

# *The Effect of Electronic Word of Mouth to Repurchase Intention of Shopee Online Store Consumers in Medan City*

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**Abstract** – The development of technology from year to year is increasingly rapid. The development of the use of the internet is one form of technological development that has delivered many conveniences in various activities in life, such as online business transactions. Every online store expects an increase in total transactions, both from new customers and from previous consumers to increase profits. Thus, online seller need to understand the reasons why consumers are willing to repeat purchases through the online store. The purpose of this study was to determine the effect of electronic word of mouth on repurchase intention. This study involved 415 consumers of Shopee online store in Medan. Measuring instruments used in this study were the scale of repurchase intention and electronic word of mouth scale. Based on the results of the regression analysis shows that electronic word of mouth has a positive and significant effect on the intention to repurchase. The implication of this research is that online store company can increase the intention to repurchase consumers by empowering consumers to disseminate positive information in various internet media.

**Keywords** – Repurchase Intention, Electronic Word of Mouth, Consumer, Shopee Online Store.

## I. INTRODUCTION

The development of internet utilization as social interaction medium has given many advantages for daily activities such as online business transaction. Internet-based commerce or known as e-commerce (online store) consist of purchasing, selling as well as trading of goods, services and information through computer network including internet [1].

The level of online shopping done by Indonesian internet users on December 2018 is the highest amongst other South East Asian Nations. 86 percents of these people did online shopping with any devices, meanwhile the average of online shopping done by internet users worldwide is 75 percents. These datas collected by Global Web Index and summarized by We Are Social and Hootsuite [2]. The reasons for doing online shopping according to consumers are save more times, 24 hours availability and easiness for comparing goods [3].

Significant growing of Indonesian e-commerce industry makes new online stores arise. There are 49 online stores in Indonesia nowadays [4]. One of online shopping services used by Indonesian internet users is Shopee Online Store. Shopee is Singapore e-commerce company that enters Indonesia back in 2015. From 2015 until now, Shopee always skyrocketed and able to compete with other e-commerce companies. Each online stores always strive for increasing number of transactions from latter and former consumers in order to increase profits. For this particular reason, it is important for online sellers to understanding the consumers willingness to repurchase goods from their online stores. The intention to repurchase is considered to be main construction for explaining consumers act to repurchase. The meaning of repurchase intention refers to the possibility of consumer to use the same goods in the future [5].

One factors that affected consumers intention to repurchase is electronic word of mouth (e-WOM). E-WOM is all informal communications directed at consumers

through internet-based technology related to the usage or characteristics of particular goods and services, or their sellers [6]. E-WOM is very important in online store business because the abstraction of goods or services that deemed impossible to evaluate before consumption. This will make consumer refers to reference through e-WOM before making decision. E-WOM will make it able for consumer to obtaining information about goods or services from former buyers [7].

E-WOM has been identified as predictor for consumer tendency to revisit online store site and repurchase goods or services. [8]. Some other researches explain that both traditional WOM and e-WOM are more effective than any other marketing strategy. One of the researches found word of mouth twice more effective than radio advertisement, four times effective than personal selling and seven times more effective than advertisement in newspaper and magazines [9]. Other research also find that positive or negative recommendation from other buyers in word of mouth can be significant for persuading others to either buy or not buy the goods or services in compare to advertisements [10].

This research aim to examine the effect of electronic word of mouth to consumer repurchase intention in Shopee online store.

## **II. LITERATURE REVIEW**

### **2.1. Repurchase Intention**

Repurchase intention is considered to be main construction for explaining consumers act to repurchase. Repurchase intention define as the individual's judgement about buying again a designated service from the same company, taking into account his or her current situation and likely circumstances [11]. Repurchase intention refers to the possibility of using the same product in the future [5].

According to online shopping context, repurchase intention refers to the likelihood of using a brand again in the future [12].

Repurchase interntion consist of some indicators [5], such as :

1. Always be the number one brand to choose for enjoying the goods or services.
2. The willingness to do retransaction or repurchase goods or services in the same brand.
3. The desire to reuse goods by inviting other people.

### **2.2. Electronic Word of Mouth (e-WOM)**

Word of mouth (WOM) not only limited to individual but can be used in any platform including internet known as electronic word of mouth (e-WOM). Although having similarity with traditional WOM, e-WOM provides various ways to exchange informations, both valid and anonymous or even in secret. E-WOM give geographycal freedom for people worldwide to spread the information temporarily while having store permanently in a written form [13].

