Key Determinants and the Effects of Perceived Value on E-Commerce Repurchase Intention in Vietnam

Nguyen Ngoc Duy Phuong.
International University, Vietnam National University HCMC, School of Business, HCMC, Vietnam.
E-mail: phuongnida@gmail.com

Nguyen Duy Long.
International University, Vietnam National University HCMC, School of Business, HCMC, Vietnam.
E-mail: long.nguyenduy94@gmail.com

Abstract

The purpose of this paper is to explore how customers repurchase intention of e-commerce in Vietnam which is considered as a potential country in developing this field. This paper focuses to the effects of perceived value on online repurchase intention of e-commerce in Vietnam and what key determinants affect to the perceived value. To test the proposed hypotheses, the quantitative method is applied to collect the data. The partial least square (PLS) was used as a technique to analyze the data included the measurement as well as structural model. Data from this research collected from 261 Vietnamese online shoppers who have already purchased in E-commerce in Vietnam.

Key Words: online repurchase intention, perceived value, perceived reputation
1. Introduction

Many researchers have researched repurchase intention in e-commerce (Hume, 2008; Qureshi et al. 2009; Zhou & Wang, 2009; Hellier et al. 2003). Nevertheless, it seems that little previous research about intention to repurchase of ecommerce in Vietnam. The evolution of e-commerce platforms like Alibaba, Amazon which attract many Internet users around the world. As an inevitable trend, Vietnamese Internet users express their interest in buying through Internet. According to Nielsen’ research, 72% of consumers in Vietnam agree that Internet purchasing is more convenient than tradition purchasing. In additional, the research shows that 92% of Vietnamese people want to have 24/7 Wi-Fi to connect to Internet. Besides that, almost the top e-commerce companies in Vietnam received the investment from big companies such as Lazada received investment from Alibaba, Shopee received investment from Garena. It proves that the potential development in e-commerce in Vietnam is significantly.

Theoretically, to get long term achievement, regardless of in which sorts of e-commerce, customer retention is considered by both scholars and practitioners to be one of the critical success factors for retail businesses with its implications for cost savings and profitability (Doyle, 2003). The cost of securing new clients is five to seven circumstances that of holding existing ones. Besides, held clients upgrade benefit with their lower affectability to value changes and their higher probability of alluding new clients (Doyle, 2003). Client maintenance is a considerably more difficult issue with regards to internet shopping, where serious contenders exist and the exchanging costs for clients are negligible (Anderson and Srinivasan, 2003). It is along these lines vital to distinguish the real determinants of online client maintenance. Moreover, maintaining current clients may become a good marketing strategy because they can invite their friends and parents for online purchasing in the same website with them.

Perceived value is considered as an important factor of purchase intention, the benefits and sacrifices in customers’ recognition always is considered carefully. Whether perceived value may change or how can it affect to repurchase intention after receive product and service from online seller. The proposed perceived value and customer repurchase intention also deserved attention. At the point when a solitary buy of an item or administration is made, the client hopes to get an advantage more prominent than the cost, that is, the client hopes to get value. In the event that anything occurs after the buy that suddenly lessens or builds the cost caused or advantage got, the apparent esteem is changed. The client turns out to be less or more fulfilled, which thusly impacts consequent client esteem desires and purchase behavior (Carr, 1990; Woodruff, 1997; Voss et al. 1998). From the above arguments, it is
essential to investigate to what extent do perceived value affect repurchase intention of e-commerce in Viet Nam.

