


Chapter 69

What Makes Customers Repurchase Grocery Products from Online Stores in Korea

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ABSTRACT

To understand customer repurchase intention in online stores, the present study has evolved with three variables: customer trust, loyalty, and satisfaction. A theoretical model was also developed to examine customer repurchase intention towards online shopping. The observation unit of this research is online stores and the analytical unit is the customers who have been purchasing grocery products via online. A random sampling technique was used to select the respondents and who are easily accessible. The data was collected from 645 online customers in Seoul. The data was analyzed with a structural measurement equation model by using Partial Least Square 3.0. Outcomes of study showed that, customer satisfaction and trust were the significant predictors of customer repurchase intention. The effect of customer loyalty towards repurchase intention seems to be very low. Hence, online retailers have advised to concentrate more on the activities needed to increase customer loyalty and to purchase more.

INTRODUCTION

Owing to the emergence of information and communication technology (ICT), a magic word called Internet has derived and it plays an important role in our day today lives (Pauzi et al., 2017). It connects community and communication; thus, the internet plays a predominant role in the marketing sphere. It supports marketers to reach the products to the ultimate consumers, especially for selling the novel products in online marketing (Datamonitor, 2010). Internet facilitates consumers to compare one prod-

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uct with other similar products very easily and swiftly. This kind of comparison helps the consumers to have better products with the right future at the right price. As a result, today's consumers are buying a variety of products from online stores right from electronics, stationeries, cosmetics, apparel, and so on. Thus, all the products have gained popularity among the public except groceries (Grewal et al., 2004). Usually, grocery products are classified as eatable and drinkable, and that is buying on a regular basis from the departmental stores or supermarkets in larger quantities. For a long time, people used to buy the groceries in shops directly, where they have a chance to inspect the quality and other attributes of the products before making the purchase. Moreover, consumers can arrange their own transportation for the safety of fragile products (Kelin, 1998). But these kinds of facilities are not available for the grocery products in online stores. All these reasons are discouraged the consumers to buy the grocery products from online stores. As a result, consumers are hesitating to adopt online grocery shopping and hence, it leaves rooms for further improvement. The modern supermarkets and online grocery stores not only deal with perishable products but also deal with durable eatables (Schuster & Sporn, 1998).

Since online grocery shopping is a new one in the online business, and absence of consumers' interest to buy the grocery products through online, it is an important area to explore. Especially, it is indispensable to analyse the factors determine consumers' purchase intention of grocery products from online stores. Attaining new consumers and maintaining existing customers is a challenging job to the online retailers, since it has more uncertainty. Hence, online retailers should made efforts to attain new customers by minimizing the mentioned risks. Also, the online shopping consumers' behavior will be differing from the consumers who are doing traditional way of shopping. As a consequence, understanding consumer behavior is a challenging task in the online business due to the cutthroat competition and the continuous changes in the online business environment. So that the online retailers should understand the determinants of consumers online purchasing and repurchasing behaviors in order to compete the online trading challenges. In this regard, numbers of studies have suggested assessing consumers' behavior towards online shopping as well as online grocery shopping (Ahn, Ryu & Han, 2004; Hanson, 2004; Lin, 2007). Though, number of earlier studies related with online purchasing and repurchasing intention available in the literature, researches that enlighten the relationship among customers trust, satisfaction and loyalty and the manifold effects of these factors on the online repurchase intention is limited, and the findings of the studies are also inadequate.

With this backdrop the present study has proposed a research model along with three factors namely customer trust, customer loyalty and customer satisfaction and it has to be tested with theoretical models by incorporating relations among all the three variables and customer online repurchase intention. The aim of the present research is to establish the evidence that the factors mostly influence South Korean consumers' repurchase intention of grocery products in online stores and the paper is organised as follows. The first part of the paper is deals with introduction. Theoretical background and research hypotheses are presented in section two. Research methodology, measurement development, data collection procedure were presented in the third part. Fourth section deals with analysis and results of the study. Discussion and conclusions were presented in the last section.

REASONS FOR THE STUDY

South Korean e-commerce market is one of the biggest markets in the world. Due to technological advancement and the development of mobile communication it has been realizing a double-digit growth in

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