

# Online Repatronage Intention: An Online System Usage and Purchase Experience Perspective

**BITARA**Volume 3, Issue 1, 2020: 001-009  
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e-ISSN: 2600-9080  
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## Abstract

Nowadays, more than 10 million Malaysians who are active in online shopping. As with the physical retail business market, customer retention strategies are crucial issue that must be take into consideration by online retailers in an increasingly competitive and challenging digital economy. Previous studies on the behavior of online purchases have focused more on the early stages of adopting an online purchase method and the intention to continue to use the online medium for future purchases. However, studies focusing on the intent to make repurchases through the same online retailer or Online Repatronage Intention (ORI) have not received much attention from researchers. Therefore, this study focuses on ORI as the understanding on it can contribute to the development of customer retention strategies by the marketers. In addition to identifying the factors that influence ORI, this study also examines the impact of system usage experience and online purchase experience towards ORI. The Technology Acceptance Model (TAM) by Davis et al. (1989) and E-SERVQUAL Model by Parasuraman et al. (2005) were applied to develop the theoretical framework for this study. A total of 400 questionnaires were distributed through convenience sampling technique. However, only 332 valid questionnaires were accepted to be analyzed.

## Kata Kunci

customer retention, online re-patronage intention (ORI), TAM, E-SERVQUAL.

## Cite This Article:

Ahmad Tamimi Md Som & Maisarah Ahmad. 2020. Online repatronage intention: An online system usage and purchase experience perspective. *BITARA International Journal of Civilizational Studies and Human Sciences* 3(1): 001-009.

## Introduction

Electronics trading or e-commerce referred to as business activities that rely on information technology and digital communications. E-commerce is also a form of sales and purchasing activities of products or services through computer networks and internet technology (Wen, Chen & Hwang 2001). According to Huseynov and Yildirim (2014), shopping goods online, using online services such as internet banking, e-ticket booking or online bill payment transactions are among the many features that represent to be as e-commerce activities. However, online purchasing activities are among the most noted.

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

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market environments. The approach to use online channels has been very important to be adopted as a new millennial business model by most retail operators of this era (Ahmad, Omar, & Ramayah, 2010). In the growing online marketplace and competitiveness, online retailers need to shift their focus from finding new customers to strategies that motivate existing customers to make ongoing purchases with them through this online channel (Chiu et al., 2012).

Figure 1 Top Online Shopping Destinations in Malaysia 2014 to 2017  
(source: <https://www.ecinsider.com.my>)

No	Year 2014	Year 2015	Year 2016	Year 2017
1	Groupon.my	Lazada.com.my	Lazada.com.my	Lazada.com.my
2	Facebook	Lelong.com.my	11 <sup>th</sup> Street.my	11 <sup>th</sup> Street.my
3	Livingsocial.com	11 <sup>th</sup> Street.my	Lelong.com.my	Shopee.com.my
4	Lelong.com.my	Zalora.com.my	Zalora.com.my	Lelong.com.my
5	MyDeal.com	Groupon.my	Gemfive.com	Carousell.com.my
6	Lazada.com.my	Qoo10.my	Groupon.my	Zalora.com.my
7	Mudah.com.my	Ebay.com.my	Shopee.com.my	Qoo10.my
8	Zalora.com.my	Rakuten.com.my	Ebay.com.my	Ebay.com.my
9	Ebay.com.my	Ensogo.com.my	Qoo10.my	Fave.com.my
10	Rakuten.com.my	GoShop.com.my	Hermo.my	Hermo.my

Compared to the physical marketplace, maintaining customer purchases in the online marketplace is seen as 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 they do not involve the cost and physical effort of going to other web options. Easy access to information, the opportunity to compare prices, the level of trust in online retailers as well as negative experiences in previous processes or transactions have also been significant challenges in maintaining customer purchases (Chiu et al., 2009). Figure 1 refers to the top 10 consumer destinations for online shopping from 2014 to 2017. This is a reflection of the challenges faced by online retailers in consistently maintain their position as consumers' preferred destination for online purchases.

The intention to shop online is closely related to the experience that individuals have had in making online transactions and has a direct impact on individual shopping behavior through this medium (Monswé, Dellaert & Ruyter, 2004). Knowledge on how past experience affects individual buying behavior is also important because there are indeed differences between physical and offline purchases (Scarpi, Pizzi & Visentin, 2014) as well as differences during pre-adoption and post-adoption stages (Rezaei, Amin & W. Ismail, 2014) that affect individual purchasing behavior. Studies that emphasize the relationship between past buying experience

and intention to make future purchases (Weisberg, Te'eni & Arman, 2011) in particular that focus on ORI are still lacking.