2. Conceptual Background and Hypothesis Development

The traditional flows of researching in customers’ behavior, it is argued that a consumer’s behavior is mainly influenced by intention. The foundation of this argument was based on the core theory of reasoned action (TRA) suggested by (Ajzen and Fishbein, 1980) and its later development, the theory of planned behavior (TPB). Based on this theory, intention to perform a certain behavior precedes the actual behavior (Ajzen & Madden, 1986). The intention is recognized as behavioral intention, and seems a belief that performing the behavior will guide to a specific action. TRA suggests that stronger intentions increase the ability to perform the behavior and also boost the probability for the behavior to be performed. These two fundamental theories however show in vague how to apply them in turbulent context of e-commerce. Many researchers have identified various key determinant factors on repurchase intention in e-commerce context (Ulaga and Eggert, 2004; Zhang et al. 2011; Kim et al, 2012; Zeki, 2015). Ulaga and Eggert (2004) measured the effects of value, trust, satisfaction and expansion factors. Meanwhile, Zhang et al. (2011) examined vendor’s characteristics and behavior. Kim et al (2012) focused on quality in system, information, service and customer satisfaction. In different angle, Zeki (2015) investigated e-trust, e-satisfaction, and e-loyalty. From the past studies, there is little attention to the effect of perceived value on repurchase intention in e-commerce context. This is thus in this present study we suggest perceive value, customer knowledge, perceived expertise in order fulfillment, and perceived reputation are central determinants influencing online repurchase intention. To propose a comprehensive model, we deeply conceptualize the following constructs.

2.1 E-commerce Context

E-commerce (electronic commerce) is a new concept that appeared in business through 1970s. E-commerce was defined that it includes any form of economic activity conducted via electronic connections. The bandwidth of “e-commerce” extends from electronic markets to electronic hierarchies and incorporates electronically supported entrepreneurial networks and cooperative arrangements (Wigand, 1997). We assume e-commerce context is the type that the business exercises amongst customers and private buyers, an outsider constantly required to encourage the exchanges.

2.2 Online Repurchase Intention

Intention to repurchase is the individual’s judgement about re-buying a selected service from same provider and considering his/her situation as well as conditions (Hellier, Geursen, Geursen, & Carr, 2003). Customer’ intention to repurchase is an imperative component for
There are many literatures agree that repurchase intention in online context is much more important than offline context. There are 5 instruments were adapted from Qureshi et al. (2009), Zhou et al. (2009), Limayem (2000).

2.3 The Relationship between Perceived Value and Online Repurchase Intention

Most of literatures agree that perceived value is a trade-off between benefits and sacrifices perceived by customer in purchasing (Zeithaml, 1988). In addition, perceived benefits are considered as combination of economic, technical, service, and social benefits (Anderson & Chintagunta, 1993). Perceived sacrifices are described as a perceived risk (Snoj, Korda, & Mumel, 2004) include: financial risk, psychological risk, physical risk, functional risk, social risk (Murphy & Enis, 1986).

Hume (2008) also showed that perceived value is the most essential factor of repurchase intention and has a direct relationship with satisfaction. If a purchase offered a high value to customer, it would improve consumer’s level of return and intent to repurchase in future. There are 5 instruments were adapted from Dodds et al (1991), Parasuraman et al. (2005). Therefore, the first hypothesis is developed as follows:

H1: Perceived value positively affects online repurchase intention

2.4 The Relationship between Expertise in Order Fulfillment and Perceived Value

Cao et al. (2003) suggest that, order fulfillment includes two steps: the first step is ordering process; the consumers search the sites of products, compare the features, consider selection and give the decision. The second process is fulfillment process; it talks about the ability that the consumers can check on-hand delivery progress and having right to keep or give back the products when it arrives. Consumer perceptions of order process are essential influencing in electronic commerce success (Torkzadeh & Dhillon, 2002) which is meaningful for online consumer to take product consumers have purchased in a well-timed, effective and secure way.

Accordingly, it is critical for the online sellers toward guarantee that they can give the items to purchaser in expertise later the online purchasers have paid. Consequently, the purchasers would feel they receive value that they are deserved. There are 6 instruments were adopted from Qureshi et al. (2009), Torkzadeh & Dhillon (2002). Hence, the second hypothesis is proposed:

H2: Perceived expertise in order fulfilment positively affects perceived value

2.5 The Relationship between Sellers’ Reputation and Perceived Value

Based on Doney & Cannon (1997), reputation can be defined as customers’ perception on how firm/seller takes care of customers and is truly worried about their welfare. Customers can evaluate performance of seller both in past and present to identify seller’s reputation. Reputation is related to brand equity and firm/seller credibility so firm/seller requires maintaining a good reputation because it is easier to lose than building (Hess, 2008). There
are various components in seller reputation including clients’ view of the seller’ public image, innovativeness, product quality, service and commitment to consumer satisfaction (Koufaris & Hampton-Sosa, 2004).

