

Minor thesis topic: The impact on repurchase intention of cosmetic via Facebook in Songkhla province

Keywords: Technology Acceptance Model, Perceived usefulness, Perceived ease of use, Perceived risk, Repurchase intention

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Abstract

The main aim of this study is to apply technology acceptance model in investigating the prepurchase intention of cosmetic products through Facebook. This study therefore examined the impact of perceived usefulness, perceived ease of use, and perceived risk on the repurchase intention of cosmetic product through Facebook. Quantitative research method with questionnaire adopted from previous studies was used. A total of 239 respondents who have purchased cosmetic product via Facebook at least once have responded to the online survey. In order to answer the research questions generated in the study, both descriptive and inferential statistical analysis were conducted. Multiple linear regression analysis was used to analyze the impact of perceived usefulness, perceived ease of use, and perceived risk on repurchase intention. The result revealed that perceived usefulness and perceived ease of use both have positive impact on the intention to repurchase cosmetic product through Facebook. However, the perceived risk has no impact on the intention to repurchase cosmetic through Facebook. Thus, the perceived risk inherent in purchasing online does not prevent customers from repeat purchase. The practical implication of this study is useful for the vendors who sell cosmetic product through Facebook.

1. Introduction:

Buying product online provides customers with convenience because it can be done at the comfort of the customers' home and the product can be delivered directly to the customers address. It also provides access to a wide range of options of products that the customer wants and can also aid decision making when customers look at reviews of the products by other customers. Online shopping is always also accessible. There is also benefits for the retail businesses as they are able to reach more customers even those not within their geographical area. It is also changing the way retail businesses are done as there may be no need to incur the cost of opening a physical store to start a retail business. A virtual store can exist online, and this is known as e-retailing or online retailing (Shaw, Blanning, Strader, & Whinston, 2012).

Cosmetic products are one of the popular products that people buy through s-commerce in Thailand and the demand for cosmetic is projected to increase in the future. The social media platforms for s-commerce include Facebook, Twitter, Instagram, Line, among others. According to Statista, which is an online statistics and market research company, Facebook is the leading social networking site in Thailand with 75% penetration in the country (Statista, 2017). Therefore, many of s-commerce is likely to happen on Facebook since it is the highest used social media platform in Thailand. According to Rastogi (2018), there are currently more than 10,000 online stores operating on Facebook in Thailand. Due to the high number of individuals and small businesses selling products through Facebook and the low switch cost for the buyers, the competition among the sellers is expected to be high and the sellers are expected to have high customer churn rate or low customer retention rate. However, a study by Mainspring and Bain & Company (2000) revealed that a customer needs to shop at least four times at online store before that store can make profit from this customer. Hence, customers' repurchasing or loyalty is important to the success of the online store. Therefore, it is important to study the factors that could impact on repurchase intention.

1.2 Research Objectives

The objective of this research is therefore stated as:

1. To investigate the impact of perceived usefulness, perceived ease of use, and perceived risk on repurchase intention of cosmetic via Facebook in Songkhla province.

1.3 Expected Contributions

This study is expected to add to the existing literature on repurchase intention most especially from the aspect of s-commerce. There are many empirical literatures on online purchase intention but most of them have studied in the context of general e-commerce which includes the main platforms of B2B and B2C activities (Grandon & Pearson, 2004) and there are few studies that focus on the s-commerce. Also, this study could provide insight into the behaviour of consumers when deciding to purchase cosmetics on social media. Moreover, by applying the concepts of perceived usefulness, perceived ease of use and perceived risk in the context of s-commerce provided empirical information on the extent to which these concepts are applicable to s-commerce environment and a post purchase behaviour like repurchase intention.

2. Literature review:

2.1 Technology Acceptance Model

Technology Acceptance Model (TAM) has been used to address the usage or acceptance of technology to better explain users' or consumers' behaviour. The model was developed by Davis et al. (1989) to understand the antecedents to the usage of new technology by linking the perceived ease of use and perceived usefulness of a technology to the behavioural intention to use the technology. The perceived ease of use was defined as the level to which a person believes that using a technology will be free of efforts or will require minimal effort. On the other hand, the perceived usefulness is defined as the level to which a person believes using the technology will enhance his/her performance. TAM was developed from both the theory of planned behaviour (TPB) and the theory of reasoned action (TRA) to identify the relationship among the determinants: perceived usefulness, perceived ease of use, attitude towards use, behavioural intention to use and the actual usage (Davis et al., 1989). The theory states that the actual usage of a technology is the outcome of behavioural intention to use the technology and the behavioural intention to use is impacted on the attitude towards using the technology whereas the attitude towards using the technology is determined by the user's or potential user's perceived usefulness and perceived ease of use of the technology. In conclusion, TAM is the underlying

theory for the investigation of the factors that affects online purchase behaviours like repurchase intention.

