Customer Intention to Return Online: Price, Perception, Performance, and Satisfaction

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Abstract

This research seeks to investigate how price perception, attribute-level performance and satisfaction that unfolds over time have an impact on the whole online shopping consumption experience and behavioural intentions as they are linked together in the context of Indonesia consumer. This study examines the important links between all the three tiers that builds up the customer's intention to return online. The results facilitate the comprehension of the factors that leads to the intention to return online in the context of online shopping in Jakarta. The result also found that after-delivery satisfaction has the biggest influence on the intention to return.

Keywords: Price perception; At-checkout Satisfaction; After-delivery Satisfaction; Overall Satisfaction; Intention to Return

1.1. Introduction

This research is a replication from the original journal by Pingjun Jiang and Bert Rosenbloom, titled '' Customer intention to return online: price perception, attribute-level performance, and satisfaction unfolding over time'' published in year 2005.

With the greatest creation of the Internet, anything can be done online nowadays. Online shopping is one of the most common activities using the Internet, which is thriving in this world nowadaysNowadays, it has become as an incredible experience in one's life in shifting from real time market to digital market.E-commerce creates a whole new market acting as great platforms for the future by developing Business to Business as well as Consumer to Consumer as everybody is on the Internet.

E-Purchase in Indohnesia, based on Nielsen Global Online Survey 2007, over 51% Internet users in Indonesia have shopped online. This makes Indonesia in the rank number 13 out of 14 Asia Pacific Countries in the list of the biggest population of Internet users have shopped online (Nielsen Global, 2007). The number of Internet users in Indonesia in 2011 has reached over 55 million users, this is an increase from 2010's Internet users which is 42 millions. It has been proved that users Internet are mostly from the age of 15 to 64, the use Internet more than three hours a day.

The need to attract and retain customers has always been the primary objective for companies to succeed or even survive in a competitive business environment. These same objectives or principals have not changed with the advent of the e-commerce boom.

Despite the fact that companies do everything in their power in order to have a customer come online using the principals we have or will mention, it is impossible to replace the physical aspects of shopping such as feeling the material in a dress, seeing how a dress looks on a person based on his/her body type, trying on a shoe and walking around in it to see how comfortable you are in it. Another aspect would be instant feedback is nonexistent in online shopping. Based on the background, the this research address the question on *How are in-process satisfaction (at-checkout and after-delivery), price perceptions, and overall satisfaction interrelated, and how do any or all of these variables directly influence customer intention to return online*

1.2. Customer Perception

The key in understanding and improving the customer experience is customer perception (Fisher & Europe, 2009).Perception from customers can be used by companies to evaluate themselves in the way they operate. Further, perception is built through some of these criteria, such as:

- *Overall satisfaction:* when the product consumed fulfills the customer's need, satisfaction is achieved.
- *Product/Service reliability:*the more a consumer can depend on the product/service to fulfill their needs, the more positive perception they have towards the company
- *Flexibility (to customer needs):*the more flexibility customers have with the company they make a purchase from, the more positive they become, as they feel convenient.

*On-time delivery***:** when a company delivers products/services at the time promised, customers begin to trust the company. This builds positive perception in the customers' mind, as they believe the next purchase made will satisfy them in the same manner.

1.3. Customer Intention

Customer intention is the planning to make a purchase. It is important for companies to predict customers' intention to meet demand. Underestimating and overestimating customers' demand is one of companies' biggest mistakes because it leads to a dramatic failure (Blackwell et al., 2006). According to Blackwell et al., (2006) Intentions are subjective judgments about how we will behave in the future. Among types of consumer intentions mentioned are Purchase intentions, repurchase intentions and shopping intentions.

1.4. Customer Satisfaction

Online e-tailer can include few additional attributes such as online chat and forum to improve customer satisfaction and website usefulness. These additional attributes brings about a high growth of the website's interactivity which leads to providing a better website for customers to shop online. Hence a pleasant shopping experience adds up to repurchase intention Wen et. al., (2011). The satisfaction customers derive from making purchases at a particular online store will eventually lead to the building of customer loyalty which is an important determinant of the overall growth and success of business (Atchariya Chanvanich, K., et. al., (2006).