Therefore, the focus of this study is on a group of experienced users that make online purchases through online retailers in virtual merchant categories such as *Lazada.com.my*, *11th Street .com.my* and other retailers in the same category in Malaysia. The focus to this group of consumers is in line with the objectives of this study, which is to identify the influence of consumer experience factors on intention to make a purchase through the same online retailer or ORI.

## Literature Review

### Technology Acceptance Model (TAM)

Various models and theories implemented to study the factors that can influence an individual's attitude and desire for something. However, the TAM Model introduced by Davis, Bagozzi and Warshaw, (1989) is the most influential and widely used model especially in studies related to electronic commerce or e-commerce (Tong, 2010) and information technology systems (Celik, 2011). This model states when a user is expose to the use of a new technology, there are two (2) main constructs that will influence their behavior and their decision to use it, which is 'Perceived Usefulness' and 'Perceived Ease of Use'. In line with the development of studies on online purchasing behavior, the TAM model also developed with several other variables such as 'Enjoyment' and 'Trust' (Al-Maghrabi & Dennis, 2011). The enjoyment variable is important because it is the evolution of the TAM model that is fundamentally not hedonic or emotional (Childers, Carr, Peck, & Carson, 2001). The trust factor is always very important in online transaction because of the uncertainty and asymmetry of information that is constantly present in the online market environment (Chen & Chou, 2012).

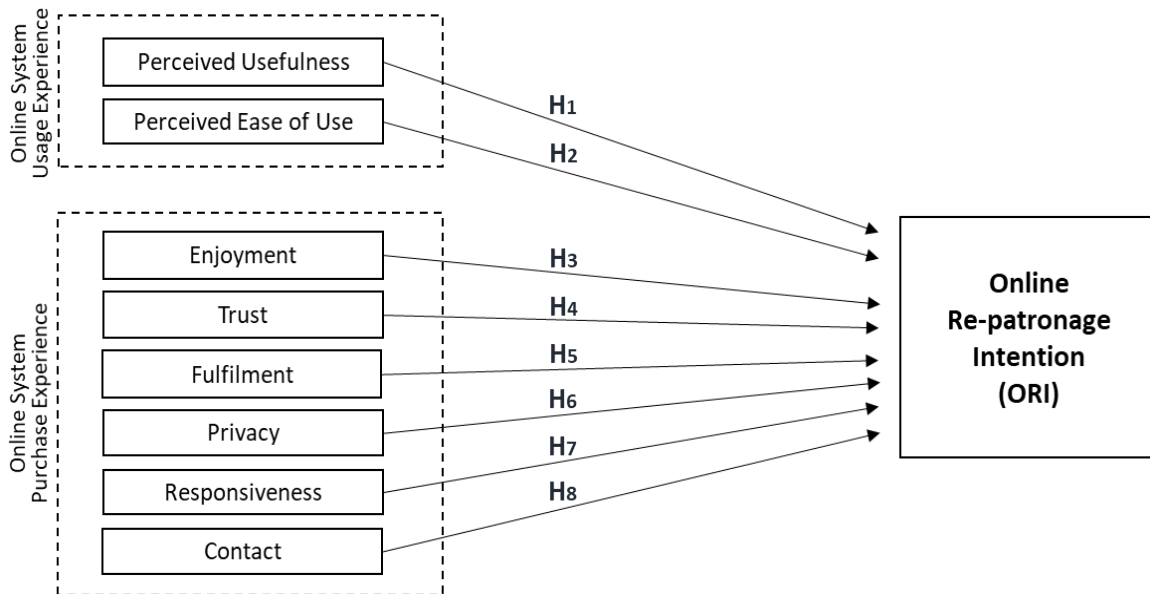
### E-SERVQUAL Model

Increasing acceptance that measurement of service quality within an e-commerce market environment is different from measurement of physical market environment, most online market research has now used the electronic service quality or E-SERVQUAL measurement method developed by Parasuraman et al. (2005). The E-SERVQUAL model has seven (7) dimensions, which are 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 instead of the instruments contained in traditional SERVQUAL model.

### Conceptual Framework

Based on the discussions and literature reviews, this study has integrated the use of TAM and E-SERVQUAL models as a base-framework to identify factors influencing ORI.

