

An Investigation into the Determinants of Repurchase Loyalty in the E-marketplace

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Abstract

The purpose of this study was to investigate the influence processes that shape buyers' repurchase loyalty in the e-marketplace. Based on a review of the literature addressing sales behavior, trust, satisfaction, and price fairness, and the elaboration likelihood model (ELM), seven hypotheses were developed and then tested by means of a field survey among buyers who had completed transactions at the largest and most famous e-marketplace in Taiwan. Findings indicated that trust and satisfaction were the main factors influencing consumers' repurchasing loyalty in the marketplace. Practically, this research can help sellers identify and benchmark influence strategies to motivate buyers' repurchase intention and customize such strategies to best fit different situations.

1. Introduction

The growth of the Internet and its user base has resulted in the creation of a new transactional environment. Moreover, Internet-based electronic marketplaces, such as online auction sites, are becoming increasingly popular. E-marketplaces are commerce sites on the Internet that allow a large number of buyers and sellers to meet in virtual space and engage in business transactions [1]. Accordingly, e-marketplaces expand the choices available to buyers, give sellers access to new customers, and reduce the transaction costs for all players [2, 3]. Additionally, since an e-marketplace is a virtual market that comprises only software, it can be set up with the minimal investment and holds the promise of even more attractive margins as the market grows [4]. Most analysts predict that electronic markets will come to dominate the e-business scenario [1].

Previous studies on the e-marketplace have focused on long-term B2B (business to business) e-commerce relationships [5] or B2B exchanges [6], thus, most of previous discussions on the e-marketplace have concentrated on B2B relationships. Currently, in the e-marketplace, B2C (business to customer) is an emerging phenomenon. Here, numerous retailers sell their products and services online and attract consumers through a plethora of information. However, in order to forge long-term relationships with buyers, every online retailer needs to be aware of the needs of buyers and how to satisfy their needs. Thus, being aware of the influence processes that shape buyers' repurchase intentions becomes important for online retailers.

The purpose of this study is therefore to investigate how online retailers can use selling strategies in different ways to motivate buyers' repurchase intentions. Based on this objective, three research questions are examined:

- What are the influence processes that shape buyers' repurchase loyalty in the e-marketplace and how?
- How do different selling strategies affect buyers' repurchase loyalty? Do certain strategies lead to higher repurchase intentions than others?
- How can the findings derived from these two questions be used to enhance selling strategies in an online marketplace?

Investigating the dynamics of repurchase-related influence processes is important for theoretical as well as practical reasons. Theoretically, such research can enrich the literature on repurchase intentions/loyalty by addressing a previously unexplored topic, namely, the processes of influence related to repurchase intention,

which can shape potential buyers' perceptions. Practically, this research can help sellers identify and benchmark alternative influence strategies to motivate repurchase intention in the e-marketplace and customize such strategies so that they best fit different situations.

The paper is divided into the following sections. In the next section, we present a brief overview of previous research examining the processes influencing repurchase intention in the marketplace. Thereafter, we describe key constructs and formulate seven research hypotheses related to our research objective. The hypotheses proposed are then tested using empirical data collected from a field survey using an online questionnaire. This questionnaire is used to determine repurchase loyalty buyers who have completed transactions at this e-marketplace during a six-month collection period. Finally, we draw conclusions based on our findings and indicate their implications for practice.

2. Theoretical Framework

We sought to obtain answers to the three above-mentioned questions by focusing on sellers' strategies from three dimensions. First, the seller provides all the information; second, the seller deals with all the Q&As; and third, the seller sets the price of the products. Based on the above discussion and the following review of the literature, a theoretical framework and seven hypotheses are devised, which are shown in Figure 1 below.

