

Consumer's Repurchase Behavior Intention in Online Shopping: A Malaysian Perspective

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The retail industry is going through a transformation largely driven by the influence of digital technology on the shopping experience. The digital age has changed consumer's purchasing behavior, shifting them away from physical stores to online stores. E-commerce has gained popularity among consumers due to the rapid development of the internet. Earlier studies have shown that perceived risks namely product risk, financial risk, non-delivery risk and convenience risk influence consumers in shopping online. The objective of this study was to investigate the influence of perceived risks defined as Perceived Product Risk (PPR), Perceived Financial Risk (PFR), Perceived Convenience Risk (PCR) and Perceived Non-Delivery Risk (PNDR) in online consumer's repurchase behavior. The online survey using close-ended questionnaire was distributed to two Buy and Sell groups from a famous online social platform, Facebook. A total of 200 valid samples were collected using convenience sampling methodology. Data analysis was conducted using SPSS version 20.0. The findings indicate that Perceived Non-Delivery Risk and Perceived Financial Risk had a moderate impact on Malaysian online consumer's repurchase behavior while Perceived Product Risk and Perceived Convenience Risk did not have any significant impact on Malaysian online consumer repurchase behavior.

Keywords: *E-commerce, Consumer's perceived risks, Perceived convenience risk, Consumer's repurchase behavior.*

Introduction

The internet is an open source, rich with free information on various products and services. The rapid growth of the internet has impacted the overall universal business setting and such circumstances have provided businesses with an alternative channel to enhance their business competitiveness and opportunities through e-commerce (Alkailani and Kumar, 2011). According to Turban et. al. (2008), e-commerce can be defined as the process of selling, buying and exchanging information, products or services via the computer network. Meanwhile, e-marketplace is a virtual platform where buyers and sellers meet to conduct business transactions. The online shopping acceptance levels are different between developed and developing countries (Celik, 2011) and there is still a massive research gap between these countries. Furthermore, research results from developed countries are limited and would only serve as a reference for a developing country's overall circumstances (Syed et. al., 2008; Khan & Aslam 2017).

The e-commerce industry is growing quickly across Southeast Asian countries, and the industry has contributed US\$10.2 billion in revenue in 2015 and it is expected to increase to US\$21.6 billion in 2020. This represents a huge growing potential in e-commerce which also contributes to potential economic growth in Southeast Asian countries such as Malaysia, Vietnam, Indonesia, Thailand, Philippines and Singapore (Frost & Sullivan report, Analysis of the Southeast Asian E-commerce Market, 2016).

In Malaysia, the government has made many efforts to increase nationwide internet usage. These initiatives show the Malaysian government's intention to enhance the country's overall internet adoption ratio, with the goal to improve the population's computer literacy ratio, and to some extent, to also stimulate online shopping activities in Malaysia. Even though the Malaysian e-commerce industry has immense growth potential and Malaysian is a heavy internet user, based on previous research conducted, only 9.3% of internet user have purchased online (Tanadi, Smadi & Gharleghi, 2015). Malaysia was ranked as number seven of twenty-five most fraudulent countries (Wong, 2013) and this circumstance influenced online shopper's purchase intention, because they feel insecure with shopping online.

There are also other factors that hinder people's intention to purchase online. For example, the perceived risks that consumers may experience when shopping online. Past research by Javadi et.al. (2012) has examined the primary aspects that affect the consumer's online shopping behavior and the research has identified several primary perceived risks that impact consumer attitude to online shopping. In fact, Huang & Oppewal (2006) also stated that perceived risks have influenced consumer's online shopping preferences, as well as reduced consumer's online purchase intention. Therefore, this study will identify the consumer perceived risks that may have a significant influence in determining consumer re-purchasing intention as online

shoppers. It is vital to comprehend the consumer perceptions on online shopping, in order to enhance online shopper repurchasing behavior in Malaysia.

