Determinants of Repurchase Intention in C2C E-Commerce: Customers’ Perspectives of Merchants and Platform Providers

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ABSTRACT

In order to create a thriving c2c e-commerce environment, it is imperative for c2c e-commerce companies as well as merchants within to fully understand the factors that persuade existing customers to make repeat purchases. This article distinguishes itself by differentiating the roles of platform providers and those of merchants in identifying the determinants that affect repurchase intention in c2c e-commerce. Data in this article was collected from the users of a respected c2c e-commerce company in Indonesia. A total of 347 sample was analyzed using Partial Least Square (PLS), a variance based Structural Equation Modeling (SEM) aided by SmartPLS 2.0 software. The results of this article showed that satisfaction with merchants and trust in platform providers were factors that directly affected repurchase intention. Meanwhile, perceived quality of merchants, perceived value, and trust in merchants were factors that affected repurchase intention indirectly.

KEYWORDS
C2C, E-Commerce, Merchants, Partial Least Square, Platform Providers, PLS, Repurchase Intention, SEM, Structural Equation Modeling

INTRODUCTION

By 2016, Internet users in Indonesia have surpassed 160 million individuals (Ilman, 2015), and the number of e-commerce users increases along with the ever-growing number of Internet users. A recent survey conducted by the Indonesian Internet Service Provider Association (APJII) in 2016 indicates that 85 million Indonesian Internet users purchase goods and services online, representing a substantial proportion of the nation’s total Internet users (APJII, 2016). Such rapid increase offers electronic commerce based organizations the opportunity to prosper in a country with the largest e-commerce market growth in the Asia-Pacific region. Some even argued that e-commerce market growth in Indonesia was well beyond 40% between the years of 2012 to 2015. This figure is significantly higher when compared to neighboring countries such as Malaysia (14%), Thailand (22%) and the Philippines (28%) (Mitra, 2014). This phenomenon is attractive for e-commerce companies, inviting them to further entice customers to shop on their sites, taking form as business to customer, business to business, or customer to customer e-commerce.

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Customer to customer e-commerce is an e-commerce model where customers transact directly with other customers. Those who sell on customer to customer websites are called merchants and those who bring about together the merchants and the buyers by providing a platform to meet and communicate are intermediaries known as platform providers (Chaffey, 2011; Turban, King, & Lang, 2011). An ordinary customer to customer e-commerce company commonly gain financial benefits at the expense of every transaction made between the buyer and the merchant. The number of transaction is positively correlated with the profits of customer to customer e-commerce companies. Low number of transactions is a predicament for customer to customer e-commerce companies and is one requiring a lot of attention, and ought to be resolved in order to create a thriving customer to customer e-commerce environment.

More individuals prefer to shop online from well-known websites, when compared to lesser known ones. This distinguishes the importance of creating a positive perception towards platform providers (Chaffey, 2011). Increasing the quantity of customer to customer e-commerce transaction is mostly conducted by attaining new customers or retaining existing ones and inviting them back for a new transaction. Park (2010) argues that a major factor for the success of an online business is customer repurchase and loyalty. For online stores, retained customers with repeat purchases are over five times more profitable when compared to those made by new customers (Gupta & Kim, 2007). This understanding attracts numerous researches on electronic commerce to be directed towards gaining customer loyalty through repurchase intention.

Over the past few years, related researches on customer to customer e-commerce repurchase intention were more dominantly focused from the perspectives of the merchants, namely, the individuals performing the sales. Whereas researches on similar topics with an emphasis on platform providers are gravely lacking. On the one hand, there are numerous researches concerning customer repurchase intention conducted with specific viewpoints, mostly on customers perspectives towards the merchants. For example, Hsu et al. (2014) proposed a theoretical model on the factors that affect repurchase intention in online group-buying by combining DeLone & McLean IS success model and theories about trust. Kim (2009) investigated the relationship between consumer trust, satisfaction, expectation, and post-expectation in the context of e-commerce. A different perspective was taken by Fang et al. (2011), in which repurchase intention was intertwined with the sphere of justice and fair treatments. Lee et al. (2009) unraveled the factors that make up e-satisfaction and investigated the effects of computer self-efficacy and computer anxiety as moderating variables. Chiu (2012) explored the moderating role of habit in the relationship between trust and repeat purchase intention in the context of online shopping. Similarly, Hsu et al. (2015) combined the expectation-confirmation theory with habit as a moderating variable towards repurchase intention.

On the other hand, limited researches have been conducted that questioned repurchase intention from customers’ perspectives towards the platform providers. For example, Kim et al. (2012) examined the effects of website quality towards utilitarian and hedonic values of online shopping, customer satisfaction and repurchase intention. Shin et al. (2013) determines the effect of site quality on repurchase intention in online shopping through customer satisfaction, customer trust, and customer commitment. Similar research explored repurchase intention on shared-economies platforms (Liang, 2017). Additionally, Zheng et al. (2017) examined e-loyalty towards online shopping platforms, focusing on marketing perspectives of coupon proneness and value consciousness. Other researches focus on economic and social satisfaction (Chen 2017), or social capital theories (Huang 2015) and their roles in boosting loyalty and repeat purchases in customer to customer platforms.

The intention of this research is to serve as a reference for future related works concerning customer repurchase intention in customer to customer e-commerce, with a more holistic perspective, taking into considerations the roles of not only the merchants, but also of the platform providers. This research distinguishes itself from the previous by evidently differentiating the roles of merchants and those of platform providers in identifying the determinants that affect repurchase intention in customer to customer e-commerce. In order for customer to customer environment to thrive, it is
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