E-WOM can be defined as any positive or negative statement made by potential, actual, or former consumers about a product or company which is made available to multitude of the people and institutes via the Internet [14]. Information exchange in e-WOM can be done through social media such as email, blog, chatroom, facebook, twitter and any other social media platform that provide interaction between consumers resulting to sharing about the goods or services that they obtain when doing the purchase [15].

Electronic word of mouth divided by three dimensions [16], there are:

#### *a. Intensity*

Intensity is frequency of individual that access information and interact with other social media users to obtain information related to online stores goods or services.

#### *b. Valence of Opinion*

Valence of Opinion is consumer review both positive of negative about online store goods or services. Valence of Opinion consist of two adjectives, positive and negative.

#### *c. Content*

Content is information from social media related to goods or services.

The effect of electronic word of mouth (e-WOM) can affect people worldwide because of rapid development of social media and digital platform. Moreso, effective electronic word of mouth (e-WOM) of a brand will increase consumer repurchase intention [17].

WOM and E-WOM act as important factor for increasing consumer repurchase intention [13]. One factor that affect repurchase intention is electronic word of mouth (e-WOM). The effectiveness of electronic word of mouth (e-WOM) reflects in higher repurchase intention [18]. This is in line with other research that found about the positive and significant effect of electronic word of mouth to repurchase intention [19]. According to the previous literature review that mentioned above, the hypothesis of this research is that

there is positive effect of electronic word of mouth (e-WOM) to repurchase intention. The effectiveness of electronic word of mouth (e-WOM) reflects in higher repurchase intention.

### III. RESEARCH METHOD

#### 3.1. Participants

Four hundreds and twenty four questionnaires answered by respondents consist of consumer of Shopee online store in Medan City and four hundreds and fifteen questionnaires completed with fully responds. This research respond level is 97.9%. Most of the respondents (343 subjects or 82.7%) are women. Most of the respondents, divided by age, mostly from people age 20 until 40 years old (279 subjects or 67.2%). Half of the respondents (232 subjects or 55.9%) are high school graduate. The respondents dominate (287 subjects or 69.2%) by students or university students. According to frequency of transactions, almost half of the respondents (200 subjects or 48.2%) have done at least five transactions before.

#### 3.2. Research Instrument

Data was collected by repurchase intention scale and electronic word of mouth (e-WOM) scale as follows:

#### a. Repurchase intention

In this research, repurchase intention is measured by using these indicators: Always be the number one brand to choose for enjoying the goods or services, the willingness to do retransaction or repurchase goods or services in the same brand, the desire to reuse goods by inviting other people. Based on reliability test result using cronbach's alpha, repurchase intention scale has 0.894 reliability score.

#### b. Electronic Word of Mouth (e-WOM)

Electronic word of mouth (e-WOM) measured by using scale based on electronic word of mouth dimension, consist of intensity, valency of opinion and content [16]. Based on reliability test result using cronbach's alpha, electronic word of mouth (e-WOM) scale has 0.818 reliability score.

### IV. RESULT

Asumption test is done before analyzing hypothesis with normality test and linearity test. Normality test aim to determine a data set is well-modeled by a normal distribution or not.

This table below resulted from normality test :

Table 1. Normality Test Result

|                        | Repurchase Intention | E-WOM |
|------------------------|----------------------|-------|
| N                      | 415                  | 415   |
| Skewness               | .010                 | -.188 |
| Std. Error of Skewness | .122                 | .122  |
| Kurtosis               | -.109                | -.104 |
| Std. Error of Kurtosis | .244                 | .244  |

Based on this table, it is found that for repurchase intention variable,  $Z_{\text{skewness}}$  is  $0.010/0.122 = 0.081$  meanwhile  $Z_{\text{kurtosis}}$  is  $-0.109/0.244 = -0.446$ . Then for electronic word of mouth (e-WOM) variable,  $Z_{\text{skewness}}$  is  $-0.188/0.122 = -1.54$  and  $Z_{\text{kurtosis}}$  is  $-0.104/0.244 = -0.426$ . The data can be called normal distribution if Z score between -2.58 until 2.58 for small sample and between -3.29 until 3.29 for big sample

(200 and more) [20]. According to these Z scores, it can be concluded that these data are normal distribution ( $-3.29 < Z$  score ( $Z_{\text{skewness}}$  and  $Z_{\text{kurtosis}}$ )  $< 3.29$ ).

