

THE ROLE OF SHOPPING FREQUENCY: PERCEPTION OF VALUE TO ONLINE SHOPPING CONSUMPTION

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ABSTRACT

While the value has received significant attention in today's marketing literature, research on the concept is somewhat limited in the context of online shopping, especially in relation to empirical testing of hypotheses. This paper examines the influence of the perception of value for online shopping on consumer preferences and repurchase intention. The findings of the study suggest that utilitarian values and hedonic values have an effect on consumer preferences and repetition intention, and the effect of utilitarian values is stronger than hedonic values on consumer preferences and repurchase intentions. The role of moderation of shopping frequencies reinforces the influence of perceptions of value on consumer preferences.

Keywords: Utilitarian Value, Hedonic Value, Consumer Preference, Repurchase Intention, and Frequency Shopper.

INTRODUCTION:

The e-commerce market of Indonesia in 2014 reached USD 8 billion and will continue to increase to USD 24 billion in 2016 (Indonesian E-Commerce Association, 2016). But of the 88 million internet users only 27 percent shopping through e-commerce while the rest is using internet only for social activities (Statista, 2017).

Why is that? The researchers stated that the Internet explosion made people euphoria so only used to exist, and interact with socialites in addition, too complicated sites and excessive advertising at the expense of content and lack of understanding of the target audience makes consumers, sometimes reluctant to try it (Burke, 1997; Crockett, 2000; Mitchell, 2000; Overby & Lee, 2006). Cowless et al. (2002) states that the motivation or desired value becomes the consideration for consumers. Consumers make a purchase again because of superior value with an attractive website design (Woodruff, 1997; Overby & Lee, 2006; Yoo et al. 2010). Many offline research states that the perception of value has been shown to influence choice, satisfaction, and loyalty (Cronin et al. 2000), while for online, it began to appear in some marketing research. However, there are still many questions as to whether the perception of customer value is different in the context of online shopping and, if any, to what extent the perception of values is affecting the preference and intent of online shopping. On the other hand, the relationship of value perception to the choice and intention of buying via online also depends on the frequency of consumers shopping through e-commerce (Evans et al. 2001; Liang & Huang, 1998).

The main purpose of this study is to analyze the influence of interactive factors and flexibility on the perception of value, as well as the level of satisfaction for e-customer. This study contributes to the literature for previous research by examining the effects of utilitarian value perceptions, hedonic values on preference and purchase intentions and shopper frequency moderation in the context of e-commerce (Overby & Lee, 2006; Chitturi et al. 2008; Childers et al. 2001; Yoo et al. 2010).

THEORETICAL BACKGROUND AND HYPOTHESIS DEVELOPMENT:

In order to examine the relationship between the perception of value via online we must understand the concept of value and its dimension. Previous research addresses values as merely a trade-off between quality and price or benefits and sacrifices (Cottet & Lichetle, 2006; Bolton & Drew, 1991). Other dimensions of value that scientists and managers must consider are hedonic and utilitarian values (Bolton & Drew, 1991; Grewal et al. 2003; Holbrook, 1994). These two dimensions of value seem to be the most universal (Babin et al. 1994; Babin & Darden 1995; Sheth, 1983).

Utilitarian value:

The utilitarian value comes from a conscious effort to achieve the desired result (Babin & Darden 1995; Babin et al. 1994). This value is instrumental, functional, and cognitive and represents customer value as a way of achieving goals (Chandon et al. 2000). The utilitarian value is relevant to the use of online shopping such as consideration of buying from the aspects of products, service, and price before actually purchasing (Hoffman & Novak, 1996). The utilitarian value is something distinctive and different from the hedonic value (Overby & Lee 2006; Mathwick et al. 2001). Utilitarian values include more cognitive aspects of attitudes, such as economic value for money (Zeithaml, 1988) and value judgment for convenience and time-saving (Jarvenpaa & Todd, 1997; Teo, 2001). For example, consumers can shop online because of the ease of the website in finding and comparing seller, evaluating the ratio of price/quality, and saving time sources, power and psychology (Yoo, et al. 2010; Overby & Lee, 2006; Grewal et al. 2003; Mathwick et al. 2001).

