

# The Effects of Perception of Ease, Experience, Company's Reputation, and Cost Effectiveness on Repurchase Intention Among Online-Food-Delivery (OFD) Consumers in Jakarta

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## ABSTRACT

Currently the online food business is growing. Especially during this COVID-19 pandemic, consumers tend to choose online-food-delivery. This research aimed to measure the consumers' intention to repurchase through online-food-delivery system by using Go-Food or other applications available in Jakarta. This research emphasizes on four independent variables, which are the perception of ease, the past online-purchase experience, company's reputation, price effectiveness, and one dependent variable, which is the consumer repurchase intention. The sample is one hundred respondents by using a purposive-sampling method. Data in this research was collected through questionnaires to empirically test the research model using the Partial Least Square (PLS) program. The results of this research show that the perception of ease and previous online-purchase experience do not affect repurchase intention, while the company's reputation and cost-effectiveness have significant effects on repurchase intention.

**Keywords:** *Repurchase Intention, Perception of Ease, Experience, Company's Reputation, Cost Effectiveness*

## 1. INTRODUCTION

Nowadays, technology has encouraged consumers to order everything online, including buying food delivered to their doorstep. Food is included in the low-involvement product category. Therefore, consumers tend not to mind the price, and they choose to order the food through online system, because it is easy to use. The perception of ease refers to the extent to which consumers would feel confident about the ease of using the internet [3]. The perception of ease is an essential factor in whether a new technology would be accepted by users [5]. The perception of ease was then built to examine and measure the users' acceptance of specific technologies and to determine which technology elements that provide important motivation to consumers' intention [12]. Through the ease of ordering food online, it should encourage the repurchase intention. However, a research by [13] shows that there is no significant relationship between the perception of ease-of-use and repurchase intention.

Also, the use of online-food-shopping is driven by previous experience [11] and the research shows that previous experiences may significantly affect the repurchase of food online. As consumers, post-usage and previous experiences will influence the intention, belief, and behavior in taking action, which is ordering food online. If consumers have a positive experience in ordering food online previously, it will encourage them to do so again [2]. When consumers

have an online purchase experience, they tend to find it easier to reorder at that particular online store.

Meanwhile, the increasing numbers of online food purchases are also triggered by the company's reputation and reduced prices. Previous research indicated the influence of both variables on the spending decisions again. Through previous findings, this research focused on the repurchase intention of Go-Food or Grab-Food consumers located in Jakarta. The purpose of this research was to determine the effects of the perception of ease, experience, company's reputation, and cost-effectiveness on online-food-delivery (OFD) repurchase intention.

## 2. LITERATURE REVIEW

The ease of online purchase refers to the level in which online shopping through the internet is believed to be accessible by consumers [3]. The perception of ease in using something is an essential factor when using the internet to access, use information technology, or browse certain websites. According to [16], the perception of ease in using something has shown to affect the interest through two causal channels: a direct effect on interest and an indirect effect on interest through a usefulness perception. Therefore, this research hypothesized that:

H<sub>1</sub>: The perception of ease has a significant effect on OFD repurchase intention.

Online purchasing is a process involving the exchange of time, fees, and money via online media [19]. Users with online experiences may feel less uncertain, leading to a higher intention to purchase a product or service via online system.

Furthermore, online shoppers who have shopped online previously are more willing to do so, leading to reorder [2]. Research by [9] also revealed that previous experience helps increase customer purchase intention regardless of high or low avoidance of uncertainty. Most importantly, past-purchase experience reduces the anxiety about website ambiguity, making interactions with the website more congested [18]. Apart from that, a person's previous online-purchase experience will also determine his or her future expectations of the efforts required to do the online shopping again. Thus, the hypothesis can be developed as follow:

H<sub>2</sub>: Past experience has a significant effect on OFD repurchase intention.

The outstanding reputation offers the company a "buffering effect", protecting the company from some of the negative consequences of failure and leading to higher repurchase intention [6]. This condition is exact, that if there is a good company's reputation, consumers tend to hesitate less in ordering food online. Thus, the next hypothesis can be developed as follow:

H<sub>3</sub>: Company's reputation has a significant effect on OFD repurchase intention.