Figure 2 Conceptual Framework



Refer to Figure 2, two (2) predicted variables in the TAM model namely Perceived Usefulness and Perceived Ease of Use are factors that explain the impact of the '**online system usage experience**' on ORI. While the driving factor in the TAM model which is the Enjoyment and Trust as well as the four (4) dimensional representations of the E-SERVQUAL model consisting of the Fulfilment, Privacy, Responsiveness and Contact variables are adapted to study from the perspective of the '**online system purchase experience**' on ORI.

Practically, the application of TAM model was due to its significant influence on the intention to take action specifically related to the use of new technologies or information systems. Whereas E-SERVQUAL is an essential component of measuring the success of an online business. Success also measured by the level of customer satisfaction that drives them to return to the same service in the future. However, for the purpose of this study, only four (4) dimensions were adapted from the E-SERVQUAL model because the variables of 'Perceived Usefulness' and 'Perceived Ease of Use' in the TAM model can explain the elements of 'Efficiency' and 'System Availability' in the E-SERVQUAL model. Whereas for the 'Compensation', 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 not common (Parasuraman et al., 2005).

## Research Methodology

A total of 332 completed questionnaires were successfully collected through convenience sampling technique from the experienced online shoppers around Shah Alam. More specifically, it refers to a group of experienced users making purchases online through online retailers in virtual merchant categories such as *Lazada.com.my*, *11th Street .com.my* and other retailers in the same category at Malaysia. The questionnaire data were analyzed using statistical software IBM SPSS Version 23.0 (predictive analytics software). This software used to measure the quantitative data obtained in response to the research objectives and hypotheses

developed. Analysis techniques applied were includes of validity and reliability test, normal distribution test, multiple regression analysis and descriptive statistic analysis.

## Research Findings

The findings of this study show that *Lazada.com.my*, *11th Street.com.my*, *Goshop.com.my* and *Shopee.com.my* are among the brands of virtual merchants that being as preferred destination of respondents to perform online shopping, represented 74.7%, 22.6%, 22% and 15.1% of total consumer preferences (see Table 1). The overall findings on consumer online shopping destination preferences from this study also show almost similar findings to the survey results published by ECInsider.com (online media focused on conducting survey and writing articles related to recent developments in the e-commerce market) at [www.ecinsider.com](http://www.ecinsider.com) (also refer Figure 1).

Table 1: Respondents' Purchase Destination

Destination	Frequency	Percentage (%)
Lazada.com.my	248	74.7
11 <sup>th</sup> Street.com.my	75	22.6
Lelong.com.my	49	14.8
Goshop.com.my	73	22.0
Groupon.com.my	45	13.6
Ensogo.com.my	2	0.6
Qoo10.com.my	11	3.3
Shopee.com.my	50	15.1
E-bay.com	37	11.1
Amazon.com	22	6.6
Alibaba.com	13	3.9
Lain-lain	56	16.9

*Note: Frequency is based on a total of 332 respondents.*

Table 2 shows a summary of the multiple regression models for predictor variables that affect the intention to make a purchase through the same online retailer or ORI. The results of the study revealed that all of the predictor variables accounted for 72.8% ( $r = 0.853$ ) of the variance in intention to make a purchase through the same online retailer or ORI ( $F = 174.209$ ,  $p < 0.05$ ) (refer to Table 3). The results of stepwise multiple regression analysis also show that there are five (5) predictor variables (Perceived Usefulness, Enjoyment, Trust, Fulfillment, Contact) that are significant in influencing the intention to make a purchase through the same online retailer or ORI. (see Table 4).

Table 2: Summary of the Stepwise Model

Model	R	R square	Adjusted R Square	S.E of Estimate
5	0.853	0.728	0.723	0.50122

e. Predictive Variables: (Constant), Enjoyment, Fulfillment, Trust, Contact, Perceived Usefulness

f. Lead variable: Online Re-patronage Intention (ORI)

Table 3: Variance Analysis of Predictive Variables Influence

Model		Sum of Squares	df	Mean Square	F	Sig.
5	Regression	218.828	5	43.766	174.209	.000
	Residual	81.899	326	.251		
	Total	300.727	331			

a. Lead Variables: Online Re-patronage Intention (ORI)

f. Predictive Variables: (Constant), Enjoyment, Fulfillment, Trust, Contact, Perceived Usefulness

