Exploring the Phenomenon of Consumer Repurchase Behaviours in Auction Websites

Research-in-Progress

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Abstract

This study aims to explore consumer repurchase behaviours in auction websites. Although there are a number of researchers studying repurchase intention in the online shopping environment, there is a lack of evidence about the relationship between repurchase intention and repurchase behaviour as well as the difference between non-auction websites and auction websites which suggest that those studies are less relevant when viewed in the consumer repurchase behaviours in auction websites context. Since repurchase behaviour may be motivated by online seller’s promotion strategies, such as website design, service provision, brand and loyalty, this study explores customer’s repurchase behaviour from auction websites which operate under different operational strategies. This research adopts a multiple case study methodology to understand how repurchase intention motivates repurchase behaviour and how online sellers’ strategies influence the relationship between repurchase intentions and repurchase behaviours in the auction website environment.

Keywords

Online repurchase intention, online repurchase behaviour, auction websites, case study.

Introduction

While many studies adopt repurchase intention to predict consumer repurchase behaviours, there is a lack of empirical evidence about the direct relationship between repurchase intention and repurchase behaviour. This study aims to address this gap in the literature by identifying the different set of evaluation factors between purchase and intention to repurchase, and also between this repurchase intention and repurchase behaviour. While the auction website contexts (i.e., webpage design) have a direct impact on the evaluation process, this study is aimed to compare and contrast consumers’ behaviours in different circumstances to improve the business success potential of auction websites.

Online shopping environments are being developed to provide consumers with the same level of enjoyment as shopping in retail stores whilst improving convenience. With the similarity in the trading processes between online and retail shopping, previous studies (e.g., Häubl and Trifts 2000; Reichheld, et al. 2000) encourage businesses to adopt similar strategies used in retail shopping to increase profit and improve their long-term survival in the online shopping context. Researchers have focused on helping online sellers to motivate consumer repurchase behaviours in an online shopping environment with various strategies such as customer satisfaction (Ha, et al. 2010), brand image creation (Hellier, et al. 2003), loyalty development (Reichheld, et al. 2000) and service provision (Parthasarathy and Bhattacherjee 1998). Given that the repurchase behaviour is simulated by a strong willingness to repurchase from the same online seller (Atchariyachanvanich, et al. 2007; Wells, et al. 2011), it is suggested that those strategies are antecedents for a strong intention to repurchase. Unlike non-auction websites developed for a particular brand or business, auction websites have a group of individual online sellers who offer a range of products. Because of the design and operation model of auction websites,
consumers prefer to conduct an on-site product search to narrow down the options, rather than search for the product from a particular online seller. Regardless of the strategy that an online seller adopts to achieve long-term operation in an auction website, the design of an auction website negatively influences the performance of those proposed strategies. As a result, previous studies were focused on the motivation of consumers’ purchase behaviour, rather than repurchase behaviour (Wu, et al. 2011; Zhang 2006). However, previous studies suggest that webpage design assists brand establishment and motivates repurchase behaviour. The webpage design in auction websites is adopted to identify potential differences in buyers’ repurchase behaviour. Therefore, the focus of this study is to empirically explore factors that influence consumer repurchase behaviours on auction websites.

This paper presents a summary of the literature supporting the relationship between retail repurchase behaviour, online repurchase behaviour and theoretical evidence, thereby implying a relationship between repurchase intention and repurchase behaviour. The research methodology is introduced next, followed by data collection and the analysis process. Results from primary research are presented before concluding the paper.

**Literature review**

**Repurchase behaviour**

Organisations allocate a considerable amount of resources to customer retention. It is noted that the cost of retaining an existing customer is lower than that to acquire new customers (Reichheld and Sasser Jr. 1990). Kincade, et al. (1998) suggests that repurchase behaviour is a decision made in the post-purchase process. Revisiting the store and repurchasing a brand is the recognition of repurchase behaviour. Given that a purchase behaviour is motivated by a particular need or want of a product/service, purchase experience may be considered as the beginning of the post-purchase process and repurchase behaviour as one of the outputs of the process, thus organisations are aimed to adopt strategies to motivate consumer repurchase behaviours in order to increase profit making and achieve long-term survival.