2.2 Perceived Usefulness

The perceived usefulness is defined as the level to which a person believes using a certain technology will enhance his/her performance (Davis, 1989). It also means the consumer or users perceived benefit of using a system such increasing efficiency or facilitating the accomplishment of specific task (Gefen et al., 2003; Venkatesh & Davis, 2000). This study therefore defines perceived ease of use as the consumers' perception of limited or no effort required in using Facebook for purchasing cosmetic products.

2.3 Perceive Ease of Use

The perceived ease of use is defined as the level to which a person believes that using a technology be free of efforts or will require minimal effort (Davis, 1989). According to Gefen et al. (2003), perceived ease of use is the assessment of the core aspect of the information technology regarding the interface and the process involved in using the technology. This study therefore defines perceived ease of use as the consumers' perception of limited or no effort required in using Facebook for purchasing cosmetic products.

2.4 Perceived Risk

Perceived risk is defined as the uncertainty about the outcome or consequences of a decision or choice (Hunter et al., 2004). Forsythe and Shi (2003) defined perceived risk as the product of the uncertainty about the possible outcomes of behaviour and the potential impact on these outcomes. This means that the uncertainty about the outcome is not the only component of perceived risk, it also includes the potential impact on a worst-case scenario of the uncertainty. This study therefore defines perceived risk as any perceived uncertainty by the consumers in purchasing cosmetic product through the social media.

2.5 Repurchase Intention

Hellier, Geursen, Carr, and Rickard (2003) defined repurchase intention as the individual's judgments about buying again a service or product from the same retailer, considering his or her current situation and future possible circumstances. Zhang et al. (2011) defined repurchase intention as the customers' intention to buy again from a service provider after the evaluation of the service including but not limited to emotional evaluation of the earlier service received. In the context of this study, repurchase intention is defined as the willingness of the customer to buy cosmetic from Facebook again or to continue to buy cosmetic from Facebook after previously experiencing the purchase of cosmetic from Facebook.

2.6 Previous studies

Tong (2010) tested an extended TAM in the context of online apparel shopping in the U.S.A and China. The study examined the impact of perceived usefulness, perceived ease of use, perceived enjoyment, and perceived risk on online purchase intention. This study used quantitative research method by collecting response to questionnaire from 513 respondents from both the U.S and China. The independent variables were perceived usefulness, perceived ease of use, perceived enjoyment, and perceived risk. The dependent variable was the online purchase intention of apparel. The study also examined the impact of online shopping experience on the independent variables. The result of this study found out that for both the U.S and China, perceived usefulness of the virtual store has a positive impact on their future purchase intention. The study also found that perceived ease of use has a positive impact on online purchase intention in both countries. Moreover, the findings revealed a strong association between perceived usefulness and perceived ease of use. The perceived risk had a negative impact on consumer purchase intention for both countries and this is consistent with previous studies that consumes' perception of risk is a fundamental obstacle for the growth of online commerce (Jarvenpaa & Todd, 1996).

Chiu et al. (2009) also applied TAM to study the determinant of the intention of customer to repurchase from an online shop in Taiwan. They surveyed 360 customers of an online store to test the impact of trust, perceived ease of use, perceived usefulness and enjoyment on the repurchase intention of the customers. Their result showed that trust, perceived ease of use, perceived usefulness and enjoyment all have positive and significant relationship with customers repurchase intention. Their findings further supported that perceived usefulness and perceived

ease of use can be represented as post-purchase beliefs that affect post-purchase behaviour like repurchase intention. The customers' perception of usefulness and ease of use might differ pre and post purchase. Also, their study further supports that TAM is applicable for studying post-purchase behaviour, such as repurchase intention and loyalty.

3. Methodology

The minimum required sample size for this study was calculated based on the Green (1991) sample size formula for multiple regression ($N \geq 50 + 8M$). M is the number of independent variables and N is the sample size. Based on this formula the minimum required sample size for this study is 74. However, this study collected data from 239 online respondents using adapted questionnaire from Tong (2010) and Chiu et al. (2009). The questionnaire was translated to Thai language and back translated to English until the translation was considered accurate. The Thai language version was distributed to the respondents on Facebook using convenience sampling method. Convenient sampling is a type of nonprobability sampling in which target population that meet certain criteria, such as easily accessible, geographical proximity, available at time or willing to participate are included for the purpose of the study. The criteria that was used in the study was that the respondent must have bought cosmetic through Facebook at least once before filling the questionnaire. This is in line with the aim of this study to investigate repurchase intention of cosmetic through Facebook. The collected data was then analysed using multiple regression analysis.

