

Determinants of Repurchase Intentions at Online Stores in Indonesia

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ABSTRACT

The rapid growth of the internet users in Indonesia poses a challenge to marketers to explore and develop the potential for e-commerce. In this article, consumer trust is expected to encourage customers to make repurchases in online stores. This article aims to build a determinant model of repurchase intention at online stores in Indonesia. This article is based on a survey of Indonesian online store consumers. Respondents were asked to provide responses related to satisfaction, trust, website quality, and repurchase intention. There were 193 final respondents obtained from 300 distributed questionnaires. The model was tested using Structural Equation Modeling (SEM) with AMOS 18. The results revealed the role of the mediating variable of customer satisfaction on repurchase intention. The findings are expected to contribute ideas related to the formation of model reinforce the repurchase intention of online store customers. This implies for website designers to design an online store capable of increasing trust and strengthening the repurchase intention.

KEYWORDS

Customer Satisfaction, Customer Trust, Indonesia, Online Store, Repurchase Intention, Website Quality

INTRODUCTION

The growth of e-commerce market in Indonesia is increasing rapidly (Moore, 2017; Widjaya, 2015; Pangestu & Dewi, 2017; Ford & Honan, 2017). ICD Research (<http://www.icd-research.com>) predicts that Indonesia's e-commerce market grows by 42%, exceeding the commerce market development of Malaysia (14%), Thailand (22%), and Philippines (28%) (Mitra, 2014). In early 2016, Frost and Sullivan (2016) predicts that Indonesia's e-commerce market will grow by 31.1% in 2019. The growth of the market is supported by the growing number of internet users in Indonesia (Anggraeni, Dwiatmadja & Yuniawan, 2017). Internet World Stat data shows that as of June 2016, 34.1% of Indonesians have been using the internet (Internet World Stat, 2016). The results of joint research between the E-commerce Association of Indonesia (idEA), Google Indonesia, and TNS (Taylor Nelson Sofres) estimate the value of Indonesia's e-commerce market increased rapidly in 2016, reached Rp. 295 trillion (22.125

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billion U.S. dollars) (Erlangga, 2014). This indicates that Indonesia's e-commerce has great potential to grow. In Indonesia, there is a tendency of internet usage to communicate through social media like Facebook, Instagram, Twitter, and so forth.

Although the development of e-commerce in Indonesia has increased, there are still obstacles, including transaction security and customer trust in online transactions. Indonesian consumer trust in online stores and electronic payments has not yet strong (Watts, 2014). Moreover, the community reluctance to use online transactions is also an obstacle need to be scrutinized. This reluctance shows the fear of internet users to use online transactions caused by the doubt about security in online transactions (Damar, 2016; Budiharseno, 2017). Consequently, there are disproportionate growth of the number of internet users and online transactions.

This study investigates the relationship between website quality perceived by customers, online customer satisfaction, online customer trust, and repurchase intention. Repurchase intentions are the starting point to customer loyalty. Loyalty has long been the focus of attention for marketing researchers to explore and develop. Customer loyalty is closely related to the power of repurchase intention on post-purchase evaluation. Customer commitment to stay loyal to an online store is indicated by repurchase behavior (Erciş at al., 2012).

In order to obtain customers loyalty, companies always strive to provide high value products for customers in terms of visible and invisible benefits. In various studies, loyalty and repurchase intention are built through customer satisfaction. There have been many studies examining the relationship between customer satisfaction and repurchase intention. However, this topic is still interesting to study since there is still much controversy about the relationship. Anuwichanont and Mechinda (2009), Kuo and Tang (2011), Eid (2011), Miremadi et al. (2011), Wahyuni and Ginting (2017), Dharmesti and Nugroho (2012), Srivastava (2014) reveal that customer satisfaction has significant effect on repurchase intention. However, Gautama et al. (2012), Dehghana et al. (2015) find that customer satisfaction has no significant effect on repurchase intention.

There is also a controversy regarding the relationship between website quality and repurchase intention in the context of online business. Amini and Akbari (2014) find that website quality has a significant effect on repurchase intention. On the contrary, Shin et al. (2013), Hasanov and Khalid (2015) suggest that website quality has no significant effect on repurchase intention. On the other hand, Winnie (2014) reveals that among the examined three dimensions of website quality, only the content of the website having a significant effect, while website design and website structure having no significant effect on repurchase intention.

The research gap indicates that there are still problems in research regarding the relationship between the two concepts. This study is initiated by the controversy of the research results of the relationship. This study aims to reveal the role of e-customer trust concept in mediating customer satisfaction with repurchase intention of online store customers. The concept of e-customer trust is expected to fill the gap between customer satisfaction and repurchase intention. Customer satisfaction will encourage the emergence of repurchase intention if customer satisfaction is able to create customer trust in online stores. This study focuses on answering the question "Is e-customer trust able to bridge the gap between customer satisfaction and repurchase intention at online stores in Indonesia?".

This study focuses on the quality of customer and company relationships in strengthening the repurchase intention in the context of online transactions. The involved antecedents in this study are website quality, customer satisfaction, and customer trust. Online customer trust is built from a quality online store website and customer satisfaction. Hence, this study includes customer trust as the main mediating variable in strengthening the relationship between independent variables of website quality, customer satisfaction and repurchase intention.

In the context of online shopping, website visibility, responsiveness and design play an important role in building customer trust and strengthening customer intention to make repurchases (King et al., 2016; Malhotra, Sahadev, & Purani, 2017; Zheng et al., 2017; Bilgihan, 2016). The relationship between buyers and sellers in online transactions is mediated by online store website, even in some

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