Based on the understanding of the current issues in consumer repurchase intention behavior, the objectives of this study are as follows:

- RO1: To determine the significant influence of perceived product risk on online consumer attitude towards repurchase behavior.
- RO2: To identify the significant influence of perceived financial risk on online consumer attitude towards repurchase behavior.
- RO3: To understand the significant influence of perceived convenience risk on online consumer attitude towards repurchase behavior.
- RO4: To examine the significant influence of perceived non-delivery risk on online consumer attitude towards repurchase behavior.

Repurchase behavior has been defined as the consumer's behavior through the context of purchasing the same product or services repeatedly, for more than one time. The concept of customer repurchases and the factors influencing the consumers repurchase behavior were one of the popular topics that were studied by many scholars; for instance: Dick and Basu (1994), Law, Hui & Zhao (2004), Peyrot & Doren (1994). When repurchase occurs, this was defined as the customer's choice to participate in future actions with the same retailer (Hume, Mort & Winzar, 2007).

Attitude is defined here as a predisposition to act continuously in either a favorable or an unfavorable way to the product, service or the process of commerce (Schiffman & Kanuk, 2000; Afthanorhan et al., 2019). Consumer's online shopping attitude can be associated with positive and negative feelings when making purchasing decisions (Chiu, Lin & Tang, 2005). The theory of reasoned action, beliefs, attitude, intentions and behavior work in a casual chain, in which the beliefs lead to attitude, and the attitude leads to intentions and consequently the intention leads to behavior. The model of attitude-change and behavior also states that consumer attitude was affected by their purchasing intention. That statement meant that the consumer's attitude was frequently related to the emotion and attitude that would be affected by their purchasing intention (Fishbein & Ajzen, 1975). Previous research has indicated that the consumer's attitude on online shopping was an important motivational factor for consumers when making online purchases (George, 2004; Yang et. al., 2007).

Online purchasing involves virtual store shopping, which makes it difficult for the consumer to inspect the quality of the physical good's conditions before they decide to buy the product. Consumers can only rely on limited data and info on the product itself and also through limited pictures as shown on the computer screen. Consequently, the products that were sold may not

work as originally intended (Kim et. al., 2010), In short, the failure to be able to touch, feel and test the product before purchasing were the main online shopper's concerns when purchasing online, and this would directly influence the consumer's online purchase attitude (Saprikit et. al., 2010; Al-Mhasnah et al., 2018). Thus, this study hypothesizes that there is a significant influence between perceived product risk and online consumer attitude.

Most online shoppers are concerned about financial risk, especially with regards to online security because whenever they use their credit card at e-commerce websites, they need to reveal their personal information. Therefore, most of online shoppers would prefer alternative payment methods, such as cash on delivery (COD), online bank transfer or PayPal. Past studies indicate that the fear of credit card fraud was considered one of the top concerns when consumers are shopping online (Saprikis et. at., 2010). Thus, this study hypothesizes that there is a significant influence between perceived financial risk and online consumer attitude.

Perceived convenience risk occurs when the time or effort was wasted whenever a product purchased needs to be replaced or to be further repaired (Hanjun et. al., 2004). Convenience risk encompasses the inconvenience that occurs during online transactions, such as difficulty in searching for products and submitting the respective order, delays in receiving the product, or hard to perform cancellations once the order is placed (Forsythe et. al., 2006; Khonamri, Azizi & Fallahpour 2017). Such inconvenience risk will create a bad shopping experience and influence the consumer's attitude for future online repurchase. Thus, this study hypothesizes that there is a significant influence between perceived convenience risk and online consumer attitude.

Perceived Non-Delivery risk refers to the potential loss that occurs during delivery. For example, loss of goods or goods that have been sent to the wrong address (Zhang et. al., 2012). When such situations takes place, they influence the online shopper's attitude in that they may not dare to repeat online purchase in the future. Consumers also fear that the goods will be damaged during delivery because of poor packaging (Masoud, 2013). Thus, this study hypothesizes that there is a significant influence between perceived non-delivery risk and online consumer's attitude.