Table 4: Multiple Regression Stepwise Results

Predictive variables	Non-standard coefficient		Standard coefficient	t	Sig.
	B	Std. Error	Beta		
Constant	- 0.325	0.210		- 1.544	0.124
Enjoyment	0.325	0.055	0.291	5.896	0.000
Fulfillment	0.227	0.051	0.209	4.424	0.000
Trust	0.203	0.053	0.187	3.813	0.000
Contact	0.144	0.035	0.158	4.073	0.000
Perceived Usefulness	0.188	0.052	0.163	3.645	0.000

a. Lead variables : Online Re-patronage Intention (ORI)

In total, eight (8) hypotheses were tested to conclude the objectives of this study. The results showed that the variables Enjoyment ( $B = 0.325$ ,  $p < 0.05$ ), Fulfillment ( $B = 0.227$ ,  $p < 0.05$ ), Trust ( $B = 0.203$ ,  $p < 0.05$ ), Contact ( $B = 0.144$ ,  $p < 0.05$ ) and Perceived Usefulness ( $B = 0.188$ ,  $p < 0.05$ ), had a significant relationship to intention to make a purchase through the same online retailer or ORI ( $R^2 = 0.728$ ,  $F = 174.209$ ,  $p < 0.05$ ). Thus, the results of this study support H3, H5, H4, H8 and H1.

However, the results of the study also indicate that the variables of Perceived Ease of Use ( $B = 0.068$ ,  $p > 0.05$ ), Responsiveness ( $B = 0.058$ ,  $p > 0.05$ ), and Privacy ( $B = .036$ ,  $p > 0.05$ ) was not significantly related to intention to make a purchase through the same online retailer or ORI ( $R^2 = 0.728$ ,  $F = 174.209$ ,  $p < 0.05$ ). Therefore, the results of this study do not support H2,

H7 and H6. In conclusion, Table 5 is a summary of the results of the research hypotheses obtained:

Table 5: Summary of Study Hypothesis Results

Research Hypothesis	Research Findings
H1: Perceived usefulness significantly affects the intention to make a purchase through the same online retailer or ORI.	Supported
H2: Perceived ease of use significantly affects the intention to make a purchase through the same online retailer or ORI.	Not Supported
H3: Enjoyment significantly affects the intention to make a purchase through the same online retailer or ORI.	Supported
H4: Trust significantly affects the intention to make a purchase through the same online retailer or ORI.	Supported
H5: Fulfillment significantly affects the intention to make a purchase through the same online retailer or ORI.	Supported
H6: Privacy significantly affects the intent to make a purchase through the same online retailer or ORI.	Not Supported
H7: Responsiveness significantly affects the intention to make a purchase through the same online retailer or ORI.	Not Supported
H8: Contact significantly affects the intention to make a purchase through the same online retailer or ORI.	Supported

## Discussion and Conclusion

Based on the findings of this study, several key elements have been identified that influence customers' intentions and actions to maintain their loyalty and future purchase patterns. As such, it indirectly contributes to various practical implications for those directly involved in the development of the e-commerce market. This study has shown the benefits that come from experience in using an online purchasing system (website or smartphone application) play a major role in the intention to do so again. . Therefore, marketers should consider those when developing a user-friendly system or application. This means that the more convenience of a system to make a purchase, the more likely customers would make the purchase through the same system.

Studies also prove that, in addition to the value of trust and the quality of services offered, the element of enjoyment recognized as the dominant influence in influencing ORI. The variety of offers such as discounts, rewards, contests and many more, as well as the ability of the system to be access anytime and anywhere is very important. It will ensure that the customer can always enjoyed all the elements of enjoyment through their online purchase experience. Therefore, the findings of this study can serve as a source of information and reference for retailers who conduct business online, especially those who belong to the virtual merchant category to identify the key factors influencing intentions or the desire of consumers to continue to buy

with the same retailer in the future. This valuable information will contribute to the development of their best strategy to ensure the success of the business.

In addition, this study also seen as contribution to the efforts undertaken by the Government through various ministries and agencies in the development of e-commerce entrepreneurship programs and aims to further enhance the overall online market growth in Malaysia. The changing phases of consumer buying behavior from physical purchases to online as well as factors that influence consumers to continue shopping online seen to have a significant impact on many aspects such as economic and social in the long run.

With the increasing number of consumers making online purchases, the Government will be able to focus more efforts to support the growth of the online marketplace by creating a better online market environment such as creating special programs as an incentive to produce more online entrepreneurs, providing better internet access to users and more. The increase in the number of online users has also indirectly indicated that their reliance on physical purchases is decreasing. The question of whether this concept of physical business will remain relevant in the future also needs to be highlight as it will not only change the landscape of the Nation's economy but the overall pattern of Malaysian's social and lifestyle.

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