Hedonic Value:

Hedonistic values, such as entertainment, exploration, and self-expression (Ailawadi et al. 2001; Chandon et al. 2000), derive more from pleasure and enjoyment than from task completion and experiential, and affective in nature (Chaudhuri & Holbrook, 2001; Hirschman & Holbrook, 1982). Consumers often shop for the sake of an appreciation to the experience and not just completing the task (Babin et al. 1994), Dimensions of hedonic value has been widely investigated in the literature of in-store shopping (see Babin & Attaway, 2000; Darden & Reynolds, 1971) and was recognized as an important element of online shopping (Burke, 1999; Hoffman & Novak, 1996). Like offline shopping, we expect online shopper to shop for the sake of entertainment and for non-routine experience that captivate users and make them "run away from all routines" (Kim, 2002; Mathwick et al. 2001).

Value, Consumer Preference, and Repurchase Intention:

The influence of value perception of e-commerce via online to consumer evaluation has not been done by many researchers. Previous researcher, showed the perception of value positively influenced the preference, satisfaction, and loyalty that shown by buying back via offline (Cronin et al. 2000). Mathwick et al. (2001),

stated that preference is a very important issue in the context of e-commerce. Preference is a trend of online shopper in choosing e-retailer. Thus the utilitarian value and hedonic value will have a direct and positive effect on preference to e-retailers (Jacoby & Kaplan, 1972; Kaplan et al. 1974; Dodds et al. 1991; Erdem & Swait, 1998; Grewal et al. 1998; Sinha & DeSarbo, 1998).

Hypothesis 1a : The utilitarian value perception influences the preference to e-retailers.

Hypothesis 1b : The hedonic value perception influences the preference to e-retailers.

Hypothesis 2a : The perception of utilitarian value influences the purchasing intention.

Hypothesis 2b : The perception of hedonic value influences the purchasing intention

Preference has an effect on purchasing intention and word-of-mouth (Bagozzi, 1992; Dodds et al. 1991). Intention is motivational (Fisbein & Stasson, 1990), whereas Bagozzi (1992) states different preferences of intentions. Furthermore Bagozzi (1992) asserts that if preferences exist, the intentions may not be activated. For this reason, we propose that preference to e-retailer affects intention purchasing. This is according to research that links value with a preference for retail stores and intention to become a shop customer (Bolton & Drew, 1991; Dick & Basu, 1994; Mathwick et al. 2001) and also the structural research that connecting preference to buyback behavior (Andreassen & Lindestad, 1998; Erdem & Swait, 1998; Pritchard et al. 1999; Roest & Pieters, 1997).

Hypothesis 3 : Preference has an effect on purchasing intention.

Overall, that utilitarian value may play a more important role than the hedonic value in the formation of preference to e-retailers (Igarria et al. 1994; Teo, 2001). This is reinforced by some literature (see Jarvenpaa & Tood, 1997; Vijayasathy and Jones, 2000). For example, Jarvenpaa & Todd (1997) and Burke (1997) found that the most important benefit perception of e-commerce is convenience. Similarly, Vijayasathy & Jones (2000) found the price (as an economic benefit) is very important for e-commerce. If confirmed, such findings would be especially noteworthy because this would be contrary to the shopping offline research. Thus we propose the following hypothesis.

Hypothesis 4 : The perception of utilitarian value has a stronger effect than the perception of hedonic value on consumer preference.

Moderation:

Besides the perception that consumer value directly affects consumer preferences and purchasing intention, we also propose that shopper frequency may function as a moderator. For example, Evans et al. (2001) found that experienced Internet users are more likely to participate in virtual communities for informational reasons, while new users are more likely to participate for social interaction. Experienced consumers will interactively use online media as the only place to trade (Yoo et al. 2010; Stromer-Galley, 2000; Yadav & Varadarajan, 2005). Liang and Huang (1998) found that the consumer experience actually became the moderator of the influence of value judgments on consumer acceptance of Internet shopping. Thus we propose the following hypothesis.