According to Wu et.al, (2014), attitude is defined as a psychological inclination, which is further expressed by the degree of favor or disfavor, which was constructed through affective, behavioral and cognitive appraisal. Attitude was determined as the positive or negative cognitive evaluation, emotional feeling and behavior of consumers during purchasing or when performing transactions (Lai & Wang, 2012; Perner, 2008). Attitude influences consumer judgment and evaluation during the transaction, and it may further affect the consumer perception towards the retailer (Lai & Wang, 2012). This will impact consumer repurchase

behavior in the future. Thus, this study hypothesizes that there is a significant influence between online consumer's attitude and repurchase behavior.

Based on previous studies sourced through this study's literature review of online shopper's repurchasing behavior, it is important to test out which independent variables have a significant impact on online consumer attitude. Therefore, the research hypotheses of this study are as follows:

- H1: There is a significant influence between perceived product risk and online consumer attitude.
- H2: There is a significant influence between perceived financial risk and online consumer attitude.
- H3: There is a significant influence between perceived convenience risk and online consumer attitude.
- H4: There is a significant influence between perceived non-delivery risk and online consumer attitude.
- H5: There is a significant influence between online consumer attitude and repurchase behavior

Methodology

A quantitative method was conducted to achieve the objectives of the study. The questionnaires adopt a similar approach to previous similar research. An online survey was conducted to measure the consumers' perception towards the four types of risks related to their influence on consumer repurchase attitude and behavior. Survey data was collected from online questionnaires. In this study the data was analyzed using IBM SPSS and the researcher used three types of analyses namely; (1) frequency analysis for demographic section to construct table of frequency and summarize the information so that is concise and easy to understand; (2) descriptive analysis to summarize and measure parameters such as variance, median, means and standard deviation and (3) multiple linear regression to examine the relationship between independent variables (perceived product risk, perceived financial risk, perceived convenience risk, perceived non-delivery risk and attitude), the dependent variable (consumer's repurchase behavior) and mediator variable (attitude). This is important to test out which independent variables have a significant impact on consumer repurchase behavior with attitude as the mediator of such behavior.

Results

The demographic profiles collected from the respondents are tabulated in Table 1.

Table 1: Demographic Profile of the Respondents

DEMOGRAPHIC PROFILE	FREQUENCY	PERCENT
GENDER		
Male	80	40.0%
Female	120	60.0%
AGE		
under 18	14	7.0%
18-28	52	26.0%
29-39	89	44.5%
40-50	39	19.5%
Above 51	6	3.0%
EDUCATIONAL LEVEL		
No formal qualification	2	1.0%
Primary school	6	3.0%
Secondary school	32	16.0%
Foundation or Diploma	52	26.0%
Undergraduate	55	27.5%
Postgraduate	53	26.5%
MARITAL STATUS		
Single	84	42.0%
Married	83	41.5%
Divorced	26	13.0%
Widowed	7	3.5%
OCCUPATION		
Private sector	64	32.0%
Government sector	32	16.0%
Self employed	47	23.5%
Students	33	16.5%
Others	24	12.0%
HOUSEHOLD (FAMILY) MONTHLY INCOME		
Below RM1,500	9	4.5%
RM1,501 to RM3,000	23	11.5%
RM3,001 to RM5,000	50	25.0%

RM5,001 to RM10,000	71	35.5%
More than RM10,000	47	23.5%
ONLINE SHOPPING EXPERIENCE		
Below 6 months	10	5.0%
6 months to 1 year	21	10.5%
1-2 years	57	28.0%
2-5 years	70	35.0%
More than 5 years	42	21.0%
FREQUENCY OF ONLINE PURCHASES IN LAST 12 MONTHS		
Never	2	1.0%
Once or twice	63	31.5%
3 to 6 times	55	27.5%
Monthly	61	30.5%
At least weekly	19	9.5%
CATEGORY OF ONLINE PURCHASE		
Electronic devices	20	10.0%
Fashion	44	22.0%
Groceries	19	9.5%
Health & beauty	32	16.0%
Home appliances	32	16.0%
Toys, kids & babies	22	11.0%
Others	31	15.5%