Next, linearity test aim to determine if independent and dependent variable have linear correlation or not significantly. The result of linearity is in table below :

Table 2. Linearity Test Result

| Variable                                              | F           | P    | Summary |
|-------------------------------------------------------|-------------|------|---------|
| Repurchase intention *<br>Electronic word of<br>mouth | 138.63<br>7 | .000 | Linier  |

Independent and dependent variable significantly said to have linear correlation if  $p < 0.05$  [20]. According to table above, it can be conclude that the F score between repurchase intention variable and electronic word of mouth is 138.637 with linearity significant score is 0.000 ( $p < 0.05$ ).

Simple Regression test is done to analyzing data with these results :

Table 3. Result of Simple Regression Test

| Variable                                          | R    | R <sub>square</sub> | F       | P    |
|---------------------------------------------------|------|---------------------|---------|------|
| Electronic word of mouth and Repurchase Intention | .495 | .245                | 134.342 | .000 |

Based on the table above, correlation score (R) is 0.495 in positive score so it can be conclude that correlation of electronic word of mouth (e-WOM) with repurchase intention is linear. R<sub>square</sub> score is 0.245 or 24.5% means that 24.5% repurchase intention of consumer influenced by

electronic word of mouth (e-WOM). Fcount score is 134.342 with  $p = 0.000$  ( $p < 0.05$ ). This score shows that regresion model that electronic word of mouth influence the repurchase intention of consumer is right. Accepted or denied hypothesis is seen from the table below:

Table 4. E-WOM coefficients with MU

| Model        | Unstandardized Coefficients |            | Standardized Coefficients | T      | Sig. |
|--------------|-----------------------------|------------|---------------------------|--------|------|
|              | B                           | Std. Error | Beta                      |        |      |
| 1 (Constant) | 21.572                      | 2.786      | .495                      | 7.742  | .000 |
| E-WOM        | .926                        | .080       |                           | 11.591 | .000 |

According to table above, it is showed that constant score is 21.572 means that if electronic word of mouth (e-WOM) ignored then repurchase intention of consumer is 21.572. Next, Beta = 0.495 and coefferent of regresion for electronic word of mouth (e-WOM) variable is 0.926 with  $p = 0.000$  ( $p < 0.05$ ). This shows that electronic word of mouth (e-WOM) have positive correlation to consumer repurchase intention. In other words, if consumer often gets positive information about Shopee online store from internet, the

repurchase intention of the consumer increase. The conclusion is hypotesis is accepted.

Next, the researchers will describe repurchase intention and electronic word of mouth (e-WOM) based on empirical and hypothetical mean score. The scoring is done by scale that pass tryouts. Repurchase intention scale consists of 15 items and electronic word of mouth (e-WOM) consists of 10 items. Each items will have 1 until 5 range. This is the result of the measurement :

Table 5. Description of Empirical and Hypothetical score of IMU and e-WOM

| Variable | Empirical Score |     |       |       | Hypothetical Score |     |      |     |
|----------|-----------------|-----|-------|-------|--------------------|-----|------|-----|
|          | Min             | Max | Mean  | SD    | Min                | Max | Mean | SD  |
| IMU      | 35              | 71  | 53.73 | 6.933 | 15                 | 75  | 37.5 | 10  |
| E-WOM    | 24              | 44  | 34.59 | 3.822 | 10                 | 50  | 25   | 6.7 |

Based on table V, it can be conclude that :

1. Repurchase intention of Shopee online store consumers in Medan City tend to be higher that mean population with empirical mean score (53.73) higher than mean population (37.5). It is shows that this research subjects have high repurchase intention.

2. Electronic word of mouth (e-WOM) that obtained by Shopee online store consumers in Medan City tend to be higher that mean population with empirical mean score (34.59) is higher that mean population (25). It is shows that subject in this research often obtain positive informations related to Shopee online store through internet.