Hypothesis 5 : Frequency of shopper is a moderator of the influence of utilitarian values perceptions on preference and purchasing intention.

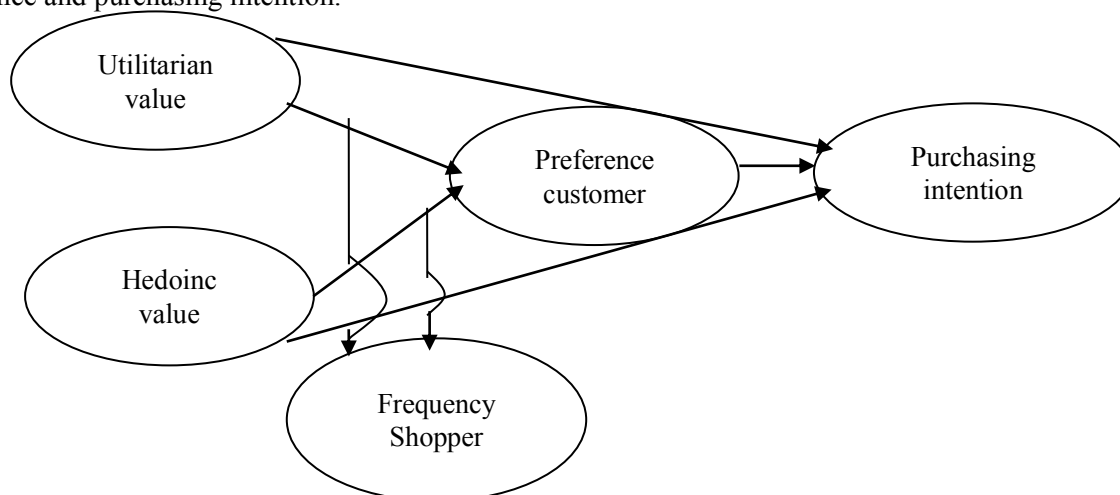


Fig. 1. The research model: value, preference, and intentions

METHODOLOGY:

Data collection and measures:

This research was conducted in March-June 2016. The value perception scale in this study was developed from previous published research (see Overby & Lee, 2006; Babin & Darden, 1995, catalog Coalition, 1993; Hirschman, 1986; Maddox, 1982; and Unger & Kernan, 1983; Zeithaml, 1988) and improved through expert review and pretesting using a small number of shopping experts (see Mathwick et al. 2001 for the procedure). After repair, the final questionnaire was collected using an online survey (Graphics Visualization and Usability Center, 1998). With a cash reward offer to several participants, respondents were recruited through many Internet-related newsgroups, special pointers via Yahoo !, MindSpring and DoubleClick, announcements made at www-surveying mailing lists, and popular media.

Table 1 : Sample profile

Frequency	n	%	Frequency	n	%
Gender :			Race:		
Male	280	46.66	Chines	320	53.33
Female	320	53.33	Indegenous	264	44.00
			Not say	16	2.00
Σ	600	100	Σ	600	100
Age :			Education:		
Under 20	28	4.66	High school or less	31	5.16
21-30	219	36.50	Vocational	27	4.50
31-40	216	36.00	Some college	167	27.83
41-50	118	19.66	Bachelor degree	188	31.33
Over 60	14	2.33	Master's degree	102	17.00
Not say	5	0.83	Doctoral degree	55	9.16
			Profesional	25	4.16
			Other	5	0.83
Σ	600	100	Σ	600	100
Marital Status:			Online shopping frequency:		
Married	287	47.83	Less than once a month	10	1.66
Single	164	27.33	1-4 time per month	93	15.50
Divorced	45	7.50	6-12 months	87	14.50
Separated	28	4.66	1-3 years	188	31.33
Widowed	19	3.16	4-6 years	155	25.83
Other	50	8.33	Over 7 years	67	11.16
Not answer	7	1.16	No answer	6	1.00
Σ	600	100	Σ	600	100
Comfortable with the Internet:			Income:		
Very Comfortable	336	56.00	Less than 3.200.000	20	3.33
Somewhat Comfortable	155	25.83	3.250.000 – 4.000.000	89	14.83
Neither	87	14.50	4.100.000 – 5.000.000	98	16.33
Somewhat Uncomfortable	15	2.50	5.100.000 – 10.000.000	128	21.33
Very Uncomfortable	7	1.16	Over 10.000.000	168	28.00
			Not answer	97	16.16
Σ	600	100	Σ	600	100