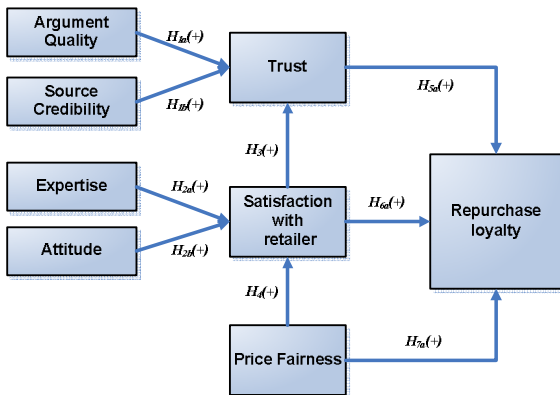


Figure 1. Research Framework

2.1. Argument Quality and Source Credibility

The elaboration likelihood model (ELM) proposed by Petty and Cacioppo [7, 8] is a well-established

model in psychology and social psychology that is concerned with attitude change that results from the effects of persuasive communication and the strength of attitude that is the outcome of this process. The ELM posits that attitude change among individuals can be caused by two “routes” of influence—the central route and the peripheral route—which differ in the amount of thoughtful information processing or “elaboration” demanded of individual subjects [7, 8].

The central and peripheral routes are distinct in three ways. First, the two routes process different types of information. The central route processes message-related arguments; the peripheral route processes cues. Second, the cognitive effort involved in information processing is much higher in the central route than in the peripheral route. The central route requires thoughtful comprehension of the arguments presented, an evaluation of the quality of those arguments, and then combining multiple arguments into an overall evaluative judgment. The peripheral route is, however, less demanding in that it merely requires subjects' association with salient positive or negative cues related to the attitude object [8]. Third, perception changes induced via the central route are generally more stable, enduring, and predictive of long-term behaviors since they are based on deliberate and thoughtful consideration of relevant arguments. In contrast, changes induced via peripheral cues tend to be less persistent, susceptible to counterinfluence, and less predictive of long-term behaviors [7].

The ELM does not imply that people influenced via the central or peripheral routes will experience different outcomes since two individuals may arrive at the same conclusion even if the conclusion has resulted from two entirely different (argument-based or cue-based) influence routes. Similarly, some people may look for message arguments in a given informational message, while others may be predisposed to searching for peripheral cues in the same message.

The central route requires a person to think critically about issue-related arguments in an informational message and scrutinize the relative merits and relevance of those arguments prior to forming an informed judgment about the target behavior. In the context of the e-marketplace, such arguments may refer to the potential benefits of seller acceptance, comparison of alternative sellers, availability and quality of seller support, and/or costs of and returns from seller acceptance. The peripheral route involves less cognitive effort; here, subjects rely

on cues pertaining to the target behavior, such as number of prior users, endorsements from e-marketplace experts, and likeability of or affinity with the endorser, rather than on the quality of arguments in the informational message. Accordingly, the following hypotheses were proposed:

H1a: Argument quality is positively associated with Trust.

H1b: Source credibility is positively associated with Trust.

2.2. Sales Behaviors

Walker et al. [9] defined sales behaviors as “what people do (the tasks they expend effort on) in the course of working”. Extant studies on sales behaviors have generally focused on the kinds of behaviors that define the nature of the selling job. Such studies identify specific behaviors, such as handling a complaint or planning a call, and link them to different types of sales behaviors. A number of researchers have also examined sales behaviors since they are associated with different styles of selling. According to this approach, sales behavior patterns are defined primarily in terms of communication style; here, the idea is to match a salesperson’s sales behaviors, i.e. communication style, with those of customers.

In the e-marketplace context, such communication may refer to the Q&As provided by sellers to interact with buyers. Other researchers have examined various sales behaviors and their relationships to sales performance [10]. This study will discuss customer interaction in sales behaviors from a communication perspective that includes expertise and attitude.

2.2.1. Sales Behaviors: Expertise

Past research has examined the salesperson’s level of expertise and the influence of this on selling performance and relational development. Such research has found evidence suggesting that level of expertise is a key attribute/behavior of a salesperson and can lead to an improvement in relationship quality between seller and customer. Expertise has often been noted to be an attribute of a communicator/salesperson that is positively linked to successful attempts to influence an audience/customer towards a given target [11]. In the personal selling literature, Crosby et al. [12] state that “[a] customer’s perception of a salesperson’s expertise reflects the identification of relevant competencies associated with the goods or service

transaction (e.g. product, market, or logistics knowledge) most often exhibited in the form of information provided by the salesperson”. Accordingly, expertise, as an attribute of a salesperson, is hypothesized to have a positive influence on sales effectiveness.