Previous studies (e.g., Mittal and Kamakura 2001; Olsen 2002) identify consumer satisfaction as being the key to consumer retention. Organisations aim to improve consumers’ satisfaction with a product to motivate their repurchase behaviours. The relationship between consumer satisfaction and repurchase behaviour, however, will be affected by consumers’ personal characteristics, (such as age) (Mittal and Kamakura 2001). Apart from consumers’ needs, consumer satisfaction is a self-reflection of a particular purchase experience. A one-time satisfied purchase experience does not lead to repurchase behaviour. Kincade, et al. (1998) also identified that a higher level of consumer satisfaction may motivate consumers’ revisiting intentions in the post-purchase process, rather than be a guarantee for repurchase behaviour.

Similar to Mittal and Kamakura’s (2001) study, Olsen (2002) proposed customer satisfaction as a mediator between perceiving quality performance and repurchase loyalty. By referring to repurchase loyalty as consumer repurchase behaviours, the importance of consumer satisfaction to motivate repurchase behaviour is once again confirmed. In marketing research, however, loyalty is understood by the relationship between a consumers attitude and their willingness to repurchase from the same brand or organisation (Oliver 1999). Gronholdt, et al. (2000) observed that consumers purchased products from a new brand, rather than their loyal brand to fulfil different needs. Therefore, repurchase loyalty is a factor that represents higher levels of consumer satisfaction and a strong willingness to purchase from a particular organisation again, rather than the actual repurchase behaviour.

Dick and Basu (1994) observed a direct impact between relative attitude and repeat purchase behaviour. Relative attitude refers to how a consumer evaluates a particular product or brand over other alternative options (Olsen 2002). The relationship between relative attitude and repeat purchase behaviour is, therefore, a set of evaluations such as the purchased product quality (Olsen 2002), the brand (Oliver 1999) and perceived business value (Dick and Basu 1994). The repeat purchase behaviour that Dick and Basu (1994) studied is a strong and positive perception of a brand (i.e., brand loyalty) rather than the actual repurchase behaviour.

As a result, repurchase behaviour is a decision made from a set of evaluations in the post-purchase process. With support from the theory of planned behaviour (Ajzen 1991) and social cognitive theory (Bandura 2001), previous studies assume a strong willingness and a positive attitude to repeat purchase
from a brand or an organisation as the actual behaviour. Although previous studies claim to study consumer repurchase behaviours from different perspectives, they are rather predicting or simulating consumer repurchase behaviours from the intention to revisit a store or repurchase a brand. This study believes that there is a different set of evaluations in the process from wanting to repurchase to actually repurchasing, which previous studies have provided little description of.

**Repurchase behaviour in auction websites**

Regardless of the different shopping environments in online and offline contexts, consumer attitudes are subject to change, and thus, the online repurchase behaviours will be affected (Bandura 2001). The auction website is one of the online shopping platforms that have a large group of online sellers with a shared online shopping platform brand; for example: eBay, Yahoo Auction, Taobao and Trade Me. Unlike online stores established by well-known businesses such as Zara, Apple and Dell, products in auction websites cover a range of varieties with a range of prices. Consumers often perform a keyword search to narrow down the product range according to a particular need and evaluate available options by price, product quality and sellers’ feedback (Wu et al. 2011). The observed purchase process in auction websites suggests that there is a difficulty to retain customers since the consumer shops by products, rather than by online sellers. Despite the minor difference in the purchase process in auction websites and retail shopping, consumers will expect to achieve the same level of shopping experience. Thus, it is believed that online repurchase behaviours are inherited from offline repurchase behaviours.