Survey website visitors are asked to complete a survey in conjunction with the Internet retailer where they recently purchased and bought. They are then asked to state the extent to which each statement characterizes their thoughts and feelings and the way they interact online. The survey was implemented over several months and produced 600 usable answers. All point statements are measured on a 5-point Likert scale, ranging from "strongly disagree" to "strongly agree". The sample profile is presented in Table 1. Respondents are generally highly educated, relatively rich, and experienced with the Internet. This profile is similar to the Internet users

commonly identified in the literature (see Swinyard & Smith, 2003).

RESULTS:

Confirmatory Factor Analysis (CFA):

Following the procedure recommended by Anderson & Gerbing (1988), we held a two-stage analysis: First, we examine the overall suitability of the model hypothesized. As shown in Table 2, an overall fit can be received with a goodness-of-fit-index (GFI) of 0.904, a comparative fit index (CFI) of 0.923, no residual standard more than 2.0, and Chi-square of 631.311 (100 df, p = 0,000). Then we test the adequacy of each item scale that includes the statement items on each construct. Residual and scale show satisfactory unidimensionality. All the items are significant statements, in accordance with convergent validity.

Each construct has a reliability above 0.70 thus exhibiting internal consistency. In addition, average variance extracted (AVE) ranges from 0.57 to 0.73 indicating that the variance covered by the construct is greater than the variance caused by measurement error (Fornell & Larcker, 1981).

Table 2: Measurement scales and summary statistics

Measurement scales and summary statistics Utilitarian value a, reliability = 0.83, AVEb=.62	<ul style="list-style-type: none"> ✚ The price of the product or services I purchased from this Internet retailer are at the right level, given the quality. ✚ When I make a purchase from this Internet site, I save time. ✚ The products or services I purchased from this Internet retailer were a good buying. ✚ This Internet retailer offers a good economic value
Hedonic value a, reliability= 0.80, AVEb=.57	<ul style="list-style-type: none"> ✚ Making a purchase totally absorbs me. ✚ This Internet retailer doesn't just sell product or services it entertains me. ✚ Making a purchase from this Internet retail site gets me away from it all. ✚ Making a purchase from this Internet site truly feels like an escape.
Preference a, reliability=.82, AVE b=.61	<ul style="list-style-type: none"> ✚ When it comes to making a purchase, this Internet retailer is my first preference. ✚ I prefer this Internet retailer to other Internet providers of its type. ✚ I consider this Internet retailer to be my primary source of this type of merchandise or service.
Purchasing Intentions a, reliability= 0.89, AVE b=.73	<ul style="list-style-type: none"> ✚ In the future, this Internet retailer is one of the first places I intend to look when I need the type of merchandise or services it provides. ✚ I intend to continue to visit this Internet retailer's site in the future. ✚ I intend to purchase from this Internet retailer in the future. ✚ I intend to continue doing business with this Internet retailer over the next few years. ✚ I have a favorable attitude toward continuing to do business with this Internet retailer over the next few years.
Fit statistics (N=736) $\chi^2=641.315$ d.f.=100 CFI=.901 GFI=.904 RMSEA=0.83	

a. All factor loadings are significant at the pb.002 level.

Structural model and hypothesis test:

To test the suitability of the model, the researchers used SEM in accordance with this study, since the proposed relationship can be analyzed for its effects simultaneously. To review convergence validity and discriminant validity, it uses AMOS 18.0. Hypotheses 1a and 1b suggest that perceptions of utilitarian and hedonic values have a significant effect on consumer preferences. As shown in Table 3, both latent constructs significantly affect consumer preferences, which account for 56% of preference variations. Hypotheses 2a and 2b predict that the perceptions of utilitarian value and hedonic value significantly influence purchasing intention by 35%.