Some evidence regarding the role of salesperson expertise in the context of long-term transaction suggests that relationship quality (i.e. satisfaction with the transaction) is enhanced through the perceived competency of the salesperson. Product/market knowledge is often noted as the most important criterion in determining customer satisfaction with salespersons. Thus, we propose the following hypothesis:

H2a: Expertise is positively associated with Satisfaction with the retailer.

2.2.2. Sales Behaviors: Attitude

Customer emotions can be elicited by a wide range of in-store features and salesperson behaviors such as the physical and social environment, the product assortment, and the service offered by personnel [13]. Emotion-eliciting events are primarily appraised along two dimensions of valence (i.e. positive, negative) and agency.

Similar to emotion-eliciting events [14], customers may have at least two types of norms that customers bring to a commercial transaction may result from their personal impressions of what a salesperson should do to contribute positively to their emotion-laden consumption experience. Alternatively, their impressions may emerge from past experiences and probabilistic beliefs of what customers think a salesperson will do in a given situation.

The interpersonal view of emotions provides additional insights into the expectations that lie in the context of specific emotions. Here, the experience and expression of a given emotion are accompanied by explicit expectations of interpersonal responses that help the person manage or cope effectively with emotions, and this contributes to the person’s well being. Similarly, Tracey [15] noted that the experience of anxiety triggers the expectations of comfort and reassurance from others. Anger—a high-potency emotion—is generally accompanied by expectations of submissive interpersonal responses from others, along with immediate problem solving.

In a recent study, Menon and Dube [16] focused on two positive and two negative emotions. Joy and delight are the two positive emotions most frequently encountered in consumption settings. Happiness/joy and delight have also been found to vary in terms of their eliciting event, with delight emerging primarily from unexpected positive events [16]. The two negative emotions of anger and anxiety are also frequently encountered in consumption contexts. These two emotions result from different appraisal patterns: anxiety emerges from uncontrollable circumstances attributed to the situation, and anger emerges from attribution of a controllable event to an external agent [14].

Menon and Dube [16] also found that observed salesperson response that positively disconfirms customers' normative expectations leads to greater customer satisfaction across positive and negative emotions. Based on their results, they concluded that the detailed planning of these more interpersonal aspects of a retail strategy may be as critical to customer satisfaction and repeat purchase as the planning of store layout and merchandise. In the context of the e-marketplace, these positive emotions may refer to the attitude of the seller's response to Q&As. Accordingly, we propose the following hypothesis:

H2b: Attitude is positively associated with Satisfaction with retailer.

2.3. Trust

Trust has been examined in many social science disciplines, including sociology, psychology, economics, marketing, organizational behavior, and most recently, e-commerce. Trust is a catalyst in many buyer-seller transactions and can provide buyers with high expectations of satisfying exchange relationships. It is generally viewed as an essential ingredient for successful relationships [17]. Moorman et al. [18] define trust as "a willingness to rely on an exchange partner in whom one has confidence." They posit that an expectation of trustworthiness results from expertise (the ability to perform), reliability, and intentionality. Morgan and Hunt [17] define trust as the perception of "confidence in the exchange partner's reliability and integrity." Both these definitions highlight the importance of confidence and reliability in the conception of trust.

Trusting beliefs represent a "sentiment, or expectation about an exchange partner's trustworthiness" [18]. Although various trusting beliefs have been studied in the literature, most of them can be conceptually clustered into three dimensions: ability, benevolence, and integrity [19]. Recent research has tended to combine ability, benevolence, and integrity into a global measure of trust beliefs. Moreover, this research also points to trust as the consumer's confidence in the honesty and integrity of the other party, such as a salesperson [12]. According to Doney and Cannon [20], trust in a supplier firm is the key driver of future transaction intention-purchasing, cooperating, and information sharing with the supplier firm. This current study examines buyers' trust in the e-marketplace, which is captured as customer confidence in the quality and reliability offered by sellers. The following hypothesis is therefore proposed:

H5: Trust is positively associated with Repurchase loyalty.