1.5. E-Commerce

According to Laudon & Traver (2011) E-commerce is defined as: *"The use of the internet and the web to transact business. More formally, digitally enabled commercial transactions between and among organizations and individuals*' "E-commerce success largely depends on the fulfilling the three aspects of E-commerce (Hesan et. al., (2007) namely; Information Quality, System Quality and Service Quality

1.6. Research Model

This research model show the interrelated among variables that developed the related 7 hypothesis of Customer intention to return online based on price perception, attribute-level performance, and satisfaction unfolding over time are depict in below figure:
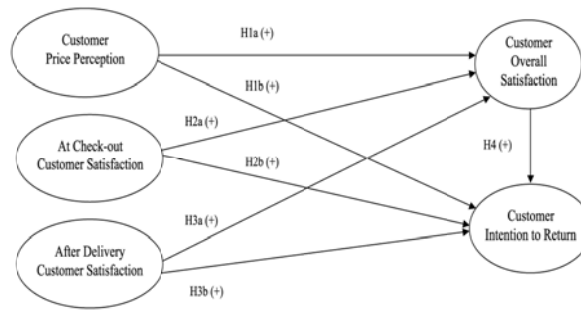
Fig. 1. Research Model

1.7. Finding and Discussion

The scope of this research involves Jakarta's customers that have been into online shopping for several years. The focus is on customers between the age of 17-35 years because they are the most exposed ones to the internet world. A self –administered questionnaire was distributed during month January to February 2015 and managed to collect 100 valid responses. Data is further analyzed for its validity, reliability and regression is employed to test the hypotheses.

It is found that 44% of the respondents of this survey are females and the remaining 56% are males. Respondents between the age of 17 up to 25 years are 28% . Sixty four percent of the respondents of this survey are not with 64% are currently holding a diploma or bachelors degree.

Their monthly spending on online shopping are between Rp.1,000,000 to Rp.1.500,000 (29%), between Rp.700,000 to Rp.1,000,000 (21%) and the rest spend between Rp.2,000,000 to Rp.3,000,000.

They shop online in a month between 1 to 3 times (49%), 39% between 4 to 6 times, and a 12% of them shop online more than 6 times a months. Seventy six percent were comfortable in doing shopping online due to simplicity, broad selection of goods, prompt delivery service, competitive price, while other 24% respondents claims that he or she feel less comfortable shopping online.

1.8. Conclusion

1. In-process satisfaction (at-checkout and after-delivery), price perceptions, and overall satisfaction has a direct influence customer intention to return when the effects of all four are simultaneously considered. When making a purchase online, every customer expects the whole shopping process would work out well. From the minute a customer decides to make a purchase until the transaction period he or she expects everything to be easy and quick. Therefore the entire shopping process plays an important role in building customer's intention to return. If in the middle of making a purchase, customer finds a hurdle in one of the process, there's a high probability that the customer might not return. Multiple direct links have been found in between price perceptions, in-process satisfaction, service quality and behavioral intentions. The combination of these helps to generate demand through pre-sales service and transaction as well as fulfill demand by fulfilling orders and providing after-sales service in the e-retailing industries. Customer's rely on the entire experience when forming intentions and making repurchase decisions.

2. **Customer after-delivery satisfaction" with the store's fulfillment reliability is positively related Customers' overall satisfaction and Customers' intention to return to the e-tailer**
    Customers can only consider an online shop reliable when the delivery time is right at time, when the product is delivered as promised and also the trouble-free tracking system that can be used by customers. When an e-tailer is considered as "reliable", they surely will receive a positive responses from customer. Thus, more reliable e-tailers should have the power to generate higher overall customer satisfaction and their intentions to return to the store.

3. **Customers' intention to return to the e-tailer is positively related to their overall satisfaction with the whole transaction process.** Customers Overall Satisfaction is the evidence of whether the customers like or not the experienced they had using the particular website. If they like it, the chance of return to make another purchase is higher. It is noticeable when customers are dissatisfied with the experienced they had in the website, they will not return to that site for the next purchase. Therefore, customers can be uncertain at times, they may be satisfied with the website experienced, but if they find other company's websites, it is to be expected for them to give it a try, and that is why customer's overall satisfaction isn't 100 % related to their intention to return online.

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