



## **Strength of Reference Groups to Moderate Online Repurchase Intention on Generation X**

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### **ABSTRACT**

The purpose of this study was to determine the role of the strength of the reference group in moderating the effect of e-commerce service quality and customer satisfaction on online repurchase intentions. The selected respondents were adolescents aged 17-24 years who were generation X. The study used primary data obtained from the results of questionnaires to 100 students who were educated in public universities in the city of Denpasar, Bali, Indonesia. Determination of the sample using purposive sampling. The data analysis technique used is by using this method of primary data collection using a questionnaire. Simple linear regression analysis and moderated regression analysis using the Statistical Product and Service Solution (SPSS) program. The results show that the quality of e-commerce services and customer satisfaction has a positive and significant effect on online repurchase intention. the strength of the reference group can strengthen the relationship between the quality of e-commerce services and the intention to repurchase. But the reference group cannot strengthen the relationship between customer satisfaction and the intention to repurchase. The implication in this study is that retailers must pay attention to the quality of e-commerce services so that they can provide convenience, comfort and security in shopping, giving rise to a strong intention to repurchase customers.

Keywords: e-commerce, e-servqual, customer satisfaction, strength of the reference group, intention to repurchase.

### **INTRODUCTION**

Competition between e-commerce businesses requires them to improve the quality of e-commerce services to maintain customer satisfaction and loyalty. The quality of e-commerce services is important to be able to provide information and interest to customers making purchases and repurchases because of good experience. Various good experiences regarding e-commerce services are the basic elements in determining repurchase intentions (Razak, et al. 2016). Good quality e-commerce services will generate satisfaction for its customers and can ultimately increase repurchase (Phoung and Trang, 2018; Shi et al, 2018; Salem et al, 2017). Elbeltagi and Gomma (2014) state that overall customer satisfaction is closely related to behavioral intention to buy at the same provider. Curtis et al. (2011) explained that satisfaction has a strong positive relationship with the desire to repurchase.

Consumer behavior in making purchases is strongly influenced by reference groups (Chaudhary, 2018). Reference groups consisting of family, friends or colleagues are very instrumental in giving advice and input to someone in making a purchasing decision. Bearded and Michael (2001) states that the reference group is used as a comparison standard for self-assessment and self-concept so as to be able to bring up decisions in the purchase of a product. Groups that can influence consumers include friends, family, friendship groups, shopping groups, work groups, virtual groups or communities and celebrities (Mantasari, 2013). The power of trust from the reference group will be a consideration for someone to take a purchase action. The trust of the reference group will be able to strengthen the relationship of one's satisfaction to make a repurchase of the product or service online.

Internet users in Indonesia have experienced an increase in 2017 which has reached 143,26 million people, equivalent to 54,68 percent of Indonesia's population. This number shows an increase of 10.56 million people from the results of the survey in 2016. Central of Statistics Census Data



Indonesia stated that the e-commerce industry in Indonesia in the last 10 years had increased by 17 percent with the total number of e-commerce businesses reaching 26.2 million units. However, 80 percent of consumer behavior in Indonesia still uses online store sites to view desired product reviews before buying offline so that only 8 percent of the population of internet users do online shopping. The millennial generation, known as generation X, is the generation that dominates internet usage today so that it can be used as a target consumer in e-commerce business. Based on the above phenomenon, researchers are interested in further investigating the role of reference groups in influencing online repurchase intentions in generation x.

## **LITERATURE REVIEW**

### **Online Repurchase Intention**

This study revealed the intention to repurchase online so that the theory underlying this research is Theory of Planned Behavior (TPB). TPB is a theory that expresses the intention of individuals to carry out behavior (George, 2004). This theory has been used in several empirical studies in the diversity of social behavior (Jain et al. 2017). The intention to repurchase can be interpreted as someone's interest in making another purchase in a particular company based on previous experience (Hellier et al., 2003). Repurchase intention is a very important behavior in making real purchases in the future. The intention of online repurchase is the possibility that the customer has to behave in subsequent purchases (Seiders et al., 2005). This causes consumers who shop online to repurchase online sites through previous purchase experience. There are several indicators in measuring online repurchase intention according to Yaras et al. (2017) and Wani et al. (2016) namely: likely to purchase products online again, likely to recommend online shopping to my friends, likely to make another online purchase, Plan to Buy product online again.