2.4. Satisfaction with Retailer

The term "satisfaction" has been used extensively in the consumer behavior literature to refer to the global attitude of a product or service in postpurchase evaluation and attitudes toward individuals. Expectancy theory postulates that satisfaction results from a discrepancy between prior expectations by the consumer and the experiential performance of the product or service [21, 9]. Satisfaction with service has also been defined as the consumer's perceptions of the degree to which sellers uphold their promises.

Much of the literature on satisfaction has focused on satisfaction with the performance of a tangible product [22]. Early research established the satisfaction paradigm of expectancy confirmation through studies of tangible product purchase and postpurchase evaluations. Satisfaction has also been used to measure the customer's perception of the retailing establishment rather than the product or brand. Consumers have been found to form discriminatory perceptions about the product and the retailer that sold them the product. In a marketing relationship, the individual's satisfaction with the overall retail purchasing experience has been found to lead to future purchase intent and long-term consumer retention. Satisfaction with an individual, such as a salesperson or service provider, has been the focus of the majority of research on satisfaction in both the service and B2B literature.

Studies have found that consumers and business customers form attitudes towards the salesperson that are distinct from their perceptions about the company or organization. Whether these studies used satisfaction with the salesperson as a distinct construct or a shared one, they provided evidence that satisfaction with an individual salesperson has either a direct or indirect impact on customer retention. Some researchers have found that satisfaction has a strong effect on trust, loyalty, and repurchase intention [23]. Therefore, we propose that:

H3: Satisfaction with retailer is positively associated with Trust.

H6: Satisfaction with retailer is positively associated with Repurchase loyalty.

2.5. Price Fairness

Pricing is a critical issue for Internet retailers. In the past, many Internet retailers focused on creating a large customer base and used a combination of low prices and high advertising budgets to attract new buyers. For this approach to succeed, e-retailers had to transform first-time buyers into long-term, loyal customers. The length and depth of a customer's relationship with an e-retailer determined whether the e-retailer could recover its acquisition costs, which is a prerequisite for profitability [24].

Fairness has been defined as a judgement of whether an outcome and/or the process to arrive at an outcome are reasonable, acceptable, or just [25]. The cognitive aspect of this definition implies that judgments about price fairness involve a comparison between a price or procedure and a pertinent standard, reference, or norm.

Perceptions of price fairness encompass a consumer's subjective sense of a price being right, just, or legitimate as opposed to wrong, unjust, or illegitimate. Such perceptions influence multiple important marketplace factors, such as intentions, willingness to pay, and willingness to engage in business with a firm [26, 27]. Extant research on perceptions of price fairness specify three important points. First, as previously mentioned, research emphasizes the role of cognition in perceptions of price fairness. Second, most research studies focus on price increase. Although it is assumed that the direction of the price change influences perceived unfairness (i.e. that a price increase seems more unfair than a price

decrease), such studies typically do not examine price decrease [25]. Third, extant research focuses on the influence of elements that are intrinsic to the price (e.g. the reference price, a firm's costs, motive for the price).

The role of price as an attribute of performance has been examined in several studies on satisfaction. In an experimental setting involving a hotel check-in scenario, Seiders et al. [28] found that price perceptions affect satisfaction. Further, in a macroeconomic study involving seven industry sectors, Fornell et al. [22] also found that price perceptions affect customer satisfaction. A recent study by Bolton and Lemon [25] examined the price-satisfaction link in the entertainment and cellular phone industries. In both industries, Bolton and Lemon found price disconfirmation (deviations from normative payment expectations), payment equity (perceptions of price fairness/unfairness), and actual price (measured in terms of the dollar) to have a significant effect on overall customer satisfaction. Using banking data collected across two countries, in an extended study within the banking industry, Varki and Clagate [29] replicated the findings of Bolton and Lemon and confirmed that price perceptions have a significant influence on overall customer satisfaction and behavior intentions (such as customer intention to switch, likelihood to recommend, and likelihood of doing more business with the firm). Accordingly, the following hypotheses are proposed:

H4: Price fairness is positively associated with Satisfaction with retailer.

H7: Price fairness is positively associated with Repurchase loyalty.