Hypothesis 3 The customer preference of the Internet retailer will predict intension purchasing. The finding indicates that consumer preferences have a positive and significant influence on purchasing intentions. In fact, preferences explain 78% of intention variations. Thus, Hypotheses 1a, 1b, 2a and 2b and 3 are supported.

Hypothesis 4 predicts that utilitarian values have an effect on purchasing intention (Overby and Lee 2006; Igbaria et al., 1994; Teo, 2001). As hypothesized, utilitarian values and hedonic values have an effect on purchasing intention. The utilitarian value accounts for about 21% of intention purchasing variation, and the hedonic value only describes 13%. Thus, Hypothesis 4 is supported.

Although the Research Model shows that the dimensions of utilitarian and hedonic values each affect preference and ultimately affect the intention, Hypothesis 5 predicts that the predictive power of these value dimensions can be partially moderated by the frequency of shopping.

Table 3: Hypothesis tests

Structural path	Standardized estimate	P values
Utilitarian value → preference customer	0.638	0,019*
Persepsi Hedonic value → preference		0,007*
Utilitarian value → purchasing intention	0.178	0,028
Hedonic value → purchasing intention	0,339	0,019
Preference customer → purchasing intentions	0,387	0,005
The perception of utilitarian value has a stronger effect than the perception of hedonic value on consumer preference	0,214	0,020
Frequency shopper is a moderator of the influence of perceptions of value on preference and Internet and purchasing intention	0,339	0,001

* Significant at $p < 0.01$.

Our sample includes 231 low-frequency shoppers and 369 high-end shoppers. By performing model measurement structures separately on both subsets of data to investigate how shopping frequencies affect the relationship between the perceptual dimension of value and consumer preference. Using the CFA, the Measurement Model that representing the utilitarian and hedonic dimensions of shopping is strongly identified for low- and high-end shoppers. Each model shows good convergent validity and discriminant validity.

As shown in Table 4, the results show that for low-frequency shoppers (N = 231) utilitarian values have a significant and positive effect on preference ($b_{UV \rightarrow PREF} = 0,533$). The hedonic value also has a significant effect on preference ($b_{HV \rightarrow PREF} = 0.334$). Compatibility indexes, ie GFI and CFI for sample low frequency shoppers is 0.911 and 0.927 respectively. For high-frequency shoppers (N = 369), the influence of utilitarian values on preference is positive and significant ($b_{UV \rightarrow PREF} = 0.771$). However, unlike low-frequency shoppers, utilitarian values do not significantly affect preference ($b_{HV \rightarrow PREF} = 0.082$) for high-end→ shoppers. The compatibility indexes, namely GFI and CFI, for this sample were 0.872 and 0.911 respectively. Overall, Hypothesis 5 seems to be supported. Utilitarian values explain the greater preference variance of Internet retailers to frequent shopper than for infrequent shopper. In addition, the hedonic value is significantly related to the preferences only for infrequent shopper and not for frequent shopper.

Tabel 4: Structural parameter estimates and goodness-of-fit indices for two-group comparisons

Paths	Hypothesis	Standardized estimate	
		Frequent shoppers (n=369)	Infrequent shoppers (n=2311)
Utilitarian value → preference		0.771 *	0.533*
Hedonic value → preference		0.082	0.334*
Preference customer → Repurchase intentions		0.904*	0.751*
		$\chi^2 = 490.36, p < .001$ CFI=.911, GFI=.871	$\chi^2 = 316.42, p < .001$ CFI=.933, GFI=.901

* Significant at $p < 0.01$.

