

CHAPTER I

INTRODUCTION

1.1 Background of study

In the current era of globalization, the internet has always been the main choice of people to seek information and momentarily let go of fatigue. Therefore, so strong our dependence on the internet has made us more and more inseparable from it. According to APJII survey data, internet users in Indonesia in 2017 has reached 142 million people with a penetration of 54.69 percent of the total population and internet users last year grew 7.9% over the previous year and grew more than 600% in the last 10 years. On the other hand, the increasing number of internet users caused a change in the sales methods that require companies to behave and act on the flow of change in the needs of the consumer market and purchasing via the internet is one of the most rapidly growing forms of shopping (Grunert and Ramus, 2005). Firms have realised that it is easier and less expensive to venture into global market or internationalize their activities via the internet (Lee, Eze, & Ndubisi, 2011). This makes many companies to utilize the internet, especially online media as a tool to promote, market, and sell their product, because the development of the internet raises opportunities for the marketing of a product and bring new forms for retail transactions, one of which is online shopping (Bulut, 2015). Furthermore with the internet, online consumers can gain access more easily to information and they are offered a wide variety of products and services that can be selected at competitive

prices (Park & Kim, 2003). This phenomenon anticipated by retailer in Indonesia as an opportunity to market their products by using online shopping (Suhaily & Soelasih, 2017) and these conditions will tighten competition between online shopping (Yang et al., 2003).

According to Al-Maghrabi *et al.*, (2009:1117) online shopping is defined as all the activities of searching, buying and selling products or services over the internet. Therefore, online shopping allows consumers to buy faster, get more alternatives and can order products and services with comparative lowest price (Cuneyt & Gautam, 2004). According to Strategic, Conference, and Aren (2013) online shops let consumers save their timewhile fulfilling their fundamental needs, cover a variety of products and services in a short time, and avoiding traditional shopping costs. Through online shopping consumers can purchase faster, more alternatives and can order products and services with comparative low prices (Cuneyt and Gautam 2004). The advantages of advances in information technology on online shopping offer several advantages that customers desire, such as broad international reach, low cost, much more product information available, greater flexibility and convenience (Eroglu et al., 2001; Srinivasan et al., 2002 ; Wen et al., 2011).

On the other hand, the emergence of a critical point for the company to be able to win the market competition is by influencing consumers to buy back the product because getting new customers takes extra time and effort rather than retaining existing ones. According to Armstrong et al., (2009) by understanding consumers, companies will reap rewards in terms of market share and profits. The aspects of

understanding the consumer in this case is the repurchase intention of every customer that always arises after the evaluation process of the previous purchase and in the evaluation process, one will make a series of choices about the product to be purchased back on the basis of interest. Overall, Repurchase intention is consumers' subjective probability of revisit an online store (Wu et al., 2014). On the other hand , according to Ahmed et al., (2011) which found that the intention of buying back from customers as a source of cost reduction and market share growth tools. However, when compared to off-line, expanding the intention of repeat purchase against online shopping refers to their psychological state in terms of longer purchases over the internet. Repeat purchase is essential to the success and profitability of online stores. A study by Mainspring and Bain & Company (2000) states that the average customer should shop four times in the online store before the shop owner benefits from the customer. Previous marketing research has highlighted the importance of repurchase intention, referring to the intention to repeatedly purchase a particular product and maintain the relationship with the retailer (Anderson and Weitz, 1989; Burnham et al., 2003). Thus, it is an important reason for online sellers to understand the specific reason why buyers are willing to repeat purchases through the online stores.

Companies should drive their need to develop unique marketing strategies with a “greater focus on the customer” to help stand out among the competitor because sense of repurchase intention is very important to companies. Thus, there is a need among companies to understand the factors that contribute to greater mastery and understanding of what influences consumers repurchase intention. According to

Chiu et al., (2012) consumers satisfaction is considered as a key factor affecting repurchase intention. Therefore, satisfaction is a consumer's post-purchase evaluation and affective response to the overall product or service experience (Oliver, 1992). In this context, Chou and Hsu (2015) found two distinct modes of satisfaction—process quality and outcome quality. For those reasons, companies especially online stores should highlight satisfaction as important part of consumer response so they can potentially repurchase on online stores or online sites.