2.6. Repurchase Loyalty

The most widely agreed-upon definition of loyalty is "behavioral response expressed over time by some decision-making unit with respect to one or more alternatives" [30]. Oliver [14] defines loyalty as "a deeply held commitment to rebuy or repatronize a preferred product or service in the future" (p. 392).

Oliver's [14] framework follows the cognition-affect-conation pattern but differs in that he argues that consumers can become "loyal" in each attitudinal phase that is related to different elements of the attitude development structure. Brand commitment has been defined as being similar to brand loyalty in early

and recent studies. Several authors tend to consider loyalty on a multidimensional basis by adding an attitudinal (cognitive and/or affective components), motivational, or conative (intention or commitment to consume) component to a behavioral loyalty concept. In recent years, loyalty has been defined and measured in relation to several marketing aspects in addition to brand, such as product loyalty, service loyalty, and chain/store loyalty.

With a view to using a definition of loyalty that will not be confused with possible antecedents, this study restructures its definition to the core concept of repeated consumption (action loyalty or repurchase loyalty) over time through decision-making, in other words, a definition of loyalty that covers both behavioral frequency and proposed consumption/purchase [22, 23].

3. Research Methodology

3.1. Subject

The empirical data were collected from the largest and most famous e-marketplace in Taiwan. An invitation was posted on its website with a hyperlink inviting buyers who had completed transactions at this e-marketplace during the previous six months to participate in a questionnaire. The total number of valid questionnaires received at the end of the survey was 1123. Of those who responded, 505 were males and 618 were females. University degrees were held by 93.34% of respondents. More than half of respondents (62.8%) were students, while 36.32% were in employment. Less than 10% (7.92%) were under 20 years of age; 83.25% were in the age group 21-29 years; and 8.82% were above 30 years old. Less than 10% (9.79%). 86.72% and 3.85% has less than 1 year, between 1-6 years and 10 years of experience in online shopping, respectively. The average age of respondents was 24.25 (S.D. = 3.84) years.

3.2. Measurements

Eight constructs were developed in this study: argument quality, source credibility, expertise, attitude, satisfaction with price, price fairness, trust, satisfaction with retailer, loyalty, and repurchase. The constructs were measured using a seven-point Likert scale ranging from "strongly disagree" to "strongly agree." Scale items were drawn from previously discussed literature and modified to fit the present study.

Argument quality was measured using a Likert scale modeled on the scale developed by Bhattacharjee and Sanford [31]. The dimensions of argument quality measure in the original scale were informative, helpful, valuable, and persuasive, and all four items were retained in this study. Source credibility was assessed using a modified version of Bhattacharjee and Sanford's four-item Likert scale. Four items from the original scale were retained to ascertain respondents' perception of source extent of knowledge, expertise, trustworthiness, and credibility. Expertise implies that knowledgeable salespersons are familiar with their product or service, have an understanding of customer needs and expectations, and learn critical information about their customers. Scale items were adapted from Babakus et al [32]. Attitude refers to the response to the observed salesperson. In this case, the scale items were adapted from Saxe and Weitz [33], and Menon and Dube [16]. Price fairness is defined as a consumer's subjective sense of a price being right, just, or legitimate as opposed to being wrong, unjust, or illegitimate. Here, the scale items were adapted from Bolton et al. [25]. Trust refers to confidence in the honesty and integrity of the salesperson. In this case, the scale items were adapted from Suh and Han [34]. Satisfaction with retailer refers to a customer's perception of the retailing experience. Scale items were adapted from Seiders et al. [28] and Ha [35]. Finally, repurchase loyalty indicates repurchase intentions with the same retailer in the future. The original scale used in this study was based on that developed by Johnson et al. [23] and Ha [35], and modified to fit the present study.

The initial version of the study instrument was pretested for content validity on three professors as expert judges. The wording of each individual item was examined, and unclear items were reworded based on feedback.

4. Data Analysis and Results

Validation of measures used in this study was carried out in two stages. Confirmatory factor analysis (CFA) was first conducted to test the scale items for reliability and unidimensionality using LISREL 8.52. Then, to further test the scale items and also the research hypotheses, the structural equation model was analyzed. Results would be used to support or reject the hypotheses depicted in Figure 1.