### **Service quality of e-commerce**

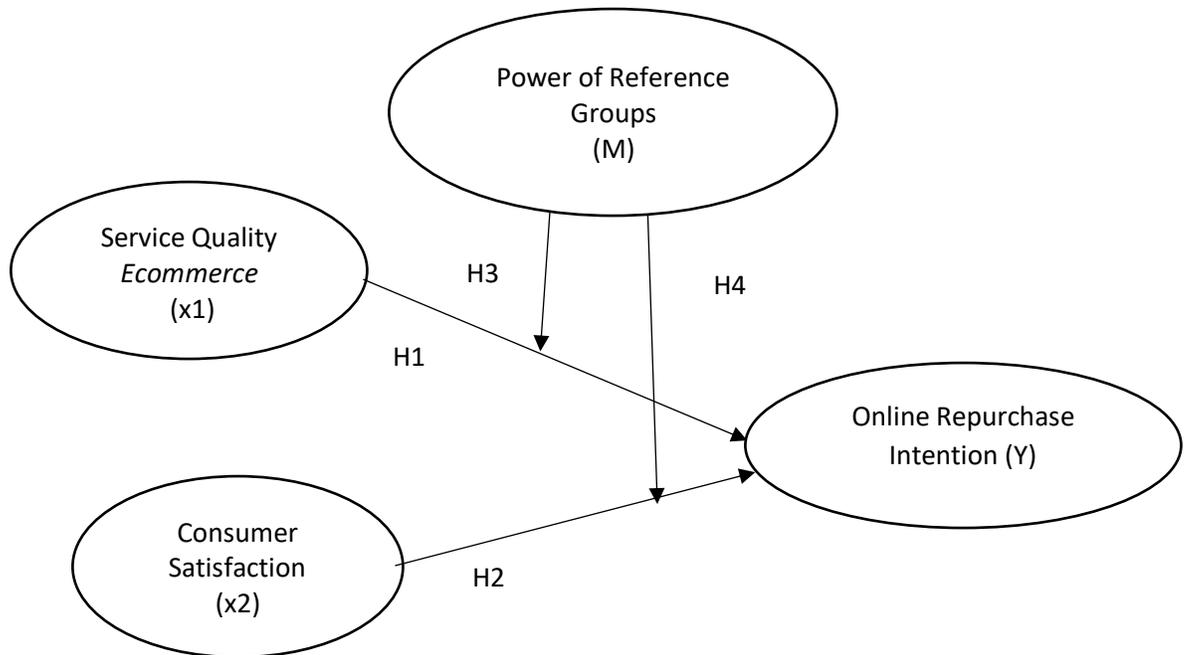
Services are becoming increasingly important and potentially easier to provide products online than real products, it is very useful to have a measurement tool that is able to assess the quality of services in a tangible and intangible manner. E-Commerce refers to conducting business transactions using internet services (Mihanty et al. 2007), and the website acts as a medium of business transactions (Ghost, 2008). The E-servqual model is a conceptual model of service quality for the electronic commerce environment. Phoung and Trang, (2018) compiled several indicators in the quality of E-commerce services, namely responsiveness (employees' willingness to deal with customers' complaints and requests), customization (the degree of individualization of communication and awareness of service providers of consumer needs), Content adequacy, Content Usefulness, Ease of use, Navigation, Interactivity, accessibility.