Online consumers usually compare the prices by browsing various websites, and companies that can offer lower prices would be considered as more useful websites. The internet can make it easier to compare those prices, so it will be useful for buyers to repurchase the products at lower costs [3]. Compared to the retail and traditional shopping, the relative advantage of online shopping is that it can provide lower costs and time-saving, which can make online shopping more convenient, as it was empirically proven by [1]. The above argument reflects the real comparison among price savings, which has a positive effect on repurchase.

H<sub>4</sub>: Cost effectiveness has a significant effect on OFD repurchase intention.

### 3. METHODOLOGY

This research uses a sample with a purposive-sampling technique. As many as 100 respondents were selected in the Jakarta area. The indicators of variables in this research are displayed in Table 1 below.

**Table 1 The Operationalization of Variables**

Variable	Indicator	Scale
Perception of Ease	Faster	Ordinal
	Improving effectively on finding information	
	Ease of transaction	
	Easy to get discount	
	Easy to find the food or drink being searched	
Experience	Convenient to use	Ordinal
	New Experience	
	Competent in using the system	
	Fun Experience	
Company's Reputation	Trending Application	Ordinal
	Not afraid to use the new application	
	Sure that the food is clean	
	Reputable company	
	OFD service company is trustworthy	
Cost Effectiveness	Cheaper	Ordinal
	Economical	
	Great Deal	
	Discount offered by Go-Food / Grab-Food	

Variable	Indicator	Scale
	More efficient	
Repurchase Intention	Confident to shop	Ordinal
	Always willing to shop	
	Willing to shop through online-delivery-facility	
	Willing to recommend other people about OFD	

Data was obtained from the questionnaire distributions; There are 18 questions on the variables to be studied. The questionnaire format uses a modified Likert-scale ranging from 1 (strongly disagree) to 5 (strongly agree). The analysis of Structural Equation Modeling (SEM) used the Partial Least Square (PLS) program.

**4. RESEARCH RESULTS**

*4.1. Validity Analysis*

Each variable in this research has a value greater than 0.5. Thus, it meets the convergent validity requirement, which is measured based on the average value of the variance extracted. All indicators in this research also have the values greater than 0.5.



**Figure 1** The Result of Convergent Validity Analysis

As the result of Fornell-Larcker analysis, the square-root of AVE of each construct is higher than the correlations among other latent variables, so it meets the Fornell-Larcker requirement. The discriminant validity analysis was conducted by evaluating the value of cross-loadings. Based on the cross-loadings analysis, each indicator in the variable itself has a higher value compared to those of other variables in this research. It means that the variables in this research have met the requirement of discriminant validity. The results of convergent and discriminant validity conclude that the variables and items in this research are declared valid. To test the reliability analysis, researchers used the composite-reliability approach. The items used to measure the variables are considered reliable, because the values are greater than 0.7.

*4.2. Coefficient of Determination*

Based on Table 2, the R-Square value of the repurchase intention variable is 0.970, which means that the variation in Repurchase Intention variable can be explained as much as 97% by the variations in the variables of Perception of Ease, Experience, Company’s Reputation, and Cost Effectiveness, while the remaining 3% is explained by other variables not included in this research model.

**Table 2** Coefficient of Determination (R<sup>2</sup>)

Variable	R-Square
Repurchase Intention	0.970

Source: Data Analysis Using PLS by Authors

4.3 Predictive Relevance

Table 3 Predictive-Relevance Test Result (Q<sup>2</sup>)

Variable	Q <sup>2</sup>
Repurchase Intention	0.495

Source: Data Analysis Using PLS by Authors

Based on the Q<sup>2</sup> measurement result presented in Table 3, the Q<sup>2</sup> value for the repurchase intention variable is 0.495 (greater than 0), which means that the explanatory variable for repurchase intention can predict the model well.