4.1 Analysis of the Research Model

Scale validation was assessed by analyzing the goodness-of-fit of the structural equation model (SEM) using LISREL 8.52. It is suggested that the chi-square normalized by degrees of freedom (χ^2/df) should be less than 5 [36], and NNFI, NFI, GFI, and CFI should all exceed 0.9 [36]. The accepted threshold for AGFI is recommended as 0.08 and less than 0.1 for RMSR. RMSEA should not exceed 0.08. Table 1 shows that the observed values of NNFI, NFI, GFI and AGFI (0.9, 0.98, 0.88 and 0.85, respectively), exceeded the recommended thresholds, whereas (χ^2/df), RMSEA and RMSR (2.82, 0.06 and 0.044, respectively) were within the recommended limits. Hence, the structural equation model fitted the observed data reasonably well.

Table 1. Measurement model

Item	Item Mean	S. D.	Standardized Loading	Error Loading	t (for λ) ^a
Aq1	5.30	1.10	0.92	0.16	25.87
Aq2	5.44	1.01	0.88	0.22	24.41
Aq3	5.15	1.05	0.79	0.37	20.61
Sc1	5.03	1.13	0.74	0.45	18.96
Sc2	4.84	1.12	0.91	0.17	25.83
Sc3	4.78	1.10	0.91	0.17	25.91
Sc4	4.33	1.25	0.70	0.52	17.17
Ex1	4.90	1.14	0.84	0.29	23.04
Ex2	5.02	1.16	0.88	0.22	24.81
Ex3	5.09	1.10	0.90	0.19	25.45
Ex4	4.75	1.13	0.84	0.29	22.85
At1	5.58	1.01	0.89	0.21	25.03
At2	5.49	1.09	0.87	0.24	24.41
At4	5.49	0.99	0.86	0.26	23.79
At5	5.53	1.06	0.78	0.39	20.45
At7	5.50	0.95	0.84	0.29	23.08
Pf1	5.24	1.05	0.94	0.11	27.36
Pf2	5.25	1.04	0.92	0.16	25.33
Tr1	5.33	1.06	0.89	0.22	25.02
Tr2	5.37	1.03	0.91	0.16	26.44
Tr3	5.08	1.14	0.84	0.30	22.91
Tr4	5.03	1.21	0.76	0.39	20.48
Tr5	5.37	1.01	0.88	0.22	24.96
Sr1	5.42	1.05	0.92	0.13	27.34
Sr2	5.34	1.07	0.91	0.17	26.34
Sr3	5.46	1.06	0.92	0.15	26.88
Re1	5.31	1.21	0.91	0.17	24.82
Re2	4.96	1.28	0.79	0.18	20.70
Re3	5.22	1.19	0.79	0.37	22.25

Legends: Aq = Argument quality; Sc = Source credibility; Ex = Sales expertise; At = Sales attitude; Pf = Price fairness; Tr = Trust; Sr = Satisfaction with retailer; Re = Repurchase loyalty.

^aItem loadings (for λ) are significant at the $p = 0.001$ level.

The construct validity for each scale was assessed by evaluating the standardized CFA factor loadings of the hypothesized items. Fornell and Larcker [37] suggest three criteria for such assessment: (1) all indicator factor loadings (λ) should exceed 0.7 and be significant at the $p = 0.01$ level, (2) construct reliabilities should not be less than 0.8, and (3) AVE (average variance extracted) should exceed the variance due to measurement error for that construct (i.e. the AVE should exceed 0.50). In this study, all λ -values in the CFA model exceeded 0.7 and were significant at $p = 0.001$ (see the t-values in Table 1). The composite reliabilities ranged from 0.89 to 0.94. AVE ranged between 0.67 and 0.87 (see Table 2), greater than the variance due to measurement error. Hence, all three conditions for convergent validity were confirmed. Fornell and Larcker [37] suggest a stronger test for discriminant validity, where the AVE for each construct should exceed the squared correlation between that and any other construct. The factor correlation matrix showed that the largest squared correlation between any pair of constructs was 0.79 (Satisfaction with retailer and Repurchase loyalty), while AVE was 0.85. Therefore, the discriminant validity was also proved.