4. Results

| | | Unstandardized | | | | |
|--------------|-----------------------|-----------------------|------------|-------------|----------|------------|
| | | Coefficient | | | | |
| Model | | B | S.E | Beta | T | Sig |
| 1 | Constant | -0.022 | 0.314 | | -0.070 | 0.945 |
| | Perceived usefulness | 0.353 | 0.097 | 0.272 | 3.652 | 0.000 |
| | Perceived ease of use | 0.607 | 0.096 | 0.473 | 6.343 | 0.000 |
| | Perceived risk | -0.055 | 0.050 | -0.051 | -1.102 | 0.272 |

Table 1: Multiple Regression Results

Table 1 above presents the result of the impact of the independent variables (perceived usefulness, perceived ease of use, and perceived risk) on the dependent variable (repurchase intention). Perceived usefulness and perceived ease of use have statistically significant impact on repurchase intention while perceived risk have not significant impact on repurchase intention. The perceived ease of use has the strongest positive and significant impact on repurchase intention at $\beta = 0.473$ and 99% confidence interval. The perceived usefulness also has positive and significant impact on repurchase intention at $\beta = 0.272$ and 99% confidence interval. As expected, the perceive risk has a negative but not significant relationship with repurchase intention. This means that the perceived risk in the purchase of cosmetic product via Facebook does not affect the intention to repurchase.

The coefficient of determination which is the proportion of the dependent variable (repurchase intention) that the independents variables can predict is presented in Table 2 below. The table showed that both the perceived usefulness and perceive ease of use which are significant can predict 50.6% of the variations in repurchase intention and shown by the R^2 value of 0.506.

| Model | R | R^2 | Adjusted R^2 | Standard Error of the Estimate |
|-------|-------|-------|----------------|--------------------------------|
| 1 | 0.712 | 0.506 | 0.500 | 0.679 |

Table 2: Coefficient of Determination

5. Conclusion and Discussions

According to Table 1, the study reveals that perceived usefulness of Facebook for the purchase of cosmetic positively and significantly impact the intention to repurchase cosmetic through Facebook. This can be explained that when customers perceived the usefulness of Facebook in purchasing cosmetic product, they will have high intention to repurchase cosmetic through Facebook. This is consistent with the findings of Chui et al. (2009) which also found that the perceived usefulness is an important determinant of repurchase intention among online consumers in Taiwan. According to Chiu et al. (2009), perceived usefulness is a rational evaluation that customers make when considering continuing using a system. It relates directly to

the task that the customer wants to perform, in this case to purchase cosmetic. This implies that consumers evaluate the perceived usefulness of Facebook in purchasing cosmetic and determine based on their evaluation to continue to use Facebook to repurchase cosmetic. Therefore, perceived usefulness is a factor that customer consider in having intention to repurchase.

Moreover, the outcome also shows that perceived ease of use has a positive and significant impact on the intention to repurchase cosmetic through Facebook. This means that when consumers perceived that using Facebook to purchase cosmetic is done with little effort, they are willing to repurchase cosmetic through Facebook. According to Cheng et al. (2003), perceived ease of use and perceived usefulness are utilitarian benefits derived from using a technology and affects the intention to use the technology again. The perceived ease of use is confirmed after the first usage of the technology and if the perception of how easy it is to use the technology still exists after usage, it causes the customer to have a repurchase intention or continuance in system usage (Filiari & Lin, 2017).

However, the result showed that perceived risk does not have an impact on the intention to repurchase cosmetic through Facebook. This means that, while the level of perceived risk is high among the respondents as shown in Table 4.5, it does not affect the intention to repurchase through Facebook. This shows that although the risk is present in buying cosmetic through Facebook, the consumers have accepted the risk as being the norm and it does not impact their intention to repurchase. However, the consumers may have developed certain ways to mitigate the risk like buying only cosmetic that are less expensive through Facebook or buying from only trusted suppliers and relying on the word of mouth, reviews and recommendations to select the store they buy from on Facebook. For instance, according to Kotler and Keller (2016) consumers develop ways to reduce the level of uncertainty by gathering more information from friends, asking for warranties or developing preference for national brands. Moreover, Flanagin et al. (2014) found that consumers use the word of mouth and reviews to mitigate the risk associated with e-commerce.

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