GENERAL DISCUSSION:

Answering this research question and much research on consumption purposes (see Bagozzi & Dholakia, 1999; Woodruff, 1997), findings suggest that on-line shopping generates many dimensions of value and that this dimension contributes to the consumer's preference for Internet retailers and repurchase intention . The measurement model confirms two dimensions of common values (utilitarian and hedonic) in an online shopping environment, and more importantly, these value dimensions are operationalized at the benefit level rather than at the attribute level. This study finds that consumers perceive utilitarian values and hedonic value as an important value in their preference to online retailers and buy-back intentions, although utilitarian values are a stronger predictor than hedonic values. Online consumers seem to switch to the Internet primarily for utilitarian reasons, such as price savings and convenience. This finding is important in view of previous in-store research (see, Babin & Attaway, 2000; Babin et al. 1994; Batra & Ahtola, 1991) suggest a dimension of utilitarian and hedonic values playing a similar role in predicting satisfaction, loyalty and repurchase intention . Given the importance of the findings of this research, Internet retailers should ensure that they provide adequate utilitarian value to e-customers before attempting to focus on other aspects of website development.

Regarding the second research question about the effect of moderator variables, this study provides support for the effect of shopper frequency. The findings show that, while the utilitarian value is relevant to frequent online shopper and infrequent online shopper, hedonic value seems to play an important role for infrequent shopper but not for frequent shopper. The findings could have many implications for the Internet retailer. The more experience a shopper gets, the less likely he is influenced by visual appeal and experiential features on the website. Ultimately, the Internet shopper becomes more task-oriented, as it gains experience on the retailer's Internet site.

LIMITATIONS AND FUTURE RESEARCH:

The first drawback of this study is that the samples were collected using non-probabilistic methods and may not represent consumers as a whole. Given that internet usage is not yet comprehensive, the respondents are limited by information dissatisfaction, so many people do not have access or skills to use the Internet. Therefore respondents are recruited through various media. While the sample characteristics do appear to be somewhat biased toward experienced and more frequent Internet users, such samples are useful for learning the value of shopping that Internet users are looking for (Clayton & Weking, 1995; Dillman & Bowker, 2001; Klassen & Jacobs, 2001).

An important area for future research is related to online shopping behavior. The concept of a website has a level of interactivity and flexibility. Interactivity and flexibility enable consumers to better control, synchronize and direct to higher access, time and sequence of information and services (Alpert et al. 2003; Mundorf & Bryant, 2002). With high interactivity, the Internet can enable online shopper to exchange product information, reviews and ideas freely using live chat room, bulletin board, or electronic forum (Hoffman & Novak, 1996). Apart from interactivity, there can be other needs / wishes that have not been disclosed by the consumer or have not been identified by the company, such as prewedding services, rental building, and hairstyling services. There can also be a significant change of relevance among the existing value dimensions (Flint et al. 2002).

Other fields that require further research to recognize other moderator variables include product type, gender, situation context, culture. The results show that the types of products and even gender can influence Internet behavior (see Korgaonkar & Wolin, 1999; Liang & Huang, 1998; Weisler, 2000), and future research should

include these variables when assessing customer value and the Internet. For example, in the study of Babin et al. (1994), their influence is only (0.14). This correlation is different from that reported in several studies conducted in other countries / cultures.

Finally, most respondents in this study answered in relation to online retailers for books, music, and electronic goods. Future research should examine which products or services are most successfully marketed via the Internet. For example, some researchers argue that cutting-edge Internet technology avoids the delivery of sensory aspects of shopping, such as taste, smell, and touch (for example, Stewart and Zhao, 2000). Researchers should also examine ways to tackle those weaknesses with existing technology or enable the Internet to truly provide the sensory experience, especially for products such as perfumes, cosmetics, fabrics, and fresh foods.

In conclusion, this study shows that online shopper is motivated by many types of values, including utilitarian value and hedonic value. It should be emphasized that the subjects in this study are shoppers who have also purchased. In fact, many online shoppers do not buy, and one possible reason about this situation is probably because many Internet retailers really do not find the ways to create a superior value for shoppers who visit their website. The potential is obvious, and to realize this potential, Internet retailers need to know the core value sought by e-customers and Internet retailers should excel in delivering that core value.

ACKNOWLEDGEMENT:

The authors wish to thank the Indonesian E-Commerce Association for generously providing the data set for usage in this study

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