

# Relationships Among Dimensions of Online Second-Hand Shopping, Satisfaction, and Repurchase Intention

Murali Swapana, VIT Business School, VIT University, Vellore, India

Chandrasekaran Padmavathy, VIT Business School, VIT University, Vellore, India

## ABSTRACT

The purpose of this study is to examine the relationships among dimensions of online second-hand shopping, customer satisfaction, and repurchase intention. Responses obtained from 608 Indian online second-hand shoppers show that the dimensions of online second-hand shopping such as price, website quality, nostalgia, and brand image influence customer satisfaction. In addition, customer satisfaction positively affects repurchase intention. Findings of the present study provide intuitive guidelines for online second-hand marketers in approaching emerging markets through effective online shopping strategies.

## KEYWORDS

India, Online Second-Hand Shopping, Online Shopping, Repurchase Intention, Satisfaction

## INTRODUCTION

E-commerce research has gained momentum among academicians and practitioners over the past few years. Online second-hand retail market is the most interesting expansion of e-commerce industry (Belk, Sherry, and Wallendorf, 1988; Roux and Guiot, 2008; Sherry, 1990a; Soiffer and Herrmann, 1987). It provides huge opportunities for sellers and buyers. Buyers are able to compare products through online platform and sellers are able to post advertisements online and communicate easily with the prospective buyers (Kamoun and Halaweh, 2012; Kumar, Sikdar, and Alam, 2016; Sherry, 1990b).

Globally, online second-hand retail market is spearheading. In India, online second-hand retail industry has been growing over the past years (Snigdha, 2016). For example, Indian households have progressed dealing with second-hand goods worth of 1, 15, 000 crore in 2015 from 60,000 crore in 2011 (Chitra, 2014). Today's economic condition fuels the demand for purchasing second-hand products. Importantly, middle and lower income people buy second-hand products to satisfy their needs in a cost-effective manner. People who count on time and money are the most prospective buyers to engage in second-hand shopping (Kwon and Lennon, 2009; Williams and Paddock 2003). However, customer retention stands as a major concern for online retailers and sellers who wish to develop and maintain customer relationships (Sharkey, Scott and Acton, 2010). Customer retention is four times profitable than acquiring a new customer (Fang, Chiu, and Wang, 2011). Hence, it is crucial to determine the key factors that affect customer's intention towards repeat purchase of second-hand products.

Thus, the purpose of this study is to examine the effect of online second-hand shopping dimensions on customer satisfaction and customer retention. Specifically, this study aims to test the relationships

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between price, website quality, nostalgia, and brand image on customer satisfaction and effect of customer satisfaction on customer retention. The rest of the paper is structured as follows. The next section provides hypotheses development followed by research methodology. Finally, we present discussion, implications and future research directions.

## **Hypotheses Development**

This study hypothesizes that price, website quality, nostalgia and brand image have a positive influence on customer satisfaction and customer satisfaction will positively affect customer retention. Customer retention refers to the probability that a customer will continue to purchase second-hand products from the same website in future (Chiu et al., 2012). Figure 1 shows the research model of the study.

### **Price**

Price represents a sum of money that customers give to acquire a particular product (Zeithaml, 1988). Customers use price as a quality-signalling cue that indicates “you get what you pay for” (Erickson and Johansson, 1985). Customers have a propensity to compare the prices and then adopt the one which suits their situation (Abu-shamaa et al., 2016; Bojanic, 1996; Kim et al., 2012; Yoon, et al., 2014). In online second-hand consumption, price is the most influencing dimension as many rare products are available for lesser price. Fair price strategy helps the second-hand sellers to attract buyers and achieve buyers’ satisfaction. Therefore, we hypothesize that

**H<sub>1</sub>:** There is a positive relationship between price and customer satisfaction.

### **Website Quality**

Website quality refers to the extent to which it presents sufficient and relevant information about the products being promoted (Law and Bai, 2008). Website plays a major role in online retail industry because it is the only way to communicate with the customers (Chang and Chen, 2008). It’s a platform for efficient and effective information and services (Yates, 2005). Online retailers must pay attention to website design to ease customer search for information and payment. Poor website design may lead to less chance of customers’ repeat purchase (Lin, 2008). Online shoppers will tend to repurchase if a particular website has greater functionality (Maamar et al., 2009). Hence, we hypothesize that

**H<sub>2</sub>:** There is a positive relationship between website quality and customer satisfaction.

### **Nostalgia**

Belk et al., (1989) explain second-hand shopping as a way of obtaining exclusive products. Online second-hand market stimulates the consumers by offering exclusive recreational provisions (Leonard-Barton, 1981; Stone, Horne, and Hibbert, 1996). Consumers who tend to have a high return on their income prefer online second-hand shopping (Williams and Paddock, 2003). In addition, people who look for unique and old objects adopt second-hand shopping (Gregson and Crewe, 1997; Kopytoff, 1986). In short, online second-hand shopping is the method of interlinking hedonic and economic phases (Bardhi and Arnould, 2005; Sherry, 1990a). Therefore, we hypothesize that,

**H<sub>3</sub>:** There is a positive relationship between nostalgia and customer satisfaction.

### **Brand Image**

Brands have a major role to play while making a purchase decision (De Chernatony and McDonald, 2003; Keller, 2007). Brand image enables sellers to generate more profit by attracting more number

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