### **Consumer Satisfaction**

Kotler (2000: 36) states that "satisfaction is a person's feelings of pleasure or disappointment resulting from comparing a product's perceived performance (or outcome) in his or her expectations". If product performance is far lower than consumer expectations, the buyer will feel dissatisfied. Consumer satisfaction according to Barutcu (2010), Lovelock and Wright (2005: 96) is measured by performance or product performance in accordance with E-customer expectations, online products provide a pleasant experience for E-customers, Accurate product information in accordance with the benefits received by E-customer, overall online products satisfy E-customers.

### **Reference groups**

Most people have groups in their lives. Often these groups influence every decision in buying a product. When talking about the impact of reference groups on the consumption process, it is very important to adjust the consumption process with reference groups (Turčínková and Moisisidis, 2011). Reference groups (family / friends / partner) can strengthen consumers' desire to repurchase products online. Someone usually mimics the behavior of reference groups in buying products online (Bearden and Michael, 2011; Sumarwan, 2003: 250). Figure 1 shows the conceptual model in this study.



**Figure 1**  
**Conceptual Model of Research**

**HYPOTHESIS**

**Effect of e-Commerce Service Quality on online repurchase intentions**

The quality of e-commerce services is important to be able to provide information and interest in website visitors to make purchases and attract customers to repurchase because of a good experience. Various good experiences regarding the quality of ecommerce services are the basic elements of determining repurchase intentions (Razak, et al. 2016). Santoso and Apriningsih (2017) states that there is a strong relationship between the perception of E-Service Quality on the desire to repurchase. Shi et al. (2018) also found that the dimensions of online service quality have a positive and significant effect on repurchase intentions.

H1: E-commerce service quality has a significant effect on repurchase intention

**Effect of Consumer Satisfaction on online repurchase intentions**

Some studies state that there is a direct effect between satisfaction and the desire to repurchase. This is in accordance with the research conducted by Elbeltagi and Gomma (2014) which in his research stated that overall customer satisfaction is strongly related to intention to behave to return to the same service provider. Satisfaction has a strong positive relationship to the desire to repurchase (Hume and Sullivan, 2010; Curtis et al., 2011)

H2: Consumer satisfaction has a significant effect on the intention to repurchase online

**Effect of Group Strength on online repurchase intentions**

The strength of the reference group can influence someone in their buying behavior. Eszter (2008) states that reference groups will be able to play an important role for someone in helping to create self-identity. A person's internal and external experience can have an impact on customer repurchases. The social environment (including family, friends and reference groups) becomes very important for someone to decide on a purchase (Andreani et al. 2017).

H3 The strength of the reference group strengthens the relationship of ecommerce services quality to the online repurchase intention.

H4 The strength of the reference group strengthens the relationship of satisfaction with the online repurchase intention.

## RESEARCH METHODS

Determination of the sample in this study using nonprobability sampling method with purposive sampling technique. This study took respondents who were millennial generation (generation X) so that the sample of this study was among students at several universities in the City of Denpasar, Bali, Indonesia who had purchased online. The research sample amounted to 100 people. This study uses primary data collection methods using a questionnaire. Simple linear regression analysis and moderated regression analysis using the Statistical Product and Service Solution (SPSS) program. Measurement of data using a Likert Scale with a value of 1 = Strongly disagree., 2 = disagree, 3 = neutral, 4 = agree and 5 = strongly agree.

## RESULTS

### Characteristics of Respondents

According to the World Health Organization (WHO), the category of adolescents is those aged 12-24 years (WHO, 2012). So, in this study taking samples of adolescents who study in universities so that samples taken are 17-24 years old. The characteristics of the respondents in this study are as follows.