The motivation for consumers to repurchase from the same brand or business in a retail market is a strong and positive attitude toward the particular brand or business. Researchers adopt the factors that effectively increase consumers’ repurchase intention in an offline market to the online shopping context. Online repurchase intention can be motivated by good product quality (Zhang 2006), a higher level of consumer satisfaction (Ha et al. 2010), perceived brand image, and loyalty (Gommans et al. 2001). Studies focused on the online context, propose additional factors such as product quality confirmation (Bhattacherjee 2001) and service provision (Yen and Lu 2008), whereas studies that focused on auction websites tend to value the importance of the online seller’s reputation (Houser and Wooders 2006; Wu et al. 2011). Those factors that are designed for the online shopping context suggest the higher level of risk and uncertainty associated with online shopping environments. Such concern is increased by the limited amount of knowledge surrounding those online sellers in auction websites. Rather than simply repurchase following a satisfied trading experience, online repurchase behaviour may be adopted by consumers as a solution to minimise online shopping risks and uncertainty in auction websites. Again, previous studies assume that online repurchase intention is the same as online repurchase behaviour.

**Repurchase intention as an indicator for online repurchase behaviour**

The theory of planned behaviour proposes intention and perceived behavioural control as the two factors explaining and predicting the actual behaviour (Ajzen 1991). Given that retail repurchase behaviours are studied within the context of a particular brand or a store, it provides consumers with rich resources and opportunities for individuals to believe they are making a good decision. Ajzen (1991, p196) suggests that “the fewer obstacles or impediments they anticipate, the greater should be their perceived control over the behaviour”. Given a positive perceived behavioural control, intention becomes the factor that can predict the performance of the behaviour. As a result, consumer repurchase behaviours may be predicted by a strong and positive intention in retail shopping environments.

Online repurchase intention will lead to an online repurchase behaviour in non-auction websites operated by the brand or an organisation (Reichheld et al. 2000). Since non-auction websites offer products from the same brand or the same producer, it forms a context with strong perceived behaviour control (Olsen 2002). Similar to retail stores, the online repurchase intention is a sole indicator for online repurchase behaviour when there is a strong relationship between sellers and buyers. Although the level of risks in online shopping has impacts on consumer repurchase behaviour, the negative impact is off-set by the strong belief consumers have toward a particular brand or a particular online business (Gefen et al. 2003). With the support from a well-known brand, positive third-party review or personal confirmation, motivating online repurchase intention encourages online repurchase behaviour.
With a lack of individual brand recognition and the inconsistent product and service quality provision, online repurchase intention in auction websites is rather an indicator of online repurchase behaviour. Given that the perceived behavioural control requires the resources and opportunity to help consumers confirm their decision making, some research (e.g., Houser and Wooders 2006; Wu, et al. 2011) adopts online sellers’ feedback as the perceived behavioural control to understand the purchase intention in auction websites. The absence of knowledge about the relationship between repurchase intention and repurchase behaviour in the auction website context suggests that online sellers’ feedback does not motivate the intention to repurchase from the same online seller. Inconsistent product and service quality negatively influence how a consumer perceives control over the repurchase behaviour (Bhattacherjee 2001). Although online sellers’ feedback is adopted by many researchers (e.g., Wu, et al. 2011; Zhang 2006) as the evaluation of online sellers’ trustworthiness, the feedback can be faked and cannot guarantee the same level of consumer satisfaction for a future purchase (Wu, et al. 2011). As a result, online repurchase intention in an auction website is one of the indicators for repurchase behaviour; its ability to simulate and predict repurchase behaviour is weakened by the context and the content in auction websites.

Methodology

This study adopts case study research with embedded multiple-case designs. As it is difficult to observe the online and offline shopping experience, and online repurchase behaviour is a follow up decision from previous purchase experiences, interpretive case study research is expected to deliver the best value for this study.

Methodology issues

This study adopted case study research. Yin’s (2009) proposed case study research investigates a contemporary phenomenon in-depth and within its real-life context, especially when the boundary between phenomenon and the context are not clearly indicated. Because of a lack of systematic analysis in the case study, grounded theory is adopted for the data analysis process to generate a model for each case and a unified model for the online shopping context in general (Halaweh 2012). This study focuses on individual consumers' perception on behaviour performance, however, some researchers consider online repurchase behaviour in the auction website context can be reviewed as a collective phenomenon (Ha, et al. 2010).