The research data that has been collected can be grouped based on categorization characteristic. These categorizations refers to mean hypothetical and deviation standard [21]. According to mean and deviation standard of hypothetical score that has been done, it is conclude that categorizations

of repurchase intention and electronic word of mouth (e-WOM) consists of :

Table 6. The Categorizations of IMU dan E-WOM

| Variable                 | Categorization  | Raw Score               | Total of Respondent | Percentage (%) |
|--------------------------|-----------------|-------------------------|---------------------|----------------|
| Repurchase Intention     | Low             | $X < 27.5$              | 0                   | 0%             |
|                          | Medium          | $27.5 \leq X \leq 47.5$ | 80                  | 19.3%          |
|                          | High            | $X > 47.5$              | 335                 | 80.7%          |
| Electronic Word of Mouth | Ineffective     | $X < 18.3$              | 0                   | 0%             |
|                          | Quite Effective | $18.3 \leq X \leq 31.7$ | 94                  | 22.7%          |
|                          | Effective       | $X > 31.7$              | 321                 | 77.3%          |
| Total                    |                 |                         | 415                 | 100%           |

Based on table VI above, it can be conclude that:

1. Shopee online store consumer that have high repurchase intention is 80.7% or 335 subjects, followed by medium repurchase intention for 19.3% or 80 subjects and have no consumer with low repurchase intention.
2. Effective electronic word of mouth (e-WOM) that obtained by consumer is 77.3% or 321 subjects, followed by quite effective 22.7% or 94 subjects and there is no ineffective electronic word of mouth (e-WOM).

## V. DISCUSSION

The first hypothesis in this research is electronic word of mouth (e-WOM) have positive influence for repurchase intention. The result from the test shows that electronic word of mouth (e-WOM) have significant and positive impact to repurchase intention with determinant coefficient ( $R^2$ ) is 0.245 or gives an effective effect as many as 24.5% to repurchase intention. It means the more often and positive electronic word of mouth (e-WOM) that consumer takes will increase repurchase intention for said consumer and if electronic of word that obtained by consumer is negative one, repurchase intention for that consumer will be low.

The result of this research is in line with previous research which showed that electronic word of mouth (e-WOM) have positive and significant influence to repurchase intention. Effective electronic of word mouth (e-WOM) of a brand will increase consumer repurchase intention for the particular brand [13][18][19]. There are two reasons of why. The first one is the abstraction of the goods sold by online store that makes impossible to evaluate its quality before consumption, that is why the consumer will try to search for

a reference from e-WOM before make the decision. Second, the points of e-WOM will spread faster amongst users worldwide every seconds regardless the location. These online comments and recommendations will be the important factor for consumer to obtain the reviews about some particular goods that gives high persuasive effect [17].

In general, electronic word of mouth (e-WOM) that obtained by consumer in this research can be divided as effective group and quite effective group, meanwhile repurchase intention for Shopee online store consumer consists of high ones and medium ones. This can be seen from the amount of consumers whom obtain effective electronic word of mouth (e-WOM) are 321 people (77.3%) and quite effective ones are 94 orang (22.7%) as well as high repurchase intention within 335 (80.7%) people and medium ones with 80 (19.3%) people. Correlation score between electronic word of wouth (e-WOM) and repurchase intention is .495 and in positive score. It means that the more often and positive the information obtained by consumers from internet about Shopee online store will increase consumer repurchase intention.

This result analogous with interview from some research subjects that said they often obtain informations such as reviews, or recommendations from other internet users in youtube and instagram about Shopee online store goods. These infromation has positive feedback about lower price compare with other online store, easier transactions, many promotions (such discounts voucher and cashback) and quality of products that worth the expectation. Moreover, these research subjects willing and having intention to do repurchase in Shopee online store. They confess that before buying goods, they will search the information like review or

feedback from other consumer who had bought the same products before.

Nowadays, empowering consumer to share information can be done easily by a group of people located in different geographical area. Most of these consumers can tell their experience about those said goods or services within internet. Then, by electronic word of mouth (e-WOM), consumers will make a review about goods that they bought before.

## VI. CONCLUSION

1. Electronic word of mouth have positive and significant influence to repurchase intention. It means the more often and positive electronic word of mouth obtained by consumers within internet will increase said consumer repurchase intention as well as if they obtain negative ones, the repurchase intention will be lower.
2. Based on regression analysis, it found that 24.5% repurchase intention influenced by electronic word of mouth (e-WOM) meanwhile the rest of 75.5% repurchase intention influenced by other unanalyzed factors in this research.
3. According to data analysis, it can be concluded that Shopee online store consumers in this research have effective electronic word of mouth generally with high repurchase intention.
4. Data analysis found that Shopee online store consumers in this research have high repurchase intention generally.

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