**Tabel 1**  
**Crosstab Analysis**

		male	female	Total
<b>Product</b>	<b>clothes</b>	10 32.3%	30 43.5%	40 40.0%
	<b>electronic</b>	6 19.4%	13 18.8%	19 19.0%
	<b>accessories</b>	7 22.6%	22 31.9%	29 29.0%
	<b>cosmetic</b>	2 6.5%	4 5.8%	6 6.0%
	<b>public transport tickets</b>	6 19.4%	0 .0%	6 6.0%
Total		31 100.0%	69 100.0%	100 100.0%

The results of the Crosstabs analysis showed that the number of female respondents was 69 people and men were 31 people. Male respondents are more likely to buy airplane tickets or public transportation online compared to female respondents. While respondents who are female are more likely to buy accessories online. overall respondents buy more clothes online or around 40 percent. The results of validity and reliability tests can be seen in Table 2 as follows

**Table 2**  
**Validity and Reliability**

Symbol	Instrument	Correlation (r )	alpha cronbach's
X1.1	employees' willingness	0,882	0,96
X1.2	communication and awareness of service providers	0,86	
X1.3	Content adequacy	0,894	
X1.4	Conten Usefulness	0,894	
X1.5	Ease of use	0,84	
X1.6	Navigation	0,902	
X1.7	Interactivity	0,907	
X1.8	accessibility	0,888	
X2.1	Online Product Performance	0,859	0,905
X2.2	Customer experience	0,879	

X2.3	Accuracy of information of product	0,912	
X2.4	overall satisfaction on online product	0,892	
M.1	strength of the reference group	0,891	
M.2	influence of the reference group	0,937	0,894
M.3	the reference group imitator	0,896	
Y.1	likely to purchase products online again	0,907	
Y.2	likely to recommend online shopping to my friends	0,931	0,933
Y.3	likely to make another online purchase	0,873	
Y.4	Plan to Buy product online again	0,941	

Table 2 shows that all instruments used in measuring variables in this study meet the level of validity because the correlation value is more than 0.3 and has met the reliability level because the value of alpha cronbach's is more than 0.6.

Multiple linear regression

The results of multiple linear regression analysis are presented in the table below.

**Table 3**  
**Multiple linear regression**

Variabel	Unstandardized Coefficient		Standardized Coefficient	t	Sig
	B	Std. Error	Beta		
Constant	-0,109	0,607		-0,179	0,858
X1	0,261	0,029	0,514	9,114	0,000
X2	0,49	0,057	0,483	8,565	0,000

R<sub>square</sub> : 0,823  
F : 225,748  
Sig. F : 0,000

The equation from Table 3 is as follows.

$$Y = a + b_1X_1 + b_2X_2 + e \dots\dots\dots (1)$$

$$Y = -0,109 + 0,261 X_1 + 0,490 X_2 + 0,607 \dots\dots\dots (2)$$

From this equation it means that if the constant value (a) of -0.109 means if the quality variable of e-commerce services and satisfaction is declared constant at number 0, then there is no intention to repurchase it online.

The regression coefficient (b) on the e-commerce service quality variable is 0.261 which means that if the e-commerce service quality variable increases, the intention to repurchase will also increase assuming that the satisfaction variable is constant. the variable of consumer satisfaction is 0.490 which is positive which means that if the variable of customer satisfaction increases, the intention to repurchase will also increase with the assumption that the variable quality of e-commerce services is constant.

The calculated F value obtained is 225,748 with a significance of 0,000. This significance is clearly smaller than Alpha ( $\alpha = 0.05$ ), so the regression model has fulfilled the prerequisites for the accuracy of the regression function. This means that this multiple linear regression model is appropriately used to predict the influence of e-commerce quality and satisfaction on repurchase intentions.

The analysis results show a value of 0.823. This means that changes that occur in repeat purchase skills can be explained by satisfaction and quality of e-commerce services by 82.3 percent, while the remaining 17.7 percent is satisfied by other factors not tested in this study.

Judging from the significant value of e-commerce service quality and customer satisfaction is 0,000 <,  $\alpha = 0.05$ , H1 and H2 are accepted. This means that there is a positive and significant influence on the quality of e-commerce services and customer satisfaction on online repurchase intentions.