An interview is conducted to understand participants’ online shopping experiences – which heavily relies on the memory. Although memories may not be the true reflection of the actual situation, it is the real reflection of the relationship between repurchase intention and repurchase behaviour, as Lynch and Srull (1982, p24) suggest that personal experiences are a “likely representation of the underlying [memory] structure with respect to both context and organisation and may influence future behaviours”. Gardial, et al. (1994) also noted that decision making is based on memory, rather than how things may have actually occurred.

Data collection and analyses

This research studied the online repurchase behaviour of customers in the context of auction websites. The auction websites adopt similar trading processes to non-auction websites which allows consumers to search, purchase and pay for the order themselves. Because of the lower level of brand awareness and the inability for true product confirmation, this study suspected that the relationship between repurchase intention and repurchase behaviour in auction website is different from non-auction websites. The difference in the repurchase behaviour pattern results from the different set of intention motivation factors. These help consumers minimise the uncertainty when shopping on auction websites. Although researchers have taken different perspectives to simulate repurchase behaviour in the online context, this study perceives a higher level of uncertainty in auction website’s shopping context because of inconsistent product and service quality provisions. Therefore, this study believes that consumer repurchase behaviours is a strategy that the consumer adopts to minimise risks in auction websites.

This study explores in-depth interviews with the aim of extending previous studies, and drawing on a case study. The interviews took place in restaurants. The interviews were open-ended and semi-structured.
Each interview lasted approximately 30 minutes and was audio-recorded. Each interview record was transcribed verbatim. The interviews were transcribed by the researcher who had an understanding of the different forms of online shopping environments. Initially, an interview guide was adopted to outline the interested topics. The interviews were designed to draw out online trading memory of personal experience related to the performance of actual repurchase behaviour in auction websites. The analysis results were supplemented, when possible, by observation of online sellers’ feedback, the web design, product presentation, and published articles on magazines and newspaper.

Previous studies suggest that the signals that online sellers send to consumers have impacts on consumers’ behaviour. Such signals are related to the website design and product presentation, and have direct and indirect impacts on business value realisation and loyalty development. With regard to the importance of website design, this study explores consumers’ online repurchase behaviour from auction websites that provide online sellers with a unified website design (Trade Me in New Zealand) and auction websites that provide online sellers with a customisable website design (Yahoo Auction in Taiwan); it allows this study to identify the online business model with different auction website contexts and generate a unified model that suits auction websites in general.

With respect to the preliminary survey study, experience has a significant impact on repurchase behaviour, while gender and age does not significantly influence repurchase decision making. Given the age of participants and the established time for auction websites (1999 for Trade Me and 2002 for Yahoo Auction), this study considers interviewees with less than 4 years online shopping experience as consumers with fewer online shopping experience, and interviewees with 4 years or more online shopping experience as consumers with rich online shopping experience. The design of this multiple case study research is presented in Figure 1.

Analysis of the interview transcripts followed grounded theory guidelines. The analysis process started in the early stage, after the first 5 interviews, allowing interpretations to advise and direct the following interviews. The analyses tracked back and forth between the interpretations and grounded theory coding (i.e., open, axial and theoretical). This study used nVivo 10 to code and interprets the interview being transcribed. Open coding was conducted sentence by sentence to first summarise the interview transcripts. Open coding was grouped by questions and cases. Axial coding took place after open coding by identifying category and subcategories and rearranging data in new ways to connect categories. Selective coding contained a set of the integrative process by identifying the core category, connecting it to other categories, confirming the relationships and identifying the categories that require future development. Codes and categories were organised, compared and contrasted until no new codes and categories were produced from the analysis process and they all related to the core categories of the grounded theory paradigm model.
Sampling

This study relied on theoretical, relational, and discriminative sampling as suggested by grounded theory to expand theoretical concepts (Glaser and Strauss 1999). Participants were experienced online buyers who shop online for various purposes. The participants are fully aware of the risks and uncertainty when shopping online, but are willing to continuously use online shopping channels to purchase products for convenience purpose. This study expanded the knowledge from repurchase intention to repurchase behaviour with support from the theory of planned behaviour.