Table 2. Scale properties

Construct	Number of Items	Composite Reliability	AVE
Argument quality	3	0.90	0.75
Source credibility	4	0.89	0.67
Expertise	4	0.92	0.75
Attitude	5	0.93	0.72
Price fairness	2	0.93	0.87
Trust	5	0.93	0.74
Satisfaction with retailer	3	0.94	0.85
Repurchase loyalty	3	0.90	0.74

4.2. Model Fit and Evaluator Assessment

Before testing the seven hypotheses proposed in this study, we examined the fit of the hypothesized research model (Figure 1). The seven hypotheses were collectively tested using SEM as performed in LISREL 8.52. In our hypothesized model, the χ^2/df ratio was

estimated as 3.79 ($\chi^2 = 1358.592$, $df = 358$). NNFI, NFI, and CFI were greater than 0.90 (0.98, 0.98, and 0.99, respectively). GFI and AGFI exceeded 0.8, and RMSEA (0.067) and RMSR (0.061) were within the recommended limits. Therefore, our hypothesized model fitted the observed data reasonably well.

The second step was to assess the path significance of each association in our research model and test the variance explained by each path. Figure 2 shows the standardized path coefficient and path significance. Almost all our hypothesized associations were strongly significant at the $p = 0.001$ level except for Argument quality and Price fairness which did not have a significant impact on Repurchase loyalty. As postulated in this study, Satisfaction with retailer was the strongest predictor of Trust ($\beta = 0.71$, $p\text{-value} < 0.001$), followed by Source credibility ($\beta = 0.26$, $p\text{-value} < 0.001$), which explained 76% of the total variance in Trust. Hence, hypotheses 1b and 3 were supported. Price fairness was the strongest predictor of Satisfaction with retailer ($\beta = 0.42$, $p\text{-value} < 0.001$), followed by Attitude ($\beta = 0.35$, $p\text{-value} < 0.001$) and Expertise ($\beta = 0.17$, $p\text{-value} < 0.001$), which explained 62% of the total variance in Satisfaction with retailer. Accordingly, hypotheses 2a, 2b, and 4 were also supported. Satisfaction with retailer was the strongest predictor of Satisfaction with Repurchase loyalty ($\beta = 0.53$, $p\text{-value} < 0.001$), followed by Trust ($\beta = 0.36$, $p\text{-value} < 0.001$), which explained 79% of the total variance in Satisfaction with retailer. Thus, hypotheses 5 and 6 were likewise supported. In sum, hypotheses 1b, 2a, 2b, 3, 4, 5, and 6 were supported by the findings.

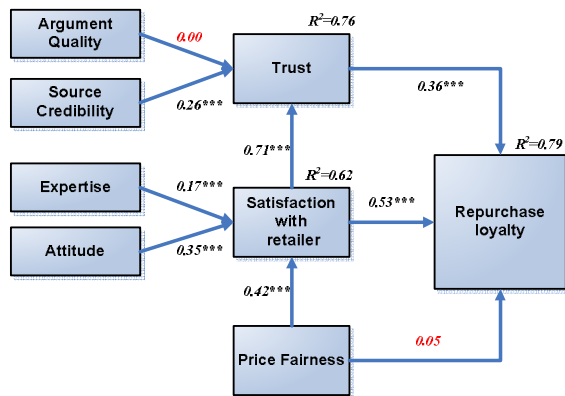


Figure 2. LISREL analysis result of research model

Model fit: $\chi^2 = 1358.592$ ($df = 358$, $p\text{-value} < 0.01$), NNFI = 0.98, NFI = 0.98, CFI = 0.99, GFI = 0.87, AGFI = 0.84, RMSR = 0.061, RMSEA = 0.067.

Paths are significant at the $P = 0.01$ level; *paths are significant at the $P = 0.001$ level.