4.4. Path Coefficient

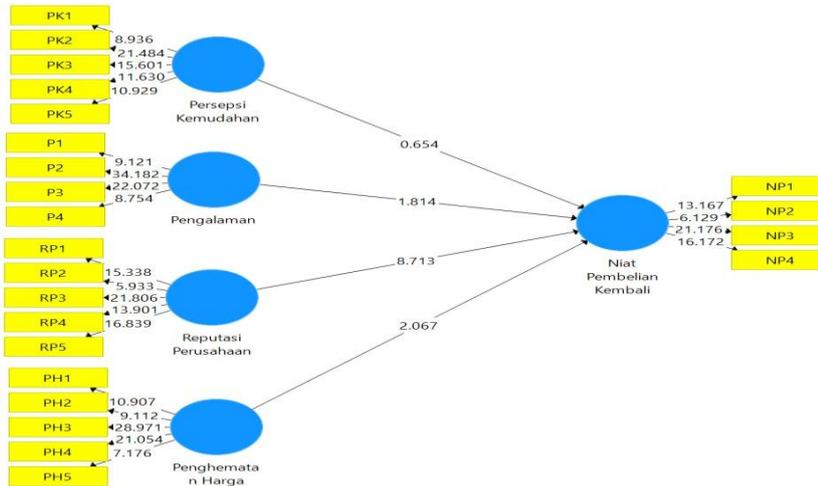


Figure 2 Bootstrapping-Test Result

The result of path-coefficient test is shown in Figure 2 as the bootstrapping-test results. For details, the result of the bootstrapping test can be summarized in Table 4 as follow:

Table 4 Bootstrapping-Test Result

Effect	t-Statistics	p-Values
Perception of Ease on Repurchase Intention	0.654	0.513
Experience on Repurchase Intention	1.814	0.070
Company’s Reputation on Repurchase Intention	8.713	0.000
Cost Effectiveness on Repurchase Intention	2.067	0.039

Source: Data Analysis Using PLS by Authors

4.5. Effect Size (f<sup>2</sup>)

Table 5 Effect-Size Test Result (f<sup>2</sup>)

Variable	f <sup>2</sup>
Perception of Ease	0.009
Experience	0.065
Company’s Reputation	1.641
Cost Effectiveness	0.079
Repurchase Intention	-

Source: Data Analysis Using PLS by Authors

The result of the effect-size test in Table 5 concludes that Perception of Ease has a small effect on Repurchase Intention as much as 0.009. Experience and Cost-Effectiveness have moderate effects on Repurchase Intention as much as 0.065 and 0.079 consecutively. Last,

Company’s Reputation has a large effect on Repurchase Intention as much as 1.641.

5. RESEARCH RESULTS

5.1. Goodness-of-Fit (GoF) Test

A Goodness-of-Fit test was conducted manually, which involved the AVE and the R-square values of this research. The calculations are presented as follows:

$$AVE = (0.531 + 0.592 + 0.540 + 0.535 + 0.544) / 5 = 0.5484$$

$$R^2 = 0.970$$

So,

$$GoF = \sqrt{AVE \times R^2}$$

$$GoF = \sqrt{0.5484 \times 0.970}$$

GoF = 0.729348

The model used in this research has a relatively large fit (Goodness of Fit), which is 0.73 (greater than 0.36) [17].

## 5.2. Hypothesis-Test Results

### 5.2.1. The First Hypothesis Test

In this research, the first hypothesis ( $H_1$ ) was formulated as follow:

**H<sub>1</sub>:** The perception of ease has a significant effect on OFD repurchase intention.

In Table 4, it can be concluded that there is no significant effect of perception of ease on repurchase intention. The result shows that the t-statistics is 0.654, which is less than the critical value, namely 1.96, and its p-value (0.513) is greater than the minimum limit, namely  $\alpha = 0.05$ . According to this result,  $H_1$  was rejected.

### 5.2.2. The Second Hypothesis Test

In this research, the second hypothesis ( $H_2$ ) was formulated as follow:

**H<sub>2</sub>:** Past experience has a significant effect on OFD repurchase intention.

In Table 4, it can be concluded that there is no significant effect of past-experience on repurchase intention. The result shows that the t-statistics is 1.814, which is less than the critical value, namely 1.96, and its p-value (0.070) is greater than the minimum limit, namely  $\alpha = 0.05$ . According to this result,  $H_2$  was rejected.