A prior study also showed that reputation is a significant factor in lowering risk (Antony, Lin, & Xu, 2006). It would affect to customers’ recognition about what they can sacrifice. Then, adopted from Qureshi et al. (2009) included 5 instruments. Thus, we posit that:

H3: Perceived seller’ reputation positively affects perceived value

2.6 The Relationship between Customer Knowledge and Perceived Value

Customer knowledge is the combination of needed experience, value and insight information which is created and absorbed between customer and enterprise during process of transaction. (Gebert, Geib, Kolbe, & Riempp, 2002). It mentions about how sellers understand their customers’ wants, needs and aims. Understanding about customers’ needs, want and aims help seller to approach customer in efficient way. It means that having high customer knowledge – a collection of experience, value, information, insight of consumer is very important. Services/products providers need to have processes systems to collect information and data about who their customer are, what they are thinking and what they want to do. Client knowledge about product is important for building customer response or evaluation about the product that may be called as product perceived value (Satish & Peter, 2004). There are 5 instruments were adopted from Bergeron (2004), Jayachandran (2004) and the research proposes that:

H4: Customer knowledge has positively effect to perceived value

3. Research Methodology

3.1 Measure of Constructs

The survey instrument constructed into 2 parts with a total of 33 items: The first part asked about Respondents’ demographics and where they did purchasing action in e-commerce in the past. The second part included items to measure the theoretical construct of online repurchase intention. Demographic information included gender, age, academic qualification, job, monthly salary, besides that information about whether they made a purchase in e-commerce or not and where they did it. The items were adapted from previous studies to ensure the content validity. Each item using a seven-point Likert Scale with ORI, PV, PR, CK are using 5 items and PEIOF is using 6 items

3.2 Procedure and Data Collection

Before the actual data collection, the questionnaires were examined by 10 respondents to check the preliminary items and the extent of survey context how testers understand. Suggested by Krosnick & Presser (2010), the 7-point scales are more optimal in many instances because the larger scales the more reliable but the upper 7-point scales make the
choice less clear. The questionnaires are distributed from both online survey and offline survey. Through the online survey, there are 228 questionnaires collected but just 194 are usable. For offline survey, there are 79 questionnaires are collect and 46 of them are unusable. It means that there are totally 261 collected usable data and can reach the analysis requirement.

3.3 Statistical Method

The main purpose of this method is determining the impact of the factors to online repurchase intention in e-commerce. To achieve this goal, this research employed the Partial Least squares (PLS) by means of SmartPLS version 3.0 because of its appropriation for the complex structural model and the key determinants can easy indentify (Hair et al. 2014). They suggest that there are four reasons for choosing PLS approach to test the hypotheses (i) framing the connections between the reliant and independent factors of multi-group in one time for systematic, comprehensive, and single investigation is accomplished; (ii) skewed response distribution and multicollinearity is impacted by PLS which is evidently tremendously impact to; (iii) the present examination has experimental consideration and plans to find the principal trigger factors; and (iv) the structural model of the present research is convoluted. For those reasons, there are the structural model and the reflective measurement model in this research. The analysis of the measurement model has a purpose that evaluating constructs validity as well as the internal consistency. The validation of the construct includes divergent and convergent validity. The two-stage approach was used in PLS analysis, as proposed by Hair et al. (2014). The initial step includes the examination of the model estimation, though the second step tests structural connections among the latent variables. This approach aims at establishing the reliability and validity of the measures before assessing the structural relationship of the model.