On the other hand, shopping habits become as important as customer satisfaction. According to Cheung and Limayem (2005) the habit of limiting the predictive power of intent on usage behavior; last online behavior has a significant effect on ongoing use, and early use can significantly affect future recurring usage. In addition, Khalifa and Liu (2007) found that shopping habits increased the influence of online customer satisfaction on the continuation.

Therefore, based on the background that has been submitted, the researcher want to investigate about; "THE IMPACT OF SATISFACTION WITH OUTCOME QUALITY AND PROCESS QUALITY TOWARD REPURCHASE INTENTION WITH SHOPPING HABIT AS MODERATING VARIABLE ON ONLINE SHOPPING".

1.2 Research Problems

Based on the informations that have been described in the background above, this study was conducted to find out about the moderating variable have influence between independent variables and the dependent variable in this study. The problems that will be examined in this study are as follow:

1. Does the satisfaction with outcome quality has a positive impact on repurchase intention ?
2. Does the satisfaction with process quality has a positive impact on repurchase intention ?
3. Does the shopping habit as a positively moderates the relationship between satisfaction with outcome quality and repurchase intention?
4. Does the shopping habit as a positively moderates the relationship between satisfaction with process quality and repurchase intention?

1.3 Purpose and Benefit of the study

1.3.1 Purpose of the study

Based on the problems described above, the purpose of this study is to analyze the impact of satisfaction with outcome quality and satisfaction with process quality on repurchase intention with shopping habit as moderating variable, so the purpose of this study are:

1. To analyze the impact of satisfaction with outcome quality on repurchase intention.

2. To analyze the impact of satisfaction with process quality on repurchase intention.
3. To analyze the impact of satisfaction with outcome quality on repurchase intention with shopping habit as moderating variable.
4. To analyze the impact of satisfaction with process quality on repurchase intention with shopping habit as moderating variable.

1.3.2 Research Benefit

The result of this research is expected to have several benefits, as it is follows:

1.3.2.1 Theoretical benefits

The results of this research are expected to provide some information about what factors influencing customer to repurchase intention in online shopping. Because, customers' repurchasing is critical to the success and profitability of online stores.

For the further research, this research can be a reference for marketing management academics studies.

1.3.2.2 Practical Benefits

) For the researchers

Knowing and understanding the factors that impact of repurchase intention and impact of shopping habit as moderating variable.

) For the companies

Knowing and understanding the customer's opinion of the factors that can make their decision to repeat purchases on the same application or the same website online, knowing the effectiveness of the impact of the satisfaction with outcome quality and satisfaction with process quality to consumers, and also give them knowledge of the importance of shopping habits which supports consumers to repurchases.

) For the marketers

The marketers could see and consider the satisfaction with outcome quality and satisfaction with process quality provided by the company before they choose to marketing their products. Some marketers will also choose their application to selling their products based on customer's shopping habit. So the result of this research is also expected to give them more information about the impact of satisfaction with outcome quality and satisfaction with process quality on repurchase intention with shopping habit as moderating variable.

1.4 Systematics of Writing

This research's systematic of writing, arranged as follows:

CHAPTER I : INTRODUCTION

This chapter includes introduction which consists of background of study, research problems, purposes of the study, benefit of the research, and the explanation of writing systematics.

CHAPTER II : LITERATURE REVIEW AND HYPOTHESIS

This chapter contains theoretical background of variables used in this study. They are summary of previous studies, hypothesis of the study and theoretical framework.

CHAPTER III : RESEARCH METHODOLOGY

This chapter explains the methodologies of the research. It provides the information about research design, population and sample, sampling method, operational definition, source of data, data collecting technique, instrument analysis, data analysis, and hypothesis testing.

CHAPTER IV : DATA ANALYSIS AND DISCUSSION

The data analysis and the discussions present all the results and what are found from the analysis of the data collected in the research, such as the general descriptions of the respondents, data analysis, the test instruments, the hypothesis test, and the discussions. The program that has been used in this study is the SPSS program or Statistical Package for Social Science.

CHAPTER V : CONCLUSION

This last chapter covers summaries and result of the research. It provides conclusion, research limitation, implication of study and future research recommendations.