5. Conclusion and Managerial Implications

This study commenced with the goal of addressing three research questions: (1) What are the influence processes that shape buyers' repurchase intentions in the e-marketplace and how? (2) How do different selling strategies affect buyers' repurchase intentions? Do certain strategies lead to higher repurchase intentions than others? (3) How can the findings of these two questions be used to enhance the selling strategies in an online marketplace? To find the answers to these questions, we started with the ELM (a dual-process theory of persuasion taken from social psychology), sales behaviors, price fairness, trust, customer satisfaction, price satisfaction, and loyalty in order to identify Argument quality, Source credibility, Expertise, Attitude, Price fairness, Satisfaction with retailer, Satisfaction with price, Trust, and Loyalty as different methods of influencing buyers' repurchase intentions. We proposed seven hypotheses to these three research questions, all of which were validated by means of a field study among buyers who had completed transactions at the largest and most famous e-marketplace in Taiwan within the previous six months.

Our analysis findings implied that Source credibility, Expertise, Attitude, Price fairness, Satisfaction with retailer, Satisfaction with price, Trust, and Loyalty were viable ways in which to influence buyers' intentions. The research model explained a significant amount of variance in Trust (76%), Satisfaction with retailer (62%), and Repurchase loyalty (79%). Moreover, our empirical findings showed that the research model provided a good explanation of buyers' repurchase intention. As we had hypothesized, we found that Satisfaction with retailer and Source credibility affect Trust; Expertise, Attitude, and Price fairness also positively affect Satisfaction with retailer. With regard to Source credibility, Trust mediates its effects on Loyalty. As regards Expertise, Attitude, and Satisfaction with price, Satisfaction with retailer mediates their effects on Loyalty and Repurchase. Satisfaction with retailer has positive and significant effects on Repurchase loyalty, followed by Trust.

The research results suggested that Trust and Satisfaction are the main factors that influence buyers' repurchase intentions in the e-marketplace. Buyers

with high trust and high satisfaction with a retailer tend to be more likely to show repurchase intentions and loyalty. Further, Source credibility, Expertise, Attitude, and Price fairness have significant impacts on Trust and Satisfaction with a retailer.

The findings indicate that managers need to be aware that buyers' trust and satisfaction must be improved in order to strengthen their loyalty and earn their repurchase intention in the long-term. The relationship between trust, satisfaction with retailer, and loyalty, in turn, suggests four important implications. First, sellers who have good source credibility, such as good reputations, are more likely to be trusted by buyers. This is another reason for managers to improve their reputations so in order to attain strong source credibility. It is clear that when a seller is knowledgeable and credible, trust is based, to some degree, on the similarity of values. Second, sellers who possess expertise and display good attitudes are more likely to be satisfied with buyers. This is a good reason for managers to take notice of their interaction with buyers, such as Q&As, email, or telephone services. It is evident that when a seller is an expert with regard to his/her own product and responds to customers' questions in a careful and friendly manner, the buyer is easily satisfied with the seller. Third, sellers who show fairness in setting the price of their products are more likely to be satisfied; this suggests that a fair price is the main factor influencing satisfaction. Accordingly, setting a fair price is important for managers. Fourth, sellers who are highly trusted and whose customers are satisfied with them are likely to earn more repurchase loyalty from buyers. This is the key to achieving buyers' repurchase intentions. A corollary from these implications is that trust or satisfaction appears in effect to strengthen buyers' repurchase intentions. Hence, expressing expertise and good attitude, improving reputation, and setting a fair price are essential tasks for managers.

Like any other research, this study is not without its limitations. First, in line with many prior studies on repurchase, we used repurchase intention as a proxy for repurchase behavior. Prior research indicates that with a correlation as low as 0.5, intention may be a weak proxy for behavior. Moreover, additional factors such as facilitating conditions may confound the effect of intention on behavior. Although we would have preferred to include objective data on actual repurchase, we believe that so doing would not have substantively changed any of our reported findings because the focus of this study was on understanding

informational influence effects on user perceptions and not on user behaviors per se. Second, this study was limited by its use of regional data from Taiwan. Nevertheless, the empirical data were collected from buyers with online shopping experience during a six-month period who comprised a demographically diverse group. Although the data were derived from online buyers in Taiwan, the online world has no boundaries. The demographically diverse characteristics may be generalized to include universally heterogeneous buyers.

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6. Reference

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