### 5.2.3. The Third Hypothesis Test

In this research, the third hypothesis ( $H_3$ ) was formulated as follow:

**H<sub>3</sub>:** Company's reputation has a significant effect on OFD repurchase intention.

In Table 4, it can be concluded that there is a significant effect of company's reputation on repurchase intention. The result shows that the t-statistics is 8.713, which is higher than the critical value (1.96). Meanwhile, the p-value is 0.000, which is less than the minimum limit, namely  $\alpha = 0.05$ . According to this result,  $H_3$  was accepted.

### 5.2.4. The Fourth Hypothesis Test

In this research, the fourth hypothesis ( $H_4$ ) was formulated as follow:

**H<sub>4</sub>:** Cost effectiveness has a significant effect on OFD repurchase intention.

In Table 4, it can be concluded that there is a significant effect of cost effectiveness on repurchase intention. The result shows that the t-statistics is 2.067, which is greater than the critical value of 1.96. Meanwhile, the p-value is 0.039, which is less than the minimum limit, namely  $\alpha = 0.05$ . According to this result,  $H_4$  was accepted.

## 6. DISCUSSIONS

Consumers' purchase intention behavior is affected by several factors such as previous experience, company's reputation, and others. Online ease refers to the level in which online shopping through the internet is believed to be accessible by consumers [3]. The perception of ease-of-use is an essential factor when using the internet technology in accessing, using information technology, or browsing through certain websites, at the time when consumers decide to be a user of a product or service. [8] showed that the perception of ease-of-use by the recipient of a particular website can generate an intention to shop through the site. The research opinion is not in line with the result of this research, which shows that ease-of-use does not influence people in making food-purchase-decision online. Previous experience in online shopping, according to [7], may impact in less uncertainty, leading to a higher intention to purchase a product or service via online system. Furthermore, online shoppers who have shopped online previously are more willing to conduct the same thing again. This is in contrast with this research result, which shows that there is no significant effect of previous experience on repurchase intention to buy food online. [6] shows that company's reputation variable, which is the excellence of company's reputation, that provides them with a "buffer effect", can help protect them from some negative consequences of disappointment. She also supported that a firm's reputation weakens the association between the intensity of failure and satisfaction, decreases the attributions of controlled ability and stability, and induces higher repurchase intentions after miscarriage intensity. This condition is in line with this research, which shows a significant relationship between company's reputation and repurchase intention.

Meanwhile, for the variable of prices, consumers are looking for price-savings through price-discounts, because they are worried about the amount of money they can save through this discount [4]. Meanwhile, [15] revealed that consumers are willing to do extra trips only for the discount provided by the store on the product. The effectiveness of price discounts is also supported by the evidence from extant research, which stated that the discount will add to the product's perceived value, because it indicates a better bid-price [14]. Lower prices can stimulate the sales for a company, and higher discounts can increase the value of specific products for consumers [10]. This is in line with this research concluding that price-saving affects repurchase intention.

## 7. CONCLUSIONS

- a. There is no significant effect of perception of ease on OFD repurchase intention. This means that someone will buy the food online, not necessarily seeing it from a convenience perspective.
- b. There is no significant effect of previous online-purchase experience on OFD repurchase intention. The more previous online-purchase experience is, the higher the usefulness will be in shopping for food online.
- c. There is a significant effect of company's reputation on OFD repurchase intention. The more positive the company's reputation is, the more willing the consumers will be to buy food online.
- d. There is a significant effect of cost-effectiveness on OFD repurchase intention. This means that the higher the saving is, the stronger the repurchase intention will be in shopping for food online.

## 8. RECOMMENDATIONS

From the research results that have been obtained, several things need to be improved in the future research. Here are some improvements that can be suggested:

- a. The reputation of OFD service providers needs to be increased, because this will have a positive impact on consumer repurchase intention, as well as cost-effectiveness that will increase consumer purchase interest.
- b. This research was conducted on a relatively-small scale, so it needs to be done on a broader scale in order to generalize the result for other OFD service providers.
- c. The attitudes towards online-food-purchasing services could be further investigated by adding other relevant variables.

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