Source: Survey Data

The number of female respondents is about 20% higher than male respondents. The terms of age, 44.5% respondents are between 29 to 39 years old. The majority of the respondents are undergraduate holders (27.5%), followed by postgraduate holders (26.5%). Slightly more of the respondents are single (single 42% and married 41.5%). 32% of respondents are working in the private sector, and 35.5% of them have an income from RM5,001 to RM10,000 per month. 35% of the respondents have 2 to 5 years online experience, 31.5% of them will usually shop online once to twice for the last one year. The majority of the respondents (22%) purchase online on fashion.

Multiple Linear Regression Analysis

Table 2: Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.546 ^a	.298	.280	.50534	1.634

- a. Predictors: (Constant), Attitude, Convenience_Risk, Product_Risk, Financial_Risk, Non_Delivey_Risk
b. Dependent Variable: Re_Purchase_Behavior

As shown in Table 2, Regression Model Summary: The total N=200, the value of R-Square is .298. This indicates that about 29.8% of the variability of the dependent variable (repurchase behavior) was accounted by product risk, financial risk, convenient risk, non-delivery risk and attitude.

Table 3: ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.033	5	4.207	16.472	.000 ^b
	Residual	49.542	194	.255		
	Total	70.574	199			

- a. Dependent Variable: Re_Purchase_Behavior
b. Predictors: (Constant), Attitude, Convenience_Risk, Product_Risk, Financial_Risk, Non_Delivey_Risk

As shown in Table 3, Regression ANOVA was performed to examine whether the overall regression model was suitable for the data. The table showed that the independent variables were statistically significant with *P* value of .000. $P < 0.05$ and indicates that this regression model predicted well the regression equation and fits the data.

Table 4: Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	1.904	.327		5.827	.000
	Product_Risk	.089	.058	.101	1.540	.125
	Financial_Risk	.168	.066	.173	2.562	.011
	Convenience_Risk	-.150	.053	-.204	-2.839	.005
	Non_Delivery_Risk	.038	.058	.048	.650	.517

Attitude	.380	.050	.468	7.622	.000
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a. Dependent Variable: Re_Purchase_Behavior

As shown in Table 4, Regression Coefficients: The Coefficients table showed that the β value of consumer repurchase behavior has positive value in product risk (0.089), financial risk (0.168), non-delivery risk (0.038) and attitude (0.380), but has negative value in convenience risk (-0.150). In this study, attitude has more predictive value than other variables because it scored the highest beta value with 0.380. Finally, there was a significant relationship between consumer repurchase behavior and financial risk ($P=0.011$) and convenience risk ($P=0.005$) and attitude ($P=0.0000$). On the other hand, product risk ($P=0.125$) and non-delivery risk ($P=0.517$) do not have significant relationship with consumer repurchase behavior since P value was greater than 0.05.

Conclusion

This research identified four types of perceived risks namely Perceived Product Risk (PPR), Perceived Financial Risk (PFR), Perceived Convenience Risk (PCR) and Perceived Non-Delivery Risk (PNDR). Based on these findings, only financial risk and non-delivery risks have an influence on the consumer attitude towards repurchase behavior. This study highlighted that consumer attitude has influence over repurchasing behavior online. This study further indicated that when consumers experience less perceived risks, this will increase the consumer attitude and repurchase behavior towards online shopping. Therefore, it is crucial for retailers to formulate measures to reduce the perceived risks of online shopping in order to increase and further enhance the online shopping rate in Malaysia.

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