4. Results

4.1 Measurement Model

The reliability and validity of the reflective constructs were tested. Composite reliability (CR), which means Cronbach’s alpha, needs to be assessed to measure internal reliability. The CR values of all constructs were above 0.7 (Table 1), satisfying the rule of Hair et al. (2014). They suggested the acceptance of items with loadings of at least 0.7. Given that the loadings associated with each of the scales were all greater than 0.7, individual item reliability was judged to be acceptable. The convergent validity was evaluated using the average variance extracted (AVE). The AVE of all constructs was above 0.5, signifying a satisfactory degree of convergent validity.
Table 1: Measurement Model Evaluation

<table>
<thead>
<tr>
<th>Constructs</th>
<th>No. Items</th>
<th>Factor loadings</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer knowledge (CK)</td>
<td>2</td>
<td>0.879 – 0.911</td>
<td>0.889</td>
<td>0.801</td>
</tr>
<tr>
<td>Online repurchase intention (ORI)</td>
<td>5</td>
<td>0.815 – 0.894</td>
<td>0.927</td>
<td>0.717</td>
</tr>
<tr>
<td>Perceived expertise in order fulfillment (PEIOF)</td>
<td>3</td>
<td>0.711 – 0.855</td>
<td>0.828</td>
<td>0.617</td>
</tr>
<tr>
<td>Perceived reputation (PR)</td>
<td>2</td>
<td>0.671 – 0.983</td>
<td>0.824</td>
<td>0.708</td>
</tr>
<tr>
<td>Perceived value (PV)</td>
<td>3</td>
<td>0.798 – 0.825</td>
<td>0.853</td>
<td>0.659</td>
</tr>
</tbody>
</table>

To assess the discriminant validity of the constructs, two approaches were used. First, the cross loadings of the indicators were examined. This finding revealed that no indicator loads are higher on an opposing construct. Second, following the Fornell and Larcker (1981) criterion, the square root of AVE for each construct exceeded the intercorrelations of the construct with the other constructs in the model (Table 2). Both analyses confirmed the discriminant validity of all constructs.

Table 2: Discriminant Validity Coefficients

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>SD</th>
<th>CK</th>
<th>ORI</th>
<th>PEIOF</th>
<th>PR</th>
<th>PV</th>
</tr>
</thead>
<tbody>
<tr>
<td>CK</td>
<td>4.345</td>
<td>1.100</td>
<td>0.785</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ORI</td>
<td>4.680</td>
<td>1.464</td>
<td>0.563</td>
<td>0.847</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PEIOF</td>
<td>4.800</td>
<td>1.450</td>
<td>0.373</td>
<td>0.510</td>
<td>0.785</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PR</td>
<td>5.353</td>
<td>1.170</td>
<td>0.271</td>
<td>0.317</td>
<td>0.189</td>
<td>0.841</td>
<td></td>
</tr>
<tr>
<td>PV</td>
<td>4.593</td>
<td>1.273</td>
<td>0.529</td>
<td>0.715</td>
<td>0.579</td>
<td>0.288</td>
<td>0.812</td>
</tr>
</tbody>
</table>

Diagonals (in bold) represent square root of the AVE.

4.2 The Assessment of the Structural Model

With the satisfactory results of the measurement model, the structural model was subsequently evaluated. The predictive accuracy of the model was evaluated in terms of the portion of variance explained. The results suggest that the model can explain 51.2% online repurchase intention model and 50.2% of the variance in perceived value. Aside from estimating the magnitude of $R^2$. In addition, the model fit assessment was also employed by testing predictive relevance developed by Stone and Geisser. This technique represents the model adequacy to predict the manifest indicators of each latent construct. Stone–Geisser $Q^2$ (cross-validated redundancy) was computed to examine the predictive relevance using a blindfolding procedure in PLS. Following the guidelines suggested by Chin (1998), a $Q^2$ value of greater than zero implies that the model has predictive relevance. In the present study, values of 0.339 and 0.301 were obtained as an average cross-validated redundancy (for all endogenous variables), respectively. These values are far greater than zero. In sum, the model exhibits acceptable fit and high predictive relevance for the analysis.
Nonparametric bootstrapping was applied with 1500 replications to test the structural model. The analysis provides supports for all four hypotheses with all p-value below 0.001 (see Table 3). The statistical results confirm the hypotheses proposed in the model. The results suggest that perceived value is the key determinant influencing online repurchase intention ($\beta=0.715$). This result indicates that perceived value is an important mediator between perceived expertise in order fulfillment, customer knowledge, perceive reputation and online repurchase intention. Perceived expertise in order fulfillment ($\beta=-0.375$), customer knowledge ($\beta=-0.276$) and perceived reputation ($\beta=0.265$) are showed to have significant effects on perceived value as the results lead to repurchase intention.

