. Hence, this research application and results might not suitable for other countries.

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