Participants were taken from a sub-set of surveyed New Zealand and Taiwanese volunteers. There are 20 participants from New Zealand and 24 participants from Taiwan in this study. This sample reflects diversity along different dimensions, such as gender, motivation to shop online, experiences in online shopping and attitude towards online shopping.

Analysis of research trustworthiness

This study assessed research trustworthiness by applying the criteria proposed by Hirschman (1986), Lincoln and Guba (1985). The trustworthiness criteria are credibility, transferability, dependability, conformability and integrity. As presented in Table 1, it is believed that the data collection and analyses met those trustworthiness criteria.

<table>
<thead>
<tr>
<th>Trustworthiness Criteria</th>
<th>Method used in this study</th>
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<tr>
<td>Credibility</td>
<td>Three months of conducting interviews in each country. Data collection and interpretation are conducted by the same researcher. A summary of initial interpretations will be provided to participants for feedback. Result: Initial models will be adjusted and expanded.</td>
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<tr>
<td>Transferability</td>
<td>Theoretical sampling Result: Data will be used to represent theoretical concepts.</td>
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<tr>
<td>Dependability</td>
<td>Participants share their online and offline shopping experiences. Results: Consistencies identified across participants' experiences.</td>
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<tr>
<td>Conformability</td>
<td>Interpretation of documents will be presented to participants for feedback. Findings will be supported by recent published articles in magazines and newspapers. Result: Interpretations will be supported and refined.</td>
</tr>
<tr>
<td>Integrity</td>
<td>Interviews are anonymous and of a nonthreatening nature. Results: Participants are willing to share experiences – both bad and satisfied experiences.</td>
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Table 1. Trustworthiness of the Study and Findings

Preliminary findings

The evaluation process between purchases to intention to repurchase is focused on what consumers want, whereas the evaluation process between intentions to repurchase to the repurchase behaviour is based on what consumers need. The breakeven of the post-purchase process is an online shopping bag or the wish lists that the auction website provides. Most of the participants suggest that they will add products that
they want into the shopping bag or wish list and evaluate the product based on what they need prior processing to the order. Thus, these are provided in order to simulate a retail shopping environment for the online shopper. As Interview participants suggested that the evaluation of the need is focusing on comparing the pricing of the product with the expected value to the product. “Sometimes I got outbid and I don't think it is worth it, so I will not chase the bid for the product (NZI 15).” A similar situation is identified in Yahoo Auction: “I add them [the products] into the shopping cart, and I will think twice before I pay for them because I may not really need them (TWI 01).”

However, the repurchase behaviour in Trade Me in New Zealand is negatively influenced by the bidding process. “The bidding process [in Trade Me] is really inconvenient. I don't want to spend a lot of time in monitoring the bidding, so I get up [when I got out-bid] (NZI 14).” Since most online sellers in Yahoo Auction in Taiwan offer consumers with a buy now price, consumers will place an order when they are satisfied with the product. “I will have those products I want in separate web pages and I will then evaluate them based upon the price, the payment method and the online sellers’ ranking. I will pick the one that best suits my need and pay for it directly (TWI 05).”

The website design has influence on the post-purchase process, mainly on the evaluation process between purchases to intention to repurchase. Consumers who use Trade Me prefer to perform an on-site keyword searching to find the product they need. “I will search for a product. I will not waste my time when I know that the sellers do not have the product I want (NZI 06).” In Yahoo Auction, consumers will start with those online sellers with whom they have a satisfactory experience; it is only when they cannot find those products they want from the preferred online sellers, they will search by keyword. “Yes, I will save those online sellers into my favour and I will visit their sites when I got bored or I want to purchase a product in the similar styles. I save those online sellers because the pricing is reasonable and the product quality is satisfied (TWI 08).”