4.3 Discussions

For perceived value, the result show that perceived value is a strongest significant factor to online repurchase intention. This finding is further confirmed past studies (Anderson & Chintagunta, 1993; Hume, 2008). From this result, it is assumed that the benefits and sacrifices are an important factor to online repurchase intention. From the good value that customer can receive from the first purchasing, buyer can expect to maintain the relationship with seller. Besides that, the level of return increases when buyer supposes receiving a good value of purchasing and intent to repurchase in future.

Based on the result from this research, perceived expertise in order fulfillment ranked biggest impact on perceived value. This finding is in line with previous research in this area (Cao et al., 2003; Torkzadeh and Dhillon, 2002). The result in this part implied that customers of e-commerce in Viet Nam consider that the order fulfillment is the most important factors related to perceived value. They want to receive the product on time as well as delivered fast and in suitable time. It means that most of purchasers expect to receive the right product in the most convenient time.

The result showed that customer knowledge is the second significant factor to perceived value. This result is similarly in line with the results of other research that has been carried out previously (Gebert et al., 2002; Satish and Peter, 2004). It seems necessary that understanding about customers’ needs, want and aims help seller to approach customer in efficient way. Furthermore, having a system to collect information and data of customer to
create a better product, it helps seller increase buying experience of buyer so the level of return is increased and perceived value increases too.

Finally, our research, in line with the other research, showed that perceived seller reputation has significant impact to perceived value (Antony et al., 2006; Doney and Cannon, 1997; Hess, 2008; Koufaris and Hampton-Sosa, 2004). This means that if seller with good reputation will not take a chance to their reputation so they want to provide a good quality of service and product. It further suggests that it helps the buyer avoid the worried about the risk when purchasing from this seller and the perceived value when purchasing from this seller will increase.

5. Conclusions and Implications

The results of the study shed light on important issues relating to perceived value and its effect on online repurchase intention. In Viet Nam e-commerce, it can be highlighted that perceived value implies what customer receives a good value product which is a significant factor to online repurchase intention where customer knowledge, and perceived seller’s reputation and perceived expertise in order fulfillment do are significant indicators to perceived value. With perceived reputation, customers will act an online purchasing with sellers who can be considered as having high reputation. In general, the risk in shopping online is higher than offline. For reducing the level of risk, customers tend to purchase in a shop with high reputation. Thus, it is clearly that the direction to Vietnamese sellers in e-commerce which is improving perceived value by increasing the perception of seller’s reputation to purchaser. Most of e-commerce’s pages have rating system so this is an important factor that related to perception of purchaser about seller’s reputation. The tendency of purchasers is concentrating in high rating shops because it represents for the shop’s reputation. To make sure customer intent to repurchase, seller should keep relationship with their customers and reduce level of risk when products are ordered. Providing a good customer service in post purchase is a good idea for achieving high rating score.

In fact, buyers can only rate the seller after the product is received and the confirmation is also given by purchaser. By providing post purchase customer service, it increases an ability that purchaser give a high rating score. Consequently, online sellers should have a process/system to collect information from customer and deliver products as promised. Having information of customer help sellers have deeper insight about what customer needs and wants, from that sellers can increase the level of return and meet the customers’ expectation about product or service quality to satisfy customer. Delivery is very important, improving the delivery system and should not promise more than they can deliver to customer because they expect to receive their expectation of delivering on time.
Although this study offers insight in relationship between perceived value and online repurchase intention. There are boundaries which are expected to improve in near future. There are only 261 samples were collected for this study and almost of them are student. It is just a small group of people to represent the whole population of people purchasing product through e-commerce. In future, increasing the sample size to get a better result to improve the measurement model is a good idea. The study just also mentions about e-commerce in general and there are many differences between many kinds of e-commerce like B2C, C2C, B2B…In future research, it may be better to focus specific type of e-commerce.

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