### Moderation Regression

**Table 4**  
**Moderation Regression**

Variabel	Unstandardized Coefficient		Standardized Coefficient	t	Sig
	B	Std. Error	Beta		
Constant	-0,076	1,406		-0,054	0,957
X1	0,083	0,089	0,163	0,925	0,357
X2	0,95	0,237	0,938	4,015	0
M	-0,115	0,22	-0,088	-0,523	0,602
X1_M	0,022	0,01	0,67	2,192	0,031
X2_M	-0,046	0,024	-0,69	-1,95	0,054

Adjusted R<sub>square</sub> : ,824  
F : 93,490  
Sig. F : 0,000

$$Y = a + b_1X_1 + b_2X_2 + b_3 M + b_4X_1M + b_5 X_2M \dots\dots\dots (3)$$

$$Y = -0,076 + 0,083 X_1 + 0,950X_2 + -0,115 M + 0,022 X_1M - 0,046 X_2M \dots\dots\dots (4)$$

From the equation above, it can be compared between the quality of e-commerce services (X1) and consumer satisfaction (X2) in equation (2) and equation (4) has a positive value, so the variable is consistent, so the existing moderation model is pure moderation ( Pure moderation).

The calculated F value is 93,490 with a significance of 0,000. This significance is clearly smaller than Alpha ( $\alpha = 0.05$ ), so the regression model has fulfilled the prerequisites for the accuracy of the regression function. This means that this moderation regression model is appropriately used to predict the influence of the trust strength variable on the reference group on the effect of e-commerce service quality and customer satisfaction on repurchase intentions.

The results of the analysis show that the Adjusted Rsquare value is 0.824. This means that changes in repurchase intentions can be explained by the quality of e-commerce services and customer satisfaction, the strength of trust in the reference group as moderating and interaction between the quality of e-commerce services and consumer satisfaction on the intention to repurchase online at 82.4 percent, while 11, The remaining 6 percent is explained by other factors not tested in this study. On the relationship between e-commerce service quality and repurchase intention which is moderated by the power of trust towards the reference group, it is seen a significant value (0.031) of tcount <0.05, then H3 is accepted. This means that the strength of trust in the reference group reinforces the positive influence of the quality of e-commerce services (X1) on the intention to repurchase on online sites (Y).

On the relationship between satisfaction and repurchase intention which is moderated by the power of trust in the reference group, it is seen a significant value (0.054) of tcount > 0.05, then H4 is rejected. This means that the strength of trust in the reference group does not strengthen the positive influence of satisfaction (X2) on the online repurchase intention (Y).

### CONCLUSION

Research results that the quality of e-commerce services and customer satisfaction has a significant influence on the online repurchase intention. This of course can be used as the basis for better management of website services so that it can increase a person's intention to make a repeat purchase until it becomes a real purchase.

The strength of the reference group in strengthening the influence of e-commerce service quality on a person's intention to make a repeat purchase. The reference group has a strong role in increasing one's desires in buying behavior, often someone is an imitator of the behavior of the reference group. The reference group is used as a place for someone, especially adolescents (generation x) to find identity for their buying behavior and can even improve their social status. This causes the reference

group behavior to strengthen online buying behavior. Management of websites that are tailored to the lifestyle of social groups should be able to be implemented in accordance with the target market so that it can detect group behavior that can affect consumer purchasing behavior.

Satisfaction in a person after enjoying products purchased online will affect someone to buy products online in the future. However, in this study, the strength of the reference group did not significantly strengthen the relationship between satisfaction and adolescent intentions in making repeat purchases. This means that the influence of the reference group cannot strengthen the intention to repurchase teenagers who have felt satisfaction from their experience shopping online. Generation X already understands what is needed and expected of a product so that to make a repeat purchase, teens will only consider the experience of shopping online rather than reconsider the opinions of the reference group.

The existence of a gap between the results of this study with previous research, it is expected that future research can reconsider other variables that can strengthen the relationship of adolescent satisfaction with intention to repurchase online such as perceived value of products, trust or strengthen theory by adopting the Technology Acceptance Model (TAM).

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