Discussion

The aim of this study is to expand the understanding of repurchase behaviour in auction websites and explore how repurchase intention motivates repurchase behaviours. This study finds that what consumers want (i.e., to maintain the sale level of trading security and satisfaction) motivates their intention to repurchase, but it is their needs (i.e., the pre-set product selection criteria such as price, colour, quality) that motivate the repurchase behaviour. Moreover, the intention to repurchase will be demotivated by the waiting time during the bidding process. This study contributes to the academic literature in several ways. It adds insights to the literature on repurchase behaviour by introducing the different sets in the evaluation process. By linking online repurchase behaviour with the purchase experiences, this study confirms the importance of the intention to repurchase in auction websites. Differences exist, however, across types of auction websites; auction websites which allow consumers to name their own price (Trade Me in New Zealand) allow consumers to have multiple evaluations when they get outbid, whereas auction websites that offer consumers with a fixed price (Yahoo Auction in Taiwan) offer a consumer with a one-off evaluation process. Although Hinz, et al. (2011) suggest that the bidding process increases the willing to purchase a product, this study found that it has a negative impact on the online repurchase behaviour.

This study also adds insights to the gap between online repurchase intentions and online repurchases behaviours in auction websites. While most researchers argue that online sellers’ feedback is the key factor which motivates consumers’ decision making in an auction website (Houser and Wooders 2006; Melnik and Alm 2002; Zhang 2006), it indirectly suggests that the consumers rarely repurchase from the same online sellers, rather, they purchase from the online sellers with the most positive feedbacks. The main difference between non-auction websites and online sellers in auction websites is the level of brand awareness (Zhang 2006). Reading online sellers’ feedback is an alternative way for consumers to understand the trustworthiness of the online sellers, but it is not a strong motivation for consumers to repurchase from the same online seller. This study identifies the importance of business value realisation in repurchase behaviour. In Yahoo Auction, where online sellers can customise the website design to develop a unique business image, consumers will visit their sites directly; whereas in Trade Me, with a lack of business image creation, consumers prefer to perform an on-site search. As suggested by Reichheld, et al. (2000), consumers will act loyally when they can predict the product and service quality, and a consistent business image helps the development of loyalty and further motivates the repurchase behaviour. This is also aligned with the theory of planned behaviour as the consistent business image
provides consumers with the resources and opportunity to perceive control over their repurchase behaviour (Ajzen 1991). With the unique business image development on the website designs, it helps customers identify a particular seller, and indirectly motivate their repurchase behaviour. The creation of business image in auction websites, however, only motivates the repurchase behaviour when consumers find the product they need.

**Conclusion and Follow-up Research**

This paper shows that culture difference exists, but does not explore in detail in why culture difference exists. Given the difference between Trade Me and Yahoo Auction identified in the preliminary findings, online repurchase models will be developed for different auction website contexts (i.e., unified website design and customised website design). The two online repurchase models will allow this study to highlight the differences between the evaluation process of want (i.e., the relationship between purchases to repurchase intention) and the evaluation process of need (i.e., the relationship between repurchase intentions to repurchase behaviour) from the website design perspectives. Since the perspective of website design may have a different impact on consumers with different levels of online shopping experiences, this study is going to continue to explore online repurchase behaviour from different personal factors in a given context.

Predicting consumers’ online repurchase behaviour from their intention to repurchase limits the performance of those business models proposed by previous studies. A general online repurchase model will be proposed by including the impacts from online shopping experiences and shopping contexts to expand the current knowledge in auction website repurchase behaviours. This study will provide rich insights in the concept of online repurchase behaviour in auction websites and offer an initial step for future research.

The intention of this research was to develop a deeper understanding of consumers’ online repurchase behaviours. This research believes that the theory of planned behaviour is essential to frame the state of the art of consumer repurchase behaviour anticipation as well as advance the process between intentions to actual behaviour. This study also wants to encourage researchers to focus on auction websites. Because consumer repurchase behaviours are vital to the online sellers’ long term operation, more understanding in the motivation of repurchase behaviour is needed.

**References**


